

Pacific Summit in Seattle: Testing Clinton's Asia-Pacific Policy

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Asia Pacific

I S S U E S

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The U.S. Congress established the East-West Center in 1960 to foster mutual understanding and cooperation among the governments and peoples of the Asia-Pacific region, including the United States. Principal funding for the Center comes from the U.S. government, with additional support provided by private agencies, individuals and corporations and more than 20 Asian and Pacific governments.

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SUMMARY Under fire for its foreign policy in Europe and Africa, the Clinton administration nevertheless appears headed for a diplomatic coup later this month. The event is an unprecedented meeting, hosted by the United States in Seattle, of leaders from 15 Pacific Rim economies, including China, Taiwan, Japan and Australia. Though billed as an "informal conference," the gathering will be, in all but name, the first Asia-Pacific summit. It will directly follow the annual ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) organization, also hosted by the United States, which will consider further trade liberalization in the region. Like the APEC meeting, the informal summit will focus on economic issues. But the twin events will also provide a very public and practical test of the administration's diplomacy in this region, which includes a new enthusiasm for multilateral processes and institutions.

**The informal summit
is a major milestone
in Asia-Pacific re-
lations**

Two back-to-back meetings in Seattle this month are a key moment for the Clinton administration, and thus for the United States, in its relations with the Asia-Pacific region. From November 15 to 19, the United States will host the fifth ministerial meeting on Asia-Pacific Economic Cooperation (APEC). Participants will consider a plan for a regional trade and investment framework as well as a number of other issues. Immediately after the meeting, President Clinton has invited leaders of APEC members to an "informal conference" that in all but name will be the first Asia-Pacific summit meeting.

The Asia-Pacific Economic Cooperation meetings, launched in 1989, grew out of a desire to better manage the growing interdependence of regional economies. This was the culmination of 25 years of proposals and 10 years of nongovernmental meetings on regional economic cooperation. APEC's awkward name underscores the cautious atmosphere that prevailed at its inaugural meeting; a noninstitutional description was all that some participants would accept. In particular, the members of the Association of Southeast Asian Nations (ASEAN) were worried that a regional economic institution might detract from the leading role of their own painstakingly built organization. So everyone agreed to talk about "cooperation" but not to give the process a more formal name.

Now, just four years later, APEC is an accepted, major regional institution, with its own charter and even a small secretariat in Singapore. It has 15 participants representing the principal economies of the Pacific Rim: the United States, Canada, Australia, New Zealand, Japan, South Korea, the six members of ASEAN and the three Chinese economies (the People's Republic, Taiwan and Hong Kong). Mexico and Papua New Guinea have asked to join, and Chile has expressed interest. At its Seattle ministerial meeting, APEC will consider more formal criteria for admitting additional members, and may also recognize its universally acknowledged status by changing its name to something like "Council" or even "Community."

As host of the Seattle meeting, the United States has played the leading role in setting the agenda and in developing proposals. The major substantive initiative is for a regional Trade and Investment Framework (TIF). Roughly modeled on U.S. bilateral TIF agreements, the Asia-Pacific TIF would provide an umbrella for liberalizing trade and investment procedures on a multilateral basis. It would, however, be less comprehensive than the proposed North American Free Trade Agreement between the United States, Mexico and Canada or the free trade area being developed by the ASEAN states. The ministers will also receive a report from a group of "Eminent Persons," chaired by American economist Fred Bergsten, setting out a long-range vision for the organization and regional economic cooperation generally. Bergsten's group is expected to recommend that APEC work toward a Pacific-wide free trade area.

The most significant achievement of the informal summit will be that it takes place at all. This alone will constitute a major milestone in Asia-Pacific relations and a diplomatic coup for the Clinton administration. The most delicate issue in arranging the conference has been the question of participation by the "three Chinas," though administration officials were confident from the start that they had a credible formula for satisfying all sides. The avoidance of the word "summit" and the insistence on the meeting's informality are clearly central to this formula.

