

ASIA-PACIFIC ECONOMIC COOPERATION (APEC): A STUDY OF THE
COMPETING PERSPECTIVES OF THE ASIA-PACIFIC REGION

ASIA-PACIFIC ECONOMIC COOPERATION (APEC): A STUDY
OF THE COMPETING PERSPECTIVES OF THE
ASIA-PACIFIC REGION

By

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ABSTRACT

This thesis examines the competing perspectives of the Asia-Pacific region held by the different participants in the Asia-Pacific Economic Cooperation (APEC). APEC's regional definition includes North America, South America, East Asia and the Pacific. The result is a region with many diverse languages, religions, political and cultural systems and geographical locations. The notion of embracing the diversity of the Asia-Pacific region, espoused by APEC founders and economists, appeared to function well in the beginning. Now, however, this diversity may ultimately prove to be APEC's main weakness. Indeed, the major sources of divisiveness within APEC are the contrasting regional perspectives which are rooted in different definitions of the Asia-Pacific.

Through a study of the four major divisive issues within APEC, membership and regional definition, defining and implementing objectives, the pace and process of institutionalisation, and the future expansion of the APEC agenda, this thesis will demonstrate that the competing conceptions of the Asia-Pacific have been affecting, and will continue to influence, the ability of APEC to fulfil its goal of free and open trade and investment.

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ABBREVIATIONS

AFTA	ASEAN Free Trade Agreement
ANZCERTA	Australia-New Zealand Closer Economic Relations Trading Agreement
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
EAEC	East Asian Economic Caucus
EAEG	East Asian Economic Group
EPG	Eminent Persons Group
EU	European Union
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
ICHRDD	International Centre for Human Rights and Democratic Development
NAFTA	North American Free Trade Agreement
NIEs	Newly-Industrialised Economies
OECD	Organisation for Economic Cooperation and Development
PAFTAD	Pacific Trade and Development Conference
PBEC	Pacific Business Economic Council
PECC	Pacific Economic Cooperation Council
SMEs	Small and Medium Enterprises
SOMs	Senior Ministers' Meetings
WTO	World Trade Organization

Chapter One: Introduction

It will be the argument of this thesis that the Asia-Pacific Economic Cooperation (APEC) forum is constrained by competing conceptions of the Asia-Pacific.¹ This argument will be developed by a study of the understandings surrounding regional definition and membership, APEC's objectives, the pace and extent of institutionalisation, and APEC's future agenda. The following analysis will demonstrate that unless the member economies of APEC can somehow reconcile their opposing understandings of the Asia-Pacific region, there is little evidence to suggest that APEC will ever produce action beyond its loose consultative forum.

APEC has emerged as the most current manifestation of organised economic cooperation in the Asia-Pacific region. It is as much an organisation which has built on past coordinated regional economic efforts as it is a reaction to international events. As the economies of the Asia-Pacific region grew increasingly interdependent, there

¹ See Richard Higgott and Richard Stubbs, "Competing Conceptions of Economic Regionalism: APEC Versus EAEC in the Asia-Pacific," Review of International Political Economy 2 (3) (Summer 1995).

was a concurrent growth of interest in regional dialogue about economic prospects, cooperation and shared objectives. The internal regional dynamics of increased growth and trade coinciding with an enhanced interest in economic cooperation culminated in the formation of APEC.

In the late 1980s, the international system was characterised by increasingly protectionist policies and heightened trade tensions. In the Asia-Pacific region, trade conflicts between Japan and the United States and the United States and China were more frequent. This, coupled with the emergence of a Single Market in Europe and the North American Free Trade Agreement (NAFTA) presented the East Asian nations with the dilemma of how best to ensure their economic futures.² Unlike economic cooperation efforts in Europe and North America, increased regional economic interdependence in the Asia-Pacific region was driven by market forces and increased trade and investment ties and not by state-led initiatives.³ Since its inception in 1989, APEC has emerged as the key forum for

² Richard Higgott, "APEC : A Sceptical View," in Pacific Economic Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region, eds., Andrew Mack and John Ravenhill (Canberra: Allen and Unwin Australia Pty, Ltd, 1994).

³ Seiji Finch Naya and Pearl Imada Iboshi, "A Post Uruguay Round Agenda for APEC: Promoting Convergence of North American and Asian Views," in Chia Siow Yue, ed., in APEC: Challenges and Opportunities, (Singapore: ISEAS, 1994), 55.

economic and trade consultation and cooperation in the Asia-Pacific. Today, APEC is often referred to as the Asian counterpart to the European Union (EU) and NAFTA. It would seem that APEC was off to a promising start in its attempts to organise and facilitate the promotion of regional trade and economic development.

Regional History: Attempts at Economic Cooperation in the Asia-Pacific

Greater regional economic cooperation in the Asia-Pacific has a broad historical context which encompasses 25 years of cooperation initiatives and contemporary changes in the global economic order. The first attempt at regional economic cooperation in the Asia-Pacific was made in the 1960s. The Pacific Trade and Development Conference (PAFTAD) was intended to emulate the structure of the Organisation for Economic Cooperation and Development (OECD) in the Asia-Pacific. Its members include Australia, Canada, Japan, New Zealand, and the United States as well as representatives from Southeast Asia, Latin America, Russia and Greater China. PAFTAD is a policy-oriented, largely academic approach to regional economic issues. It has succeeded in engaging economists from all over the region in policy discussions while gathering and distributing information. However, "it soon became apparent that organisation models developed elsewhere could not be transplanted readily to the

Pacific."⁴ The challenge then became to create a structure that would accommodate the great disparity and diversity within the region as well as produce tangible results. From PAFTAD emerged the Pacific Basic Economic Council (PBEC), the Pacific Economic Cooperation Council (PECC), and ultimately APEC.

PBEC was founded in the late 1960s on the initiative of regional business leaders. Current membership includes Australia, Canada, Japan, New Zealand, the United States, South Korea, Chinese Taipei, Mexico, Chile, Hong Kong, Peru, Malaysia, the Philippines, as well as participants from Indonesia, Singapore, Thailand and the South Pacific Islands. The founders of PBEC intended it to function as a forum where business people from different countries could share their policy concerns both as members of the same region and as members of the business community. As Lawrence Woods writes, "PBEC's business is business."⁵

PBEC members are interested in the formulation of public policy which will create and maintain a climate favourable to private sector growth and development. It is

⁴ Andrew Elek, "Asia-Pacific Economic Cooperation (APEC)," Southeast Asian Affairs, (Singapore: ISEAS, 1991), 35.

⁵ Lawrence T. Woods, "Non-governmental Organisations and Pacific Cooperation: Back to the Future?" The Pacific Review 4 (4) (1991) : 315.

somewhat more limited in its representation of the region than other organisations in that its regular participants are mainly from the five developed countries in the region. Nonetheless, PBEC has been moderately successful in facilitating information exchange and communication within the regional business community.

In 1980, the Pacific Economic Cooperation Council (PECC) was formed, and within PECC are to be found elements of PAFTAD and PBEC. The tripartite structure of PECC incorporates the interests and input of the academic community, as in PAFTAD, the business community, as in PBEC, and government officials acting in their private capacities; such a structure is meant to ensure balanced sectoral input. While functioning as a non-governmental non-negotiating forum, PECC aims to discuss government and business policy concerns with the goal of increasing regional trade, investment and economic development. PECC members include Australia, Brunei Darussalam, Canada, Chile, China, Columbia, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Peru, the Philippines, the South Pacific Forum Island Nations, Russia, Singapore, Thailand, the United States and Vietnam. The Taiwanese participate in PECC under the name of Chinese Taipei. Throughout its existence, PECC has adhered to its basic principle of unofficial, consultative, and inclusive dialogue. PECC is

undoubtedly the most comprehensive among the region's economic organisations, including APEC, in terms of membership and issues covered.

Despite PECC's inclusiveness and broad scope of interests, some members of the region's private sector were not satisfied with the PECC process which produced few tangible results. Politicians, notably Australian Prime Minister Robert Hawke, also found PECC slow-moving which led to the notion that perhaps an intergovernmental forum would be more likely to produce results.⁶

In January 1989, Hawke argued for the start of ministerial-level consultations to "define more coherently the region's shared economic interests, to discuss obstacles to trade within the region and, most importantly, to defend and enhance the open multilateral trading system."⁷ APEC was the first regional economic organisation of its kind to involve high level political participation. The first Ministerial meeting was held in Canberra, in November of 1989 and was attended by representatives from twelve economies, namely Australia, Canada, Japan, New Zealand, South Korea, the United States and the six ASEAN nations of

⁶ Djisman S. Simandjuntak, "Regionalism and Its Implications for the Asia-Pacific," The Indonesian Quarterly, 22 (4) (Fourth Quarter 1994) : 362.

⁷ Elek, "Asia-Pacific Economic Cooperation (APEC)," 38.

Malaysia, Indonesia, Singapore, Brunei, Thailand and the Philippines. From this conference emerged a consensus on the principles of economic cooperation in the Asia-Pacific. Notable among them are the objectives of maintaining regional growth and development, the insistence that their efforts be directed towards strengthening the open multilateral trading system and not involve the formation of a trading bloc, and that APEC should focus on the advancement of common economic interests rather than political or security issues.⁸ Since the first meeting, annual Ministerial meetings have become quasi-institutionalised and membership has expanded to include 18 countries. The six new APEC members are: Chile, China, Hong Kong, Mexico, Papua New Guinea, and Taiwan (Chinese Taipei).

APEC's Regional Definition

In practice, APEC is inclusive and transpacific. Consequently, its definition of the Asia-Pacific region is broad and vague. Indeed,

...the Pacific Basin can be said to hold some 40 per cent of the world's population, on some 30 per cent of the world's land surface...Wealthy North Americans contrast with part of Southeast Asia which house

⁸ Asia-Pacific Economic Cooperation. Ministerial Meeting. Joint Statement. Canberra, 6-7 November 1989. Article 16.

some of the world's poorest people. Some of the world's coldest places, in the Soviet and Canadian Arctic, contrast with the baking heat of Australia or tropical Vientiane in Laos.⁹

Herein lie the roots of the competing conceptions within APEC. Among the eighteen member economies of APEC are diverse languages, cultures, religions, political systems, histories, and levels of economic development. In many instances the only things some members have in common are their relatively open market economies and that presumably somewhere in their country the Pacific Ocean is visible. Indeed, "APEC's decision to include Mexico and Chile among its members, while excluding Russia, India, Vietnam and Burma, reveals profound ambiguity about where the Pacific community begins and ends."¹⁰

The ambiguity surrounding the determination of the boundaries of the Asia-Pacific region is apparent in APEC in the form of competing visions and understandings among the participants of how to establish themselves as a regional economic organisation and move forward. This results in the difficult and yet fundamental issues being put off until a

⁹ Gerald Segal, Rethinking the Pacific (Oxford: Oxford Clarendon Press, 1990), 13.

¹⁰ Robert A. Manning and Paula Stern, "The Myth of the Pacific Community," Foreign Affairs 73 (6) (November/December 1994) : 80.

later date in the hopes that eventually basic questions surrounding matters such as membership will resolve themselves and/or cease to be important. However, the issue of regional definition cannot be avoided. Norman Palmer asks, "where are the outer boundaries of Asia and the Pacific?"¹¹ In order to create a working definition of the Asia Pacific region, should one include Russia as part of Eastern Asia? What about countries in North, Central, and South America located on the other side of the Pacific Rim? Palmer writes further, "this problem is virtually unresolvable, even if we confine it to questions of geography, it becomes even more difficult if we attempt to define Asia and the Pacific in political, economic, or cultural terms."¹²

Despite the seemingly insurmountable barriers which suggest that the formation of a coherent Asia-Pacific community is next to impossible, we have witnessed a process of market integration brought about by dramatic rates of economic growth in the region. These economic developments have, in turn, laid the groundwork for current interest in greater regional economic cooperation in the form of organisations such as APEC. Kanishka Jayasuriya suggests

¹¹ Norman D. Palmer, The New Regionalism in Asia and the Pacific (Lexington: D.C. Heath and Company, 1991), 21.

¹² Ibid., 22.

that perhaps the important analytical question should not be "what is the region?", but, "why is the region defined in this manner and by whom?"¹³ As will be explored in the following chapters, the Asia-Pacific region is defined in many different ways by the APEC members. These conflicting understandings are reflected in APEC's overall mandate, its membership, its institutional structure, and its future focus.

APEC has the potential to be many things. It can be a means for resolving economic disputes, particularly between the United States, China and Japan, a way of empowering middle and smaller Asia-Pacific powers, a mechanism for generating greater solidarity and promoting continued economic growth, a useful check on the EU and a way of improving North-South relations in the Post-Cold War era. Dr. Noordin Sopiee further explains that APEC can demonstrate to the international community "what can be accomplished when developed and developing [economies] cooperate and work together rather than confront each other."¹⁴ However, in order to be any or all of these things, the member economies of APEC must undertake the

¹³ Kanishka Jayasuriya, "Singapore: The Politics of Regional Definition," The Pacific Review 7 (4) (1994) : 411.

¹⁴ Dr. Noordin Sopiee, "Political Issues Associated with Economic Cooperation in East Asia," ASEAN-ISIS Monitor (4) (July-September 1992) : 14.

important task of reaching mutual understandings concerning membership, objectives, process and purpose.

While APEC is still in the formative phase, it is clear that the initial ambiguities surrounding membership, goals, process and purpose reflect a "deeper divergence of standpoints among the member economies."¹⁵ This deeper divergence is rooted in the different definitions of the Asia-Pacific region. A study of APEC's membership selection process, APEC's goals and the process by which they hope to achieve them, as well as APEC's overall purpose and future development will demonstrate how the deliberately fuzzy and flexible definition of the Asia-Pacific region remains a significant obstacle to its future success as a regional organisation dedicated to trade and investment liberalisation and facilitating regional economic development.

¹⁵ Martin Rudner, "APEC: The Challenge of Asia-Pacific Economic Cooperation," Modern Asian Studies 29 (2) (May 1995) : 411.

Chapter Two: APEC Membership

An examination of the issue of APEC membership will demonstrate the rival understandings of regional definition among its participants and highlight the implications of the different regional conceptions for the future development of APEC. The success of APEC depends on shared information and shared expectations, one of which must be the future definition of the Asia-Pacific region. The issue of participation in the APEC process is important because within APEC, those who are members define the goals, determine the agenda and set the pace for institutional development. And currently, nations are lined up and knocking on APEC's front door. Ecuador and Colombia are interested in obtaining observer status, while Russia, Peru, Mongolia and Israel would like to participate in the various APEC Working Groups. Other countries which have expressed interest include Vietnam and India and even the European Union has intimated it would like to join. The members of APEC must decide who will participate in determining the structure in order to determine the process. For this, they need to determine the qualities and characteristics economies require in order to participate.

The official APEC position on the outer boundaries of the Asia-Pacific region remains vague. This is a consequence of the ambiguity surrounding the concept of 'the Pacific'. As Richard Higgott writes,

competing definitions are often inclusive or exclusive exercises in the politics of representation. Whilst the 'Pacific' is more than an ocean, it is not a coherent region deserving the hyperbole associated with the oft heralded arrivals of the Pacific Century. There is no Pacific Community in a linguistic, religious, political or ideological sense, nor is there much historical evidence of a regional consciousness.¹

The rival understandings surrounding the issue of APEC membership are derived from fundamental differences in defining the Asia-Pacific region. For the founders of APEC, the definition of the region was driven by the conscious effort to include as many members as possible. Consistent with their original goal for an inclusive liberalised trading area, "it was", as Vladimir Fedotov notes, "economy, which recognises no immutable quantities or boundaries, that played the role of chief architect in the APR [Asia-Pacific Region]..."²

Within the broad subject of regional definition, there are three key sub-headings. First, there is the

¹ Higgott, "APEC: A Sceptical View," 68.

² Vladimir Fedotov, "Problems of the Asia-Pacific Region," International Affairs (Moscow) (Special Issue 1993) : 60.

question of who is considered a member and on what basis are they said to belong. How does the APEC vision of the Asia-Pacific define the criteria for membership? Second, there is the opposing vision of the Asia-Pacific, the East Asian Economic Caucus (EAEC) led by Malaysian Prime Minister Mohamad Mahathir, which defines the region in an altogether different manner from APEC. Finally, there are the numerous subregional trading arrangements which led to questions regarding whether such agreements will compete with or complement APEC. All three issues are significant in that they demonstrate clearly the competing perspectives within APEC which will, in turn, affect APEC's ability to decide who will participate as they progress towards their ultimate goal of free and open trade and investment.

Open Regionalism

APEC has employed the term "open regionalism", a term adopted from the Pacific Economic Cooperation Council (PECC), as a defining principle. Open regionalism is defined as the process of regional cooperation whose outcome is not only the actual reduction of intra-regional barriers to economic interaction but also the actual reduction of external barriers to economies not part of the regional organisation. Ultimately, the definition of the region is based on economic markets. Within APEC, it is believed that

any regional organisation ruled by the principle of open regionalism will, by definition, be a building block, not a trading bloc, thereby contributing to a freer global economy. Thus, APEC sees itself as a broader, more inclusive type of regional trading arrangement between governments which deliberately adopts a wider perspective on economic policy issues relevant to the region. This allows for a somewhat nebulous definition of the Asia-Pacific region, leading one to ask the question, who belongs?

