

**APEC beyond Economics
The Politics of APEC**

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Abstract

This paper deals with the history, formation, and objectives of APEC. It describes the tensions between the Anglo-Saxon and the East Asian APEC members and the clashes of interests between the large and small and developed and less developed nations, which show how precarious the formation of APEC was. Within the short term APEC does not seem destined to become an overarching regional, political, security, and economic institution. Indeed, certain forces within the region, such as increased arms acquisitions in some states, friction arising over trade disputes, protectionism, and investment flows, and tension between China and Taiwan, could hinder the objectives of the organization. It remains possible that the very process of finding common ground through APEC may contribute more to fostering community and to ensuring security in the region than the proposals actually agreed upon by all member nations.

Resumen

Este artículo trata la historia, formación y objetivos de APEC (Cooperación Económica de países de Asia en el Pacífico). En él se describen las tensiones entre los miembros anglo-sajones y este-asiáticos de APEC así como los choques de intereses entre naciones grandes y pequeñas, desarrolladas y menos desarrolladas, lo que demuestra cuán precaria fue la formación de APEC. En el corto plazo, APEC no parece destinada a convertirse en una institución política, económica y de seguridad regionalmente abarcadora. En efecto, ciertas fuerzas en la región, tales como el aumento en la adquisición de armas por parte de ciertos estados, la fricción resultante de disputas comerciales, el proteccionismo y los flujos de inversión, y la tensión entre China y Taiwán, podrían obstaculizar el alcance de los objetivos de la organización. Sigue siendo posible que el proceso de encuentro de un terreno común a través de APEC contribuya más a fomentar la comunión y a garantizar seguridad en la región que las propuestas a las que los países miembros efectivamente prestaron su acuerdo.

1. The Politics of APEC

The Asia Pacific Economic Cooperation (APEC) forum took on new prominence at its November 1993 'foreign and economic ministers' meeting in Seattle when President Clinton invited the heads of government to meet there at the same time as well as at subsequent meetings. It represented strong backing by the president for the American concept of a 'Pacific Community' of Pacific Rim countries cooperating in open liberal trade and investment with each other. The Seattle meeting was also the first time a gathering of Pacific heads of government had ever occurred. It naturally provided a major media event to boost economic cooperation in the Pacific. It was essentially an attempt to accelerate and extend the kind of more liberalized world economic cooperation partially enshrined in the new World Trade Organization of 1994 and much more so in the North American Free Trade Agreement among the United States, Canada, and Mexico.

The new APEC thrust has remained strongly economic as had its ministerial meetings in the early years of the 1990s. Nevertheless, beyond the purely economic aspects of subjects such as trade, investment, and intellectual property rights is the equally important realm of politics. However convenient, it is misleading to regard them as two separate spheres of government or private relations. And, it is accordingly misleading or naive to regard APEC as an apolitical institution. There are two important political dimensions of APEC membership and of APEC processes: First, each member country is constantly engaged in the political task of defending its independence, advantage, and freedom of action; in other words, there are political conflicts of interest. Second, even though all members are aware that stable political security at both the regional and subregional level is prerequisite to continued economic growth, as individual states they simultaneously continue to seek to advance their own national political and security agendas.

At the present, when strong tension continues in East Asia between hostile regimes or over conflicting territorial claims, there is no multilateral military security organization as there is in Europe. Political leaders, especially in the United States, have voiced hopes from time to time that APEC would assume some sort of regional security role. Thus, at the 1993 gathering in Seattle Bill Clinton titled his remarks "The APEC Role in Creating Jobs, Opportunities, and Security" and stated: "We have to develop new institutional arrangements that support our national economic and security interests internationally... We're working to build a prosperous and peaceful Asia-Pacific region through our work here in APEC."¹

¹ See the text of Clinton's speech in *US Department of State Dispatch* vol. 4, no. 48, 29 November 1993.

Such larger visions for APEC have generally abated, in part because of resistance from member governments and private sector forces and in part because alternative institutions began to at least consult on security problems. Thus, in 1994 the United States as well as most other Pacific states joined what is called the ASEAN Regional Forum, held at the same times as the annual meetings of the foreign ministers of the Association of South East Asian Nations (ASEAN), to discuss security issues. From this point on, calls for APEC to play a role in the Asia Pacific security context have been muted. Nevertheless, at the November 1995 Osaka APEC meeting Singapore Prime Minister Goh Chok Tong said he expected APEC would eventually add security to its agenda.²

APEC has tended to be a discussion forum or economic and political movement rather than a well-defined organization or a negotiating body. However, there has been considerable tension between these two options which seemed to be coming to a head at the 1995 meeting. Fortunately, the Anglo-Saxon APEC countries managed to contain their impatience with the East Asians and seem to be finally resigned to accepting the latter's more flexible voluntary approach under the shepherding by Japan at Osaka. Before considering this, it will be useful to briefly review the formation and objectives of APEC.

2. APEC's Formation and Objectives

APEC was formed in 1989 as the first governmental Pacific regional group to promote more open trade, investment, and development. It was sponsored by Prime Minister Hawke of Australia, who first mentioned it on an official visit to Seoul, but considerable inspiration seems to have been provided by officials in the Ministry of International Trade and Industry (MITI) of Japan.³ It was also prompted in part by the increased economic integration of the European Union and the signing of the Canada-US Free Trade Agreement. It was a defensive political move to counter the strength of those trading blocs and possibly greater exclusion from European and North American markets. APEC was intended to consist of the countries of East Asia and the South Pacific, that is the Western Pacific Rim only.

Australia, which proposed APEC, was the leader of the 'Cairns Group' of countries favoring freer trade in agricultural products and wanting to do away with ruinous subsidies paid to farmers by grain exporting countries.⁴ Therefore, Hawke, when he proposed APEC on a trip to

² "Asia/Pacific," *Daily Yomiuri*, 21 November 1995, 1.

³ Hiroshi Nakamae, "MITI Claims Main Behind-the-Scenes Role in Group's Founding," *Nikkei Weekly*, 15 November 1993, 1, 23; "Hawke Proposes Creating Pacific Economic League," *Japan Times*, 9 November 1989, 1.

