



NO COMMUNITY
WITHOUT CONTENTMENT:
IN SEARCH OF PATHWAYS
TO PEACE IN ASIA

12 - 13 DECEMBER 2006
SINGAPORE

REPORT OF THE SENTOSA ROUNDTABLE ON ASIAN SECURITY 2006



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MULTILATERALISM AND REGIONALISM PROGRAMME
S. RAJARATNAM SCHOOL OF INTERNATIONAL STUDIES

TABLE OF CONTENTS

OVERVIEW OF A ROUNDTABLE	3
THE SENTOSA ROUNDTABLE 2006	5
THE SENTOSA ROUNDTABLE STUDY GROUP 2006	12
• FIGURES 1 – 6	18
• TABLES 1 – 7	21
• BOX 1	26
ANNEX 1	
AGENDA AND PARTICIPANT LIST FOR THE ROUNDTABLE	28
ANNEX 2	
AGENDA AND PARTICIPANT LIST FOR THE STUDY GROUP	29
ABOUT RSIS	30

OVERVIEW OF A ROUNDTABLE

On 12 and 13 December 2006, the S. Rajaratnam School of International Studies (RSIS) convened the inaugural Sentosa Roundtable on Asian Security in Singapore sponsored by the Sasakawa Peace Foundation of Japan. An annual dialogue for exploring new ideas and approaches to the management of peace and security in the region, the Roundtable aimed at ascertaining the prospects for, the problems of, and the pathways to security community in Asia. The participants included a group of respected academics and nongovernmental policy experts from the region, former government officials, and Singapore-based analysts.

The Roundtable concluded that while sources of security have facilitated an emerging sense of community among states in the region, the road to forming a security community in Asia is nonetheless fraught with ample sources of insecurity that could easily breed dissatisfaction and discontentment, possibly leading to competition if not conflict among regional states. In sum, the following observations were made:

- The nexus between economics and security.
The participants agreed that economic interdependence has increasingly become an influential factor in shaping interstate relations. They nonetheless disagreed on whether that influence has primarily been positive – leading to increased regional cooperation and/or enhanced regional security – or negative – leading to increased regional competition and/or enhanced prospects for regional conflict.
- The threat of nuclear proliferation.
There was agreement that total disarmament would be too idealistic a goal for the Asian region. The more prudent approach would be for regional governments, in cooperation with external powers as well as the relevant international bodies, to responsibly manage the spread of nuclear assets throughout the region, such as improving command and control and increasing transparency.

- Emerging and established powers in Asia.
The participants concluded that contrary to conventional wisdom, not all rising powers are essentially dissatisfied powers or all established powers essentially satisfied powers. Participants stressed the importance of encouraging restraint on the part of Asian states in the pursuit of their national interests, and respect for the sovereignty and interests of their regional counterparts.

- The state of Asian regionalism.
There was consensus that analysis of East Asian regionalism needs to focus more on specific regional issues rather than on regional processes; in short, attention should be paid to the substance rather than style of regionalism. However, it was also felt that the processes themselves are changing, such as the ongoing deepening of institutionalization in both state-to-state and society-to-society dimensions.

- Asian approaches to peace.
While there was agreement that various approaches to and strategies for peace clearly exist in Asia, the preliminary conclusion was that their plurality did not allow for easy convergence, such that a singular, distinctive Asian approach to peace could be identified, or that such a unified approach would emerge in the foreseeable future.

The lively discussions likely reflected the sense of contentment as well as discontent felt throughout the region that could either facilitate or impede progress towards a regional community. The Roundtable also highlighted the value of using nonofficial multilateral processes to debate, develop and diffuse shared regional ideas and practices through the region, which could serve as a basis for a future security community.

NO COMMUNITY WITHOUT CONTENTMENT

How the balance between the competitive and cooperative elements of regional order in Asia will evolve is a central concern of many of the region's countries. Will it resemble a classic balance of power system, where a rising power is checked by a countervailing coalition of other great powers? Will it fit a concert of power model, in which great powers behave with restraint towards one another and develop a shared interest in the management of international conflict? Or will it develop into a regional security community, where shared norms and common identities lead to the long-term expectation of peaceful change in intra-regional relations? While much attention has been given to the balance of power and (to a lesser extent) concert of powers systems vis-à-vis Asia, few have seriously explored the possibility of a future, Asia-wide security community.

In the Sanskrit language, sentosa denotes contentment, peace, or tranquility. Aptly named, the Sentosa Roundtable, held on the island of Sentosa off the Singapore mainland, invites participants to ponder the long-term evolution of Asian security order towards a security community of “contented” or “satisfied” regional powers. The project assumes that long-term peace and stability in Asia will depend on regional contentment not containment, without which community would likely be impossible. There is a natural tendency among some scholars and policymakers to see the region's security strictly in terms of power balancing, notably, the strategic containment of China by the United States and its allies. But China is not the only rising power today; India, Japan, and a future unified Korea will also want their place in the sun. All significant economic powers in themselves, these countries are hungry for energy and natural resources.

Beyond purely state-based considerations, the prospects for regional community are equally shaped by the relative contentment of the region's societies, defined in social, cultural, religious, and/or economic terms. Whether the ambitions of states as well as non-state groups can be adequately mediated (and, if necessary, moderated) through growing interdependence and mutual prosperity, regional processes, and shared values and vision are concerns at the core of the Roundtable.

THREE DRIVERS OF COMMUNITY

The major consideration underlying the Roundtable discussions is that the key to Asia's future stability lies in its ability to develop a sense of community that would allow Asian countries to be satisfied with their respective and relative positions in the regional and world order. The security community idea is of particular relevance here because it draws upon at least three notable drivers of security that make nations view international security as a positive sum game, the solution to achieving a state of mutual contentment. The three drivers, without which security community – Asian or otherwise – would likely be unachievable, include (1) regional economic growth and interdependence, (2) regional institutions, and (3) cross-societal diffusion of norms, values and practices that facilitate the formation of regional identity.

Besides attending to pressing regional security concerns of the day (North Korea's nuclear ambition and its ramifications for Asia, to cite a recent example), each successive Roundtable will focus on a specific driver:

Year	Driver	Proposition
2006	Regional Economic Growth and Interdependence	Rising and shared prosperity makes countries less likely to resort to violence to achieve their political objectives or to alter the status quo through war
2007	Regional Institutions	Institutions help reduce tensions, introduce a culture of restraint and a habit of dialogue that enable countries to trust each other more
2008	Cultural Diffusion	The diffusion and exchange of cultural products, such as norms and values, that would create a common regional identity to complement, if not replace national identities

To assist Roundtable discussions, a Study Group comprising prominent scholars and policy specialists is annually commissioned, whose remit is to ponder the feasibility of each driver and proposition as they relate to Asia. Each annual Study Group report will be submitted to the respective Roundtable for deliberation.

Finally, sincere gratitude is due the following for their instrumental contributions, without which this report, much less the Roundtable, would not have been possible:

- CHARMAINE MISALUCHA and HERBERT LIN, for their fine work on the Roundtable report.
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- All Roundtable participants, for the debates that so enlivened and enriched the proceedings and their commitment to making Asia a safer and more secure place.



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The inaugural Roundtable focused on regional economic growth and interdependence as a plausible driver of security in the Asian region. This said, discussions in most if not all the Roundtable sessions reflected unease with the notion that economic interdependence would inevitably lead to peace. Accordingly, the region's security concerns – ranging from the linkage between economics and security, nuclear proliferation, the power transitions that states experience, the issues and politics involved in achieving and maintaining peace, and the dynamics of regionalism – underscored the absence of a categorical link between economic interdependence and international peace. Besides economics and security, other salient themes in contemporary Asian security deliberated at the Roundtable included nuclear proliferation, rising and established powers, East Asian regionalism, and Asian approaches to peace (see below).

Interestingly, the lively Roundtable discussions likely mirrored the sense of satisfaction and dissatisfaction presently existing among Asian nations. For many of the participants, the roots of satisfaction among Asian States and societies were related to regional perceptions regarding an Asian identity, its ability to recover quickly after the 1997 financial crisis and the possession of common history, culture and values. If so, the Roundtable could conceivably serve as a venue for the revival of Asian values as a challenge to Western norms. On the other hand, the reality of regional discontent was unmistakable where questions of economic relations, the inability of the numerous institutions to provide practical solutions to problems, and the issues of governance and democracy are concerned. Clearly, the road to an Asian peace is fraught with nuances and complexities of all sorts.

I. ECONOMICS AND SECURITY

Economic interdependence has increasingly become an influential factor in shaping interstate relations.

This said, the participants agreed that security issues should be distinguished from those associated with efforts to improve the quality of life for citizens. In short, the region's real "security nightmares" need to be properly identified. To be sure, should efforts at economic advancement be thwarted (or are perceived as such) for whatever reason, the situation could just as easily become securitized, engendering feelings of relative deprivation and discontentment vis-à-vis neighbouring states or societies.

China as an economic model for the region was discussed, although some participants felt that beyond India and Vietnam, other Asian countries may not necessarily benefit from wholesale emulation of China. Responding to a list of issues identified by the Report of the 2006 Sentosa Roundtable Study Group (see Annex) as important considerations in the contemporary Asian context where the nexus between economic interdependence and the quality of relations among the region's states is concerned, the participants emphasized the following themes.

a. Economic Growth, Energy, and Security of Supply

As a consequence of depleting energy resources, rising competition for raw materials (as a result of modernization and technological progress), and increasing energy consumption, it was thought that a regional security dilemma could emerge so long as Asian states continue to pursue their own security agendas without moderation. Such unbridled competition could also exert a collateral impact on surrounding environments, resulting in pollution. Collective action was

deemed crucial, as would be the need for concrete initiatives to handle these problems with urgency and consistency. It bears reminding that Japan's perceived inaccessibility to oil has been seen by some historians as one of several factors that could have impelled Japan to attack Pearl Harbour in 1941, thereby igniting the Pacific War. Today's regional states with fast-expanding economies and populations require assurance that both the security of energy supplies and their access to such would be assiduously maintained. The Cebu Declaration on East Asian Energy Security, released by the East Asia Summit in January 2007, was a clear acknowledgement by Asian states (including India, Australia, and New Zealand) of the significant challenges posed by the twin concerns of economic development and energy consumption for the entire Asian region.

b. Managing Macroeconomic Imbalances and Discriminatory Trade

Roundtable participants conceded that prospects for regional cooperation and coordination in energy security could be complicated by other economic considerations. Global imbalances of trade comprise a key obstacle in creating a level playing field, particularly where North-South economic ties were concerned. Trade agreements such as bilateral free trade agreements (FTAs) might be good, but they do not constitute comprehensive solutions for resolving these trade imbalances. According to some participants, regional trends suggest that FTAs have become the most feasible way for individual countries to move forward, and there should not be any reason to prevent them from pursuing such ventures, since the World Trade Organization (WTO) is in no position to deal with issues unique to various countries, especially given the pessimistic future of the Doha Round. However, since the countries' different understandings of FTAs would likely produce different outcomes,

the whole process of negotiating FTAs has to be more robust to ensure that they could eventually be fully implemented. In effect, the concern is whether regional governments can convince their constituents of the value bilateral trade agreements could bring to their societies. This said, it was argued that trade relations in the region should not only be seen in terms of the network of trading routes, but also the various kinds of trading services provided. A closely linked coordination between governments would enable policymakers to interpret such data from a multifaceted aspect. Another important area to explore would be the movement of professionals across state boundaries.

Implementation integrity is the most important issue confronting policymakers.