The Expansion of APEC Membership

The issue of membership in APEC has been complicated from the beginning. Even before the first APEC Ministers meeting was held in Canberra in 1989, the issue of membership was not easily resolved. Indeed, when initially proposed by the Australians, APEC was not to include Canada or the United States. The North American countries were included upon the insistence of Japan, who feared that ostracising the United States would negatively affect their trading relationship. Nor did APEC initially include China, Taiwan or Hong Kong, significant actors in the region, as their participation was viewed as raising too many contentious and difficult political questions surrounding

sovereignty and other conflicting territorial claims.³

APEC has expanded from twelve members in 1989 to eighteen in 1994. An overview of the seven Ministerial meetings to date provides the history of this expansion. At the first APEC meeting in 1989, representatives from the twelve founding economies acknowledged that economic cooperation in the Asia Pacific must recognise the diverse social and economic systems and levels of development. Further to this, it was agreed that the future expansion of APEC membership should be determined by an assessment of the strength of regional economic linkages and new members would be admitted on the basis of full consensus.⁴ At this time the issue of the possible participation by the economies of China, Taiwan and Hong Kong was noted and the representatives attending agreed to discuss further the expansion of APEC membership in the Senior Officials' Meetings (SOMs) and report to the ministers at the following APEC Ministerial meeting.⁵

In Singapore in 1990, the issue of future participation was again discussed, and once again, the

³ "Thorny Membership Issue for Asia-Pacific Forum," The Straits Times, (Singapore) 10 August 1989, 20.

⁴ Asia-Pacific Economic Cooperation. Ministerial Meeting. Joint Statement. Canberra, 6-7 November 1989. Section 16.

⁵ Ibid., Sections 24-25.

ministers agreed to an on-going review of additional participants. Hong Kong, Taiwan and China expressed their desire to participate in the APEC process. Due to their significant economic role in the region, it was agreed that throughout the next year negotiations would be undertaken with the end goal of extending full APEC membership to all three.⁶

At the third meeting in Seoul in 1991, the ministers agreed to the membership criteria. Section seven of the Seoul Declaration states that "participation in APEC will be open in principle, to those economies in the Asia-Pacific region which:

- a) have strong economic linkages in the Asia-Pacific region, and;
- b) accept the objectives and principles of APEC as embodied in this Declaration.⁷

Also at this meeting, Hong Kong, Taiwan and China became full members of APEC. The politically contentious issue of sovereignty was circumvented as APEC refers to its members as economies, not states, thus enabling APEC to think of itself as strictly an economic organisation with no political or ideological agenda. This remains uncontested

⁶ Asia-Pacific Economic Cooperation. Ministerial Meeting. Joint Statement. Singapore, 29-31 July 1990. Sections 26, 27, and 28.

⁷ Seoul APEC Declaration. Seoul, 14 November 1991. Section 7.

among APEC members for the sake of getting on with business.⁸ It was agreed that any further decisions regarding future issues of participation will be made on the basis of the aforementioned standards and on the full consensus of all APEC members.

After this initial round of negotiations, there was little discussion of the membership issue until the meeting in Seattle in 1993. At this time, APEC members recognised that APEC must develop a "more systematic means of addressing the issue of new members."⁹ In addition to the desire to develop a more objective membership criteria, the members of APEC decided that a three year moratorium be placed on new members, during which time Senior Officials would conduct a study of APEC's membership policies and provide recommendations to the ministers. The moratorium was necessary in order for APEC to deepen existing relations among the current APEC members and increase the effectiveness of APEC prior to expanding membership any further. At this time Mexico and Papua New Guinea were admitted as full members. It was also decided that Chile

⁸ Arun Mahizhan, "Asia-Pacific Economic Cooperation: State Interests and Private Sector Initiatives," Seminar, Joint Centre for Asia Pacific Studies, York University, 14 September 1995.

⁹ Asia-Pacific Economic Cooperation. Ministerial Meeting. Joint Statement. Seattle, 17-19 November 1993. Section 36.

would become, as of the next meeting in Jakarta in 1994, the last full participant before the moratorium was to come into effect.

The matter of membership continued to generate discussion prior to the Ministerial meeting in November of 1994. In Bogor, the ministers decided that participation by non-members in the Working Groups would not be a precursor to future full membership in APEC.¹⁰ It was further agreed that the issue of membership be sent back to the Senior Officials in order for more concrete standards for membership to be determined. APEC Ministers delegated to representatives from Singapore, Hong Kong and Japan the task of studying the question of membership and participation after 1997 when the moratorium ends.

Possible Membership Criteria

There is much speculation as to what the criteria for APEC membership will, or indeed should, include. One representative at the APEC Secretariat stated that it will definitely include geography. The Pacific coastline is key, thereby excluding South Asia. The dominant feeling within APEC is that eighteen members is enough for the time being, with the immediate exception of Vietnam, which became an

¹⁰ Irene Ngoo, "Need to Work out Criteria for Full Membership," The Straits Times, (Singapore) 13 November 1994, 18.

ASEAN member in 1995. It would not be feasible to deny members of ASEAN entry to APEC.¹¹ This sentiment was re-enforced by a researcher at the Institute for Southeast Asian Studies (ISEAS) when he stated that membership standards are a positive step. However, regardless of the criteria, APEC cannot exclude Indochina even if they do not meet the requirements as they will be working within the ASEAN structure.¹² Mack and Ravenhill add that "in terms of geography, there is no logic to a definition of the Asia-Pacific region that excludes Cambodia, Laos and Vietnam. As their war-torn economies continue to be rebuilt and reintegrated into the regional economy they may be expected to be early candidates for admission to APEC."¹³

A director at the Singaporean Ministry of Foreign Affairs stated that Singapore desires a strict set of criteria for membership. The criteria should be less biased, more quantitative and focus on the degree of

¹¹ Interview. APEC Secretariat. 20 July 1995. Singapore.

¹² Interview. Institute of Southeast Asian Studies (ISEAS). 3 July 1995. Singapore.

¹³ Andrew Mack and John Ravenhill, "Economic and Security Regimes in the Asia-Pacific Region," in Andrew Mack and John Ravenhill, eds., Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region, (Canberra: Allen and Unwin Australia Pty. Ltd, 1994), : 7.

economic linkage and contribution to the region.¹⁴ Singapore has been very vocal in calling for a definitive criteria for membership, stating that it would not be good for APEC's credibility if decisions regarding future applicants were made on an arbitrary basis. Singapore's Foreign Minister S. Jayakumar has stated that "we cannot decide on one without giving an explanation to the others. There should be a clear decision-making process."¹⁵ Hong Kong also supports this. As is evident from even the few APEC members represented in this discussion, not every member maintains the same standards by which they assess prospective participants in the APEC process. This is a reflection of the fundamental underlying tensions surrounding the definition of the APEC region.

Will APEC's desire to create a more objective criteria with a proposed checklist make it an increasingly exclusive club thereby contradicting the fundamental organisational principle of open regionalism? When this question was put to a representative at the APEC Secretariat, he responded by saying that it is not a contradiction. Some sort of criteria are needed to

¹⁴ Interview. Singapore Ministry of Foreign Affairs. 22 June 1995. Singapore.

¹⁵ Ngoo, "Need to Work out Criteria for Full Membership," 18.

establish stronger ties and let others know the requirements and responsibilities of membership.¹⁶

Through all the interviews, it was revealed that the only criteria for membership common to all was geographical location. If, however, a border on the Pacific is the only prerequisite for membership in APEC, does the notion of the Asia-Pacific region lose its meaning? For instance, if the fundamental criterion for membership is the ability to see the Pacific, then the only countries in the world which would not be part of the Asia-Pacific region would be the countries of the European Community and the continent of Africa. As an editorial in The Straits Times explained, "the definition of the region is so open-ended that at the last count there were 51 countries geographically in the Asia-Pacific - including, it needs to be noted, the Soviet Union which wants to be a Pacific power and has a Pacific coastline of about 18,000 km."¹⁷

The current open and inclusive framework of regional economic cooperation advocated by APEC is too broad and too vague to formulate participation criteria. By all other possible measures, including trade volume and a commitment to trade liberalisation, the EU, a significant player in

¹⁶ Interview. APEC Secretariat. 23 June 1995. Singapore.

¹⁷ "Thorny Membership Issue for Asia-Pacific Forum," 20.

Asia-Pacific regional affairs, could apply for membership status. Nonetheless, the EU "was refused an invitation."¹⁸ Therefore, it would seem that there is consensus among the current members of APEC that the EU does not qualify. Other countries, notably Russia, North Korea and the states of Indochina, were excluded despite their geographic placement within the Asia-Pacific region.¹⁹

It was thought that the three-member membership committee formed in Jakarta would report to the ministers at the most recent Ministerial meeting held in Osaka in November of 1995. It was hoped that their findings would result in the creation of objective standards by which to judge future prospects for participation in APEC. In an interview prior to the Osaka Ministerial Meeting, Sandra Kristoff, U.S. Coordinator for APEC Affairs at the State Department, speculated that the criteria would include linkages to the region, composition of trade, patterns of trade and intensity of trade.²⁰

In Osaka, the Membership Committee did not report to

¹⁸ Rudner, "APEC: The Challenges of Asia Pacific Economic Cooperation," Modern Asian Studies, 418.

¹⁹ Ibid.

²⁰ Kristoff, Sandra, "APEC Free Trade Agenda Must be Comprehensive," Transcript from Interview with Sandra Kristoff, U.S. Coordinator for APEC Affairs at the State Department, 31 October 1995, USIA Telepress Conference.

the ministers. The ministers instead "instructed the Senior Officials to continue their consideration of APEC's policy on new members and observer status and to provide recommendations to the 1996 APEC Ministerial Meeting."²¹

While there is seemingly no hurry to develop a set of criteria prior to the 1997 deadline, perhaps the real reason for dragging their feet is that they cannot achieve consensus on the standards for future participation.

Regardless, there were no proposals put forward or decisions made with respect to the assessment of potential applicants for membership in APEC at the 1995 meeting. Perhaps this indicates that this issue is not of preeminent importance at the moment. It clearly indicates that membership is a divisive question. Nonetheless, it will become increasingly difficult for APEC members to put off the matter of participation. Under the guidelines of open regionalism, APEC is not an exclusive trading club. Soon, APEC will have to provide justifications for its membership decisions. If this cannot be accomplished it becomes difficult to refuse membership to countries which obviously belong, such as Vietnam or even Russia, or to accept a country seemingly far-removed, such as Peru, all of which have expressed a

²¹ The 1996 APEC Ministerial Meeting will take place in the Philippines. "APEC Plan Framework for Self-Driven, Collective Action," APEC Ministers Joint Statement. 16-17 November 1995. Osaka, Japan. Section 45.

keen desire to participate in APEC as full members.

APEC and South America

Many definitions of the Asia-Pacific region seem to accept the inclusion of North America. These definitions, however, do not extend their reach to the Latin American countries. APEC's regional definition accepts Latin America. At first glance, the reasons for including Chile and Mexico in an Asia-Pacific regional organisation of any kind are not immediately explicit. Nonetheless, trade between Latin America and East Asia has increased over the last few years. It is felt that wider Latin American participation in an organisation such as APEC would "jog the Latin states out of their fixation on hemispheric affairs and the United States, placing them in a setting with another group of middle-income developing countries that are confronting similar economic problems but which have dealt with them more successfully and pragmatically."²²

The main trading partners of the Pacific in Latin America have traditionally been Mexico, Brazil, Panama, Argentina and Chile. Two of these countries, Chile and Mexico, are members of APEC. The relationship between the

²² Miles Kahler, "Organizing the Pacific," in Robert A. Scalapino, Seizaburo Sato, Jusuf Wanandi and Sung-joo Han, eds. Pacific-Asian Economic Policies and Regional Interdependence, (Berkeley: University of California, 1988), 344.

South American economies and the developing nations of East Asia is based primarily on trade and investment. Initially, some members of ASEAN were somewhat reluctant to accept Latin American participation in regional economic dialogues, such as the PECC talks.²³ This was due to fears of trade competition, and trade diversion, particularly after the signing of NAFTA. On the other hand, Malaysia was very outspoken in its support of a membership expansion which would include Chile.²⁴

The Chilean case is an interesting one. Chile purports to be dedicated to the multilateral trading system. In a newspaper interview Chilean President Eduardo Frei, while noting that APEC countries already absorb 57 per cent of Chile's exports, stated that "we [Chile] want to actively participate in building a new era of transpacific cooperation, to be important actors in the changes taking place in the region and to help to create a true Pacific Community."²⁵ Chile has no reservations regarding whether or not it belongs in APEC. Based on what Chile perceives to

²³ Francisco Orrego Vicuna, "Pacific Cooperation: The View from Latin America," The Pacific Review 2 (1) (1989) : 65.

²⁴ "Malaysia: Bigger APEC will be Better," The Star, (Malaysia) 20 May 1994, 6.

²⁵ Paul Iredale, "Frei Offers Chile as Asian-South American Bridge," The Straits Times, (Singapore) 14 November 1994, PAGE?

be the criteria for membership, including, at a minimum, geography, being in tune with the region, evidence of trade liberalisation efforts, and substantial links with other Pacific Rim countries, Chile is without a doubt a Pacific country.²⁶

The vagueness surrounding the issue of regional definition has at least two consequences. First, indeterminate regional boundaries enhance the scope of possible trade and investment opportunities. Mohamed Ariff writes, "the bigger the grouping, the better - in terms of not only increased geopolitical clout in the international arena but also reduced economic inefficiency in resource allocation caused by preferential or discriminatory arrangements."²⁷ Second, and more specific to the issue of participation, the achievement of consensus becomes that much more difficult. Full consensus remains the only way that agreements are made within APEC, and reaching consensus is already difficult among the current eighteen members. In comparison, the Association of Southeast Asian Nations (ASEAN), which also operates on the basis of consensus, has only seven members who are located within the same

²⁶ Interview. PECC Secretariat. 22 June 1995. Singapore.

²⁷ Mohamed Ariff, "Time to Redraw Regional Borders," The Star, (Malaysia) 18 September 1993, 20.

geographical area and who have overlapping histories, languages and religions. Yet, despite these similarities, the members of ASEAN cannot always reach consensus. Contrast this with APEC, whose eighteen members have little in common, save for their relatively open economies and borders on the Pacific. Hence, consensus becomes even more difficult to reach. The issue then becomes one of whether or not APEC should resist expanding to include new members in an effort to entrench existing relations and ties, or, should APEC attempt to capitalise on its momentum and take advantage of the potentially greater economic opportunities involved in a larger grouping.

"Widening vs Deepening": The Expansion Debate

The widening versus deepening debate is at the root of numerous disagreements among APEC members; central to this dispute are the competing visions of regional definition and cooperation. In terms of membership, the widening versus deepening argument is expressed in the following fashion. On the one hand, there are those, such as the first APEC Executive Director William Bodde Jr., who insist that APEC must first deepen existing relations before it considers including more participants. He argues that APEC should concentrate on developing and strengthening its long and short term goals and visions and resist taking in

new members for the time being. Bodde writes, "if there is a steady stream of new members, it will be very difficult to consolidate gains and to continue the process of institutionalisation. The latter is one of the reasons that Malaysia is such a strong supporter of a rapid increase in membership."²⁸ Other perceived disadvantages to broadening APEC participation are an increasing inability to achieve full consensus on key issues which will result in increasing inefficiency and a virtual stalemate on all future decision-making.

On the other hand, there are those, notably the Malaysian representatives to APEC, who maintain that they support an increase in the number of participants in the APEC forum. Malaysia Foreign Minister Datuk Abdullah Ahmad Badawi stated in an interview that "a selective policy is not the way. If APEC wants to be an organisation which stresses economic co-operation between countries in the region, then it should allow all countries to join without any discrimination."²⁹ This view is also supported by Thailand and the Philippines.³⁰ Malaysian newspapers have

²⁸ William J. Bodde Jr., View from the 19th Floor: Reflections of the First APEC Executive Director (Singapore: ISEAS, 1994), 54.

²⁹ "Abdullah: We Back Peru's Admission to APEC," The New Straits Times, (Singapore) 25 March 1994, 2.

³⁰ "Malaysia: Bigger APEC will be Better," 6.

reported that their government believes that APEC will be more effective and productive if it widens its membership. Malaysian representatives to APEC have consistently maintained that APEC should not be an exclusive club. Instead, APEC "is an open organisation which subscribes fully to the principles of open regionalism. Countries in the Asia-Pacific which can help contribute towards economic cooperation should be admitted.....If they are in the Asia-Pacific and if they meet the criteria, why not? We believe that APEC should not be exclusive."³¹ Thus, in principle, any country bordering the Pacific Rim should therefore, according to the Malaysians, have the right to join APEC.

