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TOWARDS A NEW STRATEGIC FRAMEWORK IN EAST ASIA

INTRODUCTION

Asia, for several centuries, as one leading American expert remarked, "was an area in which political history and economic fate of hundreds of millions of people were determined by things that happened somewhere outside of Asia".¹ The reversal of history seems to be taking place as East Asia today holds an enormous strategic and economic importance, and 'things happening in Asia, opinions formed in Asia, and decisions made in Asia' are increasingly determining the course of events elsewhere in the world. The past three decades of market-driven and export-oriented growth has placed the region at the cutting edge of a new century where economic performance has led to coming of age in political and military terms as well. The 'geo-economic'² importance of East Asia is underscored by the growing

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1. Owen Lattimore, *Solution in Asia* (London, The Crescent Press, 1945)
 2. The term is increasingly used by US policy makers to mean combined significance of geographic location and economic factor. See Robert A. Manning, "The Challenge of Geoeconomics" in *Asia in the Twenty First Century: Evolving Strategic Priorities*, Michael D. Bellows (ed.), National Defense University: Washington, D.C., 1994.

ascendancy of China and Japan to a new global power status, maturing of ASEAN into a significant actor at the world stage, and the promise of a reunified Korea as a key player in Northeast Asia. In fact, East Asia today is in the process of adjusting to its explosive economic growth and to a new security environment transformed by the demise of the Soviet Union. Uncertainty about U.S. staying power and fear of strategic vacuums, along with concerns about the future roles of the concurrently ascending powers - China and Japan - have generated efforts to explore new mechanisms and institutions to meet the region's complex economic and security challenges. While the traditional geo-political concerns of territory, resource, military balance and threat of Russian power projection have receded in the new post-Cold-War era, there remain inherent dangers of nuclear proliferation, ethnic -religious conflicts, technological disputes, trade frictions, ecological threats and challenges to democracy to disrupt the region's stability. A new and comprehensive security architecture is, therefore, emerging in East Asia where diverse political and security concerns are being integrated with the most cohesive economic force. This paper is an attempt to discern the evolving strategic framework in East Asia in the context of current global realities and regional imperatives.

ECONOMIC DYNAMICS

One quality that most clearly distinguishes East Asia today from other regions of the world is its economic dynamism. Indeed, East Asia has become the centre of gravity of the global economy in a relatively short time. While East Asian economies comprised 4 percent of world GNP in 1960, they became 25 percent of world GNP by 1990 (roughly equal to that of U.S.) and are projected to account for one-third of global GNP by the year 2000.³ The average savings rate

3. "Asian Survey", *The Economist*, 30 October 1993.

of the region is 30 percent compared to 8 percent for G-Seven economies. In fact, as one U.S. expert predicted that East Asia could grow twice as fast as the United States in the next decade, and three times the rate of Europe. Equally impressive is the sustained growth of trade: from 1978-1991, U.S. trans-Pacific trade quadrupled from \$80 billion to \$ 316 billion. European Union's (EU) trade with East Asia is also growing substantially and in 1993 surpassed EU trade across the Atlantic.⁴

The economic development of the region began with the recovery and reconstruction of the Japanese economy after World War II. Japan made remarkable economic growth in the last four decades through national effort that emphasized and promoted manufacturing and exporting. Once Japan became one of the leading world economies, growth in the Asian NIEs, namely Korea and Taiwan picked up momentum in the 1960s and 70s, followed up by others - Hong Kong, Thailand, Malaysia, Indonesia, Singapore, Philippines and Brunei in the 1980s in a unique 'flying geese pattern'⁵ of economic expansion. In the past one and a half decades, the economies of these countries witnessed remarkable growth.⁶ While the average annual growth rate in developed countries dipped to about 4 percent, East Asian countries maintained a growth rate of 8 to 10 percent. In particular, industrialization in East Asian countries had progressed to a level that prompted further development of the region's economy and led to considerable improvements in living standard of the people.

