

# THE Williamsburg CONFERENCE

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Fukuoka, Japan  
May 27 – 29, 2009

Asia  
Society



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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, Mumbai, Seoul and Shanghai.

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## Contents

AGENDA .....	4
FOREWORD .....	8
EXECUTIVE SUMMARY.....	10
OPENING ADDRESS BY THE GOVERNOR OF FUKUOKA.....	13
SESSION ONE – Setting the Scene for a Changing Region	
The Global Financial Crisis .....	16
The Obama Administration and the Evolution of America’s Role in Asia.....	18
SESSION TWO – The Global Financial Crisis	
The Global Financial Crisis and the “Three Asias” .....	20
A New Model for Sustainable and Quality Growth in the Asia-Pacific.....	21
SESSION THREE – North Korea – Next Steps	
Gauging North Korean Intent and Capability.....	26
Evaluating International Strategy and Policies Pursued.....	27
SESSION FOUR – Sustainability as a Security Issue	
National Security Redefined: Sustainability as an Issue of Human Security .....	31
The Road to Energy Security .....	32
Joint Development and Asia-Pacific Partnership.....	33
An Inclusive International Framework for Sustainability .....	34
SESSION FIVE – Building the Asia-Pacific Regional Architecture	
Assessing the Existing Asia-Pacific Regional Architecture.....	35
The Road to Greater Asia-Pacific Collaboration.....	37
SESSION SIX – Open Space Exercise	
Asia’s Long Term Needs and Developmental Goals.....	39
Future Drivers of Change for a Green Asia.....	41
PARTICIPANTS.....	44
FUNDERS.....	47

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# Agenda

The 37th Williamsburg Conference was held in Fukuoka, Japan, from May 27 to 29, 2009. The Conference was co-hosted by the Asia Society and the Japan Institute of International Affairs (JIIA).

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## Wednesday, May 27, 2009

### Opening Reception and Dinner

Hosted by the Kyushu Economic Federation

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## Thursday, May 28, 2009

### Opening Address:

Wataru Aso, Governor, Fukuoka Prefecture

### OPENING SESSION: Setting the Scene for a Changing Region

Facilitator: Jamie F. Metzl, Executive Vice President, Asia Society

- What are the key drivers of change in the region?
- What norms and structures are these changes challenging?
- How are the governments across the region thinking about these changes, their impact, and how to address them?

### Discussants:

Termsak Chalermpananupap, Director, Political and Security Directorate,  
ASEAN Secretariat

Shen Dingli, Executive Dean, Institute of International Studies, Fudan University

Shaffi Mather, Advocate, Supreme Court of India

Shujiro Urata, Professor, Economics, Graduate School of Asia-Pacific Studies,  
Waseda University

Cameron Hume, U.S. Ambassador to Indonesia

### SESSION TWO: The Global Financial Crisis

Facilitator: Shaukat Aziz, Former Prime Minister of Pakistan

- How is the global financial crisis impacting Asia?
- Is the crisis speeding up the transformation of the Asia-Pacific region, and if so, how?
- Are there opportunities for greater Asia-Pacific collaboration to mitigate the negative impacts of the crisis?

### Discussants:

Debapriya Bhattacharya, Distinguished Fellow, Center for Policy Dialogue (CPD)

Hu Shuli, Editor, Caijing Magazine

Aashish Kalra, Managing Director, Trikona Capital

Sumitaka Fujita, Senior Corporate Advisor, ITOCHU Corporation

### Luncheon Address:

*The impact of the financial crisis on the region's poor and strategies for addressing it*

Yoshiji Nogami, President, The Japan Institute of International Affairs

### SESSION THREE: North Korea—Next Steps

Facilitator: Gareth Evans, President and CEO, International Crisis Group

### Discussants:

Akio Takahara, Professor, Contemporary Chinese Politics, The University of Tokyo

Lee Hong-koo, Chairman, The Seoul Forum for International Affairs

Damdin Tsogtbaatar, State Secretary, Ministry of Foreign Affairs and Trade

### SESSION FOUR: Sustainability as a Security Issue

Facilitator: Orville Schell, Arthur Ross Director, Center on U.S.-China  
Relations, Asia Society

- In what ways is climate change becoming a security issue and what can be done to address causes for concern?
- How can the United States, China, Japan and the rest of the Asia-Pacific region develop a common agenda on climate change?
- How can the region develop a coordinated strategy for addressing the looming water crisis?
- In what ways are sustainability issues becoming security issues across the Asia-Pacific region?

**Discussants:**

Kathleen Reen, Vice President for Asia, Environment, and New Media Programs, Internews

C.S. Kiang, Founding Dean, College of Environmental Sciences, Beijing University

Deepak Raj, Commandant, Army War College, Mhow

Mutsuyoshi Nishimura, Special Advisor to the Cabinet; Senior Fellow, The Japan Institute of International Affairs

Dennis Eclarin, Director, Training Development Center, Philippines Army

**Friday, May 28, 2009**

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**SESSION FIVE: Building the Asia-Pacific Regional Architecture**

**Facilitator:** Simon Tay, Bernard Schwartz Fellow, Asia Society; Chairman, Singapore Institute of International Studies

- Are the existing Asia-Pacific regional structures sufficient? If not, what is missing?
- What are the prospects for the ASEAN Charter ushering in a new phase of regional cooperation and collaboration?
- What more needs to be done to facilitate Asia-Pacific collaboration?