This lends to the credibility of the claim that perhaps anyone who wants to join APEC can anticipate the support of the Malaysian government. This sentiment was implicit in William Bodde's comment regarding Malaysia's support of APEC expansion. It is no secret that Malaysia has proposed its own vision of regional economic cooperation; Prime Minister Mahathir has been a critic of APEC since the first meeting in 1989. It has been suggested that Malaysia's desire to include anyone and everyone who applies is an attempt to prevent APEC from moving forward, consolidating its diverse views and achieving its goal of

³¹ Paul Jacob, "KL Supports Increased Participation in Grouping," The Straits Times, (Singapore) 10 November 1994, 14.

free and open trade and investment. According to a researcher at ISEAS, the expansion of APEC to include countries like Chile and Mexico can be used to substantiate the claims of Malaysia for the EAEC because there are more mutual benefits and ties between members of East Asia than between APEC's members. As APEC expands, the EAEC makes more sense.³² It is further suggested that actively seeking to expand APEC membership is Malaysia's way of preventing American dominance of the agenda, the process and the other APEC members.³³ Expanding the APEC membership roster dilutes American influence. As an editorial in Asiaweek stated, "APEC is an instrument of American trade policy....It is clear the United States intends to use APEC as a policeman for arresting the development of the biggest Asian nations....So far, Malaysia is the only country clear-sighted enough, or brave enough, to make plain its distaste for APEC."³⁴ Indeed, Malaysia has proposed its own vision of the future for the region.

³² Interview. Institute of Southeast Asian Studies (ISEAS). 3 July 1995. Singapore

³³ This will be discussed further with respect to Mahathir's alternative vision, the East Asian Economic Caucus (EAEC).

³⁴ "A Historic Mistake: But There's Still Time to Knock APEC on the Head," (editorial) Asiaweek, 25 September 1992, 26-7.

The East Asian Economic Caucus (EAEC)

While it appears that many APEC members' definition of their region remains ambiguous, there is a contrasting vision of the Asia-Pacific region which sees things much more clearly. The East Asian Economic Caucus (EAEC) advocates a narrower basis for regional definition which excludes the non-Asian members of APEC, Australia, Canada, Chile, Mexico, New Zealand, Papua New Guinea and the United States. The EAEC emphasizes different aspects of the regional economy than that of APEC, while at the same time highlighting what the EAEC sees as the crucial political, historical and cultural dimensions of regionalisation.³⁵ The EAEC has often been described as "an Asian-only caucus of 'East Asia without the Caucasians'."³⁶ There is little ambiguity surrounding this particular regional definition.

The EAEC intends to pool the East Asian countries together into a single cohesive entity to protect and promote East Asia's version of free trade. The idea was first proposed in December 1990 by Prime Minister Mahathir. It was originally called the East Asian Economic Grouping (EAEG), but later the label "grouping" was changed to

³⁵ Richard Higgott and Richard Stubbs, "Competing Conceptions of Economic Regionalism: APEC Versus EAEC in the Asia-Pacific," Review of International Political Economy, 10.

³⁶ Ibid.

"caucus", hence the EAEC. This was done to allay American fears that its intention was to create a new regional trading bloc.

Indonesian officials have expressed concerns that the proposed EAEC might be viewed as an attempt by ASEAN to "drive a wedge between Japan and the United States".³⁷ This is why it is felt that the EAEC should be a part of APEC, and not linked to the annual ASEAN Economic Ministers' Meeting (AEM), as suggested by Mahathir. The two governments have reconciled this difference of opinion by agreeing that APEC should have simultaneous connections to both APEC and the AEM.³⁸ It was further agreed by the members of ASEAN that the EAEC should not be a threat to APEC, that it, too, must be GATT-consistent, and it must not undermine ASEAN.³⁹ Regardless of such compromises, Mahathir will not likely sit by and let the EAEC die or watch ASEAN's prominence in the region be eclipsed by APEC.

The EAEC is grounded in a different regional conception than APEC. Its emphasis, unlike APEC's, is on

³⁷ "EAEC may be Seen as an Attempt to Drive in a Wedge," The Straits Times, (Singapore) 23 January 1992, 25.

³⁸ Chai Kim Wah and Salim Osman, "ASEAN Ministers Agree to Link EAEC with APEC," The Straits Times, (Singapore) 25 July 1993, 1.

³⁹ Irene Ngoo, "EAEC will take time, says PM Goh," The Straits Times, (Singapore) 14 November 1994, 15.

shared political, social, historical and cultural experiences. Like APEC, the catalyst for the formation of the EAEC was in part external as it was formed largely with the intention of combatting neo-imperialism on the part of the Americans in APEC as well as the power of the European Community. Interest in the EAEC was strengthened with the formation of NAFTA. A further impetus came from those who felt that APEC's regional vision did not accurately reflect all those involved in the forum.

Indeed, some who advocate an alternative regional vision see APEC as a vehicle for the North Americans to 'hitch a ride' on what is termed Asian rather than Pacific economic dynamism. Chandra Muffazar maintains that by appending 'Pacific' to 'Asia', the United States has attempted to incorporate itself into a larger unit where it still maintains a central, controlling role.⁴⁰ Also implicit within any discussion of the EAEC is the issue of the East-West divide, North-South relations and the long-standing political tensions that are inherent in these relations. Therefore, regardless of the arguments which dismiss the proposed grouping as not feasible economically or as irrational, the EAEC is certainly a politically

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Higgott, "APEC: A Sceptical View," 91.

important issue.⁴¹

Although proposed in 1990, the EAEC has yet to be formally established. This is in part due to Japan's indecisiveness, which is in turn the result of virulent objections from the United States. The United States is fiercely opposed to the proposed EAEC and has put pressure on Japan and South Korea to reject it.⁴² The United States thinks that the EAEC might become an inward-looking regional trading bloc which would exclude them from a region of dynamic economic growth. Japan, to date, has been reluctant to make a commitment to either side and prefers to see the EAEC as a forum and not a negotiating body. Without Japan to provide leadership and clout, the EAEC would undoubtedly fail. There are those, however, that believe an EAEC-like organisation will become a reality eventually because there is need for it. But, when and how it will emerge will depend on how APEC develops.⁴³ If the EAEC were to become operational, it would most certainly split the region.

The views of those who either support Mahathir's vision or are sceptical of the APEC vision "dismiss the

⁴¹ Ibid., 92.

⁴² "EAEC May be Seen as an Attempt to Drive in a Wedge," 25.

⁴³ Interview. Institute of Southeast Asian Studies (ISEAS). 3 July 1995. Singapore.

possibility of this new grouping [APEC] as an impossible dream, trying to wed nations separated by the vast distances of the Pacific Ocean and by widely diverse cultures."⁴⁴

They claim that APEC's current membership roster is already too diverse; there are too many irreconcilable differences that the whims of the markets simply cannot mediate. APEC's rational, market-led definition of the region is too broad, thereby making it ineffective. Manning and Stern write, "trade, investment, and a Pacific coastline do not necessarily make for a broader sense of community."⁴⁵

Mahathir would concur with this statement and add that there is a need to include history and culture in regional organisations, and for them to perform in areas other than the economy. It is plain that he does not see APEC as the forum that will accomplish this in the Asia-Pacific.

Subregional Trading Arrangements

Before the emergence of APEC, subregional trading arrangements flourished in the Asia-Pacific. Between Australia and New Zealand there is the Australian New Zealand Closer Economic Relations Trading Agreement

44. Palmer, The New Regionalism in Asia and the Pacific,

45. Robert A. Manning and Paula Stern, "The Myth of the Pacific Community," Foreign Affairs, 80.

(ANZCERTA) and among the ASEAN countries there is a forthcoming ASEAN Free Trade Area (AFTA). On the other side of the Pacific there was first the Canada-U.S. Free Trade Agreement (CUFTA) and, now, NAFTA. These organisations maintain exclusive requirements for membership. In addition to these organisations there are East Asian growth triangles, such as the one which links Singapore, Johore, Malaysia, and Riau, Indonesia. On the one hand, all are consistent with GATT. Conversely, there does remain the potential for trade and investment diversion.⁴⁶ The difficult question to face will be "the extent to which APEC can be instrumental in keeping sub-regional groupings consistent with the foundation of open regionalism, namely loyalty to non-discrimination."⁴⁷

When NAFTA was passed by the U.S. Congress in 1993, those in Asia expressed concern regarding the discriminating effects of NAFTA on transpacific trade and investment diversion from Asia to Mexico. The concern stems from the fact that Mexican imports to North America are considered by the Newly Industrialising Economies (NIEs) of Asia as direct substitutes for their own exports to North America. In

⁴⁶ Richard L. Wilson, "Subregional Groupings Within APEC," Analysis, 6 (1) (Special Issue "APEC at the Crossroads", 1994) : 39.

⁴⁷ Djisman S. Simandjuntak, "Regionalism and its Implications for the Asia-Pacific," The Indonesian Quarterly, 364.

terms of investment diversion, the NIEs feel that NAFTA will attract more foreign direct and indirect investment to North America, and "since foreign direct investment (FDI) has played a significant role in their industrialisation, inducement of FDI into NAFTA markets with trade discrimination annoys them [the NIEs]."⁴⁸ It is not that Mexico is perceived as an immediate threat. However, it is the notion that eventually NAFTA will expand to include the countries of Central and South America which will make the threat of investment switching significant.⁴⁹

On the other hand, as Singapore's Deputy Prime Minister Lee Hsein Loong has stated,

if APEC expands further its membership, which in due course of time it is likely to, then its very natural that sub-groups of APEC members will find that they have more in common with one another, and can progress faster, if they work together as subgroups, and not as APEC 15 or 18 members as a whole.⁵⁰

This assumes, of course, that all of the subsets of regional groupings within APEC will encourage everyone to liberalise.

⁴⁸ Seou Sekiguchi, "Implications of NAFTA for Asian and Pacific Economies: A Japanese View," Review of Asian and Pacific Studies, No.11. (Japan: Seikei University Centre for Asian and Pacific Studies, 1994) : 86.

⁴⁹ Ibid., 88.

⁵⁰ "Asian Pacific Links will Bring a More Stable ASEAN: BG Lee," The Straits Times, (Singapore) 12 September 1992, 19.

AFTA is becoming a reality, perhaps in part because of APEC. From the ASEAN perspective, the two are compatible in that they are mutually reinforcing; both wish to decrease tariffs and expand intra-regional trade. Additionally, both APEC and AFTA are committed to trade and investment liberalisation. From this perspective, APEC is a positive stimulant that will quicken trade liberalisation in the Asia-Pacific region. In turn, NAFTA and the EU will drive APEC to move faster.⁵¹

Yet, the subregional trading arrangements have been identified as one of the potentially divisive issues within APEC. They are potential areas of conflict because not all members of APEC are members of these subregional trading agreements. For example, the countries of Northeast Asia, notably the Three Chinas, do not belong to any group other than APEC and are perceived as being at a disadvantage as they do not benefit from belonging to more than one organisation promoting free and open trade and investment among its members.⁵²

There is an essential question in relation to the presence of subregional trading arrangements within APEC:

⁵¹ Interview. Institute of Southeast Asian Studies (ISEAS). 5 July 1995. Singapore.

⁵² Interview. APEC Secretariat. 7 June 1995. Singapore.

do they undermine APEC's effectiveness or do they complement it? Furthermore, do they really make a difference in terms of achieving the goals of free and open trade and investment? Is membership in one group more important than the other group? The questions surrounding issues of membership, competing regional definitions and the presence of subregional trading arrangements provide the context for the competing perspectives found among the members of APEC.

Conclusion

At what point does membership become meaningless? Clearly, geography itself is not a sufficient standard in determining who should participate in APEC. As sceptics are quick to point out, "the 'Pacific Rim' was a watery concept from the moment some p.r. [public relations] man in Vancouver thought it up. To say that Canada and Indonesia share an obvious commonality of interest is like saying Nigeria has more in common with Argentina than with Kenya because it has a coast washed by the Atlantic."⁵³ The fundamental problem of not being able to decide how to assess those who wish to join their club sheds light on a serious barrier to the future progress of APEC.

It is evident that APEC's definition of the Asia-

⁵³ "A Historic Mistake: But There's Still Time to Knock APEC on the Head," (editorial) Asiaweek, 26.

Pacific region was deliberately vague at the start, and now that some members are calling for more established guidelines and standards which determine who belongs, APEC has painted itself into a corner. Open regionalism was so attractive to the founding members of APEC because it allowed them to include as many participants as they felt were necessary. On the other hand, this very same defining principle has made it difficult to re-cast APEC as a now exclusive trading club in an indeterminately-defined region. It was clear that in the beginning, the expansion of their membership was ultimately a political decision. It remains to be seen how APEC members will deal with new membership applicants when the moratorium is lifted in Canada in 1997.

The membership issue reveals the divisiveness among APEC members regarding who belongs in the region. These divisions, in turn, reflect the diverse and distinct definitions of the Asia-Pacific region itself. The member economies of APEC must deal with the issue of membership in order to achieve their present and future objectives. Members decide on the goals and determine the agenda for APEC. Therefore, the criteria for full participation is crucial in defining the future direction of the organisation. In the following chapter, the goals of APEC will be discussed in relation to the broader issue of contrasting regional definitions.

Chapter Three: APEC's Goals and Objectives

The goals of APEC emerge from the process of securing full consensus among the diverse members of APEC. All eighteen members of APEC have a role to play in the process of establishing APEC's economic objectives. Consequently, the goals and objectives of APEC are as broad and indefinite as APEC's definition of the Asia-Pacific region itself. This chapter will illustrate how the different definitions of the region manifest themselves as APEC attempts to chart its future course. Contrasting definitions of the Asia-Pacific region held by the various members of APEC are instrumental in the debates surrounding what the group should accomplish and how quickly.

The Development of APEC's Objectives

At the first APEC meeting in Canberra in 1989, the Ministers agreed on three main goals. First, they saw the need to help strengthen the multilateral trading system and enhance the prospects for success in the Uruguay Round. Second, it was felt that a forum like APEC could provide an opportunity to assess the prospects for, and obstacles to, increased trade and investment flows within the Asia-

Pacific region. Finally, APEC would be useful in order to identify the range of practical common economic interests among its members.¹ At the second meeting in Singapore, the ministers re-affirmed their commitment to these goals and further stressed the need for APEC to promote a "more open trading system" by setting an example of open regionalism.²

Open regionalism, as discussed in the preceding chapter, constitutes the reduction of both internal regional barriers to free and open trade and investment and external barriers to economies which are not part of APEC. It also promotes the policy of non-discrimination towards non-members. This is consistent with APEC's larger goal of global trade and investment liberalisation. Open regionalism is essential to understanding APEC as it is on the basis of open regionalism and its proposed inclusiveness that APEC's definition of the Asia-Pacific region is based.

In 1991, the APEC Ministers presented an outline which attempted to explain the objectives, the scope of activities, modes of operation, participation and

¹ Chairman's Summary Statement. Joint Statement. Asia-Pacific Economic Cooperation. Ministerial Meeting. Canberra, 6-7 November 1989. Section 2.

² Asia-Pacific Economic Cooperation Ministerial Meeting. Joint Statement. Singapore, 29-31 July 1990. Section 19.

organisation of APEC. According to this document entitled the Seoul APEC Declaration, the objectives of APEC are:

1. to sustain the growth and development of the region for the common good of its peoples and, in this way, to contribute to the growth and development of the world economy;
2. to enhance the positive gains, both for the region and the world economy, resulting from increasing economic interdependence, including by encouraging the flow of goods, services, capital and technology;
3. to develop and strengthen the open multi-lateral trading system in the interest of Asia-Pacific and all other economies;
4. to reduce barriers to trade in goods and services and investments among participants in a manner consistent with GATT principles, where applicable,³ and without detriment to other economies.³

These goals provide the context for the current debate regarding the desire for specific goals with tangible results to be accomplished within a specified timeframe. It is evident that such objectives are indeterminate enough to allow for flexibility of interpretation among the diverse member economies of APEC. Thus, further contributing to an already vague plan of action.

At the fourth Ministerial Meeting in Bangkok, the Eminent Persons Group (EPG) was established to create a 'vision' for the future evolution of APEC. In its report presented to the 1993 meeting in Seattle, the EPG gave

³ Seoul APEC Declaration. Seoul, 14 November 1991. Asia-Pacific Economic Cooperation. Ministerial Meeting. 12-14 November 1991. Annex B. Section 1.

support to the APEC goal of free and open trade in the Asia-Pacific, and ultimately on a global scale, and further recommended that such goals should be "pursued to the greatest extent possible."⁴ It was at this time that the notion of establishing a timetable for the achievement of APEC's goals first surfaced.

Free Trade by 2010/2020: The APEC Timetable

The EPG issued a subsequent report in 1994 in which it provided a game plan for the achievement of the goals set forth in the first report. In keeping with the overarching objective of free and open trade and investment, the EPG recommended that in the upcoming meeting in Bogor, Indonesia APEC members should aim to begin to implement a program of trade liberalisation by the year 2000. Furthermore, APEC developed members should aim to complete this process by the year 2010 and developing member economies by 2020.

