



# The **Asialink** Essays

SEPTEMBER 2009  
NUMBER 7

Published by Asialink, Sidney Myer Asia Centre  
The University of Melbourne Parkville 3010 Australia

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## **Asia Pacific Community**

### **REINVENTING THE WHEEL?**

**Colin Heseltine**

For good foreign policy reasons it has been a persistent theme in Australian regional diplomacy to ensure that Australia plays a central role in, and is not left out of, key developments shaping the Asia Pacific region. This includes of course being at the centre of efforts to build new Asia Pacific regional organisations. Australian governments have, over the years, arguably been more engaged in developing new forms of regional arrangements than other regional governments but they have not been alone. Others have also pursued such ambitions for their own strategic purposes, and at times these have been inimical to Australia's interests.

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In the 1990s, Malaysian Prime Minister Mahathir actively pursued his concept of an East Asian Economic Caucus which would have specifically excluded non-Asian countries such as the United States and Australia. Although eventually unsuccessful in this particular initiative, he achieved his aim with the formation of the ASEAN Plus Three (China, Japan and the Republic of Korea) grouping in the aftermath of the Asian financial crisis later the same decade.

Japan has been more supportive of Australia's role in the region and has shown interest in forging regional bodies with a broad membership to counter China's regional influence. It was instrumental in Australia becoming a founding member of the East Asia Summit (EAS) in December 2005, which brought together the ASEAN Plus Three countries, along with Australia, India and New Zealand.

Australia's continuing efforts in shaping new regional organisations have been motivated by the need to ensure that Australia is a key member of any emerging arrangements and – not always with success – to resist moves to create exclusively Asian region-wide bodies. It has of course been important for Australia to ensure that new organisations have sensible objectives compatible with our national interests and that their membership includes our key regional partners, in particular the United States. But above all Australia's prime objective has been to secure a seat at the table.

This objective has an understandable political rationale. While it is not necessary for Australia to be included in every single regional body, it would be a serious political problem for any

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Australian government if a system of regional arrangements were to develop which bypassed Australia, a risk that Australia, as an Asian outsider, always faces. Hence the pragmatic need for Australia to initiate the ideas.

Australia's latest foray into the evolution of Asia Pacific diplomacy is no exception. When Prime Minister Rudd announced in June 2008, that Australia would pursue a vision for an Asia Pacific Community by 2020 which would embrace a regional institution spanning the entire Asia-Pacific region, and engaging in the "full spectrum" of economic and political dialogue, cooperation and action, he was treading a well-worn path.

The Prime Minister's pronouncements on the subject have been remarkably lacking in detail and content, but we do know that some kind of new grouping is proposed, and that this year, retired diplomat Richard Woolcott has been sent to raise the matter with regional countries.

But given the plethora of existing regional organisations, what problem is the Prime Minister trying to solve with yet another Asia Pacific Community? And, granting a problem exists, is a completely fresh start the right answer?

One of the most successful models of modern regional integration is of course the European Union which took many decades to evolve following the ravages of disastrous wars. Visionary leaders recognised that the enormity of changes in the European order following World War Two necessitated new approaches to European integration. Interestingly, the European Coal and Steel Community, established in 1951, provided the substantive and practical basis for starting to build the European Economic Commission which later became today's European Union, with a deep level of integration and far-reaching decision-making powers.

The Asia Pacific region poses a very different set of historical, cultural and geographic challenges for regional integration compared with Europe. An example of the Asia Pacific's approach was the formation in 1989 of Asia Pacific Economic Cooperation (APEC). In pursuing this initiative, Australia, along with other key founding members, had substantive strategic aims. It viewed with concern the changing economic order in the Asia Pacific region, including growing trade tension between the United States and Japan, and the potential for exclusionary trade blocs emerging in Europe and North America. Australia saw it as strategically essential to create a structure for integrating big and emerging regional economies into a pattern of economic interdependence. At that time there were no region-wide organisations bringing governments together to deal with such issues.

Disappointingly, APEC has not evolved into the strong and effective vehicle for regional integration envisaged. This is due in part to China's refusal to allow any organisation of which Taiwan is a member to extend its mandate to major political and security issues; in other words, to move beyond economic and technical issues.

