

## THE FUTURE OF PACIFIC BASIN COOPERATION

Saburo Okita

What is it all about "the Pacific Basin Cooperation Concept"? Indeed, it is neither easy nor appropriate to make a definite answer to this question. The Concept itself is still in the process of evolution, and substance and modality of Pacific cooperation still the subject of wide discussions and research, basically among academic or business people in the Pacific region. In other words, we are now in the period of trial and error. This exploratory stage will possibly continue in the foreseeable future. In this article, I shall review the main thrust of Pacific cooperation up until now. By this we will know better where we stand at this moment and where we are going. Then, I shall briefly touch upon the immediate tasks in a future perspective.

## Forces behind the Pacific Basin Cooperation Concept

Against the background of historical, cultural, economic, and political diversity, the countries of the Pacific area have become increasingly interdependent in recent years in parallel with the expanding interchanges among them. This is true especially in the economic field. I do not have to spend many words to explain the recent dynamic development of the Pacific economies. The link among the industrialized, newly-industrializing and developing countries will be further strengthened through the expansion of trade, investment, finance, and energy and other resource development. We might say that the existing bilateral/ multilateral arrangements for consultations and dialogue have heretofore worked pretty well to maintain and promote this remarkable development.

The question is, however, how we should interpret this Pacific development in terms of future projection. It is easy-going to predict the next century as the "Pacific century" in view of "historical force" or "rise and decline of civilization." Rather, our immediate concern is how this region's economic and other development could be sustained in the future. How should we cope with the possible frictions and difficulties arising from the increased interdependence in the region? Are the present domestic and international arrangements sufficient to defend free trade, secure the harmonious expansion of trade, and achieve harmonious structural adjustments? What kind of financial cooperation is most desirable to support the region's economic development? How should we strengthen the cooperation to tackle the envisaged energy constraint? There are many other problems we have to face together in order to ensure the sustained prosperity of the region.

It was around the mid-1960s that economists began to stress the importance of economic cooperation among Pacific nations. In 1968 a Pacific Trade and Development Conference (PTDC) was set up by scholars of such nations as Japan, Canada, U.S.A., Australia, and New Zealand. It is by this group that the idea of the Organization for Pacific Trade and Development (OPTAD) was proposed as an OECD-type inter-governmental organization. Behind this action was exactly the recognition of increasing interdependence in the Pacific and various problems accompanying it.

The late Japanese Prime Minister Ohira's proposal and rising interest in the Pacific Basin Cooperation Concept

The Pacific Basin Cooperation Concept, as it is called, was first proposed in the late Prime Minister Ohira's policy programs delivered during his LDP (Liberal Democratic Party) Presidential campaign. At the beginning of 1979 immediately after assuming the Prime Ministership, Mr. Ohira organized the Pacific Basin Cooperation Study Group as one of nine policy advisory groups. I was appointed as the chairman of this study group. The majority of the members were scholars. I continued to work with this group until I took office as Foreign Minister in November 1979.

Partly stimulated by this development in Japan, the interest in this subject increased in other countries of the Pacific region. In the summer of 1979, the U.S. Congress held public hearings on the Pacific cooperation issue, in which Dr. L.B. Krause, Senior Fellow of the Brookings Institution, Professor H. Patrick of Yale University and other people deeply involved in the subject were invited to speak. Seminars were organized by such research institutions as the Pacific Forum and the East-West Center. Pacific basin cooperation became a research theme in some academic and research institutions. Congressman Wolff proposed the Pan-Pacific Community Association (PPCA); Ambassador Snieder and other members of PPCA have already been active in promoting the idea of Pacific cooperation. In Southeast Asia, the Center for Strategic and International Studies (CSIS) in Jakarta held a conference on "Asia-Pacific in the 1980s: Toward Greater Symmetry in Economic Interdependence", inviting the participation of both private and governmental sector people from 14 Pacific countries. Seminars on Pacific cooperation were held also in Chile, Mexico, Canada, New Zealand, Republic of Korea and Japan.

The Pacific Basin Economic Council (PBEC), established in the late 1960s as a gathering of business leaders from the area's five advanced countries, proposed the idea of Pacific Economic Community (PEC) in step with the Ohira study group's report (May, 1980). Lively discussions are opening up around the Pacific area and the momentum to promote this Concept is gradually increasing.