Dynamic interdependency among the East Asian nations was effectively created by economic expansion as a chain reaction from

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4. International Trade Commission, "East Asia: Regional Integration and Implications for the United States", 1993.
 5. A unique pattern of economic expansion named by a Japanese economist Professor Akamatsu in the 1930s, See, Saburo Okita, "Toward the 21st Century: Japan's Assignment", *Japan Quarterly*, Jan/March 1992.
 6. The World Bank Study, "The East Asian Miracle", Washington, 1993.

one country to another, stemming from trade and direct investment, acting as stimuli. There are, however, other important factors, such as regional political stability, and vast consumer market in the United States and other developed countries which contributed to East Asia's economic success. Today, East Asia is entering an era of mass consumption and shifting rapidly to a pattern of growth led by domestic demand. Although export-driven growth rates of the 1980s in some countries like South Korea and Taiwan were 13.0 percent and 11.9 percent respectively, the economies of these countries are still expanding more on the strength of domestic demand.⁷ The improvement of Japan's terms of trade due to appreciation of the Yen facilitated the Japanese economy's direct transition to domestically powered development. Now a similar pattern is emerging in other leading East Asian economies.

One of the most remarkable aspects of economic dynamism of the region has been the exponential increase in 'horizontal' integration of intra regional trade and investment relationships that evolved successfully over the last decade. This aspect of interdependence has important implications for the region's growing weight and influence in shaping regional political and security behaviour. As indicated, East Asian economy's movement towards development tended to accelerate the growth of those at the next tier within a competitive and complementary framework. Korea, for example, has for sometime competed with Japan in shipbuilding and steel, and increasingly in semiconductors and consumer electronics. Japan has relocated production facilities for autos and electronics to Thailand, Malaysia and other ASEAN states. Hong Kong, Singapore, Taiwan and South Korea have been relocating labour-intensive industries like textiles, footwear, toys and electronic assembly to China, ASEAN and Vietnam.

7. Taru Nakakita, "The Take off of East Asian Economic Sphere", Japan Review of *International Affairs*, Vol. 5, No. 1, Spring/Summer 1991.

This pattern is evident in trade and investment figures. Intra-Asian trade now accounts for 50 percent of East Asian economies' total trade.⁸ If East Asia's trade across the Pacific is added to this figure, it amounts to two-thirds of total trans-Pacific trade. Taiwan has now become the largest foreign investor in Malaysia and Vietnam. Hong Kong and Taiwan account for more than two-thirds of foreign direct investment (FDI) in China. This flow of trade and investment within East Asia has led to the emergence of "growth clusters", sub-regional economic networks forming without regard to national borders. Hong Kong and Taiwan have integrated their economies with Southern China, the formation of 'growth triangle' links Singapore, Indonesia and Malaysia. Something approaching a Thai-dominated "Baht Zone" on the Indo-china peninsula is also taking shape. South Korean investment is also giving rise to the notion of 'a Sea of Japan economic Zone' that encompasses the Russian Far East, parts of Eastern China, North and South Korea, and western Japan. In fact, far more complex economic interactions are emerging in East Asia than the 'Yen bloc'. Indeed, overseas Chinese investment (e.g., Hong Kong, Taiwan, Singapore) rivals and in some cases over shadows Japanese investment.

While U.S. investment is also growing in the region in absolute terms, it is shrinking in relative terms as a result of increasing intra-regional trade. For example, US direct investment in the region roughly doubled from 1982-1991, but Japanese investment more than trebled during the period. If this decline in U.S. trade and investment presence in East Asia persists as a long term trend, it will have a major impact on America's role in the region in the future.

China has become another important factor - its pace of economic expansion and potential of becoming an enormous market have opened up new vistas of economic cooperation in East Asia. As the world's largest population of 1.2 billion and each individual possessing the potential to become a part of the labour force, China's economy is

