THE Williamsburg CONFERENCE

Ulaanbaatar, Mongolia
June 15 – 18, 2007

Asia Society

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Asia Society®

Founded in 1956 by John D. Rockefeller 3rd, the Asia Society is an international, nonprofit organization dedicated to strengthening relationships and deepening understanding among the peoples of Asia and the United States. The Asia Society presents a wide range of public programs, including major arts exhibitions, performances, lectures, international conferences, and K-12 educational initiatives about Asia. Headquartered in New York City, the organization has regional centers in the U.S. in Houston, Los Angeles, San Francisco and Washington, D.C. Regional centers in Asia include Hong Kong, Manila, Melbourne, and Shanghai.

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Agenda

Changing Asia, Changing World: The Challenges and Opportunities of Economic Growth

The 35th Williamsburg Conference was held in Ulaanbaatar, Mongolia, from June 15 to 18, 2007. The conference was co-hosted by the Asia Society and the Mongolian Development and Strategy Institute (MDSI).

Friday, June 15, 2007

Opening Reception and Dinner
Hosted by His Excellency Nambaryn Enkhbayar, President, Mongolia
Keynote Address: Mongolia at a Crossroads

Saturday, June 16, 2007

SESSION ONE: Drivers and Scenarios of a Changing Asia and Changing World
Facilitators: Peter Schwartz, Co-Founder & Chairman, Global Business Network
Jamie Metzl, Executive Vice President, Asia Society

Discussants:
Geopolitics
Pramit Pal Chaudhuri, Bernard Schwartz Fellow, Asia Society
Kishore Mahbubani, Dean, Lee Kuan Yew School of Public Policy

Economics
Chan Heng Chee, Ambassador of Singapore to the U.S., Singapore Embassy
John L. Thornton, Professor and Director, Global Leadership Program, Tsinghua University
John S. Wadsworth, Jr., Honorary Chairman, Morgan Stanley Asia

Energy and the Environment
Victor Gao, International Council Member, Asia Society
Simon Tay, Chairman, Singapore Institute of International Affairs

Demographics
Nayan Chanda, Director of Publications, Yale Center for the Study of Globalization
Christine Loh, Chief Executive Officer, Civic Exchange

SESSION TWO: Economic Growth and the New Geopolitics of the Asia-Pacific Region
Facilitator: Nayan Chanda, Director of Publications, Yale Center for the Study of Globalization

- How is the rise of China and India, and of Asia more generally, impacting the strategic context in the region?
- Where are the strains of this transformation being felt?
- What are the dangers and opportunities of this change and how can the dangers be minimized and the opportunities maximized?

Discussants:
Isher Ahluwalia, Chairperson, Indian Council for Research on International Economic Relations
Bayani Flores Fernando, Chairman, Metro Manila Development Authority
Kishore Mahbubani, Dean, Lee Kuan Yew School of Public Policy
Shen Dingli, Director, Center for American Studies; Executive Dean, Institute of International Studies, Fudan University
Kantathi Suphamongkhon, 39th Minister of Foreign Affairs, Thailand

SESSION THREE: Energy and the Environment
Facilitator: Orville Schell, Director, Center on U.S.-China Relations, Asia Society

- How can Asian nations ensure national and regional energy and resource security? Will conflicts over natural resources fuel conflicts between nations?
- Can the growth of India, China, and the region more generally be sustained without massive environmental damage?

- What is being done to prevent an environmental crisis and are these efforts sufficient? How can businesses, NGOs and other non-state actors best work together with government agencies? Are there lessons to draw from recent successes or failures in public health?
- How are environmental and social changes impacting public health, and to what extent is this threatening regional security?
- What are the best examples of national and transnational efforts that can address these challenges and what more can be done?

Discussants:
Pramit Pal Chaudhuri, Bernard Schwartz Fellow, Asia Society
Victor Gao, International Council Member, Asia Society
C. S. Kiang, Founding Dean, College of Environmental Sciences, Beijing University
Mongkol Na Songkhla, Minister of Public Health, Ministry of Public Health, Thailand
Simon Tay, Chairman, Singapore Institute of International Affairs
Chikako Taya, Professor, Faculty of Law, Hosei University
Wen Bo, China Program Director, Pacific Environment

Sunday, June 17, 2007

SESSION FOUR: Governance
Facilitator: Norman Ornstein, Resident Scholar, American Enterprise Institute

- What are the main issues of governance facing the region?
- What strains does rapid growth place on domestic governance?
- Should domestic governance issues be considered in international forums?

Discussants:
Owais Ahmed Ghani, Governor of Balochistan, Pakistan
Bi-Khim Hsiao, Vice President, Liberal International
Mirzan Mahathir, Founder and President, Asian Strategy & Leadership Institute (ASLI)
Ahmad Nader Nadery, Commissioner, Afghan Independent Human Rights Commission

Monday, June 18, 2007

SESSION FIVE: Are Asia's Multilateral Institutions Ready for the 21st Century?
Facilitator: Vishakha N. Desai, President, Asia Society

- Are Asia's institutions sufficient for addressing the challenges of the 21st Century? If not, what can be done to strengthen them?
- What is missing and what can be done?
- What role should America play in this process?
- Are some countries in the Asia-Pacific region "free riders" on institutions and systems designed in the West? What can be done to encourage all countries to become stronger stakeholders in the international system?

Discussants:
Abdullah Abdullah, Secretary General, Massoud Foundation
Han Sung-joo, President, Korea University
Tommy T.B. Koh, Ambassador-at-Large, Singapore
Damdin Tsogtbaatar, Foreign Policy Advisor, Office of the President
Ong Keng Yong, Secretary-General, ASEAN
Pan Guang, Director and Professor, Shanghai Center for International Studies, Shanghai Academy of Social Sciences

Foreword

For the first time in its 35-year history, the Williamsburg Conference was held in Ulaanbaatar, Mongolia from June 15-18, 2007. The four-day conference brought together 60 top leaders from 15 countries and economies across the Asia-Pacific region from areas of government, business, civil society, academia and the media for a thorough discussion of the greatest opportunities and challenges facing Asia.

Mongolia, at the crossroads of tremendous political, economic, and social change, was the ideal place to host the Conference and discuss the themes of "Changing Asia, Changing World: Challenges and Opportunities of Economic Growth." During the opening night dinner, President N. Enkhbayar, the host, spoke of Mongolia's tremendous economic growth and foreign interest in its natural resources. He addressed the challenge of achieving equitable, environmentally sustainable growth while remaining transparent to its citizens. While stating Mongolia's goal of being a good international citizen and contributing to the Asia-Pacific region, President Enkhbayar noted the importance of tackling poverty and curbing corruption in his country.

Conference delegates spent the next few days discussing similar themes and best practices in the region. The opening session introduced two very different scenarios for the future: an integrated Asia or an increasingly fragmented region. Although Asia is experiencing an upward swing of strong integration, delegates agreed that the forces of fragmentation are very real – including corruption, environmental degradation, poverty and uneven development. Participants discussed how energy needs are increasing insecurity and tension in the region with potentially great environmental costs, but there are also new opportunities to collaboratively address these challenges. The spirited discussions continued, touching on economic development and the new geopolitics of the region, more on energy and the environment, governance and Asia's multilateral institutions.

