

Community Building in Asia Pacific

The Japan Center for International Exchange wishes to thank



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Dialogue in Okinawa

Asia Pacific Agenda Project 2000

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Foreword

“Dialogue in Okinawa,” which took place in Naha, Okinawa, on March 25–26, 2000, was the fourth forum of the Asia Pacific Agenda Project (APAP)—a consortium of policy research institutions in the Asia Pacific region—and it presented a unique occasion for dialogue between leading intellectuals of the region and Japanese Prime Minister Obuchi Keizo. The dialogue with Prime Minister Obuchi in Okinawa had special meaning, as he himself stated in his opening remarks, because he felt it was important that government leaders attending the July 2000 Group of Eight summit in Okinawa “pay close heed to Asia’s voice and gain a palpable sense of Asia.” Indeed, he chose to come to Okinawa during the APAP Okinawa Forum, and combined participating in the Forum with an inspection of the summit site. In a sad turn of events, the Dialogue in Okinawa turned out to be Prime Minister Obuchi’s last public appearance at a nongovernmental international conference, as he fell fatally ill only a week after his visit to Okinawa. Even though Prime Minister Obuchi is not presiding over the Group of Eight Okinawa summit, a synopsis of the dialogue between him and the participants in the Forum will still be useful for summit leaders and policy thinkers, both within and outside the governments, who are engaged in exploring the shape of the international community in the 21st century. This volume is dedicated to the late Prime Minister Obuchi and includes a summary of the dialogue with him, which took place toward the end of the conference and thus reflects the major thrusts of two days of deliberations. The volume also incorporates the papers prepared for the Forum.

Although a meeting with the prime minister was not fully assured until preparations for the Okinawa Forum were well under way, the Forum’s focus on community building in Asia Pacific did reflect our hope to contribute to deliberations at the Group of Eight Okinawa summit. By undertaking a frank assessment of the benefits and limitations of regional cooperation, we hoped that a realistic way forward might be suggested.

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We also hoped to explore the special role that Okinawa might play in such a community-building process in Asia Pacific. For this purpose, several papers were commissioned. Leading intellectuals in Okinawa formed a special task force to explore “a possible role for Okinawa in Asia Pacific.” The contribution of the task force, titled “Toward an Okinawa Initiative,” has since been introduced in detail in major national newspapers and local Okinawa newspapers, with its content generating vigorous debate. Papers were also prepared to provide broad overviews of regional governmental and nongovernmental cooperation. In addition, four case studies were undertaken to evaluate the progress of regional cooperation. These studies examined the responses of regional mechanisms to the Asian economic crisis, what regional mechanisms could be set up to deal with the situation in East Timor, Asia Pacific trade agreements, and regional environmental cooperation.

APAP, which was launched in 1996, has been playing an important role in strengthening and broadening the network of policy research institutions and policy thinkers in the Asia Pacific region through a series of joint policy research and dialogue activities. Those promoting APAP activities strongly believe that Asia Pacific regional community-building efforts cannot bear fruit without a strong, broadly based underpinning of networks of policy research institutions and intellectual leaders. With more than 40 participants from Asia Pacific countries gathered for the Okinawa Forum, APAP’s promoters were encouraged to note solid progress toward our goal and we were reminded of the important task ahead.

I wish to take this opportunity to express the gratitude of the entire APAP steering committee for the continued support and generous funding of various institutions, including the Japanese government.

Yamamoto Tadashi
President, Japan Center for International Exchange
Secretary, Asia Pacific Agenda Project

Dialogue with Prime Minister Obuchi

A major portion of the final session of the conference was devoted to a dialogue between Prime Minister Obuchi and the participants. Following the prime minister's opening remarks, several participants—some of whom had prepared background papers for the conference—shared with the prime minister their reflections on the discussion that had taken place in the preceding sessions of the conference. Prime Minister Obuchi's opening and closing remarks are presented below, along with summaries of comments by the participants during the dialogue.

Opening Remarks: Obuchi Keizo

I would like to express my heartfelt thanks for this opportunity to talk with you, all of whom are in the forefront of Asia Pacific studies, at the Asia Pacific Agenda Project Okinawa Forum.

I have long felt the importance of giving careful thought to the place of the Asia Pacific region in the world system when considering Japan's role in the 21st century. Whenever I have attended APEC, ASEAN plus Three, and other international meetings on cooperation in this region, I have felt a growing momentum toward stronger regional cooperation, even if it cannot yet be compared to the push toward integration in Europe.

In the 1980s and 1990s the Asian economy achieved amazing growth, benefiting from globalization—so much so that Asia was called the world's growth center. At the same time, with the rapid advance of globalization, the region was beset by unprecedented crisis. In 1998 the Asian economy was in a critical condition, with Southeast Asia as a whole registering -0.5 percent growth. Today, however, a little more than two years since the outbreak of the crisis, we are seeing steady recovery, with 3 percent growth projected for 1999.

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Japan, meanwhile, in the belief that “a friend in need is a friend indeed,” has provided assistance through the new Miyazawa Initiative. This is because we recognize how interdependent our relations with other Asian nations have become. In addition to Japan’s contribution, I believe that the resilience demonstrated by Asia’s steady recovery owes a great deal to individual countries’ efforts to improve economic structure and to regional cooperation and solidarity.

I am convinced that, as part of the world system of the 21st century, the Asia Pacific region will gradually strengthen its framework as a community and will be able to play an important role in promoting world peace and stability, together with other regional frameworks, such as those in Europe, North America, and Latin America.

In July this year, Japan will host the Group of Eight summit here in Okinawa. I came to Okinawa to exchange views with you, aware that this is where the summit will be held, and to inspect the state of readiness of the summit facilities. Seeing that this summit will be the first in Asia in 7 years and that it will be held in Okinawa, which has close historical links with other parts of Asia, I am determined to see that Asia’s viewpoint is reflected. That is because I believe it is important that the Group of Eight leaders, in discussing the shape of the international community in the 21st century, pay close heed to Asia’s voice and gain a palpable sense of Asia as a culturally diverse but politically stable and economically vigorous presence.

Globalization and the information technology revolution will advance still further in the 21st century. While many people will be able to enjoy greater prosperity, the problems of nations and people left behind by these currents may become more severe. I hope to make consideration of how the Group of Eight should address the “digital divide” and other 21st century problems a major theme of the Okinawa summit.

You are gathered here today to discuss the future of the Asia Pacific region. I hope to hear your candid views on this and other issues and use them as referents in preparing for the summit.



*Prime Minister Obuchi
addresses the gathering.*

Summary of Presentations

Takara Kurayoshi

Takara Kurayoshi, professor at the University of the Ryukyus in Okinawa, Japan, spoke first. He highlighted points from the proposal he and two colleagues from the University of the Ryukyus, Oshiro Tsuneo and Maeshiro Morisada, had compiled on Okinawa's place in Asia Pacific.

The three felt that Okinawa should invigorate its present and future potential, while respecting its distinctive culture and the uniqueness of its historical experiences. They had termed such a drive an "Okinawa Initiative." This choice of terminology was also to stress that Okinawa itself should initiate such action.

In accordance with this proactive stance, the trio also urged Okinawa to join in restructuring Japan toward the 21st century. For Okinawans, this would particularly involve the acknowledgement of Okinawa's unparalleled role in the Japan-U.S. alliance. But it could also include Okinawa becoming a base for intellectual exchange for the Asia Pacific region.

Takara then reported some of the comments that had been made during the previous day's discussion on Okinawa's place in Asia Pacific. One remark had alluded to the need for Okinawa to confirm its identity as part of Japan, even while acknowledging its unique origins. It was felt that Okinawa should define its current problems and future potential more broadly—by bearing in mind Japan's future as well as that of Asia Pacific.

Another suggestion was that Okinawa should make strong appeals to all the attractive features in its overall make-up. Such positive aspects abounded in its colorful culture, history, and physical terrain. These attributes were in addition to its already well-known profile as a location in Asia Pacific of military bases that were vital to regional security.

Following on the idea of Okinawa becoming a base for intellectual exchange and also to help overcome the handicap of its geographical isolation, it was suggested that further efforts should be made to develop Okinawa's human resources.

In concluding his remarks, Takara noted that hosting the Group of Eight summit should strengthen Japan's awareness that it was a responsible member of the Asia Pacific region. He also believed that Japan needed to make full use of Okinawa's potential in order for Japan itself to take the initiative in Asia Pacific.

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Jesus P. Estanislao

The next speaker was Jesus P. Estanislao, university professor at the University of Asia and the Pacific in the Philippines. Addressing criticisms of the Association of Southeast Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation (APEC) forum for their ineffective responses to the 1997 financial crisis in Asia, Estanislao suggested that such verdicts were unfair. He felt that such rushes to judgement were unjust because both ASEAN and APEC were geared to issues unrelated to financial matters. Both were focused mainly, although not exclusively, on trade liberalization and long-term agenda items. Neither was constituted or organized to handle the short-term financial issues of the crisis.

Estanislao added that both ASEAN and APEC had reacted flexibly to the Asian financial crisis and their responses had expanded the scope of their operations. A surveillance mechanism was now in place in ASEAN that enabled different Asian countries to look at each other's internal financial affairs and to comment on them. This was a significant advance.

In ASEAN plus Three, the meetings involving the ten ASEAN member countries and the Northeast Asian countries of China, Japan, and South Korea, two new items had been put on the agenda: reforms in corporate governance, and financial sector strengthening. These were very definite responses to the financial crisis.

APEC's reaction included the Manila Framework in which APEC finance ministers agreed to increase transparency through monitoring of macro-economic indicators. Such a step would help lay the basis for long-term economic strengthening in East Asia as well as the wider region.

Estanislao commented that both ASEAN and APEC had obviously not done enough and, as one looked to the future, there were two possibilities. One was to continue with the functional step-by-step evolutionary process and this could be very meaningful. But there were also more intellectual and revolutionary possibilities. There were calls for an Asian Monetary Fund, an East Asian currency arrangement, or even a common currency. These were very visionary calls that would have to be properly considered, articulated, and formulated, in order to be the basis for continued work and discussion.

The important processes of institution building and community building in East Asia required forward movement that was consistent with the long-term goal of community building. More precisely, this involved

emphasizing people-to-people and institute-to-institute contacts to complement government-to-government contacts in ASEAN and APEC. Estanislaio concluded that a start could be made in Okinawa toward greater interconnectedness, greater openness, and greater mindfulness of borderlessness in international conceptions.

Hadi Soesastro

Hadi Soesastro, executive director of the Centre for Strategic and International Studies in Indonesia, was the next speaker. He began by asking whether creating a free trade area—which was typically suggested—would



Participants brief the prime minister on their presentations.

be the best way for East Asia to start developing an institutional identity.

APEC and other subregional structures in the East Asian region had all developed to help encourage member economies to continue with unilateral trade liberalization.

In the region, the modality of APEC, namely concerted unilateralism, was understood to be consistent with community building and institution building. It had to be asked whether this approach was fast enough. Perhaps the stage had been reached where East Asia should be more active in giving input to APEC and in strengthening APEC as a group. The ASEAN plus Three process would also bolster this pragmatic approach. Yet maybe the utility of the free trade area approach should not be debated until there was agreement on what the long-term vision was for East Asia. Perhaps this would be some sort of union.

Soesastro opined that it was also time to get back to the table and sort out global trade issues. He felt that the World Trade Organization (WTO) should confine itself to trade, and that other global organizations should

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be strengthened to deal with environmental, labor, and other such concerns. He urged that these matters not be linked as this could affect progress in trade liberalization, commenting that one would most likely miss both birds by using only one stone. All in the region were looking to Japan for intellectual and organizational leadership to help make inputs in the various global organizations.

Regional cooperation on environmental issues—viewed through the prism of fires in Indonesia and resulting haze in the region—was the subject of the next contributor. Simon Tay, chairman of the Singapore Institute of International Affairs, noted that there was no forum for cooperation or even close discussion of these issues in the wider region. ASEAN had been trying to deal with the issue, but this had not been completely effective. There was haze again in Singapore, Malaysia, and Indonesia this year.

First, environmental issues, such as the haze problem, should be put on the agenda of Asia Pacific for wider discussion. Climate change, the loss of diversity, and economic linkages such as trade, investment, and consumer patterns were all interconnected. The haze issue, which seemed to stem from one country only but affected many, proved just how interconnected the region was.

Second, Indonesia and especially ASEAN had to take the initiative and organize themselves; others could not be asked to organize the region. There was a great role for Japan and other countries in Asia Pacific to cooperate and support ASEAN initiatives. A forum for discussing the haze as well as wider sustainable development concerns in Indonesia and Southeast Asia would be helpful. The region could not continue to function primarily as a source for natural resources; it had to look to the future.

In terms of Prime Minister Obuchi's agenda for the environment at the Group of Eight summit in July 2000 in Okinawa, Tay urged the Group of Eight to highlight the connections between economics and the environment. As Japan was the only Asian member of the Group of Eight, he wished that the Prime Minister would explain to his counterparts how regional awareness was rising in Asian countries and how this did not contradict with countries' other commitments to ASEAN, Asia Pacific, or global norms.

Carolina G. Hernandez

The following presenter was Carolina G. Hernandez, president of the Institute for Strategic and Development Studies in the Philippines. Her case study was the response of regional mechanisms like ASEAN and APEC to the crisis in East Timor.

Hernandez felt that ASEAN and APEC had failed to respond to the crisis adequately or in a timely fashion. Whereas the United Nations viewed the East Timor issue as a matter for international concern, the tendency in ASEAN circles was to see it as a domestic concern. So the ASEAN principle of nonintervention in other countries' domestic affairs became the major stumbling block to action, both collectively as well as for individual states.

The failure of regional mechanisms vis-à-vis East Timor had implications. The role of these mechanisms in promoting political and security cooperation had been undermined. The crisis had also divided the Asian and non-Asian participants in APEC.

There was a need to reexamine the norms that had governed international relations since the Peace of Westphalia in 1648. Global conditions had changed markedly in recent years, particularly as a consequence of the technological revolution in information, communication, and transportation. This technological revolution had shortened physical, economic, social, cultural, and political distances, and it had created new nonstate actors in global politics. It had also empowered individuals, leading them to redefine their relations with sources of authority, including the state.

Hernandez pleaded for a reexamination of the principle of nonintervention in the domestic affairs of others, saying that one avenue for performing this scrutiny could be through intellectual exchange. She then echoed earlier appeals for Japan to take the lead in such a reevaluation of the norms governing political and security relations. This would help contribute toward community building in Asia Pacific.

Han Sung-Joo

Dr. Han Sung-Joo, director of the Ilmin International Relations Institute at Korea University in South Korea and former foreign minister of South Korea, was the next speaker. He delivered wide-ranging comments on

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regional cooperation. He felt that there were three types of regional cooperation from an East Asian country's point of view. One involved the wider Asia Pacific region; another concerned East Asia (at the moment, this was understood to mean the ASEAN-10 plus the three Northeast Asian countries); and the third referred to the subregions of either Southeast Asia or Northeast Asia. Southeast Asia was integrated in ASEAN while Northeast Asia was not similarly integrated. For several reasons, increasing attention would have to be paid to East Asian regional cooperation.

First, there was a sense that APEC and ASEAN needed to be supplemented. This awareness grew especially with the recent economic crisis and there now seemed to be a psychological need to find cooperation among East Asian countries.

Second, a sense of identity among East Asians had grown in the course of the Asia-Europe Meeting (ASEM) process. ASEM brought together European Union countries with East Asian countries and it had also brought recognition of what has been called the "civilizational divide."



Prime Minister Obuchi at the APAP Okinawa Forum 2000.

Third, the United States appeared to be taking a more benign attitude toward East Asian cooperation. This was in contrast with years ago when Mahathir bin Mohammed, the Malaysian prime minister, proposed an East Asian Economic Caucus (EAEC) and the United States reacted negatively. The United States may be more confident now that APEC had taken root.

Fourth, Japan was apparently taking a more positive stance on East Asian cooperation. And, fifth, there was greater willingness on the part of other countries in East Asia to accept Japanese leadership. This underscored the need for Japan's continued and increased leadership in regional cooperation.

There should be no conflict between East Asian cooperation and Asia Pacific cooperation as represented in APEC. Just as the existence of ASEAN

contributed to APEC and the ASEAN Regional Forum (ARF), and the European Economic Community contributed to the Atlantic Community, a more stable, prosperous, and confident East Asia in which countries cooperated would be an asset rather than a liability for APEC, that is Asia-Pacific cooperation. At the same time, in pursuing East Asian cooperation, emphasis should continue to be placed on Asia Pacific cooperation. APEC would not be replaced by East Asian cooperation, but it could and should be supplemented by it.

Another point concerned the implications of big power relations—especially between China, Japan, and the United States—for regional cooperation. The importance of good relations between China and Japan, two countries in East Asia, had to be recognized. The two had to be reconciled and trust had to be built. Good relations between China and the United States, and between Japan and the United States were of even greater importance. Good triangular relations would bring China into the mainstream of global international relations and would make the United States more relaxed about the idea of China-Japan bilateral cooperation in particular and East Asian cooperation as a whole.

Han then took the opportunity to speak about the July summit and North Korea. The North Korean issue was not only a Korean issue, but both a regional and a global issue. He hoped that the Group of Eight would show continued interest in the Korean issue. Its interest, as expressed in the statement after the previous year's summit, was in no small part thanks to Japan's initiative. He hoped that this year's Group of Eight summit would take note of President Kim Dae-Jung's Berlin Declaration which called for government-to-government economic cooperation in the rehabilitation of North Korea. In addition to the issues included last year, there should be items that supported North-South Korean dialogue and the Geneva Framework. Moreover, concern should be expressed over North Korea's missile development program. Encouraging North Korea to accept President Kim's proposal for government-to-government cooperation in the economic rehabilitation of North Korea was in the interests of North Korea itself, as well as the rest of the region and the world.

Jusuf Wanandi

The following contributor was Jusuf Wanandi, a member of the board of directors of the Centre for Strategic and International Studies in Indonesia.

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He suggested that a more balanced view was needed of developments around regional institutions. Regional institution building in that part of the world had only begun in the previous decade or two. Much remained to be done, but what had been achieved must not be forgotten. The financial crisis had been an eye-opener about the deficiencies of regional institutions, but a sense of community had started to develop in the region.

Regional institutions were vital mechanisms, especially for facing the challenge of globalization. That East Asia was thinking in a step-by-step way—and in the context of existing regional institutions—about the kind of East Asian institution it should build was a very important development.

A vision was needed to make it possible over the long term for this step-by-step approach to develop. Trade and finance had both been mentioned as means through which to pursue regional cooperation. Wanandi emphasized the crucial role that nongovernmental track two activities, especially those of academics and think tanks working, for example, with JCIE, were playing in creating and developing a vision for the future. An East Asian regional institution would be important for East Asia's participation in restructuring global institutions that had been established over 50 years ago and that now needed to reflect the interests and importance of the East Asian region as well.

Japan's role here would be crucial because of its economic and political power, and because of its special relationship with the United States. The United States was seemingly much more receptive to the idea of East Asian regionalism than it had been before, although this should not be taken for granted. The more East Asian regionalism was pursued, the more friction might arise. Japan's role would be critical in the same way that the United Kingdom's was vis-à-vis the United States in Europe.

Wanandi suggested that it should be explained to the Group of Eight and especially to the United States that, for the countries in East Asia, regional institution building was the natural outflow of their interaction, development, and struggle for peace in that part of the world. It should also be seen as complementing all other efforts, including those at the global level.

Paul Evans

Paul Evans, professor at the University of British Columbia in Canada, spoke next. He began by expressing an appreciation of JCIE's role in

promoting the idea of an Asia Pacific community over the previous decade and then moving discussions to the delicate but important topic of where East Asia fitted in the Asia Pacific community.

Evans's topic was the role of nonofficial track two processes in advancing cooperation in political and security matters. The emergence of human security as a key issue and how it was being dealt with summarized both the possibilities and the complexities of some of the new challenges in Asia Pacific and East Asia. It was agreed that the threats to individuals were much broader and deeper than threats to nations. Some aspects affecting the scope of human security—poverty, unemployment, uncontrolled migration, health, the environment, human rights, and so forth—were almost universally accepted as part of the new security agenda.

There was agreement that developmental assistance and development aid programs were now part of preventive diplomacy and the human security agenda. But there were differences of opinion about other elements of human security. In particular, whether human security could be applied in the context of crises in motion, such as in the case of East Timor. Should human security only be applied to preconflict or postconflict situations? Also, was humanitarian intervention an integral part of human security or was it an idea that lived outside of human security and should be assessed in another context? No conclusion had been reached, but a frank and positive debate had begun.

With a view to the Group of Eight summit, Evans noted that experts and governments were essential parts of the discussion on the future of security cooperation but that the number of people involved had to be broadened. There was a pressing need to bring more elements of civil society into discussions about peace and security. These issues were so important that multiple levels of society had to be part of the discussion about them.

