

From the Desk of...

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Integration in Asia Pacific at a cross roads

One of the hottest issues following the APEC Summit in Singapore is how to achieve more political and economic integration in Asia Pacific. It is truly a hot potato. China is surreptitiously trying to keep the US, India and Australia out of this process, while Australia and Japan have tabled blue prints that would include the US, India, Australia and New Zealand. It is a battle for the leadership of Asia - a role that China thinks is rightfully hers. Japan has held the position of economic leader of Asia since the Meiji Restoration in 1854. Then, Japan was successful in radically modernising its economy while China failed to do so, until the reforms started by Deng Xiaoping more than a century later in 1978. But Japan squandered its political leadership of Asia with its failed attempt to establish the so-called East Asia Greater Co-Prosperty Sphere. Since its defeat in 1945 Japan has been virtually invisible in Asian politics and has been hiding behind the US. Many countries in Southeast Asia view Japan as a big ATM; just there to handover money for development projects - lots of money!

The Asia region may have some of the most dynamic economies in the world, like China and India, but its political and economic integration is remarkably limited so far. The only notable exceptions are the ten Association of Southeast Asian Nations (ASEAN), and the Asia Pacific Economic Cooperation forum (APEC), which has 21 members from both sides of the Pacific. However, these organisations are limited in scope and ambition. ASEAN's greatest achievement is probably the establishment of a tariff-free market for goods within this region of 550 million people. On the other hand, it has been equally powerless

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to force change in Burma (Myanmar) and to avoid skirmishes on the Thai-Cambodian border. It does not have ambitions to become an EU-style supranational organisation. Its secretariat in Jakarta is tiny and it is strictly an intergovernmental organisation.

Although the annual APEC Summits are perhaps better remembered for the attire of the leaders than for substantive pronouncements, this to some extent misses the point. The fact that the 21 leaders take the trouble to travel half way around the world to meet for these two days demonstrates how important they feel the leaders' retreat is, and the accompanying bilateral meetings. ASEAN and

APEC both emphasise consultation -- often non-binding and always consensus decision-making and an inclusive approach. This approach guarantees stultifying communiqués. Neither organisation has parliamentary representation or a court of justice, probably the institution that has

had the largest impact on the far-reaching integration of the EU.

After eight years of neglect of East Asia by the Bush administration, Washington is now in danger of being excluded by the Chinese, maneuvering from plans to deepen and widen regional integration. China is pushing privately for a community of ASEAN + 3 (China, South Korea and Japan) which would not include democratic India, Australia or New Zealand, nor the US. According to a Chinese expert, Professor Pang Zhongying of Renmin University, a meaningful East Asian community should gather countries with common borders. Therefore, this cannot include India and the US. Professor Li Daguang of the PLA

University of Defence is even more outspoken declaring, “The US participation in Asia Pacific affairs has always included an implicit agenda, which is to curb China’s rise”.

As a result of a lack of trust between Japan, India and China, and China vis-à-vis the US by default, ASEAN has so far played a key role in trying to find ways to integrate Asia more closely. No country has an axe to grind with ASEAN, nobody feels threatened by this fraternity of 10 Southeast Asian nations. Japan, India and China, on the other hand, view each other as rivals.

Western Europe could only embark on its integration once France and Germany, exhausted after two wars, decided to start pooling part of their sovereignty. A comparable decision by China, India and Japan is not likely to be on the table for the foreseeable future.

Another sensitive relationship that needs to be managed is that between China and the US. As a result, the Australian Prime Minister, Kevin Rudd, has proposed the establishment of an ambitious Asia Pacific Community (“APC”) to discuss political, strategic and economic issues. Canberra cannot make China and the US see eye-to-eye, but it has proposed a forum in which its two most important partners can partake in frank dialogue

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on regional challenges. For Hugh White, a former Australian Defence Force deputy secretary, the major concern for Australia is not China’s increasing power, but whether its power will fracture the foundations of Asia-Pacific security and trade and polarise the region.

Kevin Rudd’s Asia-Pacific Community includes ASEAN + 3 (Indonesia, Singapore, Brunei, Thailand, Malaysia, the Philippines, Laos, Vietnam, Cambodia and Burma + China, Korea and Japan) + India, Australia and

New Zealand (N.B. this grouping is also known as the East Asia Summit), plus the US. There are so many groupings in Asia, each with its own acronym and its own membership list.

If President Obama is serious about re-engaging with Asia, Rudd’s Asia-Pacific Community could well see the light of day. It would be the first institution in Asia Pacific with the membership and the mandate to address both economic and strategic (read security) challenges. China insists that APEC doesn’t broaden its mandate beyond economic issues, because it claims sovereignty over two of its members, i.e. Hong Kong and Taiwan. If the US does not fill the vacuum created by President Bush nine years ago, China could well succeed and slowly turn ASEAN+ 3 into the organisation that drives integration in East Asia.

About Hans Vriens and The Insight Bureau

Hans Vriens is one of the leading independent advisors on public policy in the Asia Pacific region, with almost 20 years of experience following the political shifts taking place across a number of key countries. Based in Singapore, he has been counsel to chief executives and board members on market entry strategy, regulatory affairs and managing sensitive issues across Asia. He has particularly strong experience in Southeast Asia, China and India. Hans frequently provides background briefings to visiting executives to help them understand political, economic, cultural and business developments in the region. He is able to provide unique and frank analysis thanks to the many research and consultancy projects he has led for leading multinationals and governments around Asia over recent years.

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