⁴ As a nonmajor power Australia does not have the economic or political ability to compete with the United States or the European Union, or even Canada, in paying huge subsidies to its farmers

Korea, deliberately omitted the United States and Canada as prospective members. That prompted an anguished protest from both the Canadian and American foreign ministers, John Crosby and James Baker. The prospect of splitting the Pacific into separate trade blocs was dismaying to both Canadian and US business interests, who were anxious to participate in the rapidly growing markets of East Asia and did not relish being cut out by their Australian economic rivals. Japanese trade officials also cautioned the Australians to include the Americans since they all depended heavily on the American market for sale of their exports and could not afford retaliation by Washington. Australia relented and invited both Canada and the United States to the first meeting of APEC ministers in Canberra, its capital. However, an interesting sidelight on that conflict of interests is that the North American leaders in Washington and Ottawa have shown no similar willingness to invite Australia or Japan to join either the Canada-US Free Trade Agreement or the North American Free Trade Agreement (NAFTA). The latter agreement now includes Mexico and may soon include Chile, both of which have become members of APEC.

The countries invited to Australia to form APEC were the five Pacific developed countries—Japan, the United States, Australia, Canada, and New Zealand—and the members of ASEAN—the Philippines, Thailand, Singapore, Malaysia, Indonesia, and Brunei plus South Korea, all market-oriented countries.⁵ China, Hong Kong, and Taiwan joined as a group in 1991. Thus, APEC is unique in being the only significant international organization in which China participates together with Taiwan, which is there called ‘Chinese Taipei.’ The smaller countries in ASEAN were hesitant about joining APEC because they feared their own group would be overwhelmed by the inclusion of the powerful United States which could use its great market power to intimidate or threaten them. But their exports to the United States were also the major means by which they achieved and sustained their economic expansion and prosperity. Thus, APEC started as a loose discussion group where agreement was only by consensus. The goal of the group is to promote cooperative approaches to increasing and freeing trade and investment. There is an enormous number of steps governments can take to free trade, in particular to reduce barriers to imports. APEC was not intended to be a negotiating body to make legally binding treaties and agreements nor was it to have a well-organized structure with a large administrative staff, though it does now have a secretariat in Singapore.

APEC foreign and trade ministers meet annually in November, alternating between an ASEAN country and one of the others. When President Clinton inaugurated the APEC heads-of-state summit meeting in Seattle it set a precedent which has been followed in Indonesia in 1994 and the Osaka meeting in November 1995. Several other Pacific Rim countries have joined also:

and large agribusinesses in order to export its grain at below the cost of production and thus compete ‘unfairly’ abroad.

⁵ “12 Pacific Rim Ministers Set to Meet in Australia to Plan Formation of New Bloc,” *Japan Times*, 4 November 1989, 9.

Mexico, Papua New Guinea, and Chile.⁶ Since these, new members are on hold, waiting for decision by APEC on necessary qualifications.

3. Political Conflicts of Interest

The chief causes of political conflict among APEC members seem to be two closely related aspects: the clash of interests between the large and small states and the clash of interests between the developed and less developed states. The small states usually lack the economic or military capabilities that would give them political influence or enable them to stand up to the larger or more advanced states. One way to amplify their influence or defend themselves is to band together and act in concert. That is what the members of ASEAN have done during the past thirty years or so, with unusual success for an organization of relatively smaller countries. Still, they were naturally hesitant about joining APEC since it included the United States and Japan, large states that might put them at a serious disadvantage.

To strengthen themselves they recently formed their own ASEAN Free Trade Area (AFTA) which aims to reduce intragroup tariffs to 5% within 15 years.⁷ Each member country was afraid to make the first move to expose its protected industries to more open competition in order to get the others to open their markets. But after a year of hesitation members began to reduce tariffs, even a reluctant Indonesia doing so in May 1995. The originally agreed target date for lower tariffs for manufactures was even brought forward. Liberalization is beginning to be extended to financial services and agriculture (though Indonesia is dragging its feet). Consequently, ASEAN countries are beginning to court large-scale investment from outside the area, and AFTA looks more and more attractive to outside investors. This allows the group to compete with lower wage countries like China, which has garnered the lion's share of foreign investment recently.

AFTA is likely to include all ten Southeast Asian states in the near future. Vietnam joined ASEAN in July 1995. Cambodia, Laos, and Myanmar are all likely to become members in 1997; all three were present at the December 1995 ASEAN Summit in Bangkok, where they signed both the Southeast Asian Nuclear Free Zone Treaty and the Bangkok Declaration—the latter document leading with the pledge to soon include all ten Southeast Asian States in ASEAN.⁸

⁶ But Russia and the European Union are conspicuous by their absence as are the countries of South Asia, which would all like to join.

⁷ Hiroaki Kanazawa, "Free-Trade Zone Rapidly Gains Momentum," *Nikkei Weekly*, 24 July 1995, 20.

⁸ "10 Kakoku Taisei ni Mukete Zenshin, Bankoku Sengen Saitaku" [Progress toward a Ten-Nation System, Bangkok Declaration Passes], *Yomiuri Shinbun*, 16 December 1995, 4.

AFTA will spark greater economic development and, consequently, strengthen ASEAN's political influence and probably increase its support for liberalization through APEC.

Malaysian Prime Minister Mahathir has championed the idea of an exclusive East Asian Economic Group, which would consist of East Asian countries only, to deal with the advanced Western states like the United States, Canada, Australia, and New Zealand. More recently he has proposed that an East Asian Economic Caucus (EAEC) operate as an informal caucus within APEC to defend their interests against the non-Asian states.⁹ The US and other members of APEC have opposed this potentially divisive proposal which could reduce or threaten their political leverage in the region. However, China, South Korea, and some ASEAN members are inclined to support the idea. The Federation of Economic Organizations (*Keidanren*), which represents Japanese big business, favors it. But Mahathir has been unsuccessful in getting the Japanese government, a key member, to accept it because the politicians and bureaucrats fear it will worsen already strained relations with Washington.¹⁰

Another source of support for APEC, though one that has also been a critic, is the Pacific Business Forum which has faulted APEC for lack of concrete government measures to promote trade and investment. The Forum is a group consisting of two business leaders from each APEC member country who were asked by the heads of government at the Seattle APEC meeting to make recommendations to them at Bogor and Osaka.¹¹ Businesspeople in general have been critical of the failure of APEC after six years of existence in not agreeing on specific tariff reductions or removing other barriers to trade well within their control. Still, the 1995 Business Forum report was helpful in calling for such things as a policy of standstill on the introduction of any new trade or investment barriers and a binding investment code that includes nondiscrimination against foreign firms, transparency, investment incentives, and dispute settlement provisions.

Another group, the Eminent Persons Group (EPG), created by the APEC ministers in 1992 to advise them, consists of prominent economists, businesspeople, and policy advocates who championed the creation of a 'Pacific Community' at the 1993 Seattle meeting. In 1994,

⁹ For Mahathir's position, see Shintaro Ishihara, *An Asia That Can Say 'No,'* Kappa Hardbacks no. 156 (Tokyo: Kobunsha, 1994, in Japanese); Richard Higgott and Richard Stubbs, "Competing Conceptions of Economic Regionalism: APEC versus EAEC in the Asia Pacific," *Review of International Political Economy* vol. 2, no. 3 (summer 1995), 516–35.