Iokibe Makoto

Iokibe Makoto, professor of history at Kobe University in Japan, reported on a workshop that had taken place the previous day between members of the Japanese Prime Minister's Commission on Japan's Goals in the 21st Century (for which he was a subcommittee chairperson) and some Asian participants of the APAP Okinawa Forum. Iokibe noted that workshop participants had praised the commission's recommendations as well as

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the process through which its report had been produced. Commission members had held a series of dialogues in China, Europe, Singapore, South Korea, and the United States. Workshop participants had also wondered how the commission's recommendations were going to be implemented.

Iokibe proceeded to comment on Japan-U.S. relations in the context of Asia Pacific community building. A quick review of the recent history in mutual perceptions between the two countries led to the realization that there were two periods of crisis in bilateral relations. The first critical period took place from the late 1960s until the mid-1970s, while the second one occurred in the early 1990s.

The first crisis was chiefly attributable to the Vietnam War. The image of the giant United States oppressing weak Asian countries and the aversion of postwar Japanese pacifists to the U.S. military-strategic approach contributed to a sudden decline of those favorably disposed toward the United States in the 1960s. The "Nixon Shocks," the first energy crisis, and the Watergate incident had also tarnished the image of the United States among Japanese. Consequently, in 1974-1975, the number of respondents who did not "like" the United States equaled those who did.

Throughout this period, the percentage of those who liked the United States kept declining, except in 1969 when the reversion of Okinawa to Japan was announced. This single-year increase was enough to prevent the displacement of those Japanese who like the United States with those who do not like the United States. The Japanese appear to have greatly appreciated the U.S. decision to return territory that it had won through war. Okinawa played a crucial role in impeding a profound deterioration in bilateral relations.

Japan-U.S. relations improved from 1975, with the first Group of Six major countries' summit held at Rambouillet that November providing the backdrop. The significance of the summit lay in the emergence of a framework in which trilateral cooperation could manage and maintain global crises. Japan's economic recovery also contributed to overcoming the first crisis in the bilateral relationship between Japan and the United States.

Iokibe then drew a historical analogy between that period and Prime Minister Obuchi's decision to host the July 2000 Group of Eight summit in Okinawa. Okinawa would continue to carry a great burden toward international security in the 21st century. But by showing concern about this burden as well as awareness of the historical suffering of Okinawa's people, Iokibe believed that Obuchi sought answers to difficult questions

about relations between Okinawa and the rest of Japan, and between Japan and the United States about the U.S. bases in Okinawa.

The second crisis in bilateral relations occurred in the early 1990s when the first Clinton administration was extremely aggressive toward Japan. This stimulated an antipathy toward the United States among Japanese and a longing to return to Asia. After 1995, economic friction between Japan and the United States subsided. This second crisis was overcome when the framework of bilateral security relations was consolidated by the redefinition of the U.S.-Japan Security Treaty encompassed in the new defense guidelines.

Although regional economies were now recovering, the financial crisis that affected the entire Asia Pacific region from 1997 had been very important in its impact. The crisis had damaged ASEAN and APEC. Yet, as Prime Minister Obuchi had noted in his remarks, even at the height of the crisis, Asian countries had not lost sight of the need to cope cooperatively and engage in intellectual dialogue. This solidarity—as now manifest in the unprecedented cooperation of the ASEAN plus Three process—seemed to have provided some momentum toward the current recovery. In this context, Japan's confrontation with the United States during the crisis over the Asian Monetary Fund proposal was troubling. Iokibe concluded that Japan and the United States acting together to facilitate Asia Pacific community building would be crucial.

Funabashi Yoichi

Funabashi Yoichi, columnist and chief diplomatic correspondent of the *Asahi Shimbun* newspaper in Japan, reflected on two points that were repeatedly emphasized during the Forum and two additional insights that he had gained from fellow participants.

He commented that, first, there seemed to be a consensus or at least a convergence of opinion on the key importance for Asia Pacific of the U.S. bases in Okinawa. The U.S.-Japan Security Treaty had been transformed from a cold war tool reflecting East-West rivalry to the foundation of Asia Pacific stability. The three professors' proposal, "Toward an Okinawa Initiative," with its endorsement of the special importance of the bases in Okinawa and the U.S.-Japan Security Treaty, had particularly impressed him.

The second point related to the new regional awareness in East Asia. This regionalism was not for the purpose of something or somebody else,

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but it was regionalism with its own merits and for its own sake. He felt that Japan owed it to its Asian partners to explain the significance and potential of this new East Asian regionalism to participants in the Group of Eight summit.

Funabashi then noted two other perspectives he had gained from Forum participants. One had to do with the history of European regionalism and integration and how crises had repeatedly renewed momentum in the process. The lesson for East Asia was that the financial crisis could be a jumping board for the next stage of regional community building.

The other insight was the conviction that the emergent regionalism in Asia Pacific would promote and even reinforce overall globalization much better than would regional imperatives in any other parts of the world. Funabashi urged Prime Minister Obuchi to convey this point to the other Group of Eight leaders at the July summit.

Concluding Remarks: Obuchi Keizo

Though the time was very limited, I am most grateful to you for giving me a rich and concise summary of what you have been discussing over the past two days. As prime minister, I have been given quite a number of nicknames, but perhaps the most prominent one is “Vacuum Prime Minister.” It is often used in an unkind way, suggesting that I have no substance and am empty. A kinder interpretation may be the one used by the Chinese sage Lao Tze. He described a vacuum as an infinite state and felt it suggested a magnanimity and capacity to absorb each and every thing. In having a dialogue with such an eminent group of intellectual leaders in Asia, with distinction for academic effort and with practical experience in political life, I feel that I am in that favorable state of “vacuum” and I have been able to learn so much from you.

Professor Iokibe referred to the Prime Minister’s Commission on Japan’s Goals in the 21st Century. I am happy to note that several commission members are here today, and I am grateful to them for also having given me so much help. There are indeed diverse styles of political leadership, but one phrase in this regard that has deeply impressed me is one that is etched on the tombstone of Andrew Carnegie, who was known as the Steel King of America. It says, “Here lies a man who knew how to enlist the service of better men than himself.” As I understand it, Mr. Carnegie used this phrase while he was still alive to refer to himself. It is my sincere

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hope that I can set the future direction of Japanese politics on the right path by listening to the words of wise men as much as possible.

There are many things that I wish to say here, but one thing I wish to comment on in this limited time is the future of Okinawa that Professor Takara reported on. It is true that much emphasis has been laid on the military bases in Okinawa, and that Okinawa's image has been almost solely formed by the military bases. This is inevitable given the fact that 75 percent of all the American military bases are located in Okinawa; it is a reality. On the other hand, we are developing a greater understanding about the larger and broader meaning of Okinawa. I understand from your earlier comments that you have been discussing this particular matter here. I believe that Okinawa has a rich culture and tradition of its own. I also feel that Okinawa has a special place in the future of Asia Pacific, given its geographical position, cultural heritage, and historical background. I am most grateful to you if you can further give objective analysis on this point.

Actually, just before coming here, I was at a ceremony to ring for the first time a bell recently constructed with the name of Bankoku Shinryo no Kane. This bell symbolizes the role Okinawa played in the past as a bridge among nations, and it is also an expression of hope for its future role. I am convinced that Okinawa is to play a very important role in the region in the future, and it is precisely for this reason that I wished to host the next summit in Okinawa, instead of Tokyo which has hosted the summit three times in the past. I am grateful to learn that you also discussed this here.

I am also very happy to learn from you the gist of your discussion on very important topics such as Asia Pacific free trade arrangements, our joint actions in the environmental area, regional security cooperation, and the East Timor crisis. I am hopeful to have a more detailed report on your discussion of these points from Mr. Yamamoto later.

Lastly, I wish to make a commitment here that I will indeed fully accept and register the views of our Asian friends on these issues, as a Vacuum Prime Minister.

Toward an “Okinawa Initiative”— A Possible Role for Okinawa in Asia Pacific

Takara Kurayoshi

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Oshiro Tsuneo

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Throughout modern times, Japan has maintained a strong system of governance with Tokyo as the unique center of power, and under this system Okinawa has not had the freedom or autonomy to display its own distinctiveness. Within these constraints, Okinawa has been viewed in various ways: as Japan's most backward outlying region; as a set of islands with a culture evidently different from that of the rest of the country; as a key location in terms of military strategy; and as a tropical tourist destination. These views each capture a part of Okinawa's identity, but they fail to bring out what ought to be its essential attraction.

The Japanese government's gravest error so far has been to deal with Okinawa exclusively as a domestic issue and not to look at the possibilities for these islands in an Asian context. Okinawa has not had the freedom to develop its own identity and role, and has had little chance to

forge the human resources and institutions required to achieve its own objectives. This represents a great loss not just for Okinawa but for the Japanese state as well.

In the 21st century, if Japan wants to be a responsible member of the Asia Pacific community and also to make a distinctive contribution as a global power, it must reevaluate Okinawa and consider how it can take advantage of the islands’ potential.

The three of us would like to see Okinawa become a new “soft power” in the 21st century, and we want to suggest some perspectives for reevaluating Okinawa that are necessary for it to become a “soft power.”

We would like Okinawa to take a positive view of its own past, present, and future; to define its own creative role within Japanese society; and to come up with a clear vision of the role it can play in Asia Pacific. In other words, we think that it should actively undertake its own initiatives in the face of the various conditions and definitions within which it has had to operate.

Historical background

One of the reasons that Okinawa is unique among the regions of Japan is its distinctive historical background, the main points of which may be summarized as follows.

The Unique Formation of the Ryukyu Kingdom, a Pre-Modern Nation State. In 1429 the Ryukyu Islands were united under a single ruler whose seat was in Shurijo Castle on the main island of Okinawa. This Ryukyu Kingdom was closely linked to China, but it also developed diplomatic and trade relations with Japan, Korea, and Southeast Asia, and it flourished as one of East Asia’s main trading nations. In 1609 it was conquered militarily by Japan, after which it operated under Japanese overlordship, though it continued to maintain relations with China. Then, in 1879, the government in Tokyo, as part of its drive to build a modern Japanese state, expelled the king from Shurijo Castle and transformed the Ryukyu Kingdom into “Okinawa Prefecture,” thereby formalizing Okinawa’s status as Japanese territory.

This process left the Okinawa people with at least two historical awarenesses. One is the awareness that we formed our own nation distinct from Japan in pre-modern times and that we have a tradition of acting as part of the Asian world. The second is the awareness that we

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have not always been part of Japan but were the last region to be incorporated into the nation.

A Distinctive Culture. As a separate kingdom maintaining its own relations with the countries of Asia, Okinawa developed a unique culture distinct from that of the main islands of Japan. Not only that, but its folkways were grounded in the local habitat. Okinawa thus developed a traditional culture unlike any other in the Japanese archipelago.

This cultural background made the people of the islands conscious of a distinction between *Uchinaanchu* (Okinawans) and *Yamatunchu* (Yamato people, i.e., residents of the main Japanese islands). They also developed a pride in their own cultural traditions and a zeal to pass them on.

At the same time, however, there is another dimension to the Okinawan mind-set, namely, the awareness that Okinawa's culture is not completely foreign to that of the main islands of Japan. Both are believed to have their roots in the same early Japanese culture, from which Okinawan culture and Japanese mainland culture developed as separate offshoots. If we emphasize origins, the two cultures have a close affinity, but if we emphasize the historical results, they are relatively distinct.

The Experience of "Discrimination" from the Main Islands. Following Okinawa's incorporation into Japan, the distinctive culture of the *Uchinaanchu* was not properly appreciated by the *Yamatunchu* who formed the majority of the country's population. Okinawans' ways were seen as "backward," and they were often subject to "discrimination." Nineteenth-century Japan rejected its own Asian nature and pursued a course of national development modeled on the industrialized nations of the West; in this context Okinawan culture was looked down on as being Asian and inferior.

This rejection threatened Okinawans' pride and confidence in their traditional culture, and along with the experience of discrimination, has left an indelible "negative legacy."

The Deep Wounds of World War II. The battle for Okinawa at the end of World War II was a cataclysmic experience for the Okinawan people. Since the populated areas became battlefields, many people were caught up in the fighting between the Japanese and American forces, and about a quarter of the population was killed. In addition, many of the monuments of their history and much of their traditional landscape fell victim to the flames of war. What was especially tragic was that Japanese soldiers, who should naturally have seen Okinawans as their fellow citizens, harbored discriminatory feelings against them and not only treated them arrogantly but in some cases even brutally drove them to their deaths.

As a result of having experienced these hellish battlefield conditions, the people of Okinawa developed a strong, deep-seated hatred of war and a desire for peace.

Rule by the American Administration. Another important element in Okinawa's historical consciousness is the fact that after Japan's defeat in World War II, it was the only region broken off from the rest of the country and subjected to a lengthy period of American rule. The U.S. government unilaterally defined Okinawa as a key to its military strategy, ignoring the will of the Okinawan people.

Under the overwhelming presence of the American military forces, Okinawa was transformed into an "island of bases," without Okinawans being allowed any say in the matter. They not only had their land laid waste during the war but also harbored deep misgivings about their military status as a "keystone of the Pacific."

The Drive for Reversion to Japan. The Okinawan people did not completely give up on Japan, even though it had "sold them off to America." They criticized the problems that arose under U.S. rule and groped for answers to the question of where Okinawa really belonged. As a result of this process, the majority of the people began to hope for reversion to Japan. This reflected the historical legacy of their having been part of Japan for seven decades following the creation of Okinawa Prefecture in 1879, as well as the existence of a cultural identity that supported the idea of reversion.

Despite their history of forming the Ryukyu Kingdom and their tradition of having built a culture of their own, Okinawans felt that Japan was culturally the closest presence to themselves. They felt a psychological connection with Japan, sensing that the roots of the distinctive culture Okinawa had built up over its history could be traced back to early Japanese culture. For that reason, Okinawans saw Japan as a "motherland," and they believed that they could resolve their ambiguous position through reversion to this motherland.

The political expression of this mind-set was the movement for reversion to Japan, which eventually resulted in Okinawa being returned to Japan on May 15, 1972, reclaiming its status as the 47th prefecture. In other words, the Okinawan people chose Japan as the country to which Okinawa should belong.

The Unfair Burden of U.S. Military Bases. Under U.S. administration, Okinawa became an "island of military bases," and reversion to Japan did not change this. Japan and the United States already had a bilateral security

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treaty in effect, and the bases in Okinawa were redefined as fulfilling an essential function under this treaty. That is, “military base Okinawa” was authorized in line with the national interests of both Japan and the United States.

Regardless of what one may think of the importance of the Japan-U.S. relationship, on a more basic level, many people in Okinawa wonder why their little island must be home to about 75 percent of the U.S. military facilities in Japan, a concentration that has caused a variety of ill effects. It is only natural that Okinawans are dissatisfied and feel that, once again, they are being treated unfairly.

The issue of the bases was highlighted in September 1995, when a young girl was raped by three U.S. Marines. This once again exposed the marked gap between “national interests” and the will of the residents, and became a major issue in the operational aspect of the Japan-U.S. alliance.

Carrying out an “Okinawa Initiative”

At times one or another of the seven points noted above concerning Okinawa’s historical background is raised as a separate issue. Usually, however, these issues overlap and should be considered part of the melange that forms Okinawa’s regional sentiment. When the people of Okinawa make political statements, they can easily find grounds to support their position based on their “historical problems.” This is an utterly natural position for people who see their various historical experiences as “problems.”

Yet while the three of us respect this regional sentiment based on “historical problems,” we want to dissociate ourselves from theories that rely excessively on history to explain the current situation.

We must certainly give our history the respect it deserves, but at the same time, we believe that we must distinguish the questions of our history from the question of the responsibilities that fall upon contemporary people. It is vital for us not to be controlled by our history but to assume our responsibilities as present-day Okinawans as we face both our history and our future. It is we, living in the present, who are qualified to take on our entire history, and only by our serving as present-day heirs of this history will it be possible to actualize the regional assets that this history offers for the future.

We would particularly like to emphasize the following points:

Universalizing our Self-Definition. We should equip ourselves with the firm recognition that the regional sentiment grounded in our historical problems should not be an issue for Okinawa alone but rather that we must strive to universalize this sentiment for the sake of Japan as a whole—and indeed for the sake of the entire Asia Pacific and the world.

For example, when we complain of not being treated fairly within Japan, we need to ask how that problem relates to the realities and modes of operation of Japan as a whole, considering matters from an overall perspective as well as a local one. When we talk about the harm we suffered during World War II and propound the pacifist philosophy that grew out of this experience, we must try to speak in universal terms that relate our position to the harm from war and the pacifist sentiment of Japan as a whole, of Asia Pacific, and of the world. We are the ones who define our history, and for that reason, our self-awareness and our responsibility to speak in universal terms will also be scrutinized by history.

Speaking in universal terms means choosing rational and logical expressions that will make our case and convince the other side. In specific terms, this means an emphasis on “word power”—the ability to use words as weapons—in dialogues, negotiations, and problem-solving endeavors.

We feel keenly that we need to speak in universal terms and with “word power,” especially when discussing the problem of the military bases.

Assessment of "Military Base Okinawa." The concentration in Okinawa of about 75 percent of the U.S. military bases that Japan is obliged to allow the United States to have in this country under the U.S.-Japan Security Treaty has become a great burden for the residents of the islands, and there is deep-rooted political sentiment against the bases.

Yet our points of discussion for evaluating the bases do not come just from our historical problems, from the problem of harm from the bases, or from our renunciation of war and desire for peace. We, present-day Okinawans, must be aware of the following important points as well:

The first is the question of how Japan's security should be guaranteed in the international community. Various people have taken a variety of positions, from unarmed neutrality to maintaining a military force suitable for a developed country. But the majority of Japanese support the policy of preserving the strictly defensive posture of the country's Self-Defense Forces and maintaining a global security system rooted in the alliance with the United States. In other words, the Japan-U.S. alliance is supported by the majority of people as the basis of our foreign policy, and that framework defines the U.S. bases in Okinawa.

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Therefore, the initial point of divergence is the question of how to think of the Japan-U.S. alliance. The three of us take the position that the role of the Japan-U.S. alliance in providing security is a positive one for Asia Pacific and for the international community in general. As long as the U.S. bases are necessary for this alliance, we acknowledge their *raison d'être*. That is, we share the sense that Okinawa makes a greater contribution to the security of Japan than does any other region.

The second point concerns the topic of how to ensure the renunciation of war and to bring about a peaceful world. It goes without saying that the fundamental requirement is to establish a system of international cooperation to prevent war and build up relations of mutual trust. It is essential that we construct a multilevel system of security guarantees that does not invite the exercise of military force. This task should be given the highest priority.

Even so, the three of us support the recognition stated in the United Nations Charter that when it is determined that contradictions are expanding despite the aforesaid efforts, it may be necessary to exercise military force within certain bounds and with international assent. The exercise of military force may be necessary as the last option working through the United Nations against the forces that hinder peace and stability. On this point, our opinions differ from those of the “absolute pacifists.”

If we think along these lines, the current problem of the U.S. military bases is not about the rightness or wrongness of their existence. Instead, the problem is how to make adjustments so as to reconcile the need to operate the bases effectively and the stability of the lives of local residents. In other words, our position with respect to the bases must not be that of plaintiffs but rather that of parties involved, scrutinizing the operations of the bases as residents of a region making a great contribution to the country's security requirements.

We have the capacity to be both concerned parties and strict inspectors. The “assets” that encourage us to fulfill these roles are the historical problems of our wartime experiences and the establishment of the bases on our territory.

Okinawa as a “Soft Power.” Our efforts to shift from an approach based on Okinawa's historical problems to one that emphasizes speaking in universal terms and using “word power” have the potential to serve as the source of intellectual infrastructure of the highest quality, something that could serve as a distinctive Okinawan strength. Okinawa's greatest assets—its “soft power,” so to speak—derive from its pride in its history and culture,

its pain at suffering discrimination, its strong determination to hate war and love peace, and its desire to transmit these experiences to as many people as possible, along with its delivery of its message in universal terms.

The three of us do not wish to see Okinawa's soft power applied only to Japan's domestic problems. Now that the traditional setup of Tokyo-centered, unipolar governance is losing power and there are demands for a more pluralistic approach, we believe that Okinawa should also exercise its own governance.

In this connection we would like to emphasize that Okinawa should overcome its historical problems and become a partner in the process of building Japan's national image for the 21st century. We should first of all assess ourselves accurately and, based on that assessment, be ready to fulfill our own responsibilities, while also being part of the "new Japan."

One of these responsibilities is the role of strictly monitoring the operation of the military bases in Okinawa, which are essential for the Japan-U.S. alliance; for this purpose we must equip ourselves with a high-level intellectual infrastructure to consider our country's national security setup and the implementation thereof.

Another responsibility is to fulfill our own distinctive role with an eye on Asia Pacific, looking beyond the framework of Japan as a state. In other words, we should apply the soft power of Okinawa as a strategic tool.

Two Inscriptions. In the 21st century, the three of us would like to carve a pair of phrases into the soil of Okinawa. One is "Here is where Japan ends and Asia begins." The other is "Here is where Asia ends and Japan begins."

