



THE WALTER H. SHORENSTEIN ASIA-PACIFIC RESEARCH CENTER

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Pan-Asian regionalism remains a long-term aspiration rather than a short-term prospect, but that having been said, that was true of Europe fifty years ago.

– Michael Armacost, Shorenstein Distinguished Fellow

On November 2 Stanford University's Shorenstein Asia-Pacific Research Center, in association with University of California at Berkeley's Asia-Pacific Economic Cooperation Study Center, convened regional and economic experts to discuss the role of the Asia-Pacific Economic Cooperation (APEC) group and its relationship to the future of regionalism and regional integration in East Asia.

The meeting was timely, as APEC's annual week of high-level meetings begins on November 12th in Hanoi, Vietnam. It will culminate in a summit of heads of state (and a representative from Taiwan) on November 18-19—a key opportunity for President Bush to talk with regional leaders about a range of issues, including North Korea. In examining APEC's agenda and its potential institutional challengers, scholars focused on how the US might get more out of the forum and how the US could alter its approach to Asian regionalism to ensure continued relevance and influence in the region.

According to Dr. Donald Emmerson, director of the Southeast Asia Forum and senior fellow at Stanford's Freeman Spogli Institute for International Studies (FSI), "Asian regionalism is at a crossroads, and it may be at a crossroads for sometime." Recent events have demonstrated that countries in the region face a crucial choice: Will they move in the direction of an East Asian identity that actively excludes the US, or more toward trans-Pacific networks such as APEC that include the US? Or both?

As Asian countries consider the merits of APEC and American inclusion, US policy on Asian regionalism has been "curiously passive," especially when juxtaposed with the positive role the US played in supporting the development of the regional institutions in Europe, according to Ambassador Michael Armacost, who was US ambassador to Japan and the Philippines and held senior policy positions on the staff of the National Security Council and in the Departments of State and Defense.

Dr. Vinod Aggarwal, a professor of political science and director of the Berkeley Asia Pacific Economic Cooperation Study Center, pointed to the example of the European Union (of which the US is not a member), urging that the US seek compatibility among regional and trans-Pacific institutions. Armacost agreed and maintained that the US should not fear exclusion from regional forums, such as the East Asia Summit (EAS), an outgrowth of the annual dialogue between the Association of Southeast Asian Nations (ASEAN) and other powers, which held its first meeting in Malaysia last year.

North Korea has said it will rejoin the six-party talks, but a meeting will not take place until after the APEC meeting. Here is an illustration of the utility of APEC that has nothing to do with economics. There could be an informal meeting of the five parties (without North Korea) in Hanoi. And that could be quite helpful in terms of coordinating strategy, especially with China.

– Donald Emmerson, director, Southeast Asia Forum, Shorenstein APARC

Armacost underlined that American participation needs to reflect concrete American interests. He suggested, the US should put more effort into the leading trans-Pacific forum in which it is already a member, APEC. Armacost also suggested looking to Northeast Asia—“where the interests of the great powers intersect most directly” and where there is no sub-regional counterpart to ASEAN. He noted that “fortuitously in the Six-Party talks, one has a grouping which in embryonic form may contribute a nascent regional security institution. Nor is American participation an issue. Of course, the Six-Party Talks are unlikely to provide the nucleus of a broader regional security institution if they fail at their task of denuclearizing the Korean peninsula.”

Emmerson said that there are essentially two views in Washington on US participation in Asian regional institutions: “one is to say that if these meetings are merely ‘talk shops,’ then our absence doesn’t matter, and the other is to say that we are being, as the phrase goes, ‘absent at the creation’ of regional architecture, which we will regret not having been able to influence from the beginning, the longer we stay out.” He urged greater US involvement in regional organizations and more creative approaches to tackling obstacles to involvement, such as finding a way to compromise on accession to the ASEAN Treaty of Amity and Cooperation, a key criterion for membership in the EAS. Attending that summit, in Emmerson’s view, “would send a clear signal to East Asians that the US does want to be involved on the ground floor in the creation of an emerging regional architecture in Asia for the 21st century.”

As the panelists encouraged the US to devote greater effort to the project of Asian regionalism, they also acknowledged that President Bush and other US delegates to this year’s APEC meetings would not be in a position to embark on any bold initiatives, including the talked-of Free Trade Area of the Asia-Pacific, or FTAAP. According to Aggarwal, “in the current climate, the FTAAP is a political non-starter.” Preoccupied by US midterm elections and the Iraq issue, “the administration is unlikely to put a lot of political capital into pushing for something like an FTAAP,” not least because of the upcoming expiration of President Bush’s Trade Promotion Authority. Aggarwal said, “I just can not imagine that any congressmen or senators will advocate free trade with countries with which we have our largest trade deficits. These massive trade deficits make the issue a political hot potato and no one will touch it.” Instead, he recommended a less direct approach for trade liberalization. (A spokesman for the US Trade Representative’s office has said that while they are still in the process of preparing their APEC agenda, they would consider discussing the FTAAP with their regional trading partners.)

If you’re ever going to pump new life into [APEC] you’ve got to find some practical projects around which people can rally. I believe one economic issue deserving more attention, is energy. Virtually all Asian are importers of energy, and consumer interests would obviously benefit from practical forums of regional collaboration. I would try to get subjects like that on the agenda.

– Michael Armacost, Shorenstein Distinguished Fellow

Founded in 1989, APEC has 21 member economies on both sides of the Pacific. As a trans-Pacific, network, APEC connects the US, Chile, Mexico, and Canada on one side of the Pacific with a diverse group of Asian economies including China, Japan, South Korea, Taiwan, Indonesia, Vietnam, Malaysia, Australia, and New Zealand. Aggarwal described the body as more of a “discussion forum” than an organization, as it explicitly rejects the deeply institutionalized approach taken by the European Union in Brussels—something he said should be reconsidered if it is to become more effective.