¹⁰ Mahathir absented himself from the first leaders' meeting in Seattle, called by Bill Clinton in 1993, because of his fear of the strong American initiative being taken in APEC. In 1994 he relented somewhat and became more conciliatory by joining the leaders' meeting in Bogor, Indonesia, even though he was a strong competitor with President Sukarno for influence in ASEAN.

¹¹ Asia-Pacific Economic Cooperation [Secretariat], "A Business Blueprint for APEC, Strategies for Growth and Common Prosperity," *Report of the Pacific Business Forum*, October 1994; "The Osaka Action Plan: Roadmap to Realising the APEC Vision, Report of the Pacific Business Forum 1995," 22 September 1995.

along with the Pacific Business Forum and with the support of President Sukarno, the EPG was instrumental in persuading APEC to set firm dates for successful trade liberalization: 2010 for the advanced members and 2020 for the less advanced members.¹²

It should be noted that APEC members have already made moves in this direction on a unilateral voluntary basis. For example, China achieved an impressive *démarche* at the Osaka meeting by voluntarily offering to reduce tariffs on 4,000 items by 30% next year.¹³

Probably the chief conflict within APEC is between the developed and the less developed countries. The smaller states, even when they are large exporters and their exports are competitive internationally, have been especially reluctant to open up their own markets to the more advanced countries and thus subject their still protected industries to full international competition. Naturally, the advanced developed states are anxious to export their own competitive products, many of which are excluded by high tariffs or various types of import barriers by the small, less developed states.

To protect themselves from pressure from the developed states the less developed and weaker states have tried to insist that APEC remain a loose, consultative body to encourage cooperative projects. Most of the less advanced countries want to keep the freedom to open up at their own pace and not be bound to firm dates or deadlines. It was thus a great accomplishment to get all the members to approve the dates of 2010 for the advanced states to reach the goal of complete liberalization and 2020 as the date for the less advanced states to do so. But Prime Minister Mahathir is correct when he insists that these dates are goals rather than a binding commitment.

The name of APEC itself reflects this conflict of interests. To keep the group as a loose consultative meeting it was simply called, 'Asia Pacific Economic Cooperation.' There is no final word like 'council,' or 'organization.' As Gareth Evans, the Australian foreign minister, says, it is "four adjectives in search of a noun."¹⁴ Usually everyone now refers to it as the Asia Pacific Economic Cooperation forum, but it was originally intended to be more of a movement or concept than an organization, something which it has slowly and perhaps inevitably become.

The advanced states like Canada, the United States, Australia, and New Zealand wish APEC to take on a more organized form with firm rules and agreed deadlines to bring about a more integrated regional economy. They particularly want firm commitments to open up the closed

¹² Asia-Pacific Economic Cooperation [Secretariat], *Achieving the APEC Vision, Free and Open Trade in the Asia Pacific*, Second Report of the Eminent Persons Group, August 1994.

¹³ Frank Ching, "APEC Moving along the 'Asian Way'," *Far Eastern Economic Review* vol. 158, no. 49 (7 December 1995), 48; "It's Not That Easy," no. 51 (21 December 1995), 58. China's tariff reductions and entry into the World Trade Organization basically depend on compromise with the United States and European Union over the average reduction in tariffs and on which items they can remain high and protective.

¹⁴ Alan Freeman, "Leaders Aim for Free Trade at APEC Forum," *Globe and Mail*, 12 November 1994, B4.

aspects of the less developed country markets. They want more than voluntary investment codes to ensure fair treatment of foreign investment. They want liberalization and legal rules extended to all forms of trade including agriculture, guarantees of respect for intellectual property rights, protection of investors' rights, and opportunities for services like banking or insurance to enter the other members' economies.

Moving to implement such a regulated environment, however, would require centralized data gathering and analysis capabilities. Consequently, there have been moves to institutionalize APEC with the establishment of a small secretariat in Singapore in 1992. (Singapore, as the most developed of the ASEAN states, is in agreement with the advanced states on many of the above aims for APEC countries.) APEC is gradually increasing the number and scope of its committees and working groups, whose purpose is to gather data and present ideas that can be used by the ministers and their officials in reaching decisions and deciding on policies (for specific sectors).¹⁵ There are also a number of nongovernmental Asia Pacific organizations that to a major extent parallel APEC in membership and consist of academics, businesspeople, and officials in an unofficial capacity, such as the Pacific Economic Cooperation Council which often cooperates with APEC and its committees and working groups to provide information, liaison, and policy advice.

A distinctive feature of APEC is its 'open regionalism' whereby the opening or liberalizing trade and investment is not confined to members only but extended to other countries as well.¹⁶ However, this principle itself is contended among members, some of whom are concerned about the regional inequities that might result. For instance, at Osaka the United States voiced concern that APEC benefits might be extended indiscriminately to trading partners like the European Union. The Western Europeans, who jealously withhold their concessions to each other from outsiders, might be able to claim all the privileges given to each other by the members of APEC. However, despite these concerns, it seems APEC will retain its open regionalism perspective—a policy that also conforms to the most favored nation principle of the World Trade Organization.

¹⁵ APEC has committees on Trade and Investment, Budget and Administration, and an Ad Hoc Group on Economic Trends and Issues. It has working groups for trade promotion, trade and investment data, industrial science and technology, human resource development, energy, marine resources, telecommunications, transportation, tourism, and fisheries. Asia-Pacific Economic Cooperation Secretariat, *Asia-Pacific Economic Cooperation* (Singapore, 1994), 2–7.

¹⁶ Asia Pacific Economic Cooperation Secretariat, *Asia-Pacific Economic Cooperation* (Singapore, 1994), 1; Pacific Economic Cooperation Council Secretariat, *Pacific Economic Development Report, 1995, Advancing Regional Integration* (Singapore, 1995), 27.

4. Political and Security Interests

The global economy of the last fifteen years has been continually outpaced by the sustained growth rates of key Asian economies. Certainly, the central forces of the Pacific regional economy were set in place long before the end of the European Cold War; the more recent opening of the command economies and the demise of ideology have only served to accelerate these processes of domestic growth and increased intraregional flows of goods and capital. Most scholars, both economists and political scientists, acknowledge that it was US management, indeed dominance, of regional economic and political orders and ready access to the American domestic market that provided the necessary underpinnings for the post-WW II economic 'miracle.'