Given Okinawa's regional sentiment based on historical problems, the only way of achieving creative development is for us to adopt a polysemic evaluation of our own region as being Japanese and yet not Japanese. The concept of the nation state is now in upheaval, but instead of being buffeted by this upheaval, Okinawa needs to create a new self-definition as part of the development of Japan's new national image. We believe that the search for this new self-definition, while being conducted with a view to Japan's proper shape, should be unwaveringly open to Asia Pacific.

If we are confident that our history as Okinawan people makes us capable of understanding Asia, Japan, and the United States, then we should manifest this confidence through "word power," making it a tool for our self-development.

Our idea of the future challenges for Okinawa is expressed by the messages contained in the above two inscriptions.

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Okinawa as a Base for Intellectual Exchange. Thinking along these lines, we can say that the most important future role for Okinawa is forming an intellectual infrastructure for deep consideration of the future shape of Asia Pacific. What we consider most important is the question of how to create the conditions that will make it possible to use Okinawa as a “knowledge center” for the formulation of responsible scenarios for the future through free exchanges among people, regardless of their race or nationality.

The concept of an “Okinawa Initiative” embodies our self-awareness and sense of responsibility in seeking ways to solve the various historical problems of Asia Pacific using the soft power of Okinawa as a foothold. By achieving this sort of self-awareness, we can elevate Okinawa into an “intellectual problem-solving apparatus” linking Japan and Asia Pacific.

The issues for Okinawa in providing intellectual infrastructure for Asia Pacific are not limited to serving as a “knowledge center” but can also be extended into other fields, such as culture, economics, and security. The task of drawing up this scenario lies in front of us as a responsibility to the future.

ASEAN and APEC: A Post-Crisis Perspective

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The Association of Southeast Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation (APEC) forum have been criticized for their relative irrelevance during the East Asian financial and economic crisis.

From when the crisis started in 1997 in Thailand and spread almost instantaneously to other ASEAN economies, it has been asked what ASEAN did to help the region face up to the crisis.

The same criticism has been leveled at APEC. At their 1997 annual meeting, held in Vancouver a few months after the crisis began, the attitude of APEC leaders toward the crisis was close to nonchalant. While several leaders noted it, others did not give it much attention. Even late in 1998, at the APEC leaders' meeting in Kuala Lumpur, many observers still saw APEC as doing nothing tangible to address the crisis, which had then gone beyond APEC economies.

Those actions that were undertaken to ameliorate the crisis in affected economies were taken outside of ASEAN and APEC's ambits. These steps were adopted under the auspices of multilateral financial institutions and individual governments, including those of a few APEC economies.

The perception has spread that ASEAN and APEC have proven themselves unresponsive to the real needs of their member economies. Indeed, at the time of crisis, ASEAN and APEC both came up short. As both are perceived as facing other problems too, they have both lost much of their previous luster in the eyes of some critics.

A Broader Perspective

One way to approach criticisms of ASEAN and APEC is to look at the organizations in terms of the functions they were created to serve. Both ASEAN and APEC were set up to promote economic cooperation. Yet much of what has gone under the broad category of economic cooperation in ASEAN and APEC has been trade liberalization. Although both were intended for broader functions, in operational terms they have mainly served as forums for trade liberalization. So perhaps their success should be measured by the extent to which they have pushed the trade liberalization envelope.

Although both ASEAN and APEC leaders may have agreed on a much bigger and broader vision, at the operating level where the real agenda for action is shaped, the orientation is toward “focused outcomes.” Measurable results are preferred, specific steps by “certain dates” are required, and common yardsticks are adopted. Trade liberalization lends itself to these types of “focused outcomes.” Typically, officials and ministers taking charge of the technical aspects of the ASEAN and APEC agendas are from the ministries of trade. Officials and ministers from finance ministries have not been in the mainstream of either ASEAN or APEC processes. Meetings on financial issues have always been scheduled at some other time and have never been part of the main ASEAN or APEC leaders’ meetings.

The result has been to suggest that trade liberalization issues are ASEAN and APEC’s main function. Since trade liberalization targets are for the most part long term (e.g. 2010 for ASEAN, 2020 for APEC), ASEAN and APEC have been driving themselves forward in pragmatic pursuit of long-term goals.

Criticism of ASEAN and APEC at the height of the financial crisis of 1997–1999 needs to be assessed in this light. Both have mainly been focusing on long-term trade liberalization issues, so they are not organized to address crises in financial markets. Indeed, they were not endowed with resources to take on financial crises in member economies. In view of the observations that form follows function and function determines organization, criticisms of ASEAN and APEC can therefore be seen as off the mark.

Yet this does not mean that criticism can be lightly dismissed. Both ASEAN and APEC have recently been responding to the point that financial issues should be given more importance in their respective agendas.

For instance, under the impetus of its finance ministers, ASEAN has set up a surveillance mechanism to assess the macro-economic risks facing increasingly interconnected economies. It has initiated a peer process that operates on the principle that weakness or strength in one economy can affect the others in the region. It is now possible to learn from each other, encourage each other, and even make some (of course, polite) comments to each other. Under this peer process, ASEAN has issued calls for reforms, particularly in financial supervision and financial sector strengthening, corporate governance, and regional and global financial architecture. ASEAN has also expressed openness to work with other economies in East Asia, especially its three main dialogue partners from Northeast Asia—Japan, China, and South Korea—on financial reform issues.

In APEC, the Manila Framework Group was organized in 1997 in an attempt to come up with a program of dialogue and cooperation to address financial issues. Since then, APEC finance ministers have issued relevant statements on financial reform issues after their meetings. Other reforms have also been agreed on, including synchronizing finance ministers' meetings with the annual meetings of leaders and foreign and trade ministers.

These changes reflect the pressures that have been brought to bear on ASEAN and APEC by the 1997–1999 financial crisis. These pressures have forced ASEAN and APEC to expand the purposes they must strive to serve beyond their earlier focus on trade liberalization.

Functional Relationships

The steps ASEAN and APEC have already taken toward further trade liberalization have helped highlight the close relationship between trade, finance, and development.

As the financial crisis has shown, trade liberalization brings pressure for financial liberalization. As trade becomes freer and more open, pressure builds for financial flows also to become more free and open. In fact, gains obtained from free and open trade can quickly be overturned and offset by losses from a protected and inward-looking financial regime. The positive knock-on effects of trade liberalization can be negated by exchange rate volatility and unstable financial flows, and, in a crisis, by massive macro-economic adjustments.

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Trade liberalization also brings pressure for changes in development paradigms. For instance, technical standards have to be set higher, the demands on infrastructure become heavier, and greater demands are imposed on human resource development. People have to become more creative and flexible, as well as better technologically equipped and culturally oriented to the dynamics of business. It is no longer possible—as was done in APEC in 1996—to insist that trade and investment liberalization should be set on one side, and economic and technical cooperation on the other, with a great unbridgeable divide between them. Indeed, as became clear at the World Trade Organization meeting in Seattle in 1999, it is no longer possible to try and agree on trade liberalization without being open to other issues at the core of development.

APEC leaders may already have taken note of the functional relationships between trade, finance, and development when they proclaimed a vision of a community. On Blake Island, the APEC leaders presented a vision of a community or “family of economies” and, in Manila, the leaders signed a declaration of intent to build a community in Asia Pacific. ASEAN leaders also made an explicit commitment to building an ASEAN community in Kuala Lumpur in 1997. The dimensions of civics, economics, and politics are fundamentally interrelated and, within the economic dimension, trade, finance, and development are interconnected. The financial crisis of 1997–1999 has also revealed that, within finance, macroeconomic risk management, financial sector strengthening, and improving corporate governance are intertwined.

These interconnected financial reform issues have already been brought onto the ASEAN and APEC agendas, and some hopeful steps have already been taken. In November 1999, ASEAN finance ministers got together with the foreign and trade ministers for the first time under an expanded joint ASEAN ministerial meeting. As noted, APEC finance ministers will also meet under a synchronized schedule in 2000 to prepare for the leaders’ annual meeting.

There is yet to be a sustained effort at acknowledging the close functional relationship between trade, finance, and development in both ASEAN and APEC. In ASEAN, the link between trade and development has been more readily accepted, with the link between trade and finance only just being appreciated. Bringing all three major facets of the economic dimension together would require ASEAN’s organizational and institutional mechanisms to be refined so that the heads of state/government could meet more frequently to place the interrelated economic issues

on their agenda. In the case of APEC, having the finance ministers meet before the leaders and thus prepare for the leaders' meeting could help ensure that—as in ASEAN—the heads of state/government speak to interrelated economic issues.

The biggest challenge for both ASEAN and APEC is to match their rhetoric about community building with substance. An ASEAN community and an Asia Pacific community can only begin to have real meaning if cooperation is extended beyond the economic sphere. The modalities for political cooperation in ASEAN have been changing with the dynamic circumstances of the region. Furthermore, the demands for social and civic cooperation have become more urgent with the accession of new members as their processes of transition and development are still at early stages. ASEAN will need to evolve its mechanisms and organizational structure if it is to add greater meaning to what it has been saying about building an ASEAN community. For APEC, the leaders' meetings have provided occasions for informal exchange and consultation between some leaders on political issues. It is also inevitable, as shown in Kuala Lumpur in 1998, that a leader—for political reasons in his own domestic constituency—might use the occasion of an APEC summit meeting to make some comment on civic, social, and political developments in another APEC economy. While the general reaction to such “abuse of hospitality” has been negative, more of these types of comments should be expected over time if progress is to be made toward widening and deepening the base for an Asia Pacific community.

Conclusion

Criticisms of ASEAN and APEC as having little immediate relevance to helping member economies cope with and face up to the financial crisis of 1997–1999 can be viewed in different lights.

Against the perspective of the past decade, when both ASEAN and APEC have focused mainly on long-term trade liberalization issues, such criticism appears to be overly harsh. As neither ASEAN nor APEC set themselves up as mechanisms for handling short-term financial crises, it may not be fair to judge either in terms of functions they never claimed for themselves or purposes they never set themselves up to serve.

Seen in the perspective of the next two decades, however, the 1997–1999 financial crisis has given both ASEAN and APEC critical boosts. It

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has pushed both processes to more deliberately consider and take due care of close functional relationships that cannot be disregarded. For instance, trade, finance, and development have to be looked at interdependently. Within finance, reforms in macro-economic risk management, financial sector strengthening, and corporate governance need to be pursued in close tandem with each other. And within any community, civics, economics, and politics cannot be set apart, no matter how many firewalls are built around them.

It is fair to state that the financial crisis of 1997–1999 has broadened the operating perspectives of ASEAN and APEC. Their main agendas have been broadened such that trade, while still predominant, is increasingly balanced and complemented by the imperative for greater cooperation in finance and development. Their grandiose visions for building an ASEAN community and an Asia Pacific community or “family of economies” are slowly but surely being taken to encompass not just trade and economics, but also the closely interrelated dimensions of civil society development and political cooperation.

In sum, ASEAN and APEC are evolving so as to be more relevant to facing up to financial reform issues. Their evolution may even be broader and wider, since community building is an all-encompassing vision. If pursued with commitment and vigor, such a vision will lead both ASEAN and APEC to become relevant and meaningful in more aspects than the still limited ones of trade and finance.

Asia Pacific Trade Arrangements in the New Millennium

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This chapter addresses of the straightforward question of whether or not regional trade structures contribute to community building in Asia Pacific. Particularly, it examines whether recently proposed bilateral or multi-lateral free trade schemes will give new impetus to trade liberalization or result in a proliferation of special preferential trading relations incompatible with the spirit of “open regionalism” and global trading relationships.

More than 10 years ago, before the Asia Pacific-wide process that is now known as the Asia-Pacific Economic Cooperation (APEC) forum began, various subregional and bilateral trade structures—most notably in the form of free trade areas (FTAs)—were being contemplated or actually being developed. In a study at that time, I noted that certain agreements of a bilateral or subregional type threatened to undermine efforts to restore a generally applicable system through the Uruguay Round, and I made various proposals to link those structures into an integrated Asia Pacific trade structure.¹

Three conclusions were reached in that study. First, the subregional arrangements that were being pursued and developed reflected compatible

¹ Hadi Soesastro, “Prospects for Pacific-Asian Regional Trade Structures,” in Robert A. Scalapino, Seizaburo Sato, Jusuf Wanandi, and Han Sung-joo, eds., *Pacific-Asian Economic Policies and Regional Interdependence*, Berkeley, CA: Institute of East Asian Studies, University of California, 1988, 308–328.

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stages of economic development among countries of the region, as well as uncertainties about the international trading system. Countries that are rather similar seek to join hands in order to strengthen their position in the global economy. In view of uncertain developments in the global trading system, such regional, subregional, or bilateral trade structures are seen as an insurance policy. Second, the various subregional trade structures recognized the need to maintain an outward orientation and related themselves to the broader Asia Pacific region, yet they did not look to integration as the way to do this. I raised the question whether restoring the international trading system alone could provide the framework for moving subregional arrangements toward a more integrated regional structure. Third, a subregional structure involving Japan was conspicuously missing. I entertained the suggestion that perhaps Japan was in the best position to facilitate the development of more integrated regional structures.

Developments during the 1990s

Today, at the beginning of the new millennium, proposals for subregional and bilateral trade structures again abound in Asia Pacific. Concerns about the global trading system may have motivated these proposals, particularly the failure of the World Trade Organization (WTO) ministerial meeting in Seattle in November 1999 to launch a "Millennium Round" of multilateral trade negotiations.

Meanwhile, Asia Pacific has seen a number of important developments. What began in the late 1980s as a comprehensive bilateral trade agreement between the United States and Canada was further developed into the North American Free Trade Agreement (NAFTA) to include Mexico. NAFTA was the first free trade agreement involving developed and developing countries on a completely reciprocal basis. An ASEAN-U.S. Initiative (AUI) was also launched, but this did not result in a trade arrangement because of failure to agree on reciprocity. Defined in these terms, there is not yet a second NAFTA. Linking NAFTA with the Mercosur countries of Argentina, Brazil, Paraguay, and Uruguay, or creating a Free Trade Area of the Americas (FTAA), would result in a huge regional trade arrangement involving developed and developing countries. The Prime Minister of Singapore Goh Chok Tong has announced publicly that, if invited, his country would like to join NAFTA.

Challenged by NAFTA's formation, among other things, in the early 1990s members of the Association of Southeast Asian Nations (ASEAN) decided to form an ASEAN Free Trade Area (AFTA), initially to be completed within 15 years, or by 2008. In the intervening years, ASEAN governments have agreed to accelerate the implementation of AFTA. In December 1998, ASEAN governments agreed to lower a minimum of 90 percent of their total tariff lines to a maximum 5 percent by 2000. In addition, they agreed to lower all tariffs to the maximum of 5 percent by 2002. In March 1999, ASEAN economic ministers discussed a proposal to achieve zero tariffs for at least 60 percent of the items on the inclusion list by 2003. Although not an explicit policy of ASEAN, some members are pursuing AFTA liberalization in parallel with further reductions in most favored nation (MFN) tariffs. In the case of Singapore, one year after its adoption, AFTA tariffs will be multilateralized. This suggests that ASEAN and AFTA remain essentially outward oriented.

There have been proposals to link AFTA to other subregional trade structures. Thailand and Singapore proposed studying possible ties between AFTA and NAFTA, while Thailand and Australia proposed closer links between AFTA and the Australia New Zealand Closer Economic Relations Trade Agreement (CER). After many years, this initiative finally led to the creation of a high-level task force on an AFTA-CER FTA that conducted its first meeting in Jakarta in early February 2000. If this AFTA-CER FTA comes into being, it would be another trade structure involving developed and developing countries. Thus it may have to be notified under General Agreement on Tariffs and Trade (GATT) Article XXIV to ensure WTO consistency, with implications for scheduling trade liberalization.

APEC, which was established in 1989, involves countries from the entire Asia Pacific region, including Latin America. It has a very diverse membership, bringing together the two largest economies in the world, the United States and Japan, with some of the region's poorest countries, such as Vietnam. Many members are involved in subregional trading arrangements. APEC was not designed to link the various subregional FTAs, but perhaps it has contributed to preventing fragmentation in the region. In its second report, the APEC Eminent Persons Group (EPG) recognized the twofold risk from the proliferation of subregional arrangements.² In the short run, subregional trading arrangements (SRTAs) create new trade

² Asia-Pacific Economic Cooperation, *Achieving the APEC Vision*, Second Report of the Eminent Persons Group, Singapore: APEC Secretariat, August 1994.

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discrimination that could generate important economic costs to nonmembers of the groupings and new sources of divisiveness. In the longer run, they could create new entrenched interests that would resist broader regional liberalization.

The APEC EPG also noted that, if all SRTAs in the region are outward looking, they could be building blocks for global accords and act as stimuli toward free trade in APEC as a whole. To ensure this, the APEC EPG stressed that the acceleration or linkage of any SRTAs must be fully consistent with the WTO.³ It made the following recommendations: (1) any new SRTA initiatives within APEC should be promptly submitted to the WTO for confirmation that they meet the criteria and for surveillance of their performance in practice; (2) any acceleration or linkage of SRTAs should be extended to other APEC economies under a nonmutually exclusive formula (proposed by the EPG) for extension of APEC liberalization to nonmembers; and (3) SRTAs within APEC should accelerate their liberalization and forge linkages among themselves only on the basis of the above principles.

APEC itself is not a trade agreement although it has a trade agenda or, more specifically, a trade liberalization agenda. The uniqueness of the APEC modality is that trade liberalization is pursued within an institutional setting that is voluntary and nonbinding in nature. It has adopted the approach of concerted unilateral liberalization.

There continue to be serious doubts in the region about concerted unilateralism as an instrument of regional trade liberalization. Over the years, there have been attempts to turn trade liberalization in APEC from its present "soft" approach into a "hard" approach. Such efforts are aimed at effectively transforming APEC into a free trade agreement. For obvious reasons, these attempts have not been successful. APEC liberalization through the individual action plans is seen in some quarters as proceeding too slowly. To provide a new stimulus for trade liberalization, a new approach was attempted in the past two years, namely so-called early voluntary sectoral liberalization (EVSL). Unfortunately this attempt has also failed, because of its wrong design. Perhaps APEC is not the appropriate forum to try to *accelerate* trade liberalization in the region. Its trade agenda should primarily be to *encourage* and *sustain* unilateral trade liberalization. A failure to recognize this could jeopardize community building in Asia Pacific.

³ Asia-Pacific Economic Cooperation, *Implementing the APEC Vision*, Third Report of the Eminent Persons Group, Singapore: APEC Secretariat, August 1995.

This brief review of developments in the 1990s shows that regional efforts have been made to form FTAs which bring together developed and developing countries. Success in doing so would help promote community building in Asia Pacific. There is also a strong awareness of the importance for subregional arrangements to maintain an outward orientation. Many continue to be skeptical about the concept of open regionalism but in actuality it is being adopted in regional undertakings.

New Initiatives

Generalizing about recent initiatives to develop bilateral FTAs is tricky as different motivations are driving each process. One motivation is to use bilateral arrangements to provide new impetus to regional or global trade liberalization. Bill Brock's initiative in the 1980s to develop bilateral FTAs involving the United States was primarily a means to force Europe to agree on a new round of multilateral trade negotiations. It was a dangerous game as it compromised the U.S. policy of promoting multilateral, non-discriminatory trade liberalization. The strategy had an effect, largely because a superpower pursued it. Two smaller countries, Singapore and New Zealand, are undertaking an initiative today that is similarly aimed at providing a new stimulus to trade liberalization. This regional initiative was announced when New Zealand hosted the APEC leaders' and ministerial meetings, and as such raised a lot of eyebrows. The argument that a Singapore-New Zealand FTA would not cause any trade diversion—since both already have very low tariffs—is certainly correct. However, exactly because this FTA does not threaten anyone, it may not be able to achieve the objective of stimulating regional trade liberalization efforts.

A Japan-South Korea initiative is potentially more influential. In fact, when it was first announced, the initiative was ignored by some because it was believed that it would not go far enough. Others were shocked as the initiative could be perceived as an effective "declaration of war" on the rest of the region due to possible significant discriminatory effects. The primary objective of the Japan-South Korea initiative, however, is perhaps to cement greatly improving bilateral relations. Even so, its design will have to be consistent with the concept of open regionalism. It cannot be an arrangement that is exclusively in the area of trade but it will have to be comprehensive in nature.

Having abandoned its policy of not engaging in bilateral FTAs, Japan

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could not refuse to entertain Singapore's approaches to develop a Singapore-Japan FTA.

Singapore may have felt that it was only logical to approach Japan as its initiative with New Zealand may not achieve its purpose and as Japan seems to have changed its policy. Thus Japan could be drawn into a set of bilateral arrangements that could eventually produce a hub-and-spoke architecture, with Japan as the hub. It is not known whether Japan has such ambitions. There have been suggestions that this initiative should logically be extended to include China because it would otherwise create serious political tensions. Including China would effectively transform the exercise into a bigger enterprise: the formation of a Northeast Asian subregional arrangement (a NEAFTA?) that could eventually be linked to the one already in existence in Southeast Asia (AFTA).