expected to grow 8 to 9 percent annually⁸ for the next decade, which means a source of great economic opportunities for all countries of the region. China still remains a Communist country, but deregulation to achieve a market economy and massive investment from overseas have vitalized its economy at a surprisingly rapid speed. The involvement of overseas Chinese in the economic growth of China is remarkable and is evident in their recent investments in mainland China. In 1993, in terms of country of origin, Hong Kong and Macao were the top foreign investors in China with a total investment of \$42 billion representing 70% of its total investment.⁹ Taiwan, the United States and Japan each increased investment three to six times as compared to the previous year. Projecting over the next several decades, the coming economic competition is likely to occur within the region between 'Greater China' and Japan in the region. To date, intra-Asian and trans-Pacific economic interactions have created a synergy that is essential to sustaining tremendous economic growth in the Asia-Pacific, and has enlarged common interests. In fact, a debate on 'multilateralism' in Asia has arisen since the late 1980s, one that has generated an economic multilateral institution - the Asia-Pacific Economic Cooperation (APEC) forum - and new political and security dialogues as well. This new multilateralism, however, depends on the stable, dynamic and non-adversarial relationships among the major actors of the region - U.S., Japan and China. A discussion of their perception and role is, therefore, in order to understand political and strategic ramifications of economic colossus for bilateral and multilateral relations in East Asian region.

CURRENT SECURITY ENVIRONMENT

While the talk of the end of the Cold War has now become something of a cliché, there is no doubt that the new era ensuing from

8. Jiro Aiko, "Asian Dimension", paper presented at the seminar on "Two Decades of Japan-Bangladesh Cooperation", held in Dhaka, November 1994.

9. *Ibid.*

1990 witnessed some fundamental changes in the international order. Almost four decades of ideological, military and economic conflicts between the United States and the Soviet Union ended. The policies of the United States and her allies in Europe and Asia - Pacific region no longer aimed at containing the socialist bloc. The military confrontation between the North Atlantic Treaty Organization and Warsaw Pact ceased to exist. The United States and West European community, on the contrary, undertook massive aid programmes to help the erstwhile Soviet Union and East-European Countries in order to effect much needed political and economic reforms. Such improvements in international political climate and security environment have also led to changes in East Asia. The relaxation of tensions in the wake of the Cold War resulted in 'new thinking' and adjustments in the role of major powers in the region.

The Soviet threat has greatly receded in the region, and clear signs have emerged from Russia of a more constructive and friendly attitude toward East Asian affairs, especially in bilateral relations with China, South Korea, and Japan.¹⁰ While the Soviet power was never a major element in defining order among the countries of East Asian region, the end of the Cold War has created a strategic environment in which her new interests are increasingly defined in terms of economic and technological links rather than military build-up. In this context, Russia's normalization of relations with China and Japan was aimed at gaining access to multilateral cooperation forums.¹¹ Russia's efforts to improve its ties with the ASEAN countries also picked up speed with the support for creation of a 'nuclear-weapon-free zone" in Southeast Asia.

With the end of the Cold War, East Asia's security context has shifted from the management of superpower competition in the region

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10. V.P. Lukin, "The USSR and the Asia-Pacific Region", in *The Strategic Implications of Change in the Soviet Union*, Francois Heisburg (ed.), London: International Institute for Strategic Studies, 1990.
 11. Research Institute for Peace and Security, *Asian Security 1990-91* (London: Brassey's, 1990).

to an emphasis on identifying and reconciling sources of heightened intra-regional competition.¹² The cessation of East-West conflict has "removed the tempering mechanism" that often served to keep regional tensions under control. The `Taiwan question is still unresolved, conflicting claims of Japan and Russia on the Kurile islands remain, the two Korean states are still facing one another across the world's most heavily militarized border, and a host of serious disputes over maritime boundaries and off-shore territorial claims are vitiating relations among the countries of the region. Arms control is a serious concern with current supply-side dynamics which bears the hall marks of a "a new export-driven proliferation"¹³, wherein intensive competition in the arms market has actively engaged escalation in arms transfers. The modernization and development of defense programmes in East Asian region has become an important means of projecting power, enhancing national prestige, and to create a 'minimum deterrent" against possible intimidation by a revisionist power. Some Southeast Asian countries justified the modernization programmes as `investment for peace and stability.¹⁴ It is estimated that four of the seven ASEAN states have budgeted US \$ 15 billion through year 2000 for new, used or upgraded combat aircraft alone.¹⁵ Although policy makers of countries of the region often tend to justify such modernization and upgrading of their security and defense on ground of their booming economies, the growth of military power in the region also carry the potential of regional and local conflicts.