However, in recent years powerful political and economic forces have served to erode this hegemonic regional order. Beginning perhaps as early as the end of the Korean War, but certainly with the withdrawal of US forces from Vietnam, the self-adopted role for the United States as regional ideological policeman began to diminish. At about the same time, so too did US global economic dominance, as Washington confronted the consequences of pursuing incompatible domestic and foreign economic policies. The end of the European Cold War accelerated these forces. With the economic dynamism of Asian states came a renewed political self-confidence, and even nascent antagonism, vis-à-vis continued American leadership. With the removal of the Russian threat, the former motivation and rationale of expensive US forward-based strategies involving vast naval resources was called into question on both political and economic grounds.

Three paradoxical results have emerged. First, just at the time that the principles of economic liberalism, open market economies, and state economic decentralization are achieving full acceptance, the parameters of the overarching framework of regional security stability which these forces require must undergo fundamental adjustment to accommodate new political realities.

Second, with economic growth has come dramatically increased interaction among Asia Pacific states, the opening of trade and investment relations among virtually all former adversaries in the region, and increased economic interdependence (as predicted by neofunctionalistic theorists of international integration). The general direction of these developments supports the argument that increased density of economic interactions tends to mitigate tension among the states involved and promotes a more stable and cooperative environment. However, at the same time, increased national prosperity, especially in circumstances of uncertain political transition, has been accompanied by behaviors that do not advance friendly relations and that pose threats to

both short- and long-term stability. Robert Scalapino refers to this as the dilemma of “economic dynamism and political fragility,” found especially in Northeast Asia.¹⁷

Third is the paradox presented by subtle distinctions in the trends in the forms and processes of multilateral relations on economic and political/security dimensions in the Asia Pacific. In contrast to the closed regionalism of a grouping such as the European Community, the North American Free Trade area, or a military alliance such as NATO, the regionalism of the Asia Pacific is generally ‘open,’ that is, it seeks to encompass all regional parties (witness both APEC and the ASEAN Regional Forum in this regard). Furthermore, APEC does not seek to create special economic privileges for members; outsiders can participate on a nonreciprocal basis. This said, there remains a distinction within the Asia Pacific between the character of regionalism found in the economic sphere and the ‘softer’ (or more amorphous) regionalism found in the political/security sphere.¹⁸ Thus, in the former domain, as in APEC, one sees meetings and negotiations involving government officials and heads of state. Firm commitments are reached, and there is a seemingly inevitable, albeit slow tendency towards more institutionalization and rules-based regimes and settlement mechanisms. But in the security domain efforts towards institutionalization have been resisted (particularly in Northeast Asia). In contrast to the economic side, where states seek to join and to commit each other to collective agreements, when it comes to security-related issues states tend to jealously guard their freedom of maneuver by insisting on bilateral negotiations and settlements. ‘Soft’ nonbinding multilateral security arenas, such as the ASEAN Regional Forum, function as consultative opportunities for ministers. Nongovernmental track-two security dialogues, involving experts, academics, and ‘officials acting in their personal capacities,’ are the norm as states seek mechanisms to further mutual trust and transparency in military as well as economic affairs.

APEC as the primary agent of economic regionalism in the Asia Pacific, in both symbolic and practical terms, finds itself situated within each of these paradoxes. It cannot, therefore, escape implication in the political security climate of the region and in speculation concerning a role in promoting an overall regional atmosphere. But, at the same time, a clear-headed analysis suggests that APEC is not destined to become a regional security institution—the firm intentions of its key members and its accepted institutional limitations pose insurmountable barriers to such development. A brief examination of several issues will serve to illustrate this.

For those who see APEC, willingly or unwillingly, assuming a role in political and security issues of the region, there are both short- and longer-term aspects of APEC that are attractive. Focusing on the more immediate context, APEC’s primary advantages derive from its

¹⁷ Robert Scalapino, “Northeast Asia in an Age of Upheaval,” National Bureau of Asian Research, *Analysis* vol. 6, no. 2, August 1995.

¹⁸ See, for instance, Byung Joon Ahn, “Regionalism in the Asia-Pacific: Asian or Pacific Community,” typescript, 1994.

inclusiveness, its summit gatherings, and more generally from its aura of 'success'—albeit in the absence of achieving hard results, in the minds of its critics. APEC, for instance, is the only regional body that has come up with a successful formula for involving the economic parties of the 'greater China,' i.e., China itself, Taiwan, and Hong Kong. Various contrivances are required to keep all parties engaged in the APEC forum, and the process has succeeded in avoiding the deadlock or nonparticipation over this sovereignty-sensitive issue which has threatened to paralyze other regional fora.¹⁹

The APEC summit is a singular phenomenon in the region. In no other context do most Asia Pacific leaders congregate. Their discussions clearly have substantial political relevance and political content. It is at these gatherings, in behind-the-scenes bilaterals, that many of the politically-sensitive trade issues are broached, e.g., between Japan and the United States concerning market access agreements, the United States and China concerning the relevance of 'human rights' considerations for economic relations, etc. Although highly scripted, leaders cannot be kept to prescribed agendas. Immediate crises and important political events, such as leadership changes, will emerge in their conversations despite the efforts of their political and bureaucratic handlers. Even through their absence, leaders seek to make political statements at the APEC summits. Witness Prime Minister Mahathir's boycott of the Seattle leaders' meeting.

The highly positive atmosphere during and after the Seattle summit and the surprise agreement at the Indonesian Bogor meeting a year later on firm dates for achieving free trade have given APEC and its members a sense of regional leadership. Success in swinging APEC so strongly toward liberalization by accepting the 2020 deadline has been attributed by one observer to the need for an American military presence in East Asia to ensure peace and stability, apparently reasoning that, without helping the United States gain greater penetration of Asia for trade and investment, it would cease to provide a security presence that benefits all its Asian economic partners.²⁰ From this perspective, APEC might be seen as the best location for countries and their leaders to bring up sensitive issues. The combination of the limelight of regional attention, the presence of all leaders, and the effectiveness of APEC's private consultations and informal negotiation processes might create a tendency in this direction. This could be reinforced by a related phenomenon, namely the narrowness of the political/economic official and governmental elites within key Asian countries. In many instances the key persons handling economic and security affairs are the same individuals. In effect, these elites constitute a 'club' whose members see each other at APEC, at the ASEAN Regional Forum, and at various

¹⁹ However, tensions are escalating on the Taiwan representation issue, with the level of controversy rising each year over the specific nature and personages in the delegation from Taiwan to be allowed to attend the annual APEC meetings.