Toward an East Asian Regional Structure

A kind of East Asian regional arrangement could emerge from this development. Indeed, it does seem that East Asia is in search of an institutional identity that would give it institutional autonomy. Fred Bergsten, perhaps rather surprisingly, has articulated most persuasively the need for East Asia to have its own regional economic structure.⁴

Perhaps it is this motivation, more so than that of providing new impetus to regional and global trade liberalization, that will drive East Asia to form its own regional structure.

The failure in Seattle last November to launch a new round of multilateral trade negotiations has aroused great anxieties about the future of the global trading system. This may be a temporary setback. WTO ministers must go back to the drawing board to restart launching a new round; too much is at stake for progress in the WTO to stall. A new round needs to be planned well, and the WTO should listen to warnings not to overload the agenda with issues that do not relate to trade.⁵ The issue of linkage could be settled once and for all by recognizing that "both birds will be missed if a single stone is used." But the social agenda must be taken seriously. It

⁴ C. Fred Bergsten, *The New Asian Challenge*, unpublished paper, 2000.

⁵ Jagdish Bhagwati, "The Case for Free Trade" in *Free Trade in the New Millennium*, Wellington: Ministry of Foreign Affairs and Trade on behalf of the New Zealand Institute of International Affairs, 1999, 79-86.

should be dealt with in its own right through international organizations such as the International Labor Organization and the United Nations Environmental Program.

The threat of “new” protectionism, which uses trade sanctions to enforce labor, environmental, and health standards, is indeed much more complex than the “old” type that protects the narrow economic interests of one industry at the expense of another. This change, Bruce Stokes argues, reflects the successful deepening of global economic integration.⁶ He further suggests that, in order to deal effectively with this enhanced integration, an appreciation of the new complexity and the necessary give-and-take of real life is required, where “political compromises and strategic backsliding are needed to achieve progress.”⁷ This new complexity will have to be dealt with globally.

It is clearly understood that there is no alternative to global rules governing trade. This has become even truer with, for example, the emergence of e-commerce and the controversy over genetically modified organisms (GMOs). These issues cannot be resolved regionally through regional trading arrangements (RTAs), although regional efforts can help develop understanding of the issues and capacity for dealing with them. And doing so does not require the formation of RTAs.

There is also the need to debunk the self-fulfilling myth of a global retreat from free trade. Protectionism is not on the rise. Contrarily, tariffs continue to decline and trade is expanding almost everywhere. Forms of protectionism that were so entrenched in the 1980s, like nontariff barriers and voluntary export restraints, are disappearing. Unilateral trade liberalization remains on track in most APEC economies, including those hit by the financial crisis.

Take Indonesia, for example. In May 1995 the government announced a schedule of significant tariff reductions in line with its Uruguay Round and AFTA commitments. Unilateral MFN tariff reductions lag behind AFTA preferential tariff reductions but the two tariffs will mostly be equal at various target dates, including the 2003 target for AFTA. According to Indonesia’s original AFTA schedule, tariff rate categories of between 5 and 20 percent before May 1995 will be lowered to a maximum of 5 percent in 2000. Tariff categories between 25 and 40 percent before May 1995

⁶ Bruce Stokes, “The Protectionist Myth,” *Foreign Policy*, no. 117, 88–102.

⁷ *Ibid.*, 89.

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had to be reduced to a maximum of 20 percent in 1998 and will have to be reduced to a maximum of 10 percent (rather than 5 percent) by 2003. Average AFTA preferential tariff rates are to reach 3.69 percent in 2003. As of October 1998, about 6,622 tariff lines (91.8 percent of total) were already on Indonesia's inclusion list under AFTA commitments, whereas 541 were still on the temporary exclusion list, 4 on the sensitive list, and 45 on the general exception list. In June 1999, Indonesia announced that 55 percent of the items on its inclusion list would have zero tariffs in 2003 and it pledged to make efforts to reach the 60 percent AFTA target. In June 1999 the government also significantly deregulated the automotive sector, one of the few remaining sectors with "peak" tariffs. Finally, in the new IMF-supported program of February 2000, the government announced a plan to have a three-tier tariff structure in place by the end of 2003, with rates of zero, 5, and 10 percent for all items except automobiles and alcohol.

Ultimately, the success of regional arrangements with a trade agenda, including RTAs, should be judged by whether they promote unilateral trade liberalization. This is the wisdom emanating from Asia Pacific. The ability of countries in the region—such as Indonesia—to sustain unilateral trade liberalization, partly by locking themselves into international and regional commitments, is the cumulative result of many factors. It cannot be attributed solely to AFTA, APEC, or any other regional arrangement. Although these various arrangements should theoretically reinforce each other, by design, AFTA and APEC are essentially means for community building. They are not RTAs in the conventional sense.

Finally, from an economic point of view, recent empirical studies again confirm that broad (unilateral, MFN) liberalization results in more rapid economic growth, in both the short and the long run, compared to participation in an RTA.⁸

This discussion suggests that an East Asian RTA could not be relied upon to stimulate unilateral, regional, and global trade liberalization. It would also not be the logical forum for solving problems on new issues such as e-commerce and GMOs. At best, it would be complementary to other regional and international trading arrangements. But an East Asian RTA could have a role in developing an East Asian institutional identity.

⁸ Athanasios Vamvakidis, "Regional Trade Arrangements or Broad Liberalization: Which Path Leads to Faster Growth?" *IMF Staff Papers*, vol. 46, no. 1, 1999, 42–68.

Comparing the Options

There are many routes to developing an East Asian institutional identity. One route—which is currently being taken—is the pragmatic, develop-as-you-go approach. There is nothing dramatic in this approach; it is familiar and comfortable to countries in the region. Its manifestation today is the format of ASEAN plus Three—the East Asian countries of China, Japan, and South Korea—which includes meetings, most importantly, at the leader level. Not much substance has been instilled into this process, but it meets the region's current psychological need to have a regional forum. At best, ASEAN plus Three could become a better, stronger caucus in APEC. But this route is unlikely to go further. It will not produce an institutional identity for the region beyond Asia Pacific.

Another route, perhaps accidental in its outcome, is a quasi East Asian RTA, which results from linking AFTA to a Northeast Asian FTA. As discussed, the Japan-South Korea initiative may draw in China, resulting in a Northeast Asian regional structure of sorts. But AFTA, the older party in the twinning, cannot provide leadership in crafting the link. In addition, including Japan would require the group to comply with GATT Article XXIV. The new members of ASEAN could not possibly participate in a full-fledged FTA with Japan.

Yet another route is through cooperation in the financial field. Various initiatives have been taken in this direction. A surveillance exercise is one of its manifestations. The creation of an Asian Monetary Fund could also be part of the institutional setting, as could some kind of a common currency basket. But it is difficult to see how these efforts could bring about institutional integration as they will deeply impinge on sovereignty issues.

Finally, there is the option of a radical departure from these models. This could be based on a process similar to the one that has taken place in Europe. It would have to have a long-term time horizon, but its important feature is that the steps toward achieving the ultimate goal are formulated explicitly. The first likely step would be the creation of an FTA that would define the institutional identity of the enterprise. A number of countries would constitute its core. Others that are not yet ready to do so could opt for a slower pace and proceed along another tier, and still others could be linked through an association agreement, much as happened in Europe. Perhaps the start of the new millennium provides the region with the opportunity to develop a new vision. Why not proceed toward

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an East Asian Union, or EAU, the French word for water, that refreshing and essential commodity in life?

Fires and Haze in Southeast Asia: Challenges to Regional Cooperation in ASEAN and Asia Pacific

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Institutions and processes—at the local, national, regional, and international levels—are fundamental to making and implementing environmental policies and laws. Without them, the hopes of environmentalists would remain merely hopes. Yet when institutions and processes in the field of the environment are considered, there is usually condemnation. Writers stress the failings of international regimes in providing environmental governance and protection, often assuming that environmental institutions and regimes are weaker than their counterparts in areas such as trade and security.

There is also an assumption in favor of regional frameworks for addressing environmental rule making and compliance. While most environmental problems are too large for a single state and international environmental agreements are often watered down to the lowest common denominator,¹ regionalism enables neighboring countries to agree more readily on good environmental standards as they are more immediately affected by a failure to meet such standards. Faith in environmental regionalism is largely drawn from the successes of the European Union (EU) in addressing long-distance transboundary air pollution and the pollution of the Mediterranean Sea.

¹ Birnie and Boyle, *International Environmental Law*, Oxford University Press, 1993.

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How do these ideas apply to Southeast Asia or the wider Asia Pacific? Most studies of the environment in the region point to the deleterious and harmful effects on the biophysical level.² Accounts are concerned with rainforests and biodiversity—for which Southeast Asia is one of the world's last frontiers—and the destruction of the forests in the region specifically.³ Few studies seek to understand and explain the institutional gaps and failures and the policies behind this degradation, and those that do demand too little or too much of the region's institutions. Some suggest that the Association of Southeast Asian Nations (ASEAN) has already done or can easily do all that needs to be done. Many describe ASEAN and Asia Pacific action plans and declarations as if these were sufficient to make environmental policies work;⁴ while others barely mention ASEAN, suggesting that the problem is how to get local and national levels to comply with international norms and practices.⁵

This chapter describes ASEAN's efforts to deal with the fires and haze by examining how ASEAN's processes and norms are applied to the environment. It tries to understand ASEAN's environmental activity as part of a larger picture about the regional institution, while also considering

² For example, see Harold Brookfield and Yvonne Byron, eds., *South-East Asia's Environmental Future: The Search for Sustainability*, United Nations University Press, 1993; Robin Broad and John Cavanagh, *Plundering Paradise*, University of California Press, 1993; and Victor T. King, ed., *Environmental Challenges in South-East Asia*, Curzon, 1998.

³ There is considerable literature on the subject. For a recent overview of world trends, see Janet N. Abramovitz, *Taking a Stand: Cultivating a New Relationship to the World's Forests*, 1998; and Nigel Dudley et al., *Bad Harvest? The Timber Trade and the Degradation of the World's Forests*, 1995. For critical studies of deforestation in Asia, see William W. Bevis, *Borneo Log: The Struggle for Sarawak's Forests*, 1995; Peter Dauvergne, *Shadows in the Forest: Japan and the Politics of Timber in Southeast Asia*, 1997; and Noeleen Heyzer, *Gender, Population, and Environment in the Context of Deforestation: A Malaysian Case Study*, 1996.

⁴ See, for example, Sompong Sucharitkul, "ASEAN Activities with Respect to the Environment," *Asian Yearbook of International Law*, vol. 3, 1994, 317–338; and Gregory Rose, "Regional Environmental Law in South East Asia," *RECIEL*, vol. 4 no. 1, 1995, 40. For a more balanced view, see Boer, Ramsey and Rothwell, *Environmental Law in the Asia-Pacific*, Kluwer, 1998.

⁵ For a focus on environmental politics in Southeast Asia, see Philip Hirsch and Carol Warren, eds., *The Politics of Environment in Southeast Asia: Resources and Resistance*, Routledge, 1998; and Michael Parnwell and Raymond Bryant, eds., *Environmental Change in South-East Asia: People, Politics and Sustainable Development*, Routledge, 1996.

how cooperation within ASEAN or the wider Asia Pacific might be developed on the issue of haze.

First, ASEAN's development across different activities and concerns is examined to situate environmental cooperation in the broader institutional context. Second, ASEAN's cooperation to protect its environmental heritage is discussed, looking particularly at the ASEAN Agreement on the Conservation of Nature and Natural Resources, the only attempt to date to conclude a binding environmental treaty. Third, ASEAN's efforts to deal with its greatest environmental challenge—the Indonesian fires and resulting regional haze pollution—are addressed and suggestions are put forward about why these efforts are insufficient. Fourth, ways in which ASEAN and Asia Pacific could effectively address this issue are suggested, along with ideas on how environmental cooperation could contribute to the evolution of ASEAN processes and institutions.

ASEAN's mode of cooperation, known as the "ASEAN way," has not served environmental challenges well, yet efforts to substitute international approaches and principles for the ASEAN way have also failed. This chapter suggests how the ASEAN way can be changed—with implications for the environment and the future shape of ASEAN—and notes that regional environmental cooperation only makes sense if regionalism means being open to international influences yet resilient to the special needs and norms of the region.

ASEAN's Development

Before its current problems, ASEAN enjoyed a reputation as one of the most productive regional or subregional organizations outside of the EU. This reputation developed for both political and economic reasons.

In the 1980s, ASEAN drew international attention to the Cambodian situation, leading to the intervention of larger powers and the conclusion of the Paris Peace Accords. In the 1990s, the economies of ASEAN member states grew at rates that led many to cite them as evidence of the East Asian "miracle." Singapore led the region as one of the newly industrialized economies, and the ASEAN-4 of Malaysia, Thailand, Indonesia, and the Philippines followed in emphasizing export-led industrialization. During this period, ASEAN expanded to include oil-rich Brunei, Vietnam, and, during its thirtieth anniversary in 1996, Myanmar and Laos. In April 1999, Cambodia was formally admitted to the grouping, completing

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ASEAN-10. ASEAN was noted for its success in transforming an area of political tensions and economic backwardness into one of the most dynamic regional groupings.

Many commentators attributed this success to the pursuit of an ASEAN way. This ASEAN way emphasized noninterference in other states' affairs, preferred consensus and nonbinding plans to treaties and legalistic rules, and relied on national institutions and actions, rather than creating a strong central bureaucracy.⁶

Building on its economic and political achievements, ASEAN had considerable success in engaging major powers through such subgroupings as the Asia-Pacific Economic Cooperation (APEC) area, the ASEAN Regional Forum (ARF), and the Asia-Europe Meeting (ASEM). The ASEAN way was also applied to these new initiatives, although the new groupings spanned areas and included members from outside Southeast Asia.⁷ Even during this period, ASEAN had its detractors and its limitations. While ASEAN kept the Cambodian issue alive, its role in the processes leading to the Paris Peace Accords and in the United Nations Transitional Authority on Cambodia thereafter was somewhat in the shadow of the great and medium-sized powers, such as France and Australia. ASEAN's self-help did not extend to a concerted regional effort to deal with the outflow of boat people and refugees from Indo-China. Instead there was heavy reliance on the United Nations (UN) and developed countries.

In economic matters too, even before the crisis of 1997, people pointed to shortcomings in ASEAN. Early efforts at cross-border industrial cooperation did not amount to much. When foreign investment did flow within the region, it was most often bilateral or subregional. Moreover, declarations remained ambitious statements of intent, rather than actual achievements. Economic agreements across ASEAN as a whole came late, with the free trade agreement first being mooted in 1992.

Institutional questions about ASEAN have also been raised. The ASEAN way, especially the norm of noninterference and the aversion to a strong central bureaucracy, has meant that ASEAN has been more an association than an institution. This was particularly so in the first phase of

⁶ For analysis of the ASEAN way, see Michael Antolik, *ASEAN and the Diplomacy of Accommodation*, 1990; and Michael Haas, *The Asian Way to Peace*, New York: Praeger, 1989.

⁷ See Simon Tay with Obood Talib, "The ASEAN Regional Forum: Preparing for Preventive Diplomacy," *Contemporary Southeast Asia*, vol. 19, no. 3, 1997, 252.

ASEAN development, from 1967 to 1976, when ASEAN had a loose, highly decentralized structure with national governments driving functions and programs. Indeed, ASEAN was then labeled a “letter box.” From 1976 to 1992, ASEAN was more of a “traveling circus,” with increasing activity in different fields but only minimal and largely administrative support from the ASEAN Secretariat. Only from 1992 onwards, with the Singapore Declaration and the first economic undertakings, did ASEAN require greater coordination and institutionalization.⁸

Since the crisis, doubts about ASEAN have returned—along with newer ones—with some suggesting that ASEAN is out of its league.⁹ Criticisms extend to ASEAN’s efforts (or lack thereof) in dealing with the economic crisis, the East Timor question and Indonesia’s transition, its admission of Cambodia and Myanmar, and—of special relevance here—the Indonesian fires and resulting haze.

ASEAN’s Environmental Record

ASEAN’s record in protecting its rich environmental heritage is similarly mixed. Environmentalists and nongovernmental organizations (NGOs) have especially criticized ASEAN countries for tropical deforestation and member states’ lack of conservation efforts.¹⁰ Many have contended that, despite the rhetoric of sustainable development, *de facto* development and industrialization policy has been “pollute first, clean up later.”¹¹

ASEAN took its first step toward environmental protection in 1978, when the first meeting of ASEAN experts on the environment was

⁸ For a study of these different periods in ASEAN, see Chin Kin Wah, “ASEAN Institution Building,” in Stephen Leong, ed., *ASEAN Towards 2020*, ISIS, 1998. See also Simon Tay and Yeo Lay Hwee, “Institutionalizing ASEAN and the Asia-Pacific,” paper presented at the ASEAN-ISIS ASEAN 2020 conference, July 1999; and Amitav Acharaya, “Realism, Institutionalism and the Asian Economic Crisis,” *Contemporary Southeast Asia*, vol. 21, no.1, April 1999.

⁹ For example, John Furmston, “Is ASEAN out of its depth?” *Contemporary Southeast Asia*, vol. 20, no. 1, April 1998.

¹⁰ See Margaret E. Keck and Kathryn Sikkink, *Activists Beyond Borders*, Ithaca and London: Cornell University Press, 1998, 150–163.

¹¹ See Parnwell and Bryant, 1–12 and 330–338; and Eduardo Tadem, “Conflict over Land-Based Natural Resources in the ASEAN Countries,” in Lim Teck Ghee and Mark Valencia, eds., *Conflict over Natural Resources in South-East Asia and Pacific*, 1990.

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convened, and the first ministerial-level declaration followed in 1981.¹² ASEAN has typically followed a developing country perspective, as at the 1992 Earth Summit (United Nations Conference on Environment and Development) in Rio de Janeiro. This includes a characteristic emphasis on developing states' rights to permanent sovereignty over their natural and other resources¹³ and a de-emphasis on the environment as a global heritage for all of humankind, a position that is most pronounced vis-à-vis conserving rain forests and biodiversity. Malaysian Prime Minister Dr. Mahathir bin Mohammed spoke for many ASEAN members when he said "[n]ow the developed countries have sacrificed their own forests in the race for higher standards of living, they want to preserve other countries' rain forests—citing a global heritage—which could indirectly keep countries like Malaysia from achieving the same levels of development."¹⁴

ASEAN countries rallied successfully against Austrian eco-labels on tropical timber¹⁵ and they most recently played a central role in the World Trade Organization challenge of U.S. laws prohibiting shrimp imports from nations not mandating production methods that safeguard against the killing of sea turtles.

ASEAN members have also attempted to improve environmental cooperation among themselves and with non-ASEAN states. Such steps include the adoption of an ASEAN Strategic Plan of Action, 1994–1998, which tried to integrate environmental and development concerns in the decision-making process of governments.¹⁶ It sought, for example, to foster government and private sector interaction; to strengthen institutional and legal capacities; to establish a regional framework on biological diversity conservation and sustainable use; and to promote the protection of coastal zones and marine resources. The plan failed though due to weaknesses endemic to the ASEAN way—namely, the preference for

¹² For a compilation of ASEAN documents, see K.L. Koh, ed., *Selected ASEAN Documents on the Environment*, 1996.

¹³ Resolution on Permanent Sovereignty Over Natural Resources, General Assembly Resolution 1803, UN General Assembly 17th Session, Supp. no.17 at 15, UN Doc.A/5215, 1963.

¹⁴ *Far Eastern Economic Review*, 1 August, 1991, 20.

¹⁵ See Brian Chase, "Tropical Forests and Trade Policy: The Legality of Unilateral Attempts to Promote Sustainable Development under the GATT," *Hastings International Comparative Law Review*, vol. 17, 1994, 349 and 374–379.

¹⁶ See Koh, *Selected ASEAN Documents*.

noninterference in the domestic affairs of member states; for nonbinding plans, instead of treaties;¹⁷ and for central institutions with relatively little independent initiative or resources. Although well meaning, ASEAN cooperative environmental undertakings—such as this action plan—were left to individual states to implement or delay as they saw fit.

The limits of ASEAN cooperation on environmental matters can also be seen in the fate of the ASEAN Agreement on the Conservation of Nature and Natural Resources, signed in Kuala Lumpur on July 9, 1985. A group of experts from the IUCN, the World Conservation Union,¹⁸ drafted the agreement for ASEAN and included a number of forward-looking, innovative approaches, many of which later found their way into international treaties such as the Convention on Biodiversity concluded at the 1992 Rio Earth Summit.¹⁹ Although all six of the then ASEAN members signed the agreement, only three countries ratified it. This is one less than is required to bring it into force, so the agreement has never become binding. Those countries that signed but did not ratify the agreement—Brunei, Malaysia, and Singapore—have not publicly stated their reasons for not doing so and, tellingly, neither have other ASEAN members pressed them to do so. So the reasons for their behavior are therefore subject to speculation.

I would argue that the agreement was not ratified precisely because of its forward-looking principles and approaches. The international environmental experts who crafted the agreement paid insufficient attention to both the ASEAN way and to ASEAN responses to international and Western approaches to environmental protection. Little attention also seems to have been given to the fact that ASEAN has few binding agreements among its members. Further, the agreement's principles suggest that an ASEAN country might be obliged to help fund other ASEAN members' efforts to conserve the region's natural heritage. There is no precedent

¹⁷ The Agreement on the Conservation of Nature and Natural Resources is the only treaty negotiated among ASEAN members, but it has not been ratified by a sufficient number of members to be in force.

