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“Co-operation for Growth and Economic Development in the Indo-Pacific Rim”

The Issue

At their Fourth Ministerial Meeting held in Bangkok in 1992 the APEC Ministers set up an Eminent Persons Group (EPG) “to enunciate a vision for trade in the Asia Pacific Region”. In enunciating such a vision, the Eminent Persons Group held that the “Asia Pacific has been the only major region of the world that has not developed region-wide (or even Asia-wide) inter-governmental institutions - in either the economic or security dimensions - to foster and facilitate its progress”. This vacuum had persisted despite the fact that the Asia Pacific “has achieved faster growth than any other region of the world for the past thirty years”.

With APEC’s formation and institutionalisation, there is no such vacuum now in the Asia Pacific. But, with its formation, the vacuum in the Indian Ocean Rim is thrown into sharper relief. More than at any time in the past decades, it figures as a no-man’s land, a veritable limbo; neither a region by itself nor a part of any region. Indeed, the Indian Ocean Rim did not even figure in the consciousness of the EPG when they cited the Asia Pacific as the only major region of the world in which region-wide inter-governmental institutions have not developed.

The question arises, in the circumstances, whether the Indian Ocean Rim should remain the vacuum it is, whether it should become a Region by itself with region-wide inter-governmental institutions to foster and facilitate its progress and/or whether the time is not right to enunciate another vision - ‘a vision for trade’, for economic growth, development and security that embraces the Indo-Pacific Rim. An International Forum organised by The Institute of Indo-Pacific Studies will be held in Singapore on November 11 to address the issue.

The Forum Theme

The Theme of the Forum - "Co-operation for Economic Growth and Development in the Indo-Pacific Rim". - has been chosen carefully so as to dispel any impression that the Forum is intended to propagate the idea of an Indo-Pacific wide regional setting for inter-governmental co-operation as a feasible immediate objective. The political will for it has to still to materialise. The volumes and values of Indo-Pacific trade, economic exchanges and business linkages are not compelling enough for the flag to feel constrained to follow trade. There are persisting dissonances in values. The tendency to see reality piece-meal and in fragmented terms does not die easily in a region where states are still emerging from the grip of their particular social and cultural matrix and from their particular location in geographic and historical space.

On the other hand, no theme today can be relevant unless it is open to the future and be future-driven. There is mounting evidence, at the same time, of the constant erosion of received assumptions about conditions in the Indian Ocean Rim, in the Pacific Rim and more generally in the Indo-Pacific Rim - namely that the first is a non dynamic part of the world, the second the world's fastest growing region and, therefore, the pre-eminent setting for regional co-operation and the third someone's flight of fancy,. Indeed, such is the pace of change that what might seem as established truths may not be sustainable over the brief spans within which historically significant change takes place today. For both reasons, the Forum will not be backward looking or myopic as to the spatial and political scope of regional evolution in this maritime basin formed by the connected waters of the Indian and Pacific Oceans, It will also examine existing evidences for their value as directions to the future.

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With these considerations in view, the Forum will focus its attention on the existing levels of business and trade-led linkages between the dual rims of the Indo-Pacific, on the extent to which they are contributing to linked growth and development between them, on the importance and value of the on going process as a basis to build on, and the limitations that still hinder or delay the process.

On the basis of this assessment, it will consider what measures should be taken to accelerate such business and trade-led linkages, socially broaden and societally deepen their impact as well as ensure that the needs and interests of all countries, whatever their stages and levels of development, and of regions within countries, receive due attention in the course of the linked development of the dual rims.

As these are matters that cannot be usefully addressed in a political, social, cultural and strategic vacuum, these other variables will receive due consideration.

There are, for instance, questions relating to the stability of political life of countries which often agitate the concerns of investors. What the litmus test of instability must be is an issue that needs to be addressed so that no country in the process of transformation is shied away from on the mistaken ground that the pangs of transformation are indications of instability. By the same token, the relative surface calm of a country is not mistakenly seen as an indication of the deep-rooted stability of its political life and institutions.

General insecurity is another besetting problem. Indeed, the region bristles with an outcrop of issues that carry security implications. Trade conflicts are a legion. There has been talk of a clash of civilisations.