Despite the significant differences in their origins and evolution, the key point to underscore in both the EU and APEC examples is that their founding members had clear substantive ideas about the need to build new structures and about what those structures would do that wasn't being done already. Debates about establishing neat and elegant new forms of regional cooperation can make for interesting academic discussion but unless there is a clear and substantive rationale the concept is doomed. There must be an understanding about the practical strategic objectives and what gaps there are in existing arrangements.

Underpinning Rudd's thinking on the APC is the concern that we cannot assume peace and stability will inevitably result from the Asia Pacific region's increasing economic progress. Strong East Asian growth has altered the relative positions of countries in the region, making management of regional security more complicated. The region therefore needs to build habits of dialogue and cooperation on security questions, and to have mechanisms for dealing with friction when it occurs. In particular we need a single body that brings together leaders of key nations in the region, including Indonesia, India, China, Japan, the United States and other nations, to deal with all these issues.

While growing concern in the region about the uncertainties arising from China's growing economic and military power no doubt underpins this analysis, there is nothing fundamentally new in it, nor anything to disagree with. The question is whether we want new regional arrangements as a result, and what their purpose would be. In declining to define his proposal beyond generalities, Rudd sees the details being worked out during a process of "regional conversation" between now and 2020. In order to head off regional apprehensions at this early stage, he has, however, defined what it will not be: it won't be an economic union, a monetary union, a customs union or a political union.

What then might new regional arrangements be? As I have pointed out, Rudd's proposal has been remarkably vague. Besides foreshadowing a vision, there has been no attempt at description, other than in the blandest and most general terms. The idea seems to be more about process, which is interesting but not terribly helpful. Australia's role, as proposed by Rudd, will be to set in train a bureaucratic process.

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There is no lack of ideas from academics and others on ways to improve Asia Pacific regional cooperation and integration. Many of them are unrealistic and unworkable; some, though, are quite creative and warrant further consideration. It is not enough simply to argue that because there is no single effective regional body dealing with the full range of political and economic issues, and because the region is a potentially dangerous and unpredictable place, we need a new organisation. All examples of effective regional organisations around the world have demonstrated that there must first be a clear and substantive need and benefit, agreed by all countries affected, for them to cede over time some degree of their national sovereignty – which is what meaningful regional cooperation and integration inevitably involves. Without member countries agreeing to a regional organisation having at least some binding decision-making powers, all that results is a talkfest, and there are already enough of these in the Asia Pacific region.

The underlying premise of Rudd's proposal is that none of the existing regional structures meets the region's needs. While acknowledging the contribution of APEC, ASEAN, the East Asia Summit (EAS) and the ASEAN Regional Forum (ARF), he notes that none of these brings together in a single regional organisation a platform for deliberating on and resolving significant political, economic and other transnational issues affecting the region's security.

The unstated, but nevertheless clear, implication is that ideally the grouping would be limited in number to key regional players. Perhaps this would ensure smoother deliberations, and avoid the unwieldiness and inefficiencies that burden some existing organisations with large memberships. In practice, however, the complexities of regional politics make

it unlikely that membership of any new regional security arrangement could be confined to a condominium of major powers that excluded smaller regional countries.

Rudd will have a hard time selling his concept to the region. His emissary, Woolcott, has received predictably polite and non-committal responses. Australia will shortly convene a meeting of regional government officials, academics and opinion makers to discuss the future of regional architecture in the 21st century. No doubt this meeting and those to follow will agree on broad principles, and will be deemed a great success. They are unlikely to move the concept far forward.

There are several reasons why the Rudd proposal for an Asia Pacific Community will have trouble gaining traction. The hasty announcement by Rudd of his initiative in June 2008, without consultation among regional countries (or his own Department of Foreign Affairs and Trade for that matter) was seen as arrogant and insensitive by many regional countries, and has probably heightened their scepticism. Competent diplomacy will, in time, no doubt lessen this initial annoyance but it was a very bad start, and has given unnecessary ammunition to those resistant to the idea.

Among some ASEAN countries there is justifiable suspicion that Australia is seeking to give greater prominence to some countries at the expense of others. Singapore, for example, which strongly supported Australia's efforts to join the EAS grouping in 2005 (against considerable regional opposition), and resisted Mahathir's exclusionist East Asia Economic Caucus proposal in the previous decade, was offended that Rudd's first pronouncements on the Asia Pacific Community singled out only Indonesia among ASEAN members, without mention of Singapore.