In parallel with this development in non-governmental circles, the Japanese Government both at ministerial and high official levels had various occasions to exchange views with the governments concerned. In January 1980 the late Prime Minister Ohira and I visited Australia and had an extensive discussion with Prime Minister Fraser who is also deeply interested in the subject of Pacific cooperation. Prime Minister Ohira explained his own thinking on the subject: Pacific Basin Cooperation should be pursued as a longterm objective looking toward the 21st century; the main focus of the cooperation should be on economic and cultural aspects and politico-military issues should be excluded; it must be open to every concerned Pacific nation; the concept itself was studied by his academic advisory group. Both of the Prime Ministers, as expressed in a joint press statement, "observed that a series of non-governmental seminars arranged by academic and similar institutions within the region would be an important means of developing the concept." In this connection, the Australian Government supported a plan to hold the first seminar of this kind under the sponsorship of the Australian National University. Both governments officially announced the "intention to explore it further on the basis of a

broad regional consensus." This announcement certainly gave momentum to the development of the concept. Later on a statement to the same effect was issued between the Japanese and Canadian Governments.

#### Report by the Pacific Cooperation Study Group

In May 1980 after more than a year of research and discussions, the Japanese study group submitted a report to Prime Minister Ohira. It was soon after this occasion that the Prime Minister passed away. The report, released to the public, did not necessarily represent the views of policies of the Japanese Government, but the basic ideas contained in the report were almost in line with those of the Japanese Government.

The ultimate goal of the Pacific Basin Cooperation Concept, the report explains, is to form a stable and prosperous regional community through the promotion of cooperative relations among the region's countries. The Concept has three basic features: it should not aim at an exclusive regionalism; it should aim at a free and open interdependent relationship; it should not contradict the existing bilateral and multilateral arrangements for cooperation, rather it should have mutually complementary relations with them. The report proposes a number of ideas and projects for economic/cultural cooperation among the Pacific nations. It also points out various policy measures which the Japanese Government has recommended to adopt in order to make Japanese society more open to the international community.\* The report expects that a series of seminars for international

---

\* The projects of ideas proposed in the study group's report, for example, include the following:

- a) Promoting international exchanges and mutual understanding -- overseas study programs for youth, a "University of the Seas" (programs for study on board), home-stay programs, a "Pacific Basin Expo" and other festivals, the arrangement of "working holidays", etc.
- b) Promoting educational/academic exchanges as well as area studies.
- c) Cooperating in human resource and technology development -- "Technical Cooperation Center",
- d) Promoting trade expansion and adjustment of industrial structure -- "Pacific Basin Declaration on Trade and International Investment", a "Pacific Basin Industrial Policy Consultative Forum", Japan's expanded imports of tropical agricultural commodities and other products of interest to the exporting countries, promotion of technology transfer to the newly industrializing countries, etc.
- e) Cooperation in resource exploitation -- a "Joint Pacific Ocean Scientific Survey", joint use of satellites, joint project to enhance rice production, development of unused species of trees, effective use of marine resources, etc.
- f) Enhancing smooth flow of funds -- liberalization of Japan's finance and capital market, "Pacific Basin Finance Conferences", etc.
- g) Expanding and consolidating transport and communications systems -- organization of regional and island-feeder air routes, adjustment of fare schedule, Pacific communication network, a direct broadcast relay satellite.
- h) Internationalization of mass media, improvement of immigration system.

discussions will amount to the establishment of a non-governmental committee of experts as a future step.

The approach taken in the report was distinct from the OPTAD idea in two basic points. The scope of cooperation envisaged in the report is beyond the economic one. It emphasizes the importance of promoting mutual understanding through cultural, academic and various other exchanges. There is an underlying recognition that we have to begin with the endeavor to have better understanding of our partners, if we are to achieve effective economic cooperation supported by a real sense of community in such a diversified socio-cultural setting of the Pacific. Secondly, the report puts more emphasis on private sector initiatives supported by the concerned governments. The study group believed it was not realistic to seek an inter-governmental organization as an initial target. This line of thought seemed to be shared by many other advocates of similar ideas like Pacific Commission (Trilateral Commission Type), Pan-Pacific Community Association (Congress man Wolff), Pacific Roundtable (the former Secretary of State Vance), Pacific Economic Community (PEC).

It is true, however, that many questions were raised about the feasibility, effectiveness, political and other implications of the Concept proposed by the study group. These questions include:

- Relevance of the cooperation in the context of the Pacific region
- Compatibility with global cooperation or globalism
- Possibility to become a renewed forum of North-South dialogue
- Time table for realizing the proposed Concept
- Involvement of the governmental role
- Impact on the existing regional institutions such as ASEAN
- Long-range goal and short-term benefit
- Scope of participation, and possible political problems in relation to such socialist countries as China and the Soviet Union

Of course, we do not have answers to all of these questions. The majority of the questions are to be answered in the long exploratory process to come. Only through this step the Concept will be more articulately defined. The Japanese study group expected that a sense of Pacific Community will be emerging in this process.

#### ANU seminar on Pacific Cooperation -- a step forward

In September 1980, an ANU Seminar was held in Canberra, inviting up to three participants\* from each of the five ASEAN countries, from Japan, U.S.A., Canada, Australia, New Zealand, Republic of Korea and South Pacific Island countries.