¹⁸ Founded soon after World War II, the IUCN has states as members as well as individuals. It is therefore a mix between a nongovernmental organization and an intergovernmental institution. The IUCN has advised many governments on conservation issues and has pushed successfully on initiatives such as the Convention against International Trade in Endangered Species, one of the most successful international environmental agreements.

¹⁹ *International Legal Materials*, vol. 31, 1992, 188.

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for such transfers within ASEAN. The agreement was overambitious, too idealistic, and perhaps ignorant of ASEAN norms and institutional practices.

Yet this does not mean that environmental cooperation within ASEAN can only follow the ASEAN way to be effective. An examination of ASEAN's response to the Indonesian fires and resulting haze pollution in the region provides suggestions for how the ASEAN way can be helped to evolve to increase its effectiveness.

ASEAN and the Indonesian Fires²⁰

In 1997 and early 1998, Southeast Asia endured fires and smoke haze of great human and environmental consequence. Although the fires were centered in the Indonesian provinces of Kalimantan and Sumatra, the resulting smoke haze drifted to affect Malaysia, Brunei, and Singapore, and forced some 20 million people to breathe potentially harmful air for prolonged periods.²¹ The head of the United Nations Environment Program (UNEP), Dr. Klaus Toepfer, declared the fires "a global disaster."²²

The fires occurred almost wholly on Indonesian territory,²³ with the most immediate and worst effects being felt by Indonesia's people and economy. It is therefore not unreasonable to expect that Indonesia should and would deal with the problem at the national level. The Indonesian government and NGOs did adopt some measures, but effective action has not been taken to date. The reasons for this include a lack of capacity and administrative reach; the priority of economic crisis and political instability over environmental issues; and the limiting impact of corruption, cronyism, and nepotism over effective implementation of laws and policies, given that many of the companies implicated in the fires are close to the former centers of power. There is some prospect of improvement under the Wahid government, although perhaps not in the short term.

²⁰ This section draws considerably from my essay, "The Southeast Asian Fires: The Challenge to International Law and Development," *Georgetown International Environmental Law Review*, Winter 1999.

²¹ Nigel Dudley, *The Year the World Caught Fire*, Gland, Switzerland: World Wide Fund for Nature, December 1997.

²² "The Fires are Back," *Asiaweek*, 18 March 1998, 46.

²³ The fires also occurred in Brunei and parts of East Malaysia in 1997.

Faced with Indonesian inaction, the regional haze problem became the most important and prominent challenge to ASEAN environmental cooperation. In June 1995, ASEAN environment ministers had agreed on a Transboundary Cooperative Pollution Plan,²⁴ which was followed by an Action Plan on Regional Haze in 1997.

The cooperation plan set out broad policies and strategies to deal with atmospheric and other forms of transboundary pollution, and it outlined efforts to be made both nationally and regionally to deal with haze, a problem that had been experienced in 1994. Each country agreed to establish focal points and to enhance national capabilities to deal with forest fires. Countries also agreed to share knowledge and technology on preventing and mitigating forest fires, as well as to establish a mechanism for cooperation in combating forest fires.²⁵ ASEAN ministers also planned to develop a common air quality index and a regional fire danger rating system for the region. Institutions like the Specialized Meteorological Center were asked to develop ways of predicting the spread of smoke haze. Support from countries outside the region with expertise in fire management, such as New Zealand and the United States, as well as from institutions like the Japan-based International Tropical Timber Organization, was also envisaged.

The plan's approach was useful. First, it recognized that the region is a single ecosystem. Second, it emphasized that national and regional efforts had to complement each other and had to incorporate the principles of prevention, mutual assistance, and cooperation. Third, it recognized that, although all states have a common interest in reducing or avoiding a recurrence of the haze, they have different abilities and responsibilities in working toward a solution. The plan thus expressed the principle of common and differentiated regional responsibility, a phenomenon that the Rio Declaration recognized.

Yet the cooperation plan failed in large part because very few of the

²⁴ The ASEAN Cooperation Plan can be traced from ASEAN resolutions, meetings, and strategic plans on transboundary pollution starting in 1990. ASEAN Cooperation Plan on Transboundary Pollution <<http://www.aseansec.org/function/env/plan.htm>> (1/30/99).

²⁵ In 1997, due to the fires, Malaysia and Indonesia concluded a bilateral memorandum of understanding for joint operations to deal with disasters of mutual concern, including fires. Significant numbers of Malaysian fire-fighters were deployed on Indonesian territory, but they were reportedly underutilized. No similar deployment was arranged in response to the 1998 fires.

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steps envisaged were actually taken. Indeed, the outbreak of fires in 1997 demonstrated the lack of follow-through in almost all areas, with Singapore's provision to Indonesia of satellite imaging of fires and "hot spots" being the lone exception. Instead of working within an agreed system of cooperation, countries made bilateral arrangements, especially Indonesia and Malaysia, and Indonesia and Singapore.

Following the 1997 fires, ASEAN environment ministers agreed in December 1997 to a Regional Haze Action Plan. Again, the plan set commendable objectives: preventing land and forest fires; establishing operational mechanisms to monitor fires; and strengthening regional fire-fighting capabilities by, for example, pooling fire-fighting resources for regional operations. It also called for the identification of technical assistance sources within ASEAN, from non-ASEAN countries, and from international organizations, such as the Asian Development Bank (ADB) and UNEP, although its primary emphasis was on national plans and capabilities. When reviewed in April 1998, the action plan called for subregional fire-fighting arrangements for Kalimantan and Sumatra/Riau provinces in Indonesia.²⁶ Indonesia also announced that it would prepare for an ASEAN Research and Training Center for Land and Forest Fire Management in Central Kalimantan.²⁷ Discussion within the region of joint funding has so far yielded no agreement.

Although the action plan was a worthy attempt to enhance regional cooperation on a matter of mutual concern, doubt remains whether ASEAN can compensate for the omissions of the Indonesian national system, especially given the ASEAN norm for nonintervention in member states' domestic affairs and Indonesia's dominant role in ASEAN. Another problem relates to the lack of institutional support for prioritizing environmental law and policy making in ASEAN, a reflection of the ASEAN aversion to strong regional institutions.

To date, ASEAN has thus failed to supplement Indonesia's failures in addressing the Southeast Asian haze problem. Although efforts continue, the recurrence of fires in 1998 and 1999 suggests that they have yet to be effective. The lack of regional haze in 1999 testifies more to unusually wet weather than to ASEAN actions in preventing fires.

²⁶ Joint Press Statement, Third ASEAN Ministerial Meeting on Haze, Brunei, 4 April, 1998, para. 8 <<http://www.aseansec.org/function/env/plan.htm>>.

²⁷ *Ibid.*

What More Can Be Done? ASEAN Institutions and Cooperation

Various means and methods have been suggested for an effective response to regional haze pollution stemming from Indonesian fires.²⁸ UNEP has also proposed developing a treaty on fires. Dealing with the fires in strict accordance with international environmental and other principles might be one way to do this, but ignoring or setting aside the ASEAN way might mean that such an approach would fail to gain acceptance—as happened with the Agreement on the Conservation of Nature and Natural Resources. Similarly, casting regional cooperation on the environment wholly within the existing norms of the ASEAN way might also prove ineffective. There must be a middle way between these two poles that generates politically possible yet effective cooperation and recognizes the ASEAN way.

A starting point might be to understand how existing efforts to address the issue have stretched and changed past ASEAN practices. Three institutional developments stand out in this regard.

The first is the fact of having regular meetings to review progress. Senior environment officials have met as often as once a month, with some exceptions because of disruptions caused by Indonesia's political transition.

Second, these meetings have gone beyond the exchange of formalities to open and frank discussion of the problems underlying the fires. It is notable that ASEAN officials have specifically referred to Indonesia's forestry and land use policies, with the ASEAN norm of nonintervention not being used as a shield to prevent increasingly candid reviews of Indonesia's policies on this issue.

Third, ASEAN proceedings on the issue have increasingly been open to international institutions and even to NGOs. ASEAN discussions on the topic have regularly included the ADB and UNEP, and Indonesia and other member states have largely accepted their offers of assistance and advice to the ASEAN Secretariat. State-centric ASEAN environment ministers have also invited NGOs to support efforts to deal with the fires. In June 1998, the Singapore Environment Council gave a presentation to senior ASEAN environmental officials, marking the first occasion in which an NGO formally met and made representations to ASEAN environmental officials. Other NGOs have subsequently had similar opportunities.

²⁸ See Tay, "The Southeast Asian Fires."

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While these developments have not solved the problem of the fires, they point to an increasing institutionalization of ASEAN in dealing with this environmental challenge. It has been shown, for example, with the European Long Range Air Pollution Treaty that institutions using soft and cooperative means can foster compliance with environmental laws and policies. Such means include regular reviews of country reports (particularly by independent experts), providing technical and other assistance, offering financial assistance from pooled resources, and opening proceedings to NGOs and the public. Compliance with environmental law and policy is shown to depend more on “sunshine” methods of transparency and “carrots” of assistance, rather than on hard “sticks” of sanctions and penalties.²⁹

Further incremental steps ASEAN could take in dealing with the fires could thus include:

Widening the Review Process. Regular review of action plans and other undertakings could be widened to include relevant inter-governmental organizations, such as the secretariats for the Convention on Biological Diversity as well as the Kyoto Protocol to the United Nations Framework Convention on Climate Change (Kyoto Protocol); scientists or technical experts;³⁰ and NGOs with expertise and interest.

Strengthening the Capacity of the ASEAN Secretariat. ASEAN’s institutional capacity has been limited because the ASEAN way implies doubts about the effectiveness of supranational institutions. In order for ASEAN to play an expanded role in and to add value to national efforts on issues such as transboundary pollution, the capacity and technical abilities of the ASEAN Secretariat would have to be bolstered.³¹ The offices of the ASEAN Secretary-General might also be strengthened to enhance preventive diplomacy efforts, either within ASEAN or in a broader framework such as the ARF.³²

²⁹ On environmental institutions and means of fostering compliance, see Edith Brown Weiss, ed., *International Compliance with Nonbinding Accords*, American Society of International Law, 1997, and Edith Brown Weiss and Harold K. Jacobsen, eds., *Engaging Countries: Strengthening Compliance with International Accords*, MIT Press, 1998.

³⁰ The Kyoto Protocol sets an example of this with its panel of scientific experts.

³¹ The Singapore Environment Council also called on ASEAN “to strengthen the capacity of the ASEAN Secretariat, especially in matters concerning the environment and sustainable development.”

³² Tay with Talib, “The ASEAN Regional Forum.”

Official Recognition of Cost. All the states involved should acknowledge the human, economic, and other costs of the fires and haze. Acceptance of the seriousness of the harm increases the prospect of cooperation and, conversely, the relative insignificance of the problem lowers those prospects.

At present, many of the cost estimates have come from NGOs and think tanks, and ASEAN governments will need to consider these estimates when preparing official figures. The process of clarifying the costs might help Indonesia recognize the real costs to its people and its economy. It might also help affected states make the economic commitment to funding the necessary steps for preventing and controlling future fires. This has not been done to date.

Despite NGO estimates of losses running into hundreds of millions of U.S. dollars, neither Malaysia nor Singapore has been forthcoming in response to the idea of a multilateral revolving fund or to UNEP's request for US\$10 million for interim fire-fighting measures.³³

For cooperation to succeed, benefits must be greater for all than the costs. Fully recognizing the benefits to be gained by controlling transboundary pollution—and the costs of not doing so—is thus imperative.

Linking Environment and Economic Policy. Clearly linking environmental and economic concerns within ASEAN should be considered. Initiatives such as the SIJORI Growth Triangle between Singapore, southern Malaysian states, and Indonesia's Riau Islands and Sumatra province, enhance economic interdependence, as do ASEAN-wide programs³⁴ such as the ASEAN Free Trade Area and ASEAN Investment Agreement.³⁵ Although higher environmental standards may exact greater costs on businesses and, therefore, on attracting investment,³⁶ ASEAN's economic agenda should

³³ The concern of the states involved, of course, might legitimately be about the effectiveness of the proposed actions.

³⁴ See Toh Mun Heng and Linda Low, eds., *Regional cooperation and growth triangles in ASEAN*, Singapore: Times Academic Press, 1993; Edward K. Y. Chen and C.H. Kwan, eds., *Asia's borderless economy: the emergence of subregional economic zones*, St. Leonards, N.S.W.: Allen & Unwin, 1997; and Linda Low and Simon Tay, "Growth triangles and labor in Southeast Asia," in Rajah Rasiah and Norbert von Hofmann, eds., *Liberalization and Labor*, Singapore: Friedrich Ebert Stiftung, 1996, 86–145.

³⁵ See Pearl Imada and Seiji Naya, eds., *AFTA: the Way Ahead*, Singapore: ASEAN Economic Research Unit, Institute of Southeast Asian Studies, 1992.

³⁶ The literature on the environmental effects on economic investment and industry

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be connected to environmental concerns.³⁷ Indeed, a link to economics would help prioritize the environment by helping ASEAN countries take steps toward sustainable development. Linking the environment and economics among ASEAN members could be positive and cooperative, suggesting an emphasis on “carrots” rather than “sticks.”

None of these suggestions would require a binding treaty on fires to be concluded. Yet if such a treaty on fires is desired, there are a couple of ways in which it could be made more amenable to the ASEAN way while still borrowing from international best practices and standards:

Specific Targets—National Standards and the Golden Rule. An ASEAN plan or treaty could set specific targets for atmospheric pollution fires and haze. This would be difficult, given different environmental priorities and stages of industrial development, wide-ranging administrative and technical capacities between countries, and different measurement systems for air-borne pollutants. Harmonizing limits, as was done in Europe,³⁸ might not be achievable. But if a common system cannot be achieved, an alternative might be to hold states to their own national laws and limits through an intergovernmental panel, an approach seen in a number of agreements on transboundary pollution.³⁹ This might be easier to achieve than reaching common limits agreed by all. It would also avoid

migration is mixed. Many suggest that there is a race to the bottom in standards to attract foreign investment and trade. Others argue that the actual cost increase is small so environmental standards do not determine investment decisions, which are based on a much wider consideration of competitiveness. See Richard Revez, “Rehabilitating Interstate Competition: Re-Thinking the Race to the Bottom Rationale for Federal Environmental Regulation,” *New York University Law Review*, vol. 67, 1992.

³⁷ Although in different ways, both the European Union and the North American Free Trade Agreement have taken environmental factors into consideration in undertaking economic integration.

³⁸ See Graham Bennet, ed., “Air Pollution Control in the European Community Implementation of the EC Directives in the Twelve Member States,” 1992. For an overview of the harmonization techniques within the European Community, see Damien Gerardin, “The European Experience,” in Tay and Esty, eds., *Asian Dragons and Green Trade*, 1996.

³⁹ The North American Free Trade Agreement takes this approach. Recommendations on Principles Concerning Transfrontier Pollution from the Organization for Economic Cooperation and Development use the principle of nondiscrimination by which states control their transboundary pollution to the same standards as applicable to similar pollution within their borders, and allow private plaintiffs access to their courts for redress, no matter where the damage is suffered.

countries imposing their own unilateral standards as each country is held to do to others what it is supposed to do domestically.⁴⁰

Privatizing Conflict. The idea of one member suing another or seeking to hold them legally responsible may be seen by some as contrary to the ASEAN way and to ASEAN solidarity. Such a judicial approach would, however, be in keeping with ASEAN's emphasis on the peaceful settlement of disputes.

Holding wrongdoers responsible by instituting legal proceedings would devolve disputes from the interstate level to the level of municipal laws. Proceedings could be instituted against a polluter as a private claim, such as in the law of tort, or as a public interest suit. Indonesian officials have considered suits outside Indonesia against foreign investors implicated in the fires. Suits against or boycotts of Indonesian corporations have also been publicly suggested in Singapore.⁴¹ Governments would not file suit against other governments, but would have to create the framework for private suits.⁴²

Suits could be pursued either within a special framework created with the consent of different countries, or without such a framework, depending solely on the respective countries' jurisdictional rules. Countries could provide a treaty framework to allow access to their national courts. An example of such a framework is the 1974 Nordic Convention between Denmark, Finland, Norway, and Sweden that gives citizens in each of these countries the right to bring a suit in the court of another country for compensation for transboundary pollution.⁴³ Applied to Southeast Asia, such a treaty approach could, for example, provide Singaporeans with automatic access to Indonesia's courts.⁴⁴

⁴⁰ See Merrill, *Golden Rules*, from 997.

⁴¹ "Boycott of haze fire firms next?", *The Straits Times*, 25 July 1998.

⁴² The normal recourse would be to bring the suit where the damage was done; that is, in the case of the fires, in Indonesia. However, given the difficulties of effective prosecution of civil suits in Indonesia against polluting companies, there is some temptation to bring suits before the courts of other jurisdictions.

⁴³ See Bengt Broms, "The Nordic Convention on the Protection of the Environment," in Flinterman et al, eds., *Transboundary Air Pollution*, 1986.

⁴⁴ A different approach would be to allow suits to be filed by Singaporeans in Singaporean courts, notwithstanding the forum conveniens rules. However, this would be adventurous litigation. Such cases would face considerable problems in terms of the jurisdiction of the courts over the defendants, the civil or penal laws invoked, and the proof of illegal acts and causation. Even if successful, there may

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Details of what is possible and what might be effective are matters of judgment and judgments may differ. But these are suggestions to help evolve ASEAN cooperation on environmental challenges and to develop the requisite institutions for such cooperation. There are also possibilities for enhancing wider Asia Pacific cooperation on the environment.

Possible Responses for the Asia Pacific Community

Regional interdependence extends to the environment. This interdependence also relates to the effects of the fires and haze on climate change and biodiversity loss; the root causes of the fires; and opportunities for cooperating to address the fires and haze.

In terms of the effect on climate change and biodiversity loss, the haze may not have visibly affected countries outside of ASEAN, but it has contributed significantly to global warming. One estimate is that fires in Indonesia could add a billion tons of carbon dioxide gases to the earth's atmosphere in six months, surpassing emissions from all of Western Europe. Asia Pacific has many small island states and low-lying areas that stand to be affected by climate change and possible increases in sea levels. Climate change will also accelerate and worsen weather pattern changes, considerably impacting agriculture and food security.

As such, the fires are an opportunity for Asia Pacific countries to recognize their interdependence and together seek ways to address climate change. The most significant process for doing so is under the Kyoto Protocol, which provides a basis for cooperation between developed and developing countries. Similarly, the Convention on Biological Diversity addresses biodiversity, focused on Asia Pacific and its tropical forests. A significant part of the haze is attributed to fires for land clearing associated with logging. The fires have devastated a number of national parks and important environmental habitats, so impacting endangered species. Given the concern of the United States and other countries over these issues, assistance and cooperation might be fostered by, for example, trying to affect debt for nature swaps. This would be one way of trying to

well be difficulties in effectively enforcing the judgment. At best, bringing suit in Singapore would provide an avenue to focus public attention against the defendants. For a fuller discussion, see Tay, "The Southeast Asian Fires."

assist Indonesia's economic recovery, helping conserve nature, and preventing repeated problems with haze.

Identifying the root causes of the fires and resulting haze also highlights regional interdependence. Although made worse by the El Niño weather phenomenon, the fires are largely due to human actions and bad policies encouraging damaging and unsustainable forestry and plantation development. This is especially so vis-à-vis the desire for timber products (e.g. plywood and pulp) and oil palm. Many Indonesian companies resort to fires in order to reduce their costs. Yet these industries produce more for regional and world markets than for Indonesian consumption.

Investors, traders, and consumers in ASEAN, Asia Pacific, and beyond are thus implicated in the fires and haze. Japanese demand for wood and other timber products, for instance, is well documented.⁴⁵ While sanctions and consumer boycotts may not be welcome, greater coherence between economic and environmental policies must be considered.

Another root cause of the fires has been certain development projects and policies. Draining a vast area of peat in Kalimantan to establish rice production is an example. In addition to being unnecessary and unworkable, this project ignores the biodiversity of wetlands and the drying of the peat area has made it vulnerable to fire. Peat areas on fire are especially bad producers of smoke haze and climate change gases in comparison with areas of lighter vegetation or even forests.

Projects such as this are often carried out with bilateral or multilateral donor assistance. With some success, the World Bank has instituted environmental impact assessments for projects it finances. Recently it has also put environmental issues on the table in donor discussions with Indonesia. Japan and the United States may need to consider similar approaches in their bilateral assistance programs with Indonesia.

There is considerable potential for other types of Asia Pacific cooperation in dealing with the fires. The ASEAN Cooperation Plan, for example, envisages support from countries outside the region with expertise in fire management systems, such as New Zealand and the United States, as well as from institutions like the Japan-based International Tropical Timber Organization. Much of the assistance to date has been piecemeal and of doubtful effectiveness, especially in fire-fighting. Moreover, the assistance has been based on donor largesse, rather than mutual concern and benefit. A more coordinated approach under the umbrella of the Kyoto Protocol

⁴⁵ Dauvergne, *Shadows in the Forest*.

