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# The Asia-Pacific Area Needs a Stronger Sense of Community

## Address by William Clark, Jr. to the Mid-America Committee

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It will ultimately be left to history to decide the veracity of the oft cited claim that we are entering a Pacific Century. But when I look at the forces shaping the world of the coming Century, I have no doubt the weight of the Asia-Pacific region in the emerging international system will be considerable.

We are in the midst of a period of historic change, a transformation of international relations marked by uncertainly and unpredictability. In these uncharted waters, we are all trying to shape the economic, political and security structures of the post-Cold War international system. So, let me take a moment to sketch the new political environment which is characterized by:

— global trends towards market-oriented economics, global economic integration sparked by rapid technological change, political pluralism, and the bankruptcy of communism as a political and economic system;

— Instantaneous flows of communications and capital are eroding national boundaries. We now take for granted these aspects of the information revolution: the rise of jumbo jets, satellites, fiber-optics — ours is now a world of Faxes and CNN. They have created a web of inter-action, of commerce, people, and ideas that are integrating the Pacific Rim. Just one example: between 1975 and 1989 there was a 69,000 percent growth in telephone traffic between the U.S. and Malaysia;

— Combined with transnational problems such as environmental degradation, the proliferation of weapons of mass destruction, narcotics, refugees, and the AIDS epidemic, these realities require a transformation of national sovereignty to a world where technological and commercial capabilities as much or more than military strength are the defining elements of national power, influence and well being;

— As these forces are pulling the nation-state from above, the centrifugal forces of a renascent ethno-nationalism — unfrozen by the end of the Cold War — are tugging in the other direction.

Much of East Asia — Japan, China, South Korea, the ASEAN countries — is at the cutting edge of these economic and technological trends. Together, the economies of East Asia are now roughly the same size as that of the United States. Japan is a financial superpower at the forefront of technological innovation.

Militarily, Asia includes two of the five declared nuclear powers, five of our treaty allies, and some of the world's largest military establishments: three million in China; more than a million and half on the

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Korean Peninsula; Russia with nuclear arms and more than a million men under arms; Japan with the world's third largest defense budget. Our security alliance with Japan and Korea, as well as our defense treaties with Australia, the Philippines and Thailand, provide balance and stability in the region.

### **Regional Trends**

Over the past quarter century, the transformations evident in Asia illuminate the new Asia of the '90s and mirror global trends that guide U.S. policy. These are remarkable signs of change, new patterns of economic and political relations are unfolding. At the same time, the heavy legacy of the past gives much continuity to the region.

Politically, the end of the Cold War brings the possibility of Russia as a partner across the board. In Asia it has spurred: Sino-Russian rapprochement; Russian and Chinese normalization with South Korea, a democratic Mongolia, the two Koreas in the U.N. and making unprecedented strides towards North-South reconciliation, U.N. cooperation on Cambodia and greater cooperation from Vietnam.

The global trend towards democracy is alive and well: South Korea and Taiwan continue on their democratic course; Mongolia is Asia's first post-Communist democracy; despite tragic setbacks in Burma in 1988 and at Tiananmen Square in 1989, the popular impulse towards political pluralism, has not been extinguished. It was not lost in Thailand earlier this year as activists armed with today's weapon of choice, the cellular phones, restored their country to democracy.

Yet remnants of the Cold War persist on the divided and still heavily-armed Korean Peninsula in the lingering Russo-Japanese dispute over the Northern Territories and are compounded by the reemergence of old suspicions and rivalries.

### **Pacific Rim Economics**

Economically developments are remarkable. The explosive growth of trans-Pacific and intra-Asian trade and investment — helped by the information revolution — deepens regional integration. Some in the form of “growth clusters” — intra-regional economic ties forming without regard to national borders.

The integration of Hong Kong-Taiwan-southern China is a dramatic example. Hong Kong has invested some \$27 billion in China; Taiwan-mainland trade now exceeds \$6 billion annually. Chinese trade with the Republic of Korea will approach \$10 billion this year.

