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In the nineteenth century, U.S. Secretary of State William Seward had this to say regarding the Pacific region:

Henceforth European commerce, European politics, and European activities, although becoming actually more intimate, will nevertheless sink in importance, while the Pacific Ocean, its shores, its islands, and the vast regions beyond, will become the chief theatre of events in the world's great hereafter. (Timberman 1981, 21:579)

Many people ridiculed his decision to purchase Alaska from the Russians and called it "Seward's ice box." Today, Alaska is an important state of the U.S. and the Russians lost their only foothold in North America. Seward was a visionary and his prediction about the Pacific region is also coming to pass. However, his view was more the exception rather than the rule in the nineteenth and even into the twentieth century. In general, American policymakers were fixated with Europe. Several reasons maybe cited for this Eurocentrism (Roberts 1993, 168).

1. About 90 percent of North Americans originated from Europe.
2. Americans were more familiar with European politics, culture and society.
3. American policies towards Europe have been relatively successful such as the role of the U.S. in winning the two world wars, the Marshall Plan and NATO.
4. Trade with Europe was more significant then than with Asia.

Asia, on the other hand, "seemed very distant and extremely alien, an exotic continent whose peoples and countries differed enormously from their own, and with which they could feel very little

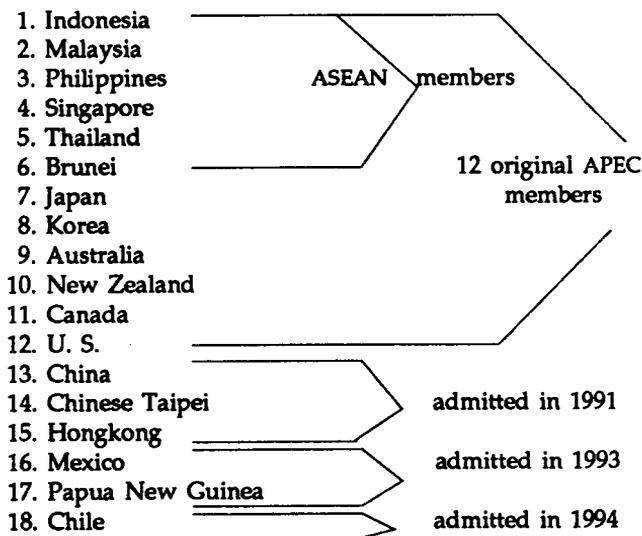
This note was a paper presented at ASRC, Hyderabad, India, 23 June 1995.

sense of kinship (Roberts 1993, 169). However, with the influx of Asian immigrants to the U.S. from the 1970s onwards, this perception has changed. Today, there are about seven million Asian-Americans in the U.S. Many have become assets instead of liabilities in American society as professionals, achievers, public officials, etc. Also, since the 1960s, the Asia-Pacific region has shown economic dynamism unparalleled elsewhere. U.S. Secretary of Commerce Ron Brown recently admitted that "the U.S. had been slow to recognize the Asian boom but was now poised to enter an American Pacific Century" (*Manila Bulletin*, 13 Nov 1994, B1). This the U.S. intends to do through APEC.

The APEC Forum

From a loose, informal "talking shop" of twelve Asia-Pacific countries that came together in 1989 in Canberra through the initiative of then Australian Prime Minister Bob Hawke, APEC has evolved into a formal organization with its own Secretariat based in Singapore and has grown in membership.

APEC Membership



APEC was established to better manage the effects of growing interdependence in the Pacific region and sustain economic growth. It is a forum for discussions of a broad range of economic issues deemed important to the region. The APEC chair rotates annually among the members and is responsible for hosting an annual ministerial meeting. In the first few years of its existence, APEC did not accomplish much. Australian Foreign Minister Gareth Evans jokingly referred to it as "four adjectives in search of a noun" until "forum" was appended to it (Richardson 1994, 11). But since 1993, APEC has made some great strides. It contributed significantly to the successful conclusion of the Uruguay Round negotiations of the General Agreement on Tariffs and Trade (GATT). And it proposed during the Bogor Summit in 1994 a timetable for sweeping aside trade barriers in the region to create the world's most open trade area by the year 2020.