Lively discussions went on under four different agenda items: what are the forces promoting the Pacific Community idea?; what are the issues for substantive cooperation?; which countries are interested to participate, and in what form?; what steps could be taken? The seminar was unique and different from other foregoing seminars in its presumption of discussions on some institutional arrangement for Pacific cooperation.

\* Basically, two from academic or business circles and one from government in personal capacity participated.

The thrust of arguments was as follows:

Remarkable development of the Pacific might not be guaranteed in the future, unless we tackle the various problems including lack of deep understanding of each other, poor utilization of the region's vast economic potential, disequilibrium of economic gains as a result of expanded interdependence among nations, world-wide trend of protectionism, and so forth. We might need a new organization or forum to face these problems.

The focus of substantive cooperation should be on economic/cultural aspects. Inclusion of politico-military issues might have an adverse effect in the form of rising tensions in the region.

In the process of organizing a forum of Pacific cooperation, we have to fully take note of the ASEAN's concerns about the Concept. An essential element in Pacific regional cooperation must be the furthering of the economic gains and interests of the ASEAN and the South Pacific countries.

As for an institutional arrangement, it is useful to continue to explore the merits of a formal intergovernmental institutional structure. It is premature, however, to examine the set-up of such a formal structure at this moment. The most realistic approach is to establish an unofficial, private and informal organization with the governmental participation in private capacity. This non-governmental committee should function as a clearing-house of information concerning Pacific cooperation, coordinate research activities, and if necessary, recommend to the concerned governments.

The report of the seminar was drawn up based upon the above arguments, and later sent to the governments which had sent their participants to the seminar. Conclusions and recommendations in the report included the establishment of the Pacific Cooperation Committee (PCC), an informal and non-governmental group of business, academic/professional and government persons of considerable authority; the members of the Committee are to be drawn initially from market economies represented in the seminar. It also included the establishment of task forces to undertake studies on various issues of Pacific cooperation (for example, trade, direct investment, energy, Pacific marine resources, international services such as transportation, communication and educational exchanges) and to report to the Committee. The task forces may invite wider participation from the Pacific region.

#### Immediate tasks and future steps

The ANU seminar certainly contributed to formulating a rough consensus among the concerned people both at private and governmental levels on the next steps to be taken. I appreciate this as a constructive achievement toward the goal of Pacific cooperation.

The key to Pacific cooperation hereafter is a smooth take-off of an international forum like the PCC suggested by the ANU seminar. We have to go through the problems of member selection, location of the secretariat, fund raising and so forth. A more urgent task at this moment, however,

is to secure the endorsement or agreement of the governments concerned, especially the ASEAN countries. The idea of an international forum, despite its non-governmental character, can not be materialized unless the concerned governments support it.

The governments of ASEAN countries seem to be examining carefully what the Pacific Basic Cooperation Concept means to them. ASEAN countries seem to be beginning to understand that there is nothing like a "hidden motivation", as the basic character of the Concept, economic/cultural co-operation by private sector initiative, became clearer. Meanwhile a North-South approach seems to be gradually gaining force within the ASEAN: what kind of specific benefit can be guaranteed to the South in this Concept? As reiterated in this article, the Concept proposes to conduct research and studies on the possible cooperation in order to ensure the prosperity of the Pacific region as a whole. To this end every wisdom of the region must be concentrated. Of course, due considerations have to be paid to the interest of the South in this process, but nevertheless the Concept does not intend to create a forum in which another concession is negotiated between the North and the South. It may be the most difficult task at this moment to obtain an understanding and conviction on this point from ASEAN countries. The Pacific Basin Cooperation Concept will be taken up in the forthcoming meeting of ASEAN and other countries' Foreign Ministers, scheduled in June 1981. The Japanese Government will explain its own thinking on the Concept. I might say this meeting will be a very important occasion to figure out the future progress of the Concept.

In December 1980, a Special Committee on Pacific Cooperation was established in Japan. The Committee, organized by academic/professional and business leaders concerned with the Pacific cooperation issue, aims at conducting liaison and coordination within Japan. It will also serve as the contact point for international activities.

The Pacific cooperation should be promoted step by step on the basis of a broad regional consensus. We have to have in mind the realities and various constraints of the region. If we rush for a remarkable achievement or benefit in the short run, it may end up with tensions and disillusionment. If we project the future of the global community where the network of diverse and interdependent relations will be stretched out over every corner of the world, the Pacific Basin Cooperation might become an experimental model for future global cooperation.

Two decades have passed since the establishment of the European Community (EC). The EC has developed into the present status, taking four decades of time since the Atlantic Charter days. Of course, it is not correct to discuss the issue of Pacific community as another copy of EC. The Pacific region will have the Pacific way. The future of Pacific cooperation is never easy, but it is a tremendous challenge worth our endeavor.