Delegates were also able to take a break to enjoy a day of adventure and exploration of Mongolia's natural beauty at the Tuul River Lodge. The day included exciting discussions on Mongolia's history, culture and politics with local experts, a mini-naadam (with Mongolian wrestling, horse racing, and archery), as well as opportunities for horseback riding, hiking, and a visit to a local nomadic family.

This conference would not have been possible without the help and support of our partnering organization,the Mongolian Development and Strategy Institute (MDSI), led by its Chairman, The Honorable S. Batbold. We want to especially thank Yondon Otgonbayar, Damdin Tsogtbaatar, and D. Zorigt. We are also grateful to MDSI for hosting the closing night dinner and arranging fantastic local entertainment.

Special thanks are due to Ambassador Mark Minton, United States Ambassador to Mongolia, and his staff for their efforts to support the Conference. On this, the 20th anniversary of the establishment of U.S.-Mongolia relations, it was fitting to engage the U.S.-Mongolia relationship to the fullest and we owe our appreciation to the Ambassador for co-hosting a reception for the delegates on the evening of June 16th.

Change was a theme this year, and indeed the Asia Society broke the mold with the Williamsburg Conference. A tremendous note of gratitude is owed to our newly created Executive and Steering Committees, represented at the Conference by Isher Judge Ahluwalia, Heng Chee Chan, Richard C. Holbrooke, Han Sung-Joo, Tommy T.B. Koh, Minoru Murofushi, Ong Keng Yong, Kantathi Suphamongkhon, and John Thornton. And as always, the richness of the conference discussions was made possible by a brilliant set of facilitators and discussants. We thank all of the delegates for adjusting smoothly to our new format of open discussion and debate.

More thanks are in order to the many individuals and groups who made this conference possible: our sponsors the Lee Foundation, ITOCHU Corporation, Kansai Electric Power Company, Inc., Mitsubishi Corporation, and Tokyo Electric Power Company, Inc.

We also owe a debt of gratitude to the staff at the Hotel Mongolia, who made our stay comfortable and memorable. We want to express our deep appreciation to the staff at Nomad Tours, especially Ariunaa, who worked day and night to coordinate all the transportation and activities of the conference.

The Conference would not have been possible without the incredible work of the Asia Society staff. They camped out in traditional Mongolian gers, and worked tirelessly to ensure a successful event, and special recognition is owed to Mike Kulma, Hee-Chung Kim, and Justina Wong.

For the past 35 years, the Asia Society's Williamsburg Conference has played an important role in building the personal bonds and understanding necessary for the healthy growth of relations between and among our friends in the United States and Asia. We look forward to continuing our long tradition of preparing Asians and Americans for a shared future.

Vishakha N. Desai
President

Jamie F. Metzl
Executive Vice President

SESSION I

Drivers and Scenarios of a Changing Asia and Changing World

The opening session of the thirty-fifth Williamsburg Conference set the stage for a lively and spirited discussion over the next three days on important themes shaping the Asia-Pacific region.

The session was a scenario-building exercise dedicated to exploring the trends shaping the future of the region and the possible futures that could result from them. Each trend was introduced briefly with select delegates providing introductory remarks. The trends discussed in detail were geopolitics, economics, energy and the environment, and demographics. This scenario building exercise served as a way of providing a shared context for the topics to be discussed in greater depth over the three days of the Conference.

Two scenarios were devised in considering what the future of the Asia-Pacific region might look like. The first scenario was an Asia described as a "World of Integration" in which virtuous aspects of globalization, economic integration, alignment of interests and technology dissemination enable stability and prosperity in the region. The second was a "World of Fragmentation" in which geopolitical tension, domestic instability, and economic fragmentation create nations focusing inwards.

Delegates were cautioned that the purpose of the exercise was not to come up with the "right answer," citing an old Chinese proverb that he who lives by the crystal ball will die from eating broken glass. Instead, the goal of the session was to create the language and foresight for the next three days of conference discussions.

In evaluating the two scenarios, select delegates made short introductory remarks on drivers of change in Asia (geopolitics, economics, energy and the environment, and demographics), and engaged in an open dialogue with the larger group.

Geopolitics

In the area of geopolitics, the delegates were presented with two very different "worlds." In the World of Integration scenario, the Asia-Pacific region would be characterized by a forward looking leadership, acknowledging that the benefits of integration, stability, and economic interdependence in the region outweigh purely pursuing the agenda of any one nation and history of conflicts. On the other hand, the World of Fragmentation scenario would be led by poor leadership where egos trump rationality, competition by major players dominate regional influence, and

military muscles get flexed with many strong powers. Internal conflict would be driven by political unrest in mega-cities, unemployment, and empowered gangs.

The discussion focused on how, for the most part, Asia-Pacific relationships are improving. An Asia of Integration would be a more likely scenario for the future, if the Asia-Pacific region, especially South and Central Asia, can solve major challenges.

The Indo-U.S. Relationship

By identifying the Indo-U.S. relationship as a great driver of geopolitics in Asia, one presenter spoke about the changing attitudes of Indians in favor of the U.S. Recent polls suggest a growing pro-American sentiment among the general public. Most recently, an Indian newspaper poll indicated an 86% approval rating of Americans. Moreover, 70% of the readership noted that America is the number one interest of India. The high interest in the U.S. contrasts sharply with declining European influence. A Chatham House report entitled "Contemporary Indian Views of Europe" released in September 2006 made the case that Europe ranks at the bottom of India's list of strategic partners. The recent civilian nuclear deal between the U.S. and India has been a major turning point in their relationship. The presenter pointed out that even if the nuclear deal does not pass through Congress it has done an enormous degree of ice-breaking of the Indian elite and middle class' distrust of America. America has proven its willingness to cooperate with India by reaching out with this olive branch.

Here, one speaker pointed out that the Indo-U.S. relationship might be one-sided. According to last year's Asia Society and Chicago Council on Global Affairs report entitled "The United States and the Rise of China and India: Results of a 2006 Multination Survey of Public Opinion," for Americans what interest does exist, however, comes in the form of losing jobs to India in the long run. Despite this low ranking, another conference participant pointed out that the next American president will continue a warm relationship with India. This is mainly because America is interested in a new multilateral partner in the region, given Europe's deteriorating military capabilities.

The Wild Card: The U.S.-China Relationship

While conference delegates generally agreed that the U.S.-Indo relationship was improving, some raised concerns over the unpredictable nature of the U.S.-China relationship. One person warned that the U.S.-China relationship today is in an unnatural situation. Normally, the relationship between an emerging power and an established power is raked with tension and anxiety, but the only reason for the current situation (seemingly benign relationship between the two) is a geopolitical

accident – the 9/11 attacks and the War in Iraq. Underneath the bonhomie, both countries harbor extreme resentment and consider themselves as holding a monopoly of virtue. Americans believe that they give China lax treatment in terms of human rights, intellectual property rights, and the enormous trade surplus; the Chinese feel resentment from the inflammatory statements by U.S. politicians and the call for the boycott of the Olympics over China's involvement with Darfur. Generally speaking, U.S.-China relations will most likely continue on a positive path, given their deep political, economic, and cultural ties, but some type of large, unpredictable event might against all odds endanger the relationship.