The Forum Issues

To facilitate a more focussed discussion of the Theme of the Forum, a number of topics have been identified. The following make a still tentative list:

1. Whether it would be a tenable position to regard the Indian Ocean and Pacific Ocean Rims as distinct and separately developing regions or whether the more justified view would identify them as together making one of the emerging International Regions of the world. The issue would need to be scrutinised taking relevant factors and variables into account.
2. The existing levels of business co-operation between the dual rims of the Indo-Pacific. This should take account of on going realities with respect to trade, to factor flows, to sector-specific co-operation, to strategic alliances etc,. It should assess the magnitudes of such co-operation and the extent to which, growth dynamics and development processes in the two rims are becoming linked, inter-dependent and mutually reinforcing processes.
3. The general policy and operational environment, the extent to which they are facilitating or impeding such across-Rim business co-operation and collaboration.
4. The strengths and limitations seen in the respective private sectors' own ability to respond to business opportunity in the dual rims and the reasons or basis for them.
5. In the light of the information disclosed, the steps that should be taken in the Medium Term to promote and accelerate private sector-led business co-operation involving the dual rims, to remedy shortcomings that preclude, delay or otherwise

hamper business responses to economic opportunity, and create a more conducive environment, both policy and operational, for their facilitation and active support.

6. As a socially responsive, developmentally oriented and regionally open and sensitised private sector is an imperative for a region that comprehends great diversities in stages and levels of development, counts the pre-ponderant number of the world's poor and poorest, discloses grave disparities in income levels, and carries in-built virtually systemic obstacles to real and effective equality of opportunity, the measures that might be taken (a) to develop the values, ethics and wide angle perceptions of a private sector which is so imbued and have it accepted, (b) to make growth a socially broad process by fostering, among others, small and medium enterprise development, (c) ensure active private sector involvement in human development strategies and (c) preclude rent seeking and efforts to subvert public institutions by corrupt practices.

7. The institutional arrangements necessary to assist the process to start with at the private sector level, and later at the inter-governmental level.

Among Institutions that might have consideration at this stage of regional evolution are: A Confederation of Indo-Pacific Chambers of Commerce and Industry, an Indo-Pacific Economic Forum, an Indo-Pacific Development Bank, a Centre for Indo-Pacific Strategic Studies, a Centre for the Study of Indo-Pacific Civilisations.

A region-wide industry association, like the proposed Confederation, would be an important means for networking the private sectors of the Rim, for building face to face relationships, for enhancing the depth of the private sectors' knowledge of business opportunities, market niches and so on in the various countries of the Rim and for a truer assessment of political and other risks than those conveyed by the world media or by professional risk analysts.

The Indo-Pacific Economic Forum's objective would be to facilitate study of the development issues facing the Rim states, to promote regional thinking and regional consensus on issues of growth and development, on human and social development, and on strategies of development in the light of the different stages and levels of development of the various states of the region.

An Indo-Pacific Development Bank will help support the development effort of Indo-Pacific nations, foster and support the linked development of the dual rims, and advance the interests of less developing countries of the region specially in such areas as rural infrastructure (among them small tanks and reservoirs, country and village roads, rural electrification), micro-, small and medium industries, small and medium farms, indigenous R&D, export villages and other areas which traditional commercial lending normally shy away from.

There is no reason why such a Bank should be an inter-governmental institution. A development oriented private sector could indeed undertake roles that governments have normally assumed. They are roles that could be made wholly compatible with ideas such as bankability and profitability. Inter-governmental financial institutions, on the other hand, besides being of nature less cost-efficient, are functionally better adapted and culturally better attuned to lending to Governments.

The Indo-Pacific Centre for Strategic and International Studies will, independently and in collaboration with various regional and national centres in the field, scrutinise developments which bear on the security of the region keeping in view the region's need, given the unprecedented explosive potential it carries for conflict, to progress towards the goal of a security community such as is seen in Western Europe.

In a region where the potential for the chauvinising of culture and for a possible resulting clash of civilizations is high, the **Centre for the Study of Indo-Pacific Civilizations** will help promote within the region depth of historical knowledge of the civilizations of the countries of the Rim, foster cultural sensitivity, understanding and exchange between societies and actively promote the inter-active development of these civilizations

The Forum might consider setting up expert groups to study and report on the various issues considered by it, including the institutional arrangements proposed, for follow up action by The Institute on any recommendations that the groups may make.

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