APEC senior officials (SOM) oversee ten working groups covering the following areas:

1. Trade and Investment Data
2. Trade Promotion
3. Investment and Industrial Science and Technology
4. Human Resource Development
5. Regional Energy Cooperation
6. Marine Resource Conservation
7. Telecommunications
8. Transportation
9. Tourism
10. Fisheries

Two ad hoc groups have also been formed to focus on regional trade liberalization and economic policy (Fact Sheet 1993, 555-56). As can be deduced from these concerns, the hearth of APEC is trade. It includes three of the world's largest economies: the U.S., Japan and China. It has been pointed out that "the APEC economies already carry profound impact on the global economy. They are inhabited by two billion people representing 40 percent of the world's producers and consumers. They produce 50 percent of the world's goods and services and account for nearly half of the world's trade" (Ramos 1994, 11).

Unlike the European Union, however, APEC does not aspire for economic integration. It is not a trading bloc but more of a regional building block for global trading. As Philippine President Ramos (1994, 11) aptly put it:

APEC is both a response to and a force behind the mighty wave of change that is today transforming the lives of the world's people and the destinies of their countries. In the new world order, economics, not politics, is the greater driving force of international and human relations.

The U.S. Role in APEC

The U.S. was not originally in the core group that brainstormed on the Pacific Community concept. It has been claimed, APEC grew out of the annual conferences sponsored by the Pacific Institute that brought together a mix of concerned doers and thinkers from Australia, Japan, Indonesia and other countries that eventually became members of APEC. As early as 1962, B.A. Santamaria, President of the Australian National Civil Council, advocated regional cooperation in the form of a Pacific Community. The framework of the economic cooperation was designed by the late Australian economist, Dr. Colin Clark. (This is the claim made by Frank Mount in an undated essay from Australia, 1-8).

The Japanese academics and businessmen talked about a Pacific Community even earlier in the late 1950s. In 1967, Prof. Kiyoshi Kojima (1981, 1) articulated the idea in his work on a Pacific Free Trade Area. But it was the Australian initiative that brought APEC into being in 1989. When invited, the U.S. immediately joined and became one of the twelve founding members of the grouping. The U.S. by then had realized that it was not just an Atlantic power but also a Pacific power. The APEC members constitute its most important economic partners.

In 1993, U.S. exports to other APEC members totaled \$280 billion, supporting almost five million U.S. jobs. U.S. exports also constituted 30 percent of APEC's imports. Two-way U.S. trade with APEC totaled \$670 billion, representing 64 percent of U.S. trade with the world. However, U.S. trade with Asian APEC has been lopsided in favor of the latter. Thus Asian APEC accounted for 88 percent of the U.S. trade deficit in 1993 (Droker 1994, 12-13). In the same year, 60 per-

U.S. Trade with APEC, 1990-93

Country	Exports				Imports				Balance			
	1990	1993	Jan-Aug	Jan-Aug	1990	1993	Jan-Aug	Jan-Aug	1990	1993	Jan-Aug	Jan-Aug
			1993	1994			1993	1994			1993	1994
Canada	83.0	100.2	65.8	73.3	91.4	110.9	72.3	81.4	(8.4)	(10.7)	(6.5)	(8.1)
Japan	48.6	47.9	31.9	35.1	90.4	107.3	68.8	77.0	(41.8)	(59.4)	(36.9)	(41.9)
Mexico	28.4	41.6	27.4	33.1	30.2	39.9	25.6	31.3	(1.8)	1.7	1.8	1.8
Korea	14.4	14.7	9.7	11.2	18.5	17.1	11.3	12.5	(4.1)	(2.4)	(1.6)	(1.3)
Taiwan	11.5	16.3	10.5	11.2	22.7	25.1	16.3	17.2	(11.2)	(8.8)	(5.8)	(6.0)
Singapore	8.0	11.7	7.6	8.3	9.8	12.8	8.1	9.7	(1.8)	(1.1)	(0.5)	(1.4)
Hong Kong	6.8	9.9	6.6	7.5	9.5	9.6	6.0	6.0	(2.7)	0.3	0.6	1.5
China	4.8	8.8	5.5	6.6	15.2	31.5	19.7	24.2	(10.4)	(22.7)	(14.2)	(17.6)
Australia	8.5	8.3	5.4	6.4	4.4	3.3	2.2	2.1	4.1	5.0	3.2	4.3
Malaysia	3.4	6.1	3.9	4.5	5.3	10.6	6.6	8.6	(1.9)	(4.5)	(2.7)	(4.1)
Thailand	3.0	3.8	2.3	3.1	5.3	8.5	5.4	6.5	(2.3)	(4.7)	(3.1)	(3.4)
Philippines	2.5	3.5	2.1	2.5	3.4	4.9	3.1	3.7	(0.9)	(1.4)	(1.0)	(1.2)
Indonesia	1.9	2.8	1.4	1.9	3.3	5.4	3.4	4.1	(1.4)	(2.6)	(2.0)	(2.2)
Chile	1.7	2.6	1.7	1.7	1.3	1.5	1.1	1.2	0.4	1.1	0.6	0.5
New Zealand	1.1	1.2	0.8	0.9	1.2	1.2	0.9	1.0	(0.1)	(0.0)	(0.1)	(0.1)
Brunei	0.1	0.5	0.3	0.3	0.1	0.0	0.0	0.0	0.0	0.5	0.3	0.3
PNG	0.0	0.1	0.0	0.1	0.0	0.1	0.1	0.1	0.0	(0.1)	(0.0)	0.0
APEC	227.7	280.0	182.9	207.7	312.0	389.7	250.9	286.6	(84.3)	(109.8)	(68.0)	(78.9)