There are 186 agreements in proliferation within Asia, and yet the majority of them have not been ratified. How these agreements can be consolidated would prove a crucial yet necessary challenge.

c. Economic Growth, Poverty and Inequality

Although there was general consensus regarding economic development as a driver for security, participants nonetheless were keenly aware that it could also indirectly lead to insecurity. Given the pattern of uneven development within the region, growth between regional countries has to be shared more evenly as FTAs have yet to be fully implemented as promised. On the other hand, growth also has to be shared more evenly within individual countries; otherwise it would be hard to imagine future prospects for better economic development and democratization. How different regime types affect the economic

well being of countries was a point mooted for further consideration. Greater regional cooperation was seen as necessary since the issue of regional surveillance has not made much headway.

Similarly, it was argued that suitable frameworks were needed for advancing operating norms that encourage regional institutionalization. The need for capacity building, the establishment of norms (such as transparency), and proper government procurement policies among all states within the region in order for economic equity to be possible was also urged for. Despite the rapid rate at which bilateral FTAs are being negotiated within the region or involving regional economies, the results tend not to be as promising as these arrangements are often exclusive, and are only confined to the more developed countries outside the region. Overall, the distribution of economic resources must be maintained more evenly.

d. Regional Architectures and Conventions

Finally, it was observed that the changing economic landscape from the mid-1990s onwards, especially after the 1997 Asian financial crisis, required greater attention. Second, the core of the regional economic structure and its relation to any political imperatives that might be involved must be determined. Finally, some possible challenges in evaluating economic trends in Asia ought to be addressed, such as the application of multilateral forums like the WTO towards regional issues. Moreover, the temptation to always appeal to the "ASEAN way" as the operating norm among countries in Asia must be overcome, particularly in regional institutions involving non-ASEAN members.

II. NUCLEAR PROLIFERATION

Asia is often known as a region prone to nuclear proliferation. This is especially true of Northeast Asia (North Korea) and South Asia (India, Pakistan), less so of Southeast Asia. But whether the problem of proliferation actually lends itself to rational analysis was a consideration for some participants. Nuclear weapons are not merely military instruments but also political tools. Nowhere was this more apparent than North Korea's attempts at nuclear blackmail in order to achieve security and economic guarantees. The issue of nuclear proliferation is therefore less a technical than a human one. As such, whether disarmament is necessarily the way to regional peace and stability was not immediately obvious for several of the participants.

On the one hand, the main players involved in the Korean peninsula seem set on the goal of denuclearizing the region. From Seoul's perspective (as the panellist from South Korea explained), additional goals include reconciliation and normalization of ties between the two Koreas and transformation of those ties from a security to an economic orientation. On the other hand, assuming that nuclear weapons are



AMBASSADOR JAYANTHA DHANAPALA

fundamentally different from conventional weapons, the idea of relinquishing perceived advantages for the greater good, especially if reciprocity from strategic competitors is not seen to be forthcoming.

Any change in elite attitudes, according to one participant, would likely stem from “bottom-up” rather than “top-down” initiatives. The chair of the session concluded with E.H. Carr’s infamous caveat against perfect realism and perfect liberalism, which (in Carr’s view) amounted to total scepticism and total imprudence respectively; hence, what was required would be a balance between the two perfections, as it were. In other words, neither force nor diplomacy alone could fully resolve the challenges posed by proliferation. Taking issues broached by Ambassador Jayantha Dhanapala in his distinguished keynote address to the Roundtable on nuclear disarmament as points of departure, the following themes were raised and debated.

a. Sources of Proliferation

State interests were seen as crucial reasons behind decisions to acquire nuclear weapons, with national security calculations and sovereignty claims as primary motivators. In this regard, it was noted that to advocate regime change as a counter-proliferation strategy would be disastrous, given that no state would willingly allow other countries to dispossess it of its perceived sovereign right to self-defence.

It was also opined that the problem for Asia might be less horizontal proliferation than one of “diffusion”, namely, the spread of nuclear assets to the wrong hands, such as pariah states or terrorist groups where there might be considerably less certainty regarding command and control.

Hence, the problem might not lie with nuclear weapons as much as the fear of not being able to control their use. Transparency would therefore be a paramount requirement for all governments to prevent a nuclear strike by accidental means.

Second, other than political motives, it was suggested that economic factors could potentially introduce a new dimension to nuclear rivalries, such as that between India and China. Mutual deterrence concepts therefore remain significant. Domestic aspects are also important in understanding why states pursue nuclear programmes. Third, the inconsistency of state behaviour vis-à-vis others was another consideration. America’s attitude towards other countries in the acquisition of nuclear weapons was seen as being a double standard.

Washington could not hope to convince other nations to abandon their nuclear plans while implicitly supporting its allies on their nuclear status (for example, the United Kingdom and Israel) on the other hand. Yet this would be true of any first-generation nuclear weapons state intent on countering horizontal proliferation whilst holding on to strategic doctrines reliant on nuclear deterrents. Fourth, prestige considerations could have played a role in shaping regional dynamics. For example, the nuclear tension in East Asia between Japan and North Korea was not so much about security, but a question of military status. This might be questionable, since there was evidence to show that North Korea was also trying to seek security assurances. Finally, structural conditions were seen to also present a challenge to policymakers, and the former might have to be modified or changed to facilitate the ease with which nuclear proliferation is managed.

b. Administration not Abolition

Noting that academic theorizing on future configurations of the global order has its place, the view of most participants, however, was that the more sensible option might be to consider what the possible consequences were and to see how damage limitation and mitigation could best be achieved. Rather than prescribe normative solutions that might not be universally applicable, it was deemed better to approach nuclear disarmament in terms of what is realistically possible. The diffusion of technological capabilities is likely inevitable.

Instead of trying to prevent nuclear proliferation, the better way would be to consider how we could live with such a reality and manage it properly.

Careful management, especially in crafting the transition from a volatile arms race to a more stable situation, as well as creating a broad understanding among the parties involved, is thereby required. Although it was generally agreed that nuclear energy as an alternative energy source could turn out to be beneficial for mankind, that it could and would prove devastating if placed in the wrong hands was equally emphasized. The challenge would not be to focus on broad principles in searching for a permanent solution, but to find ways in which this fact of life could be confronted responsibly.

III. RISING AND ESTABLISHED POWERS

Theories of power transition have it that rising powers are likely to attempt revising the international power equation by challenging the dominant established power. Alternatively, established powers in decline may choose to fight preventive wars against perceived challengers. In other words, not all rising powers are essentially dissatisfied or all established powers essentially satisfied. In both scenarios,

the key to peace and stability would be to ensure that the states most prone to revisionism, whether rising or established, maintain the international status quo.

These considerations are highly germane to Asia, where there is no lack of rising powers that could potentially challenge America's dominance. Panellists were invited to identify and clarify which regional powers are being discussed, explain the dynamics of these powers (including transitions from rising to established powers, and how established powers deal with rising powers), and distinguish trends that might determine the future relationship between rising and established powers. The participants concluded that power politics continues to be a prominent, if not the principal, factor in Asia's international relations.

a. Defining Power

The participants' deliberations reflected deep concern over the given terms of reference underlying this discussion. For example, the term "great powers" was seen by one panellist as a label for what actors are, not what they do. Great powers generally do three things: they set the main rules of the game; they act as catalysts; and they provide indicators as to which states are rising, and which are already established ones. A state's ability to set the parameters is a function of its power position since imbalances of power also entail imbalances of influence. Coupled with the political aspirations of leaders and support for military capacity, these disequilibria may result in a region plagued with unease or insecurity.

b. Security through Restraint and Respect

Security has everything to do with how rising and established powers behave. Some wondered if the traditional role of the United States as Asia's preeminent established power and strategic guarantor is in danger of being undermined by the Bush Administration's foreign policy unilateralism, its unpopular war in Iraq, and growing anti-Americanism in Asia. Indeed the revisionism of which the US under Bush has been accused arguably makes it a dissatisfied, established power, although the case could be made that few established powers, with vital interests abroad to promote and protect, are ever completely satisfied. Washington's prudential exercise of self-restraint was clearly called for.

There was general consensus among the participants that how China rises, and how the US and its allies react to it, would equally be key to peace and stability in Asia.

China's priorities in this regard, in one panellist's view, were the following: the developed countries, the Asian region, developing countries, and multilateralism. By 2003, however, this stance changed slightly in the sense that relations with the Asian region became a top priority. This said, a panellist emphasized that there was no evidence that China's rise would

be peaceful. While Beijing's "new security concept" and diplomatic "charm offensive" towards Southeast Asian countries has won it praise for its peaceful outward orientation, others see it as an expression of the pragmatist foreign policy of a rising but militarily-weak power. According to this understanding, the more aggressive and expansionist aspects of Chinese grand strategy would not be revealed until a more opportune time when the requisite military capabilities commensurate with its great power status have been developed. The idea of responsible stakeholderhood (which the former deputy secretary of the US State Department, Robert Zoellick, introduced vis-à-vis China) was if anything an invitation to the Chinese towards judicious strategic restraint.

Other issues that might be considered as fundamental drivers of Asian security are the normalization of Japan, the emergence of India as a significant actor, and the role played by ASEAN and Australia. In another participant's view, what seems to bind Asia together is the fact that most states here have deep historical memories of Chinese ascendancy if not hegemony. Furthermore, the majority of Asian countries are postcolonial states that are concerned mainly with their sovereign territoriality. In this regard, power politics cannot be ignored in the region. What could regional states do to mitigate the security dilemma? A participant offered some ideas. First, states must not contest the territorial sovereignty of rising states. Second, Asian countries must also resist promoting internal change. Third, India and China in particular must avoid provoking their neighbours. Finally, states in the region must resist the temptation to exclude other powers in the periphery. They must instead promote cooperation, and expand the areas of cooperation.

c. Security through Regionalism

The question was asked if Asia could accommodate the simultaneous rise of three powers – Japan, China, and India – and if there are global institutions that could aid in this process. Yet it is not just these three powers that Asia must be concerned with, but also the role that the United States continues to play in the region. It bears reminding the formation of the ASEAN Regional Forum was aimed at institutionalizing big power relations and socializing them to ASEAN-style diplomacy and regional security. In regard to regional institutions, it was noted that there are two models of great power relations, both which are to be found in Asia. The first is conflictual where institutions compete with each other, an example of which is the Shanghai Cooperation Organization. The other model is a cooperative relationship, such as the Six-Party Talks. This said, despite the proliferation of regional institution building in Asia, a cooperative security process similar to the Helsinki Process, but one which caters to the Asian context, was called for.

IV. EAST ASIAN REGIONALISM

The discussions centred upon what needed to be done institutionally in order for the Asian region to improve its prospects of becoming a security community.

East Asian regionalism is faced with the questions of the politics of anxiety, the politics of identity, and the politics of balancing.

Invited to focus on the specific issues germane to East Asian regionalism, as opposed to the excessive emphasis on process rather than issues in extant debates, the participants focused on the following themes.

a. Towards a Region-Wide Agenda

It was noted that regional states must focus less on institutionalization and more on the regional agenda; in short, less on process, more on issues.

Since the East Asian regional agenda clearly exceeds Southeast Asian concerns, the members of the ASEAN Plus Three should be concerned more with the “Plus Three” countries of China, Japan, and South Korea. Issues such as those concerning the Korean peninsula and Sino-Japanese tensions must be addressed if a truly Asia-wide security community is to be achieved. Moreover, since regionalism is a strategy of East Asia in managing its relations with the great powers, the United States’ role in the Asia-Pacific deserved to be clearly defined. In this respect one participant called for a continuous engagement with the United States, as well as the extension of the US-Japan alliance to maintain order in Asia. This said, East Asia should not be merely be an appendage of US foreign policy, at the same time, the US should also realise that they would also benefit from collaborating and supporting the East Asian regionalism.