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might be of greater benefit, as would greater environmental awareness in bilateral assistance.

While there are opportunities for Asia Pacific cooperation, at present no regional institution is immediately apparent as playing a central role. APEC and the ARF have avoided the issue to date, with both tending to see it as outside their respective mandates. Although the environment has featured in APEC statements, there has been very little implementation or follow up of the environmental issues (relating to cities, coastal areas, and environmental technology) that it has prioritized.

Asia Pacific may be less well placed than ASEAN to address the subject of the fires and haze. Given that environmental protection is a relatively sensitive issue for Indonesia and indeed for most developing countries in the region, there are good reasons for Asia Pacific countries to defer to ASEAN. At the very least though, Asia Pacific forums such as APEC should be open to providing occasion for semi-formal dialogue on the sidelines.

A more ambitious idea would be creating a regular mechanism for dialogue on sustainable development and the environment. The China International Cooperation Council for the Environment and Development (CICED) would be a good example of this. Initiated by Canada and other countries and hosted by China, CICED provides a regular forum for dialogue and joint policy research by Chinese and other experts on environmental issues. Its results are submitted to high-level Chinese leaders, including the vice premier level.⁴⁶

An Indonesian or Southeast Asian International Council for the Environment and Sustainable Development might be a useful focal point for discussion, dialogue, and political attention. It could aim to raise important concerns above the level of the environment ministry, a rather junior ministry in Indonesia relative to the powerful financial, agricultural, and forestry ministries. Such a forum would primarily review environmental protection issues such as the haze and the actions needed to meet these challenges. It could make best practices and success stories better known, as well as help coordinate bilateral and multilateral assistance and other programs. It should not necessarily be a conduit for undeserved or harsh criticism, especially if Indonesia was the host, as China is with CICED.

⁴⁶ See Earl Drake, "What Can Be Done About the Haze: Possible Lessons from the CICED Experience," Asia-Pacific Roundtable Proceedings, ISIS-Malaysia, 1998.

Conclusion

The fires and haze stem from Indonesia and they affect it most directly and immediately, so the primary point for any solution must be that country. Action or cooperation from ASEAN would ideally supplement actions taken at the national level, with the Asia Pacific community being a tertiary level of assistance and support.

Given Indonesia's inability and lack of will and capacity for effective action on the issue, ASEAN has come into greater focus. Yet ASEAN's effectiveness at times of crisis, especially the ASEAN way of doing things, has come into question. ASEAN has shown some flexibility in response to the crisis of the fires and haze, but these changes have not addressed effectively the immediate problems of the fires and haze.

Some suggest prescribing sanctions and strict state accountability for environmental pollution. Yet it is unlikely that ASEAN would push ideas that risk damaging interstate relations. The norms of other regions and international environmental regimes give little evidence of such approaches being effective and suggest instead an emphasis on cooperative measures, on "carrots" instead of "sticks." Environmental institutions seem to best foster compliance with assistance and reporting mechanisms, rather than penalties and sanctions. So international norms and those of other regions are not that far from the ASEAN way.

Substituting international approaches and principles for the ASEAN way have so far failed, so the best hope is that ASEAN can adapt international practices and so evolve the ASEAN way toward greater effectiveness in environmental cooperation. Such cooperation should first meet the crisis of the fires and then later be used to address the fundamental issues of fostering cooperation for environmental protection and sustainable development in the region.

The East Timor Crisis: Regional Mechanisms on Trial

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The East Timor crisis of 1999–2000 provides the opportunity to address once again questions about the operation and effectiveness of Asia Pacific's regional mechanisms for political and security matters. The crisis took place at a time of increasing concern within the Association of Southeast Asian Nations (ASEAN) track two circles about the operational norms and principles underlying regional mechanisms in Southeast Asia, East Asia, and the broader Asia Pacific. This disquiet has been brewing for the last five years or so. It originates in part from the perceived inappropriateness and inadequacy of the ASEAN way of conducting international relations based on consultation and consensus, informality and little institutionalization, and the important role of personal relationships among ASEAN leaders. An additional concern is the extension of the ASEAN way of doing things into the ASEAN Regional Forum (ARF), a body that includes ASEAN; the key Northeast Asian states of China, Japan, and South Korea; Australia and New Zealand; Canada and the United States; and the European Union (EU).¹

Both within and outside of ASEAN, critics claim that the ASEAN way that served the group well in its first 30 years now hinders its effectiveness

¹ Michael Leifer, *The ASEAN Regional Forum: Extending ASEAN's Model of Regional Security*, Adelphi Paper 302, London: Oxford University Press for the International Institute of Strategic Studies, 1996.

given the fundamental changes that have occurred in world politics. The norms of interstate conduct embodied in the ASEAN Treaty of Amity and Cooperation (TAC), particularly the principle of nonintervention in the domestic affairs of other states, undermines its effectiveness in the much-changed external environment. The end of the cold war has put a new premium on the norms of human rights and democracy in the foreign policy of advanced countries with which ASEAN has long-standing and meaningful dialogue partnerships. Most ASEAN member states see these issues as matters of domestic jurisdiction, a perspective that is not shared by its Western partners.

Within ASEAN intellectual circles, debate on the need to relax the principle of nonintervention has been continuing since the conclusion of the United Nations Transitional Authority in Cambodia. Cambodian, Indonesian, Filipino, and Thai scholars and policy analysts have argued that a relaxation of the principle of nonintervention is necessary if ASEAN is to remain an effective actor in the region.

At one extreme, it has been argued that there are circumstances when intervention by neighbors could be the only recourse for societies ruled by harsh dictatorships. In a more moderate vein, others have argued that the amelioration of social, economic, and political conditions in such societies could be more effectively achieved with constructive intervention from neighbors and relevant outsiders. Among ASEAN political leaders, only Malaysia's former Deputy Prime Minister Anwar Ibrahim endorsed a relaxation of the policy of nonintervention under certain circumstances. He called it "constructive intervention."²

Other arguments for a reexamination of this norm assert that the international system based on a state-centric approach since the Peace of Westphalia in 1648 is increasingly being transformed in fundamental ways, especially over the last 50 years.³ One of these transformations is the increasing value attached to human dignity and integrity. When these are seriously, brutally, and viciously assaulted by a person's own government, it is argued that there is room for humanitarian intervention from external actors, including those organized outside of the United Nations. This is the view that the North Atlantic Treaty Organization took in its armed

² Sandra Burton, "Commotion in the Compound," *Time*, 10 November 1997.

³ This author has argued for re-examining the norms of interstate relations in ASEAN in a number of articles, the latest of which is "Norms of Interstate Relations in the New Millennium: An Argument for Re-examination," *Public Policy*, June 2000.

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intervention in Kosovo in 1999 under U.S. leadership. In effect, this means that there is a higher international value than national sovereignty and that certain international actors are prepared to defend this value, albeit by transgressing on a basic principle of interstate conduct, that of nonintervention in the domestic affairs of other states.

When Indonesia started to unravel even prior to the onset of the financial crisis in July 1997, many of its intellectuals, track two activists, and leaders of its civil society organizations sought allies outside Indonesia to assist them in transforming their country. They did not extend this search for assistance to military intervention, but sought less intrusive means such as the use of diplomatic and economic pressure on their country's leadership to undertake political and social reform. Due to increasing flows of refugees from Myanmar into Thailand, the Thai foreign minister called on ASEAN to reconsider its inflexible principle of nonintervention at the 31st ASEAN ministerial meeting in Manila in July 1998. Only the Philippines supported the Thai position. After discussion, a watered down policy of "enhanced interaction" was adopted by consensus.

It was within this context that the East Timor crisis erupted in August 1999, following Indonesia's decision to allow East Timor to have a referendum on its status as Indonesia's 29th province. The option open to the East Timorese included independence from Indonesia. The people of East Timor were divided on the issue, with the majority opting for independence and the minority choosing the status quo. Armed militias suspected to have been organized, supported, and let loose by the Indonesian military perpetrated the most vicious attacks on persons and property through a scorched-earth policy of incredible violence. Calls for humanitarian intervention were aired in the United Nations. But from existing Asia Pacific regional mechanisms, ASEAN, ARF, and the Asia-Pacific Economic Cooperation (APEC) forum—that happened to be holding its annual leaders' summit in New Zealand at the height of the crisis—there was a paucity of voices calling for a collective response.

This chapter addresses this crisis, the response—or lack of it—from ASEAN and APEC countries, the implications for regional political and security cooperation in Asia Pacific, and what needs to be done to enhance such cooperation in the new millennium. ARF is not discussed here.

ASEAN Policy on East Timor

In line with the self-inhibiting principles of interstate conduct embodied in TAC, ASEAN states did not meddle in the Indonesian decision to move into East Timor when civil violence occurred between local factions following Portugal's hasty withdrawal from the territory in 1975. Indonesia's action can be understood from a strategic viewpoint. It could not allow violence and instability in an adjacent territory that also lies between itself and another middle power (Australia) due to spillover effects and an aversion to having a land border with a territory where another middle power could exert influence. Besides, some local factions in East Timor were inclined against independence and invited Jakarta to intervene. East Timor was subsequently incorporated into the Indonesian republic as its 29th province.

The United Nations did not recognize this act and had consistently called on Indonesia to withdraw from East Timor. ASEAN member states did not associate themselves with this UN policy and were generally silent on the issue of East Timor. After the Dili incident in 1991, the Asia-Pacific Coalition for East Timor (APCET), a nongovernmental organization dedicated to East Timorese independence from Indonesia, attempted to hold international conferences on the issue in the capitals of Malaysia, the Philippines, and Thailand. Malaysia stopped the conference from being held in Kuala Lumpur, but conferences proceeded in the Philippines and Thailand, despite former President Suharto's efforts to have them aborted. The Philippine government under former President Ramos effectively barred international personalities from coming to Manila for the conference after its local organizers sought legal remedies to prevent the government from banning the conference altogether.

Indonesia's routine use of military force to quell the armed struggle of East Timor for independence was met with silence in ASEAN official circles. Domestic and international civil society in the form of human rights nongovernmental organizations assisted in the East Timorese struggle for independence, called for the observance of human rights in East Timor, and sought states to sanction Indonesia. Throughout the period of East Timor's status as Indonesia's 29th province, ASEAN member states upheld the ASEAN way and its principles of interstate relations.

The multiethnic character of ASEAN member states inhibited them from taking concrete individual and collective action with respect to East

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Timor (or, for that matter, with other similarly situated minority or territory-based groups in other parts of ASEAN). If there were suspicions that neighbors were assisting local insurgents, ASEAN member states chose to handle these problems bilaterally and quietly in order to preserve ASEAN solidarity and cohesion. Moreover, most ASEAN governments were authoritarian in character and, in the case of Indonesia, the military's dominance of politics made it even easier to enforce the principle of nonintervention in other states' domestic affairs. Popular participation in decision making throughout ASEAN, especially in the 1970s and mid-1980s when all its member states were under varying forms of authoritarian rule, was superficial if not virtually nonexistent.

Responses of ASEAN Member States and APEC Economies to the Crisis

Unsurprisingly, given the nature of ASEAN policy vis-à-vis domestic issues in its members, ASEAN failed to respond to the violence in East Timor (and, for that matter, the eruption of ethnic violence throughout Indonesia especially since 1997 and the military's use of force to quell it) prior to, during, and immediately after the August 1999 referendum on the future of the territory. Events from former President B.J. Habibie's public statement on January 27, 1999, that his government might be prepared to consider independence for East Timor by February 2000 reveal no collective responses from ASEAN or APEC. Even the reaction of individual ASEAN and APEC members seemed delayed and inadequate. And these weak responses may have contributed to worsening the situation.

Indonesia agreed to hold ministerial-level tripartite talks in New York under UN auspices soon after Habibie's public statement. The Indonesian Human Rights Commission initiated and secured the signing of an agreement that committed all the parties in East Timor, including the armed forces and the pro-integration and pro-independence groups, to ending violence in East Timor. This agreement created a Commission on Peace and Stability for East Timor composed of representatives of pro-integration and pro-independence groups, local authorities, local police commands, and the Indonesian military. In late April 1999, the tripartite talks in New York led to an agreement on a settlement of the East Timor issue involving popular acceptance or rejection of the proposal for autonomy within Indonesia. The government of President Habibie committed to assume

responsibility, including for the military and the police, to keep law, order, peace, and tranquility to ensure that a conducive situation would exist in East Timor for the implementation of the agreement.

At Indonesia's initiative, the United Nations was asked to invite six countries to arrange a referendum on East Timor's future by August 1999. These six were the United Kingdom, the United States, Australia, Germany, Japan, and the Philippines. It is noteworthy that the Philippines was the only ASEAN member that was singled out to be part of this group. The creditable record of the Philippines' nongovernmental elections watchdog, the National Movement for Free Elections (NAMFREL), and the country's history as a democracy may have been considerations for its inclusion in this group of advanced democratic countries. A UN support group on East Timor was also established by early May 1999 with 31 countries participating, including the Philippines, Malaysia, Singapore, and Thailand.

The UN Mission in East Timor (UNAMET), consisting of 241 international staff, 420 UN volunteers, up to 280 civilian police, and some 4,000 local staff, was subsequently also established. Its mission was to ensure that the East Timorese exercised their right to choose their future in a safe, free, and fair manner, and its activities included public information and voter education. The United Nations also disbursed US\$35 million to cover UNAMET's initial requirements. The Philippines contributed civilian police, staff members, and electoral volunteers to UNAMET.

However, the presence of UNAMET did not avert the eruption of violence soon after the referendum was held. On September 1, militia members attacked pro-independence supporters outside the UNAMET compound and local staff members were killed in the post-ballot violence that quickly spread throughout East Timor. UNAMET and Indonesian efforts to restore order failed, including the declaration of martial law in East Timor by Habibie on September 7. Meantime, East Timor burned, its population was brutalized and murdered, property was pillaged and destroyed, and refugees poured into West Timor. UNAMET's continued presence in East Timor became untenable.

The international community reacted either individually or collectively through the United Nations. Chinese President Jiang Zemin called for dialogue among the parties and peaceful means to resolve the conflict. The Philippines urged Indonesia to enforce the law in East Timor and deplored the rising violence linked to pro-Jakarta militias.⁴ Meanwhile,

⁴ *Philippine Daily Inquirer*, 7 September 1999, 4.

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U.S. President Bill Clinton and Australian Prime Minister John Howard reportedly discussed the possibility of humanitarian intervention to stop the violence in East Timor. Australia had put its troops on alert and offered them as part of a larger UN force should Indonesia approve its deployment in East Timor.⁵

At the APEC leaders' summit in Auckland, its 21 members were divided on how to handle the crisis. Although the crisis was not on the APEC agenda, it very much dominated discussions. ASEAN leaders at the summit were reportedly initially pitted against non-ASEAN governments that were inclined to intervene in East Timor. Thailand announced that it would stay away from the meeting on September 9, while Brunei and Malaysia said their foreign ministers would arrive too late to attend. The Philippines was the only ASEAN member of APEC that confirmed its attendance and it did so when Indonesia's consent to international peacekeeping had not yet been given.⁶

During this time, the United Nations sent a delegation of five Security Council members to Jakarta and East Timor to assess the situation and to discuss concrete steps for the implementation of the May 5 agreement with Indonesia. After much discussion and bargaining between the United Nations and Indonesia, including a visit to East Timor by General Wiranto, Indonesia consented on September 12 to the establishment of an international peacekeeping force from friendly countries to restore peace and security in East Timor. In the meantime, a skeletal UN presence was maintained in Dili in the form of the UN Office for the Coordination of Humanitarian Affairs and the UN High Commissioner for Refugees.

After Indonesia consented to international peacekeeping in East Timor, ASEAN officials at the APEC meeting began to discuss their countries' possible participation in a UN peacekeeping force that Indonesia preferred to be dominated by Asian countries. In their view, Indonesia's consent removed the obstacle to international action in East Timor. Thai Foreign Minister Surin Pitsuwan reportedly said that discussions would be held among ASEAN officials on possible ASEAN cooperation to bring peace and order in East Timor and to give any kind of assistance, including humanitarian aid and contributions to a peacekeeping force.

⁵ *Philippine Daily Inquirer*, 8 September 1999, 9.

⁶ *Philippine Daily Inquirer*, 9 September 1999, 1.

Cambodia, Malaysia, the Philippines, Singapore, and Thailand offered to send peacekeepers.⁷

The UN Security Council delegation that visited Jakarta and Dili urged the United Nations to (1) give priority to the humanitarian crisis in East Timor; (2) welcome Indonesia's decision to invite an international peace-keeping force to restore peace and security in East Timor in cooperation with Indonesia; and (3) adopt a resolution without delay to provide a framework for the implementation of this proposal. On September 15, the Security Council unanimously adopted Resolution 1264 (1999) that created INTERFET (the International Force for East Timor) under Chapter VII of the UN Charter. Australia became the head of this multinational force.

It is unfortunate that ASEAN member states failed to take the lead in spite of Indonesia's prior consent to this. It would have been good for ASEAN's image to have done so. The ASEAN country that did come forward ahead of the others did not have the resources to lead. The Philippines was the first ASEAN member state to send a humanitarian support group to East Timor on September 19 after Australian Air Marshall Riding conferred with appropriate authorities in the Philippines on September 17. Manila sent a 120-man support group composed of medical and dental personnel, engineering, and security task forces. Singapore offered a contingent of medics, logistic support units, and possibly military observers. Cambodia withdrew its initial offer of troops due to economic and social difficulties. Other countries from the region that committed support were Canada, China, Fiji, Malaysia, New Zealand, Russia, South Korea, Thailand, and the United States. Other participating countries were Argentina, Bangladesh, Brazil, Finland, France, Italy, Pakistan, Portugal, Sweden, and the United Kingdom.⁸

In the end, INTERFET represented a multinational military and humanitarian response to the East Timor crisis. Asia Pacific countries that contributed to INTERFET in various ways included Australia, Canada, China, Japan, Malaysia, the Philippines, New Zealand, Singapore, South Korea, and Thailand. France, Italy, and the United Kingdom also contributed troops.⁹

⁷ *Philippine Daily Inquirer*, 13 September 1999, 1 and 18.

⁸ *Philippine Daily Inquirer*, 18 September 1999, 1 and 20.

⁹ *Today*, 15 October 1999, 7.

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On the issue of setting up an international inquiry into atrocities in East Timor, ASEAN member states once again stood solidly behind the principle of nonintervention in another state's domestic affairs. When the UN Human Rights Commission voted on such a resolution, Asia Pacific countries, including China and the Philippines, joined Indonesia in opposing the resolution proposed by the EU. Japan and South Korea abstained.¹⁰ In the end, Indonesia conducted its own investigation that linked the Indonesian military and its former commander, General Wiranto, to the human rights violations perpetrated by the army-backed militia and members of the army on pro-independence groups in East Timor. This cost General Wiranto his position in the cabinet of President Abdurrahman Wahid.

After the Indonesian People's Consultative Assembly formally recognized the results of the referendum in which East Timor opted for independence, the UN Security Council adopted Resolution 1272 (1999) creating the UN Transitional Administration in East Timor (UNTAET). An integrated multidimensional peacekeeping operation fully responsible for the administration of East Timor during its transition to independence, UNTAET was authorized to exercise all legislative and executive authority, including the administration of justice in Indonesia's former province. It included a governance and public administration component, an international police element, a humanitarian and emergency rehabilitation component, and a military component. It replaced INTERFET in East Timor from February 2000. UNTAET is headed by Lt. Gen. Jaime de los Santos, a Filipino officer, and it has an Australian deputy.

Implications for Regional Political and Security Cooperation

The international reaction to the East Timor crisis centered on the United Nations and Australia, not ASEAN or APEC. The situation in East Timor resulted in a poor response from the regional mechanisms for political and security cooperation in Asia Pacific, ASEAN in particular. When they came, individual responses from ASEAN member states were muted and too cognizant of national sovereignty and independence. On the fringes of the APEC meeting, ASEAN members hedged on the issue of possible

¹⁰ *Philippine Daily Inquirer*, 29 September 1999, 11.

international action prior to securing Indonesia's consent. Meanwhile, the slaughter of East Timorese continued unabated. By the time Indonesia agreed, serious damage had already been done.

Asian countries in APEC were careful to distinguish between international action in East Timor and in Kosovo. In the former, Indonesia did consent to international action, thereby easing the difficulties ASEAN and other Asia Pacific countries were having with intervening in another state's domestic affairs. Upholding this principle of nonintervention appears to have seriously incapacitated ASEAN and APEC to respond to the crisis in a timely and adequate manner. Yet even once Indonesia had agreed to international action, ASEAN could not act as a group and the decision to participate was left to individual countries. Some ASEAN countries did not want to get involved for fear that a similar kind of international reaction could be directed against them if the international community considered it justifiable to undertake humanitarian intervention in response to horrific conditions within their national borders.

On the issue of investigating atrocities in East Timor, Indonesia did redeem itself with the creditable report of the Indonesian Commission of Inquiry into Human Rights Violations, which was composed entirely of Indonesian citizens.