A target date was recommended because

all successful international trade arrangements, global or regional, have set both a start date and a completion date for execution of their goals. The start date... initiates the implementation of the arrangement and provides its credibility to private investors

⁴ "A Vision for APEC: Towards an Asia-Pacific Economic Community," Executive Summary. Report of the Eminent Persons Group to APEC Ministers. October 1993. Section 3.

and the markets more generally. The completion date is essential because setting such a date is required by Article 24 of the GATT as part of any regional arrangement that seeks consistency with the global rules.⁵

Essentially, the desire to set target dates for implementation and completion was an effort to show the private sector, which dominates the region's dynamic growth process, that APEC means business. And, "once governments credibly commit to achieve free trade among their economies, the private/business sectors immediately begin to plan and invest for the world that will eventuate at the culmination of that process."⁶ It was also a demonstration to the global community that APEC was more than an informal exercise in promoting friendly neighbourly relations.

In Bogor in 1994, all of the APEC representatives present agreed to the establishment of target dates for trade liberalisation. In the ensuing Joint Statement, the ministers stated their commitment to

complete the achievement of our goal of free and open trade and investment in the Asia-Pacific no later than the year 2020. The pace of implementation will take into account differing

⁵ "Achieving the APEC Vision: Free and Open Trade in the Asia-Pacific," Second Report of the Eminent Persons Group to APEC Ministers. August 1994. p.38.

⁶ "Achieving the APEC Vision: Free and Open Trade in the Asia-Pacific," 39.

levels of economic development among APEC economies, with the industrialised economies achieving the goal of free and open trade and investment no later than the year 2010 and developing economies no later than the year 2020.⁷

Of the eighteen member economies, roughly six will be given until the 2020 deadline to achieve their objectives. In addition to the industrialised APEC economies, Singapore, South Korea, Taiwan and Hong Kong have all made indications that they intend to work towards the 2010 deadline.⁸ It was considered important for the APEC leaders to make a firm statement regarding their intentions. "Otherwise," as one analyst has noted, "they risk being accused of agreeing to nothing but righteous generalities."⁹

The 2010 timetable was met by overall approval by the developed APEC economies. Indeed, if there were any reservations they were that the pace remained too slow. In theory, any resolutions adopted by APEC and agreed to by its members are open to economies outside the region. However, the United States has expressed its concerns about

⁷ APEC Economic Leaders' Declaration of Common Resolve. Bogor, Indonesia. 15 November 1994. Section 5.

⁸ C. Fred Bergsten, "The Bogor Declaration and the Path Ahead," in C. Fred Bergsten and Il SaKong, eds., Korea-United States Cooperation in the New World Order, (Washington: Institute for International Economics, 1996), 83-92.

⁹ Alan Freeman, "APEC Move Toward Freer Trade Expected," The Globe and Mail, (Toronto) 15 November 1994, B4.

reciprocity among APEC members in the event that the developed economies complete the trade liberalisation process by 2020 and the developing economies do not. At the present time, the deadline of 2010 does not cast too large of a shadow, and many of the initial actions proposed in Osaka by the developed economies were already in progress. The same cannot be said about the developing members of APEC which have expressed significant reservations about the 2020 timeframe.

Despite the consensus which emerged from Bogor, there is a notable split among APEC members regarding the pace of implementation of trade liberalisation. The timeframe of 2020, which is far enough away not to be threatening, "has been greeted coolly by China and Malaysia."¹⁰ Indeed, "China has a huge array of daunting barriers; the World Bank reckons the average to be around 30%. Worse, the customs regime varies from one Chinese port to the next. Rules are hard to discover, and subject to frequent revision and reinterpretation."¹¹ Malaysia has long been wary of APEC and has stated that it will not abide by the guidelines set by the group. Instead, they intend to proceed on the path towards trade and investment

¹⁰ "The Opening of Asia," The Economist, 12 November 1994, 24.

¹¹ Ibid.

liberalisation at their own pace, on their own terms. Both Malaysia's and China's opposition is significant due to the fact that APEC operates on the basis of full consensus, thereby giving all members the power to veto any and all proposals.

Malaysian Prime Minister Mahathir has been the most candid in expressing his reservations regarding the implementation of target dates. He believes that this "will unnecessarily impose a pace on APEC members to liberalise their economies when some may not be ready so soon."¹² This is not to imply that Mahathir is against freer trade among the economies in the region. Indeed, as has been expressed many times, what Mahathir is rebelling against is the possibility that APEC's objectives and process as well as the pace of development will be dominated by the United States. Prior to the Osaka meeting, Malaysian Trade Minister Rafidah Aziz called for all deadlines to be scrapped.¹³ To date, the timetable remains in place. It must be noted, however, like all other resolutions adopted by APEC, the deadline of 2010/2020 is a voluntary guideline.

Leading up to the Ministerial meeting in Osaka,

¹² "The Agendas of the Key Players," The Business Times, (Singapore) 9 November 1994, 19.

¹³ "Which Way? At a Crossroads, APEC Must Bridge Basic Differences," Asiaweek, 27 October 1995, 32.

Japan was attempting to sell its "concerted unilateral approach" to the other APEC members. In effect, such an approach is a way of dealing with politically contentious issues, like domestic sectoral protection. This approach would be "voluntary and give members the flexibility to proceed at their own pace."¹⁴ Moreover, members would offer trade concessions unilaterally without asking for reciprocal concessions from other members. However, in order to appease the American camp, in "certain politically non-sensitive areas such as harmonising customs procedures, government procurement and deregulation which are aimed at making it easier for business, it [Japan] has proposed collective actions."¹⁵ The concerted unilateral action approach has gained wide acceptance among the Asian APEC members, who feel that the strategy is just flexible enough for a diverse group like APEC. However, the United States has expressed strong reservations, as they feel that the only way for APEC to move forward is not only to provide guidelines for trade liberalisation, but to set concrete objectives and binding target dates. Washington is worried about free-riding by some of the APEC economies and will remain sceptical of this approach until it is clear that

¹⁴ Irene Ngoo, "US Sets out Action Plan for Osaka," The Straits Times, (Singapore) 27 June 1995, 1.

¹⁵ Ibid.

"everyone is playing the same game."¹⁶

Osaka 1995: The Action Agenda

In Osaka, the APEC Leaders announced their initial actions in their attempts to achieve the goal of free and open trade and investment in the Asia-Pacific. The statements issued at this meeting represent the first broad initiatives of the APEC members. According to the APEC Economic Leaders, there are three levels at which APEC's goals will be accomplished. The three levels are unilateral, collective, and multilateral. First, each APEC member will unilaterally and together encourage the evolving efforts of voluntary liberalisation in the region. Second, collectively, they will take actions to advance liberalisation and facilitate objectives. Third, the member economies will stimulate and contribute to the momentum for global liberalisation at the multilateral level.¹⁷ In addition, each APEC member voluntarily committed to take initial market-opening steps, termed "down-payments", to "demonstrate good faith in implementing the process that will take the Asia-Pacific region to free and open trade

¹⁶ Tan Kim Song, "APEC Must Focus on Japan's Poor Show as Next Host," The Strait Times, (Singapore) 23 June 1995, 34.

¹⁷ "APEC Economic Leaders' Declaration for Action." 19 November 1995. Osaka, Japan.

investment by 2020."¹⁸ Such plans, outlining "specific and concrete details, with time frames for near to medium term and outlining the basic direction" must be presented at the next meeting in Manila in 1996.¹⁹ The overall implementation of the Action Plans will begin in January 1997 and will be reviewed annually.²⁰

The Action Agenda was guided by some general principles. These principles include comprehensiveness, World Trade Organization (WTO) consistency, comparability, non-discrimination, transparency, simultaneous start times, flexibility and cooperation. The contradiction becomes apparent when two principles in particular are placed side by side; comprehensiveness and flexibility. With regard to the principle of comprehensiveness, U.S. Secretary of State, Warren Christopher, explains that APEC members "must maintain commitment to liberalization by 2010/2020 - no exceptions. When one member protects even one sector, many members suffer lost economic opportunities."²¹

¹⁸ "The Osaka Initial Actions." The Economic Leaders Meeting. 16-17 November 1995. Osaka, Japan.

¹⁹ "The Osaka Action Agenda: Implementation of the Bogor Declaration." 19 November 1995. Osaka, Japan. Section B.

²⁰ "APEC Economic Leaders' Declaration for Action." 19 November 1995. Osaka, Japan. Section 7.

²¹ "Christopher: Three 'C's' Key to Successful APEC Action Agenda," U.S. Statement by U.S. Secretary of State Warren Christopher at the 7th APEC Ministerial Meeting, Asia-Pacific

Flexibility, on the other hand, is meant to assure the economically developing members of APEC that some leeway is available and that APEC will not force anyone to liberalise before they are ready. The obvious question is, how can APEC's plan be both comprehensive and flexible at the same time and still produce results?

The debate between comprehensiveness and flexibility reflects the core contradictions found within APEC. Different definitions of the Asia-Pacific region and different visions of the future of this region translate into very different action plans for achieving objectives. Asian officials prefer vague, loose arrangements. It is thought that the "gradual and progressive momentum towards freedom and openness should rest basically on the voluntary actions of every APEC member. It should come about fundamentally through the unilateral best endeavours and action of every member economy, acting without intimidation."²² Prior to Osaka, the Americans were insisting on a "road map with concrete measures to achieve

Economic Cooperation Ministerial Intervention by Secretary of State Warren Christopher. 16 November 1995, Osaka, Japan.

²² Noordin Sopiee, "Asian Approach Best Way to Build Enduring APEC," The Straits Times, (Singapore) 1 September 1994, 27.

specific goals."²³ The Americans and the Australians are pressuring for a more solid institutional structure and binding resolutions. "The United States wants fixed timetables and deadlines for completing the free trade plan which would require binding commitments by APEC members."²⁴ The end result is a non-binding, "loosely-worded" voluntary trading arrangement that is comprehensive in scope and yet flexible in implementation.²⁵ The Action Agenda has been described by sceptics as a "document riddled with vague wording and loopholes."²⁶ However, perhaps it is better for APEC to "settle on a vague agenda than to risk divisive arguments."²⁷

Comprehensiveness Versus Flexibility: Domestic Sectoral Protection

An example of the comprehensiveness versus flexibility debate concerns domestic agricultural sectoral protection. This is an issue which clearly demonstrates the

²³ "Which Way? At a Crossroads, APEC Must Bridge Basic Differences." Asiaweek, 32.

²⁴ Irene Ngoo, "US Sets Out Action Plan for Osaka," 1.

²⁵ "Changing of the Guard," Asiaweek, 8 December 1995, 24.

²⁶ "Asia Takes Charge of the APEC Train," Asian Business, January 1996, 35.

²⁷ "No Action, No Agenda," The Economist, 25 November 1995, 75.

divisiveness among APEC members with respect to its objectives. Indeed, it has become one of the most serious splits since the Declaration at Bogor.

For political and security reasons, Japan, China, Taiwan and South Korea have demanded special treatment for agriculture. Australia, New Zealand, Canada and the United States, all major exporters of farm products, are hoping for a firm commitment to liberalisation. For the first two, especially, many of the economic gains from APEC would be wiped out if agriculture were excluded from free trade.²⁸

On one side, there is a strong desire for flexibility both in terms of defining the parameters of potential trading agreements and in their ultimate implementation. In opposition, there is a push for a binding, all-encompassing trading arrangement. This debate is indicative of deeper fundamental tensions, rooted in regional conceptions, which are then reflected in disagreement over the basic objectives of APEC.

It is apparent that within APEC some trade areas are simply not up for discussion, or at least, they are not explicitly on the agenda. It is also clear that such areas are different for each member economy. The United States has its textiles market, Australia has automobiles, and in

²⁸ "Agriculture Looming as Major APEC Issue," The Globe and Mail, (Toronto) 16 November 1995, A18.

Indonesia, it is the retail sector.²⁹ And, while several East Asian members of APEC have established liberal trade and investment regimes, notably Singapore, others are still catching up. Indeed, "most APEC countries have 'infant industries' that they protect -Malaysia, the Philippines and Thailand have high tariffs on car imports, for example."³⁰ Therefore, it would seem that what eventually appears on the agenda are those economic areas and/or issues which are the least contestable; those concerns outside of the APEC agenda are more than likely to be resolved bilaterally, such as the trade disputes between the United States and China, and the United States and Japan, or in another forum altogether. However, if there can be no resolution to the contentious issue of excluding certain domestic sectors from the APEC Action Agenda, the utility of APEC will inevitably be called into question. The U.S. Ambassador to APEC, Sandra Kristoff, has noted for example that, "for many of us, to provide for sectoral exclusions because of domestic sensitivities would be to turn Bogor on its head and to call into serious question the continued interest of many of us to participate."³¹

²⁹ Ibid.

³⁰ "The Opening of Asia," The Economist, 24.

³¹ "Deep Fracture may Destroy APEC, says U.S. Official," The Sunday Times, (Singapore) 5 November 1995, 1.

The issue of domestic sectoral protection has led some to question the levels of commitment, particularly of the Asian leaders, to the implementation of APEC's goals and objectives.³² In their defense, "blanket trade and investment liberalization does not sit easily with development policies that emphasize a mixture of export orientation and selective protection. Moreover, the domestic political costs of exposing uncompetitive sectors to free trade are considerable."³³ Free trade does not necessarily benefit all economies equally. There is a gap between theory and practice. There are social and political adjustment problems and costs. These costs, in turn, foster protectionist sentiment and protectionism is driven by social and political forces.³⁴ Within APEC, not everyone will benefit equally from free trade. Given the diversity and the different stages of economic development, this is inevitable. There are fears on all sides that one of the major powers, either the United States or Japan, will reap more rewards from APEC's efforts to stimulate freer trade than will other member economies. This is also inevitable.

³² "Agriculture Looming as a Major APEC Issue," The Globe and Mail, (Toronto) A18.

³³ Ibid.

³⁴ Interview. Institute of Southeast Asian Studies (ISEAS). 5 July 1995. Singapore.

If, however, questions of who benefits more and reciprocity become major points of contention and envy dominates, then APEC is doomed.³⁵

The issues of domestic sectoral protection and the current debate regarding the pace and process of overall goal implementation clearly illustrate that APEC members have yet another stumbling block to overcome. APEC needs to develop a definition of free trade that is recognised and understood equally by all members. The Americans define free trade as the removal of trade barriers, market access, openness and competition. This is comprehensive in scope and implementation. The Asian preference for flexibility in both scope and implementation reflects a fundamentally different understanding of free trade.

"APEC-Speak" Versus Consensus: A Regional Reality Check

There is a significant gap between "APEC-speak" and reality.³⁶ According to APEC documents, regional trade and investment liberalisation are the ultimate goals. The reality is that full consensus is required in order for APEC, as an organisation, to issue any sort of statement

³⁵ Interview. Institute of Southeast Asian Studies (ISEAS) 5 July 1995. Singapore.

³⁶ Interview. APEC Secretariat. 7 June 1995. Singapore.

regarding action, intent, or even a wish list. Further, all commitments are made on a voluntary basis, therefore, even if all member economies agree to the specific goals and objectives set at the various Ministers meetings, APEC has no enforcement mechanism and as of yet, no dispute mediation mechanism. It is evident that there are numerous hesitant participants in the APEC process. Countries such as China and Malaysia are sceptical due to what they perceive as the suspect motives of other members, in addition to the significant regional disparities in economic development. It is hardly surprising that the broader the definition of the Asia-Pacific region, meaning the more economies that are included, the more difficult it becomes to reach consensus. The inability to reach full consensus impedes APEC's ability to realise its objectives and move forward as a regional economic organisation.

APEC is different things to different people, and serves different purposes. Governments anticipate various diverse results from APEC and each will act according to their own best interests.³⁷ Regardless of APEC-speak, which refers to all members as economies, they are

³⁷ Interview. APEC Secretariat. 20 July 1995. Singapore.

states.³⁸ And for some of APEC's eighteen members, these national interests include domestic sectoral protection. It is highly unlikely that everyone will have the same or similar national interests, hence, conflict results and consensus dissolves. What may very well happen, then, as does frequently in APEC, is that those issues which are deemed too politically contentious, like membership, or sectoral exclusions from free trade arrangements, will be put off with a commitment to discuss them sometime in the future.

The summiteers set 2020 as the distant end of that road to freedom for the -undefined- developing countries among them, and 2010 for the richer ones. The 15-25 years between now and then will contain plenty of bumps, obstacles and temptations to make U-turns, especially as even these targets are non-binding and still subject to unresolved disputes among the forum's members.³⁹

The disagreements among APEC members "reflect the large size of APEC's membership and the considerable diversity of economic, cultural and strategic interests within it."⁴⁰ The objectives of APEC are determined by the

³⁸ See Peter Cook, "APEC Struggles With a Diverse Agenda," The Globe and Mail, (Toronto) 14 November 1994, B3.

³⁹ "Asia's Shadow Play," The Economist, 19 November 1994, 15.