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An Explosion of Cultural Confidence: Asia's Youth

The lines between geopolitics are understandably blurring. Geopolitics, which has traditionally been defined in terms such as military, diplomatic, and strategic influence, is now being driven as well by "soft power" influence. For instance, this influence can be seen through the explosion of "cultural confidence" in Asia. Around the world, a shift in attitudes has occurred. Young Asians feel that the future is theirs, and no interstate conflict is desired. It is their moment to seize, and if they ruin it, they may have to wait another 100 years. Disagreement was expressed that this trend is happening all over Asia. Despite all of the good news coming out of East and Southeast Asia, the new tide of modernization has yet to reach parts of South and Central Asia. Many youth from these regions are becoming increasingly despondent and frustrated.

A Double-Edged Sword

Soft power influence in the fields of technology, communications, and business is also promoting compatibility among nations. The Internet has been a tremendous resource in exchanging information quickly and easily around the world. However, in many ways the Internet is a double-edged sword. In China, for instance, the Internet has become a way for Chinese citizens to organize anti-Japanese protests. Similarly, in the Islamic world, radical expressions of anger and hate are spread quickly and widely through the web. Delegates all expressed their hope that forces for the good, like the mobilization of youth and the Internet will not be used in the future to fuel radicalism or nationalism.

Economics

The conversation on economics focused on the two giants (China and India), and the role of the U.S. in Asia. While interregional trade in Asia has been growing, the U.S. role in Asia's economy is still considerable.

In the Asia of Integration scenario, current forces of globalization in the world today would continue with economic pacts, and sub-regions would begin to resemble the process of the European Union (EU) integration. Cross-border capital movement would grow, and the presence of international currency reserves and an Asian currency (i.e. the Chinese Yuan) would increasingly become the regional standard. Major Asian cities would act as regional hubs for foreign direct investment (FDI), innovation, and venture capital. More developed Asian nations would offer regional support through economic development partnerships. Microfinance would provide bottom-up economic empowerment and local innovation. The growing Asian markets would create growing demand for goods from within the region, and spur interdependence and differentiated economic clusters.

On the other hand, an Asia of Fragmentation would spell great disaster for the Asia-Pacific region. Forces of globalization would weaken around the world, driving protectionism in the West. A regional economic crisis or a currency crisis would cause integration to be perceived as high risk. A flu-like pandemic might threaten to cut off trade flows and travel in the region. Mega-cities would become hubs for illicit-activity and governments would lose control.

An Optimistic View of Asia's Growth

Both American and Asian participants had a generally optimistic view of the future of economics in Asia and would like to see more cooperation. One participant noted that China and India should take advantage of their similarities and work together: their populations are huge, both economies have been growing rapidly for the past 10 years, and they account for about 5% and 2% of the world gross domestic product (GDP), respectively. As in last year's Conference in Wye River, delegates also pointed to the important strategic role of the Association of Southeast Asian Nations (ASEAN) in the region. ASEAN has become a free trade reality and has been linking itself to China and India. While growth in Asia has been dynamic, it is important to note that the U.S. still remains a huge part of this growth.

Both American and Asian participants had a generally optimistic view of the future of economics in Asia and would like to see more cooperation.

Improving China-Japan Relations

Moving the conversation back to East Asia, one participant pointed to the spectacular economic linkages between China and Japan and the improving relations between the two countries as a key to the possible Asia of Integration scenario. Japan's trade with China, not including Hong Kong, rose by 11.5% last year to $211 billion. Japanese exports to China rose by 15.6%, and Chinese imports to Japan by 8.5%. There was much praise for Japan's Prime Minister, Shinzo Abe, and his efforts to improve the relationship. Abe's first foreign trip since assuming the premiership was to China in October 2006. It was the first visit to China by a Japanese prime minister in the past five years. Seven months later, it was followed by a visit of Chinese Premier Wen Jiabao to Japan. During that trip, Wen and Abe signed a joint statement on their countries' deepening economic relations and a shared determination to tackle global warming once the Kyoto protocol ends in 2012. They also agreed to encourage the denuclearization of the Korean peninsula and to jointly develop gas deposits in the East China Sea. While growing nationalism will continue to be a real threat to the region, delegates see a vast seachange with new leaders committed to using economic growth as a way to promote cooperation in the region.

A Divide in Asia

The economic divide between East Asia and other parts of Asia arose in this conversation. Participants talked about strong economic figures coming out of countries in East Asia, especially China. One delegate predicted that:

- The Chinese renminbi capital market will be open by 2012;
- The Chinese renminbi will become a reserve currency by 2020, taking considerable pressure off of the IMF;
- The Asian bond market will eclipse the U.S. and European market by 2020;
- China will finally become a leader in issuing government bonds and managing monetary policy; and
- Today's top ten global financial institutions ranked by market cap do not include any Chinese financial organizations, but will in the future.

While parts of East Asia are prospering, delegates pointed to parts of South Asia and Southeast Asia that are laggard and poor. Economic inequality and risk of social upheaval threaten the political structure of many countries in South and Central Asia. A week after the conference, an Asian Development Bank review of the five countries most affected by the 1997 financial crisis – Thailand, Indonesia, Malaysia, South Korea and the Philippines – found that incomes per person had all recovered to

at least their levels before 1997. Trade balances, foreign currency reserves, corporate governance, depth of financial markets and quality of government regulation, as well as various indicators of public health: all these are now stronger than before. But, in all five countries "a sense that the best times may lie in the past, not in the future" persists. The economies of all five countries grew more slowly from 2000 to 2006 than they did from 1990 to 1996, with annual growth rates at an average of 2.5% below the previous period.

China and Human Capital

If China is to become the new world power as all economic forecasts predict, conference delegates point to the lack of good leadership skills and education in the country. A 2005 McKinsey report pointed out that in the next 10 to 15 years, China will need 75,000 global competitive managers. Currently, in China, estimates suggest that there are only 3,000 to 5,000. In addition, there is a great need to understand what intense pressure Chinese youth are under. They are competitive, outstanding, and driven, but without mentors in a fast-changing world. In fact, it was suggested that if Chinese university students were asked where they wanted to go after graduation, they would rank graduate schools outside of China and working for multinational or Western joint-ventures on the top of their lists over working for the Chinese government or state-owned enterprises. This suggests a scarcity of top level future leaders in the region.

Wildcard

One delegate cautioned that economic forecasts may not be sound. Who would have predicted Tiananmen Square, Deng Xiaoping's 1992 Tour, the Asian meltdown in 1997, or the Internet bubble? Should another shock to the economic system occur, an Asia of Fragmentation could rear its ugly head.

