

Allan Gyngell, Malcolm Cook
Regional forum can be rescued
The Australian
15 November 2005
P. 14

APEC is hardly the stuff to set the public pulse racing. Even so, Australians should be watching events this week in the South Korean port city of Busan with more than cursory interest.

Ten thousand officials, businesspeople and journalists have descended on the town for the annual series of APEC meetings. These culminate next weekend in the big shebang: the annual leaders' meeting bringing together, among others, the presidents of the US, China, South Korea and Indonesia, and the Japanese and Australian prime ministers.

In two years, it will be Sydney streets in security lockdown as Australia hosts what, at \$216 million by government estimates, will be far and away the most expensive international meeting held here. Will its importance match its cost? That's a much more open question.

APEC stands for Asia-Pacific Economic Co-operation. The group was famously described by Gareth Evans as "four adjectives in search of a noun". Now, more urgently, it is four adjectives in search of a purpose.

APEC brings together 21 economies from Asia, North America and Latin America and includes Australia's most important economic and security partners. Established in 1989, it was the child of Australian diplomacy and it addresses more directly than any other institution two of this country's abiding foreign policy interests: close engagement with East Asia and keeping the US constructively engaged in the region.

But in recent years APEC has lost its way. It has become too big, its agenda is diffuse to the point of confusion, and it faces new competitors including the East Asian Summit, which John Howard will also attend in just a couple of weeks.

APEC can't make up its mind what its priorities should be. To create a region-wide free trade area? To remove impediments to commerce? To provide a forum for leaders to talk? To co-ordinate responses to global health threats? To create a new sense of community among its members? To help the developing members catch up with the rest?

For all the perky rhetoric in official communiques and press briefings, the result of this indecision has been a sense of drift and frustration.

This year's crowded agenda is a case in point. In between official banquets, featuring a special Korean mushroom-flavoured wine, APEC's leaders are expected to address a disparate array of issues ranging from establishing new APEC film festivals and pronouncements on terrorism and avian flu to throwing whatever support the members can muster behind the faltering world trade negotiations round and reviews of APEC's accomplishments.

Addressing this clutter matters to Australia. As Asia assumes greater importance in the global economy, the East Asian Summit certainly offers useful potential to develop co-operation on this side of the Pacific. But for many years to come the great mutually beneficial flows of trade, investment and finance between East Asia and North America will remain critical to global and regional economic growth.

Because the US is not a member of the new East Asian grouping, APEC retains a huge advantage as the only forum bringing together the key partners from both sides of the Pacific. APEC also provides an opportunity for informal discussions on the vital security relationships that underpin this trans-Pacific economy. In Busan, for example, the five APEC members involved in the six-party talks on North Korea will meet bilaterally to fine-tune their message to Pyongyang.

But APEC won't survive on potential alone. If it is to drag itself out of its malaise, it needs to demonstrate its continuing effectiveness.

Several things can be done. Above all, APEC needs to get back to basics. It should drop extraneous community-building activities and refocus on the central things that it alone can do well: nurturing the economic links across the Pacific, removing unnecessary impediments to trade and engaging business more effectively to this end, supporting the global multilateral trading system and facilitating contact between regional leaders.

(After Japanese Prime Minister Junichiro Koizumi's most recent visit to the Yasukuni shrine that honours Japan's war dead, for example, only an APEC meeting could have brought him and the South Korean President together this year.) APEC's small but dysfunctional secretariat needs to be reorganised if it is to help make APEC more useful. (At present the hapless Secretary-General has 22 people reporting directly to him.) And, tough as it will be, APEC needs to declare its membership permanently closed.

India is the most likely candidate when the present membership moratorium expires in 2007, but India is so significant that its membership would fundamentally shift the nature of APEC's trans-Pacific focus. India is inadequately represented in the international system, but it is now, properly, a member of the East Asian Summit. It is permanent membership of the UN Security Council it needs, not membership of APEC.

Australian diplomacy helped establish APEC and we have most to lose if it atrophies or disintegrates. This will happen if members start believing it is no longer relevant to their interests. APEC would not long survive a decision by the US President and his main Asian counterparts not to bother turning up to the leaders' meetings.

If anyone's diplomacy can forestall this fate, it will be Australia's, but there is a big sales job to be done on reform that will involve the Government from the Prime Minister down. Australia faces a bigger challenge in hosting APEC in 2007 than designing the colourful shirts and choosing the appropriate wines.

Allan Gyngell, a former senior foreign policy adviser to prime minister Paul Keating, is the executive director of the Lowy Institute for International Policy in Sydney. Malcolm Cook is the director of the Asia-Pacific program at the Lowy Institute. They are co-authors of the institute's policy brief *How to Save APEC*.