REDUCED U.S. ROLE

The United States has been playing a unique `hegemonic' role in Asia-Pacific region for half a century. This role was mainly aimed at

12. S. Joshi, "East Asian Security Environment" in *Asian Strategic Review* 1994-95 (Institute for Defense Studies and Analyses, New Delhi).
13. Susan Willet, "Dragons fire and tigers claw: Arms trade and production in Far East Asia", *Contemporary Security Policy*, August 1994.
14. L. Buszynski, "ASEAN National Security in the Post-Cold War Era" in Michael Bellows, op. cit.
15. "Country Report : Singapore", *Asian Defense Journal*, July 1995.

securing access to large markets of East Asia, and preventing Russia or any regional power from becoming preponderant. During the Cold War era, these objectives were facilitated by a series of bilateral agreements which effectively linked East Asian countries to the U.S., which was also provided with overseas bases and in return East Asian allies received security protection through extended U.S. deterrence. East Asian countries also benefitted from U.S. economic and military assistance. The U.S. economy gave impetus for export-led growth of East Asian economies by providing a huge market for exports.¹⁶

The end of the Cold War has, for many reasons, created concerns over American staying power in the region. The collapse of the Soviet power, conflict in the Persian Gulf, rising protectionist sentiment, continuing U.S. defense cutbacks, uncertainties over the future of American bases, differences over burden-sharing - these developments have contributed to an atmosphere of anxiety on the role of U.S. active leadership. One author aptly remarked, "the Cold War's end has deprived the United States of the sextant that previously determined the direction of its foreign policy, leaving it bereft of the ability to deal successfully with Japan and other Asia Pacific countries."¹⁷ In fact, in the new post-Cold War era, both pillars of US strength - economic muscle and security motivation have become diminishing assets. Yet, the United States has a strong and abiding interest in the region, and it is unlikely that her role will change in any significant manner in the near future. East Asia clearly stands out as the most important economic partner of the U.S. in terms of trade, investment and technological interests. The U.S. is also obligated by treaties to defend Japan, South Korea and the Philippines. It is also in the general interest of the U.S. to promote peace, stability, liberalization and democratic values in the region. As one author has pointed out, "the

16. "The U.S. Leadership Role in World Trade: Past, Present and Future" in the *Washington Quarterly*, Spring 1992. p. 81-89.

17. Charles Maynes, "America Without the Cold War", *Foreign Policy*, No. 78 (Spring) 1990, p. 5.

US will continue to have the mission to act as a grand facilitator, to maintain global and regional power balances"¹⁸ in the region.

There are still areas of potential conflict in the region that include the Korean peninsula, China, the Philippines and Myanmar. Any of a number of destabilizing developments could touch off a crisis : the acquisition of nuclear weapons by North Korea, political instability in China, trouble between China and Taiwan or between China and Vietnam, territorial conflicts in South China Sea etc. The presence of U.S. military represents an important stabilizing factor in the region, and, therefore, the U.S. may have to continue its forward-deployment strategy in the region in concert with Japan and other allies. Inevitably, Japan is called upon to expand its political and security role in the region. The U.S. was emphasizing the need to synergize policies with Japan in pursuit of shared interests and goals in the new era. U.S. relationships with Japan, thus, have become "the key-stone of our engagement in East Asia and the Pacific... to foster economic integration, democratization and security in the region."¹⁹ Therefore, despite the strong domestic penchant for reduction of security commitment "U.S forces in East Asia and the Pacific have remained virtually untouched since 1992". U.S. has moved to assure that its policies towards East Asia and the Pacific will be one of continued engagement with forward deployment in order to "provide geopolitical balance, to be an honest broker and to reassure against uncertainty".²⁰ U.S. will, as Clinton administration affirmed, maintain its permanent troop presence in Japan and Korea.