**The United States and Asia-Pacific
Cooperation**

In the years following World War II, the United States was the number one cheerleader as the Western Europeans built a regional community. The outcome of this process has been the European Community, the achievement of a single economic market in 1992, and more halting steps toward greater political unification under the Maastricht Treaty signed the same year.

The Asia-Pacific region differs significantly from Europe in geography, culture and political

cohesiveness. The post-World War II political map and alignments in Asia were more complicated and less institutionalized than in Europe. The growth of regionalism in this area came later and has been a slower and more cautious process; the U.S. approach to Asia-Pacific regionalism has been correspondingly more cautious as well.

The APEC proposal was first floated in early 1989 by then Australian Prime Minister Bob Hawke. The initial U.S. reaction, from the Bush administration State Department under Secretary of State James Baker, was reserved. This was partly due to the fact that the United States was left off Hawke's original membership list. The omission reflected an Australian desire to demonstrate independence of the United States more than any real objection—within weeks America had been added as a charter participant. U.S. hesitance about APEC also reflected uncertainty about reaction to the proposal elsewhere in the region, particularly on the part of the ASEAN countries. (U.S. concern about being excluded from regional economic councils was reflected even more clearly in its opposition to Malaysian Prime Minister Mahathir's 1990 proposal for an East Asian Economic Group—later changed to Caucus, thus EAEC—consisting only of the Asian states.)

With U.S. inclusion assured and the ASEAN nations on board, however, the Bush administration quickly warmed to APEC. At the second meeting, in mid-1990, the United States offered to host the 1993 gathering. The United States has played an active role in the development of APEC's agenda and operating procedures, particularly the establishment of 10 working groups addressing various functional economic and trade questions. This approach, emphasizing technical economic matters, both offered the prospect of practical benefits and helped steer APEC away from political-security discussions. The Bush administration was—and remained to the end—particularly leery of multilateral security initiatives in the Asia-Pacific region. Administration policymakers believed that such efforts could well undermine the U.S. network of alliances, which they saw as the ultimate guarantor of regional

stability, without putting any effective alternative mechanism in its place.

A Window of Opportunity

The end of the Cold War during 1989–90 coincided with domestic economic pressures to reduce the U.S. overseas security presence. These developments contributed to a growing recognition, both within and outside the U.S. government, that it was time for a fresh look at overall U.S. strategy in Asia and the Pacific. The advent of the Clinton administration provided the political opportunity for such a review.

Winston Lord, the incoming assistant secretary of state for East Asian and Pacific Affairs, quickly signaled that there would be a change at least in the emphasis and packaging of U.S. policy. At his Senate confirmation hearing in March he called for a "New Pacific Community" and for active U.S. support of multilateral regional cooperation in both the economic and security fields. In both areas his endorsement of multilateral approaches was carefully coupled with reaffirmations of the continuing importance of bilateral and unilateral policy instruments (including the alliance network). Nonetheless the new enthusiasm for multilateralism was unmistakable.

Events since Lord's testimony have confirmed

The Bush administration was leery of multilateral initiatives in the Asia-Pacific region

APEC Working Groups

Asia-Pacific Economic Cooperation senior officials oversee 10 working groups, covering broad areas of economic, educational and environmental cooperation. In addition, APEC has two ad hoc groups, one on regional trade liberalization and one on economic policy. The working groups are:

Transportation	Marine Resource Conservation
Trade Promotion	
Trade and Investment Data	Investment and Industrial Science and Technology
Tourism	Human Resource Development
Telecommunications	
Regional Energy Cooperation	Fisheries

Source: U.S. Department of State.

and further elaborated the new American approach. President Clinton put his imprimatur on the "New Pacific Community" concept in a speech in Tokyo on his first trip to the region for the G-7 meeting in early July. In that speech, he announced his decision to invite APEC leaders to meet in Seattle after the ministerial conference.