Others disagreed over whether the US has a role in Asia, and if so how much. It was argued that in order for an indigenous East Asian regionalism to emerge, the US must be kept out of the East Asian Community – not in the sense of exclusion of Washington from East Asia, but delineation of the United States from East Asia in terms of regional identity. To this, another participant countered that East Asia could ill afford to exclude the great powers, including and especially the US, from the region. Still for others this debate was essentially immaterial since keeping America – the world’s sole superpower with vital interests in the region – out of East Asia depends on the US, and not on East Asia. Furthermore, it was pointed out that America is already in the region; as such, the focus should instead be on how Washington could best contribute to East Asian regionalism. Linked to this is the challenge of transforming US-led bilateral security alliances to make them more relevant in the context of the East Asian Community.

It was observed that only ASEAN has the legitimacy and capacity to bring the East Asian states and other interested external powers together.

However, ASEAN must learn how to improve its credibility, as well as have a more sophisticated understanding of the nuances of Northeast Asian issues.

Finally, it was emphasized that East Asia must keep its eye on the big picture at all times; the region must continuously see itself in relation to the world at large.

b. Linking Societies

It was also noted that regionalism, as a community-building project, must not only be a community of states, but also of peoples and communities because it is these groupings that states draw their legitimacy from. The ASEAN Peoples’ Assembly (APA), a regional network of civil society groups and nongovernmental organizations, is a prime example of this: it builds on trust and confidence and acts as a monitoring mechanism. How civil society networks such as APA matter to the building of the ASEAN Community could prove a signal lesson for any notion of forming an Asia-wide security community. Here again, the idea of an Asian version of the Helsinki Process in creating the web of nonofficial and civil society linkages and region-wide transmission belts for the diffusion of values, ideas, and identity would be crucial.

c. Institutionalization and Integration

In contrast to the prevailing view that East Asian regionalism is not heavily institutionalized, one panellist argued that a key characteristic of the new regionalism in Asia today is the emerging complexity of structures that entail the deepening of integration.

Regional cooperation in Asia reflects an appreciation of a multilayered form of governance that helps mitigate security challenges

Cooperation is now conducted on many dimensions, which reflects an appreciation of a multilayered form of governance that helps mitigate security challenges. Despite the successes in regionalism in East Asia, there remain several challenges, topmost of which are that ad hoc arrangements become institutionalized, the face of regionalism in Asia is somewhat changing or evolving, and that the proliferation of arrangements risks a replication of agendas. A shared concern among participants was that the different regional groupings in existence now – for instance, the East Asian Community, the East Asia Summit, and the ASEAN Plus Three – have no clear distinctions between them.

A more systematic regional coordination of institutional agendas, interests, and commitments might be beneficial,

not only in terms of more practical considerations of avoiding misunderstanding and minimizing resource wastage,

but ultimately in providing a relevant regionalist basis for security community building in Asia.

Generally Indonesia has been experiencing a lower incident rate of piracy since the 3rd quarter of 2005. Even so, most attacks in the region still occur in Indonesian waters. Apart from those situated along the Malacca Straits, ports and anchorages along the Sunda and Makassar Straits recorded some of the highest incidences of piracy and armed robbery. The majority of attacks in Indonesia comprised of theft or robbery, and perpetrated within the vicinity of a port or anchorage.

V. ASIAN APPROACHES TO PEACE

Roundtable participants deliberated whether an “Asian” approach to peace existed. Some panellists took umbrage at the Realist perspective, whose principles of power, state-centrism, and self-interest created a sort of “tunnel vision” that, in their view, contributed directly or otherwise to the many conflicts plaguing Asia. The failure of the United States to resolve the problem of terrorism also raised doubts about the value of aggressive and highly militaristic approaches such as that adopted by the former. As for Asia, the challenge would be how best it could address the issue of “Islam and the West”. The general opinion was that Asia, although somewhat deficient in terms of its institutional capacity to manage or resolve conflicts, has nonetheless enjoyed relative success through its own brand of informal, consensual, consultative, and flexible regionalism, and a conflict management style oriented towards issue-based, ad hoc cooperation, institution building, power or influence balancing, and soft diplomacy. Fundamentally, the plurality of religions and cultures in Asia allowed for a diversity of approaches to peace. Several participants called for an elaboration of the practical ideas or tangible outcomes that would flow from the religious traditions that have been presented, but which the panellists were unable to do due to lack of time. Although no singular “Asian” approach to peace emerged from the discussions, participants pointed to common traditions, based on religions and discourses, which could be used to draw insights for peaceful solutions to conflicts and insecurity.

a. Realism in the Dock

In response, several participants observed that some criticisms of Realism were unfair. According to one participant, notwithstanding the perhaps unfair predisposition to Realist principles in most international relations discussions, there did not seem to be any alternative to international life that does not include state and balance of power considerations. In response, a panellist noted that the state-centric bias of Realism excludes phenomena that do not conform to patterns familiar to the Realist perspective. As such, the exploration of religious traditions could provide an alternative view of international relations in Asia. Another panellist added that such alternative views could focus on trust rather than mistrust.

The criticisms directed towards Realism thus reflected the shared belief among the panellists that the greatest threats today could not be dealt with by state-based solutions alone, not least when the Westphalian state system is increasingly under challenge.

b. A Diversity of Approaches

The discussions centred on how different Asian religious traditions could be appropriated to provide peaceful solutions. It was noted that embedded within the Islamic tradition lay resources for peace, such as Islam’s focus on the notion of an

“active struggle” (the ability to “engage in moral, spiritual, and physical combat”),

its principles of social equity and justice, its commitment to reconcile individuals and groups, its ideals of the freedom of conscience, and its promotion of pluralism and tolerance. Islam ought to be seen as a bridge between Eastern and Western traditions. Another panellist emphasized Hinduism and Buddhism, both of which are considered “religions of self-communion”. Confucianism might be considered a philosophy of harmony given its emphasis on the unity of the world, nature, society, and the cosmos. Michael Haas’ notion of an “Asian way to peace”, which includes the spirit of tolerance and partnership, consensus decision-making, informal incrementalism, the primacy of politics over administration, collective self-help, the primacy of economics over politics, technical organizations as arenas for conflict resolution, and the role played by regional organizations, was cited. Cooperation between civil society and governments towards a humanistic vision of society was also mooted.

Another panellist discussed how Asia contributes to the study of pacific international relations through the notions of moral diplomacy and hierarchy as found in Confucian political philosophy and the *Sejarah Melayu*, a historical Malay text. Their normative understandings of statesmanship, cultivation of moral utilitarian compacts, power and prestige, and/or moral power facilitate the construction of ethical agendas for

contemporary Asian international relations, including the proper exercise of power by great powers.

It was suggested that historical practices in Southeast Asia actually differed from those found in other parts of Asia. According to one panellist, the Bhavachakra mandala (Wheel of Life) image, characteristic of traditional Southeast Asian power relations, depicts concentric circles where the hub consists of icons, which signify human frailty, the outcome of good and bad actions, habitual psychological modes, and human errors. The Wheel is embraced by Mara or Death, and beyond it lays a figure pointing to the moon. This signifies the possibility of overcoming the conditions of the Wheel. Accordingly, international relations suffers from three fallibilities in Buddhist teaching, specifically ignorance (the failure to apprehend the reality of global interdependence and the contingent nature of traditional or non-traditional security), desire (hegemonic ambitions and the operation of capitalism), and aggression (militarism and dogma). Thus understood, Southeast Asia's "mandalic" polities were dissimilar to the Chinese imperium and the European modern state system. Rather, mandalas operated in a loose and dynamic fashion, with religion serving as the base for power.

Finally, the chair of the session proposed that any distinct Asian approach to the war on terror would likely have the following basic elements: first, it would likely let the conflict resolve itself; second, it would seek economic integration in order to co-opt actors; third, it would engage behind the scenes; and fourth, it would eventually resort to mediation and reconciliation.

Conclusion – Towards an Asian Security Community

In a fundamental respect, the preceding observations highlight the variations in culture, history, politics, and religion of the entire Asian region. The road to an Asian peace is by no means easy.

Nonetheless, the case for a pan-Asian security architecture remains highly relevant, as
Ambassador Jayantha Dhanapala,

the former UN under-secretary-general for disarmament and current special advisor to the president of Sri Lanka, argued in his distinguished keynote address to the 2006 Roundtable. Ambassador Dhanapala offered three reasons. First, Asian security is, in his view, inextricably linked with global security. Second, Asia is now becoming a significant economic player, especially with increasing cooperation between China and India, the recovery of the Japanese economy, the continuing prosperity of the ASEAN countries and South Korea, and the growing potential of oil and gas reserves in Central Asia. Third, he urged for the creation of a so-called "Council of Asia", similar to the Council of Europe in 1949 that, in his view, could serve as the basis of region-wide security architecture. As Dr. Akinori Seki, president of the Sasakawa Peace Foundation had noted in his opening remarks to the Roundtable, the aspiration in Asia for regional community remains vibrant, despite the presence of enduring and emerging challenges that stand in the way of its realization.

SENTOSA ROUNDTABLE STUDY GROUP 2006

“MANAGING THE CHALLENGES OF ECONOMIC INTERDEPENDENCE”

JOHN RAVENHILL

The relationship between economic interdependence and security has long been a matter of controversy in the study of international relations. In the liberal tradition, the growth of economic interdependence has consistently been viewed as being conducive to peaceful inter-state relations. Several arguments are at the core of the liberal approach:

- The growth of international commerce will make it more costly for countries to break the economic linkages that contribute an increasing share of their welfare.
- The growth of commerce similarly facilitates access to raw materials and markets overseas, making it non-cost effective to attempt to secure them through territorial acquisition.
- In a competitive internationalized market, states will be less inclined to devote money to wasteful military expenditures.
- Economic interdependence will foster a proliferation of institutional links between countries that help to build confidence and to socialize officials into patterns of cooperative behaviour.

Yet students of international relations have long acknowledged that the growth of interdependence does not guarantee peaceful inter-state relations and, indeed, may provide new sources of inter-state friction. Even if one accepts the liberal argument that trade not only will increase global welfare in the aggregate but also that of all participating economies, economic liberalization can create tensions both over the inter-country distribution of gains and because of the frictions arising from the economic adjustments required when firms or sectors are no longer able to compete. Fears of competition from neighbours can be exploited by populist politicians.

Rapid economic growth can also have several other effects that adversely affect inter-state relations:

- It may facilitate increased military expenditures, leading to regional arms races.

- It may contribute to degradation of the environment, generating cross-border spillovers that have a negative impact on international relations.
- It may lead to great inter-state and within-state inequalities in the distribution of income.

Although the East Asia region continues to be characterized by rapid economic growth, one however cannot assume that this impressive economic performance will automatically lead to improved interstate relations. On the one hand, rapid economic growth (Table 1) in most countries of the region resumed quickly after the downturn in the world's electronics markets in 2001 (which in aggregate had a more severe impact on the region's growth than the financial crises of 1997-98) and remains substantially higher than that of other regions in the world.¹ As before, the growth is predominantly export-led, with exports increasing far more rapidly than the rate of growth in GDP (Figure 1). On the other hand, the effects of rising interdependence need to be managed if they are not to do sour inter-state relations. This workshop is intended to contribute to the management of East Asia's growing interdependence by reviewing a number of the potential challenges that flow from it, and by proposing practical measures that might be adopted to manage these challenges.