cent of U.S. merchandise exports and 67 percent of U.S. merchandise imports were with other APEC member economies. U.S. trade with APEC economies was over three times that with the European Union (Focus 1994, 169). With these developments, it was not surprising that President Clinton talked about building a new Pacific Community in his speech at Waseda University in Japan on 7 July 1993 on the occasion of his first visit to Asia as U.S. President. He would pursue this initiative at Blake Island, Washington when he hosted the first ever gathering of APEC leaders in November after the ministerial meeting in Seattle hosted by the U.S. which held the APEC chair that year. According to Joan Spero (1993, 728), U.S. Undersecretary for Economic and Agricultural Affairs, "President Clinton has placed so much emphasis on integrating foreign and domestic economic policy and on building sound economic relationships with our trading partners. That is why our economic interests are increasingly dominant in our international relations." More than ever before, America's prosperity is deemed to depend on its engagement in the global economy, a pillar of which is regional engagement through APEC.

Today, the U.S. is the world's greatest single military and economic power and a major market for many Asian countries so it continues to play an important role in APEC. However, in the post-Cold War era and with its massive federal and trade deficit, the U.S. "is hardly the superpower it was a couple of decades earlier" (Rosenau 1994, 25:267). New economic power centers like the EU, Japan and the Asian NIEs have challenged the dominance of the U.S. Therefore, the U.S. should "adjust its psychology from the role of unilateral leader to leading partner, from crusader against global ideological danger to shaper of consensus for broadregional co-existence" (Unger 1994, 2:44). In other words, the U.S. should "manage the transition from being Asia's big brother to being Asia's partner" (Clarke 1995, 39:84).

Challenges and Prospects

In spite of differences in terms of geography, culture, religion, political system and level of development, the APEC member countries have succeeded in coming together for a common cause—economic cooperation. Like ASEAN before it, APEC has defied the skeptics and has metamorphosed into an important regional organization. Still, giving real substance to the APEC vision is a long and

arduous task. APEC is not a homogeneous entity. There are "go-fast" countries like the U.S., Singapore and Australia while there are "go-slow" countries like Malaysia, China, Japan and Korea.

Malaysia's Prime Minister Mahathir Mohamad has been the most outspoken critic of APEC from the very beginning. He feared the U.S. will overshadow and dominate the other members. He did not attend the Seattle Summit but attended the one in Bogor as its "resident skeptic." A year after APEC was established, he espoused the idea of an East Asian Economic Grouping (EAEG) which ASEAN eventually accepted as the East Asian Economic Caucus (EAEC). A Westerner was referred to it as "a caucus without Caucasians," since it groups ASEAN with Japan, China and Korea minus the U.S., Canada, Australia and New Zealand. However, the EAEC has not really taken off the ground. The core of APEC is ASEAN. The Secretariat is in an ASEAN capital (Singapore) and an ASEAN country holds the chair every other year. Instead of dictating on the other members, the U.S. has been trying to do it the ASEAN way. Decision in APEC is reached by consensus.

There are also those who want APEC to pursue political and security issues aside from economic concerns like Australia's Prime Minister Paul Keating. Since Asia is rearming faster than any other region in the world, it is argued that "its gains on the economic front will sooner or later be more than canceled out by losses in the security field" (Clarke 1995, 39:95). Still, APEC's stance is that it is an economic forum and at the moment, its economic plate is too full to keep it busy for the coming decades. It has been pointed out that "the APEC initiative has jelled at this time because nations on both sides of the Pacific have concluded that it will significantly advance their interests" (Bergsten 1994, 11). Until it ceases to do so, APEC will remain a viable economic forum into the twenty-first century.

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