



THE AUSTRALIAN NATIONAL UNIVERSITY

Institutional Cooperation in Asia Beyond the Global Economic Crisis

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JICA-RI—RIETI—APSN Conference on Institution Building in Asia for Peace and Development, Tokyo, 28
August 2009



The Transformation of Regional Architecture in Asia

- Move away from multilateralism to discriminatory trade agreements
- Unprecedented cooperation on finance: CMI, Bond Market Initiatives
- Region-Wide Institutions: APT & EAS adding to APEC & ARF

- “Shallow” or “Thin”
 - Members unwilling to delegate authority;
 - Decision-making rests on consensus >> Lowest Common Denominator Approach
 - Coverage of Issues Limited [PTAs seldom WTO Plus]
 - Commitments are Poorly-Defined & Non-Binding, undertaken on a “voluntary basis” with peer pressure the only sanction for non-compliance

Characteristics of Existing Institutions (2)

- Most Institutions Either Bilateral in Composition or in Their Operations

Most APT projects are “bilateral”

Characteristics of Existing Institutions (3)

- Substantial Overlap Exists at All Levels
 - Regional/Trans-regional: APEC, APT, EAS
 - Bilateral/Minilateral: Multiple coverage of some relationships, e.g., Australia-Singapore

Consequences:

- Shallowness & Proliferation generate uncertainty: what rules apply & will they be enforced? What recourse if not?
- Proliferation of institutions generates enormous workload for resource-poor bureaucracies
- Shallowness, Uncertainty over outcomes, Bureaucratic Delays >> Private Sector Skepticism & lack of utilization of agreements [e.g., AFTA, CAFTA]

Origins of Weak Institutions

- Accommodation of “Preference Heterogeneity” arising from political & economic heterogeneity in region
- Priority given to broadening of geographical scope at cost of institutional deepening

A Modest Reform Agenda

- Stronger Secretariats with Enhanced Resources & Powers: Monitoring Compliance & Taking Initiatives
- More Clearly-Specified & Legally-Binding Agreements
- Independent Dispute Settlement Mechanisms
- Side-Payments, European-Style, to LDCs
- Move to Majority, possibly Weighted, Voting

[frequently proposed by reform commissions but not implemented to date]

- Use of Pathfinder Arrangements, APEC-style
- “Variable Geometry”: must all states be in every institution?
- Effective Leadership from the Region’s Major Powers.



The Bottom Line

Asia Does Not Need More Institutions But *More Effective* Institutions

Thank You