In particular, we will focus on the following areas:

1. Economic Growth, Energy and Security of Supply
2. Economic Growth and the Environment
3. The Move to Discriminatory Trade
4. Competition for Foreign Direct Investment and markets
5. Managing Macro-Economic Imbalances across the Pacific
6. Poverty and Inequality
7. Economic Growth and Military Expenditures

1. ECONOMIC GROWTH, ENERGY, AND SECURITY

Economic growth inevitably generates an increased demand for raw materials and energy. East Asia is the most rapidly growing region in the world economy; in the last decade, East Asia's demand for energy has clearly risen. East Asia is also the region with the most severe imbalance between intra-regional demand and supply of energy (Box 1). With rapid economic growth expected to continue in both China and India, and extend to Southeast Asia as well, the region will become ever more dependent on imported energy.

Because the short-to-medium term supply of energy resources is relatively price inelastic, access to energy is often perceived as a zero-sum competition. As in other dimensions of the relationship between economics and security, perceptions of the actions and motivations of other states can have a profound influence on inter-state relations. If states are being perceived as acting in a way that locks up resources in a manner that excludes others, then the risk of inter-state conflict will be intensified. The 1930s provided painful lessons of the dangers

1 Our primary focus is on the countries of East Asia, defined as the members of the ASEAN Plus Three grouping. We are also particularly interested, however, in the region's increasing engagement with South Asia, particularly India. And, the relevant "region" for analytical purposes will vary according to the subject—in some instances it may include the United States and/or the countries of Oceania.

when states perceive that they are being denied access to critical raw materials. Within the region, another potentially zero-sum situation looms where the interests of supplying and consuming countries, e.g., of natural gas, on pricing diverge.

The growth in demand for energy can affect security in several other ways:

- It can contribute to military build-up and thus directly to regional arms races when states' decisions on their armed forces needs, e.g., possession of a blue-water navy, are shaped by concerns on the future security of supply of energy.
- Concerns over access to sources of energy can intensify disputes over maritime boundaries.
- Emissions from the consumption of fossil fuels can exacerbate trans-border environmental problems.
- The development of nuclear energy sources can lead to concerns about providing fuel for nuclear weapons that leads to nuclear proliferation or intensified risks of nuclear material falling into the hands of terrorists.

To address the de-stabilizing consequences of potential regional competition for energy supplies, the study group proposes the following:

a. Promote More Stable Supply and Prices of Energy Products

- Create a Regional Oil Reserve
- Increase domestic taxes on oil consumption for transportation purposes (this will not only have the benefit of reducing consumption but of stabilizing prices—where taxes are a

high percentage of the pump price, as in Europe, prices are less affected by fluctuations in the global oil market)

- Establish a Regional Energy Infrastructure project to facilitate exploration and construction of transport infrastructure for new sources of energy
- Support OPEC efforts to stabilize the price of oil in world markets.

b. Secure Sea Lanes

- Agree on a Joint Force to Patrol the Straits of Malacca.

c. Address Environmental Concerns

- Adopt and enforce best-practice international standards on environmental issues, e.g., the Euro IV standards for auto emissions.
- Adopt and Enforce strict standards on fuel consumption by automobiles.
- Establish a regional fund to promote the development and adoption of renewable energy sources.

d. Address Concerns on Nuclear Proliferation

- Supply of nuclear fuel to be conditional on spent fuel being returned to suppliers.

e. Address Boundary Disputes

- Agreement to the establishment of a regional maritime boundaries commission with compulsory jurisdiction.

2 . E C O N O M I C G R O W T H A N D T H E E N V I R O N M E N T

Industrialization historically has been associated with environmental deterioration—until economies reach a level of development where political pressures, often from civil society groups, force governments to take more effective action to control emissions. The primary sources of emissions are usually power generation, manufacturing, and vehicles. But in some parts of the world, clearing of forests continues to be a cause of significant pollution. According to the World Bank, deforestation is responsible for between 20 and 25 percent of global greenhouse gas emissions.

Environmental degradation poses a significant risk to the health of local populations, to biodiversity, and to agriculture. East Asia now accounts for more than a fifth of the world's total emissions of carbon dioxide (Table 2a). Carbon dioxide emissions per capita have grown rapidly across the region in the last quarter of a century (with the exceptions of Brunei Darussalam and Singapore) (Table 2b).

China, despite efforts to reduce its dependence on coal for electricity generation, and efforts to control vehicle emissions, according to the World Bank has 16 of the world's 20 most polluted cities. In 2005, 39.7 percent of the 522 cities surveyed in China were either moderately or seriously polluted. The effects of environmental degradation do not respect national boundaries: in Northeast Asia, other countries are affected by acid rain and by dust storms that originate in China; in Southeast Asia, the "haze", caused by forest fires in Indonesia, seriously

damages the environment in Singapore, Malaysia and Thailand. Cross-boundary pollution leads to political frictions that have the potential to disrupt cooperative relationships.

It is often the states with low per capita incomes that face the most serious environmental problems, and are least well-equipped to cope with them. To tackle the region's environmental problems effectively will require a joint approach. The study group proposes the following:

- The development of collaborative arrangements for effective response mechanisms to deal with environmental crises such as forest fires.
- Financing of a regional fund to provide assistance (financial and technical) to lower income countries to combat environmental problems
- Extension to other countries in East Asia of the 2002 ASEAN Agreement on Transboundary Haze Pollution
- The development of regional norms against cross-boundary polluters
- Study best practice norms from other regional institutions
- Support APEC's Efforts on the Environment
- Develop a mechanism for carbon trading
- Support the negotiation of a successor to the Kyoto Treaty with all states committing to limiting their greenhouse emissions.

3. THE MOVE TO DISCRIMINATORY TRADE

Before the financial crises of 1997-98, East Asia was notable for its adherence to the non-discriminatory norm enshrined in the most-favoured nation principle of Article 1.1 of the GATT treaty. At this time, the only discriminatory agreement involving East Asian economies was ASEAN's Free Trade Area (Australia and New Zealand also had their own preferential trade agreement, the CER). Subsequently, East Asia has become the most active site in the world for the negotiation of discriminatory trade agreements. More than 80 such agreements are currently being implemented, negotiated or are under study by countries in the region (see Table 3).

Preferential trade agreements (PTAs) continue to generate a great deal of controversy, particularly over the issue of whether they are stepping stones or stumbling blocks on the road to broader (global) trade liberalization. Proponents see them as a practical alternative in the context of deadlock in the WTO's Doha Round. For critics, governments' enthusiasm for PTAs diverts resources including the provision of leadership from global talks, with the consequence that pessimism about global outcomes becomes self-fulfilling.

All computer simulations of the welfare effects of trade liberalization suggest that the greatest potential gains come from liberalization at the global level. This accords with what we know about the political economy of trade negotiations: domestic protectionism is most likely to be overcome when confronted with a broad coalition of pro-liberalization forces at home and in trading partners. In contrast, the region's experience with discriminatory trade agreements has:

- Belied arguments that they can be an effective instrument for weakening protectionist forces—rather, the weak WTO discipline for PTAs has enabled governments to exempt “sensitive” domestic sectors from these agreements, often reinforcing the position of protectionist “islands” in the domestic economy.
- Contributed to inter-state tensions rather than necessarily foster cooperation—witness the refusal of Thailand to sign the ASEAN-Korea FTA because of the carving out of concessions for Korean agricultural producers, and the decade-long negotiations between Korea and Japan which have failed to come to fruition. Because PTAs are essentially “positional” in character—to some extent the gains to participants come from denying them to others—the move to PTAs may generate unhealthy rivalry.
- Excluded less developed economies except in the ASEAN-wide agreements: the record suggests that less developed economies are not active participants in the negotiation of PTAs, causing them potential disadvantage.
- Excluded one of the region's largest economies, Taiwan, has been excluded from these arrangements.
- Led to unequal arrangements in which poorer economies have typically made more concessions than their more developed partners.

Since the suspension of the Doha Round of WTO negotiations, successive international conferences have paid lip service to the importance of the talks. But they have continued to devote scarce resources to the negotiation of PTAs. If governments truly believe that priority should be given to the WTO, we suggest that they pose a challenge to other WTO members by:

- Adopting a 12 month moratorium on the negotiation of preferential trade agreements.

In addition, governments should agree to:

- Review all existing PTAs with the objective of ensuring that they are compatible with both the spirit and the letter of WTO provisions, and countries' commitments under APEC.
- Open existing PTAs to the less developed economies of the region.
- Develop a code of best practice for PTAs including common rules of origin, to which they agree to adhere.

4. COMPETITION FOR FOREIGN DIRECT INVESTMENT AND MARKETS

China's sustained economic growth and its success in attracting large inflows of foreign direct investment has been perceived in many other parts of the region not so much as potentially beneficial (because of the increased demand from China for other states' exports) as a source of competition. Political leaders have frequently resorted to populist rhetoric reminiscent of that of Ross Perot at the time of the negotiations for NAFTA. Their fears seemed to find support in various studies, including a number conducted by the World Bank, which indicated that China's accession to the WTO was likely to have a negative impact on some of the low-income economies of the region.

The most dramatic surge in foreign direct investment into China

coincided with the downturn in Southeast Asian economies in the years immediately following the financial crises of 1997-98. The downturn in inflows of FDI into Southeast Asia again appeared to lend support to the idea that the economic relationship between China and other parts of the region was essentially of a zero-sum form (Figure 2).

Perceptions of zero-sum economic relations across the region are potentially barriers to economic cooperation (although it could be argued that China's pro-active diplomacy in offering an FTA to ASEAN was prompted by a desire to counter such perceptions). They have the potential to encourage xenophobic nationalism, and to strengthen protectionist forces.

Recent data that show a substantial upturn in FDI into ASEAN should help to reduce concerns about a zero-sum competition with China for investment. Substantial evidence also exists that data tend to overstate the value of external investment in China, a substantial portion of FDI inflows consisting of capital that originated in China itself. FDI is not a fixed sum over which countries compete: it is a response by investors to investment opportunities. The challenge for governments throughout the region is to provide attractive opportunities for foreign investors that are consistent with their own development plans.

To remain competitive in the increasingly globalized world economy and an attractive host for FDI, governments need to:

- Upgrade labour skills
- Maintain a high level of investment in education
- Invest in infrastructure
- Take appropriate action to safeguard intellectual property rights

The emergence of China as the 'workshop of the world' has led to new patterns of trade both within the region and between the region and other parts of the world. Production networks have been re-oriented so that China is now a large importer of components from other parts of the region; meanwhile China's exports of some assembled products have substantially displaced those from other Asian economies in markets both outside the region and within it.

These trends again have the potential to cause tensions within the region and to fuel populist rhetoric and nationalist reaction against globalization. But evidence is now emerging that increased exports of components now more than compensate for losses in sales of assembled products in third country markets. And wage rates in some Chinese cities are now substantially higher than in other parts of the region (Figure 3). While such changes appear to vindicate the logic of neo-classical economics that trade liberalization will lead to net welfare gains for all, adjustment is not frictionless.

The challenges facing governments therefore are to:

- Provide effective adjustment assistance to industrial sectors/regions that are adversely affected by the evolving division of labour. Regional organizations such as ASEAN might establish a fund similar to the regional funds of the European Union to assist with adjustment costs for the disadvantaged parts of the region. Adjustment assistance is most effective when it is pro-active, involving, for instance, planned upgrading of workforce skills.
- Provide assistance to companies seeking to enter new markets, particularly those for components.
- Counter nationalist and populist rhetoric by placing emphasis on the new opportunities available in intra-regional trade.