**Discussants:**

Richard Woolcott, Founding Director, Asia Society AustralAsia Centre; Prime Minister Rudd's Special Envoy for the Development of an Asia Pacific Community

Shen Dingli, Executive Dean, Institute of International Studies, Fudan University

Pramit Pal Chaudhuri, Senior Editor, The Hindustan Times

Yoshiji Nogami, President, The Japan Institute of International Affairs

Tommy T.B. Koh, Ambassador-at-Large, Singapore

Kantathi Suphamongkhon, Former Minister of Foreign Affairs of Thailand

**SESSION SIX: Open Space Exercise**

**Facilitators:** Jamie F. Metz, Executive Vice President, Asia Society &

Arnel Paciano Casanova, General Counsel & Corporate Secretary, Bases

Conversion and Development Authority

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## Foreword

### Moving Asia-Pacific Relations Forward

From May 27-29, 2009, the Williamsburg Conference returned to Japan for the fourth time in its 37 year history, this year convening by Hakata Bay in Fukuoka City. Asia Society, in partnership with the Japan Institute of International Affairs (JIIA), brought together 47 distinguished Asian and American leaders from 17 countries to discuss advancing Asia-Pacific relations in the context of converging global crises and in the midst of economic and geopolitical flux.

Situated closely to South Korea and China, Fukuoka is one of Japan's most important gateway cities to Asia and a truly fitting host for this year's Williamsburg Conference. As borders between nations and regions are being overcome by our new interconnectivity and profound interdependence, securing a peaceful and sustainable shared future requires that we work harder than ever to understand and respect each other and develop coordinated responses to common challenges. In today's world, sustaining this tradition of free-flowing interaction and communication is vital to the development of shared values that will drive effective and committed common strategies to global challenges.

Values-driven leadership is particularly critical at a time when tremendous leaps in technology and rapid economic growth have yet to be matched by commensurate advances in the universal enforcement of ethical standards and principled regulation. This was a consistent refrain in conference discussions and addresses made by Governor Wataru Aso of Fukuoka and by JIIA President Yoshiji Nogami. As a result, collective problems such as increasing socio-economic disparity, environmental decline, climate change, and nuclear proliferation are not being sufficiently addressed.

To do so, the Asia-Pacific region is in need of innovation particularly in leadership, collaboration, and governance. The Asia Society seeks to facilitate the growth of transnational collaborations and private-public partnerships, which are the key to securing an inclusive and sustainable future for the region. The Williamsburg Conference embodies these ideals, and we would like to take this opportunity to express our appreciation to all our supporters, without whose assistance this Conference would not have been possible.

The success of the Conference was assured early on with the partnership and full support of Ambassador Yukio Satoh of JIIA and Mr. Sumitaka Fujita, Senior Corporate Advisor at ITOCHU Corporation. Under the dynamic leadership of

JIIA President Yoshiji Nogami and the able guidance of Mr. Hiroshi Takazawa and Mr. Tomita Kakuei, the team that further comprised Ms. Reiko Seki, Ms. Ryoko Suzuki, and Dr. Masaru Nishikawa demonstrated the utmost professionalism and commitment to conference planning and execution, and our sincere appreciation goes out to them. We are tremendously grateful to ITOCHU Corporation for their generous financial support and dedicated coordination of numerous Japanese corporate contributions, and to Mr. Sumitaka Fujita, Ms. Hiroko Tada, and the team from ITOCHU.

We wish to express our sincere appreciation to Governor Wataru Aso of Fukuoka Prefecture, for delivering the Opening Address at the conference this year. We are also enormously grateful to the Government of Fukuoka Prefecture and Mr. Shingo Matsuo and the Kyushu Economic Federation for their generous support and hospitality in hosting the conference dinners. Very special thanks also go to our sponsors: Yomiuri Shimbun, Lee Foundation, The Japan International Cooperation Foundation, Tokyo Club, ITOCHU Corporation, Mitsubishi Corporation, Kansai Electric Power Co. Ltd, Tokyo Electric Power Co. Ltd, and Kyushu Electric Power Co. Ltd, and our supporter, Japan Airlines.

Last but definitely not least, we owe our heartfelt thanks to the Williamsburg Committee and our tireless and spirited Asia Society colleagues, who breathed life into this year's conference and made everything come together. Michael G. Kulma, Director of Policy Initiatives at the Asia Society, provided energizing leadership and direction to the Asia Society team in executing this year's Conference. Hee-Chung Kim, unwaveringly dedicated to the Williamsburg Conference for so many years, was meticulous in realizing the planning and logistics for the conference. Su Yin Tan, in addition to helping with pre-conference planning, provided valuable support in Fukuoka and took on the major role of conference rapporteur. Andrew Smeall provided critical conference support in Fukuoka and interviewed numerous conference delegates to produce a multimedia web feature. In New York, our colleagues Sanjeev Sherchan, Azadeh Fartash, Laura Chang, and Elizabeth Lancaster were also invaluable in the process of facilitating this year's Conference.

In such challenging economic times, the successful realization of this year's Williamsburg Conference and the remarkable fundraising done for it are a testament to the vision and value of the mission we have jointly undertaken with our partners and supporters. We look forward to your continued involvement in the Williamsburg Conference for many years to come.

Vishakha N. Desai  
President

Jamie F. Metzl  
Executive Vice President

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## Executive Summary

The year 2009 has seen the inauguration of a new President of the United States, the continued unraveling of the global financial crisis across the world, and an apparent global leadership vacuum in the face of a convergence of crises concerning climate change, food and water security, nuclear proliferation, and state violations of human rights. At such time of tremendous flux in the Asia-Pacific region, the 37th Williamsburg Conference convened in Fukuoka, Japan from May 27-29 with 47 distinguished Asian and American leaders representing 17 countries and economies.

Under the theme, "Moving Asia-Pacific Relations Forward," delegates spent two full days delving into the most critical challenges confronting the region, offering their perceptions and expectations of the region's major stakeholders for fully addressing these challenges. At the same time, they presented honest assessments of current gaps in communication, regional architecture, global leadership capability, and international development to articulate what is needed to bridge these gaps and enable a consolidated Asia-Pacific Community to muster strong, coordinated responses to the world's shared challenges.

