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APEC: The sordid saga of East Asian nations

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The rise and growth of APEC

Twenty years ago, on the sidelines of the collapse of the Berlin Wall, leaders from 12 countries silently huddled up in Canberra, Australia, and resolved to bond into a common economic entity. Bob Hawke, the then Australian prime minister convened the meeting and stood up to announce to the gathering that the “time had come” for the formation of the Asia Pacific Economic Cooperation (APEC).

Thus was born a regional inter-governmental grid of economies that had long been searching a definite voice in organized global trade and commerce.

Two decades hence, with no trace of the Berlin Wall, the original cluster of the founding 12 member nations have managed to erect a fort of 21 nations, each pledging to keep markets open and bringing economies together. These 21 member states, today, account for more than half of the global economic output.

The founding members, Australia, Brunei Darussalam, Canada, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and the United States had no clue then how to admit the power and prowess of China, Chinese Taipei and Hong Kong into the grid. However, just two years down the line, APEC opened doors and included them as member economies despite China’s initial aversion of including the other two. But obviously, someone realized leaving out China and Hong Kong would leave a gaping hole.

The inclusion of countries in APEC, on both sides of the Pacific, had been deliberate right from the beginning. Leaders of the founding nations decided not to draw a line down the middle of the Pacific, in order to ensure the politics of the region to remain peaceful and trade to continue expanding.

With the subsequent addition of Mexico, Peru, Chile, Russia, Vietnam and Papua New Guinea, APEC represented the fastest growing economic zone of the world.

Clearly APEC has come a long way and has grown into an umbrella organization that many are clamouring to join considering the plethora of economic benefits.

This month (November 2009), the tiny yet super-developed city-state of Singapore hosted the 17th APEC Leader’s Summit, which incidently happened to be the first US-ASEAN meeting as well. The theme for the APEC summit: Sustaining Growth, Connecting the Region.

However, does this theme hold true for East Asia? Is APEC falling short by a huge margin of accurately projecting the internal bickering among prominent ASEAN (Association of South East Asian Nations) and non-Asean nations that constitute it?

Does sustainable growth and inter-connectivity of the region imply only economic growth for monetary gains and obliterates political good will completely? Will the shadows of East and South East Asian cross-border political animosities and rivalries render APEC invalid?

These are a handful of important practicalities that put APEC at unease and question its rhetoric and substantive pronouncements.

That APEC has failed to integrate regional political cooperation in East and South East Asia through peaceful mechanisms emerges from the fact that member nations continue their

independent agendas and disagreements at the cost of making APEC look like a talk-shop, defunct and devoid of any control.

Economic growth and co-operation can only be taken into consideration if inter-governmental political relations are amiable, stable and foster an environment conducive for trade and commerce. Many constituent APEC and ASEAN nations are miles away from such an accord.

Unlike the European Union, neither ASEAN nor APEC can boast of regional integration and inclusiveness. EU member economies are inter-connected, inter-twined, borderless, with their populations completely miscible. That is surely not the case with ASEAN and APEC states.

A closer look at the ASEAN region and its immediate neighbours in East Asia exposes a stark political hollowness and an ever-deepening mesh of strained relations that challenge the will and purpose of APEC.

The East Asian thorn

The ASEAN bloc within APEC comprises of Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. Most of these have involved themselves, at some point of time or other, with at least one of their immediate neighbours over an ugly political discord.

Clearly, a discouraging indicator that the ASEAN federation, by itself, is incapable of arresting rivalries and animosities between common member states of the ASEAN and APEC federations.

Besides the ASEAN nations, other Asian entities such as North Korea, South Korea and Japan have also been responsible for stirring a considerable hullabaloo in the region. Either, owing to direct confrontations or due to over-ambitious foreign policies.

Following is an insight into the political rifts in East Asia that involve the APEC/ASEAN nations and their immediate neighbours :

Cambodia and Thailand

While Thai Prime Minister, Abhisit Vejjajiva, was rubbing shoulders with other 20 heads of states at the APEC summit in Singapore, last week, Cambodia appointed ousted Thai premier Thaksin Shinawatra as the Special Economic Adviser to Prime Minister Hun Sen.

Shinawatra, a fugitive from the law in his own country has been dodging a two-year jail sentence for graft. However, Cambodian premier Hun Sen has openly declared that the case against Shinawatra is politically motivated, hence all Thai extradition requests would be turned down.

The row led to Thailand and Cambodia recalling their respective ambassadors and the Thai cabinet revoking a 2001 memorandum of understanding with Cambodia on 26,000 square kilometers of overlapping maritime territory.

Though both Vejjajiva and Hun Sen announced that bilateral trade would not suffer on account of the diplomatic measures, it could easily be ruled out as political PR speak, in the wake of the APEC summit.