⁴⁰ "Agriculture Looming as Major APEC Issue," The Globe and Mail, (Toronto) A18.

member economies; membership is determined by the broad definition of the Asia-Pacific region. Therefore, tensions are reflected in APEC's seeming inability to specify its criteria for membership or determine its goals and objectives. In the following chapter, a study of the process of institutionalisation will reveal how the competing conceptions of the Asia-Pacific region are influencing the formation of the APEC structure.

Chapter Four: The APEC Institutionalisation Process

The process of APEC is inextricably intertwined with APEC's goals, both of which are linked to the issue of membership. All trace their origins to the competing conceptions of the Asia-Pacific region. The deliberately vague definition of the Asia-Pacific region has resulted in an unprecedented diversity of membership. The member economies themselves have, in turn, influenced the APEC agenda and the process by which they hope to produce results. The underlying tensions rooted in the competing conceptions of the Asia-Pacific region itself are reflected in the distinct differences among APEC's members over how the structure of the economic forum will evolve and how quickly. This will be brought out through an examination of the institutionalisation process thus far.

APEC remains a loosely structured forum for a variety of reasons. Primary among them is that when it was first organised, it seemed the only viable way to accommodate the diversity of the member economies. Martin Rudner writes;

...APEC began to take shape without any permanent institutional structure, unfettered by any specific policy agenda or operational role....

vagueness at this point was probably considered to be strategically constructive, since it allowed sufficient flexibility of purpose to overcome suspicion, reluctance, or scepticism.¹

There are other explanations offered which complement Rudner's view. Charles Morrison suggests that the institutional structure of APEC remains largely undeveloped for three reasons. First, it is a young organisation. Second, there has been a reluctance on the part of some members to see a rapid institutionalisation of APEC before a more clear-cut base of interest has been defined. And third, all members want to avoid the big bureaucracy of OECD-type organisations.² Such explanations are not widely contested. However, there is another possible, and indeed more likely explanation. APEC remains relatively unstructured because its members are unable to agree on the organisational form to adopt or create.

Institutional Development

At the first APEC meeting in 1989, it was agreed that it was "premature at this stage to decide upon any

¹ Martin Rudner, "APEC: The Challenges of Asia Pacific Economic Cooperation" Modern Asian Studies, 410.

² Charles E. Morrison, "The Future of APEC: Institutional and Structural Issues," Analysis, 6 (1) (Special Issue "APEC at the Crossroads", 1994) : 81.

particular structure whether for a Ministerial-level forum or its necessary support mechanism... and that cooperation should be based on non-formal consultative exchanges of views among Asia-Pacific economies."³ At this meeting it was also noted that some of the ministers present wished to move as soon as possible to establish the necessary structural support system which would be required in the future. Nonetheless, in the initial phases of APEC, the members agreed that "consideration of the support mechanism would benefit from a further period of reflection and evolution of the cooperation process."⁴

At the third meeting in Seoul in 1991, the ministers issued a statement in which Republic of Korea President Roh Tae Woo said that APEC "has reached a stage where an institutional base should be established in order to represent the common economic interests of the region and to promote intra-regional trade and economic cooperation."⁵ Ministers also recognised the need to "consider, among others, the possibility of establishing a mechanism on a

³ Asia-Pacific Economic Cooperation. Ministerial Meeting. Joint Statement. Canberra, 6-7 November 1989.

⁴ Asia Pacific Economic Cooperation. Ministerial Meeting. Chairman's Summary. Canberra, 6-7 November 1989. Section 21.

⁵ Asia-Pacific Economic Cooperation. Ministerial Meeting. Joint Statement, Seoul, 12-14 November 1991. Section 3.

permanent basis to provide support and coordination for APEC activities at various levels; ways to finance APEC activities, including a procedure for apportionment of expenses; and other organisational matters."⁶ Reflecting this consensus, the Seoul APEC Declaration of 1991 was issued and stated the following with reference to the organisation of APEC:

A ministerial meeting of APEC participants will be held annually to determine the direction and nature of APEC activities...participants who wish to host ministerial meetings will have the opportunity to do so...Additional ministerial meetings may be convened as necessary to deal with specific issues of common interest.⁷

In addition, the Senior Officials' Meetings (SOMs) were given the responsibility of holding accountable the various APEC Working Groups. Such statements of intent and subsequent actions are important to note in that they are indicative of the process of institutionalisation. Despite resistance by members of APEC, notably Malaysia, but including other Southeast Asian nations and China, APEC was developing established ways of conducting itself, thereby contributing, albeit in an ad hoc fashion, to the

⁶ Ibid., Section 23.

⁷ Seoul APEC Declaration. Seoul, 14 November 1991. Section 11.

establishment of a more formal institutional structure.

In Bangkok in 1992, it was agreed by all attending ministers that in the interests of advancing regional trade liberalisation, an Eminent Persons Group (EPG) should be established. The EPG would be given the task of enunciating "a vision for trade in the Asia-Pacific region to the year 2000, identify constraints and issues which should be considered by APEC, and report initially to the next Ministerial Meeting..."⁸ Also at this meeting, the ministers

recognised that APEC has reached that stage in its evolution where institutionalisation could further strengthen APEC's role and enhance its efficiency in promoting regional economic cooperation...[therefore]... it is timely and appropriate for APEC to set up a Secretariat as an effective support mechanism and APEC Funds to finance the implementation of APEC activities.⁹

The ministers further agreed that the Secretariat would be based in Singapore.

The APEC Secretariat was assigned responsibility for the provision of logistical and technical support services as well as the financial management of APEC sponsored

⁸ Asia-Pacific Economic Cooperation. Ministerial Meeting. Joint Statement. Bangkok, 10-11 September 1991. Section 14.

⁹ Ibid., Section 23.

activities.¹⁰ The Secretariat also coordinates the development of APEC programmes and activities, provides support services such as monitoring and reviewing Working Group activities, as well as collecting and disseminating information.¹¹ Ministers agreed that APEC members would make annual contributions to the APEC Fund on a proportional basis.¹² The funding formula for APEC contributions is based on proportional burden sharing based on Gross National Product (GNP) with a ceiling of 18 per cent for Japan and the United States and a floor of 2.5 per cent for Brunei, Indonesia, Malaysia, Philippines and Thailand.¹³

In October of 1993, the EPG issued their report entitled "A Vision for APEC: Towards an Asia-Pacific Economic Community". In this report, the EPG recommended that at that time, it was "vitally important for APEC to modify and reassess its operational structure and functional mechanisms. This is necessary both to upgrade APEC's operational efficiency and to reduce possible institutional

¹⁰ Rudner, "APEC: The Challenges of Asia Pacific Economic Cooperation," Modern Asian Studies, 414.

¹¹ Phua Koh Kim, "APEC Secretariat Names First Director," The Straits Times, (Singapore) 10 December 1992, 40.

¹² Asia-Pacific Economic Cooperation. Ministerial Meeting. Joint Statement. Bangkok, 10-11 September 1992. Section 25.

¹³ Rudner, "APEC: The Challenges of Asia Pacific Economic Cooperation," Modern Asian Studies, 414.

impediments to the APEC process."¹⁴ The EPG further suggested that APEC members initiate the development of a more effective decision-making process in the near future. Prior to this point, the "organisation has heretofore been able to function by consensus. This has only been possible, however, because of its modest substantive competence. New procedures will be needed as new functions are adopted."¹⁵

That same year, in Seattle, ministers stressed that the Secretariat "should serve as a central coordinating point for disseminating information including informing Working Groups of Senior Officials' decisions, coordinating requests by non-members to participate in APEC activities, and publishing and distributing APEC documents."¹⁶ It was also at this meeting that the APEC committee on Trade and Investment, as well as the ad-hoc committee on Economic Trends and Issues (ETI) was established. In 1994, at the Jakarta Ministerial Meeting, ETI was transformed into the Economic Committee.¹⁷ Also in Jakarta, the Small and

¹⁴ "A Vision for APEC: Towards an Asia-Pacific Economic Community," Report of the Eminent Persons Group to APEC Ministers, 55.

¹⁵ Ibid., 59.

¹⁶ Asia-Pacific Economic Cooperation. Ministerial Meeting. Joint Statement. Seattle, 17-19 November 1993. Section 40.

¹⁷ Asia-Pacific Economic Cooperation. Ministerial Meeting. Joint Statement. Jakarta, 11-12 November 1994. Section

Medium Enterprises (SME) Experts Meeting was upgraded to an ad hoc SME Policy Level Group.¹⁸ These formal additions to the APEC process are, again, indicative of the trend towards the solidification of APEC's structure.

In 1994, the EPG once again delivered a report to the APEC Ministers. In this report, they detailed how the vision should be implemented. With reference to institutionalisation, the EPG report stated that the principle of pragmatism would remain a pivotal part of the APEC structural foundation. According to the EPG, APEC's "primary focus is result rather than form, achievement rather than doctrine...therefore...we should avoid over-institutionalisation and over-bureaucratisation."¹⁹ Nonetheless, as Indonesian Foreign Minister, Ali Alatas, rightly states, "[l]ike it or not, APEC has already undergone institutionalisation in small stages. It is unavoidable. Gradual institutionalisation will be inevitable. However, we do not expect it to be a speedy process."²⁰ Despite the desire to keep the

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¹⁸ Ibid., Section 21.

¹⁹ "Achieving the APEC Vision: Free and Open Trade in the Asia-Pacific." Second Report of the Eminent Persons Group to APEC Ministers, 2.

²⁰ Paul Jacob, "Institutionalisation of APEC Inevitable, says Alatas," The Straits Times, (Singapore) 5

institutionalisation as limited as possible, annual Ministerial meetings, frequent SOMs, Working Group activities and APEC Committees are now firmly established.²¹ In a surprisingly short period of time, and with considerable opposition, APEC has become increasingly institutionalised.

It goes without saying that with eighteen members looking for consensus, nothing in APEC is accomplished with any great speed. Rapid institutionalisation is not something with which the members of APEC must greatly concern themselves. Rather, it is the pace of the inevitable institutionalisation which is occurring that causes concern. For some, the pace is too cautious, for others, too rapid.

The Americans Versus the "Asian Way"

In attempting to define an Asia-Pacific community distinct views of Asia-Pacific economic cooperation have emerged. These contrasting understandings have "vied to shape the institutionalisation of APEC with the United States pushing for a more legalistic approach and an adherence to timetables, while several Asian countries

November 1994, 20.

²¹ Interview. Institute of Southeast Asian Studies (ISEAS), 3 July 1995. Singapore.

prefer a consultative forum for discussion."²² As one author notes, there appears to be a "contest" among APEC members and the prize is the determination of the future organisational shape of APEC.²³ While this debate does not have clearly defined lines of scrimmage, the two teams can be loosely grouped as the 'Western' economies, who favour the establishment of formal structures, and the 'Asian' economies which want APEC to remain as it was originally intended. Among those who are most enthusiastic about strengthening the institutional structure of APEC are Australia, the United States, the Republic of Korea, New Zealand and Canada. Occupying the middle ground are China, Thailand, Indonesia, Hong Kong, Brunei and Chinese Taipei. Malaysia has resisted steadfastly all efforts to institutionalise APEC.²⁴

The original objective of APEC centred around the 'talk-shop' approach. APEC would function as a "loose consultative forum to discuss ideas, issues of common interests, business projects and to exchange experiences and

²² Sieji Finch Naya and Pearl Imada Iboshi, "A Post-Uruguay Round Agenda for APEC: Promoting Convergence of North American and the Asian View" in APEC: Challenges and Opportunities, 54.

²³ Vladimir Fedotov, "Problems of the Asia-Pacific Region," in International Affairs, 62.

²⁴ William Bodde Jr., View from the 19th Floor: Reflections of the First APEC Executive Director, 37.

views."²⁵ It would seem that most were comfortable with this until the Americans began to pressure APEC members to do something tangible and make APEC more meaningful. The United States clearly wanted to demonstrate to the world that APEC was not only a forum for discussion but a legitimate international institution and should, therefore, be viewed as such by others in the international community.

The American approach²⁶ desires target dates, strong endorsements, rules, regulations, formal contracts, binding agreements and negotiation, as well as formal structures and institutions. Such an approach is mirrored in NAFTA and the EU, both of which are exclusive trading clubs. In addition, this approach maintains that it is a myth that APEC need not develop a formal organisational structure. APEC must go beyond a loose consultative forum and shape itself into an international organisation with formal protocols for decision-making and the resolution of disputes.²⁷ As long as APEC remains an informal forum, "the present system of Pacific Cooperation is too weak to

²⁵ Harjpajan Singh, "Exposing the Hidden Agenda," Sunday Star, (Malaysia) 20 November 1994, 15.

²⁶ The American approach is sometimes referred to as the legalistic or institutional approach, or the Western, Caucasian or Cartesian approach.

²⁷ Donald C. Hellmann, "APEC and the Political Economy of the Asia-Pacific: New Myths, Old Realities," Analysis, 6 (1) (Special Issue "APEC at the Crossroads", 1994) : 36.

make any substantial contribution to the stable growth of the economies of the member countries."²⁸

There is a sense that those who are pushing for an increasingly institutionalised APEC in the immediate future are doing so not only because they feel that it is the only way to get the job done, but also for the benefit of the international community. Those who are critical of the informal APEC process look to the ASEAN Free Trade Area (AFTA) which began as an informal, voluntary trading arrangement among ASEAN members. Thus far, its accomplishments have been negligible. Recently, however, target dates have been set, and ASEAN Ministers have stated that they will be enforced. While it remains to be seen whether or not the trading area is successful, the mere fact that ASEAN has decided that it must impose binding deadlines on its members lends credence to the American view that in order to accomplish anything, both deadlines and enforcement mechanisms are necessary. In terms of impressing the international community, it should be noted that the EPG was quick to point out how the status bestowed on APEC by "major world governments and organisations" improved

²⁸ Yasuihiko Tiroo, "Asia-Pacific Cooperation and its Contribution: Historical and Future Perspectives," in Tako Fukuchi and Mitsuhiro Kayami, eds., Perspectives on the Pacific Basin Economy: A Comparison of Asia and Latin America, (Tokyo: Institute of Developing Economies and the Asian Club Foundation, 1990), 573.

"immeasurably" once the Bangkok Declaration was adopted and the Secretariat established.²⁹

In contrast to the American approach, the Asian evolutionary approach promotes open regionalism and rejects discrimination against non-members of APEC. This approach is characterised as cautious, against the formation of a regional trading bloc, consensus driven, and low key; the pace is determined by the slowest member economies.³⁰ Among the Asian members of APEC, which comprise two thirds of its membership, there is what David Rapkin refers to as an "unambiguous preference" for a loose consultative process in contrast to formal negotiations, contractual agreements and institutional deepening.³¹

Many of the economies within APEC, particularly those in Asia, "find the incremental approach to institutional evolution more congenial than what they

²⁹ "A Vision for APEC: Towards an Asia-Pacific Economic Community," 55.

³⁰ Sieji Finch Naya and Pearl Imada Iboshi, "A Post-Uruguay Round Agenda for APEC: Promoting Convergence of North American and Asian View," in APEC: Challenges and Opportunities, 73.

³¹ David Rapkin, "Leadership and Cooperative Institutions in the Asia-Pacific," in Andrew Mack and John Ravenhill eds., Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region, (Canberra: Allen and Unwin Pty Ltd, 1994) : 118.

perceive as a 'Western' emphasis on constitution-making."³² Indeed, Leon Hadar writes, "before we [in Asia] rush into grand schemes, let us examine closely our mutual interests, which are mainly economies, and our many differences."³³ The Asian way "relies more on the meeting of minds and hearts, on consensus building, peer pressure, and on unilateral good and proper behaviour."³⁴ Asian members of APEC seem to view the organisation as more of a process rather than an institution.³⁵ Dr. Noordin Sopiee states, "to many Westerners, this appears mushy and soft-headed, cumbersome, not transparent, unpredictable, ponderous - and plain silly."³⁶ Such a view is hardly surprising, given that the Asian "vision" for the future structure of APEC contrasts sharply with the Western way where "members adopt charters and constitutions, negotiate one agreement after

³² Miles Kahler, "Institution Building in the Pacific," in Andrew Mack and John Ravenhill, eds., Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region, (Canberra: Allen and Unwin Pty Ltd, 1994), 34.

³³ Leon Hadar, "After Seattle Summit: Beyond Rhetoric to Reality," The Straits Times, (Singapore) 16 October 1994, 12.

³⁴ Dr. Noordin Sopiee, "Asian Approach Best Way to Build Enduring APEC," The Straits Times, (Singapore) 1 September 1994, 27.

³⁵ Joceline Tan, "Putting APEC Back on Track," The New Straits Times, (Malaysia) 5 January 1994, 10.

³⁶ Sopiee, "Asian Approach Best Way to Build Enduring APEC," 27.

another, sign as many contracts as possible, and build the broadest range of institutions, committees and structures."³⁷

Of immediate concern to ASEAN members is the form of cooperation and consultation that will govern the process of APEC. The ASEAN view is that APEC must develop in a gradual and pragmatic manner, particularly with regards to the process of institutionalisation. APEC must remain a consultative and cooperative forum.³⁸ ASEAN rejects the notion of instant institutionalisation arguing that the "biggest threat will be if APEC should be institutionalised and ASEAN governments must therefore resist such an attempt by the Western powers which are initiating such a move."³⁹

There are concerns within ASEAN that a further strengthening of APEC as an institution would result in an increasingly legalised contractual-based organisation capable of enforcing compliance. Indeed, with the notable exception of Singapore, the Southeast Asian countries oppose formal commitments to free trade arrangements within APEC as they are unwilling to subject their developing economies to

³⁷ Ibid.

