

**KEYNOTE SPEECH
THE ASIAN PARADOX: RISING WEALTH, LINGERING
TENSIONS**

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I. Introduction

Your Excellencies, distinguished participants, ladies and gentlemen.

It is a distinct privilege and honor for me to join you this morning and to share my views on a phenomenal development in my own region - Asia.

Asia is increasingly seen as the new frontier of the 21st century, the up and coming center of gravity of the world. This perspective is mainly based on the region's economic growth. China's spectacular economic rise, and the ensuing economic surge of other key countries in East Asia, "will play a crucial role in defining what sort of growth is possible for the rest of the world".

More and more countries and regions have adopted a “look east policy”. I was at Madrid last week to participate in a conference on the “Silk Road”, a medium and long term mega project that China initiated to further connect Asia and Europe through new highways, waterways, railways and airways. I sensed the enthusiasm of our European partners over the prospect of bolstering more trade and investment with Asia.

The EU’s trade with China is valued at about two billion dollars a day, the bulk of which is still by sea. Imagine how much of that revenue would increase when the medium and long term Silk Road projects are completed.

Many people think that the US pivot – or rebalancing – would see Washington redeploy much of its armed forces from the Middle East to the Asia Pacific Region. Actually, it is also part of a strategy to gain trade and economic benefits from the economic rise of China and other countries in the East Asian and Asia-Pacific regions.

On the other hand, the international community is inured to news of ongoing or brewing conflicts on a daily basis, some of which are similar to those that occurred in medieval Europe.

No doubt Asia is rife with geopolitical hotspots and flash points for potential conflicts, perhaps more than any other region, but what is more striking is that the region does not seem to be ready to cope with those conflicts and settle them peacefully. Asia has no regional wide organization such as the European Union, African Union and Latin American states (OAS), Mercosur that can bring order to the continent. Instead, it has various sub-regional organizations such as ASEAN, SAARC, GCC, ECO, and Shanghai Initiative, which deals with their local crises with varying degrees of success.

II. Asian Paradox

By way of introduction I just have presented to you an appetizer of the topic of our discussion. The “Asian Paradox” is a relatively new term and trend. In the same vein, it’s no coincidence that Ian Bremmer wrote an article in the Horizons Quarterly Journal (Autumn 2015 no.5) titled “Asia’s Promise and Perils”. The title captures the contradiction of the current situation in Asia. Both terms describe the disconnect between the continent’s booming economy, and its precarious state of peace and security.

The Merriam Webster Dictionary defines paradox as “a statement that is seemingly contradictory or opposed to commonsense, and yet is perhaps true”. To me, the topic of this seminar rings true: Asia’s paradox is the result of an unbalanced concept and process of community building or regional integration, which prioritizes economic growth at the expense of political and security development.

III. Definition of Asia

But allow me to clarify, for the sake of clarity, what do we mean by Asia. Asia is a very large, culturally and geographically diverse continent which covers some 56 countries, ranging from Lebanon in the west to Fiji in the east. In this context, the Asia I would refer to is specifically East Asia, which geographically comprises of Northeast and Southeast Asia, but since 2005 is enlarged to include India, Australia and New Zealand.

IV. Rising Wealth

In 2004 and 2005, in the run up to the preparation of the first East Asia Summit in December 2005, I was an ardent

advocate for a more balanced and inclusive “East Asia” that saw 16 countries (also called 10 ASEAN+6) participated at the East Asia annual Summit from December 2004 until November 2011 and these countries remain the core of the East Asian Region.

East Asia’s population is 3.488.206.400 or 47.33% of the world’s population of 7.370.000.000. According to IMF (2014), total EAS GDP is US\$ 36.2 trillion or 48.6% of the world’s global GDP which is \$77.3 trillion.

It is not only China and Japan which are the second and the third largest economy in the world, both totaled US\$ 23.3 trillion or 31.2% of the total GDP. But emerging economies such as India, Indonesia (or ASEAN combined), as well, Korea and Australia have added the economic weight of EAS. Economist and Nobel Laureate, Robert Fogel projected that in 2040, East Asia will contribute to some 65% of the global GDP.

V. Institutional Building

ASEAN started regional institutional building in Southeast Asia since 1967 and it is considered one of the most successful regional organization. In the past 48 years, ASEAN has successfully developed a good habit of dialogue to promote intra-ASEAN cooperation and community building. The greatest achievement of ASEAN is the fact that it has enjoyed relative peace and security that allowed ASEAN countries to focus its time, energy, and resources for its economic development. Hence, ASEAN is economically dynamic and now with 560 million people, the sixth largest economy in the world. In ASEAN there is no paradox between prosperity and security. ASEAN will put into effect the ASEAN Community based on three pillars: political and security, economic, socio cultural. On the first pillar, peaceful conflict resolution, promotion of democracy, respect for human rights, rule of law, and good governance are high on its agenda.