This “growth cluster” phenomenon is evident in Sino-Russian border trade, in the Korean private sector's ties in China's Jilin, Liaoning, and Shandong provinces; in the interest in a Tumen River development project and in “growth triangles” such as the Batam venture involving Indonesia, Malaysia and Singapore.

Intra-Asian trade — now almost 50 percent of the Asia's total trade — and trans-Pacific trade have grown markedly over the past decade. Last year our trans-Pacific two-way trade was \$315 billion.

China growing at 8–10 percent a year is continuing with market-oriented reform, becoming increasingly integrated into the regional and international economic systems. The recent Party Congress portends an acceleration of Chinese economic reforms.

Last year our Trans-Pacific two-way trade was three times larger than with Latin America and almost 50 percent more than our trade with Western Europe. ASEAN, a market of some 320 million, is the prime contender for fastest growing region in the world. ASEAN is now our fourth largest trading partner, surpassing Germany.

In 1975, our trade with Thailand was \$700 million. Last year it was about \$9 billion. Singapore is a similar story: in the same timespan, our trade grew from \$2 billion to \$20 billion. We now export more

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to Singapore than to Italy or Spain; more to Thailand than to India (a significant figure for me); and more to Malaysia than to the former USSR. The “dominoes” of the Vietnam era are the NIEs of the 21st century.

## **U.S. and East Asia**

What do all these trends mean for the United States? Broadly, East Asia’s economic dynamism suggests that as we revitalize the U.S. economy, Asia must loom ever larger in our future. It is where the largest markets, capital and technology are. Or, as Willi Sutton said when asked why he robbed banks, “It’s where the money is!”

Economic and political realities in the Asia-Pacific region hold the promise of forging new mechanisms and institutions for sustained economic growth, enhanced security and a structure of peace. In short, a new Asia-Pacific community. We are a part of that community and our continued engagement is vital and desired.

The U.S. stabilizing and balancing security role and our leadership remain critical. The success of our friends and allies has opened up new prospects for more reciprocal economic, political and security partnerships — more shared responsibility in collaborative efforts.

In our East Asia Strategy Initiative, we have begun this process. It outlines a post-Cold War strategic framework for the region and a measured restructuring of our forward deployed forces in this new environment. In phase I of this three-phase process we have removed 5000 troops from Japan, 7000 troops from South Korea, and about 15,000 from the Philippines following our base closing. In Korea we are moving from a leading to a support role in defense of the Republic of Korea.

In Southeast Asia we have moved to a variety of cooperation arrangements, enhancing our defense relationships with our ASEAN friends. Looking ahead from our departure from Subic and Clark in the Philippines, there are very healthy aspects: we are redefining our relationship to the Philippines on shared commercial and political interests; and lack of fixed U.S. bases has focused the region on its mutual security responsibilities.

## **Future Challenges in Asia**

To realize the promise of this era we must meet a number of key challenges.

Our most fundamental is to renew American economic competitiveness for the 21st century. This means: raising our savings and investment rates; better commercializing of our new technologies; reducing the budget deficit and national debt; raising our educational standards and reforming health care. A competitive and self-confident America is an engaged America.

We all face multiple economic challenges: global, regional and bilateral. Creating a more open system of trade and investment is a major challenge we face in shaping a post-Cold War international system. The Asia-Pacific region will play a leading role in how this system evolves.

## **APEC**

We need to pursue a regional trade liberalization agenda that will enhance Asia-Pacific integration. The Asia-Pacific Economic Cooperation initiative (APEC) provides an excellent vehicle for achieving these goals. The success of this organization will help define political and security dynamics in the region, will forge a more cohesive Pacific community, and will strengthen the Asia-Pacific voice in the international system.

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Last September in Bangkok, the fifteen APEC economies — who together account for almost half the world's GNP — transformed APEC from a trans-Pacific dialogue into a new international organization. An APEC Secretariat is now being established in Singapore.

[*Sic*] trade liberalization. ASEAN is stepping up to this challenge by forming an ASEAN Free Trade Area (AFTA).