Delegates expressed optimism about the new Obama administration and the evolution of America's role in Asia. They lauded America's perceptibly enhanced capacity for diplomacy with Muslim-majority countries and President Obama's firm commitment of political and economic resources to pressing transnational problems such as nuclear proliferation, poverty, and climate change. At the same time, delegates emphasized the importance of information and risk-sharing and mutual trust between the U.S. and other major global stakeholders such as China, in order to ensure consistency and effectiveness in international responses to such problems as the nuclear threat posed by North Korea.

In the current climate of global recession and the growing domestic pressures triggered by it, delegates also cautioned against aggressive and protectionist nationalism by the world's leading economies. They called for a sustainable and coordinated new model of development and growth that would address the deficiencies of the current global economic system, such as the gaping consumption-savings disparity among nation states and the glaring lack of financial governance and regulation. The future of international development should be one based on capacity building through trade and job creation, rather than based on foreign aid.

On a constructive note, the leveling effect of the financial crisis has somewhat allayed traditional perceptions of security threats and helped to normalize attitudes and relations between the larger Asia-Pacific nations such as the U.S., China, India,

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and Japan. As a result, there now exists a conducive environment for dialogue among key regional leaders on security, planning for the environment, and global climate change. Delegates agreed upon a new and expanded conception of national security that places primary significance on the relationship between sustainability and human security. Within this context, there may now be greater motivation for cooperation to mutual benefit instead of competition, given that the perception of an economic race is diminished. To capitalize on this momentum, there should be a stepping up of confidence-building measures and

security dialogues between and among larger powers such as China, Japan, India, and the U.S.

In articulating a vision for the future of the Asia-Pacific community, delegates agreed that the existing regional architecture is inadequate for fulfilling the necessary responsibilities that the region's nation states must shoulder. The region's challenges demand concrete changes in the form of coordinated and relevant agenda-setting across all Asia-Pacific institutions, as well as securing the

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substantive and sustained engagement of all regional stakeholders. Many delegates from the Association of South East Asian Nations (ASEAN) emphasized, however, that the need to engage the U.S. as a major influential stakeholder in Asia and to jointly develop a common agenda for the Asia-Pacific region must be balanced with justifiable Asian aspirations for integration and community building.

Looking ahead to the next Williamsburg Conference, delegates focused on the concept of "Green Asia" and discussed how Asia's investment in clean and green technology now can address the inter-related problems of food, water, and energy security, poverty, and climate change. As Asia continues on a trajectory of rapid economic growth, the region has tremendous capacity to have either a positive or negative impact on the environment and the future of global resources. By ensuring

efficiency in the usage of energy and resources, Asia has the potential to realize the new paradigm of a low-carbon economy, while sustaining growth and enhancing the quality of development.

At the same time, Asia has the highest levels of malnutrition in the world, and malnutrition is prevalent even among countries that are food exporters. The continent is home to the greatest number of people living under the poverty line. Delegates highlighted the protection and preservation of resources, overcoming the rural-urban divide, and sustainable urban development as the region's long-term developmental goals. They also identified several principles for the Asia-Pacific region to adhere to, which would serve as drivers of positive and constructive change for a greener Asia. These principles include maximizing human capital and participation in the market economy, reforming global supply and demand chains to establish a new model for consumption, good governance and public-private partnerships. Finally, delegates advocated the building of an intra-regional mechanism to eradicate poverty both domestically and throughout the region.

In closing the session, delegates cited continuity, influence, and the attainability of tangible results as key objectives for future conferences, and the model for next year's Williamsburg Conference is set to be a first step in this direction.

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## Opening Address

### Governor Wataru Aso of Fukuoka Prefecture

Good morning.  
Ladies and gentlemen:

Congratulations on the opening of the Williamsburg Conference, and I welcome all of you who have come here from across the Asia-Pacific Region.

For the past 37 years, since its establishment in 1971, the Williamsburg Conference has contributed to the peace and development of the Asia-Pacific Region. It is a great honor for our prefecture to host a conference of such significance.

Today, the world faces serious challenges that may determine the future of our civilization.

The first challenge is preventing nuclear proliferation. The islands of Hiroshima and Nagasaki are located very close to where we are in Fukuoka. As the only nation in the world to have suffered from the effects of the atomic bomb, Japan has been working to achieve nuclear abolition. International society, however, has not been effective in preventing nuclear proliferation. There has been no end in attempts to develop nuclear weapons worldwide, and the world is increasingly concerned about the realistic possibility that nuclear weapons might fall into the hands of terrorists at any given time.

In the Asia-Pacific Region, nuclear development by North Korea threatens regional security and safety. Despite efforts that have been made to resolve this problem within the framework of the Six-Party talks, North Korea continues to pose an international threat by conducting nuclear and missile launch tests.

In an unprecedented move by a U.S. President, President Obama has expressed a firm commitment to lead the world in nuclear disarmament efforts so as to fulfill its unique responsibility "as a nuclear power, and as the only nuclear power to have used a nuclear weapon."

We in Japan strongly support such a commitment by President Obama, who has been both realistic and specific about nuclear abolition. To realize a "nuclear-free world," we must take concrete action to ensure that greater safety and peace will prevail in the world.

The second challenge we face is in overcoming a global financial crisis of unprecedented proportions. The global economy is mired in severe recession and

at the same time threatened by the apparent breakdown of the capitalist system. Drastic changes to the current financial system are needed.

The Asian economy has owed much of its development to exports. For the last few decades, America's large-scale consumption fuelled most of the global demand for goods. Such a lifestyle, however, is no longer sustainable and it now behooves us to explore a new model of economic development. There are two significant elements to consider in developing such a model.