The external pressure brought to bear on the Habibie government was considerable, so the consent to UN action did not come without severe strains on Indonesia's independence. Were Indonesia not in the throes of multidimensional crises triggered by the 1997 financial crisis, were the Habibie government not fighting for its survival, and were Indonesia's private citizens and nongovernmental organizations not active in lobbying international actors to influence the government, it is unclear whether Indonesia would have consented to international action in East Timor. The combination of domestic and external pressures may have worked together to obtain Indonesia's consent to UN action.

There are a few implications for regional political and security cooperation to ASEAN's failure to respond to the East Timor crisis as a group. The first is that inflexible adherence to the self-restraining principles of interstate relations in ASEAN—and, by extension, ARF—could undermine political and security cooperation. Yet the reverse is also true: Given the present stage of regional relations in Asia Pacific, the blanket removal of these principles could also undermine regional political and security cooperation. Perhaps a thoughtful reexamination of these principles is needed, with the types and severity of crises originating from within na-

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tional borders and the terms and conditions for international action in a domestic crisis being specified. A possible qualification, for example, could be the transborder consequences of a domestic crisis.

A second implication of the East Timor crisis for ASEAN is the further undermining of its value as a regional actor, especially in promoting regional political and security cooperation. Already weakened by the consequences of the financial crisis on its key members and challenged by the enlargement of ASEAN membership, ASEAN's failure to respond to the East Timor crisis raises concerns about its effectiveness and relevance.

The East Timor crisis reflected a disparity between ASEAN and non-ASEAN countries and between Asian and non-Asian views about the legitimacy of humanitarian intervention (in the absence of prior consent of the affected country). There seems to have been a greater determination and sense of urgency for an international response to the crisis among non-Asian participants of APEC (if ARF had happened to be meeting at the time of the crisis, the same observation could very well apply). This disparity in views could stall prospects for regional political and security cooperation in the region. A re-examination of the norms determining interstate relations is again called for, especially given the changes in the environment shaping international relations.

For international relations have changed inexorably and fundamentally. The global system established by the Peace of Westphalia has been undermined by various forces, the most powerful of which is the technological revolution that has shortened physical, social, economic, political, and cultural distances across nations and societies. The changes that technology has advanced have been going on for the past 50 years. The parametric boundaries of international relations are being broken up; authority relations, including those between nation states and individuals, are being transformed; centralizing and decentralizing tendencies are manifesting themselves simultaneously between and within nation states and transnational society; and the nation state is only one of an increasing number of actors on the global stage. Perhaps the era of post-international, global, or transnational politics has begun, whose structures and processes—of which globalization is the most important—are different from those that operated in the era of international politics.¹¹ The obvious implication of these transformations is the need to reexamine, redefine,

¹¹ James N. Rosenau, *Turbulence in World Politics: A Theory of Change and Continuity*, Princeton, N.J.: Princeton University Press, 1990, chapters 1 and 16.

and respecify the norms and principles that governed interstate relations in the old era. Suitable norms for governing new sets of actors with new authority relations and new parametric boundaries need to be found for the era of post-international relations global politics.

Regionalism in Asia Pacific

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The future of regionalism in Asia Pacific is increasingly being questioned, partly due to the financial and economic crisis in East Asia and partly due to the slow development of the present regional institutions. The latter is also partly caused by the crisis, but perhaps these institutions' development has reached a plateau and they need a new political boost to move to the next phase.

This chapter looks at those regional institutions that have developed thus far. It focuses only on the official regional institutions, namely the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation (APEC) forum, the ASEAN Regional Forum (ARF) and the Asia-Europe Meeting (ASEM). The so-called track two, or non-governmental, initiatives in regionalism—some of which were instrumental in the processes leading to the establishment of the track one or formal governmental institutions—are discussed elsewhere. This chapter concludes by examining the need for a vehicle to give form to East Asian regionalism.

ASEAN

ASEAN was established in 1967 to prevent conflicts among its members; it hoped too to include all of Southeast Asia in the association. And indeed it has prevented conflicts among the original members for over 30 years, and in the whole of Southeast Asia over the last decade. Although

certain tensions still exist among its members (e.g. between Thailand and Burma along their border), full-fledged conflict is unlikely to develop between ASEAN members in the future.

However, new challenges have emerged. They involve the spillover across borders of national problems and include problems like refugees, haze, or destabilizing pressures due to internal upheavals—as in the case of East Timor.

Significant integration and policy coordination in a number of areas among some ASEAN countries have generated an impetus for greater cooperation. Yet policy making in ASEAN will continue to be nationally driven, albeit with increased cooperation and coordination among members. In the future though, national policies that have a regional impact or affect other members will be considered a regional matter. At least, they would have to be discussed collectively. Some call this intervention in others' domestic policies; ASEAN prefers to call it "enhanced interaction." These possible developments in the decision-making process have their impediments and will be introduced gradually. They also will not have the same intensity in all fields. For instance, economics lends itself to intensified cooperation, such as in surveying macro-economic indicators and policies, a process still in its infancy in ASEAN. In the realm of politics though, this will be more difficult and complicated. But border problems between Indonesia, Singapore, and Malaysia are instances where cooperation has taken place. In the case of East Timor, ASEAN had a chance to cooperate with Indonesia, but this did not happen until late in the game.

Impediments toward closer cooperation in ASEAN include: the financial crisis, which became an economic and political crisis for some members and made them more inward looking; the crisis in Indonesia, which has prevented Indonesia from playing a leading role in ASEAN; the inclusion of new members, which has slowed the process of cooperation; and the advent of new national leaders who have to get used to cooperating with each other.

If ASEAN is going to be more than a confidence-building institution for its members, some real changes will have to take place to facilitate greater cooperation in the future. ASEAN will need to have clearer objectives, principles, institutions, and rules. It can no longer depend only on informal personal relations and decisions being based on consensus.

ASEAN is in transition. The original objective of preventing conflict among its members has been overtaken by closer cooperation among its member governments, as well as cooperation and integration among

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members of its societies. But ASEAN has had difficulty in moving from its original idea toward closer and deeper cooperation.

ASEAN needed external challenges to move forward in the past. This happened during the Cambodian crisis in the 1980s and with the uncertainties resulting from the end of the cold war in the 1990s.

A major challenge now is the idea of establishing an East Asia regional cooperation structure to pursue future East Asian development. At this juncture, only ASEAN has the credibility to push this idea, based as it is on the summit of ASEAN plus Three East Asian countries. Such a structure is critical to the region's development, to supporting the development of the greater Asia Pacific region, and to furthering global stability.

APEC

Track two activities involving academics (in the form of the Pacific Forum on Trade and Development, in 1967); business leaders (the Pacific Basin Economic Council, in 1967); and then academics, business leaders, and government officials meeting in private capacities (the Pacific Economic Cooperation Council, in 1980) paved the way for APEC's establishment. Indeed, these types of initiatives are still important for generating support for APEC among many constituencies.

APEC is the region's most important institution. This is because of its agenda (economics, which is important to the region as a whole and to individual members); its size (its membership includes all the Pacific Rim countries from Asia, North America, and Latin America); and its level of operation (its activities include an annual leaders' summit).

The APEC leaders' meeting provides the opportunity for annual bilateral summits, of which the U.S.-China leaders' meeting is perhaps the most important. The leaders' meeting also gives the opportunity for discussing problems outside of the formal meetings. In New Zealand in 1999, for example, the topic discussed was the rapidly deteriorating situation in East Timor. Another dimension that is noteworthy about the discussions on East Timor is that these were political in nature, namely they were outside of APEC's formal agenda of economics. APEC was able to add value to the East Timor crisis in an unlikely way.

APEC's main objective has been facilitating trade and investment liberalization, and economic and technical cooperation. Its ambitious slogan

is developing a “Pacific community” that will include cooperation on matters such as finance.

As with ASEAN, APEC has suffered a setback due to the regional financial crisis as the organization did not do much to address the problems. The initiative to increase transparency in the region’s financial sectors through surveillance and monitoring of macro-economic indicators—under the so-called Manila Framework of finance ministries and central banks—was not taken up seriously at the leaders’ meeting in Vancouver at the end of 1997. Also, the meeting of APEC finance ministers was previously not synchronized with the leaders’ meeting, but this deficiency has now been addressed.

Efforts to hasten the trade liberalization program outside the Bogor Declaration—albeit voluntarily (Early Voluntary Sectoral Liberalization)—have not been working and disappointment with this is palpable. APEC had been instrumental in pressuring the European Union (EU) to finalize the General Agreement on Tariffs and Trade (GATT) Round and in pushing for an information technology agreement in the World Trade Organization (WTO) ministerial meeting in Singapore. And at least at the 1999 New Zealand meeting, the objectives of Bogor were again reiterated and some movement on competition policy was made.

Economic and technical cooperation, which is so important for developing countries, will be the focus of the leaders’ meeting this year in Brunei. Cooperation in this sphere is aimed at building capacity in APEC’s developing country members to facilitate trade and investment and so enable them to participate in the liberalization process.

The big question for APEC is whether it can sustain its main objective of trade and investment liberalization after the debacle of the WTO in Seattle. APEC could in fact give impetus to trade liberalization if it could help give answers to the questions that Seattle raised. The problems of the environment and labor have to be looked into and some acceptable compromises have to be found.

APEC could show the world that its members have benefited from globalization and liberalization, with its developing country members especially showing that there are real gains to be had from trade and investment liberalization. APEC could also show that it has the intellectual capacity and political will to come up with answers to the problems of environment, labor standards, and full participation of developing country members. It could also help enhance transparency in macroeconomic management, as proposed in the Manila Framework, to help prevent financial crises happening in the region.

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One issue that came up clearly during the financial crisis was the lack of influence, intellectual contribution, and participation of East Asia in APEC and in global institutions. While East Asian countries have benefited most from open economic policies, they also suffered the most serious setbacks due to the crisis. The lack of an East Asian regional institution to deal authoritatively with the crisis was acutely felt then. Efforts by Japan to create an Asian Monetary Fund to complement the International Monetary Fund were not well received by all in the region and the idea of an Asian currency is not being taken seriously.

There is a need for a regional process in East Asia to consult on and eventually coordinate policies. APEC is presently seen as the most important regional institution—not least because the United States is a member. Yet perhaps the better vehicle for an East Asian consultative process would be the East Asian summit that ASEAN organizes annually and which involves the 10 ASEAN members and the three East Asian countries of Japan, China, and South Korea. While economic cooperation will remain the main focus, perhaps political issues could also be discussed. And perhaps the summit of leaders could be complemented with regular meetings of foreign ministers and economic ministers.

Follow-up efforts could involve a monitoring body for macro-economic policies or a coordination scheme to stabilize regional currencies. These efforts need not involve all 13 countries, nor need they necessarily be undertaken at the governmental level alone. Track two activities could be useful for studying issues further and participation in these efforts could include economies outside of the 13.

Other regional efforts and initiatives are also suggested to promote bilateral and subregional trade liberalization programs. One is the idea of a South Korean-Japanese free trade arrangement. Such an arrangement may or may not include China. If a North Asian structure of sorts could be established, it might be the precursor to an East Asian trade area.

Another initiative could be a free trade arrangement between Japan and Singapore. This could later include ASEAN and maybe China and South Korea as well, again with the purpose of establishing an East Asian trade regime.

A third idea is closer cooperation between the ASEAN Free Trade Area (AFTA) and the subregional grouping between Australia and New Zealand. Merging these two relatively small subregional groups would have limited impact but it would be useful nevertheless.

A fourth possibility is a free trade agreement between Japan and Mexico.

These proposals, most of which are being studied, are meant as a political tactic to hasten the pace of trade liberalization in the main trade institutions such as the WTO and APEC. What exactly their impact would be on the main institutions or processes is not yet clear.

ASEAN Regional Forum

The regional response to the need for “new thinking” in the region at the end of the cold war, ARF seeks to incorporate the idea of “cooperative security” in Asia Pacific to complement existing bilateral alliances with the United States. It aims to use confidence-building measures, preventative diplomacy, and eventually a conflict-resolution mechanism, to achieve this objective.

After seven years’ existence, questions have arisen whether the process is still relevant for the region’s peace and security. Many ideas for confidence-building measures have been agreed on, but few have been implemented. Ideas include publication of “defense white papers” (the practice is very sporadic, with only some members doing so); discussions on strategic issues among officials (these have not happened); and exchanges of students and instructors at national defense educational institutions (also sporadic and mostly bilateral). Other ideas for confidence building are using ARF for early warnings about military exercises, allowing ARF observers of such exercises, developing an ARF regional peacekeeping center, and having a regional registration of arms of mass destruction.

ARF would need institutionalized support through a small permanent secretariat to implement some of these confidence-building programs. Perhaps it should consist of ASEAN and non-ASEAN members, and it could be a separate unit to the ASEAN Secretariat.

Another institutional change ARF needs to consider relates to its leadership of ARF. Until now, the leadership has largely remained in ASEAN hands to enhance the trust and confidence of members in the process. Perhaps now is the time to bring in non-ASEAN co-chairs on a rotating basis to increase ARF members’ commitment, partnership, and support for this ASEAN-led process. The role of co-chairs in preventive diplomacy could also be further developed, although some principles—especially relating to domestic problems—would have to be agreed on among ARF members.

An important problem ARF is facing is the dichotomy between members that are happy with its step-by-step approach and those that want to

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quicken the process of cooperation. The latter group argues that ARF cannot forever remain a “talk shop” if it wants to be relevant to solving future regional problems.

The relationship between the United States and China is one of the most important relationships in the region. Even if ARF only contributes to alleviating strains in that relationship and helps prevent possible conflict between the two, it would be called a success. Perhaps ARF is an inadequate instrument for that purpose though and bilateral efforts will be the critical ones in that relationship.

ARF has been useful until now, but implementing some of the proposed ARF confidence-building measures would help it be relevant in the future. Besides establishing a small permanent secretariat and inviting countries from outside ASEAN to be co-chairs on a rotating basis, developing some of the other confidence-building instruments could be done by track two institutions. For instance, the Council for Security Cooperation in Asia Pacific (CSCAP) could hold an annual seminar on strategic developments in the region. Ideas for an Asia Pacific peacekeeping center could also be studied.

ASEM

Established by governments, ASEM was initiated by ASEAN to enhance relations between the EU and East Asia. It was launched with a summit and such summits have now become biannual events. Subsequently, the Council for Asia-Europe Cooperation (CAEC), a think tank association, was formed to promote policy-oriented intellectual exchange between the two regions. Activities involving nongovernmental groups, such as youth, business, and the media, as well as cultural initiatives are mainly promoted through the Asia Europe Foundation (ASEF).

ASEM too has experienced some stagnation as each side has been preoccupied with other issues. The regional financial crisis diverted Asians' attention while the EU has been busy with matters like the introduction of the euro, prospective new members, and the Balkan crisis.

Perhaps ambitions for ASEM should be lowered though. Perhaps it should focus on trade and investment; consult on global issues such as WTO matters and reorganizing the international financial institutions; and support ASEF and track two activities. A group of “wise men” is expected to come up with new thinking for the ASEM, but a group that

governments established and control is unlikely to produce really fresh thinking. Track two groups should undertake this task.

Conclusion

Developing more mature regional institutions is still beginning in Asia Pacific. ASEAN particularly now has to decide how it wants to further develop regional cooperation. Its new phase will likely see the establishment of other principles, rules, and institutions, and it should involve societies—not only states—in cooperation activities.

A key challenge for ASEAN will be where it takes the East Asian consultative process that it has begun. Many factors provide strong incentives for countries in East Asia to come together. The recent financial crisis has created pressures for East Asians to overlook historical burdens and do something real together. The region has become too dependent for resolution of regional problems on global institutions that are more or less dependent on the United States and the EU. If these global institutions do not adequately represent East Asian perspectives, East Asians will have to act together to get their views and policies recognized and considered.

A regional institution is critically important for East Asia so that it will be better able to respond to future challenges. An East Asian regional institution would strengthen East Asia's influence in the restructuring and changes taking place in the regional and global economy; otherwise East Asia will be dictated to and imposed on by others. An East Asian regional institution would be the natural outflow of deepening and closer economic and political relations in the region and would contribute to strengthening the global system.

How strenuously efforts move toward an East Asian regional institution will depend on good relations between the two big countries in East Asia, Japan and China. For these two countries, developing good relations means a mixture of overcoming history and laying down a solid foundation for the future. Anchoring an emerging big power such as China in the region would also greatly contribute to building confidence and trust, both within and outside of the region.

U.S. acceptance and understanding of an East Asian regional institution would also be critical to its success. Therefore, close consultation with the United States, between governments, academics, think tanks, and the

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private sectors, would be important to avoid misunderstanding of the East Asian initiative.

Japan's role as a U.S. ally would be crucial. It would help the United States understand that Japan has to be an important part and leader of the region and that, like the EU, it has to have a certain independence to be able to perform its role as an ally.

As the other part of the economic tripod that is critical to the world's well-being and development, the EU would also have to be well-informed about and supportive of the East Asian regional institution.

In the end, regionalism in Asia Pacific is critical to maintaining regional peace and security. Only on the basis of this regionalism can common goals and objectives be established.

In establishing this regionalism, both Japan and ASEAN have an equally great stake. They have contributed to the development of APEC and ARF, and toward establishing regionalism in East Asia in general. In fact, both APEC and ARF were realized once Japan and ASEAN gave their support.

The region is important for trade for both Japan and ASEAN, and it is a major source of or an area for investment, technology, and capital. A regional institution that guarantees deep and strong cooperation will secure a conducive and peaceful environment. Only through cooperation with ASEAN, can Japan move forward with the regionalization of her economy.

For ASEAN, Japan is the only country that can give impetus to the idea of regionalism in East Asia, because Japan alone has the economic prowess to be able to push the idea. It also has the relationship with the United States to be able to prevent misunderstanding and gain its political support. Future cooperation between Japan and ASEAN is critical to developing the idea productively and being able to push the process and institutionalization of East Asian regionalism.

Track Two Dialogues: Getting from Security Cooperation to Security Community

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For almost a quarter of a century the idea of a Pacific or Asia Pacific community has been a compelling but ill-defined aspiration for a significant segment of policy elites around the Pacific. Most of the initial thinking about community building focused on human interactions and economic and commercial prospects. Only in the 1990s did political security issues tentatively enter the community-building project. In both the economic and security fields, the 1990s were a golden era for increasing regional interactions and creating regional institutions.

At the start of a new century the word “community” is less frequently heard in Asia Pacific circles. Gareth Evans’s search for a noun to go with the Asia-Pacific Economic Cooperation (APEC) forum’s four adjectives rarely elicits the “C” word at this point. Why we don’t hear “Asia Pacific” and “community” used together deserves further attention. Part of the answer might lie in the growth of American power and anxieties this is producing in Asia, the intensification of intra-Asian institutional processes—not only within the Association of Southeast Asian Nations (ASEAN) but on an East Asian basis in the contexts of the Asia-Europe Meeting (ASEM) and the ASEAN-10 plus Three (Northeast Asian countries) summit process—and an outlook on both sides of the Pacific that is increasingly global rather than regional.

Multilateral institutions and processes have been major contributors to regionalism and regional community, not only because they provide

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vehicles for dealing with functional problems (e.g. public health, controlling environmental problems, promoting trade and investment) but also because, in the words of Stuart Harris, they may “alter preferences, create feelings of shared identity, stimulate the development of norms and encourage cooperative behavior.”¹

This chapter revisits the idea of community building in the context of political security issues which, for reasons of history and geopolitical alignments, is perhaps the most difficult element of building a Pacific, Asia Pacific, or Asian community. Specifically, it focuses on what are frequently described as “track two” dialogues that have proliferated over the past decade. After looking briefly at the pattern of recent activities and some of the accomplishments and criticisms that have been ascribed to them, three challenges which they face as part of community building on an Asia Pacific basis are identified: the emerging concept of human security; engaging civil society; and coping with the Internet revolution.

Security Cooperation and Track Two Dialogues

A widely recognized feature of contemporary Asia Pacific has been the development of new forms of security cooperation in a post-cold war setting. The dominant forms in which states in Eastern Asia have pursued security since World War II have been combinations of self-reliance, bilateral diplomacy, and bilateral alliances. A novel feature of the regional security order since 1990 has been a variety of experiments with multilateral arrangements. None of them has amounted to a serious attempt to create a region-wide collective security or collective defense mechanism, though in the past three years there has been discussion of a “virtual alliance” connecting at least the United States, South Korea, and Japan. Animated by great power perspectives and balance of power considerations, parallel efforts have produced flexible new multilateral instruments for policy coordination among these three countries. From these has also emerged new consultations with China, a set of arrangements that Robert Scalapino has referred to as a nascent “concert of powers” in North-east Asia for dealing with Korean peninsula issues.²

¹ Stuart Harris, “Asian Multilateral Institutions and Their Response to the Asian Economic Crisis: The Regional and Global Implications,” unpublished typescript, January 2000.