³⁸ President Soeharto of Indonesia, "Using all Fora to Enhance Cooperation," ASEAN-ISIS Monitor, Issue No.5, (October-December 1992) : 18.

³⁹ V.K. Chin, "Danger of ASEAN Losing its Influence to APEC," The Star, (Malaysia) 29 November 1994, 22.

the full force of competition from the more developed APEC economies.⁴⁰ As far as ASEAN governments are concerned, APEC is not a negotiating forum, nor should it become one. Certainly, many APEC watchers in the region believe that "if the community of Asia-Pacific economies is to be forged along Cartesian lines, we can be certain that APEC will not last for long...[t]he Cartesian method will mean the destruction of APEC."⁴¹

ASEAN members were against the formal institutionalisation of APEC from the initial stages due to fears that a permanent or formal organisation would be dominated by Japan or the United States.⁴² Furthermore, many feared that the role and identity of ASEAN would be subsumed by a larger regional organisation. Since the first meeting in 1989, Singapore has remained the most enthusiastic towards APEC; the Malaysian reaction has been highly critical, at best.⁴³ An editorial in Asiaweek sums

⁴⁰ Rapkin, "Leadership and Cooperative Institutions in the Asia-Pacific," in Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region, 121.

⁴¹ Sopiee, "Asian Approach Best Way to Build Enduring APEC," 27.

⁴² Irene Ngoo and Zuraidah Ibrahim, "ASEAN Members Agree to Approach APEC with Caution," The Straits Times, (Singapore) 14 February 1990, 14.

⁴³ Irene Ngoo and Zuraidah Ibrahim, "ASEAN Reaffirms Interest in Being Part of APEC," The Straits Times, (Singapore) 16 February 1990, 21.

up the Malaysian view quite succinctly:

In the battle for the secretariat of the Asia Pacific Economic Cooperation forum, the winner was Bangkok. It is Singapore that will be burdened with a wasteful bureaucracy and browbeating American trade officials. If APEC had lived up to its early promise as a harmless annual garden party, it wouldn't be worth provoking ill-feeling. Asians have allowed Australia's foreign trade minister, Senator Gareth Evans, to lead them by the nose into the enemy camp.⁴⁴

Those who are sceptical of APEC will contrast the loose informal character of APEC with the relatively highly institutionalised NAFTA. In both instances, the United States "has had a clear set of economic objectives that it was only partially able to promote through GATT."⁴⁵ The Asian states, most notably Malaysia, have resisted U.S. attempts to promote APEC as an "alternative formal vehicle for pressing its foreign economic agenda."⁴⁶

The workings of regional organisation in the Asia-Pacific stand in contrast to the European model of regional economic integration. Unlike the EU model where formal

⁴⁴ "A Historic Mistake," (editorial) in Asiaweek, 26.

⁴⁵ Andrew Hurrell, "Explaining the Resurgence of Regionalism in World Politics," Review of International Studies, 21 (4) (October 1995) : 342.

⁴⁶ Ibid., 343.

institutions are established under state direction, Asia-Pacific regional economic cooperation has been led by market-forces and driven by the private sector; it has not been dominated nor directed by the governments and formal institutional structures. Indeed, as noted the overall lack of institutions in the Asia-Pacific.⁴⁷ Nonetheless, as noted earlier, efforts at regional economic cooperation have been underway at least since the late 1960s. Organisations such as PAFTAD, PBEC, and PECC have all in some way contributed to the development of APEC. And, as noted by Higgott, Cooper, and Bonnor, among many, the main characteristic of all regional organisations in the Asia-Pacific dedicated to economic cooperation is the clear preference for an informal consultative approach to cooperation, rather than one aimed at developing formal institutional frameworks.⁴⁸

The APEC EPG has been extremely cautious in its policy suggestions. They have sought not to imply a preference for any style or structure of regional

⁴⁷ See Miles Kahler, "Organizing the Pacific," in Pacific Asian Economic Policies and Regional Interdependence, and William V. Roth, Jr., "APEC Must Organize to Become an Effective Institution," Analysis, 4 (4) (November 1993).

⁴⁸ Richard Higgott, Andrew Cooper and Jenelle Bonnor, "Cooperation-Building in the Asia-Pacific Region: APEC and the New Institutionalism," Pacific Economic Papers #199 (September 1991) : 10.

organisation.

The Asia-Pacific Economic Cooperation forum (APEC), is too easily presented as the institutional vehicle to shadow the EC and NAFTA. This is a misrepresentation of economic cooperation in the Asia-Pacific. It overstates the degree of cooperation and misunderstands the roots of an emerging, albeit contested, regional economic dialogue.⁴⁹

In fact, the second report of the EPG states explicitly that "[t]he approach followed by the European Community (EC) is one that is neither possible nor productive for the Asia Pacific; nothing in this report should be read to imply any interest in emulating the European model."⁵⁰ The European model, and for that matter, the North American model, is inappropriate for Asia as the "geographical, historical, political and cultural contexts are sufficiently different to ensure different paths towards cooperation... Europe's present does not represent the Asia-Pacific's future."⁵¹ Again we are reminded of the underlying frictions within APEC, stemming from opposing understandings of the Asia-Pacific region itself.

⁴⁹ Richard Higgott, "Economic Cooperation in the Asia-Pacific: A Theoretical Comparison with the European Union," (draft paper) Journal of European Public Policy, 2 (3) (1995).

⁵⁰ "Achieving the APEC Vision: Free and Open Trade in the Asia-Pacific," Second Report of the Eminent Persons Group to APEC Ministers, 2.

⁵¹ Higgott, "Economic Cooperation in the Asia-Pacific: A Theoretical Comparison with the European Union," 3.

Future Institutional Direction: What APEC Might Look Like

The most likely form of institutional arrangement for APEC in the short-to-medium term is an economic summitry approach in which the designated APEC host takes on the bulk of the responsibilities for the meeting. This is what currently takes place. The "informal approach leaves scope for research and administrative input from organisations like PECC or ASEAN while simultaneously providing a framework within which even the smallest of members may feel that they can have considerable input into the organisation."⁵² This said, it can be argued that the future of Asia-Pacific economic cooperation is

an evolutionary model based on a region-wide recognition of a substantial and growing mutuality of interest which sees an emerging institutional structure that allows for the continued expansion of communication on matters of regional economic and political interest.⁵³

Based on the Seoul Declaration of 1991 which clearly outlined the objectives, scope of activity, modes of operation and organisation for APEC, "the organisation envisioned...is an Asia-Pacific version of the OCED..."⁵⁴

⁵² Higgott et al., "Cooperation-Building in the Asia-Pacific Region: APEC and the New Institutionalism," 16.

⁵³ Ibid., 30.

⁵⁴ Nobutoshi Akao, "A Strategy for APEC: A Japanese View," Japan Review of International Affairs, 9 (3) (Summer 1995)

It is the Japanese view that APEC's intended role should be to "hold discussions and policy dialogue on matters of common concern to its members, foster a common understanding regarding measures to strengthen regional cooperation, and contribute to policy making at the national as well as the regional level."⁵⁵ APEC must also avoid the functions of other international organisations, such as World Trade Organisation (WTO), the World Bank and the Asian Development Bank. It should leave matters such as lowering and or lifting tariffs to organisations like the WTO; APEC is not about the implementation of a free trade zone. Its approach must be patient and cautious as it works towards facilitating trade and investment dialogue and economic development among APEC's diverse members.⁵⁶

Conclusion

Thus far, the ASEAN way of "musyawarah dan musfakat" - consultation and consensus - has prevailed in APEC. Decisions are made through extensive consultation until consensus is reached. In light of the Osaka Meeting, the Minister's decision to combine comprehensiveness with

: 170.

⁵⁵ Ibid., 171.

⁵⁶ Ibid., 171-3.

flexibility, or formal obligations with voluntary actions, shows the intricate dance that must be done in order to appease all APEC members. It remains to be seen, however, whether or not this approach to regional economic cooperation will remain dominant in the face of Western pressures to deepen the institutional structure of APEC.

Some suggest that as the pace and extent of institutionalisation increases, so will the tensions among APEC members.⁵⁷ However, there is a sense that the institutionalisation of APEC is somewhat inevitable, given the increasing complexity of regional economic issues. Indeed, there is a need for a systematic approach; the members of APEC simply cannot sit around the fireplace and discuss something like telecommunications tariffs.⁵⁸ In summary, it would seem that "the pace of institutionalisation will not be as fast as the Americans or the Australians would like, and will be faster than some of the Asians would prefer."⁵⁹

Still in its initial stage, APEC, despite some

⁵⁷ Interview. PECC Secretariat. 22 June 1995. Singapore. See also Leon Hadar, "After the Seattle Summit: Beyond Rhetoric to Reality," The Straits Times, (Singapore) 16 October 1994, 12.

⁵⁸ Interview. PECC Secretariat. 22 June 1995. Singapore.

⁵⁹ Bodde, Jr., View from the 19th Floor: Reflections of the First APEC Executive Director, 65.

institutional characteristics, is not an institution. Institutional development has for some time remained a secondary objective, behind the development of regional economic dialogue and confidence building.⁶⁰ However, dissent among the member economies over the process of institutionalisation has assumed greater importance as APEC matures and seeks approval from the international community as something other than a forum for informal chit-chat. Unfortunately for APEC, there are many views as to what constitutes the benchmark of success. Furthermore, there is by no means a clear vision on the part of all APEC members. Indeed, it has been pointed out by many that the heterogeneity of the APEC member economies may be its biggest obstacle to success.⁶¹

The objectives of APEC are not sought evenly, or in some instances, not sought at all, across the economies of the Asia-Pacific. Therefore, "it is not surprising that the demand for regional cooperation has been for a loosely structured, consultative forum and has been diffused and fragmented across different proposals of varying functional

⁶⁰ Higgott, "Economic Cooperation in the Asia-Pacific: A Theoretical Comparison with the European Union," in Journal of European Public Policy, 12.

⁶¹ See Miles Kahler, "Institution Building in the Pacific," in Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region, 16-39.

scope and membership."⁶² Because of the diverse cultures, histories, languages, political systems and levels of economic development underpinning the regional understandings of APEC's members, "prognoses and prescriptions for the Asia-Pacific region and its relation to the larger world political economy have thus ranged, quite literally, 'all over the map'."⁶³

⁶² David Rapkin, "Leadership and Cooperative Institutions in the Asia-Pacific," in Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region, 98.

⁶³ Ibid., 99.

Chapter Five: The APEC Agenda

Competing notions of the Asia-Pacific region are clearly evident from the different expectations that the various members have of the APEC forum. Debate not only surrounds the process, but also the pace of APEC's evolution and the issue of which economies should participate. As has been demonstrated, the current members of APEC are unable to formulate a consensus on fundamental issues such as membership, the speed with which objectives should be implemented, or even the structure of the process. At the heart of the problem, then, is what kind of organisation APEC should become and on what issues it should concentrate. Through an examination of human rights, the environment and security, it will be established that any attempts made by APEC members to include these matters in its dialogue agenda will only serve to create further impediments to consensus. APEC must already overcome the divisiveness and diversity on economic issues among its eighteen members; it would not be productive in terms of accomplishing APEC objectives to put in place new and perhaps even more divisive and insurmountable obstacles.

There are strict parameters in the establishment of

APEC's agenda for Ministerial meetings. It is clear from a study of APEC's goals and objectives that it is an organisation dedicated strictly to economic issues. Members and non-members alike note that important regional concerns such as human rights, security and environmental standards have been purposely excluded from the APEC forum. The key question is whether or not the APEC agenda, and subsequently the overall purpose of APEC, should be broadened? Is there room for expansion on the APEC agenda?

The issues most often proposed for inclusion on APEC's agenda are human rights and labour issues, region-wide standards for environmental protection, and regional security. There are those who argue that the expansion of APEC's agenda to include such concerns is inevitable, given the important links between human rights, the environment and security, and trading relationships. In response, according to some APEC representatives, such matters have been deliberately excluded from the agenda as they are too divisive and too contentious. If such issues were raised within the APEC forum, it has been suggested that many would extricate themselves entirely from the process, ultimately leading to APEC's demise.

Human Rights and Labour Standards

In recent years, the issue of linking terms of trade

with human rights and labour standards has emerged as a prominent issue, both in terms of international media coverage and political rhetoric in the West. China, Singapore and Indonesia, among others, have all been targets of widespread international criticism for their alleged abuses of human rights.¹ China has been threatened with a trade war by the United States if it does not do something about its appalling human rights record and Indonesia has been threatened with a loss of trade preference due to its failure to protect workers' rights.²

Within the APEC forum,

talk of human rights or workers' rights is nowhere on the agenda. The plans for free trade that are going on between the 18 APEC countries have profound social and political implications. Working people are affected and their rights should be discussed and incorporated.... Such matters are not ever discussed at APEC meetings. If NGOs can participate in forums held by democratic governments at home and by bodies of the United Nations,

¹ It is curious to note that a review of the existing literature regarding APEC and Human and labour rights reveals no mention of APEC members, Chile or Mexico. Both have histories of labour rights disputes. And Chile, in particular, was under significant international pressure for its human rights violations during the rule of General Augusto Pinochet (1973-89). The scrutiny continued during the newly-elected democratic rule of President Alywin. Why neither country is mentioned in either context is a question for further study.

² "America and Asia: Treating with Tigers," The Economist, 16 April 1994, 24.

why are they shut out at APEC?³

The APEC response to such charges is direct and simple.

Human rights dialogue is shut out of APEC in the interest of getting on with their business of helping business. It is felt that to include human rights and labour policies and practices on the agenda, or to link them with trade agreements, would definitely split an already tenuously linked organisation.

This is not meant to imply that human rights are of no regional importance. Neither is it intended to argue that the United States is wrong to press for improved human rights in China, or anywhere else in East Asia. Indeed, the United States has been highly visible in its disputes in Asia regarding trade and human rights. Their official foreign policy in Asia involves the promotion of security, economic growth, human rights and democracy.⁴ Nonetheless, it is clear that the U.S. proposes to work both bilaterally and multilaterally through a variety of institutions to accomplish these goals. "APEC is fundamentally an economic

³ Ed Broadbent, "Globalization: The Democratic Challenge." Speech Presented at the Globalization, Trade and Human Rights: The Canadian Business Perspective Conference. Toronto, Ontario. 22 February 1996.

⁴ United States Office of the Trade Representative. USTR's Points on APEC: Press Briefings. USTR Gopher Site.

institution with economic goals."⁵ It is evident that U.S. foreign policy reflects a desire to discuss issues other than the economy. However, these aims will not be pursued by the Americans within the APEC forum.

Not much significant progress has been made by the governments of East Asia in defining and protecting human rights on a region-wide level. The region is comprised of a diverse "conglomeration of countries with radically different social structures, and diverse religions, philosophical, and cultural traditions; their political ideologies, legal systems and degrees of economic development vary greatly."⁶ There are, nonetheless, many non-governmental organisations within the region dedicated to the task of developing an "Asian approach" to human rights.⁷

Human Rights and the Cultural Relativism Debate: Are Human Rights Contextual?

The opposing definitions of the Asia-Pacific region within APEC are in a sense mirrored in the debate over human

⁵ Ibid.

⁶ Claude E. Welch, Jr., "Global Change and Human Rights: Asian Perspectives in Comparative Context," in Claude E. Welch, Jr. and Virginia A. Leary, eds., Asian Perspectives on Human Rights, (Boulder: Westview Press, Inc., 1990), 6.

⁷ See Virginia A. Leary, "The Asian Region and the International Human Rights Movement," in Claude E. Welch, Jr. and Virginia A. Leary, eds., Asian Perspectives on Human Rights.

rights. There are those within APEC, primarily from Western nations, who advocate universal human rights, and those who adopt the cultural relativist stance which maintains that human rights in East Asia must not be divorced from their cultural and political contexts. Notions of human rights are universally accepted. However, "the exact meaning of these rights is culture specific."⁸ It is a highly charged political issue and for this reason, avoided in the setting of the APEC agenda.

Many of APEC's Asian members oppose discussing the issue of human rights within the APEC forum as they feel that imposing Western standards of human rights is simply another attempt to dominate the forum and the region. Opposition to human rights legislation is often based on the perception that "human rights involve Western conceptions of human dignity, freedom, justice and so forth; human rights are merely a smoke screen for contemporary processes of Westernisation and globalisation."⁹ It is thought that Western notions of human rights and individual liberties are incompatible with Asian notions of community, Islam and

⁸ James C. Hsuing, "Preface," in James C. Hsuing, ed., Human Rights in an East Asia: A Cultural Perspective, (New York: Paragon House Publishers, 1986), vii.