APEC is an important mechanism for sustaining market-oriented growth, for advancing regional and global trade liberalization, and for meeting other new challenges of interdependence. We have mutual interests which form a positive sum game in which all APEC members can benefit.

But governments can only open the door: it is the private sector that must march through it for APEC to achieve results. We are committed to working closely with the private sector to realize new opportunities.

The active involvement of the U.S. business, particularly in key growth areas where U.S. firms are very competitive — sectors such as telecommunications, energy, and infrastructure — is critical to Asia-Pacific integration and to sustaining U.S. engagement in the region over the longer term.

### **Bilateral Challenges: Japan and China**

Strengthening our bilateral relationships is another key challenge, and none is more important than that with Japan. The U.S.-Japan relationship is a fundamental underpinning of stability in Asia. Our security ties to the Republic of Korea also are key to deterring conflict.

Indeed, the U.S.-Japan relationship is the keystone of our engagement in Asia. Together the U.S. and Japan represent nearly 40 percent of the world's GNP — two highly interdependent economies. We, thus, have a rare opportunity to marshal our unparalleled resources to meet the challenges of the 21st century and to realize the promise of the global partnership.

But we are competitors as well as partners. Our challenge is to forge an equitable framework for partnership with Tokyo based on a more reciprocal economic relationship. This is key to stability in Asia and to evolving a viable post-Cold War system. Both sides in this partnership must share responsibilities — economic, security and political.

Japan's leaders and its people are grappling with the difficult task of crafting a global role for Japan, one commensurate with its economic status. Japan's dispatch of peacekeeping forces to Cambodia after a stormy internal debate is an important move beyond "checkbook diplomacy." Our cooperation on a broad range of issues — from Mongolia and aid to the C.I.S. to the Enterprise for the Americas initiative — demonstrates the breadth of possibilities for a global partnership.

To sustain and strengthen these ties, we must have an economic relationship with openness in both directions. Through SII, sectoral market opening talks and macro-economic policy adjustments we have worked to redress the unsustainable imbalance in trade. Despite past progress, our trade deficit with Japan will be about \$50 billion this year. Japan must still do more to remove obstacles to trade and investment. For example, per capita foreign direct investment in the U.S. is ten times that in Japan; Germany's is twenty times larger! Japan must make it easy for us to do business there as it is for them to do business here.

Japan's trade tensions are as much with the EC and the rest of Asia as with the U.S. No country has benefited more from the open global trading system than Japan. The system can only work when all leading powers lead.

### **China**

Our relationship to China is of critical importance. Yet China's future role is one of the region's major uncertainties. How that role develops will be greatly influenced for good or bad by the state of

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Sino-American relations. The Tiananmen massacre shattered the bipartisan consensus that sustained our China policy following the Nixon opening two decades ago.

With 23 percent of humanity, a permanent seat on the U.N. Security Council, nuclear weapons, and significant regional and global influence, China simply cannot be ignored or isolated. We must find a new equilibrium in Sino-American relations.

We are in the process of rebuilding a bipartisan consensus. However, the current policy, in the words of one prominent China scholar is “the China policy nobody knows.” Despite the popular imagery, our China policy — the toughest in the world — is the result of executive and legislative interaction — of efforts to meet wide-ranging concerns about Chinese behavior at home and abroad

We have a strategy of engagement designed to encourage China further down the path of reform, to integrate the PRC into the world system.

There is a basis for a stable relationship, for cooperating in areas where our interests converge such as the Korean Peninsula, and for working through our differences in areas where our values and practices diverge.

China has cooperated in resolving regional conflicts in Cambodia and Korea, joined the Non-Proliferation Treaty and announced adherence to Missile Technology Control Regime guidelines. In the trade area, we now have agreements which protect intellectual property rights, ban products produced by prison labor and expand market access. While China’s human rights performance remains woefully inadequate, we make both formal and informal representations to Beijing officials on a regular basis concerning human rights issues. We intend to continue to raise general human rights concerns, as well as specific cases in the future. Chinese behavior in some areas remains disappointing. Yet, our policy has achieved important positive results.