Energy and the Environment

Far less disagreement was seen here than in any other session. All delegates agreed that finding ways to create environmentally sustainable growth is necessary to securing Asia and the world's future. Asian countries need leadership and vision to develop new institutions and frameworks to turn the rising tide of Asia's energy and environmental crisis.

In the Asia of Integration scenario, investments are made in cutting-edge alternative energy and energy efficiency to avert conflicts over oil. Major CO_2 emitters agree to an international accord on climate change. Environmental pollution

concerns, water rights, and other problems are resolved amiably through diplomatic negotiations.

But, an Asia of Fragmentation sees international treaties failing to solve environmental issues. Growth in population and rising consumerism put increasing constraints on the region's scarce resources. Cross-border pollution such as acid rain becomes a growing problem. Water is a major source of conflict, exacerbated by climate change. The fight for scarce oil and resources causes bilateral agreements and alliances to assure reserves.

All delegates agreed that finding ways to create environmentally sustainable growth is necessary to securing Asia and the world's future.

Energy and Environmental Crisis

Asia's energy needs come at a high environmental cost. According to the Asian Development Bank, Asia will be the primary driver of growth in global energy consumption (i.e. coal, oil, gas, carbon intensive energies, etc.), and developing economies are expected to exceed the consumption of developed countries by 2011. China's insatiable demand for energy was quickly highlighted, as it is now the world's second-largest energy consumer and has recently become the leading source of greenhouse gas emissions. Some participants were concerned that Asia's energy and resources situation might lead to competition and even conflict in the future. A formal mechanism is needed to talk through these issues.

Demographics

Asia also faces serious demographic concerns – population growth, aging, and mass urbanization. These issues came up in conversation among the conference delegates during the entire conference, and remained the most unpredictable driver to change and challenge to economic growth in the Asia-Pacific region.

In the first scenario, Asia will have growing education levels, with rising literacy, advanced degree holders, and international language skills (such as English and Mandarin). Borders would continue to open for immigration (and remittances) to balance out workforce supply and demand. The high rates of broadband connectivity, even in many rural areas, would allow for knowledge exchange. Regional tourism and exchange students in Asia would increase. Youth in the region would become increasingly connected through virtual communities. The growing cultural commonalities would be driven by Western influence and intra-Asia cultural exchange.

In the second scenario, Asia will have a high number of young, poorly educated,

and unemployed males creating seeds of conflict. Growing nationalism and xenophobia would result in conflicts over migration and increased border patrols. There would be heightened religious tension and conflict would spread across the region. The Internet and high-tech goods would be used to create civil unrest. The divide between the "haves" and "havenots" would exacerbate tensions and lead to chaos.

Growing Demographic Gap

Demographic trends in Asia pose great challenges. The populations of Asian countries are expected to grow significantly on both a percentage and absolute basis in the future. According to the ADB, over the next 20 years, another 1.1 billion people will live in Asia's cities. In addition, across Asia, the number of people age 65 and above is expected to grow dramatically over the next 50 years. The population of people age 65 and older is expected to increase by 314% – from 207 million in 2000 to 857 million in 2050. This uneven demographic growth will present Asia with many challenges, like environmental, natural resources, healthcare, and workforce issues.

Asian countries are expected to grow significantly on both a percentage and absolute basis in the future.

Gender Imbalance in Asia: Missing Women

The gender imbalance in Asia is also a major problem. The UN Population Department reports that at least 60 million girls are "missing" in Asia. Further, in the year 2020 there will be a surplus of males in China (20-30 million) and India (28-30 million). Participants also warned that there is a high risk for crime and other social concerns, as many of these males will be disaffected, alienated, or jobless, while others will either be from the countryside or have no stake in the current status quo.

SESSION II

Economic Growth and the New Geopolitics of the Asia-Pacific Region

Conference delegates spent a large portion of this session discussing China's rise and its implications for its Asian neighbors and the United States. While the U.S.-China and U.S.-India relationships seem to be running smoothly by most indications, many raised concerns about the relative lack of engagement in the China-India relationship. Some pointed to their historic border conflict, but others saw an improvement in relations, especially through cultural exchanges. Even though the idea was briefly touched upon in the opening session, noticeably missing from this session was any discussion about military conflict or war resulting from the rise of new geopolitics in the Asia-Pacific region. Instead, one participant pointed out that nonviolent competition is the norm, and that Asian states will avoid conflict at all costs.

Delegates considered how the rise of China and India, and of Asia more generally, impacted the strategic context in the region. How are the strains of this transformation being felt? What are the dangers and opportunities of this change and how can the dangers be minimized and the opportunities maximized?

A New Wave of Globalization?

The rise of Asia, especially China and India, can be characterized as a repeat of the past. According to assessments by economist Angus Maddison as far back as the first century over 50% of the world GDP was controlled by China and India. Some projections suggest that by 2050 China and India will similarly control a large share of world GDP.

One participant thought that this current wave of globalization is knowledge-based, and success will depend on who is ready. Asian countries need to have the tools in place to develop human resources and new soft infrastructure. The idea of "soft power" was brought up at many points during the Conference as the new weapon for states to gain influence. One delegate identified Korea's soap operas as a popular example. Furthermore, tourism is increasing in Asian countries and youth are beginning to be interested in learning about one another.

Some projections suggest that by 2050 China and India will similarly control a large share of world GDP.

India's Rise

This year's conference included a greater emphasis on India's role in the region than in previous years. One participant highlighted that India is "the new kid on the block" in terms of economic growth. India's economy grew at 6% per year from 1980 to 2002, and at 7.5% from 2002 to 2006. In recent months, India has reached 9.5% growth. This growth has been led largely by the democratically elected government, the private sector (with private investment standing at 35% compared to public investment at 7%), and an active, delegates noted positively, and at times noisy civil society and media.

China-India Relations

At the 2004 Williamsburg Conference, which was held in New Delhi, participants expressed a growing sense of maturity in the China-India relationship. Three years later, conference delegates remarked that there are still hurdles to cross in order to achieve better ties.

Participants identified many issues preventing the relationship from moving forward. For example, China and India have an intense rivalry over many issues such as borders, nuclear weapons, and growing economies. One participant even went as far as to note there is a "little cold war" going on between the two countries. Furthermore, on a broader level, it can be argued that the Chinese are suspicious of the U.S.-India relationship. The 2006 Asia Society and Chicago Council on Global Affairs poll also reflects the cool relations between China and India. When asked how much they trust China to act responsibly in the world, Indians lean in the direction of mistrust, with 49% saying they trust China not at all or not very much and 42% saying they trust China somewhat or a great deal. When asked the same question about India, 68% in China say they do not trust India either at all or very much.

Delegates agreed that China and India need new frameworks and paradigms for working together; the tough part will be figuring out how to get there.

Delegates cite this as a missed opportunity because China and India have different but complementary strengths. For example, China is much stronger than India in mass manufacturing, export markets, and logistics, while India has relied on domestic markets, consumption, services, and high-technology.