⁹ Brian S. Turner, "Human Rights: From Local Cultures to Global Systems," in Damien Kingsbury and Greg Barton, eds., Difference and Tolerance: Human Rights Issues in Southeast Asia, (Victoria: Deakin University Press, 1994), 9.

Confucianism, and are therefore inappropriate in many Asian nations.

In the West, it is largely assumed that notions of human rights are universal and easily identified across cultures. Among Western nations, human rights have come to be synonymous with freedom and emancipation, thereby reflecting the adversarial nature of the relationship between citizens and a tyrannical government.¹⁰ Furthermore, it is not only the emancipation of the citizens, but of each individual. In the United States, in particular, there is a deep-rooted sense of individualism, as reflected in the Declaration of Independence. Persons are treated as distinct individual entities separate from the community which surrounds them.

By contrast, in East Asia, there does not exist this same adversarial tradition. Instead, there is an emphasis on consensus. Throughout history, the way to resolve the grievances of the populace against the government was through the process of consultation. Rooted in this is an emphasis on the welfare of the greater community, and not on the individual, as in the West. Confucianism emphasises loyalty both to the state and to the family; there was no

¹⁰ James C. Hsuing, "Human Rights in an East Asian Perspective," in James C. Hsuing, ed., Human Rights in an East Asia: A Cultural Perspective, 5-6.

parallel rise of individualism as there was in the West.¹¹ "Emancipation is through the group, not outside it."¹² In sum, there is an East Asian consensus-based, community-oriented tradition, where "group fulfilment subsumes individualism, and group belonging eclipses individual being."¹³ The rights of individuals do not outweigh those of society as a collective whole.

Throughout the APEC process, Prime Minister Mahathir has made it clear that he will not allow APEC to be dominated by Western interests. This includes attempts to discuss human rights or labour issues within the APEC forum. To cite an example, in 1985, Malaysia was the target of criticism from Western-based human rights groups, particularly in Britain and Australia, when they executed two tourists for drug trafficking. Australia's Prime Minister, Robert Hawke, "described the Malaysian justice system as 'barbaric', and Western human-rights activists generally struck a 'those Oriental barbarians!' tone."¹⁴ Needless to say, such criticism was hardly well received in

¹¹ Ibid., 11.

¹² Ibid.

¹³ Ibid., 12.

¹⁴ James, Fallows, Looking at the Sun: The Rise of the New East Asian Economies (New York: Random House, Inc., 1994), 310.

Malaysia. James Fallows points out that for years Malaysia has meted out the same punishment to its own people, with no protest from the international community.¹⁵ For any of APEC's current members to attempt to force the issue of linking trade with human rights would result in the unravelling of APEC.

Should the APEC Agenda Include Human Rights and Labour Standards? The Opposing Perspectives

In a report issued by Human Rights Watch/Asia, the notion that "trade and economic development alone can satisfy the growing demands and expectations of Asians for basic rights" was challenged.¹⁶ Such sentiments were echoed at a conference held in Toronto entitled "Globalization, Trade and Human Rights: The Canadian Business Perspective", at which the issue of linking trading agreements and practices with human rights was the central theme. In his speech, Ed Broadbent, head of the International Centre for Human Rights and Democratic Development (ICHRDD) in Canada argued:

at the very time governments are making

¹⁵ Moreover, upon entry into Malaysia, immigration cards clearly state that the punishment for drug infractions is death. Fallows, Looking at the Sun, 310.

¹⁶ Human Rights Watch/Asia World Wide Web Site. "Human Rights in the APEC Region." from a report entitled "Human Rights in the APEC Region: 1995." 17 November 1995. [gopher://gopher.igc.apc.org:5000/00/int/hrw/asia/asia/2](http://gopher.igc.apc.org:5000/00/int/hrw/asia/asia/2).

it easier through trade agreements for business to trade and invest, build alliances and associations so that they can profit, many of the same governments reduce, hold back, or totally violate the freedom of working people to build alliances and associations so they can survive.¹⁷

He stated further that "human rights, in particular the right of association, the right to form a union and the right to strike, should be pursued at the same time as trade rights...those promoting commercial development have an obligation to promote the rights of those directly affected by the development."¹⁸

The ICHRDD has recently focused its attentions on APEC. In its February 1996 newsletter, "Libertas", the Centre noted that at the Ministerial meeting in Osaka, November 1995, "the agenda focused on trade and investment liberalization but there was virtually no talk about human rights, and in particular the rights of workers which are deeply affected by the globalization of market economies."¹⁹ What the ICHRDD hopes to accomplish is to "broaden APEC's consultation process beyond business and university communities so as to include human rights groups,

¹⁷ Ed Broadbent, "Globalization: The Democratic Challenge."

¹⁸ James Walker, "Balancing Trade and Human Rights," The Financial Post, 15 February 1996, 15.

¹⁹ "APEC: The Challenge of Human Rights." Libertas. 5 (3) (February 1996) : 3.

NGOs and trade unions."²⁰ In sum, this perspective holds that "all trade agreements should include clauses protecting those basic human rights most pertinent to economic life."²¹ It is therefore not enough to wait for the benefits of economic growth and prosperity to eventually result in improved fundamental human rights.

Economic development in East Asia has raised new human rights concerns. The violations of workers' rights has been noted as one of the most important. South Korea, in particular, has in place extremely restrictive labour laws which infringe on workers' freedom to associate and to organise.²² Labour rights are also of major concern in Indonesia and China, where the right to strike and the lack of freedom of association are ongoing problems.²³ The result of the debate over the rights of labourers has been the proposal for a "social clause" to be inserted in multilateral trading arrangements. Foreign investors in the

²⁰ Ibid.

²¹ Broadbent, "Globalization: The Democratic Challenge."

²² Human Rights Watch/Asia World Wide Web Site. "OECD Urged to Press Korean Government on Labour Rights at Seoul Meeting." 11 November 1995.
gopher://gopher.igc.apc.org:5000/00/int/hrw/asia/skorea/1

²³ Human Rights Watch/Asia World Wide Web Site. "Human Rights in the APEC Region." from a report entitled "Human Rights in the APEC Region: 1995." 17 November 1995.
gopher://gopher.igc.apc.org:5000/00int/hrw/asia/asia/2

Asia-Pacific region would accept some responsibility as contributors to the perpetuation of workers' rights abuses. In sum, short-term economic growth and development, in the absence of coercive or punitive measures, will not create long-term commitments to human rights.

On the other hand, there are those who maintain that liberalising trade and investment, without special additional clauses for improving human rights, will provide the necessary political liberalisation required to address human welfare concerns.²⁴ The exposure to technology, improved wages and working conditions, increased accessibility to cheaper goods as well as the values that businesspeople and ordinary citizens bring with them will inevitably "lead to developed democratic institutions and a full understanding and application of human rights."²⁵ In short, economic growth contributes to political freedom and stability, which results in improved human rights policies and labour standards.

An example of this approach in practice is the case of China. Thus far, the dominant strategy in the region to

²⁴ "Globalization, Trade and Human Rights: The Canadian Business Perspective," Briefing notes prepared jointly by the International Centre for Human Rights and Democratic Development and the Business Council on National Issues for a Conference entitled Globalization, Trade and Human Rights: The Canadian Business Perspective. Toronto, Canada. 22 February 1996, 3.

²⁵ Ibid.

"containing China" has been to embrace rather than ostracise. Many countries feel that "economic growth and liberalisation represent the best chance of making China easier to live with, both by creating internal pressures for more political freedom and by strengthening China's interest in getting on with the rest of the world."²⁶ It also means "resisting protectionism in the West, even when this is linked to concerns about human rights."²⁷

This approach, coined "commercial," or "quiet" diplomacy, has come under much criticism. Human Rights Watch/Asia rejects the "common premise that economic growth by itself will bring about human rights improvements."²⁸ Cases in point are Singapore, Indonesia and China where economic growth, instead of inspiring human rights reforms, has served to reinforce the legitimacy of their authoritarian governments.

APEC has been very specific, indeed virtually myopic, in its focus on economic matters. Its intentions in excluding human rights and labour standards from the agenda were seemingly well-intentioned. These issues are simply

²⁶ "Containing China," The Economist, 29 July 1995, 11.

²⁷ Ibid.

²⁸ Human Rights Watch/Asia World Wide Web Site. "Human Rights and the APEC Summit." 14 November 1994.

too divisive and the end result, at best, would be a standstill. At worst, their inclusion could signify the beginning of the end of APEC. However, APEC economies have met with significant disapproval from international NGOs for passively participating in and implicitly condoning the hostile actions of some East Asian governments towards their workers and their general populations.

Environment

At the same time as many East Asian countries have been criticised for justifying human rights abuses and violating workers' rights for the sake of industrial growth, progress and development, they have also been charged with accelerating environmental degradation with a similar intent. While the region has experienced significant and rapid economic growth, the environmental impact of this development has included rapid expansion of cities, contributing to overpopulation, air, water and land pollution, as well as land degradation, deforestation and loss of biodiversity.²⁹ Economic and population growth have led to severe negative impacts on the Asian environment.

²⁹ Carter Brandon and Ramesh Ramankutty, Toward and Environmental Strategy for Asia (Washington: The World Bank, 1993), iii.

In their defence, the governments of Asia should not necessarily be accused of attempting to destroy the environment. In most countries, legislation is in place which attempts to regulate the impact of economic growth on the environment. However, these good intentions "are juxtaposed with the needs of the most demanding of political issues. All governments must prioritize their efforts, usually based on complicated and country-specific formulas of political, fiscal and economic pressures and constraints."³⁰ For many nations in Asia, priorities lie with economic growth and industrial development.

Within APEC, it has been recognised that there is a need to protect the environment from the harmful effects of industrialisation. The environment is at first glance not a particularly divisive issue. In fact, environmental protection and sustainable growth and development practices are perhaps the least divisive of the potential issues to be included on the APEC agenda. It would appear that all of the APEC members have agreed that environmental degradation and conservation is of concern to the entire region. It is a relatively prominent issue in conferences and attempts have been made to integrate environmental protection and

³⁰ Louise Schubert, "Environmental Politics in Asia," in Sheldon Kamieniecki, ed., Environmental Politics in the International Arena: Movements, Parties, Organizations and Policy, (Albany: State University of New York Press, 1993), 246-7.

sustainable development into Working Group discussions and activities. The promotion of sustainable development and environmental improvement are a part of APEC's stated purpose.³¹ However, the environment is a matter where not only does North meet South in terms of industrial development policies and strategies, but East also meets West in terms of cultural differences. Perhaps the divisiveness will become more apparent as APEC members attempt to establish the environmental rules of the game and the means by which to enforce them. Attempts made by Western members of APEC to place environmental issues prominently on the agenda may be met by charges from the East Asian members of neo-imperialism.

Here, Prime Minister Mahathir, once again, is the voice of scepticism. In Rio in 1992, Mahathir led the "Third World's scolding of Western industrialists."³² Essentially, the perception in many Asian countries is that there is a direct trade-off to be made between economic growth and environmental protection.³³ This is a trade-off

³¹ APEC Leaders' Economic Vision Statement. Blake Island, Seattle. 20 November 1993. and APEC Environmental Vision Statement. Vancouver, 25 March 1994.

³² James Fallows, Looking at the Sun: The Rise of the New East Asian Economic and Political System, 311.

³³ Brandon and Ramankutty, eds., Toward an Environmental Strategy for Asia, 2.

they seem willing to make. After all, they are following the similar path to industrialisation to that taken by the West. For Mahathir, it is too easy for the West to sit back in their developed nations and criticise; such criticism smacks of neo-imperialism.

So, what is APEC to do about the environment?

Nobutoshi Akao, a Japanese scholar, suggests that

it is in the interests of all for APEC to discuss ways of grappling with the environmental problems afflicting individual economies, the region, and the world as a result of population increases, urbanisation, and escalating economic activity...The forum should establish a framework for discussing such issues-a committee on the environment, for example-and begin the process of formulating countermeasures.³⁴

In many ways, APEC has begun to do just this. In March of 1994, the APEC ministers responsible for the environment met in Vancouver to discuss the potential role of APEC in "promoting environmental cooperation in the Asia-Pacific."³⁵ The ministers discussed the need for such things as information sharing and environmental technological assistance. Thailand's representatives emphasised that APEC members must recognise that economic

³⁴ Nobutoshi Akao, "Strategy for APEC: A Japanese View," in Japan Review of International Affairs : 174-5.

³⁵ APEC Meeting of Ministers Responsible for the Environment. Summary Report. Vancouver, 23-25 March 1994.

circumstances necessitate a sensitivity to the different needs of developed and developing economies as they attempt to deal with environmental concerns. While it seems that in other areas, the different levels of economic development serve as impediments to progress, in terms of environmental protection, the expertise and technology of the industrialised economies fits well with the needs of the developing economies.

While the environment may be firmly in place on the APEC agenda, it is because it has been deemed safe for discussion within the forum. It is beneficial for all APEC members to participate in cleaning up the environment. Developing countries require financial and technical assistance which the developed APEC members can provide, and from which everyone in the region benefits. Ultimately, however, nothing is binding. Each and every APEC member can opt out one way or another at any time. This may very well happen if APEC attempts to force the pace of its environmental agenda. For now, talking is a positive step; action and enforcement are an altogether different issue.

Security

Over the last decade, there have been significant increases both in the number of arms purchased and their lethality, leading some to speculate of an impending

regional arms race.³⁶ Furthermore, with the end of the Cold War, there has been much debate dedicated to the regional "security vacuum" left behind by the withdrawal of significant numbers of Soviet and American troops. These factors, in conjunction with the legacy of historical animosity and conflict between many of the nations in the region, has resulted in attempts to establish regional security frameworks to control conflict. The need for a security framework in the Asia-Pacific region has been well-established.³⁷ In the post-Cold War era, the Pacific is hardly pacific.³⁸

Of particular interest to APEC, however, is the future role it would play in the establishment of a regional security structure. The member economies of APEC are almost unanimous in the view that the region is ready for a CSCE-

³⁶ See Chancellor Ro Myung Gong, "The Consequences of Arms Proliferation in Asia: I," Adelphi Paper #279 (August 1993). and Gerald Segal, "The Consequences of Arms Proliferation in Asia: II," Adelphi Paper #279 (August 1993).

³⁷ See Gerald Segal, Rethinking the Pacific (Oxford: Clarendon Press, 1990). Sheldon Simon, "East Asian Security: The Playing Field has Changed," Asian Survey 34 (12) (December 1994). Amitav Acharya, "An Arms Race in Post-Cold War Southeast Asia? Prospects for Control," Pacific Strategic Papers #8 (1994). Barry Buzan and Gerald Segal, "Rethinking East Asian Security," Survival 32 (2) (Summer 1994). Gary Klintonworth, "Asia-Pacific: More Security, Less Uncertainty, New Opportunities," The Pacific Review 5 (3) (1992).

³⁸ Paul Wolfowitz, "APEC and U.S. Interests in Asia," Analysis 6 (1) (Special Issue "APEC at the Crossroads", 1994) : 28.

type arrangement. The idea of promoting regional security cooperation is not highly contested. There are, however, notable differences over the purpose, pace and priorities of security discussions within APEC. The controversy surrounds what APEC's potential role in such a structure may be.

The issue of expanding APEC's coverage to include political and security matters was raised by Thailand's Prime Minister, Anand Panyarachun, at the fourth Ministerial meeting held in September 1992. The reasoning for this is that economic and political affairs are interdependent.³⁹ In response, Indonesian foreign minister, Ali Alatas, stated that APEC should remain an economic forum. This view was reaffirmed by Singapore's deputy prime minister, Lee Hsien Loong.⁴⁰ Japan has also expressed its desire to keep such issues off the APEC agenda. Japanese Premier Kiichi Miyazawa stated that "it would be too ambitious to expand APEC beyond economics and into security issues."⁴¹

According to APEC's official mandate, there is no space for security discussions on the agenda of the economic forum. Douglas Paal writes,

³⁹ Hee Kwon Park, "Multilateral Security Cooperation," The Pacific Review 6 (3) (1993) : 251.

⁴⁰ "Focus on Economic Matters First," The Straits Times, (Singapore) 12 September 1992, 19.

⁴¹ "Hard for APEC to Take on Security Role," The Straits Times, (Singapore) 1 May 1993, 14.

APEC was founded four years ago with the clear understanding that it was to be a consultative, not a deliberative body....[and] while expectations about the future of APEC varied widely at that time, parties to APEC either explicitly or implicitly made plain that they were not prepared to see this new-born institution dragged off into counterproductive or at least unproductive regional security discussions.⁴²

In sum, "APEC does not-and should not-discuss security issues..."⁴³ APEC should stick with what it knows best, and that is economics. To add a formal security dialogue would only contribute to the divisiveness among APEC's current members.

China: Harmless Meddler or Menacing Marauder?

When the focus turns to matters of national and regional security, there are a number of potential areas of conflict in East Asia. The Koreas are a frequently-cited example of a tinder box waiting to explode. Of particular concern to the region, however, is China. In addition to its seemingly ever-expanding list of sovereign territories, which, incidentally, are also claimed by numerous other

⁴² Douglas H. Paal. "APEC and Regional Security," Analysis 4 (4) (November 1993) : 91.