The idea of an APEC summit was not new. It had been proposed by Australian Prime Minister Paul Keating in early 1992, and had been a subject of discussion in the region. There had been considerable speculation as to whether the Americans would try to organize a summit in conjunction with the Seattle meeting. However, because of obvious problems about attendance (e.g., how to have both China and Taiwan at a summit-level meeting) and other possible complications, it was not at all clear that the Clinton administration would risk making the attempt.

A number of considerations undoubtedly figured in Clinton's decision to accept the challenge of organizing a summit-level meeting, with its attendant risks of failure and embarrassment. A meeting in the United States offered the opportunity for Clinton to meet most of the key Asian leaders, at one time, without traveling outside the country (which would inevitably evoke comparisons with Bush's globe-trotting that had been so roundly criticized by Democrats). But presumably Clinton was also persuaded that the international risks of the initiative were not insuperable and that the effort was worth making as a demonstration of American support for building an Asia-Pacific community.

The administration has also moved forward on the security track. In a speech in Seoul following the Tokyo G-7 meeting, Clinton endorsed the concept of new regional security talks. At the annual Post-Ministerial Consultations hosted by ASEAN at the end of July, Secretary of State Warren Christopher explicitly supported the regional security dialogue that had been established in that forum. Christopher also indicated that the Clinton administration was willing at least to withhold judgment, pending fuller elaboration by the ASEAN states, on other regional initiatives

(including Mahathir's EAEC) that had been rebuffed by previous U.S. administrations.

Rhetoric, Substance and the Policy Process

The most important element in the new Clinton policy on regional cooperation is its more active encouragement of multilateral initiatives in both the economic and security areas. Beyond that, the detailed content of the administration's vision of regional cooperation is less clear.

Nevertheless, the changes in broad policy thrust represent a considerable accomplishment for the first eight months of a new administration. It is particularly impressive considering the U.S. president's heavy domestic policy agenda and because a number of more urgent foreign policy problems have required attention.

Assistant Secretary Lord has commented that the two major events in the region that provided the pegs for presidential involvement in the development of the new policy approach were both long shots. There was only a 1-in-7 chance that the G-7 meeting would be in Asia in 1993, and an even more improbable 1-in-15 chance that the United States would be hosting the APEC ministerial. So whatever success there has been in policy development in this area has had the benefit of more than a little serendipity.

Looked at another way, one mark of effective policy management is the ability to use the calendar and other coincidental events to advance a broader agenda. The fact that the G-7 and APEC meetings have been used as the occasions for significant policy initiatives shows that the Asia-Pacific policymaking team, which at the top includes National Security Adviser Tony Lake as well as Lord and Christopher, is working well in keeping an Asia-Pacific agenda moving forward.

Reaction in the Region

Reaction in the region to the Clinton administration's more enthusiastic embrace of regional cooperation has been mixed. The more positive attitude is welcomed in many quarters, particularly among long-standing advocates of multilateral-

Clinton has embraced the concept of a "New Pacific Community"

Some in the region are concerned that the U.S. will attempt to impose its own blueprint for regional organization

ism such as the Australian government. Others in the region are concerned that the United States will become so converted to the cause that it will attempt to take over the process, and try to impose its own blueprint for regional organization. A desire to avoid American (or other Western) dominance of regional councils was an important element in the Malaysian EAEC proposal, and the same sensitivities probably lay behind Mahathir's very early and very public refusal of Clinton's invitation to Seattle.

Because of sensitivities about possible U.S. dominance, American officials have been at great pains to deny any U.S. intention to seek the primary leadership role on regional cooperation. They stress the need to proceed by consensus, and that there is room for a variety of initiatives and mechanisms. The new "wait and see" posture toward the EAEC is consistent with this approach.

Looking to the Seattle meetings, administration briefers explain that the United States is developing the Trade and Investment Framework (TIF) initiative only because of its responsibility as host. With respect to the summit, the administration emphasizes that the focus of the discussion will be on broad economic issues and that no specific agreements are expected. The desire not to appear heavy-handed is one reason why administration policymakers are in no hurry to develop a more detailed American conception of what a regional community should look like.