"Innovation," for one, is key to a new model of economic development. By applying innovative technologies, we will be able to develop new products and services, which would consequently create and foster new markets.

Our prefecture, Fukuoka Prefecture, has accumulated advanced technologies in the fields of automobiles, semiconductors, hydrogen energy, and biotechnology. Taking advantage of our strengths, we are implementing the Fukuoka New Deal initiative which consists of sixteen projects for creating new products, new markets and essential new jobs.

Secondly, a social security program that guarantees an appropriate standard and quality of life for all is the basis of sustainable economic growth. An advanced social security program enhances social stability and helps to increase personal spending. This will eventually lead to economic growth driven by domestic demand.

As a nation with the longest life expectancy in the world, Japan has an accumulation of knowledge and experience in the field of social security services to share with the world, including such services as medical care, nursing and pension plans. We are pleased to share our expertise with other Asian countries to assist in developing sound social security programs.

Today, global warming poses an immediate threat to humanity. Rapid economic growth in Asia has resulted in environmental decline, and has triggered growing concerns about the cross-border impact of environmental problems. In this light, prompt action must be taken to develop a framework for inter-regional cooperation to address such transnational environmental problems.

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We are sure that Fukuoka Prefecture can make significant contributions to environmental protection measures in the Asia-Pacific Region.

Kitakyushu City, where I am from, is located in the northern part of Fukuoka Prefecture and is an industrial city that has fuelled Japanese economic growth. The city has struggled with environmental problems such as water and air pollution in the past, but it successfully overcame these problems and was awarded an environmental prize by the United Nations. Today, it is recognized as a model environmentally-friendly city.

We have welcomed many government officials and other personnel from Asian countries to train with environmental experts and share technologies among our countries. In doing so, we offer cooperation with many countries for successful implementation of their environmental policies.

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*Rapid economic growth in Asia has resulted in environmental decline, and has triggered growing concerns about the cross-border impact of environmental problems.*

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Fukuoka Prefecture is also taking positive action to achieve the goal of realizing a low-carbon society, as part of the effort to preserve the global environment for the future. To be specific, we are carrying out the Hydrogen Town model project to introduce hydrogen fuel cell systems to households, which is the largest demonstration project of this kind in the world. We conduct testing of hydrogen fuel cell vehicles and hydrogen stations. We also encourage research and development in the field of hydrogen energy. Through these initiatives, Fukuoka is taking on greater importance as an R&D center of hydrogen energy technology.

Today, the world is exposed to various threats and challenges. These can be overcome only if international society cooperates to implement the right policies.

I sincerely hope that discussions in this conference will reveal a new direction and vision for the development of the Asia-Pacific Region.

Finally, I wish to close my address by offering my best wishes for the success of the Williamsburg Conference in Fukuoka.

Thank you very much.

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## Setting the Scene for a Changing Region

At the opening session of the 37th Williamsburg Conference, delegates from the United States and Asia took stock of Asia-Pacific relations at a universally acknowledged time of transition for both the region and the world. Discussions ranged from the geopolitical implications of the global financial crisis to the recent U.S. presidential transition, and delegates exchanged their assessments and expectations of the region's major stakeholders. They also identified the key drivers of change in the region and challenges posed to the norms and structures of the past. Over the course of the conference, many delegates advocated qualitative reform by governments to prevent a continuation of the unsustainable methodologies that have driven the world to today's crisis.

In many ways, the current convergence of crises has exposed structural inadequacies in both international and domestic architectures for many countries in the region. The way forward for Asia-Pacific relations requires leadership that is empowered and unconstrained by opposing domestic pressures, which have appeared particularly significant in the U.S. and China as a result of the financial crisis. It also requires that all countries in Asia progress together as a region, compelling many delegates to urge inclusiveness, quality, and sustainability in the region's growth.

### The Global Financial Crisis

The global financial crisis has accelerated the shift in the geopolitical balance of power away from the Atlantic and towards the Pacific. With many countries in the region growing faster than the U.S. and the European Union, the view from Asia is that of increasing intra-regional economic dependence, and there are high hopes for greater access to domestic Chinese and Indian markets to bring the region out of the crisis. China is expected to be quicker in closing the gap that separates them from the U.S. and Japan, and may in fact overtake Japan by the end of this year. Asian delegates regard the current crisis as synonymous with China's rise as a pivotal stakeholder in the region.

With the U.S. losing economic influence and power while China gains in these areas, a psychological change has also occurred. The loss in American confidence is being matched by increased Chinese assertiveness to the point of a perceived

state of parity and ongoing debates about the two nations constituting the world's G-2. Yet many recognize that the Beijing Consensus – a top-down economic model characterized by skepticism of the benefits of privatization and free trade – has not been any more viable than the Washington Consensus – an antithetical model that mandates for all troubled economies a series of market-based prescriptions, including fiscal discipline, deregulation, and privatization. China still needs to prove its ability to reinvigorate both the domestic and international economies, and to restructure its domestic economy to be insulated against such global crises. The country's ubiquitous growth of 9% last year remained insufficient for providing all its people with job opportunities, and even as the decrease in American outsourcing to China threatens to hurt Sino-U.S. ties, China has few alternatives beyond continuing to invest massive savings in U.S. Treasury Bonds. Domestic problems of increasing income disparity and demographic change are also hurdles that need to be overcome.

As other Asian countries view their economic prospects as being increasingly tied up with China's, many have begun to take a vested interest in seeing that China successfully overcomes its internal challenges. The way forward, as many delegates mentioned, lies in regional cooperation. There exists a general recognition of the increasing depth of China's regional engagement as a major driving force for East Asian regionalism.