Many delegates also felt that China and India could work towards a mutually beneficial relationship in securing energy assets. Given their fast-growing economies and increasing energy needs, if not regulated, China and India could escalate into a bidding war and drive up energy prices in the region.

Finally and on a positive note, they have been improving trade relations. In just four years, China and India have quadrupled the volume of their annual bilateral trade to almost $20 billion. Chinese President Hu Jintao and Indian Prime Minister Manmohan Singh have announced that they hope to increase bilateral trade to $40 billion by 2010. Delegates agreed that China and India need new frameworks and paradigms for working together; the tough part will be figuring out how to get there.

The Triangular Relationship: The U.S., India, and China

Many participants saw a real opportunity for the U.S. to play a role in encouraging India and China to engage with one another on a deeper level, but there will be inevitable strains because of the transformation of world powers. One participant warned that it is important to understand that the adjustment to new actors on the scene can cause pain.

Asians cautioned that U.S. protectionism is a potential threat to U.S.-Asia relations, and would like to see more positive signals being sent from Washington, DC to the Asia-Pacific region. American delegates voiced their concern that Americans have a hard time understanding this issue above all others, and agree that there needs to be more sensitivity and discussion about this topic rather than inflammatory rhetoric.

Japan

One delegate was surprised that no one had mentioned Japan in the conversation about the rise of China and India. Japan, the second largest economy in the world, continues to play an important role in the region. Although it gives generously in foreign aid, some participants criticized that Japan has a large economic footprint, but a small diplomatic or "soft power" one. Asian participants noted that Japan desires to increase its diplomacy in the region, and still aims "to find its place in the story."

ASEAN

ASEAN, with a combined population of 550 million people, also has an enormous role to play in the region. ASEAN can be instrumental in balancing the region and bringing together many countries that would not normally feel comfortable convening if, for example, China, India, Japan, and Korea tried to take the lead. Developing countries soon will reap the benefits of a prosperous Asia-Pacific region. For example, economic growth in the Philippines is steady and rising (5% growth in 2005, 5.4% in 2006).

Inequality

Delegates voiced adamant concerns over economic inequality in the Asia-Pacific region. Roughly two-thirds of the world's poor living on less than $1 a day can be found in Asia. Only days after the Conference ended, Asian Development Bank Managing Director General Rajat Nag spoke about this at the World Economic Forum: "We believe that this rising disparity in Asia, where one Asia is growing very well and the other Asia is struggling behind, has in itself the seeds of some very grave social tensions and political tensions which actually can threaten the entire prosperity of this region." Delegates did not go into depth on the solutions to inequality, though one participant pointed out that there is confidence that democratic countries will be able to address inequality and promote social services and fair income distribution.

Delegates voiced adamant concerns over economic inequality in the Asia-Pacific region.

Spotlight

Despite all the problems and concerns raised during this session, the outcome was extremely positive. Understandably, words such as "uneasiness," "difficulties," and "growing pains" were repeatedly used to describe the economic relationship between the U.S. and the Asia-Pacific region. However, there was resolute feeling that Asians and Americans are inextricably linked by economic interdependence and globalization. The failure of one will lead to the failure of the other. Therefore, we all share a common reason to work towards a cooperative and mutually beneficial relationship.

SESSION III

Energy and the Environment

Asia's astounding economic growth is having profound consequences on energy needs and the environment. With 60% of the world's population, some of the world's most biodiverse ecosystems, and most of the world's fastest growing economies, Asia is consuming ever greater quantities of resources and emitting larger amounts of pollutants. But the region also has growing environmental and civil society movements, an increasingly active media, and the development of new technologies for alternative and cleaner energy.

This session focused on what is actually going on and what are the remedies for challenges faced. How can we imagine regionally bringing together governments, NGOs, academics and businesses to deal with these problems? While the majority of the session focused on China, the resounding theme that came out of the discussion was the need for new frameworks, new institutions, and, most importantly, new thinking to tackle problems of energy security, climate change, carbon sequencing, and other related issues.

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Asia at a Crossroads

Energy Consumption and the Environmental Crisis

A rising demand in energy poses an increased risk in the Asia-Pacific region as countries compete to ensure continued economic growth. According to a report released by the Energy Information Agency in May 2007, world energy consumption is expected to climb by 57% between 2004 and 2030, largely due to surging demands in parts of developing Asia, especially China and India. As the economies of many nations in Asia continue to grow at astonishing rates, their energy appetites have grown as well. By 2030, the Asian Development Bank (ADB) forecasts that developing Asia's energy needs will have grown by more than twice the world average, accounting for an additional global supply of almost all coal, three fifths of oil, and a third of natural gas destined for developing countries – and almost a third of total world energy consumption.

Given soaring energy demands, Asia's ecosystem is at a tipping point. Many participants voiced their concerns that urgent and immediate steps must be taken to stop the situation from worsening. Environmental pollution (i.e. water and waste pollution, air pollution, desertification, erosion, and deforestation) is a major challenge facing the region. Asia is home to some of the most polluted cities in the world – in fact, the World Bank ranks 16 of China's cities in the top 20 most polluted in the world. According to the ADB, the region has already lost up to 90% of its original wildlife habitat to agriculture, infrastructure, deforestation, and land degradation. Furthermore, the region is expected to replace OCED countries as the world's largest source of greenhouse gas emissions by 2015. Air pollution is already a major cause of respiratory ailments and premature death in several Asian cities.

Delegates spoke about how water will be a very critical strategic resource in the future. Currently, one in three Asians lacks access to safe drinking water within 200 meters of home, with South and Southeast Asia suffering the most. By 2020, more than half of Asia's population is likely to live in cities, with the urban population tripling to more than a billion in 2020 from 360 million in 1990, further straining an already inadequate infrastructure for water supply, housing, and sanitation.

Opportunities

In light of efforts by governments and NGOs to address energy and environmental concerns, delegates agreed that there first needs to be a change in mindset. It can be argued that the current ideological divide between developing and developed worlds began at the 1972 Stockholm Conference. At that conference, which did eventually produce the first document to recognize the right to a healthy environment, a rift between developed and developing countries began. Developing countries argued that economic development was their number one priority, and in fact their resources had been exploited by developed countries for the developed countries' own purposes. This argument by developing countries exists to this day, but one participant from Asia firmly disagreed with this notion, arguing that even though the problems have been created by the West, Asia must make its own sacrifice and turn to renewable energy. Asian countries should accept that economic and environmentally friendly growth cannot go hand and hand.

New renewable energy supplies are growing very rapidly in developed countries and in some developing countries.

Delegates discussed how we need new frameworks to cooperate. For example, China is the world's biggest emitter of greenhouse gases according to a recent report in June 2007 by the Netherlands Environmental Assessment Agency, but as a developing country it is not yet required to reduce its emissions under the Kyoto Protocol. India is also not obliged to decrease its emissions.