A recurrent strand in security discussions has been the development of a brand of multilateral security cooperation that focuses on dialogue, emphasizes reassurance and transparency rather than deterrence, and is explicitly inclusive of all states in the region. Its general aim is to produce a rule-based regional order either to supplement balance of power and alliance structures or, more ambitiously, eventually to replace them. The concepts of comprehensive and cooperative security have underpinned most of these discussions. Leadership has been primarily provided by countries of middle-power status. Operationally, they draw upon a combination of ASEAN and trans-Pacific styles which several authors have identified as creating a hybrid or fusion.³

At the formal governmental level, the ASEAN Regional Forum (ARF) is the highest-profile dialogue mechanism with an Asia Pacific core. Significant as it might be, the most distinctive, common, and vibrant form of security dialogues have taken place on a track two or nongovernmental basis, something that some refer to as nonofficial diplomacy. The concept of track two diplomacy was initially used in the early 1980s in the United States to refer to “methods of diplomacy that were outside the formal governmental system.” The practice of track two had been operational in Southeast Asia for some time before the concept worked its way into Asia Pacific discourse and found a niche based on conceptualization provided by Canadian and Australian writers in the early 1990s.⁴ Occasionally track two diplomacy has focused on nongovernmental mediation in crisis situations. Examples include Jimmy Carter’s trip to Pyongyang at the height of the North Korean nuclear crisis of 1993–1994 and the role of Kjell Nordquist of Sweden’s Upsala University in bringing together in Singapore in February groups who fought for East Timor’s independence with representatives of pro-integration militias operating in West Timor.

² Robert A. Scalapino, “The Korean Peninsula—Prospects and Policies,” unpublished paper presented at Ritsumeikan University, Kyoto, 16 December 1999.

³ For example, Amitav Acharya, “Ideas, Identity and Institution-Building: From the ‘ASEAN Way’ to the ‘Asia-Pacific Way?’” *The Pacific Review*, vol. 10, no. 3, 1997; and Yoichi Funabashi, *Asia Pacific Fusion: Japan’s Role in APEC*, Washington: Institute for International Economics, 1995.

⁴ See the entry on “Track Two” in David H. Capie, Paul M. Evans, and Akiko Fukushima, *Speaking Asia Pacific Security: A Lexicon of English Terms with Chinese and Japanese Translations and a Note on the Japanese Translation*, Toronto: Joint Centre for Asia Pacific Studies, 1998. A second, revised edition is currently being prepared in cooperation with the Ministry of Foreign Affairs in Beijing.

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Much more frequently track-two activities have taken the form of dialogues that involve people from two, three, or multiple countries. Track two in this context normally refers to meetings or discussions that are technically nongovernmental in nature but focus on policy-related issues and usually involve either serving or former officials (present in their private capacities) and a blend of academics, experts, journalists, and others. During the past decade these meetings have proliferated in number, sponsors, participants, issues, and approaches.⁵ On a multilateral basis alone there are considerably more than 60 meetings per year. To mention just a few, these include long-running series as: the annual Asia Pacific Roundtable in Kuala Lumpur, the meetings organized by ASEAN ISIS and under the auspices of the Council for Security Cooperation in Asia Pacific (CSCAP), the project on managing potential conflicts in the South China Sea,⁶ the Northeast Asia Cooperation Dialogue, the Limited Nuclear Weapon Free Zone in Northeast Asia program, and the annual meeting in Hokkaido on North Pacific issues. They also include single meetings or fixed-term series on specific topics, including the track two meetings organized on behalf of ARF. In December 1999, for example, this included meetings in Taiwan, Tokyo, Kyoto, and Manila.

The focus and approach varies widely but several patterns and trends can be identified in the track two dialogues over the past two years. These include:

- no diminution in the number of track two meetings even as formal governmental activities continue to expand;

- while the participants, organizers and themes may vary, the vast majority are conducted in English, and take place around hollow square tables with groups of 15 to 40;

- despite rhetoric to the contrary, the number of participants from nongovernmental organizations (NGOs), parliaments, business, and professional associations is only increasing slowly;

⁵ These meetings have been chronicled since 1995 in the Dialogue Monitor which was succeeded in 1998 by the Dialogue and Research Monitor. It is now produced at the University of British Columbia and distributed in hard copy and listserve versions as well as posted on the Web site of the Japan Center for International Exchange <www.jcie.org>.

⁶ For an instructive case history, see Hasjim Djalal and Ian Townsend-Gault, "Managing Potential Conflicts in the South China Sea: Informal Diplomacy for Conflict Prevention," in Chester Crocker, Fen Hampson, and Pamela Aall, eds., *Herding Cats: Multiparty Mediation in a Complex World*, Washington: United States Institute of Peace Press, 1999.

—the officials participating in meetings are heavily from foreign and defense ministries, though the number of serving military is also increasing;

—the large majority continue to include participants from across ideological divides but a growing number are restricted to countries with common alliance arrangements with the United States, especially in Northeast Asia;

—the majority continue to have an Asia Pacific dimension but a growing number are taking place on an intra-Asian basis or involve Europeans, South Asians, and other geographical configurations;

—the kinds of activities are diversifying beyond paper presentations, discussions, and so forth to include role playing games, simulations, visits to military bases, nuclear facilities, and so on;

—about one in two meetings produces some kind of report or edited publication, and the papers and summaries from meetings from more than half of the meetings in the past year are being distributed by electronic means including Web sites, listserves, e-mail and bulletin boards; more than one half of the meetings organized in the past year are using the Internet; this is an increase from about one in five two years earlier;

—the policy relevance of the discussion continues to focus very heavily on the policy of governments and, to a much lesser extent, international organizations including the United Nations and ASEAN; even after the financial crisis rarely do they direct attention at the international financial institutions, business, or the nonprofit sector;

—economic issues are frequently discussed but rarely involve joint meetings or sessions with any of the economic track two structures including Pacific Forum on Trade and Development, Pacific Economic Cooperation Council, Pacific Basin Economic Council, or APEC;

—the large majority of meetings focus on matters of political security and far less frequently, though the number is rising, on hard military issues including arms control and disarmament; and

—considerably more than half of the meetings are funded directly or indirectly by national governments, with foundations and international organizations covering the remainder; almost none of the funding is from private business.

There is widespread agreement that track two dialogues have played a valuable role in establishing a comfort level, preparing the ground for governmental processes and reinforcing the general move toward transparency and confidence building. ARF senior officials, for example, seemed

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very pleased with the work done by CSCAP on preventive diplomacy issues.

But it would be unwise to disregard the mounting level of criticism of these dialogues especially the longer-term programs such as CSCAP. One line of criticism is that dialogues, like regional institutions, are too soft to tackle real security issues in practical contexts. Dealing specifically with the East Timor crisis, Wade Huntley and Peter Hayes have argued that ASEAN, ARF, and CSCAP “have proved incapable of taking on meaningful leadership roles.”⁷ The price of inclusiveness is that they have lost the capacity to examine the key territorial disputes and regional flashpoints because of the worries of some participants about interference in domestic affairs. A second criticism is that track two is actually behind rather than ahead of governmental thinking and action. Track two, it is argued, is not only sluggish but also insufficiently independent.⁸ A third is that they have not penetrated or altered the regional security architecture, an argument advanced by Graeme Cheeseman when he claims that “it appears that the direction of change overall is more backwards than forwards, favoring traditional rather than new or alternative modes of thought.”⁹

This is not the place to debate these criticisms¹⁰ but instead to note that the organizers of many of the dialogue channels seem to be taking heed of them. CSCAP Indonesia, for example, organized a meeting in Jakarta earlier this month that examined its domestic upheavals and their regional implications. There is a palpable sense of urgency in many of the dialogues to move beyond establishing a comfort level among participants and to produce tangible results.

⁷ Wade Huntley and Peter Hayes, “East Timor and Asian Security,” Northeast Asia Peace and Security Network, Special Report, 23 February 2000.

⁸ Herman Joseph Kraft, “Unofficial Diplomacy in Southeast Asia: The Role of ASEAN ISIS,” CANCEPS Paper No. 22, February 2000.

⁹ Graeme Cheeseman, “Asian-Pacific Security Discourse in the Wake of the Asian Economic Crisis,” *The Pacific Review*, vol. 12, no. 3, 1999, 337.

¹⁰ Divergent starting points in the defense of regional processes are some of the essays in Kishore Mahbubani’s *Can Asians Think?* Singapore: Times Book International, 1998; and Iain Johnston and Paul Evans, “China’s Engagement with Multilateral Security Institutions” in Alastair Iain Johnston and Robert S. Ross, eds., *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999.

Three Challenges for Track Two

Defining Human Security. Not all of the dialogue channels were comfortable with the ideas of cooperative and comprehensive security as developed in the early 1990s. But those that were, and this was probably a majority, believed that the concept of security needed to be broadened beyond traditional military concerns to reach into such unconventional threats to national security as environmental degradation, infectious diseases, terrorism, transnational crime, mass violations of human rights, and so on. From this perspective, the new concept of human security that has taken root in Asia in the wake of the economic crisis is an extension of these earlier concepts. To some it is almost a natural next step.

The concept of human security comes in several versions. At least some of them do not just increase the agenda items and scope for regional security processes but pose a fundamental challenge to their spirit and form. Least controversial are some of the ideas that have been generated in Japan about the importance of the individual, not just the state, as the subject of security and a definition of the threats to this security that includes poverty, unemployment, uncontrolled migration, health issues, the environment, human rights, antipersonnel land mines, and children in armed conflicts.¹¹ In operational terms, the points of action are at the stages of preconflict prevention and postconflict reconstruction.

A second formulation, advocated by among others Canadian Minister for Foreign Affairs Lloyd Axworthy, encompasses this first understanding of security as applying to individuals as well as states and it agrees with the list of possible threats. Where it goes beyond the first formulation is in its action agenda which includes pre- and postconflict situations but also covers humanitarian and other forms of intervention in conflict situations. In the words of the foreign minister, "Human security covers the entire gamut of international relations—from conflict prevention, to humanitarian intervention, to post-conflict remediation."¹²

A less visible but no less important implication of the concept of human security concerns the principle of inclusiveness. In the context of

¹¹ Keizo Obuchi, "Opening Remarks," in *The Asian Crisis and Human Security*, Tokyo: Japan Center for International Exchange, 1999.

¹² See Lloyd Axworthy, "Hauser Lecture on International Humanitarian Law: Humanitarian Interventions and Humanitarian Constraints," delivered at the New York University of School of Law, 10 February 2000.

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cooperative and comprehensive security, inclusiveness refers to bringing all of the relevant states to the dialogue table. Though not always successful, considerable energies have been devoted in Asia Pacific processes to ensuring the participation of as many countries as possible. Under the doctrine of human security, inclusiveness involves mobilizing not just governments but also international organizations, the media and elements of civil society (especially NGOs) in building coalitions of the willing, the classic case being the international campaign against anti-personnel landmines. Again, in Minister Axworthy's words, human security means "putting people first by developing new concepts, adapting diplomatic practices and updating the institutions on which the international system is based."¹³ Though unstated, one implication is a downplaying of regional institutions in favor of flexible processes that operate globally or on a functional and issue-specific basis. There is considerable uncertainty and intense debate in Canada and elsewhere about the doctrine of human security, whether or not it justifies the kind of action that the North Atlantic Treaty Organization took in Kosovo, how it connects to peace building, international law, legal principles of noninterference in domestic affairs, and sovereignty. These issues are being heatedly argued in a number of regional and global settings. In the context of Eastern Asia, whether or not the doctrine is accepted—and at the moment this looks unlikely—it does resonate with the views of many inside and outside track two circles who feel that track two must connect more effectively to civil society and that principles and practices related to noninterference and sovereignty need to be adjusted to suit the realities of a new era.

Engaging Civil Society. Civil society is an undeniable element of contemporary international relations. From the perspective of track two, there are basically three options in responding to it. The first is to continue to base policy-related dialogues on approximately the same participant mix of academic experts and officials. The second is to create a new set of activities along the lines of what some are calling "track three"—policy focused but more independent from government, more creative, more flexible, and directly involving NGOs and other elements of civil society. The third is carefully to try to integrate more elements of civil society into track two processes.

In practice, all three options are being pursued simultaneously. Because of the subject matter, practical calculations of the organizers about the

¹³ Ibid.

chemistry and comfort levels of the meetings, and the attitudes of some of the participants, especially from governments, most dialogues are not changing their composition or direction. Think tanks and experts are as far into the nongovernmental as the experiment extends. Track three is alive and well, though the level of activity has surprisingly declined in the past two years.

Connecting track two to civil society is also in motion. ASEAN ISIS is organizing an ASEAN People's Assembly in Batam in November 2000, and an increasing number of NGO representatives are attending its meetings. The international financial institutions are promoting broader-based networks on development and security issues through activities such as the Global Development Network which planned to hold a major meeting in Singapore in June. As human security in even its less controversial form becomes part of the regional agenda, it is difficult to imagine that civil society can be excluded from the discussion.

The modalities of the integrationist option are still being defined and its outcomes are unclear. Who will control the process? Will it satisfy the critics of elite-based track two processes? How will the appropriate elements of civil society be selected or self-select? Will it force another wedge between the newer and older members of ASEAN, democratic and authoritarian regimes? What to do about national situations in which there is little more than the spores of civil society? Should the concept of civil society include business people as well as professional associations?

The answers to these questions are difficult and need considerable thought. But the questions themselves are unavoidable.

Embracing (Carefully) the Internet. Communication technology is having a major impact on diplomacy, academic life, research, and regional security. One immediate example is the way in which the Internet was used during the May 1998 riots in Indonesia both by the student protestors to exert pressure on the Suharto government and by NGO activists to draw attention to the attacks on ethnic Chinese. Images sent over the Internet to China by overseas groups painted a very different picture of events in Indonesia than the one portrayed by the official media and placed considerable pressure on the government to respond in a public way to the situation rather than through the preferred means of quiet diplomacy and noninterference. Whatever else the Internet might be, it is a friend, and a tool, of civil society.

From a track two perspective, the easy part of the problem of the Internet is using it for purposes of information dissemination. This is already being

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done in many dialogue channels and aspired to in most others. Perhaps the most sophisticated has been the Nautilus Institute in California which has used an array of electronic techniques to provide information, stimulate debate, and make policy recommendations on Northeast Asian security matters, especially concerning North Korea. The United States Institute of Peace recently produced a real time linkage through its Web site for an audio and video feed of a conference on negotiating with North Korea. For those not able to see the session as it took place, it can be downloaded for replay anytime from the Web site.

Whether or not we are into the era of the “virtual conference,” the Internet has enormous power as a tool for research on contemporary policy issues and for communication among like-minded individuals—sometimes referred to as policy networks or epistemic communities.

We need to pay collective attention to several possibilities for using the Internet more effectively for dialogue activities, keeping in mind the necessity of avoiding deepening a digital divide that will make any kind of community building more difficult. Among the topics for a possible workshop or series of workshops are: best practices in information dissemination—including the preparation of annotated bibliographies on existing sites; the use of electronic archives as a comparatively inexpensive way of building research collections and data sources for developing countries; techniques and curricula for training library staff, researchers, and officials in the use of the Internet; online courses and training, especially directed at individuals who rarely have an opportunity to participate directly in international meetings; and creating regional databases on such topics as weapons purchases, peacekeeping training, and satellite imaging.

Conclusion

In its simplest terms, a security community exists when a group of states or peoples have become integrated to the point that they have forged a sense of community, meaning they will settle their differences without resorting to force.

Thinking of community in this way forces a reconsideration of the precise meaning of track two. In the prevailing conception track two is a useful vehicle for connecting policy experts, many of them operating outside of government, and government officials. It is conceived of as instrumental for influencing government policies. An important byproduct is

the strengthening of connections among the nongovernmental actors themselves. An emerging and alternative definition of track two is that it is the point of intersection between government and civil society. Rather than a byproduct, nongovernmental interaction is the foundation of international society.

It remains to be seen whether or not this alternative definition rings true with global trends and experience and whether it can be applied in an Asian setting where in most countries state-building remains a paramount objective.

Appendix 1. Agenda

Saturday, March 25, 2000

9:15–12:00 Session I: Place of Okinawa in Asia Pacific

Presentations:

Takara Kurayoshi, *Professor, University of the Ryukyus, Japan*

Oshiro Tsuneo, *Professor, University of the Ryukyus, Japan*

Maeshiro Morisada, *Professor, University of the Ryukyus, Japan*

15:00–18:00 Session II: Future of Asia Pacific Community Building— Regional Cooperation Overview

Presentations:

Han Sung-Joo, *Director, Iimin International Relations Institute, Korea University, South Korea*

Jusuf Wanandi, *Member, Board of Directors, Centre for Strategic and International Studies, Indonesia*

Paul Evans, *Professor, University of British Columbia, Canada*

Sunday, March 26, 2000

8:30–10:30 Session III: Future of Asia Pacific Community Building— Case Studies

Presentations:

Response of Regional Mechanisms to the Asian Economic Crisis: Jesus P. Estanislao, *University Professor, University of Asia and the Pacific, the Philippines*

Asia Pacific Trade Agreements: Hadi Soesastro, *Executive Director, Centre for Strategic and International Studies, Indonesia*

Environmental Cooperation: Simon Tay, *Chairman, Singapore Institute of International Affairs, Singapore*

Regional Mechanisms to the East Timor Crisis: Carolina G. Hernandez, *President, Institute for Strategic and Development Studies, the Philippines*

10:45–11:55 Session IV: Future of Asia Pacific Community Building— Dialogue with Prime Minister Obuchi Keizo

13:15–16:00 Session V: Future Agenda for APAP Cooperation

Appendix 2. Participants

Mohamed Ariff	Executive Director, Malaysian Institute of Economic Research, Malaysia
Chia Siow Yue	Director, Institute of Southeast Asian Studies, Singapore
Chino Keiko	Editorial Writer, <i>Sankei Shimbun</i> newspaper, Japan
Jesus P. Estanislao	University Professor, University of Asia and the Pacific; Former Secretary of Finance and Secretary of Economic Planning; Former Dean of the Asian Development Bank Institute, the Philippines
Paul Evans	Professor, University of British Columbia; Asia Pacific Security Dialogue and Research Monitor Project Director, Canada
Funabashi Yoichi	Columnist, <i>Asahi Shimbun</i> newspaper, Japan
Furushima Norio	Assistant Director, Intellectual Exchange Division, Asia Center, The Japan Foundation, Japan
Phillip H. Gibson	New Zealand Ambassador to Japan; Former Chief Executive, Asia 2000 Foundation, New Zealand
Han Sung-Joo	Director, Ilmin International Relations Institute, Korea University; Former Minister for Foreign Affairs, South Korea
Stuart Harris	Professor, Research School of Pacific and Asian Studies, Australian National University, Australia
Carolina G. Hernandez	President, Institute for Strategic and Development Studies, the Philippines
Iokibe Makoto	Professor, Kobe University, Japan
Mohamed Jawhar bin Hassan	Director-General, Institute of Strategic and International Studies, Malaysia
Kao Kim Hourn	Executive Director, Cambodian Institute for Cooperation and Peace, Cambodia
Kim Dalchoong	President, The Sejong Institute, South Korea
Kinoshita Toshihiko	Asian Economic Advisor, Japan
Kokubun Ryosei	Professor, Keio University, Japan
Maeshiro Morisada	Professor, University of the Ryukyus, Japan
Charles E. Morrison	President, East-West Center, U.S.A.
Nogami Yoshiji	Deputy Minister for Foreign Affairs, Japan
Nukaga Fukushima	Deputy Chief Cabinet Secretary, Japan
Obuchi Keizo	Prime Minister of Japan
Oshiro Tsuneo	Professor, University of the Ryukyus, Japan
Ozawa Toshiro	Acting Director, The Japan Institute of International Affairs, Japan

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V.A. Pai Panandiker	President and Chief Executive, Centre for Policy Research, India
Paw Lwin Sein Hadi Soesastro	Director, Ministry of Foreign Affairs, Myanmar Executive Director, Centre for Strategic and International Studies, Indonesia
Paul B. Stares	Director of Studies, Japan Center for International Exchange, Japan
Suchit Bunbongkarn	Judge, Constitutional Court; Former Chairman, Institute of Security and International Studies, Chulalongkorn University, Thailand
Suphat Suphachalasai Takano Takeshi	Lecturer, Thammasat University, Thailand Associate Professor, Prefectural University of Kumamoto, Japan
Takara Kurayoshi Simon Tay	Professor, University of the Ryukyus, Japan Chairman, Singapore Institute of International Affairs; Nominated Member of Parliament, Singapore
Jusuf Wanandi	Member, Board of Directors, Centre for Strategic and International Studies, Indonesia
Wang Jisi	Director, Institute of American Studies, Chinese Academy of Social Sciences, China
Chaleune Warinthrasak	Director-General, Institute of Foreign Affairs, Ministry of Foreign Affairs, Laos
Watanabe Koji	Senior Fellow, Japan Center for International Exchange; Executive Advisor, Keidanren (Japan Federation of Economic Organizations), Japan
Yamamoto Tadashi	President, Japan Center for International Exchange, Japan
Zhang Yunling	Director, Institute of Asia Pacific Studies, Chinese Academy of Social Sciences, China