At the same time, China is acutely conscious of the pressures that are triggered by its development and is sensitive to international reactions to their changing global status. The warming of Indo-U.S. ties is widely acknowledged as an outcome of China's economic rise. Inevitable tensions between the world's biggest creditor and biggest borrower have also sharpened as a key characterization of the U.S.-China relationship in the context of the current financial crisis. U.S. Treasury Secretary Timothy Geithner's controversial remarks earlier this year about Chinese currency manipulation, which were symptomatic of domestic pressures at home, did not sit well with Chinese public opinion. Nevertheless, the U.S. is currently better at managing relations with the Chinese than at any other time in the last twenty years. The Chinese, in turn, are appreciative of American efforts that have been made since the presidential turnover to preserve positive relations, including the upgrading of bilateral talks to the Strategic and Economic Dialogue, an annual meeting between high-level representatives of both countries.

On the other hand, Asia has not reacted well to the prospect of American protectionism under the new administration. Although President Obama has been neither defensive nor protective in his trade posture since assuming the presidency, the signs are not yet convincing or reassuring enough for Asia. As a significant convening force for the region, ASEAN continues to emphasize the importance of

free markets, trade, and investment for the region, as well as inclusive community-building to secure the equitable distribution of benefits from the market system.

As the region prepares to transition beyond the Washington Consensus model, delegates agreed on the importance of Sino-U.S. leadership in trade liberalization and cooperation, while ensuring the equitable representation of interests of all WTO members, including those of the Least Developed Countries (LDCs). Additionally, with the growing number of people who are unable to benefit from globalization due to the problematic distribution of income internationally and domestically, the region looks to a new international model that accords due attention to the appropriate and necessary role of government in the equation.

#### **The Obama Administration and the Evolution of America's Role in Asia**

Following the inauguration of President Obama, the wider East Asian community has been quick to welcome America's return to assuming its responsibilities as a major stakeholder in the region. Even though the U.S. is suffering from a geopolitical and economic crisis that has suggested the end of the Pax Americana, its footprint in Asia is large and much of Asia continues looking to the U.S. as a major power capable of dispensing justice and of fixing the problematic legacy of the Bush Administration in the region.

#### **The U.S. and the Muslim World**

Many delegates from Asia credited President Obama for promptly and accurately taking the pulse of U.S. relations with Asia after his inauguration. They gave warm recognition to U.S. Secretary of State Hillary Clinton's first trip to Asia, especially to Indonesia, home to the ASEAN Secretariat and the largest Muslim-majority population in the world. Even as ASEAN anticipates renewed American engagement with, and relevance to, the priorities of the Asia-Pacific region, the world is keenly watching the shaping of President Obama's policy and foreign relations with Muslim-majority countries. In particular, his commitment to redressing perceived systemic injustice in areas like Palestine, Afghanistan, and Iraq; his outreach to moderates such as King Abdullah of Jordan; and his care in distinguishing the fight against terrorism from a fight

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against Islam, all bode well for repairing America's battered image among Muslim communities throughout Asia. Attaining the approval of Muslim public opinion is a vital prerequisite for moving Asia-Pacific relations forward.

#### **An International Strategy for North Korea**

Delegates also expressed optimism at the new American emphasis on participatory diplomacy and engagement, which would lay the foundations for more constructive cooperation against the transnational problems posed by terrorism, religious

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*The U.S....cannot be expected to handle the North Korean situation by itself....there has been a lack of discussion within the Asian community as to the implications of attempting to deal with this problem.*

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fundamentalism, nuclear proliferation, and climate change. International opinion that the U.S. should be less unilateral and more multilateral, however, also requires that more countries step up and assess the risks and costs needed to make decisions on difficult issues. The U.S., for instance, cannot be expected to handle the North Korean situation by itself. Even though North Korea borders South Korea and China and is situated so closely to Japan, as one delegate pointed out, there has been a lack of discussion within the

Asian community as to the implications of attempting to deal with this problem. There is a need for more dialogue on common challenges faced in the region and the costs each country is prepared to incur to address these challenges. For its part, the U.S. must lay the foundation for effective and collective partnership in the region by demonstrating consistency and sincerity in its policy of engaging individual Asian countries to jointly resolve problems.

#### **Advancing U.S. Relations with Asia's Least Developed Countries**

A delegate from Bangladesh suggested that it was time to acknowledge a hitherto neglected dimension of U.S.-Asia relations, which involves U.S. relations with the region's Least Developed Countries (LDCs), such as Bangladesh, Nepal, Bhutan, Laos, Cambodia, and the Maldives. Not only do they remain significant repositories for American foreign direct investment, they are a significant component of any solution to climate change.

#### **Sino-U.S. Cooperation on the Environment and Climate Change**

A panelist from the U.S. acknowledged that the issue of the environment, climate change, and resource depletion would pose huge challenges for the region in the next decade. A consensus between the U.S. and China would be key to laying the foundation for universal resolution.

## The Global Financial Crisis

No market has proven completely immune to the global financial crisis: the traditionally competitive economies like Japan, Singapore, and China have all weakened, and the weak have become even more vulnerable. While Asian governments have been quick to respond with stimulus packages, many delegates expressed concern that Low Income Countries (LIC) like Bangladesh and Nepal – whose economies are bolstered largely by remittance incomes and tourism – would see their development handicapped. They also articulated fears about the social upheavals that would result from unemployment across developing Asia.

Emerging economies like China and many in Southeast Asia have thus been spurred to accelerate and commit to deeper and broader domestic structural reforms, and there is a consensus that Asia should shift away from overly export-dependent growth. This crisis, however, should not be a recipe for protectionism and economic nationalism. Delegates proposed the necessity of a model for global rebalancing that will redress the existing division of the Asia-Pacific economies into the over-consumers (such as the U.S.) and the over-savers (such as China and Japan). While the U.S. should moderate its consumption, Asian economies must stimulate both domestic demand and regional trade. What the Asia-Pacific region needs is global coordination and partnership, instead of ceding to a single powerful global regulator.