JAPAN'S NEW ROLE

Japan's new role in political and security arena in East Asia has to be understood in the context of Japan-U.S. mutual Security Treaty,

18. Alberto R. Coll, "America as the Grand Facilitator", *Foreign Policy*, Summer, 1992, p.54.
19. James A. Baker, III, "America in Asia: Emerging Architecture for a Pacific Community", *Foreign Affairs*, Vol. 7, No. 5, Winter 1991-92, p. 3.
20. *Ibid.*, p. 5.

revised in 1960. This Treaty is vital to the maintenance of peace and security in the Asia-Pacific region, and it provides a deterrent to the use of military power by the erstwhile Soviet Union, China, or North Korea. From its military bases and other facilities in the region, the U.S. can erect a protective umbrella over the entire Pacific region especially Northeast and Southeast Asia. This arrangement prevented Japan from assuming a unilateral military posture, and in the absence of this Treaty, Japan probably would develop a major military capability of its own - a development that could have destabilizing impact on the region.

The doctrine of 'burden-sharing' instead dictates Japan to provide financial, administrative and logistical support for U.S. military bases and facilities in Japan and elsewhere. But in the context of changed international order, Japan is reluctantly but gradually assuming a role in security and defense arena that befits its status. She can no longer expect to be given a 'free-ride,' and be able to shirk responsibilities as a major power in Asia-Pacific region. Responding to the new realities of the post-Cold War era, Japan's perception is also changing in the direction of taking a more active role, particularly, in the region of its strategic environment. Japan's efforts are increasingly geared, in concert with the United States, to create a flexible and strong security structure that helps reduce inter-regional and intra - regional fears and suspicions. As Russia and China are focussing their attention on internal affairs and economic cooperation, a new security role for Japan is in order for the stability of Asia-Pacific region. Japan, however, perceives its defense and security role in terms of improving its military capabilities in qualitative rather than quantitative criteria, so as to be able to defend its own territory and surrounding waters. Under the terms of the fifth five-year defense plan (1991-95), emphasis was placed on improving Japan's self-defense forces in terms of welfare of military personnel, on developing "C³I" (command, control, communications and intelligence) capabilities, and on providing financial and logistic support for U.S. forces. Japan is reluctant to play a front-role

in resolving crises in the region or elsewhere as exemplified in the Gulf war. Although Japan contributed a total of \$ 13 billion toward U.S. Gulf efforts, she did not send Japanese self-defense forces there notwithstanding the pressure from the U.S. to do more than providing financial support.

Japan perceives that regional conflicts in Asia should be resolved in peaceful process, whereby she can play a political role and be ready to promote confidence-building measures. This is in line with Japan's concept of 'comprehensive security' - which is an integrated whole where military, political and economic aspects are interwoven. Japan, therefore, perceives its international role mainly in terms of economic activity that forms the core of comprehensive security notion. A new vision of Japan's role is, thus, emerging and defined in terms of three major objectives: (a) Japan's global position as a member of the industrial democracies, sharing political values of freedom and seeking prosperity in an open market economy; (b) a special role and responsibility in the future of Asia - Pacific region that has bearing on her own security and prosperity; and (c) contributing to world peace by using economic and technological resources with three non-nuclear principles of "refraining to possess, manufacture and introduce nuclear weapons", and assuming only a limited military role for self-defense. How will these objectives take a coordinated shape in determining Japan's future role in East Asian security architecture is yet to be correctly ascertained. But, it is clear that Japan has to play a more pronounced role in the emerging strategic framework making more relevant her concept of comprehensive security. Japan's security modalities are, therefore, increasingly being considered in the context of her bilateral security alliance with the United States, enhancement of the capabilities of Japan's self-defense forces, participation in U.N. peace-keeping operations and devising of an East Asian regional security system.

CHINA FACTOR

As a member of the East Asian region and an emerging global power, China's objectives are increasingly defined in terms of peaceful coexistence, pursuit of economic growth²¹ and stable regional environment. China, therefore, pursues a security strategy in the post-Cold War era based on four major considerations: (a) to manage her domestic affairs, deepen economic reforms, open up further to outside world, and focus on economic development; (b) pursue an independent foreign policy in order to develop friendly relations with neighbours to ensure a peaceful and stable surrounding environment; (c) to carry out an 'active defense' military strategy - strengthen self-defense capacity and develop military cooperation with neighbours. Chinese military spending, therefore, increased in the past few years despite peaceful environment. Her military budget in 1991 was about US \$ 6.1 billion which increased to about US \$ 6.7 billion in 1993 and \$ 7.49 billion in 1995.²² In fact, as a principle, increase of China's military expenditures is linked to increase in her economic development; and (d) to participate actively in Asia-Pacific economic cooperation, and support efforts for regional security dialogues so as to promote the establishment of an Asia-Pacific security mechanism.