5 . M A N A G I N G M A C R O - E C O N O M I C I M B A L A N C E S A C R O S S T H E P A C I F I C

East Asia's phenomenal economic success has inevitably caused pressures for adjustment in other parts of the global economy. These have given rise to political tensions, as protectionist forces in East Asia's trading partners have tried to resist adjustment. China's rise is but the latest instance of this phenomenon, which can be traced back to Japan's post-war success in exporting cotton textiles, which resulted in the STA and LTA, the precursors of the MFA. Sectorally-specific tensions have been exacerbated by overall trade imbalances, particularly across the Pacific—first with the NIEs and Japan, and subsequently with China.

East Asia's current account surplus in nominal dollars is projected to reach another record level in 2006. The region's current account surplus has risen by more than 150% since 2002, driven primarily by a fivefold increase in China's surplus (Figure 4). The concomitant to these surpluses is the increased accumulation of foreign exchange reserves by East Asian economies. These have more than quadrupled since the financial crises of 1996-7, so that East Asia (excluding Japan) now has foreign exchange reserves of more than \$2 trillions, of which China holds approximately one half (Figure 5).

In turn, a large part of these foreign exchange reserves have been invested in US Treasury securities, financing the large US budgetary deficit. East Asian economies (including Japan,

the largest single holder) account for more than 50 percent of the foreign holdings of US Treasury Securities, a total of more than \$1.2 trillions (Table 4).

To some degree, this relationship is mutually beneficial and increases trans-Pacific interdependence: the US provides the primary market for East Asian exports; East Asia in turn uses the foreign exchange reserves it accumulates from its trade imbalances to finance US budgetary deficits, keeping US interest rates lower than they otherwise would be and sustaining the level of economic activity in the US that creates demand for their exports. US dependence on foreign holders of Treasury securities provides these countries with some degree of leverage against the US (witness the near-panic on foreign exchange markets when some East Asian economies have indicated their intention to reduce their holdings of US securities), although any precipitate action to reduce their holdings would damage their own economies (by raising the value of their currencies, making their exports less competitive).

Even if the relationship is one of mutual interdependence, there are doubts that it is sustainable. The current account imbalances generate political tensions, with the US Congress in particular upset at the persistent and growing deficits with East Asia. From a long term national and global perspective, it is undesirable for the US economy to go further into debt. And

from the perspective of East Asian economies, there is little economic sense in continuing to accumulate foreign exchange reserves, thereby essentially gifting their exports to their trading partners. While it may have been desirable to increase the levels of foreign exchange reserves in response to the financial crises of 1997-98, it now seems that several East Asian economies have accumulated reserves far in excess of what might be needed to intervene in foreign exchange markets to stave off speculative attack. Rather, they seem to be deployed in large part for mercantilist purposes, to keep the value of their currencies artificially low.

Effective action to reduce the current trans-Pacific imbalances requires appropriate measures on both sides of the Pacific. In particular:

- The US must take action to reduce its budget deficits.

- The US Federal Reserve should continue its policy of increasing interest rates to try to dampen domestic demand.
- East Asian governments should take action to stimulate domestic demand and to reduce domestic savings (the vast majority of which are private rather than government).
- East Asian governments should allow their currencies to appreciate against the US dollar and the euro.

It seems unlikely that effective action on these issues can be taken except through coordination among the major players. China, Japan, Korea and the major Southeast Asian countries will all be concerned that any currency realignment does not leave their economies disadvantaged vis-à-vis their neighbours. Accordingly, the study group recommends that a trans-Pacific international economic conference be arranged to take action on currency realignment.

6 . P O V E R T Y A N D I N E Q U A L I T Y

Sustained rapid economic growth in East Asia has been the foundation for the region's success in reducing the numbers living in poverty. The region has been far more successful over the last quarter of a century in reducing poverty than has any other part of the world. The share of the region's population living below the poverty line (defined as income of \$2 per day) has fallen from more than two-thirds in 1990 to under 30 percent in 2006 (Figure 6). Nonetheless, some 550 million people throughout the region still live in poverty, and in countries such as Cambodia and Laos over 50 percent of the population have incomes of under \$2 per day.

A similar mixed record is evident in terms of inter-state inequality. East Asia is the only region of the world where the ratio between per capita incomes of the wealthiest and the poorest countries has actually narrowed over the last fifteen years (in part because of the slow rate of economic growth in Japan in the 1990s) (Table 5). Many East Asian countries doubled their per capita incomes, measured by Purchasing Power Parity and expressed in constant US dollars) over the years 1990-2005. When per capita incomes are expressed as a ratio of that of the region's wealthiest economy in 1990, Japan, every country save one, the Philippines, narrowed the gap (Table 6).

When measured in absolute values, however, the dollar gap between the wealthiest and the poorer countries in the region widened for almost all countries (the single exception among lower income economies is China). Disparities in per capita income in the region remain huge, with those in Cambodia, India, Laos, and Vietnam little more than one-tenth of those in the region's wealthiest countries. Only two economies, Korea and Singapore, substantially caught up with Japan from a relatively low base (Hong Kong's per capita GDP was already 85% of that of Japan's in 1990).

While trends in poverty reduction have generally been very positive, and those in inter-state inequality are mixed, the record in intra-state inequality is overwhelmingly negative. The East Asian region for most of the post-1945 period has been renowned for its relatively equal income distribution. All the evidence suggests that this is changing rapidly across the region—from Japan, to China, to Taiwan, to Singapore. In China, the Gini index, which measures income inequality, has risen from 28 percent in 1981 to 41 percent today. Such trends run counter to the expectations of mainstream economic analysis, which would anticipate that the inflows of FDI into the region would lower the returns to owners of capital and increase those to labour, which would be in greater demand than otherwise would be the case. Certainly all the evidence that we have suggests that economic liberalization in itself does not reduce inequality and may actually increase it.

Increasing inequality especially when combined with other unfavourable developments such as environmental degradation can lead to domestic political instability, which in turn has the potential to trigger other negative developments, such as the rise of xenophobic nationalist sentiments.

To counter rising intra-state inequality, and to promote further diffusion of economic growth in the region, the study group recommends:

- Increase opportunities for legal migration in the region.
- Greater efforts by governments to establish social safety nets.
- Increased overseas development assistance from the region's wealthier countries to the poorer
- Improved quality of aid (untying, grants rather than loans)
- Establishment of regional development funds.
- Creation of a regional fund to provide humanitarian assistance when countries are hit by natural disasters.

7. ECONOMIC GROWTH AND MILITARY EXPENDITURES

Economic growth provides the financial and technological means for countries to support larger and more sophisticated military forces. As the Japanese postwar experience demonstrates, even when military expenditures are capped at a fixed (and relatively low percentage of GDP), these escalate rapidly in a period of sustained economic growth.

Rising military expenditures can give rise to suspicions in other countries and trigger regional arms races, leading both to a deterioration in the security environment and to expenditure that neither promotes economic nor human development. They may contribute to human insecurity.

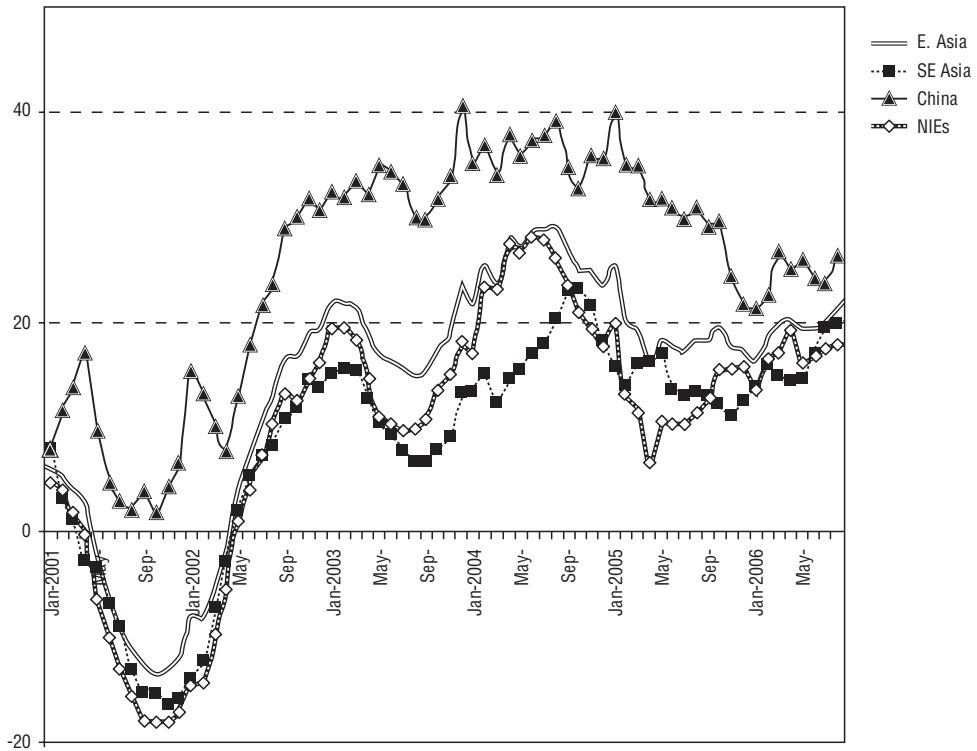
Military expenditures in constant dollar terms fell in several countries in the region in the aftermath of the financial crises of 1997-98. In some countries (notably Cambodia, Philippines and Taiwan), expenditures in 2005 measured in constant dollars remained below the levels of the mid-1990s. In several other countries (notably Indonesia and Japan) military expenditures expressed in constant dollars remained largely unchanged over the decade. China, India, Malaysia, and Singapore, in contrast, substantially increased their military expenditures in real terms (Table 7).

Efforts to overcome the deleterious effects of rising military expenditure need to encompass two dimensions: (1) containing expenditures themselves; (2) increasing transparency so as to assist in building confidence among states in the region. To meet these goals, the study group recommends:

- The Development of Regional Norms on Limits on Defence Expenditure
- Transparency and accuracy in defence expenditures and reporting
- Publication of National Defence White Papers
- The Creation of a Regional Arms Register as per the ARF Concept Paper
- Establish regional peace research institutes to facilitate dialogue and to encourage accurate reporting of expenditures
- More exchange visits between military establishments around the region
- Ratification of the SEANWFZ (Treaty of Bangkok) by the United States.

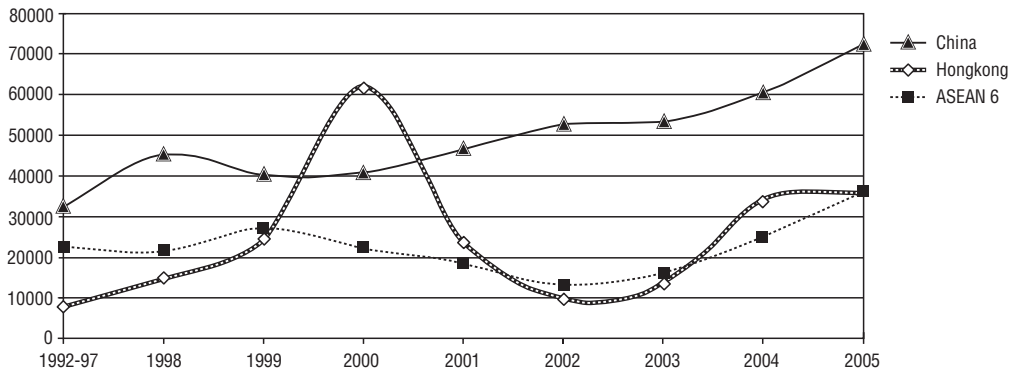
FIGURE 1
East Asia's Export Growth 2001-2006

East Asia - Export Growth
(US\$ 3 Mo. Mov Averages - % Change Year Ago)



Source: World Bank, East Asia Update (November 2006) p. 6.