Delegates also proposed encouraging countries to help one another develop renewable energy. For example, countries like Singapore, Thailand, and Japan are dependent on foreign countries for energy resources. They can use this dependence as an opportunity to jointly invest in alternative energy that can be developed in sustainable ways. New renewable energy supplies are growing very rapidly in developed countries and in some developing countries. Asian countries are increasingly turning to these alternative forms of energy – China, India, Malaysia, the Philippines, and Thailand have set national targets for renewable energy.

A Case Study: China

China's Energy Picture

China is now the world's largest emitter of carbon dioxide, the main gas linked to global warming. Per capita emission is still not as high as America's rates, but given China's tremendous economic growth, it is in danger of regularly increasing its per capita emissions. Priorities in China's energy strategy can be framed as follows:

Coal

The Chinese government has been trying to phase out the use of coal especially before the 2008 Olympics to be held in Beijing. However, China uses coal for 70% of its total energy needs. As such, China needs to learn how to reduce the polluting effect of coal, and this is where best practices from other countries would be particularly beneficial.

Oil

Given that economic development is intensifying demand, China's dependence on oil will only continue to grow. While in the past China has been largely self-sufficient in oil, as recently as 10 years ago it began to import large amounts of oil from overseas markets such as Africa and the Middle East. It is important to note that even though China is investing in oil companies, for example a Chinese state-owned company CNOOC Ltd. has been investing in an offshore oil field in Nigeria, this overseas oil will not necessarily fuel China's domestic market. Therefore, the Chinese understand that they need to continue to find alternatives to oil.

Nuclear energy

China has ambitious plans to maximize its nuclear energy, which currently stands at 2% of its energy consumption in comparison to Japan's 30%. Plans call for the building of 32 nuclear plants by 2020, funded by $50 billion from the Chinese

government. One delegate noted that China should not see nuclear energy as a way to solve its energy shortage. Given its safety record, for the past five decades there were 50,000 accidents in China, nuclear energy is not a safe option. In addition, it was suggested that China does not know how to adequately treat nuclear waste.

Investment in renewable energy resources

The Chinese government is also committed to investing in renewable energy resources such as hydropower, solar power, and biofuels. In 2005, the National People's Congress passed a renewable energy law which promoted alternatives to coal and oil. In addition, Chinese leaders have been very vocal and public about announcing their commitment to sustainable development.

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Cutting-edge technology

China also plans on developing non-traditional, high-tech ways to create energy. This development is in its experimental phase and will require international cooperation. Many economic opportunities, such as the addition of small business jobs, are presented to countries that get involved in this cutting edge technology.

China's Challenges

Delegates mentioned the following challenges China faces in terms of energy and the environment:

Urbanization

China has to resolve its population problem. By 2020, an estimated 50 million new people will move to urban areas in China. These mega-cities will pose huge social and environmental challenges, such as managing housing, resources, water, food, public health, unemployment, and education.

Social and cultural implications of creating environmentally sustainable economic growth

One participant stressed that part of meeting the environmental challenge is changing people's mindsets and habits. There are many obvious hurdles that may hinder this process. Chinese leaders recognize that there is a looming problem. Beijing has included as part of its current Five-Year Plan a target of reducing energy intensity by 20% and air pollution by 10% by 2010. The most difficult challenge is finding ways to disseminate information to the general public.

Governance
China must deal with huge challenges such as rule of law, corruption, and transparency issues. For example, corrupt officials might be unwilling to report accurate data on environmental pollution. The lack of civil society in China means that there are few ways to hold the government accountable.

Training
In the past, schools did not include the environment in the curriculum of students learning about international relations. Chinese universities must teach future leaders that the environment is a key part of economic development.

International cooperation is important in solving China's energy and environmental problems. Chinese Premier Wen Jiabao's visit to Japan in April 2007 was a step in the right direction. Both countries signed an official agreement on energy conservation and the efficient use of coal power. One delegate mentioned the possibility of holding a regional climate change summit to bring together heads of Asian countries and discuss these shared challenges.

The current energy and environmental crisis can also be seen as a great economic opportunity.

The current energy and environmental crisis can also be seen as a great economic opportunity. For example, China's target of raising the proportion of wind and solar power in its total energy supply to 10% by 2010 and to about 16% by 2020 will require a total investment of $101.1 billion by 2020. This offers vast business potential for foreign investors and small businesses, both of which will have great opportunities to seize on this demand for new technology in energy.

Areas for Regional Cooperation
The conversation broadened from the focus on China to finding other areas for cooperation on the energy and environment front.

Regulation
One delegate suggested using domestic and international laws to regulate the environment. For example, a tax or fine could be used to deter countries. However, many questions arose about how effective these laws would be and how to implement the tax. Some felt that as a unilateral action the tax could trigger a negative response among countries.

Left to right: Mongolian wrestler, Jamie F. Metzl (United States), Richard C. Holbrooke (United States), Vishakha N. Desai (United States), John L. Thornton (United States), Mongolian wrestler, John S. Wadsworth, Jr. (United States), and Damdin Tsogtbaatar (Mongolia)

Left to right: Simon Tay (Singapore), Mirzan Mahathir (Malaysia), Nayan Chanda (United States), and Christopher R. Hill (United States)

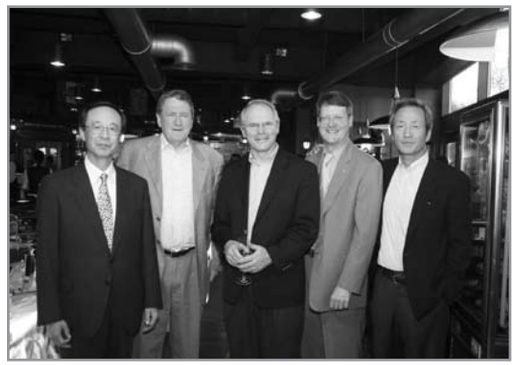
Left to right: Peter Schwartz (United States), Owais Ahmed Ghani (Pakistan), and Pramit Pal Chaudhuri (India)

H.E. Nambaryn Enkhbayar, President, Mongolia

Left to right: Nayan Chanda (United Sates), Kantathi Suphamongkhon (Thailand), and Bayani Flores Fernando (The Philippines)

Tuul River

President Nambaryn Enkhbayar (Mongolia) and Christopher R. Hill (United States)



Left to right: Han Sung-Joo (Korea), Richard C. Holbrooke (United States), Christopher R. Hill (United States), Mark C. Minton (United States), and Chung Mong-Joon (Korea)

Left to right: Zhao Haiying (China), Norman J. Ornstein (United States), Owais Ahmed Ghani (Pakistan), and Oyun Sanjaaasuren (Mongolia)

Accurate Data

Many countries do not have accurate carbon emissions data. APEC could encourage members to develop a systematic way of compiling and disseminating information. Delegates noted that this would be a relatively "safe" and non-controversial way to collaborate.

Sharing Technology

The Asia-Pacific has an incentive in solving energy and environmental problems by coming together, and getting there faster together. To this end, many delegates vocalized their country's commitment to sharing knowledge and technology, and working closely with developed countries and their best practices in these areas.