²⁰ Toshio Watanabe, "Flexibility Key to Success of APEC," *Nikkei Weekly*, 18 December 1995, 6.

other regional gatherings. Thus, separation of economic, political, and security matters may neither be possible for nor viewed as useful by some of these actors.²¹

There are also those who see a political and security role for APEC from a longer-term perspective. For some it is a matter of default: APEC as a successful regional forum will come to function in effect as a regional confidence-building mechanism. Stability will be encouraged through APEC's creation and sustaining of common interests and increased mutual awareness and understanding.²² Indeed, APEC's success in both the economic and (potentially) other dimensions is enhanced by the nature of its processes. Thus, the use of informal negotiation procedures, the heavy involvement of nongovernmental players, the norms of lesser institutionalization, and various associated APEC operational modes are viewed as more acceptable, more effective, and more conducive to success in Asian environments²³ than more routinized and institutionalized alternatives.²⁴

For others the argument is cast somewhat differently. While it is not up to APEC per se, it is incumbent on APEC's member states to pay greater attention to conflict and security-related issues and to assume greater responsibility for their management. As Donald Hellman states:

APEC and its diverse societies cannot continue to define their objectives and measure their success in terms of economics alone. They must also become responsible and accountable participants in the institutions that have been created since 1945 to avoid and manage conflicts and to maintain security—economic and political—in the world as a whole.²⁵

²¹ Note that for states such as Singapore and Brunei it is simply a matter of scale. For other states, important figures assume roles in both arenas: Noordin Soopie, for instance, has been simultaneously the APEC Eminent Person for Malaysia and Malaysia's representative to the Committee on Security Cooperation in the Asia Pacific (CSCAP), the key track-two vehicle in the ASEAN Regional Forum process.

²² See, for instance, Mohamed Arif, "The Role of APEC: An Asian Perspective," *Journal of Japanese Trade and Industry* no. 1, 1994; or, from a slightly different point of view, authors such as Kishore Mahbubani, "The Pacific Way," *Foreign Affairs* vol. 74, no. 1, January/February 1995, who proselytize Asian institutions as promoters of Asian values. On the other hand, for some the 'APEC as a CBM' argument is cited as an indication of APEC's inherent limitation as a political/security forum. That is, APEC will never evolve beyond a general consciousness-raising vehicle vis-à-vis noneconomic affairs.

²³ See, for instance, Lawrence Woods, *Asia Pacific Diplomacy* (Vancouver: University of British Columbia Press, 1993), for a historical perspective; also Richard Higgott and Pauline Kerr in their respective pieces in the special issue (vol. 7, no. 4, 1994) of *Pacific Review* devoted to assessing current Asia Pacific multilateralism.

²⁴ Such institutional strategies and operating procedures are criticized as being typical of European modes of international relations, especially multilateral security institutions. They are viewed as being somewhat alien to Asian political and security 'cultures.' See, for instance, Desmond Ball, "Strategic Culture in the Asia-Pacific Region," *Security Studies* vol. 3, no. 1 (November 1993), 44–74.

²⁵ Donald Hellman, "APEC and the Political Economy of the Asia-Pacific: New Myths and Old Realities" in *APEC at the Crossroads*, National Bureau of Asian Research, *Analysis* vol. 6, no. 1, April 1995.

Now Hellman himself does not see APEC itself taking on such a role. (In fact, he argues for renewed US leadership in this regard.) However, it could be argued that if and when key Asian states do assume larger and more responsible roles in global and regional institutions, such as in the UN and the ASEAN Regional Forum, these same actors may be more assertive in extending the advancement of their interests into the APEC context. At the highest policy levels the separation of economic, political, and security issues is artificial. Institutions like APEC may become part of the overall framework, including political and security institutions (formal or informal), which will influence the health and tone of regional relations.

This being said, however, it does not necessarily mean that APEC is going to assume any larger political or specifically security-oriented role within the Asia Pacific—certainly within the short term. There are several reasons for this argument, one that is in tune with most of the close observers of APEC.

First of all, those associated with the forum assiduously seek to avoid taking up issues that impinge on members' professed political or security interests. Despite his rhetoric of several years ago, Clinton and his administration's officials have stuck very close to a narrow economic agenda in their APEC dealings. Politically charged issues such as human rights have not become subjects for member discussion.²⁶ The United States in general has sought to avoid a high profile in APEC deliberations, perhaps because of sensitivity to being perceived as attempting to dominate the organization, thus fueling anti-Western, anti-US rhetoric and possibly giving weight to those arguing for establishment of Asian subregional groupings within APEC. During its existence the APEC Eminent Persons group steered clear of politically sensitive questions.

For key APEC members, especially China, the desire to keep the forum narrowly focused on trade and economic issues is acute, at times verging on what to others seems almost paranoiac. This stems from China's sensitivity to issues of sovereignty, both practical and symbolic. For Beijing, the resolution of China's territorial and administrative jurisdiction remains incomplete as long as Hong Kong and Taiwan remain separate entities. China now regards its acquiescence to inclusion of Hong Kong and Taiwan within APEC as a major mistake—one that they are certainly not going to repeat in other regional institutions and one that they are seeking to circumscribe in every way possible within APEC. The Chinese leadership will continue to adopt a very strict interpretation of what they perceive to be 'internal matters' not subject to outsiders, particularly over the next several years of delicate leadership transition. The APEC agenda, therefore, will be kept clear of political and security questions.

²⁶ One can point to a variety of reasons, including the administration's own desire not to jeopardize US access to lucrative Asian markets, especially China's. The United States has also come to understand that APEC's Asian members in general, and not simply China, do not agree with the US interpretation on human rights questions and most importantly do not wish to become involved in linkage discussions or strategies.

On another note, APEC's lack of institutionalization is regarded as a liability rather than an asset for those seeking to deepen and broaden its institutional scope. Especially for those looking to Europe or to the UN for institutional models for dealing with political security matters, APEC simply lacks the necessary institutional infrastructure to be able to tackle such questions. Nor is any combination of increased institutional capacity and broadened mandate likely to take place within the foreseeable future. There is substantial resistance at present among members to APEC's developing the additional institutional and bureaucratic structures that analysts regard as necessary and inevitable if the organization is going to be able to cope with its ambitious trade agenda. Whether or not APEC's progress is stalled on the economic front because of a lack of institutionalized monitoring, negotiating, and dispute resolution mechanisms will be an important issue for the next couple of years.²⁷ The compromise at the 1996 Osaka APEC meeting to develop a mediation mechanism may assist in reducing friction over trade and investment issues. However, there is nothing to suggest that if such mechanisms are established they will be constructed in such a way as to facilitate activities beyond the narrowly economic.

