

Distinguished Dinner Speaker

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Remarks on the Regional Architecture to PECC Meeting on 26 April 2012

As you have had a long and arduous day grappling with the acronyms and alphabet that characterize most discussions on the regional architecture and I am what stands between you and dessert, I will convey my views as succinctly as I can.

The work of the PECC to improve our regional institutions, to help build regional architecture that better serves our needs is of great importance.

Many of the challenges we face in a globalized world – financial imbalances, global and regional economic turbulence, climate change, terrorism, health pandemics are simply beyond the capacity of single countries to resolve unilaterally.

Since the world is too large and the nation state too limited, the case for regionalism is compelling.

All this is obvious and few would argue against it.

What is less obvious is where we go from here.

Let me make a few observations.

Firstly, there is no doubt that Asia Pacific regionalism has come a long way in the last two decades but there is also no doubt that we are a long way from the promised land.

Two decades or so ago the Asia Pacific could be described as a region without regionalism.

Today the Asia Pacific could be described as active regionalism in search of a region.

Following a period of extraordinary creativity and enthusiasm in the 1990s in which the good men and women of the PECC played key roles in producing ideas and concepts for regional design there has been a rich flourishing of regional institutions.

In addition to ASEAN, there are today the ASEAN Plus Three, East Asia Summit, ASEAN Regional Forum, APEC and the Trans Pacific Partnership (TPP). To top it off there has been a proliferation of bilateral preferential trade arrangements euphemistically described as “free trade agreements”.

But there are significant gaps in the current regional architecture.

APEC the key economic forum does not include India.

China remains suspicious of the TPP.

There is no forum through which the conflicting territorial claims in the South China Sea can be effectively resolved.

None of the existing institutions address all the key dimensions of regional cooperation that they now need to face.

None of the regional institutions effectively connect with evolving global arrangements including the G20 process.

Underlying this institutional incompleteness are strategic and tactical differences.

At the strategic level there are at least two competing visions of the region.

There is the vision of a trans-Pacific economy linking the countries of the Pacific Rim through closer economic integration. APEC and the Trans Pacific Partnership are grounded in this vision.

Then there is the vision of a political community with a distinctive Asian identity. The ASEAN plus Three and EAS are grounded in this vision.

Tactically, there are also basic differences as to how best regional architecture can and should be constructed.

There is the view which advocates focusing on regionalism as it is. Existing institutions however inadequate are fundamentally sound. If it ain't broke, why fix it?

Then there is the view which advocates focusing on regionalism as it should be. Gaps in the present regional architecture call for new blueprints for new architecture. If it ain't working, build a new one.

There is the view that Asian regionalism should have precedence over Asia Pacific regionalism.

And there is the view that both regionalisms should be pursued as complementary to each other.

This incompleteness and fluidity in the regional architecture reflects strategic and tactical differences and the absence of a clear common vision of the region.

These strategic and tactical differences arise from what Ian Bremmer in his latest book refers to as a "G-Zero" world, a world of every nation for itself, a world without clear global leadership.

In his somewhat dramatic words “The G20 doesn’t work, the G7 is history, the G3 (USA + Europe + Japan) is a pipe dream, and the G2 (USA + China) will have to wait. Welcome to the G-Zero”.

Because effective regionalism requires leadership, the ramifications of a G-Zero world are far reaching.

At a time when the need for international cooperation is urgent, the USA is increasingly unable and unwilling to exercise leadership while China and India are not yet ready to provide the leadership required.

In such a world, the regional architecture will continue to be untidy and incomplete because the political means to achieve coherence will be in short supply.

In such a world efforts to introduce comprehensive and coherent blue prints for the Asia Pacific are likely to be frustrated.

Such a world is not entirely bleak for regionalism.

In such a world there will be opportunities for pragmatic sub-regional arrangements like the TPP which regional players will increasingly recognize as presenting the best chance of moving forward in an increasingly fluid and leaderless geopolitical landscape.

In such a world, the role of the PECC with its wealth and experience in scholarship and intelligence applied to the key challenges of our region will continue to be of great relevance.

May the PECC continue to prosper.

Thank you for your attention.