Convening summits/meetings of Asian leaders

Delegates proposed that if convening leaders of countries talk about these issues of shared concern, it would be very helpful.

Sharing education and training

The sharing of best practices in education and training would be extremely helpful for countries that are undergoing the process of creating sustainable growth. Many pointed to Japan's leadership role in helping other countries achieve environmental conservation and successful economic growth.

Spotlight

Conference delegates agreed that the energy and environmental crisis in Asia is an urgent and shared concern. It is within every nation's interest to encourage and help one another achieve environmental and economic solutions faster.

SESSION IV

Governance

In this session, conference delegates were tasked to address issues of governance – rule of law, an independent judiciary, corporate governance, and the growth of civil society in the Asia-Pacific region. Participants exchanged views on what are the main issues of governance facing the region; what strains does rapid growth place on domestic governance; and should domestic governance issues be considered in international forums. This session proved to be the most heated with participants disagreeing on the appropriate path to good governance, and the majority of the discussion focused on corruption.

Corruption

Government corruption and lack of transparency are major barriers to growth and investment. These problems, if severe enough, can lead to a loss of government legitimacy and the potential collapse of a political system. This past year has seen many successes and failures in efforts to fight corruption around the world. Paul Wolfowitz, former head of the World Bank, started a well-publicized campaign to combat corruption and poor governance in developing countries, only to be forced to step down a year later because of his alleged involvement in pushing pay increases for his girlfriend at the World Bank. Corruption was similarly an important and complex topic at this year's Williamsburg Conference.

At the same time, the Asia-Pacific region is particularly vulnerable to corruption because its high economic growth has created a nexus of power and money.

Corruption is a pressing issue for every government across the U.S. and Asia. The U.S. government has been grappling with a number of political scandals, and Congress is involved in creating an ethics process. At the same time, the Asia-Pacific region is particularly vulnerable to corruption because its high economic growth has created a nexus of power and money. In the 2006 "Corruption Perceptions Index" produced by Transparency International, most of the 25 Asian nations received low rankings and scores. Indonesia, for example, is ranked 130th among 163 nations. India and China fare only somewhat better, tied at 70th. The United States, by comparison, ranks 20th in the world.

The battle against corruption is a daily effort in countries throughout the Asia-

Pacific region. In India, during the early stages of independence, the government made it clear that corruption would not be tolerated. Many remember the infamous case of Nehru firing a minister for accepting a bottle of whiskey. India seemed to be on a safe path especially since the British left behind an honest and competent administration. However, today's reality is very different. Polls indicate that levels of petty corruption in India are high and that it has an enormous economic cost to citizens. In addition, campaign finance reform is an urgent issue, as there is no legal and transparent way to raise money in an election campaign. Even in Japan, where corruption is considered low, scandal cases are still frequent. For example, in May 2007, Japan's Agricultural Minister, who was scheduled to appear before parliament to testify over campaign contributions, committed suicide.

To this date, international efforts to fight corruption have not been very effective. The UN Convention Against Corruption adopted by the UN General Assembly in 2003 includes measures of prevention, criminalization, international cooperation, and asset recovery. However, Australia, China, Indonesia, Mongolia, the Philippines, and Sri Lanka are the only countries in the region to have ratified the UN Convention Against Corruption.

Best Practices

The conversation in this session was focused on domestic issues, instead of regional ones. Because of this, delegates used this session to express views about their own country's challenges. While each country's challenge was unique, a number of best practices emerged:

- *Rule of Law*
  Many countries are tackling corruption through the rule of law. Mongolia is an impressive example. In Mongolia, it took six years to pass an anti-corruption bill, which includes the creation of an Anti-Corruption Agency, because of the lack of political will. Eventually, the draft was passed in July 2006 due to unrelenting pressure from civil society. Even though a major hurdle was overcome by enacting this bill, the problem of implementation still remains. No political party wants to be the first one to disclose assets and income, instead parties are waiting to see who will act first.

- *Civil Society*
  Delegates suggested that a vibrant and active civil society is essential in curbing corruption. Described in an earlier session as "noisy," Indian civil society has

already helped push through important reforms. The Right to Information (RTI) Act of 2005 is a notable example. Under the RTI, citizens can access records, documents, e-mails, circulars, and any other information held by public authorities – including central and state governments, local bodies, and non-governmental organizations. This information is to be provided free of cost for those living below the poverty line, and with a nominal fee for others. The RTI has been an exceptional tool in combating corruption in India.

- *An independent judiciary*
  Citizens must also be able to trust an independent judiciary to mediate cases of corruption. For instance, in the fall of 2006, thousands of citizens rallied in the streets because of corruption allegations charged against the Taiwanese President and his relatives. This pressure forced the government to bring the corruption charges to court, and the protests dissipated because of confidence in the judicial system.

- *A free and independent media*
  A free and independent media is integral in creating transparency in the government. Blogs (discussed in the latter part of the conversation) have become an instrumental tool in fighting corruption.

- *Punishment*
  The incentives for corruption are very high and lucrative. One participant suggested in order to deter corruption it is important to have a system of punishment in place for those found guilty.

- *Less government intervention*
  One participant argued that excessive government intervention creates more corruption. While it is important to check corruption, government should play a smaller role in the private sector (such as commercial and service industries).

- *Values*
  Values training might be a vehicle to installing an honest government. In the U.S. for instance, values are widely debated and have become a mainstream part of the curriculum in business schools.

One of the major points of contention during the session was how harmful corruption can be to economic growth. Delegates disagreed over whether or not a developing

country can sustain and tolerate some level of corruption. Some delegates argued that corruption in developing countries can be tolerated and sustained if growth and better services are being delivered. For example, Vietnam has been experiencing tremendous growth and lifting its people out of poverty even though there is certainly corruption present in the country. Other participants were resolute that corruption should not be tolerated at any level, and the very language should be taken out of development studies and courses on development. A third argument arose that corruption is not always manifested in the form of money, but can come in other forms of reward: self-advancement, high positions, etc. In this way, it is very difficult to regulate and stop corruption as it is often wholly ingrained in society.

A Case Study: Singapore

Singapore, with a ranking of 5 out of 163 nations in the Transparency International's Index, is one of the least corrupt countries in the world and might serve as a model for the region. The many reasons accounting for Singapore's success in combating corruption include:

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- *Leadership*
  Singapore's model in fighting corruption developed over time, but much of its success can be credited to former Singaporean Prime Minister (PM) Lee Kwan Yew. In his early political career, PM Lee had to show the difference between his party and the Communists, and won over the public with his promise to lead a disciplined, non-corrupt government.

- *Culture*
  Prime Minister Lee took a tough stand on corruption, thereby inculcating society with a culture of complete intolerance for corruption. Even Lee himself was not exempt from this intolerance, as PM Lee and his Deputy PM had to go to the courts to stand against allegations over special discounts for apartments in 1996.

- *Enforcement laws*
  Singapore has tough enforcement laws to deter corruption.