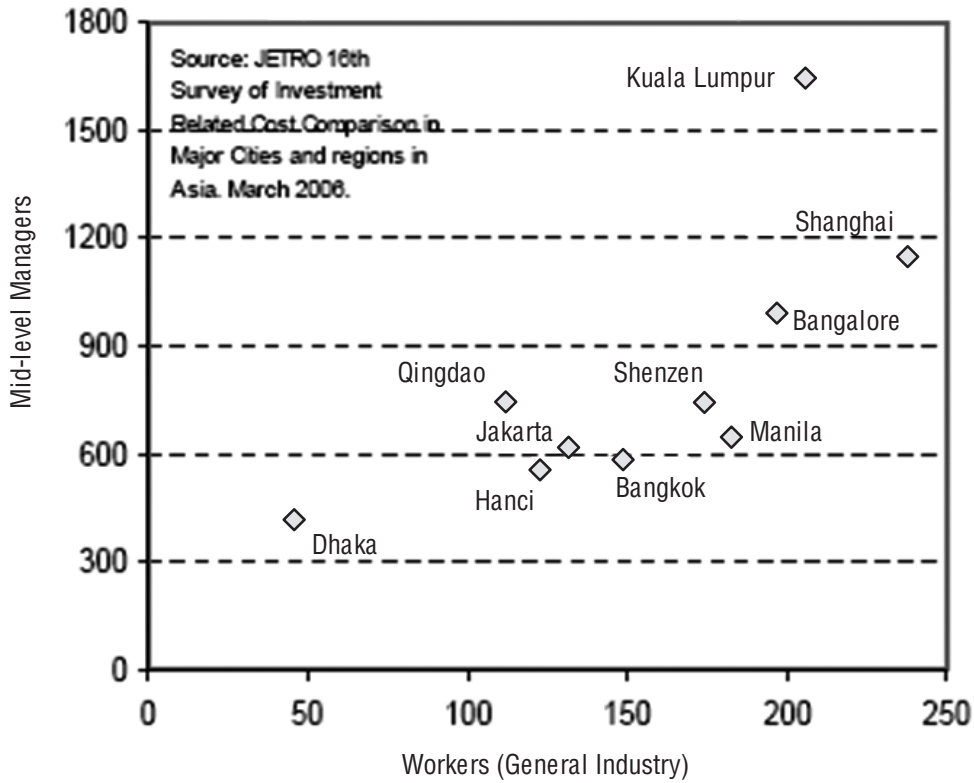
FIGURE 2
FDI Inflows in China, Hong Kong and ASEAN (\$m)



Source: Data in UNCTAD, World Investment Report 2006

FIGURE 3
Wages in East and South Asia

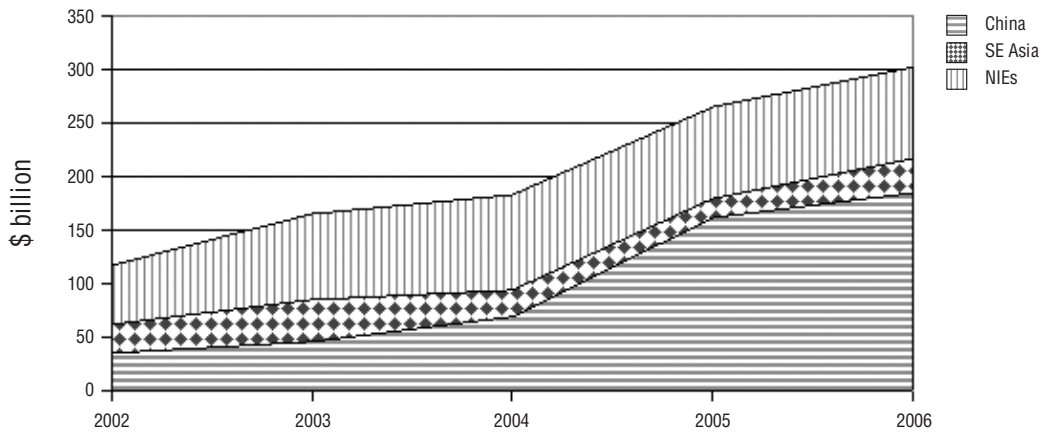
Monthly Wages in Low and Middle Income Asia
(November 2005. In US Dollars)



Source: World Bank, East Asia Update (November 2006) p. 18

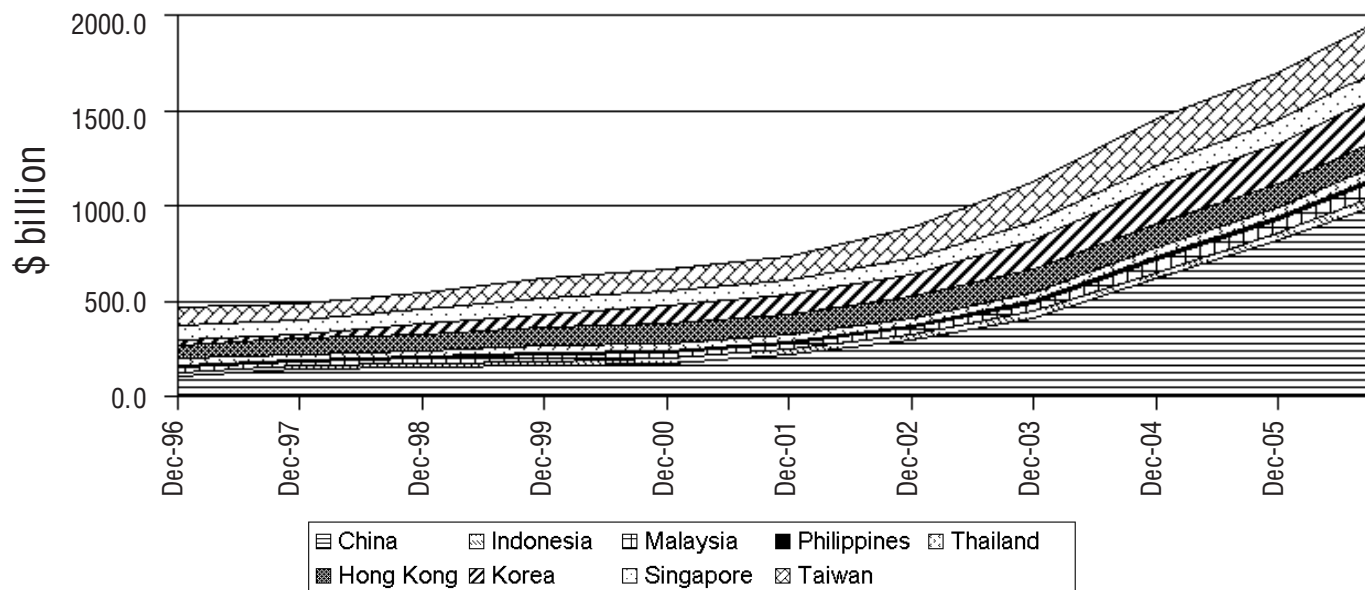
FIGURE 4
East Asia's Current Account Surplus

East Asia's Current Account Surplus (ex Japan)



Source: Data in World Bank, East Asia Update (November 2006) p. 24.

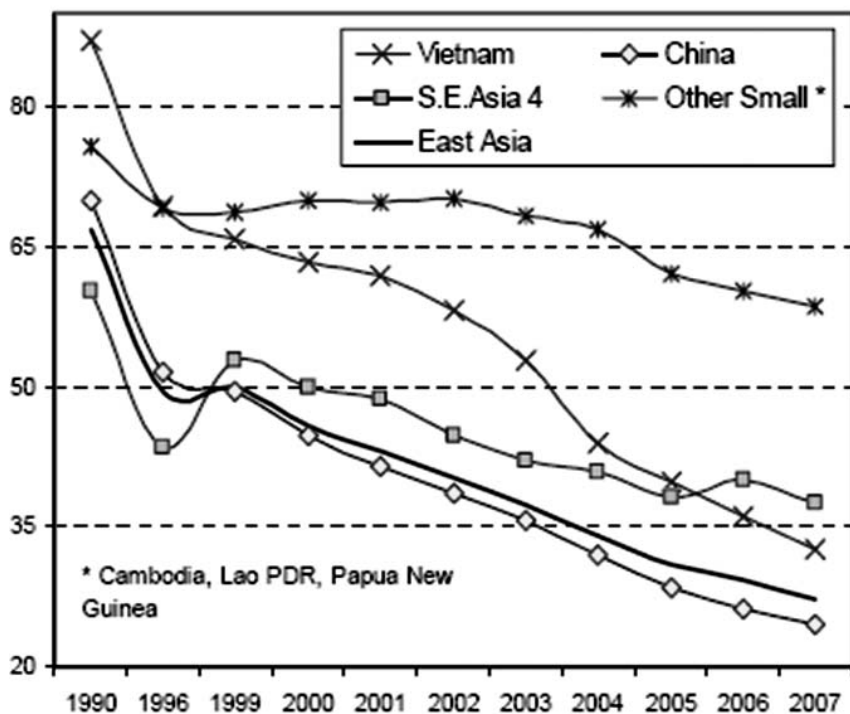
FIGURE 5
East Asia Foreign Exchange Reserves



Source: Data in World Bank, East Asia Update (November 2006) Appendix Table 6.

FIGURE 6
Incidence of Poverty in East Asia

Poverty- Headcount Index
(\$2 a day poverty line; Percent)



Source: World Bank, East Asia Update (November 2006) p. 10

T A B L E 1 – 7

TABLE 1
Annual Growth Rates of East Asian GDP 1999-2006

	1999	2000	2001	2002	2003	2004	2005	2006 /p
EAST ASIA	6.7	8	4.6	6.9	6.8	8	7.5	7.8
Cambodia	12.6	8.4	7.7	6.2	8.6	10	13.4	8.9
China	7.6	8.4	8.3	9.1	10	10.1	10.2	10.4
Hong Kong	3.4	12.4	0.6	1.8	3.2	8.6	7.3	5.9
Indonesia	0.8	5.4	3.8	4.4	4.9	5.1	5.6	5.5
Japan	0.2	2.8	0.2	0.1	1.8	2.7	2.6	2.9
Korea	9.5	8.5	3.8	7.0	3.1	4.7	4.0	5.1
Laos	7.3	5.8	5.8	5.9	6.1	6.4	7	7.3
Malaysia	6.1	8.9	0.3	4.4	5.4	7.1	5.3	5.5
Philippines	3.4	6	1.8	4.4	4.9	6.2	5.0	5.5
Singapore	7.2	10	-2.3	4	2.9	8.7	6.4	7.4
Taiwan	5.7	5.8	-2.2	4.2	3.4	6.1	4	4
Thailand	4.4	4.8	2.2	5.3	7.0	6.2	4.5	4.5
Vietnam	4.8	6.8	6.9	7.1	7.3	7.8	8.4	8.0

p = provisional

Source: World Bank, East Asia Update (November 2006) Appendix Table 3.