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For ASEAN, the issue of membership will be difficult. Any proposal which does not include all ASEAN members will cause it anxiety. The idea that important decisions affecting the region's future might be taken by a group which did not include all of its members would be inconsistent with ASEAN's consensus-driven approach to decision-making. However, including all ten ASEAN members in a new body would be more of the same. There is also the problem of what to do about Burma, an ASEAN member.

Moreover, ASEAN would wish to see itself at the centre of any new structure (as is the case with ASEAN Plus Three and the EAS) and this might not fit well with a new and more dynamic approach to regional architecture. In promoting the Asia Pacific Community idea Rudd has drawn on the experience of ASEAN as a model for building a stable regional strategic foundation. Undoubtedly ASEAN has, since its inception, developed a useful model of sub-regional cooperation which has created a strong identity and sense of cooperation among its members. Its slow, deliberative and consensus-driven decision-making has suited the mood and cultural inclinations of its members. But how this approach adds a new dimension to existing structures is difficult to see.

Other regional countries, while understandably endorsing the principle that enhanced regional dialogue and cooperation is a good thing, have mixed views about the Rudd initiative. Many are unenthusiastic about setting up yet another regional body, with the ensuing need to service more meetings and commitments with limited resources. They will prefer to work within existing bodies which apparently meet their needs. Some will not want to see the formation of a new organisation which

risks undermining the pre-eminence and influence they have within existing arrangements.

China, for example, will be wary of any new structure that it fears might be designed to diffuse its influence in the region, especially as the existing arrangements, which limit the role of other big powers such as the United States and India, place China in an advantageous position. In addition, in the current climate of difficult China-Australia relations, it is unlikely that China will go out of its way to support an Australian regional initiative.

Japan's approach to regional architecture, including Rudd's Asia Pacific Community proposal, will bear close watching following the election of a new government on 30 August. Japan's foreign policy interests in regional architecture have in the past coincided closely with those of Australia. Successive Liberal Democratic Party governments actively sought to neutralise Chinese influence in regional bodies by broadening their membership with the inclusion of non-East Asian countries such as India, Australia and the United States.

A potentially different Japanese approach to regional cooperation has, however, been posited by the new Democratic Party Prime Minister, Yukio Hatoyama, who, in an essay published a few days before the election argued that the era of US-led globalism was coming to an end. While noting that no one country was ready to replace the United States as the dominant country, and that the Japan-US security pact would continue to be the cornerstone of Japanese diplomatic policy, he argued that the East Asian region must be recognised as Japan's "basic sphere of being". Japan, he said, must continue to build frameworks for stable economic cooperation and security across the region.

It is too early to see how Hatoyama envisages taking forward his ideas. Mahathir-like allusions to East Asian identity expressed during an election campaign are one thing, the realities of government another. China's growing influence in the region will be as much a concern for Hatoyama's government as it was for its predecessors. Indeed, in his pre-election essay, Hatoyama observed that China's growing military strength was a factor encouraging greater regional integration, a point on which he and Rudd would fully agree. It will therefore remain important for the new government to ensure that Japan does not play a subordinate role to China in the region. That said, Hatoyama's emphasis on "East Asian" community rather than "Asia Pacific" does carry some risk for Australia: Japan may now be less assertive in helping to secure Australian participation in regional structures than it has been in the past.

Of the other key countries in the region, South Korea and India, while perhaps not having strong reasons to oppose the proposal, are unlikely to be enthusiastic about creating new structures, and will not wish to expend diplomatic effort in promoting an initiative for which their support is only lukewarm.

In considering Rudd's proposal, the main question in the minds of regional countries will be: Despite the flaws in existing regional organisations, why not focus the region's efforts on making them function more effectively? Or, put another way, how would any new regional grouping avoid the shortcomings of those already in existence?

**In considering Rudd's proposal, the main question in the minds of regional countries will be: Despite the flaws in existing regional organisations, why not focus the region's efforts on making them function more effectively? Or, put another way, how would any new regional grouping avoid the shortcomings of those already in existence?**

It is true that the current plethora of regional organisations is untidy and inefficient, and it is understandable that Prime Minister Rudd would wish to seek improvements. There are too many organisations; memberships are often too large and do not cover a consistent regional geographic pattern, which erodes the sense of community; and decisions are taken without any binding effect and therefore are ineffective.