Thus, we, as do many others, conclude that APEC has no likely future as an overarching regional political, security, and economic institution. Its agenda will remain narrowly cast for the foreseeable future; there are certainly questions about whether or not it can sustain its momentum in the trade and investment arenas unless and until it begins to produce tangible results and exhibits the capacity to deliver on its free trade commitments. However, even the former US Trade Representative, Mickey Kantor, became more optimistic that APEC could reach its 2010 and 2020 goals of regional free trade by flexible, voluntary steps after China offered such large tariff reductions at Osaka. US officials are very skeptical of any agreements not based on legalistic procedures and firm deadlines, signed, sealed, and delivered by the hands of lawyers.

There is, however, another angle to be considered regarding economics and security. All of the above discussion has been premised on the general assumptions of liberal economic and political theories that economic growth and increased economic interdependence promote more stable and cooperative bilateral and multilateral international relations. In this sense, APEC is 'part of the solution'; its future and the stability of the region as a whole being carried forward on the waves of increased economic prosperity and increased openness, perhaps even conducive to democratization of Asia Pacific societies as a whole. However, there are certain signals that suggest that such optimism and easy acceptance of liberal economic 'truths' may be a bit too sanguine. While not descending towards the other extreme of gloom and doom, with their accompanying policy recommendations of retreat either to isolationism or the comfortable rigidity of the Cold War era, students of APEC do need to remain alert to the trend of certain forces that, if

²⁷ See Charles Morrison, "The Future of APEC: Institutional and Structural Issues" in *APEC at the Crossroads*, National Bureau of Asian Research, *Analysis* vol. 6, no. 1, April 1995.

unchecked, could derail larger notions of regional progress and institutional growth in the Asia Pacific.

One of these forces is the trend within the region towards substantially increased defense budgets and arms acquisitions and, in certain states, continuing or increased influence of the military on governmental policies. Taken on a regional basis, defense expenditures have increased over 40% during the last decade.²⁸ Some of this expenditure and the weapons that it purchases can be explained away (a) as necessary modernization and reconfiguration of defense forces, or (b) as the acquisition of status symbols by military establishments that have no intention of using them in interstate conflicts, or (c) as the 'natural' results of states' having become richer and more developed and thus passing defense budgets appropriate for their new financial bases. However, these are not entirely satisfactory arguments. In many instances the weapons being purchased have substantial implications for the power projection capacities of their owner states. Introduction of new generations of technology (including nuclear capacities) into regional and subregional subsystems can have serious effects, especially within the context of ongoing disputes. Desmond Ball, for instance, sets out a list of over twenty ongoing territorial and jurisdictional disputes in the Asia Pacific, the parties to which in many instances are states who are rapidly acquiring new weaponry.²⁹

Others focusing more directly on the economic dimension question the quick acceptance of the assumption that increased trade and investment relations will lead to greater equanimity in interstate relations. They point to the prospect of increased friction between states over trade disputes and economic policy issues such as protection of domestic sectors. As Asian states industrialize, their economies may become more directly competitive rather than complementary. Disputes may also arise over regulation of investment flows, maintenance of fair and equitable national regulatory regimes, etc. While the suggestion is not that such disputes and frictions may be the causes of overt interstate conflict, their presence, if unresolved, may foster an atmosphere that is not conducive to the ready settlement of other potentially more inflammatory issues of a political or security-related nature. Diplomatic historians are frequently called upon to note that the presence of increased economic interrelationships has not proved a sufficient deterrent to the outbreak of serious international conflict.

In sum, the bottom line remains that economic progress and secure and stable regional relations cannot advance independently or proceed in opposite directions. The states of the Asia Pacific certainly realize this and are struggling, in an environment of dramatic change, to move forward on both dimensions to achieve stable regional orders. To many it appears that progress

²⁸ Paul Dibb, "Towards a New Balance of Power in Asia," *Adelphi Paper* no. 295 (London: International Institute of Strategic Studies, 1994).

²⁹ Desmond Ball, "Arms and Affluence: Military Acquisitions in the Asia Pacific Region," *International Security* vol. 18, no. 3 (winter 1993/94).

on the economic dimension, both nationally and regionally, is ahead of progress on the security dimension. This situation, if perpetuated, is fraught with uncertainties. The members of APEC, if not the institution itself, are inextricably bound in interrelationships that have political and security aspects. 'Spill-over' from one institutional context to another cannot be avoided; thus, to this extent at least, APEC becomes implicated in regional political and security matters.

5. The Osaka, Manila, and Vancouver Meetings, 1995–97

Comprehensive liberalization of trade without exception as agreed to at the Bogor meeting was not changed at Osaka, although Japan attempted to introduce specific exception of agricultural products at the Osaka meeting. Prior to the Osaka meeting the American ambassador to APEC, Sandra Kristoff, voiced concern that the United States might even pull out of the forum if comprehensive liberalization was not adhered to, that is, without exception.³⁰ Japan, China, Taiwan, and South Korea wanted an exception explicitly made to continue to permit exclusion of certain farm products.³¹ The United States, Canada, and Australia were quite adamant that no modification of the comprehensive principle be permitted.³² Japan's conservative politicians in the farm lobby and Nokyō, the Agricultural Cooperative Associations, have fought to maintain the right to keep excluding foreign rice, except for emergency shipments, in order to ensure minimum domestic production in case of interruption of foreign supply. However, Ryutaro Hashimoto, now prime minister but then minister of international trade and industry, took a more conciliatory stand: "The principle of comprehensiveness should be basically upheld while its enforcement should be flexible with consideration given to the sensitive areas of each APEC member."³³ He also said, "But that does not mean allowing each APEC member an exceptional trade area to be exempt from APEC accords." Significantly, the minister emphasized, "APEC is not an organ for setting rigid rules via negotiations but an organ to be run on consensus."

In the end, the agricultural exception that Japanese officials had been pressing for, including at Senior Officers' Meetings during the year, finally failed to obtain agreement or mention in the decisions of the Osaka meeting. The principle of comprehensiveness was retained despite the nervousness of Japan's farmers and agricultural ministry who felt they had

³⁰ Daphne Bramham, "US Participation in APEC Hinges on Trade Package," *Vancouver Sun*, 8 November 1995, D1.

³¹ "Japan Eyes Loopholes in APEC Free Trade," *Daily Yomiuri*, 9 September 1995, 8. Japan proposed an agricultural exception to the principle of 'liberalization without exception' at the APEC senior officials' meeting in Hong Kong on 12–13 September 1995.