Seattle: Possible Outcomes

Consistent with the administration's positive but measured approach, expectations of specific achievements at the Seattle meetings should be modest.

The ministerial meeting will likely accept the TIF proposal, which provides a useful structure for reaching agreements but does not commit members in advance to specific outcomes. The longer-term proposal of the Eminent Persons Group for a free trade area will be taken under advisement, pending a more extensive consultation process. Working group recommendations on

membership criteria and processes will probably be accepted. Mexico seems almost certain to be admitted as APEC's 16th member, principally because the NAFTA agreement, if approved, will virtually integrate Mexico's economy with those of the United States and Canada. There will, however, be some haggling over individual membership applications. Finally, agreement to modify APEC's name to reflect the institutionalization of the forum should be uncontroversial (although not assured—in international undertakings, names definitely matter).

The unveiling of the free trade area proposal at the ministerial meeting will undoubtedly be a focus of attention and discussion there as well as at the summit. The ministers, and even the leaders, may well express approval of the general objective, but are certain to reiterate their opposition to regional trade blocs in order to make it clear that any Asia-Pacific area would not be protectionist. More dramatic or formal action on the trade area proposal is too much to expect from either the ministerial or the summit. APEC will probably also endorse an early conclusion to the Uruguay Round of global trade negotiations, but beyond that there is little it can do to affect them.

As indicated, the fact of the summit meeting will be success enough. It now seems likely to attract nearly universal attendance by APEC leaders (Mahathir's absence will not be critical if he is the only no-show). The summit will undoubtedly produce some kind of formal communique, but since the U.S. hosts have insisted that the leadership conference have an economic focus, no statements on political or security issues can be expected. Agreement by participants to meet again in 1994 in Jakarta (the site of the next APEC ministerial meeting) is possible but uncertain. Many of the leaders will want to leave room for further consultations and modifications in arrangements.

Longer-term Consequences

The most important contribution of the Seattle meetings will be to further the process of developing regular interactions and a sense of community

The U.S. is now positioned to play a creative role in regional institution building

in the Asia-Pacific region. In particular, a successful "informal leadership conference" in Seattle could well lead to a second such meeting in Jakarta next year. A pattern of annual regional summits, once established, would facilitate the development of personal relationships among regional leaders that can be helpful in dealing with other international and bilateral issues.

For the United States, summit meetings by whatever name can also play a useful role in managing some of its more troubled bilateral relationships in the region. For example, if Indonesia's President Suharto comes to Seattle, he and Clinton will have to again deal (as they did last July in Tokyo) with problems of labor rights in Indonesia. This issue could lead to U.S. withdrawal of tariff preferences for Indonesia early next year. The necessity of this exchange provides some direct personal incentive on both sides to work toward an accommodation. If a confrontation over this issue in early 1994 could be avoided, the prospects for a successful Jakarta summit would improve, which in turn could further advance the accommodation process.

A similar dynamic is possible on issues in U.S. relations with China and possibly Japan and other countries in the region as well. A summit

thus can become part of a larger "socialization" process for its participants, providing both opportunities and incentives to resolve differences and build mutual confidence.

It is, of course, impossible to predict how any of these processes will actually develop. There are simply too many uncertain and even unknowable elements. But by taking maximum advantage of early opportunities for policy decisions and initiatives, Clinton's Asia-Pacific team has now positioned the United States to play an innovative and very positive role in regional diplomacy and institution building.

The Seattle meetings will cap an intense year of policy development. They also present multiple and very real challenges. In one week of meetings the U.S. team will try to win approval of a serious agenda for regional economic cooperation, strengthen APEC as an institution, and orchestrate an unprecedented face-to-face exchange among the leaders of the Asia-Pacific region. In the process, the president and his lieutenants want to avoid both offending the individual sensitivities of other participants and pushing harder than the dynamics of the group as a whole will bear. Thus the meetings will test both the administration's policy and its diplomacy.

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