But, with all the untidiness and built-in inefficiencies, there is still a regional system of dialogue and cooperation firmly in place. Before 1989, such a regional system was embryonic at best. Since then we have seen the creation of APEC (with 21 members), the ARF (27 members), ASEAN Plus Three (13 members) and the EAS (16 members). Australia is a member of all except ASEAN Plus Three. New sub-regional organisations, such as the Shanghai Cooperation Organisation, which brings together China, Russia and their central Asian neighbours, have also emerged. Each organisation has evolved to meet particular perceived needs of its members and in response to global and regional circumstances, including the challenges of globalisation, the need to deal with big new emerging powers (first Japan, then China) and the 1997–98 Asian financial crisis.

Each, with varying degrees of effectiveness, has a different focus and role. APEC has a broad Asia Pacific membership that, unlike other regional bodies, includes Taiwan and several Latin American countries, but, so far at least, not India. Despite its failure to meet Australia's early expectations of becoming a substantial player in international trade liberalisation, APEC still serves a useful role in promoting regional economic and technical cooperation. ARF covers security issues but is too large and too ASEAN-centric to be able to deal effectively with the full range of

East Asian security issues (in particular those in North East Asia such as North Korea's nuclear program). ASEAN Plus Three provides an Asia-focused vehicle for promoting greater East Asian identity and cooperation. To avoid being seen as too exclusionist, and at the insistence of Japan and others who wished to counter Chinese influence, ASEAN Plus Three has joined with a broader regional membership in the EAS, which includes India, Australia and New Zealand.

United States participation in regional arrangements dealing with security issues is an essential criterion for Australia. The only regional organisation which currently meets at head of government level and includes the United States is APEC. However, because of Taiwan's participation, APEC (at China's insistence) is unable to include security issues on its agenda (although members can, and do, discuss such issues in informal side meetings during the annual APEC leaders meeting). Thus, none of the existing organisations, as currently set up, deals effectively with security issues. It is this gap that Prime Minister Rudd seems to be attempting to address.

However, the lack of any clear definition of the proposal, and Rudd's focus on process rather than substance, has inevitably led to misunderstanding and scepticism, both in Australia and in the region, about what he really wants to achieve. If, as Rudd has said, the Asia Pacific Community would not be an economic or political union, what would it do that is not already being done? If the objective is to achieve a habit of dialogue, surely such a habit has already become ingrained in the region since 1989, despite the imperfections of the current system.

There is no shortage of suggestions on ways to improve existing arrangements. One recent idea in the economic area, put forward by Dr Fred Bergsten of the Petersen Institute for International Economics, suggests that Asian countries might draw on their collective strength in the G-20 group of major economies which has taken over from the G-7 as the world's chief steering committee for the world economy. APEC countries which account for half the G-20's membership could, he argues, dominate the group if they chose to act together in some sort of caucus. Whether APEC members of G-20 would be interested in cooperating in this way is doubtful since many of them have global interests in the G-20 which extend beyond the Asian region, and they would not wish to be constrained by a regional position. Nevertheless Bergsten's idea shows there is scope for creatively looking at ways to make existing regional arrangements work better.

The most practical and simple approach – and one that could be achieved within existing regional structures – would be for the United States to join the EAS. Under the Bush Administration the United States showed no interest in membership but the Obama Administration's recent decision to sign the ASEAN Treaty of Amity and Cooperation in South East Asia, a precondition for joining the EAS, might be a precursor to a change of policy. United States membership of the EAS would create an organisation whose membership included all major powers in the Asia Pacific region (except Russia which could also join at some point), and would be able to deal with all issues affecting regional security, which is very much in line with Australia's interests.

The EAS is a new structure and is still finding its way. There is no unanimity among members about its future role. United States membership would however give it a new focus and relevance.

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**Achieving an effective EAS, with United States membership, would be a far more realistic and practical objective for Australian regional diplomacy than wasting resources on empty meetings and discussions about re-inventing the wheel with new structures.**

An expanded EAS would not be perfect. Some countries, which would prefer to see a narrower East Asian focus, will try to impede its efforts towards becoming an effective and pre-eminent regional body. Its large membership could be cumbersome and it could face many of the same problems inherent in today's regional multilateral diplomacy. But, in its favour, from an Australian perspective, it would provide an existing structure for building a new Asia Pacific Community. Achieving an effective EAS, with United States membership, would be a far more realistic and practical objective for Australian regional diplomacy than wasting resources on empty meetings and discussions about re-inventing the wheel with new structures.

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