³² Masaichi Nosaka, "US against Any Exception to APEC Free-Trade Plan," *Daily Yomiuri* 4 October 1995, 8; Oxford Analytica, "Exclusion of Agriculture in APEC Talks a Blow for Australia," *Globe and Mail*, 23 October 1995, B7.

³³ Masaichi Nosaka, "US against any Exception to APEC Free-Trade Plan," *Daily Yomiuri*, 4 October 1995, 8.

already been badly burned by the world trade negotiations the year before. Both the Japanese foreign ministry and the trade ministry had already argued to the agriculture ministry that APEC agreements were not legally binding in the sense that they would be subject to sanctions, as under the new World Trade Organization. Therefore, the general principle of liberalization without exception did not completely rule out later modification or delay in implementation, so all was not lost. Thus, Asian members' basic preference for continued reliance on a flexible voluntary approach to all APEC decisions appears to have won the day. Only a week before Osaka, Malaysian Prime Minister Mahathir said in New Zealand, "There will be progress [on the farm trade issue at Osaka], I'm quite sure. We are all slowly opening up, even in the areas where before we were reluctant to open up, and as time passes you can expect relaxation of all these protective stands that governments have to make because of their own domestic constituencies."³⁴

In the more overtly political and security-related dimension, a serious problem in late 1995 and throughout 1996 was the dispute involving Japan over the China-Taiwan issue. China is particularly sensitive to any additional support by either Japan or the United States to Taiwanese aspirations to greater international acceptance or independence which would jeopardize its own claims to be sovereign in Taiwan. Also involved are long-term fears of attempts by Japan and the United States to conspire either separately or together to contain China economically or militarily.³⁵ Beijing's concerns were enhanced by President Clinton's trip to Japan in 1996 to strongly reaffirm the military alliance between Japan and the United States. During both 1995 and 1996 tension arose between China and Taiwan because of President Lee's aggressive initiatives to gain greater international recognition for Taiwan, apparently in the effort to compete for popular support against his opposition, the Democratic Progressive Party, some of whose leaders openly espoused independence for Taiwan. It was also a time when Beijing was still smarting from America's show of support of Taiwan by permitting President Lee Teng-hui to attend his alma mater alumni gathering at Cornell University in New York state in June 1995.³⁶ China began

³⁴ "Malaysia Won't Be Held to Deadlines," *Daily Yomiuri*, 14 November 1995, 6.

³⁵ China appears to be strongly opposed to cooperation between Japan and the United States in theatre nuclear defence (TMD) and considers such additional military cooperation between the United States and Japan to be a potential threat to its own nuclear forces. In Japan cooperation in theatre nuclear defence is also strongly opposed by both the Socialist and Sakigake Parties but not by the Liberal Democrats. "Chukoku, TMD Kakusan ni Kenen, Kaku Zokyo no Kamae mo, Bei ni Dentatsu Nihon e no Haibi o Keikai?" [China Worried by Spread of Theatre Missile Defence, also, Setting the Scene for a Nuclear Weapons Increase, Informing America to Show Caution in Deploying It in Japan], *Yomiuri Shinbun*, 6 December 1995, 4.

³⁶ "Taiwanese Leader's US Visit Irks Beijing," *Globe and Mail*, 24 May 1995, A1, A6; "Lee Row Likely First of Many, Republicans Putting Pressure on Clinton over Relations with China," A6. Lee's trip was permitted by the United States in spite of an explicit promise by then Secretary of State, Warren Christopher, who personally told Chinese Foreign Minister Qian Qichen that President Lee would not be allowed to come to the United States. But President Clinton had to capitulate to congressional pressure in favor of Lee and Taiwan. See Matt Forney, "Under Fire," *Far Eastern Economic Review* vol. 158, no. 35 (31 August 1995), 38.

military exercises to practice invasion tactics opposite Taiwan, including troop landings and missile launching tests in the nearby sea. These threatening military tactics were continued after the Osaka APEC meeting to attempt to influence the vote for Taiwan's parliamentary elections in December and the presidential election in March 1996.³⁷ But, in turn, they prompted the United States to send two carrier battle groups to the Taiwan area in an unusual show of American determination to prevent the taking of Taiwan by force.

When Japan prepared to issue invitations to the Osaka meeting, it informally asked Taiwan to continue to follow the precedent at the two previous APEC summits to send only an economic cabinet-level official in place of the head of government. But Taiwan persisted in its requests that President Lee or the next highest ranking leader attend the APEC meeting to give what would look like a de facto recognition of Taiwan's leaders on the same level with the other APEC heads of government. This was utterly unacceptable to China. Both President Jiang Zemin and Prime Minister Li Peng of China had made it abundantly clear to Japanese Prime Minister Murayama in previous personal meetings with him that Taiwan's President Lee must not be invited to Osaka. Only a week before the event, Taiwan finally selected Koo Chen-fu, chairman of the Straits Exchange Foundation, who was leading the intergovernmental discussions between Taiwan and China, as President Lee's representative.³⁸ Even though the Chinese Foreign Ministry objected to Koo, he was given a new title as member of the cabinet Council for Economic Planning and Development before coming to Osaka. Fortunately, President Jiang Zemin did not carry out his threat to boycott the Osaka summit although it disapproved of Koo as well as Lee.³⁹

The Manila meeting was proclaimed a success by President Ramos who said it moved "from vision to action" with the approval of the Individual Action Plans presented by the eighteen members.⁴⁰ But, as reported in the *Far Eastern Economic Review*, "The trade barriers APEC was designed to lift are still in place....indeed, APEC continues to disappoint those who hoped the world's most dynamic economies would act collectively and decisively to stimulate global trade liberalization."⁴¹ Takashi Inoguchi, vice rector of the United Nations University in Tokyo, writes, "The action plans presented at the Manila meeting revealed generally negative attitudes about

³⁷ "China Flexes Muscles ahead of Taiwan Election," *Daily Yomiuri*, 27 November 1995, 1. At the same time as China was using military threats in an unsuccessful attempt to influence Taiwan's parliamentary elections, it issued what amounts to its first defence white paper to indicate its firm adherence to arms control and disarmament and to counter a threatening image. Any gain of regional confidence-building achieved by the white paper has been more than lost by the belligerence toward Taiwan.

³⁸ "China Opposes Choice of Taiwan Delegate," *Daily Yomiuri*, 14 November 1995, 6.

³⁹ "Pariah Power APEC's Odd Man Out," *Far Eastern Economic Review* vol. 159, no. 949 (5 December 1996), 7. Later Koo represented Taiwan at the Manila meeting in 1996 when the Philippines also refused to invite President Lee.