TABLE 2B
Carbon dioxide emissions Per capita (metric tons)

Country	%
China	12.1
India	4.7
Japan	5.2
Indonesia	1.2
Philippines	0.3
Brunei Darussalam	..
Vietnam	0.3
Malaysia	0.6
Thailand	0.9
Cambodia	..
Singapore	0.3

TABLE 3
Bilateral/Minilateral PTAs involving East Asian Countries

<i>Country</i>	<i>Implementing</i>	<i>Negotiating</i>	<i>Study Group</i>
ASEAN	AFTA, China, Korea	Australia-New Zealand, India, Japan	US
Brunei	AFTA, Chile-New Zealand-Singapore	Japan	
China	ASEAN, Hong Kong, Macau, Thailand	Australia, Chile, Gulf Cooperation Council, New Zealand, Pakistan, SACU, Singapore	India, Korea
Hong Kong	China	New Zealand	
Indonesia	AFTA	Japan	Pakistan
Japan	Malaysia, Mexico, Philippines, Singapore, Thailand	ASEAN, Brunei, Indonesia, Korea	Australia, Chile, India, South Africa, Switzerland
Korea	ASEAN*, Chile, EFTA, Singapore	Canada, Japan, US	China, India, Malaysia, MERCOSUR, Mexico**
Malaysia	AFTA	Australia, Japan, New Zealand, US	India, Korea
Singapore	AFTA, Australia, EFTA, India, Japan, Jordan, Korea, New Zealand, US, Brunei-Chile-New Zealand	Bahrain, Canada, China, Egypt, Kuwait, Mexico, Panama, Peru, Qatar	Pakistan, Sri Lanka
Taiwan	Guatemala, Nicaragua, Panama	Dominican Republic, El Salvador, Honduras	
Thailand	AFTA, Australia, Bahrain, China, India, BIMSTEC***	EFTA, New Zealand, Peru, US	

Notes

* Excludes Thailand, which refused to sign after Korea excluded rice and 200 other agricultural products from the agreement.

** After failing to reach agreement on negotiation of an FTA, Korea and Mexico agreed in September 2005 to negotiate a more limited economic cooperation agreement.

*** Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, Thailand).

TABLE 4
Major Foreign Holders of Treasury Securities at end of September 2006 (in billions of dollars)

Japan	639.2	France	21.0
China, Mainland	342.1	Ireland	20.9
United Kingdom 2/	207.8	Belgium	18.0
Oil Exporters 3/	103.4	Sweden	17.8
Korea	69.0	Thailand	16.3
Taiwan	65.0	Netherlands	15.7
Carib Bnkg Ctrs 4/	52.7	Italy	14.5
Germany	52.4	Israel	13.1
Canada	49.7	Poland	13.1
Hong Kong	49.7	India	10.5
Brazil	45.0	All Other	132.9
Mexico	42.2	Grand Total	2135.4
Luxembourg	37.6	Of which:	
Singapore	33.3	For. Official	1301.5
Switzerland	29.9	Treasury Bills	181.6
Turkey	22.9	T-Bonds & Notes	1119.9

Source: Department of the Treasury/Federal Reserve Board, November 16, 2006

1 Estimated foreign holdings of U.S. Treasury marketable and non-marketable bills, bonds, and notes reported under the Treasury International Capital (TIC) reporting system are based on annual Surveys of Foreign Holdings of U.S. Securities and on monthly data.

2 United Kingdom includes Channel Islands and Isle of Man.

3 Oil exporters include Ecuador, Venezuela, Indonesia, Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, Algeria, Gabon, Libya, and Nigeria.

4 Caribbean Banking Centers include Bahamas, Bermuda, Cayman Islands, Netherlands Antilles and Panama.

TABLE 5
Per Capita Incomes in East Asia, 1990-2005, PPP in constant 2000 \$US

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Cambodia	1295	1386	1437	1488	1515	1566	1741	1859	1926	1999	2099	2227	2321
China	1597	1721	1944	2199	2457	2734	2971	3204	3438	3666	3928	4233	4568	4966	5419	5878
Hong Kong, China	20234	21284	22507	22446	23217	23479	23862	24686	22926	23542	26045	25588	26271	26554	28643	..
India	1701	1686	1742	1791	1888	1993	2100	2155	2244	2362	2422	2504	2550	2719	2907	3118
Indonesia	2267	2675	2790	2683	2810	3011	3187	3300	2910	2955	3028	3006	3073	3204	3310	3437
Japan	23579	24289	24420	24414	24618	25019	25735	26064	25713	25652	26220	26117	25985	26271	26884	27568
Korea, Rep.	9793	10623	11146	11729	12622	13597	14417	14970	13995	15173	16179	16630	18635	18098	18814	19560
Lao PDR	1043	1059	1102	1138	1203	1258	1313	1400	1428	1477	1570	1612	1670	1756	1804	1952
Malaysia	5538	5956	6334	6742	7173	7663	8215	8661	7833	8266	8927	8694	8821	9003	9444	9699
Philippines	3877	3727	3611	3582	3650	3731	3815	3928	3792	3835	4027	3925	4036	4121	4287	4401
Singapore	14755	15422	15703	17578	18656	19512	20538	20875	20083	21263	23744	22397	23864	24325	26524	26764
Thailand	4552	4883	5246	5561	5990	6471	6816	6678	5968	6125	6279	6362	6637	7059	7435	7649
Vietnam	1212	1243	1298	1381	1455	1544	1665	1778	1854	1909	2014	2124	2255	2393	2550	2739

TABLE 6
Per Capita Incomes as a Percentage of Per Capita Income in Japan, 1990-2005

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Cambodia				5.3	5.6	5.7	5.8	5.8	6.1	6.8	7.1	7.4	7.7	8.0	8.3	8.4
China	6.8	7.1	8.0	9.0	10.0	10.9	11.5	12.3	13.4	14.3	15.0	16.2	17.6	18.9	20.2	21.3
Hong Kong, China	85.8	87.6	92.2	91.9	94.3	93.8	92.7	94.7	89.2	91.8	99.3	98.0	101.1	101.1	106.5	
India	7.2	6.9	7.1	7.3	7.7	8.0	8.2	8.3	8.7	9.2	9.2	9.6	9.8	10.4	10.8	11.3
Indonesia	9.6	11.0	11.4	11.0	11.4	12.0	12.4	12.7	11.3	11.5	11.5	11.5	11.8	12.2	12.3	12.5
Japan	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Korea, Rep.	41.5	43.7	45.6	48.0	51.3	54.3	56.0	57.4	54.4	59.1	61.7	63.7	71.7	68.9	70.0	71.0
Lao PDR	4.4	4.4	4.5	4.7	4.9	5.0	5.1	5.4	5.6	5.8	6.0	6.2	6.4	6.7	6.7	7.1
Malaysia	23.5	24.5	25.9	27.6	29.1	30.6	31.9	33.2	30.5	32.2	34.0	33.3	33.9	34.3	35.1	35.2
Philippines	16.4	15.3	14.8	14.7	14.8	14.9	14.8	15.1	14.7	15.0	15.4	15.0	15.5	15.7	15.9	16.0
Singapore	62.6	63.5	64.3	72.0	75.8	78.0	79.8	80.1	78.1	82.9	90.6	85.8	91.8	92.6	98.7	97.1
Thailand	19.3	20.1	21.5	22.8	24.3	25.9	26.5	25.6	23.2	23.9	23.9	24.4	25.5	26.9	27.7	27.7
Vietnam	5.1	5.1	5.3	5.7	5.9	6.2	6.5	6.8	7.2	7.4	7.7	8.1	8.7	9.1	9.5	9.9

Source: Calculated from World Bank, World Development Indicators

TABLE 7
Military Expenditures

Military Expenditure as a Percentage of GDP

	1999	2001	2002	2003	2004
Brunei	6.8	7.1	6.6		
Cambodia	3.9	3	2.7	2.5	2.2
China	2.1	2.3	[2.4]	[2.3]	[2.4]
India	2.3	2.5	2.2	2.1	3
Indonesia	0.9	1.1	1.2	1.5	[1.1]
Japan	1	1	1	1	1
South Korea	2.8	2.8	2.4	2.5	
Laos	2.2	2.1			
Malaysia	2.1	2.2	2.4	2.8	2.3
Myanmar	2	2.4	1.2		
Philippines	1.1	1	1	0.9	0.9
Singapore	5.4	5	5.1	5.2	4.7
Thailand	1.8	1.4	1.4	1.3	1.2
Vietnam	3.1	7.2			

[] = SIPRI estimate

Source: Stockholm International Peace Research Institute Yearbook 2005

Military Expenditure US\$ millions (2000 constant prices)

	1999	2002	2003	2004	2005 ²
Brunei	[298]	292			
Cambodia	123	108	104	105	
China	[20200]	[30700]	[33100]	[35400]	
India	11364	12342	12698	15059	20443
Indonesia	1701	2363	3200	3522	2607
Japan	41439	42619	42729	42442	42081
South Korea	12672	14487	14860	15488	
Laos	36.6				
Malaysia	1762	2263	2882	2707	2363
Myanmar	18661	16425			N.A
Philippines	714	739	750	756	714
Singapore	4481	4682	4730	4817	5132
Thailand	1907	1884	1857	[1761]	1823
Vietnam					
[] = SIPRI estimate					

Source: Stockholm Int

Military Expenditure Per Capital (US Dollars)

	1996	2000	2001
World Average	240	216	226
Asian Average	216	245	202
Brunei	1,138	1,075	833
Cambodia	19	15	14
China	30	33	36
India	13	15	14
Indonesia	24	3	4
Japan	362	357	310
South Korea	358	268	237
Laos	16	4	4
Malaysia	176	114	144
Myanmar	42	21	22
Pakistan	27	18	17
Philippines	12	18	14
Singapore	661	1,105	1,044
Taiwan	473	802	472
Thailand	52	38	29
Vietnam	55	29	30

Source: The Military Balance, London: Institute of International Strategic Studies, various years.

² At 2003 constant prices.

TABLE 5
Per Capita Incomes in East Asia, 1990-2005, PPP in constant 2000 \$US

Military Expenditure as a Percentage of Government Expenditure

	1991	1993	1995	1997	1999	2001*
World Average	14.8	11.0	10.4	10.3	10.1	NA
Asian Average	20.28	22.68	20.41	21.01	26.30	13.02
Brunei	NA	11.1	9.1	13.7	11.5	13.2
Cambodia	NA	NA	25.2E	32.9	26	21.1
China	31.1	36.6	25.5	27	22.2	23.5
India	12.9	13.3	12.7	15.1	14.6	15.4
Indonesia	8.4	7.8	8.4	7.9	5.3	3.3
Japan	4.4	4.2	6.7	6.6E	6.1E	5.7
South Korea	19.6	19.5	15.6	14.6	11E	13.4
Laos	NA	NA	24.5	17.1	11.1	11.9
Malaysia	11.2	11.3	12.4	10.9	9.3E	6.2
Myanmar	49.4	88.6	84	93.6	189.3	0.3
Pakistan	27.5E	25.9E	25.5E	24.2E	27.9E	21.9
Philippines	10.56	11.5	8.7	7.9	7.3	7.2
Singapore	21	28.5	21.5	18.4	20.5	22.9
Taiwan	30.3	33.6	NA	23.8	NA	22.3
Thailand	17	17.5	15.1	10.9	6.1	8.5
Vietnam	NA	8.1	11.3	11.6	NA	11.6

Source: 28th World Military Expenditure and Arms Transfer, 1999-2000.
United States Dept. of State.