Clearly, China has realized that she cannot develop her economy without cooperating with countries of Asia-Pacific region. Since China adopted the open door policy, she has been taking active role in bilateral exchanges and cooperative efforts particularly with East Asian countries. China joined the APEC in 1991 as a full participant. The necessity and potential for China to increase economic cooperation with her Asia Pacific neighbours can be observed from some economic indicators. In 1991, China's trade with ASEAN reached US

21. Nicholas D. Kristof, "The Rise of China", *Foreign Affairs*, November-December 1993, p. 59.

22. Robert Karniol, "China's defense budget continues to Rise". *Janes Defense Weekly*, March 18, 1995.

\$ 8 billion, and mutual investment jumped to more than \$ 1.2 billion. The volume of trade between China and Japan in 1971 was US \$ 1 billion, which increased to US \$ 20 billion in 1991. Similarly, Japanese investment in China in 1991 reached US \$ 4 billion. Over the past decade, Japan provided almost US \$ 30 billion assistance, accounting for roughly half of all official development aid to China.²³ This positive trend of Sino-Japanese relations and the mutual need for a peaceful environment are important factors in shaping a new regional order in East Asia. Similarly, the United States is also increasingly redefining its China policy with several baskets of issues - economics, arms control, non-proliferation and regional security. The importance of U.S.-China ties is underscored by US \$ 40 billion annual two-way trading relationships and more than \$ 5 billion US investment in China. These economic dynamics provide powerful incentives to both sides to accommodate each other's concerns - indicating the relevance of 'geo-economics' to modify political behaviour. China's security strategy is increasingly based on the concept of comprehensive security - giving priority to economic development and cooperation. The responsible integration of China into Asia-Pacific community, and how China ultimately makes its mark as a global power will be crucial for East Asian security. As a nuclear power as well as the biggest conventional military might in East Asia, the China factor is, therefore, extremely pertinent in the emerging security architecture of the region.

CONCLUSION

Today, the patterns of relations among the major Asia - Pacific powers are still undergoing adjustments. However, this is for the first time since 1945 that the major powers, U.S., Russia, Japan and China face no significant threats that might split them once again into sharply divided camps. Despite many contradictions, relations among

23. "Sino Japanese Trade Soars as Old Enemies Embrace", *The Wall Street Journal*, May 1993.

the major powers in the region are relatively stable and their interdependence is deepening. They have begun to form new interactive and coordinative relations among them. To face the new realities of the post-Cold War era, East Asian countries have been taking a number of initiatives for the establishment of a regional cooperative security mechanism suitable to the genius of the region. The concept of cooperative security, which is widely endorsed in the region, acknowledges the primacy of state interests, the realities of territorial defense, and the inevitability of competing interests.²⁴ But enhancement of interests is not seen in a zero sum, security dilemma context. Multilateral activity is not a challenge, but a complement to enhanced bilateral activity.

Some Western nations proposed applying the model exemplified by the Organization on Security and Cooperation in Europe (OSCE) for security and regional defense in Asia-Pacific region. Japan, however, contended that Asian diversity makes this unrealistic - a view in which the U.S. and others have concurred. Ongoing diplomatic efforts are, therefore, being directed at working out a regional consensus on the creation of an effective system suited to Asian realities. There are a number of bilateral and multilateral treaties and forums already in existence that reflect the diversity of East Asian politics. The growth of ASEAN from a predominantly economic cooperation forum to an increasingly political-security organization is, indeed, remarkable. It is worth noting that extensive cooperation on military activity and other security matters is already taking place among ASEAN countries. In fact, ASEAN has already become a *de facto* security community sharing a commitment to resolving conflicts, settling disputes, or easing tensions through "multilateral dialogue" and confidence-building measures. The growing multilateral security dialogue is exemplified by the formation of ASEAN post-Ministerial conference in 1991, which enlarged the scope of discussion not only