⁴⁰ "China Opposes Choice of Taiwan Delegate," *Daily Yomiuri*, 14 November 1995, 6.

⁴¹ Rigoberto Tiglao and Michael Vatikiotis, "Promises, Promises, Liberalisation at APEC Summit Is Heavily Hedged," *Far Eastern Economic Review* vol. 159, no. 49 (5 December 1996), 18.

market liberalization among the developing countries—a reflection of slowing economic growth in the Asia-Pacific region. One cannot but register a measure of concern over the setback.”⁴² The Philippines presented the most generous offer to reduce tariffs to 5% by 2004 from the present 15.6%. China with the highest tariffs claimed to have reduced tariffs from 35.5% to 23% and pledged to reduce them to 15% by 2000. The first meeting of the new formal APEC Business Advisory Council in Manila enabled prominent business leaders appointed by member countries to meet face to face with heads of government as well as trade ministers. A parallel meeting of 600 businessmen was also held alongside the APEC meetings to increase cooperation of public and private sectors in the liberalization process.

For the 1997 Vancouver meeting Canada will place the emphasis on trade and investment liberalization, business facilitation, economic and technical cooperation, and dialogue with the private sector.⁴³ It will also involve youth and small business, as well as increased infrastructure development as desired by the developing countries. Ministerial meetings for major Canadian cities are scheduled during the year on environment, trade, transport, energy, and small- and medium-sized enterprises.

6. Pacific Community or Conflict?

The most important political aspect of APEC is the extent to which it approaches the creation of a ‘Pacific Community’ proposed at the first Leaders’ Meeting in Seattle by President Clinton. Because of the caution of the ASEAN members who feared the United States might come to dominate the group, this did not become an officially agreed-upon goal, but APEC does embody the essential qualities of cooperation and compromise needed to approach it. Few think anything like the European Community (now called the European Union) could be created out of the diverse countries of the Pacific. But, if the European Union eventually incorporates eastern Europe, it might become more diverse and more like a Pacific ‘community,’ especially with the coming extension of NATO. For APEC to continue to function with even its present membership, it will have to avoid major interstate conflicts of the kind that so often convulsed Europe and the rest of the world in the past. The present relatively good relations among the United States, Japan, China, and Russia are probably crucial to the continuation of the present kind of economic growth in the Pacific and East Asia. But it must be admitted that if the present period of major-power harmony in the Pacific continues for a long time, it will indeed be an historical anomaly. APEC’s diversity may even increase, but eventually it may more fully integrate the region and

⁴² Takashi Inoguchi, “APEC Summit Shows Group’s Limitations,” *Nikkei Weekly*, 9 December 1996, 6.

⁴³ Canada, Prime Minister’s Office, Final Press Release on APEC, 25 November 1996, from Canada International Development Agency headquarters, Manila, to all Asia posts.

extend its benefits. In 1997 the Vancouver meeting must achieve some agreement on rules for admitting new members such as Vietnam, India, Russia, and others now waiting to join but being held in abeyance.

After all the major power wars of the past century it is no surprise to find those who think they will continue in the new century. Just after the end of the Cold War in 1991 Friedman and Lebard outlined the 'inevitable' clash of interests between the United States and Japan in their book, *The Coming War with Japan*.⁴⁴ Novels and film have taken up the same theme. But, immediately after the Friedman-Lebard book, Japan's long recession and decline in trade competitiveness make it look far less formidable or threatening. The recent rapid economic growth of China, even outshining Japan at its fastest, has shifted attention to China for those looking for plausible threats. Professor Samuel Huntington's recent writing about a coming clash between "the Western civilization (to be found in North America and Western Europe)" and non-Western civilizations has occasioned the most debate. In some of Huntington's writing he has proposed *both* Japanese and Chinese (China, Hong Kong, Taiwan, Singapore, and the Overseas Chinese) culture areas as candidates for clashes with the West.⁴⁵

Recently Bernstein and Munro have discerned a Chinese military threat: "The primary American objective in Asia must be to prevent China's size, power, and ambition from making it a regional hegemon."⁴⁶ In the on-going debate over 'engagement' or 'containment' with China, others deny the 'China threat' thesis.⁴⁷ However it is expressed, whatever APEC is about, it is clearly 'engagement.' Although APEC is mainly focused on the economic objectives of fostering trade and investment on which virtually all can agree, the enormous activity of committees, working groups, and senior officials' meetings, in addition to the annual leaders and ministerial meetings, and the enormous number of projects being undertaken suggest that the activity itself brings attention and support beyond government officials from the wider community. As the *Canada Asia Review of 1997* puts it,

⁴⁴ George Friedman and Meredith Lebard, *The Coming War with Japan* (New York: St. Martin's Press, 1991).

⁴⁵ Samuel P. Huntington, "Clash of Civilizations?" *Foreign Affairs* vol. 72, no. 3 (summer 1993), 28; Huntington, *The Clash of Civilizations and the Remaking of the World Order* (New York: Simon & Schuster, 1997); Huntington, "The West: Unique, Not Universal," *Foreign Affairs* vol. 75, no. 6 (November/December 1996); Robert A. Manning, "Collision Course," *Far Eastern Economic Review* vol. 160, no. 16 (6 February 1997), 39–40; "Responses: The West: Precious, Not Unique, Civilizations Make for a Poor Paradigm," *Foreign Affairs* vol. 76, no. 2 (March/April 1997), 162–69.

⁴⁶ Richard Bernstein and Ross H. Munro, "The Coming Conflict with America," *Foreign Affairs*, vol. 76, no. 2 (March/April 1997), 31.

⁴⁷ Robert S. Ross, "Beijing as a Conservative Power," *Foreign Affairs*, vol. 76, no. 2 (March/April 1997), 33–44; Marie-Josée Kravis, "Is China to Be Engaged or Contained?" *Financial Post* (Toronto), 12 March 1997, 13.

In fact, the most valuable contribution of APEC to Asia Pacific integration may turn out to be the process itself. This is unique to an international organization involving both Asian and Western governments. At its core are frequent, relatively informal, consensus-driven meetings, vastly different in tone from the legalistic bargaining sessions of the World Trade organization, NAFTA or the European Union, for instance. The aim is to find common ground and avoid conflict, rather than to throw out challenges, and stare each other down.⁴⁸

While causes of regional conflict over territories and regimes will not be easily overcome, APEC is engaging the official, business, and academic communities of the Pacific closely in pursuit of basic objectives on which they can agree.

⁴⁸ Asia Pacific Foundation of Canada, *Canada Asia Review 1997* (Vancouver, 1997), 21.