### **Korean Challenge**

Another challenge is the Korean Peninsula. We are making progress towards ending the threat from North Korea of nuclear proliferation. This hopefully will lead to reducing tensions and armaments, and to ensuring a peaceful reunification on terms acceptable to the Korean people.

In managing the nuclear issue over the past two years, an impressive pattern of consultation has taken shape: bilaterally, our close coordination with our ROK allies is the core of our efforts. And this endeavor has helped move us towards the more reciprocal political, defense, and economic partnership we are trying to forge.

We have also developed a trilateral pattern of coordination with Japan that has been instrumental in pressing North Korea to be responsive. This trilateral coordination has been key to forging a broader consensus on the nuclear issue — with China, Russia and in the international community.

Although the two Koreas’ Joint Declaration for a Non-nuclear Korean Peninsula prohibits reprocessing, North Korea has not yet agreed to end reprocessing-related construction. The Koreans have, thus, made only modest progress toward agreement on a credible and effective bilateral nuclear inspection regime. In our view, a credible effective bilateral nuclear inspection regime is essential to verify the North’s compliance with its nuclear commitments. When our concerns about Pyongyang’s nuclear program are adequately addressed, we are prepared to begin a regular, policy-level dialogue and to move toward more normal relations.

Pyongyang has a golden opportunity to dispel suspicions, to advance the North-South reconciliation process, and to accelerate an opening to the outside world. When North Korea’s behaviour comports with international norms, it will find new possibilities for trade and investment opening up. Economic engagement offers the best assurance of security and prosperity for the people of North Korea.

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## ASEAN-U.S.

ASEAN is another important partner and has become an increasingly respected voice in regional and global affairs. It played a leading role in launching the Uruguay Round, in the search for peace in Cambodia, and in initiating regional dialogue on political and security matters.

On Cambodia, where we face substantial obstacles in achieving a just, durable peace, we are committed to full implementation of the Paris agreements.

We have helped shape the consensus that the Khmer Rouge cannot be allowed to sabotage the Paris Agreements. If they fulfill their obligations, they can rejoin the process; if not, elections will go forward next Spring in the 80+ percent of Cambodia outside KR control.

Just a word about Vietnam. From what I hear from the business community, there is strong commercial interest in Vietnam. We are firmly committed to attaining the fullest possible accounting of our POW/MIAs. If Vietnam continues the sort of cooperation we have seen lately, we may be able to move forward in the near future. For a generation of Americans, Vietnam is perhaps the most familiar place in Asia. We are moving towards opening a new chapter in our relations with Hanoi at a pace that allows us to address all of our interests — economic, political, POW/MIA, and human rights.

## Regional Architecture

Central to meeting the challenges now upon us is forging a stronger sense of community in the Asia-Pacific. As I have said, economic interdependence has begun to forge a sense of cohesion across the Pacific. Free trade is a positive-sum game with mutual benefits. APEC's emergence provides an institution with the potential to manage many of the challenges of interdependence, to bring more cohesion to the region.

This set of common interests is a solid foundation for an Asia-Pacific community. Issues such as continued tensions on the Korean Peninsula underline the importance of our security alliances in maintaining stability.

While our bilateral ties are key elements in the architecture of the region, new patterns of political and economic relations require a more comprehensive view and more cooperative means to meet these challenges.

## Conclusion

I have sketched the changes underway in the Asia-Pacific and pointed to what I see as the elements of the post-Cold War framework emerging there — and to how our policies in this dynamic new economic and political environment are taking shape.

There are several challenges ahead: first, creating an open system of trade and investment to ensure sustained, market-oriented growth and an environment where Asia-Pacific integration can flourish.

Second, resolution of the problems of the past — notably moving from confrontation to reconciliation on the Korean Peninsula; resolving the Cambodia conflict and beginning a new era in Indochina; resolutions transcending the residual political psychology of distrust which still exists among various players in East Asia.

Third, strengthening our bilateral relations and complementing them with multilateral mechanisms designed to build trust, confidence and a structure of peace.

SOURCE: Embassy of the United States of America, Singapore.