Cambodia had threatened to ban the import of Thai goods completely if Bangkok closed the borders between the two countries. Hun Sen also does not seem to be shying away from making statements over Thailand's internal political affairs, challenging Vejjajiva to a snap poll, which he says pro-Shinawatra opposition party, Puea Thai will win hands down.

Thailand's current political divisiveness results from the deposition of Thaksin Shinawatra by the Thai military in September 2006 and the subsequent assuming of the prime minister's office by Vejjajiva.

Thailand occupies a prominent place between APEC and ASEAN nations, as it is the world's largest rice exporter with annual figures of an estimated 10 million tonnes.

Indonesia and Malaysia

Both Indonesia and Malaysia assume prime economic importance within the trade bloc, with Indonesia being South East Asia's biggest country and the highest consumer of sugar in the region with a consumption forecast of over two million tonnes in 2010.

Indonesia also hosted the Bogor APEC summit in 1994 where member nations pledged to bring the "Bogor free trade" goals into practice by 2010, a goal that seems far from being achieved.

Malaysia, on the other hand, holds on strongly to its position of being the leading importer of labour in Asia, with Kuala Lumpur nurturing over two million foreign workers. It has had its own stint of soreness with the APEC in the past, with the then Malaysian Prime Minister, Mahathir Mohamed, boycotting the 1993 APEC Seattle summit.

The age-old animosity between the two nations also cast its ugly shadow on the APEC summit in Singapore. Indonesian President, Susilo Bambang Yudhoyono visited Kuala Lumpur before he arrived in Singapore to participate in the leader's summit.

Indonesia had strongly expressed its dissent over many unresolved simmering issues between the two nations and Yudhoyono seized his visit to Malaysia as an opportunity before the APEC summit, to confront his Malaysian counterpart Najib Razak.

Ties between Malaysia and Indonesia hit rock bottom since May 2009 when both simultaneously claimed the oil-rich waters of the Ambalat area, off the coast of Malaysia's Sabah state and Indonesia's East Kalimantan.

Since then, there have been numerous face-offs between Indonesian and Malaysian warships in the troubled waters. Singapore's national daily Strait Times reported that the Indonesian navy nearly attacked a Malaysian vessel for breaching its territory.

Relations plummeted further with Jakarta putting a halt on sending its domestic workers to Malaysia accusing Malaysian employers of excessive abuse.

North Korea and South Korea

Among the participating nations at the Singapore summit, South Korea clearly emerges as one of the most favoured nations in terms of trade and commerce by the United States of America. Not to forget its enviable political alliance with the Americans.

North Korea, on the other hand, has faced incessant flak and condemnation from the Oval Office for conducting underground nuclear tests and allegedly processing plutonium for atomic weapons.

The North-South hostility raised its hideous head during the APEC summit when both the nations clashed with each other for the first time in seven years in the Yellow Sea, just a week before President Obama was due to visit Seoul and attend the Singapore APEC summit.

According to a statement released by South Korea, the clash occurred near the South Korean-held island of Daecheong, about 220 kilometres off the port city of Incheon.

The naval clash led South Korean President Lee Myung Bak to convene an emergency security briefing and ordering his defence minister to strengthen military readiness, in the eventuality of any further attacks.

South Korea claimed that the North Koreans purposely violated their sea border in order to gain a negotiating advantage while US President Obama was in the region.

Professor Shin Yul from the department of political science at Seoul's Myongji University thinks that North Korea intended to send a message to President Obama, that it wanted to replace the Armistice Agreement that ended the Korean war in 1953 with a permanent peace treaty, while keeping its nuclear weapons at the same time.

However, Washington has unequivocally maintained that Pyongyang has to abandon its nuclear arsenal and plutonium enrichment programme, for any peace treaty to be concluded.

Solitary Reapers

Other powerful APEC member nations such as China, Japan, USA and Russia have their respective axes to grind in the region.

Japan, the only Asian country that is a member of APEC and of the powerful Group of 8 rich nations is now pushing for an Asia Pacific Free Trade Zone which it refers to as the Free Trade Area of the Asia Pacific (FTAAP). In an eager bid to spur the process of integration, it has proposed the East Asia Free Trade Agreement (EAFTA) involving ASEAN members and the "Plus Three" grouping of China, Japan and South Korea.

A move that has not found favour with China as it construes the Japanese inclination to invite the United States of America to have a say in the unified East Asia Bloc as an eye-sore, while Japan identifies the zone as a larger playground for enhancing its own trade volumes.

The role of China, its gains and interests, United States' growing influence in the region, the linking of the Sino-American economies, the independent political and economic ambitions of the two super-powers in East Asia are numerous and too voluminous to be discussed here.

This is an area that needs to be documented independently.

However, one thing is certain, while statistics churn numbers that depict soaring business and trade volumes, numbers that keep finance ministers from APEC nations buoyant, East Asia is eons away from a unified political integration and the volatility of the region shall persist as long as regional animosities keep stirring. A phenomenon that APEC has failed to contain in its two decades of existence.

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