At the same time, ASEAN has been an active bridge builder by actively promoting cooperation with its dialogue partners. That is why the terms ASEAN+3, ARF, and lately ASEAN+6 (East Asia Summit). That is also why there is the term “centrality of ASEAN and ASEAN in the driving seat”. ARF, like it or not, is the only regional forum of dialogue in the field

of political and security. For 21 years, ARF is still focusing on preventive diplomacy (PD) and confidence building measures (CBM).

East Asia Summit (EAS)

Ideally, community building process in East Asia is equally shared between ASEAN its Northeast Asian partners. But China, Japan, and Korea while they are cooperating closely on economic, trade, and investment, on the political and security issues practically they disagree on many things. That is why they depend on ASEAN and repeatedly claim that they support the unity and cohesiveness of ASEAN.

EAS was conceived as a vehicle toward an East Asian community building process. So far in the past ten years this ASEAN led process focuses more on economic cooperation culminating on the agreement to develop the Regional Economic Cooperation and Partnership (RCEP) last year.

Through ASEAN sponsorship, free trade areas involving ASEAN with its six dialogue partners have developed, and no

doubts that East Asia wide free trade and investment area would be an essential component of RCEP.

To my regret, political, security, and strategic issues are not part of the EAS agenda. In 2011, the United States and Russia joined EAS making EAS lose its geographical footing as a vehicle of the community building process in East Asia.

VI. Political and Security Challenges

1. Unsettled legacies of the past history in particular, World War II, and Korean War. For 70 years, Japan, China, and Korea are not able to reconcile with their past, instead they become prisoners of their past. Few months ago, Chancellor Merkel voluntarily gave her advice to Japan to express apology and move on. We welcome the resumption of the tri-partite dialogue initiated by Korea recently, but as long as Japan has not changed its basic position, like in the previous summit, it is not surprising to hear that there are no breakthrough at the recent summit.
2. The Danger of Nuclear Proliferation

While threats of nuclear proliferation in other regions such as Europe, Africa, and Latin America have subsided, on the contrary, in Asia, we see a clear line of nuclear proliferation extending from Israel in the west to Iran (thanks to the nuclear deal), Pakistan, India, China, and North Korea. Only China is a party to the NPT. If the North Korean nuclear issue cannot be resolved and as there are no sign that it could be resolved soon, there is a further danger of more proliferations as some countries in East Asia might develop their nuclear weapons.

Keep in mind that as East Asia's economy is growing, the region is energy hungry. The Fukushima nuclear accident did not discourage countries in East Asia to develop nuclear energy. Viet Nam has started building two nuclear power plants and would be followed by more in the near future. But others, such as Thailand, Malaysia, Indonesia, and Myanmar also have made public their policy to promote nuclear power plants.

3. Territorial Dispute (Land Area)

In Northeast Asia, there are disputed islands involving China and Japan (the Senkaku Islands), over which three years ago, China imposed China Air Defense Identification Zone (CADIZ)

which in a way is an attempt to establish an “effective cooperation”. Other disputes are involving Japan-Korea on Dokdo Island, and Japan-Russia on Kuril Island groups.

More in the news is not only overlapping, claims on maritime space in the South China Sea, but also on the Paracels and Spratley Island groups involving China and four ASEAN members (Vietnam, the Philippines, Malaysia, and Brunei Darussalam). On disputes of islands, rocks, and reefs, there are no such international law governing the acquisition of land territory, but effective occupation. Recently, China has completed the reclamation of reefs and reconstruction of an airstrip parts of the Spratley Island group which in a way also established an effective occupation.

On the maritime space based on historic claim, China claims a vast expanse of water in the South China Sea within the so-called 9 or 10 dash line. These lines have no coordinates so it is very elastic, and therefore destabilizing. To me, claim to historic waters has no grounds in the 1982 UNCLOS which provides precise delineation of the territorial sea, exclusive economic zone, and the continental shelf. China has precluded any possibility to be brought to international

adjudication of the disputes over the interpretations of its historic claims.

In comparison, in ASEAN, we have no shortage of potential disputes over islands and sea boundaries, but the habit of dialogue has allowed ASEAN members to settle its potential conflicts through negotiation. When negotiation was exhausted, and failed in some cases, ASEAN members refer their cases to the international adjudication (ICJ, ITLOS, and Arbitration). In the South China Sea, negotiations toward agreements on to the rules of conduct of parties (DoC and CoC) so far has made no progress. Likewise, no bilateral negotiations which is mandated by UNCLOS has taken place and tends to flex its muscles.

VII. Conclusion

1. Clearly, in Asia there is a disconnection between increasing wealth and security.
2. With the exception of ASEAN there is an imbalance of community building process in East Asia, there are still

imbalance which is heavily economic and neglecting political and security agenda.

3. There is a need to strengthen the capacity of the ARF and EAS.
 - ARF to move beyond PD and CBMs including by elaborating the TAC basic norms on rule of good conduct and to process the procedure and mechanism of peaceful conflict resolution.
 - For the EAS, to balance their focus on economic agenda to also include political security and strategic issues.
4. All state parties to the South China Sea conflict should go back to the path of dialogue. This was initiated by Indonesia in 1994 through annual workshop on managing conflicts in the South China Sea.

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