*Figures derived from data on military expenditure and government expenditure, available from CIA World Factbook 2002 website, <http://www.cia.gov/cia/publications/factbook>

E Estimate based on partial or uncertain data

NA Not Available

Box 1: Growing Regional Imbalances in Energy Demand

China

Traditional fuel consumption (% of total energy requirements), 2002	5.3
Electricity consumption per capital (kilowatt-hours), 1980	307
Electricity consumption per capital (kilowatt-hours), 2002	1,484
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 1980	1.2
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 2002	4.6

India

Traditional fuel consumption (% of total energy requirements), 2002	20.0
Electricity consumption per capital (kilowatt-hours), 1980	173
Electricity consumption per capital (kilowatt-hours), 2002	569
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 1980	3.3
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 2002	5.0

Japan

Traditional fuel consumption (% of total energy requirements), 2002	0.2
Electricity consumption per capital (kilowatt-hours), 1980	4,944
Electricity consumption per capital (kilowatt-hours), 2002	8,612
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 1980	5.7
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 2002	6.4

Indonesia

Traditional fuel consumption (% of total energy requirements), 2002	17.6
Electricity consumption per capital (kilowatt-hours), 1980	94
Electricity consumption per capital (kilowatt-hours), 2002	463
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 1980	3.9
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 2002	4.1

Philippines

Traditional fuel consumption (% of total energy requirements), 2002	12.8
Electricity consumption per capital (kilowatt-hours), 1980	373
Electricity consumption per capital (kilowatt-hours), 2002	610
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 1980	9.8
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 2002	7.6

Brunei Darussalam

Traditional fuel consumption (% of total energy requirements), 2002	0
Electricity consumption per capital (kilowatt-hours), 1980	2,430
Electricity consumption per capital (kilowatt-hours), 2002	8,903
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 1980	..
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 2002	..

Vietnam

Traditional fuel consumption (% of total energy requirements), 2002	25.3
Electricity consumption per capital (kilowatt-hours), 1980	78
Electricity consumption per capital (kilowatt-hours), 2002	392
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 1980	..
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 2002	4.2

Malaysia

Traditional fuel consumption (% of total energy requirements), 2002	1.5
Electricity consumption per capital (kilowatt-hours), 1980	740
Electricity consumption per capital (kilowatt-hours), 2002	3,234
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 1980	4.6
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 2002	4.1

Thailand

Traditional fuel consumption (% of total energy requirements), 2002	13.6
Electricity consumption per capital (kilowatt-hours), 1980	340
Electricity consumption per capital (kilowatt-hours), 2002	1,860
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 1980	5.1
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 2002	5.0

Cambodia

Traditional fuel consumption (% of total energy requirements), 2002	92.3
Electricity consumption per capital (kilowatt-hours), 1980	15
Electricity consumption per capital (kilowatt-hours), 2002	10
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 1980	..
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 2002	..

Singapore

Traditional fuel consumption (% of total energy requirements), 2002	0.2
Electricity consumption per capital (kilowatt-hours), 1980	2,836
Electricity consumption per capital (kilowatt-hours), 2002	7,961
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 1980	3.9
GDP per unit of energy use (2000 PPP US\$ per kg of oil equivalent), 2002	3.8

Source: United Nations Development Program, last update: May 2006

THE SENTOSA ROUNDTABLE ON ASIAN SECURITY 2006

SENTOSA RESORT AND SPA, SINGAPORE, 12 – 13 DECEMBER

DR TAN SEE SENG

COORDINATOR

12 DECEMBER

Welcome

AMBASSADOR BARRY DESKER, Dean, S. Rajaratnam School of International Studies (RSIS)

Introduction

PROFESSOR AMITAV ACHARYA, Convener of the 2006 Roundtable, RSIS

Opening Remarks

DR AKINORI SEKI, President, Sasakawa Peace Foundation

Distinguished Keynote Address

AMBASSADOR JAYANTHA DHANAPALA, Advisor to the President of Sri Lanka

SESSION 1

ECONOMICS AND SECURITY

PROFESSOR JOHN RAVENHILL, Australian National University (session chair)

PROFESSOR SUTHIPHAND CHIRATHIVAT, Chulalongkorn University

DR MYA THAN, Chulalongkorn University

DR RAHUL SEN, Institute of Southeast Asian Studies

PROFESSOR WANG ZHENGYI, Beijing University

DR THITINAN PONGSUDHIRAK, Chulalongkorn University

SESSION 2

NUCLEAR PROLIFERATION

ASSOCIATE PROFESSOR PAUL MITCHELL, RSIS (session chair)

DR KANG CHOI, Ministry of Foreign Affairs and Trade, Republic of Korea

DR RAJESH BAJRUR, RSIS

DR FAN JI-SHE, Chinese Academy of Social Sciences

DR BERNARD LOO, RSIS

SESSION 3

RISING AND ESTABLISHED POWERS

PROFESSOR KHONG YUEN FOONG, Oxford University and RSIS (session chair)

PROFESSOR C. RAJA MOHAN, Indian Express and RSIS

DR TANG SHIPING, RSIS

ADMIRAL STEVE STEAD, Brenthurst Foundation

DR ROBERT AYSON, Australian National University

PROFESSOR VARUN SAHNI, Jawaharlal Nehru University

13 DECEMBER

SESSION 4

ASIAN APPROACHES TO PEACE

PROFESSOR AMIN SAIKAL, Australian National University (session chair)

ASSOCIATE PROFESSOR KARIM DOUGLAS CROW, RSIS

PROFESSOR KEVIN CLEMENTS, University of Queensland

PROFESSOR RICHARD W. HU, University of Hong Kong

PROFESSOR ROSITA DELLIOS, Bond University

DR ALAN CHONG, National University of Singapore

SESSION 5

EAST ASIAN REGIONALISM

PROFESSOR AMITAV ACHARYA, RSIS (session chair)

PROFESSOR AILEEN BAVEIRA, University of the Philippines

DR NOEL MORADA, University of the Philippines

PROFESSOR ZHOU FANGYIN, Chinese Academy of Social Sciences

PROFESSOR GO ITO, Meiji University

DR MELY CABALLERO-ANTHONY, RSIS

OTHER PARTICIPANTS

DR DOMINIQUE MOISI, Special Advisor, French Institute of International Relations (ifri)

AMBASSADOR KESAVAPANY, Director, Institute of Southeast Asian Studies

MR DALJIT SINGH, Institute of Southeast Asian Studies

PROFESSOR YAMAMOTO TAKEHIKO, Waseda University

DR JAMES FERGUSON, Bond University

DR REUBEN WONG, National University of Singapore

DR LIN KUN-CHIN, National University of Singapore

DR TAN SEE SENG, RSIS

MS CHARMAINE MISALUCHA, RSIS

MR HERBERT LIN, RSIS

MS AVELINE LOW, RSIS



FROM LEFT: AMBASSADOR BARRY DESKER,
AMBASSADOR JAYANTHA DHANAPALA,
PROFESSOR AMITAV ACHARYA, DR TAN SEE SENG

THE SENTOSA ROUNDTABLE STUDY GROUP 2006

TRADERS HOTEL, SINGAPORE, 18 – 19 OCTOBER
DR TAN SEE SENG
COORDINATOR

SESSION 1 ECONOMIC PRECIPITATORS OF PEACE OR WAR

Issues

- Does rising and shared prosperity make countries in Asia less likely to use force to achieve their political objectives or to alter the status quo through war?

SESSION 2 PATTERNS OF COMPETITION AND CONGRUENCE

Issues

- Are trade, investment and production patterns in Asia complementary or congruent, which will facilitate cooperation among Asian countries, or are those patterns competitive, which could lead to conflict?
- Do China and Japan complement or compete with the rest of the region, and what are the implications?
- How do we encourage greater complementation and cooperation among Asian economies?

SESSION 3 BILATERAL FTAS AND BOND MARKETS: BUILDING BLOCKS OR BLOCKERS OF REGIONAL COMMUNITY?

Issues

- With the recent suspension of the WTO talks, will the trend towards bilateral free trade agreements facilitate or impede regional stability and security?
- Will the push to create an Asian bond market be sufficient to ensure the region's stability?

SESSION 4 REGIONAL ECONOMIC COOPERATION

Issues

- Should a global slowdown happen, what consequences will there be for Asia's prosperity and security, and how might these be managed or resolved?
- In view of the potentially widening gap between Asia's "haves" and "have-nots" as a potential driver of conflict, how best should developed Asian countries assist their developing counterparts to ensure the region's stability and security?

SESSION 5 PREPARATION OF STUDY GROUP REPORT

MEMBERS OF STUDY GROUP

PROFESSOR JOHN RAVENHILL, Australian National University
PROFESSOR VINOD K. AGGARWAL, University of California, Berkeley
PROFESSOR AMITAV ACHARYA, RSIS
PROFESSOR OSAMU NARIAI, Reitaku Open College
PROFESSOR RICHARD W. HU, University of Hong Kong
DR RAHUL SEN, Institute of Southeast Asian Studies
DR MYA THAN, Chulalongkorn University
DR LIN KUN-CHIN, National University of Singapore
DR YANG MU, East Asian Institute
MS ERIKO TADA, Sasakawa Peace Foundation
DR DEBORAH ELMS, RSIS
DR RICHARD CARNEY, RSIS
DR HIRO KATSUMATA, RSIS
DR TAN SEE SENG, RSIS



A B O U T R S I S

The S. Rajaratnam School of International Studies (RSIS) was established in January 2007 as an autonomous School within the Nanyang Technological University. RSIS's mission is to be a leading research and graduate teaching institution in strategic and international affairs in the Asia Pacific. To accomplish this mission, it will:

- Provide a rigorous professional graduate education in international affairs with a strong practical and area emphasis
- Conduct policy-relevant research in national security, defence and strategic studies, diplomacy and international relations
- Collaborate with like-minded schools of international affairs to form a global network of excellence

Graduate Training in International Affairs

RSIS offers an exacting graduate education in international affairs, taught by an international faculty of leading thinkers and practitioners. The Master of Science (MSc) degree programmes in Strategic Studies, International Relations, and International Political Economy are distinguished by their focus on the Asia Pacific, the professional practice of international affairs, and the cultivation of academic depth. Over 120 students, the majority from abroad, are enrolled in these programmes. A small, select Ph.D. programme caters to advanced students whose interests match those of specific faculty members. RSIS also runs a one-semester course on 'The International Relations of the Asia Pacific' for undergraduates in NTU.

Research

RSIS research is conducted by five constituent Institutes and Centres: the Institute of Defence and Strategic Studies (IDSS, founded 1996), the International Centre for Political Violence and Terrorism Research (ICPVTR, 2002), the Centre of Excellence for National Security (CENS, 2006), the Centre for the Advanced Study of Regionalism and Multilateralism (CASRM, 2007); and the Consortium of Non-Traditional Security Studies in ASIA (NTS-Asia, 2007). The focus of research is on issues relating to the security and stability of the Asia-Pacific region and their implications for Singapore and other countries in the region. The S. Rajaratnam Professorship in Strategic Studies brings distinguished scholars and practitioners to participate in the work of the Institute. Previous holders of the Chair include Professors Stephen Walt, Jack Snyder, Wang Jisi, Alastair Iain Johnston, John Mearsheimer, Raja Mohan, and Rosemary Foot.

International Collaboration

Collaboration with other professional Schools of international affairs to form a global network of excellence is a RSIS priority. RSIS will initiate links with other like-minded schools so as to enrich its research and teaching activities as well as adopt the best practices of successful schools.



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