In general, delegates concurred that the fundamentals of the Asian economy are sound, and that when the global financial crisis comes to an end, Asia is well-poised to be the first to rebound.

### The Global Financial Crisis and the “Three Asias”

The unfolding of the crisis across Asia has revealed the co-existence of what one delegate coined the “Three Asias” – developed Asia, developing and emerging Asia,

and the Low Income Countries (LIC) of Asia. A delegate pointed out that the crisis has also revealed India to be one of the only countries in the world that has truly achieved some degree of “decoupling.” Despite the crisis, its economy has grown by 5 percentage points, the financial system is flush with credit, and consumer-durable output is up. For other parts of Asia, however, the impact of the crisis has been evident though varying.

Developed Asia might have seen industrial production fall drastically and registered negative GDP growth – such as in the case of Japan – but the economy has steadily adjusted as a result of government stimulus packages, and banks have been quicker to stabilize due to their limited exposure to toxic assets. Credit is more readily available and there is anticipated recovery in global demand for Asian exports such as automobiles.

In developing Asia, the crisis has also sped up socio-economic transformation by providing an impetus for structural reform. China, which has suffered slowed growth due to a fall in demand for its exports, can offset this by taking advantage of its large domestic market. A delegate observed that the crisis provided an opportunity to simultaneously boost government spending and address the long-term problem of urban/rural disparity. The government can stimulate consumption by increasing the purchasing power of low-income households through subsidies, and at the same time invest in much-needed developmental services. This will also facilitate China’s transition from a manufacturing to services economy. Other delegates pointed out that Southeast Asia has responded to the fall in global demand for exports with a newly-implemented system of horizontal specialization, which has boosted intra-regional demand and reduced dependence on exports to the U.S. and Europe.

In the LICs like Bangladesh and Nepal, however, the impact has been much greater. Not only are remittances and tourism revenue down, the return of migrant workers who have lost their jobs overseas has added to domestic unemployment. Overseas Development Assistance (ODA) has also been cut, and they face long-term problems of solvency. Yet LICs are not represented at global financial summits like the G-20, which are meant to come up with collective and equitable global responses to the current crisis.

### A New Model for Sustainable and Quality Growth in the Asia-Pacific Region

A global crisis requires global solutions, especially when the problem is rooted in the fundamentals of the global macro-economy. A rebalancing is needed to overcome the dichotomy of massive deficits in some countries and massive savings in others. One delegate pointed to the global coordination that has already started to happen, and called for consistent and effective domestic regulation. At the same

time, given negative consumer sentiment, he also cautioned against government over-regulation and becoming risk-averse.

In deliberating solutions and coordinated responses to the crisis, the traditional role of Western-led international financial institutions such as the IMF came up for debate. Many delegates from Asia drew lessons from the 1997 Asian financial crisis to urge that Asia take ownership of the task of overcoming the disparity in development and quality of growth in the region, instead of “outsourcing” this responsibility to international financial institutions like the IMF. A delegate from Indonesia related his country’s experience of responding to the 1997 crisis by reforming corporate governance and expanding opportunities to domestic Small and Medium Enterprises, micro businesses, and cooperatives.

Domestic demand now forms the backbone of the Indonesian economy, giving Indonesia a resilient 4% growth despite the crisis. ASEAN has also pooled a reserve fund worth \$120 billion for member states to draw from.

The opinion that the Washington Consensus may be defunct led delegates from many of the developing countries to question the relevance of the IMF. One delegate reminded others, however, that a country lacking good leadership and an independent policy could not expect the IMF to come in and provide it with a customized solution. The model that replaces the Washington Consensus, then, must accommodate a system of checks and balances that will see governments playing an appropriate role. It should also emphasize transparency and accountability. As the origins of the current crisis have made clear, deregulation and allowing markets to work freely should not be synonymous with abdication of government responsibility for ensuring that everyone plays by the rules.

The new model of development and growth for the region must also address the paradoxical problem facing emerging economies like Vietnam, which has received large amounts of Foreign Direct Investment and seen a high growth rate, but no similar rise in its quality of living. Last year also saw Vietnam saddled with a trade deficit amounting to almost 30% of GDP, as a result of its trade with Asian countries like China, India, and Korea. A delegate pointed out that this is one explanation for why 190 million people in

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*As the origins of the current crisis have made clear, deregulation and allowing markets to work freely should not be synonymous with abdication of government responsibility for ensuring that everyone plays by the rules.*

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*Regional cooperation should also take into account capacity-building...the developed economies of the U.S. and Japan should pursue a policy of trade, development, and job creation instead of aid.*

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ASEAN (over a third of the total population) continue to live beneath the poverty line. Sound economic management and governance is therefore crucial, and should also be proactive rather than reactive.

Regional cooperation should also take into account capacity-building, which led several delegates to emphasize that the developed economies of the U.S. and Japan should pursue a policy of trade, development, and job creation instead of aid. While this crisis has compelled Asia to grow and stand on its own two feet, the U.S. has a pivotal role to play in the transition towards a new, more sustainable and coordinated model of growth for the Asia-Pacific region as a whole.