⁴³ C. Fred Bergsten, "The Case for APEC," The Economist, 6 January 1996, 62. See also William Bodde Jr., View from the 19th Floor: Reflections of the First APEC Executive Director, 53-54.

nations,⁴⁴ China's most recent activities off the coast of Taiwan and the threats of possible invasion have made it very difficult to "pretend that it [China] is not, potentially, a source of huge instability."⁴⁵ Furthermore, the Chinese government has been adamant in its refusal to discuss issues of sovereignty or territorial integrity at the multilateral level; indeed, these issues are, for them, not negotiable. Moreover, it is clear that the Chinese believe that APEC is not the forum for the discussion of sovereignty and security issues.

According to a representative at the APEC Secretariat, despite the fact that political and security issues are never far away from economics, security issues are not discussed officially because they are too contentious and divisive.⁴⁶ As a brief discussion of China has attempted to illustrate, "regional fault lines are too diffuse, the sources of threat too unmentionable in polite

⁴⁴ For example, in the South China Sea, the Spratlys, or at least parts of the archipelago, are claimed by China, Vietnam, the Philippines, Malaysia, Brunei and Taiwan. China has never laid out its claims in any great detail. The South China Sea is known as "historic waters" marked by dotted lines that "skirt the shores of Vietnam, the Philippines, Malaysia and Brunei, making the South China Sea virtually a Chinese Lake." Nayan Chanda, Rigoberto Tiglao and John McBeth, "Territorial Imperative," Far Eastern Economic Review, 23 February 1995, 14.

⁴⁵ "Containing China" The Economist, 11.

⁴⁶ Interview. APEC Secretariat. 20 July 1995. Singapore.

company, and the development levels of the nations involved too disparate to function effectively."⁴⁷ However, notes one representative at PECC, the harder APEC tries to emphasise economics does not change the fact that the two, politics and economics, are indivisible.⁴⁸

Economic Stability and Military Security: Indivisible and Interdependent

It has been suggested that due to economic growth, cooperation and interdependence, the Asia-Pacific is now more stable than the previous Cold War period. Indeed, some have argued that the "majority of states in the Asia-Pacific have never felt less threatened and that the region is more pacific and more promising in terms of conflict resolution, security cooperation and economic development than it has been for most of this century."⁴⁹ Resolving conflicts through the use of force has become increasingly unlikely as regional economic ties have increased the costs of military conflict. Cross-border economic linkages that were at one time impossible to imagine are developing rapidly. China's

⁴⁷ Paal, "APEC and Regional Security," Analysis, 91.

⁴⁸ Interview. PECC Secretariat. 22 June 1995. Singapore.

⁴⁹ Gary Klintworth, "Asia-Pacific: More Security, Less Uncertainty, New Opportunities," The Pacific Review 5 (3) (1992) : 222.

trade with South Korea far exceeds its trade with North Korea; China is Taiwan's fastest growing export market; and trade is strong between North and South Korea, between China and Russia, and between China and Vietnam.⁵⁰ These trading relations, it is argued, have encouraged the easing of military tensions, thereby enhancing stability. Amitav Acharya and Richard Stubbs write,

the intricately interwoven economic ties binding states together will reduce incentives to resort to violence in resolving inter-state disputes. Given the disruptions that occur to each state's economy, the costs of regional conflict are growing...Today and in the future, any war conducted with one's neighbours will penetrate deeply into the very marrow of one's own economic system.⁵¹

Regional economic interdependence in the Asia-Pacific "appears to have a stabilising effect, and could thus enhance regional security."⁵² Recognising the important link between economic growth and stability and security, Ambassador Nobuo Matsunaga, Special Envoy of the

⁵⁰ Ibid., 226.

⁵¹ Amitav Acharya and Richard Stubbs, "Security and Economic Growth: The Case of the ASEAN Region," (forthcoming) in Jane Davies, ed., Security Issues in the Post Cold War World, (London: Edward Elgar, 1996).

⁵² Hadi Soesastro, "Economic Development: The Security Impact," in Bunn Nagara and K.S. Balakrishnan eds., The Making of a Security Community in the Asia-Pacific, (Kuala Lumpur: ISIS, 1994), 59.

Japanese Government, stated that a useful way to achieve stability is through the promotion of economic cooperation. It is here that APEC can play a significant role.⁵³ It is important to note, as well, the stark reality that economic stability contributes to military security as equally as military stability strengthens continued economic growth and prosperity.

It is, in fact, unrealistic to think of APEC as strictly an economic organisation. APEC, even if its focus is uncompromisingly economic, is a useful forum for informal discussions outside of trade and investment talks.⁵⁴ At APEC meetings there are many opportunities for nations to discuss, either bilaterally or multilaterally, the security problems of the region. Douglas Paal has written:

One of the time-honoured characteristics of any multilateral forum is the opportunity it provides for bilateral meetings and corridor discussions. For me, these side meetings were every bit as rich - and sometimes more so - as the APEC meetings themselves. It is quite obvious that important matters of bilateral, regional or global security can be discussed at length in any of these sessions.⁵⁵

⁵³ "The Security of the Asia-Pacific and the Relationship Between the Security of the Asia-Pacific Region and the Security of Europe." Address by Ambassador Nobuo Matsunaga, Special Envoy of the Japanese Government. 6 December 1994.

⁵⁴ Interview. Institute of Southeast Asian Studies (ISEAS). 3 July 1995. Singapore.

⁵⁵ Paal, "APEC and Regional Security," 92.

Because other matters are not specifically on the agenda does not necessarily mean that they are not discussed at all. "Realistically, economics are just one consideration. Political and security issues lurk behind all economic discussions," notes Yamazawa, adding that it is therefore "'foolish' for APEC to embrace more explicit talks on security matters. Those other issues must come to the fore in due course, possibly in another forum."⁵⁶

The management of the relationship between economic interdependence and regional political security is vital to the Asia-Pacific. Hadi Soesastro suggests that APEC, which incorporates the key players of the region, would appear at first glance to be a likely candidate for such a task. However, despite this, Soesastro does not suggest that APEC make the move to encompass political security issues. Given the diversity of its membership and the sensitivity of the issues, APEC is not capable of dealing with security matters.⁵⁷ APEC should consider regional security issues to be the work of another forum.

⁵⁶ David Hume, "Asia Takes Charge of the APEC Train," Asian Business, January 1996, 35.

⁵⁷ Soesastro, "Economic Development: The Security Impact," 59-66.

ASEAN Regional Forum (ARF)

The ASEAN countries decided that what was needed in the region was a new forum to provide "prophylactic," or "preventative" diplomacy.⁵⁸ Such a process would provide a forum for discussion on regional political security issues. The first meeting between the Foreign Ministers of the ASEAN Regional Forum (ARF) was held in Bangkok in July, 1994. Participants in the ARF process include the ASEAN members as well as the United States, Japan, South Korea, Australia, New Zealand, Canada, the EU and three observers, Vietnam, Laos and Papua New Guinea, and two guests, China and Russia. Their overriding objective is as follows:

Apart from intensifying its external dialogues on political and security matters and promote political and security cooperation, the ARF would help to develop a more predictable and constructive pattern of political and security relationships in the Asia-Pacific as a whole.⁵⁹

The ARF also aims to establish "a tradition of political and security dialogues in the region, and the creation of personal contact among regional leadership."⁶⁰ It is the

⁵⁸ "Asian and Pacific Links: A Sort of Safety," The Economist, 31 July 1993, 32.

⁵⁹ "A Historic Forum Takes Shape," ASEAN Update: Towards Intensifying and Strengthening of Intra-ASEAN Ties July 1994, 1.

⁶⁰ Pauline Kerr, "The Security Dialogue in the Asia-Pacific," The Pacific Review, 7 (4) (1994) : 404.

opinion of many APEC members that as long as the ARF functions well, there will be no need for APEC to develop a security dialogue or join the ranks of the security networks; the urgency for APEC to fulfil such a role is simply not there.⁶¹ Leave such matters to other regional organisations.

Conclusion

The day may come when political and security issues should be debated and views pronounced formally by APEC. The time, however, is not now, "nor is it likely to come soon. APEC must first stand on its own economic accomplishments, reinforce those achievements over time, then see whether the moment has arrived for the world's most energetic economies to pronounce their collective view on matters of regional and global security."⁶² APEC needs time to establish itself, both among its members and within the context of the larger international community. Perhaps, in time, the issues of human rights, environmental protection and security can be added. But, this can only be accomplished once the criteria for membership has been established, and the goals and the process for achieving

⁶¹ Interview. Institute of Southeast Asian Studies (ISEAS). 3 July 1995. Singapore.

⁶² Paal, "APEC and Regional Security," 93.

their objectives have been reached.

Chapter Six: Conclusion

The main argument of this study has been that the fundamental issues which occupy APEC -- membership, goals, process and purpose -- have not been approached in the same way by all the member economies. Competing conceptions of the APEC region have influenced the development of APEC and will continue to do so. The varying reactions of the APEC members to issues raised at Ministerial meetings "reveals underlying differences that will have to be worked out if APEC is to become a true Asia-Pacific economic community."¹ Reaching a consensus in APEC has not been easy. And yet, such matters, as membership, goals, process and purpose, must be a part of APEC's dialogue in order for APEC to reach its objective of facilitating freer trade and investment around the region. Developing a way of dealing with these issues is particularly important as the summit and the Ministerial meeting will be hosted by outspoken APEC critic, Malaysian Prime Minister Mahathir in 1998. If APEC members cannot somehow reconcile their divergent views, they risk losing the momentum that has been so painstakingly fostered

¹ William Bodde, Jr., View From the 19th Floor: Reflections of the First APEC Executive Director, 38.

thus far.

In keeping with the defining principle of open regionalism, APEC has embraced a broad definition of the Asia-Pacific region in order to include as many open-market economies as possible. As a result, APEC has made the formation of a distinct membership criteria problematic. This lack of participation guidelines will become a serious hurdle if the Americans and the Australians succeed in their push for more stringent regulations and a rule-based institutional structure. An increasingly institutionalised APEC will require a set of criteria for membership. On the other hand, if the Asian APEC economies hold APEC on its current course, as a relatively informal forum for the discussion of regional economic and trade issues, then the vagueness surrounding participation requirements will not be of immediate paramount importance. And since the most recent Ministerial meeting in Osaka, APEC-watchers have pointed out that the Asian economies are exerting their dominance within the APEC process.

Nonetheless, whichever organisational path APEC chooses, the issue of membership must be addressed. In a sense, it is the cornerstone of APEC. Its members control and influence the determination of APEC objectives, the pace and process of implementation, the model of structural organisation and the future direction of APEC dialogue.

Therefore, which economies are members directly influences the forward movement of APEC and its scope of activities. The divisiveness concerning which economies should participate illustrates the conflicting outlooks among current APEC economies on the future development of the Asia-Pacific.

The objectives of APEC are, like membership, essentially contested. The members' different expectations of APEC are revealed in APEC's broad and vague goals of free and open trade and investment. As the members determine the objectives, APEC's goals are subject to the same internal divisiveness as the issue of membership. The debate concerning flexibility and comprehensiveness clearly demonstrates the tensions within APEC. These disagreements over the process of goal implementation reflect the diversity of the Asia-Pacific region which APEC attempts to encompass.

In theory, the eighteen members have agreed to unilaterally and collectively lower barriers to trade and investment according to the timetable of 2010 for developed economies and 2020 for the developing economies. In reality, none of APEC's resolutions is binding. Furthermore, many members have already expressed their reservations or announced their intentions to disregard APEC's proposed timetable altogether. And, as "APEC moves

beyond talk shop to action, fundamental differences among its members are bound to become sharper and more conspicuous."²

The outcome of the most recent meeting in Osaka, the Action Agenda, has been criticised for its lack of teeth and significance in terms of addressing substantive trade issues. As was suggested previously, this is likely the result of APEC members' inability to reach full consensus on tough issues. Again, this is evidence of the members' divergent conceptions of the future of the APEC forum and the Asia-Pacific region.

The two visions vying for dominance can be best described as those which seek to build an Asia-Pacific community and those which seek to create an Asia-Pacific institution. This describes the Asian and Western participants in APEC, respectively. The Asian approach seeks to strengthen communication flows and information exchanges. Asian APEC members do not wish to see the forum transform into a rule-based institutional structure. Conversely, the Americans and Australians, in particular, desire to guide APEC away from its informal roots on the path towards a formal negotiating body. The members of APEC are attempting to work simultaneously with both of these

² "Which Way? At A Crossroads, APEC Must Bridge Basic Differences," Asiaweek , 32.

processes, thereby revealing the issue which underlies all APEC discussion. It is clear that not everyone shares similar perspectives on the key aspects of APEC. The resulting tension within APEC between these notions is a reflection of the conflicting conceptions of the Asia-Pacific region.

In APEC's initial phase, it was clear that the Asian members of APEC were wary of Australian and American domination of APEC. Formed primarily as a loose forum for dialogue, Asian APEC economies have steadfastly resisted American and Australian efforts to entrench and institutionalise the economic grouping. As APEC evolved, there has been some degree of institutionalisation. This has been met with much resistance from some APEC members. As APEC continues to grow, the pace and direction of its growth will have to be negotiated. Khong Yuen Foong writes, "if the pace is too slow, some may return to subregion or bilateral modes of negotiating...If the pace is too fast for the liking of member countries such as Malaysia and China, the consensus required for...effective functioning will be difficult to obtain."³

It is evident that APEC's members do not share similar understandings or expectations. Efforts to expand

³ Khong Yuen Foong, "Evolving Regional Security and Economic Institutions," Southeast Asian Affairs: 1995 : 58.

APEC's agenda to include issues other than the economy have starkly revealed the divergent perspectives of the region among APEC members. Initially, human rights, labour rights, security, and to a lesser extent the environment, were excluded. APEC's founders recognised these areas to be potential areas of conflict and chose deliberately to leave them to another forum or another day.

More recently, these issues have risen again to the forefront. Both APEC members and international NGOs are beginning to question APEC's original intentions to exclude such matters, however contentious, from discussions among the key regional players. The tensions created and uncovered by discussions concerning, for example, human rights, show decisively the differences among APEC members. It is evident that the APEC economies have notably divergent perspectives on the future of the forum and regional economic development in the Asia-Pacific.

APEC is unlike any other regional trading organisation. Its members are incredibly diverse. It functions with minimal rules and on the basis of full consensus. APEC has come under harsh criticism from the international community for simply being a "talk shop" which will never accomplish trade agreements of any great significance and is merely a once-a-year photo opportunity. Yes, APEC is a forum for dialogue, or a "talk shop".

Nonetheless, increasing information exchanges and strengthening the lines of communication contribute to the enhancing of transparency, which is an important part of confidence-building. The Japanese "value APEC because it promotes Asian harmony, and there is no other regional forum broad enough to do this."⁴

Expectations of APEC must be realistic. It cannot be compared, in terms of process, structure, or success, to the EU or NAFTA. APEC was never intended to emulate these regional organisations. Nor was APEC intended to take the place of GATT or the WTO; formal negotiations have been excluded from APEC for numerous reasons, notably Asian resistance to perceived American bullying. However, another reason is that most of the economies in APEC are satisfied with the mechanisms already in place within GATT and the WTO for dispute mediation. They see no need to duplicate this function within APEC.

APEC was founded to provide a framework for regional cooperation. "When adopting initiatives, however, its more ambitious members must not aim too high, lest they alienate their more cautious counterparts. At the same time, a cooperative framework like APEC is devoid of meaning if it

⁴ "Japan Conquers APEC," The Economist, 11 November 1995, 33.

fails to undertake meaningful projects."⁵ This is one of the most fundamental dilemmas APEC must address. If the forum does not produce results, it is feared that the three largest economies, Japan, China and the United States, will simply walk away. Results are needed to establish legitimacy in the international community and among the APEC members themselves; without hard results there is no future for APEC. However, and this is the pivotal problem,

setting appropriate objectives and determining the proper speed at which to achieve them are highly demanding tasks because of the diversity of APEC's 18 members; it is as if a group of individuals of differing speed, size, strength, and age were attempting to work together toward various goals.⁶

Unfortunately, there are many views within APEC as to what success means. Indeed, by no means is there a clear vision or equal commitment on the part of all of APEC's members.⁷ APEC participants must find a way to appease all of its members, developed and developing, East and West.

It is evident that the competing regional perspectives have divided APEC members on fundamental issues. Such divisions, and the resulting inability to

⁵ Akio Watanabe, "What is Asia-Pacific Regionalism?" Japan Review of International Affairs 9 (3) (Summer 1995) : 194.

⁶ Ibid.

⁷ Noordin Sopiee, "ASEAN and APEC - Time for More Action," The New Straits Times, (Malaysia) 29 July 1990, 15.

achieve consensus, are affecting the future course of APEC, and ultimately, its potential to succeed. APEC must get back to basics. They must engage in discussions concerning membership, goals, process, and the long-term purpose of APEC. If they do not undertake this task, the forum risks becoming mired in the competing conceptions that APEC has tried to encompass and overcome.

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