Panelists raised the paradox that APEC’s agenda seems overly ambitious, yet at the same time the forum is under-utilized, in terms of addressing some pressing issues in the region, including as energy, avian flu, and maritime security.

Aggarwal acknowledged that APEC has been host to a wide range of activities, including security, environment, women’s rights, finance, and technology policy. “What’s striking is that these activities have been discussed in the European Union, for example, but really only in any significant way after 25

years of economic integration.” In the mid-1990s, APEC set deadlines for trade liberalization—2010 for developed countries and 2020 for other countries. These goals will be hard to meet.

Security in the Asia-Pacific means lots of things. If we always focus on the latest American security issue, then that becomes the driving factor in Asians saying because the Americans have their own agenda, we want to have our own organization. So, yes, I think we should revitalize some of [APEC's] trade goals, we should try to work toward that, but we should be willing to address broader issues, other than only counterterrorism or only North Korea. – Vinod Aggarwal, director of the Berkeley Asia Pacific Economic Cooperation Study Center (BASC) at UC – Berkeley

Armacost compared Asian regional ventures to the European Union, asserting that the EU succeeded in large part because it “started small, built gradually, focused on practical projects that brought tangible benefits to people and fostered reconciliation early between France and Germany.

In this vein, Armacost recommended two practical purposes for the group. “Virtually everybody in Asia is an importer of energy, and consumer interests would benefit from the kind of collaboration that you could organize within regional forums.” Also, returning to one of the organization’s fundamental purposes, Armacost contended that in large part, “can be useful if the US uses it as a place to rally support for making a last ditch effort to bring the Doha Round to a successful conclusion.”

“I don’t think that these bilateral trade agreements are particularly good for American business, or in general for trade negotiations at the Doha Round.” – Vinod Aggarwal, director of the Berkeley Asia Pacific Economic Cooperation Study Center (BASC) at UC – Berkeley

“If APEC members really wanted to get the Doha Round back on track, they should agree to a moratorium on preferential trade agreements for a period of one year and challenge the Europeans and other non-APEC members to match them in this moratorium on preferential trade agreements,” urged Aggarwal.

Overall, the group agreed that despite inherent problems in APEC, overall participation in this trans-Pacific institution should be considered important to the United States. Armacost made the practical point that “APEC happily provides a regular occasion for the President to visit East Asia. Basically, it’s an opportunity to cultivate allies, find out what adversaries in the region may be up to, and to have an action-forcing event on which Washington has of Asian concerns on its agenda. For that reason alone it’s worth keeping APEC alive.”

All the panelists acknowledged Asian countries’ criticisms that the US had too much control over APEC’s agenda, and that Washington utilizes the forum to discuss its “issue of the day.” Emmerson called on the US to remember that “from the standpoint of a number of developing Asian economies, the American emphasis on trade liberalization has been somewhat distorting. These are low-income countries; they’re interested in economic cooperation that can somehow help them raise their populations above poverty levels. There’s a whole agenda there that we really haven’t discussed, and in a way it has been slighted in APEC by this overriding emphasis on trade liberalization. If trade liberalization turns out to be unrealistic at least in the short run, development goals are an alternative agenda that has some utility, and is worth exploring.”

Similarly, Armacost stated that APEC would be a “more valuable institution to us, if we stopped talking so much and listened more.” Reflecting on US policy more broadly, he said he “personally regrets that in recent years our institution building reflexes, have been directed less at promoting multi-lateral ventures with other states than at seeking to transform the internal institutions of other countries.”

I do believe we're not paying enough attention to a region whose importance to us will be greater than any other region ten to fifteen years from now. We should devote more attentiveness to Asia. – Michael Armacost, Shorenstein Distinguished Fellow, Shorenstein APARC

Shorenstein APARC's associate director for research Daniel Sneider moderated the panel. This seminar was an outgrowth of the center's work on the role of regionalism in East Asia. The research center will publish a book on this subject next spring, in conjunction with the Brookings Institution.

About the Panelists:

Vinod Aggarwal is professor in the Department of Political Science, affiliated professor of Business and Public Policy in the Haas School of Business, and director of the Berkeley Asia Pacific Economic Cooperation Study Center (BASC) at the University of California at Berkeley.

Michael Armacost has been the Shorenstein Distinguished Fellow since 2002. From 1995 to 2002, Armacost served as president of the Brookings Institution. Previously, during his twenty-four year government career, Armacost served, among other positions, as undersecretary of state for political affairs and as ambassador to Japan and the Philippines.

Donald Emmerson is director of the Southeast Asia Forum at Shorenstein APARC and a senior fellow at FSI. He also teaches courses on Southeast Asia in International Relations and International Policy Studies.

Daniel Sneider is the associate director for research at Shorenstein APARC. He was a 2005-06 Pantech Fellow at the center, and the former foreign affairs columnist of the *San Jose Mercury News*.

About the Centers:

The Walter H. Shorenstein Asia-Pacific Research Center (Shorenstein APARC) is an important Stanford venue where faculty and students, visiting scholars, and distinguished business and government leaders meet and exchange views on contemporary Asia and U.S. involvement in the region. For more about the center and its research please visit the website at <http://APARC.stanford.edu>.

The Berkeley APEC Study Center at the University of California, Berkeley, conducts multidisciplinary research activities that analyze political, economic, and business trends in the Asia-Pacific, especially related to APEC -- the Asia-Pacific Economic Cooperation forum. For more information please visit the center's website at <http://basc.berkeley.edu>

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