24. Udai B. Singh, "Growth of Military Power in South-East Asia", *Asian Strategic Review*, 1994-95.

on political and economic issues, but also on security matters, by intensifying external dialogues, and by 1993, ASEAN regional forum was established regionwide especially for discussing political and security issues. ASEAN has, thus, taken the lead in evolving a new security structure for East Asia in the post-Cold War era. The recent momentous step taken by ASEAN through signing the agreement for creation of their area as "nuclear-weapons-free-zone", despite coolness of the United States and China, testifies to the commitment of ASEAN for peace and security in the region.

Other organizations operating in the region include the Pacific Economic Cooperation Council (PECC), and the Asia-Pacific Economic Cooperation (APEC) forum, whose activities PECC assists. The atmosphere developing at APEC meetings facilitates exchange of opinions on a broad range of issues pertaining to political dialogue and security as well as economic matters. East Asia's remarkable economic integration is a major trend that holds the potential of creating a sense of shared interests and shared responsibilities. The institutionalization of regional economic integration through the formation of APEC is a multilateral architecture that emerged from the multifaceted dialogue process in the Asia - Pacific. Indeed, APEC's experience will have a substantial influence on multilateral endeavors in the political and security realms as well. Beginning from a modest, loose ministerial level forum in 1989, it became a full-scale multi-national organization with a secretariat in Singapore. The APEC forum provides top-level policy discussion, fosters dialogue, serves as a venue for bilateral diplomatic exchanges. Representing 17 economies which account for some 60 percent of world GNP, the direction APEC takes can clearly have a decisive impact on world trade and investment regime.²⁵ The success of APEC in 'thickening the web' of trans-Pacific and intra-Asian interdependence through the flow of commerce, technology, people and ideas, is noteworthy.

25. *Asian Wall Street Journal Weekly*, October 11, 1993.

Building a new order in East Asia at this point demands an awareness of common interests that bind the countries of the region, and a striving to find a suitable framework to harmonise these interests. This is not easy for various historical reasons that created ethnic, territorial and religious contradictions. Some of the problems are complex, and vitiate security environment. There are many problems still to be solved—securing stability on the Korean peninsula and other volatile areas, coordinating reconstruction in Cambodia, integrating China as a responsible power, resolving trade frictions, rectifying imbalances in economic development, and protecting environment. Japan and the United States, in particular, will have to shoulder the greatest responsibilities for peaceful resolution of the problems to usher in a new era by virtue of the roles each is destined to play in economic development and security arena.²⁶ The Tokyo Declaration on US - Japan Global Partnership Plan of Action issued in 1992 lays out the global and regional goals that include: (i) strengthening the Asia-Pacific Economic Cooperation Forum (APEC) as an important framework for regional cooperation;(ii) promoting political dialogue through the annual foreign ministers conference of ASEAN members and their dialogue partners; (iii) encouraging China to pursue policies of reforms and openness and also to respect human rights, and make efforts towards the non-proliferation of nuclear weapons; (iv) encouraging continued dialogue between North and South Korea and pressing to create a nuclear-free Korean peninsula; (v) assisting in the reconstruction of Cambodia; and (vi) encouraging restoration of democratic process in Myanmar.

The Tokyo Declaration of 1992 envisaged close linkages of economic, political and security aspects in global and regional spheres. But nowhere is that linkage more evident as in East Asia. The region's economic vitality is forging a congruence of political interests

26. See, Edward A. Olsen, "A New American Strategy in Asia", *Asian Survey*, Vol. 31, No. 12, December 1991.

and creating a common outlook for security cooperation. A new strategic framework is, therefore, emerging in East Asia through the integration of existing bilateral, multilateral and global security regimes²⁷ that provides enhanced opportunities to address a new generation of political, economic and security-related issues in a more comprehensive manner.

27. Sheldon W. Simon, "Regional Security Structure in Asia: The Questions of Relevance", in *East Asian Security in the Post-Cold War Era*. M.E. Sharpe, 1993.