



Regional Institutional Architecture

A PECC Task Force

Hadi Soesastro

Task Force Report

- **Why This Report**
- **The Environment for Cooperative Architecture**
- **Developing Asia-Pacific Architecture**
- **Assessing Asia-Pacific Architecture**
- **A Way Forward**

Regional Architecture

- **Key Elements**
 - = Idea of “region”
 - = Institutional (multilateral) arrangements
 - = Organizing principles

Asia Pacific Region

- **From Pacific to Asia Pacific**
- **Early ideas**
 - = shift of gravity to the Pacific Ocean
(Mediterranean -> Atlantic -> Pacific)
 - = Pacific Basin economic cooperation ->
PBEC
 - = Pacific Free Trade Area (PAFTA) ->
PAFTAD Conference series -> OPTAD

= Pan-Pacific ideas and Pacific Century

= Pacific Community -> PECC

- **From PECC to APEC**

= ASEAN PMC -> Asia Pacific Forum

= Asia Pacific (in APEC) signifies

- participation of developing countries as equals (Kuching Consensus)**
- importance of trans-Pacific cooperation**

Emerging Asia Pacific Architecture (mid 1990s)

- **APEC as the economic pillar**
 - = ASEAN as co-pilot
 - = 3 key agendas: TI facilitation, liberalization and economic & technical cooperation
- **ASEAN Regional Forum (ARF) as the politico-security pillar**
 - = ASEAN in the driver's seat
 - = 3 stages: confidence building, preventive diplomacy, conflict resolution

Skewed Development

- **APEC has a Summit since 1993, raising its visibility, keeping US engaged at the highest level, producing bold initiatives (e.g. Bogor Goals), CUL as modality**
- **ARF cannot move beyond confidence building, remains at ministerial level (wrong ministers?), real actions outside ARF (SPT; SCS roundtables)**

but ...

- **APEC has passed its heydays?**
 - = continued tensions on modality: “hard” and “soft” cooperation (B-APEC vs V-APEC)**
 - = failed to respond to Asian Financial crisis**
 - = Summit cannot discuss politico-security issues**
 - = surveys show low evaluation of effectiveness for APEC**

- **Main criticisms of APEC: wrong membership; agenda unfocused/incomplete; Bogor Goals failed; creature of bureaucrats**
- **Reforms of APEC slow; resistance of ARF to reform**

and

- **These developments gave rise to East Asia-focused architectures**
 - = ASEAN Plus Three (APT)**
 - = East Asia Summit (EAS)**

PECC Task Force

- **Since 2005**
- **Three basic premises:**
 - = regional strategic environment is changing**
 - = global and regional economic order is under threat**
 - = existing regional processes are under question**

Towards a New Architecture?

- **Four Functional Needs**

= to provide a collective forum for regional leaders to address the full range of critical regional and global issues that affect them

= to strengthen and deal effectively with the consequences of economic integration, particularly its trade and investment dimensions

**= to address issues of political change
and security**

**= to provide a basis for educating the
public and opinion leaders about the
region**

- **Task Force's 3 main points**
 - = These functions need not be served by one organization; “variable geometry” is a practical way forward;
 - = Institutional arrangements at the subregional level, particularly in East Asia, have a critical role to play; “multi-layered structure”
 - = No need to reinvent APEC and ARF, but they need to be fundamentally reformed

- **Key elements of a new architecture**

- = Asia Pacific Leaders' Summit**

- efficiency and legitimacy**

- options: (i) a two-tiered meeting at the APEC Summit; (ii) an expanded EAS; (iii) informal meetings of Asia Pacific members of G20**

- = Strengthen APEC and ARF**

- = Strengthen East Asian arrangements**

- = Broaden political and public support basis for regional cooperation**

An Architectural Momentum?

- **The crisis has accelerated the shift of gravity to East Asia**
- **Response by the region will need to be undertaken in consultation and coordination with the US**
- **G20 is becoming the premier forum for global economic issues, but it also needs to take into account the interests of smaller economies**

- **Asia Pacific members of G20 (plus India) constitute half of G20 members**
- **APEC can play a constructive role in articulating the concerns of the Asia Pacific region on the global stage**
- **APEC should seize this momentum**



Thank You