- *Independent judiciary*
  Singapore's judicial courts have strived to be an independent, honest arbitrator through laws and regulation.

- *Salaries*
  One delegate noted that Singapore pays its government officials at a higher level than other countries. Released in 1994, a White Paper entitled "Competitive Salaries for Competent and Honest Government" recommended that the salary of ministers be pegged at two-thirds the average mean income of the highest paid professions. In such a way, the government demonstrates its commitment to attracting talent and remains competitive with corporate and private companies. As many countries experience, low-paid government officials are more inclined to supplement their income with bribes and other forms of corruption.

Role of the Media

Non-state actors have much more power and influence than ever before. This is particularly true with the role of the media in Asia. Delegates had very mixed feelings about the positive and negative role of the media. In some countries, there is virtually no free, independent media. Media is severely restricted and controlled in such states. In other countries, the media plays the role of a double-edged sword. While the media is free and independent (and growing) in many countries, the quality of media is declining in many instances. Delegates agreed that the media should have high standards for accurate and responsible reporting.

However, in many countries in Asia, there is virtually no free media. China is a prime example. The government has clamped down severely on journalists – shutting down media outlets in cases of critical reporting of the government, jailing and beating journalists, and other forms of intimidation and censorship. However, the powerful role of the Internet in China was also discussed. While China's media is extremely limited and censored, blogs have become a powerful tool in empowering citizens. Xinhua news reports that there are over 30 million blogs in China (although 70% are considered dormant). The research firm Pew Internet & American Life Project estimates there are 137 million Internet users in China – a number that has been growing by 18% since 2004 and went up by 23% in 2006. By comparison, America has 165 million Internet users. At the current rate of growth, China will overtake the U.S. in Internet users by 2009.

However, the powerful role of the Internet in China was also discussed.

A major problem raised was that of the media spinning out of control. For example, in Taiwan, there are now eight 24/7 television stations for 23 million people. While this type of competition is healthy and positive, it also increases competition to grab the viewers' attention as stations fight for "gossip." Similarly, in Afghanistan, although there are more than 300 print newspapers, there exists an acute concern that their newspapers are not reporting in a fair and balanced manner. Recently, a bomb in the western part of the country created great panic and confusion among the general public because newspapers carried false stories.

Spotlight

Governance, while a shared regional challenge, is more likely to find domestic solutions and is driven by a country's particular history, geography, and culture. Unlike in the previous two sessions, the discussion on governance issues stayed closer to home – with delegates sharing personal stories from their own countries.

Are Asia's Multilateral Institutions Ready for the 21st Century?

After the recent success of the six-party peace talks with North Korea, people have begun to ask what will be the future of this partnership comprised of the U.S., China, South Korea, North Korea, Japan, and Russia? Will it become a formalized group tackling other security concerns in the region? Will Asia's multilateral institutions take on a more prominent role?

Multilateralism is not a new phenomenon in the Asia-Pacific region. There are many regional institutions, such as the Association of Southeast Asian Nations (ASEAN), ASEAN Regional Forum (ARF), the Asia-Pacific Economic Cooperation (APEC), the South Asian Association for Regional Cooperation (SAARC), and the Shanghai Cooperation Organization (SCO). While these regional groups are, for the most part, based on economic interdependence, there is a hope that such institutions will take on a more active role in the region, particularly during security and humanitarian crises. Delegates spent the session discussing what the future might hold for these institutions.

Multilateral Institutions in Asia

ASEAN is an example of the increasing role of multilateral institutions in the region. The ASEAN region has a population of approximately 500 million, a total area of 4.5 million square kilometers, a combined gross domestic product of almost US$700 billion, and total trade of about US$850 billion. In addition, in 2006, ASEAN was granted observer-status in the United Nations, and by the end of the year, ASEAN plans to adopt a charter, making it a rule-based organization, much like the European Union.

ASEAN is an example of the increasing role of multilateral institutions in the region.

Delegates also discussed whether the six-party peace talks with North Korea could eventually become a permanent multilateral security mechanism. The idea of a multilateral security dialogue has been used quite frequently on an ad hoc basis in the past. These talks have been particularly successful in bringing China to the forefront. However, delegates did not see this group as remaining a permanent institution, though it could become part of a larger collective security mechanism in the future.

Delegates also discussed whether the six-party peace talks with North Korea could eventually become a permanent multi-lateral security mechanism.

Challenges

Delegates discussed the challenges and limitations facing multilateral institutions in Asia, which included:

- *The discrepancy between regional and domestic laws*
  For example, how to reconcile regional and domestic laws; and how to define terrorist groups. The latter is an extremely difficult and controversial issue. The particular example brought up was how some countries consider certain groups terrorist organizations while other countries do not share the same belief.

- *A fixed work plan*
  Many multilateral institutions focus on topical problems, and lack a fixed work plan or structure for dealing with other issues.

- *Research capabilities*
  Multilateral institutions do not have solid research focus or facility. Delegates invited countries who are strong in this area to take a lead in assisting in the development of research given their expertise in this area.

- *Limitations on their roles as regulators*
  For example, ASEAN has decided that some financial issues are dealt with too dramatically and that areas such as self-managed reserve pooling and the creation of Asian currency should not yet be regulated.

There is some interest to improve multilateralism in the region. China is very interested in working with regional organizations and looks forward to cooperating on regional issues. India is also interested in engagement with the region and trying to find the appropriate grouping. Further, Japan has also increased its role in Asian multilateral institutions. For example, ASEAN and Japan pursued a Comprehensive Economic Partnership Agreement (CEPA) to further improve their economic relationships in 2003.

The U.S. and Asian Regionalism

Delegates want the U.S. to play a role in regional organizations, but disagreed on the extent of this role. Many feel that the U.S. is more unpredictable than China. At the same time, Asian delegates felt that this administration has not been paying attention to region. They warn, Asia is changing in quantum leaps and when the U.S. returns its focus to Asia, America will find a very changed place.

American delegates countered that this administration and the next will be focused on the Middle East, even though the U.S. does have great interest and ties in Asia. On a whole, Americans understand the economic, strategic, political and cultural importance of Asia. (It was noted that the fastest rising group in America is Asian Americans, which suggests that ties between the two regions may deepen in the future.)

They warn, Asia is changing in quantum leaps and when the U.S. returns its focus to Asia, America will find a very changed place.

Financial Institutions in Asia

It was mentioned that Asians may be tiring of financial institutions, like the International Monetary Fund (IMF) and World Bank, being led by Europeans and Americans. This kind of representation does not reflect the rising world powers in Asia. Furthermore, other financial institutions like the Asian Development Bank (ADB) play an extremely important role in Asia. The ADB not only provides public finance and plays a strategic role in regional integration, but also promotes pro-reform policies.

Spotlight

Asia's multilateral institutions should not be underestimated. While delegates differed over the extent of the role the U.S. should play in Asia's multilateral institutions, the general feeling was that U.S.-Asia relations are healthy and will change (for the better) with the coming U.S. election in 2008.

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