2009 Williamsburg Conference Delegates

Left to Right: Kenji Tsugami and Shingo Matsuo (Japan)

Sumitaka Fujita (Japan)



Left to Right: Yoshiji Nogami and Yoshio Okawara (Japan)



Governor Wataru Aso (Japan)

Sake Ceremony



Pham Chi Lan (Viet Nam) and Kul Chandra Gautam (Nepal)



Hu Shuli (China) and Shaukat Aziz (Pakistan)

Asad Durrani (Pakistan)



Cameron Hume (United States)



Debapriya Bhattacharya (Bangladeshi)



Kantathi Suphamongkhorn (Thailand)

## North Korea – Next Steps

Coming close on the heels of North Korea's nuclear test on May 25, its second since October 2006, the session to discuss the international community's next steps with regard to North Korea proved at once critical and pertinent. The panel framed the discussion in terms of the North Korean regime's motivations and capability in an effort to assess the genuine risk they posed, and consequently determine the most prudent and effective policy options available to the international community.

### Gauging North Korean Intent and Capability

Panelists came up with four plausible motivations for the latest indication of North Korea's confrontational stance. These included the intent to acquire credible nuclear armed status in defense against possible attacks; acquisition of a quality product for sale on the international black market; creating currency for international negotiations; as well as an inadvertent response to internal politics revolving around the ill health of current leader, Kim Jong-il. There was a consensus that North Korean capability entails possession of plutonium sufficient to create six to eight nuclear weapons and a significant store of medium-range missiles capable of hitting Japan. Its longer-range missile capability is yet to be confirmed.

Though Japan's view is that North Korea still lacks long-range missile capability, the occurrence of such a launch would hinge purely on intent once capability is developed. Moreover, in a context where the capacity for rational decision-making is questionable, the probability of an accident happening is exponentially increased. With the missile frontline only thirty miles from Seoul, the North's nuclear capability drastically changes the military balance of the region and the world.

The key variables appearing to influence North Korean policy include internal leadership politics, the strength of hardliners such as the military, North-South relations, and the regime's perception of external security threats such as the U.S. military presence and alliance with the South.

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### Evaluating International Strategy and Policies Pursued

Panelists and delegates agreed that there is a very limited range of options available. Military options were unanimously ruled out, and the debate centered on the right type of sanctions, the strategy for containment, and the most effective structure for negotiations.

### The United Nations Security Council and Use of Sanctions

In determining the appropriate use of sanctions against North Korea, delegates agreed that a tough and unified stance from the UNSC is crucial. While South Korea believes that sanctions should be ratcheted up for symbolic purposes, as a gesture of the international community's determination to move towards a resolution of the problem, others warned that overly tough sanctions ran the risk of backfiring by causing the regime to feel they had too little to lose.

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*The adoption of such a united and consistent strategy against a rogue regime by all international actors would remove some of the regime's leverage by preventing it from playing one country against another.*

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Other delegates proposed identifying countries with genuine leverage over North Korea to apply strategic sanctions, instead of doing so through the UNSC. Of the U.S., South Korea, and China, a significant number of delegates saw China as having the most leverage by virtue of its apparent "parent-child" relationship with North Korea in terms of authority, trade, and food provisions. Strategic sanctions by China, for instance, might include asserting control over North Korean banking assets deposited in China or targeted sanctions of key resources such as gas.

Comparing and drawing relevant lessons from Libya's road to denuclearization might also prove constructive.

### The Importance of International Unanimity and Consistency

One Chinese delegate's view, however, is that sanctions do not offer much utility. A genuine solution to the problem should enjoy broad international support, and would require an international environment and system that is free of inconsistencies and double standards. The adoption of such a united and consistent strategy against a rogue regime by all international actors would remove some of the regime's leverage by preventing it from playing one country against another. Another delegate agreed, citing that unanimity is particularly important in the North Korean context since single-leader systems have proven much more sensitive to international public opinion. For that reason, a stronger UNSC resolution on sanctions might not prove as helpful as a unanimous one in the long run, even if the latter had

to be implemented over a longer period of time. Moreover, for any resolution to be effective, it is vital that North Korea accepts an international monitoring and verification system.

### **International Negotiations and the Six Party Talks**

In deciding if it is possible or sensible to keep the door open for negotiations with North Korea, some delegates warned that the longer the wait, the greater the costs incurred. Others pointed out that while international approaches to North Korea should not lack bite, neither could they afford to be overly tough, such as enforcing international isolation of the regime. A key strategy of the regime's for perpetuating its dictatorship is denial of information to the North Korean people. If the international system were to allow itself to be provoked into isolating the country, it would strengthen the regime's hand against the North Korean people.

International negotiations might take the form of bilateral or multilateral initiatives, and delegates were split over the potential for effectiveness of each. Delegates also deliberated the relative influence that each member nation of the Six Party Talks actually wields over North Korea to determine if bilateral talks could be constructively carried out under the umbrella of the Six Party Talks.

#### *Six Party Talks*

While some have regarded the Six Party Talks as unproductive, the question that needs to be asked is whether all parties involved have converging priorities and agendas. While the U.S., South Korea and Japan are focused on eventual denuclearization and the peaceful reunification of North and South, China's overriding priority is regional stability, which could be manifested in forms different than those envisioned by the U.S. and Japan. These inconsistencies have played a part in preventing the Six Party Talks from following through to either a logical or effective conclusion.

Delegates debated the key stumbling blocks to the resumption of the Six Party Talks.

#### *The View from the North*

Delegates disagreed on the motivations and logic of the North Korean regime. From one perspective, North Korea's decision to participate in the Six Party Talks

depends significantly on its perception of security, and U.S. actions are pivotal in shaping such perceptions. Actions such as joint military exercises with South Korea are negatively received by the North. One delegate proposed that removing the U.S. nuclear umbrella over the Korean peninsula is almost a prerequisite for assuring North Korea of its security, which would be more effective in moderating its response than forced denuclearization. The delegate also suggested that the international community commit to helping the country develop nuclear energy for peaceful purposes. The assumption is that North Korea will listen if they find that there are no inconsistencies or weaknesses in argument for them to exploit. On the contrary, if they find that condemnation has gone too far, they are likely to overreact.

Another delegate countered this view by pointing out that North Korea has an independent agenda of its own that goes beyond the desire to possess nuclear energy for peaceful developmental purposes. Not only has the regime never made assurances about peaceful intentions, it has in fact articulated military intentions on several occasions. The regime has also not specified what threat they perceive the U.S. poses, and their demand for American troop withdrawal in exchange for not declaring a nuclear war constitutes a political offensive. The South believes that the ultimate objective of the North Korean regime is to unite the two Koreas under the leadership of the North. A South Korean delegate observed that in his country, current President Lee Myung-bak's commitment to taking a tougher stance against the North is endorsed by many South Koreans, remarking that the majority of his countrymen are convinced that goodwill towards the North would not solve the problem.

### **Denuclearization or Stability?:**

#### **The Future of the Nuclear Nonproliferation Regime**

One delegate offered the insight that the denuclearization of North Korea is unlikely to happen, and that more countries might in fact go down the nuclear path. We should therefore be focusing our efforts on how to manage a proliferation regime instead. Would this be more practicable and manageable than trying to prevent nuclearization and risking destabilizing responses? After all, countries such as India and Pakistan, which have acquired nuclear weapons, seem capable of acting rationally. Another delegate questioned this presumption by pointing out that there was no communication between New Delhi and Islamabad for eight weeks after the Mumbai attacks, which throws into doubt the capacity for rational thinking and communication by nuclear powers.

As a country with no intention of going nuclear, Japan places the utmost importance on a nuclear nonproliferation regime. While many Japanese are

frustrated by the impasse of the Six Party Talks and seek a comprehensive resolution, they do not perceive themselves as possessing any leverage over North Korea.

Delegates tended to identify China and the U.S. as leaders in moving the resolution of the issue forward, yet one delegate stressed that Chinese knowledge of North Korean intentions and the leverage that is meant to be derived from this knowledge is infinitely smaller than the rest of the world would like to imagine. Additionally, China is seriously considering all options, but immense costs inevitably accompany any option, and the Asia-Pacific region must discuss how the risk can be shared as China cannot be expected to shoulder the entire burden of cost by itself.

The security implications of the North Korean issue for the world and the future of the nuclear nonproliferation regime have to be worked out before we can establish an environment conducive to Asian regionalism or the advance of Asia-Pacific relations.

## Sustainability as a Security Issue

The most salient threats to sustainability have manifested themselves in the form of climate change and water scarcity, which has afflicted communities throughout the Asia-Pacific region and the world. One delegate cited the Asia Society's Task Force Report on *Securing the Region's Water Future* to describe a planet in peril, confronted with the unprecedented destruction of biodiversity and depletion of both natural resources and marine resources. Another delegate touched on the precarious existence of the world's poor, who are concentrated in Asia. Approximately 700 million Asians have no access to clean water and 100 million more have no access to modern sanitation even though national populations have become more urban than rural in the past year. Rapid, unmoderated urbanization has made numerous cities, towns, and villages uninhabitable.

The uneven distribution of resources among and within states has also compounded the problem for the poorest and most vulnerable countries by disabling them from adequately responding to the challenges posed by these twin problems. A logical question to emerge was whether the changing environment and resource scarcity would create a new security issue by pitting countries against one another. In such a scenario, where would that leave poorer and weaker countries that lack the means to either acquire the resources they need or to defend the resources that they have?

Delegates agreed on the importance of raising universal standards of living, while simultaneously conserving and protecting the environment. They discussed the establishment of an international framework for global cooperation to address these issues through joint development, knowledge sharing, incentivizing investment in clean technology, responsible leadership, and providing legal protection for the smallest and most vulnerable developing countries.

### **National Security Redefined: Sustainability as an Issue of Human Security**

In starting the discussion, one delegate advised against framing the issue of sustainability and scarcity as a traditional national security problem of "us-versus-them," since it connotes a zero-sum game and eliminates any prospect of cooperation. The real threat confronting us is the human toll that will result from

climate change and melting glaciers. Framed in terms of universal human security, we establish a basis upon which nations can cooperate to optimize results.

In the contemporary context of climate change and the global financial crisis, moreover, delegates observed that traditional perceptions of threat from other countries have become less relevant. Delegates from China and Japan took similar positions on the issue of sustainability and security, agreeing that there was now greater motivation for cooperation to mutual benefit instead of competition, given that the perception of an economic race is diminished.

Another delegate likewise redefined the concept of national security as it relates to sustainability. He related how the Filipino military had evolved its strategy from one of fighting wars to nation-building in response to a new dimension of threats to the nation, which arise internally as a consequence of the actions of citizens. These could take the form of direct threats to human security such as “water terrorism” on the Filipino island of Mindanao, or indirect threats in the form of resource degradation. As the accumulated effects of years of human interactions with the environment begin to take their toll on the environment, the consequences of our own actions have begun to pose both an immediate and a long-term threat to our security. To fulfill their role in nation-building and preventive anti-insurgency, the Filipino military has acknowledged the need to ensure environmental protection, and the sustainable and efficient use of resources.

### **The Road to Energy Security**

Coal currently accounts for around 42% of total power generation worldwide. It accounts for 50% of total power generation in the U.S., 65% in India, and 70% in China. By 2015, coal’s share in world power generation will rise to 44%, and according to the International Energy Agency, coal will remain the world’s main source of power until 2030. Since coal emits more climate-warming carbon dioxide than oil or gas, its efficient usage has important implications for energy security and climate change.

### **A Case Study: Japan**

In this regard, Japan’s successful acquisition of energy security, while mitigating its impact on the environment, offers a valuable lesson for the rest of the world. In

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*As the accumulated effects of years of human interactions with the environment begin to take their toll on the environment, the consequences of our own actions have begun to pose both an immediate and a long-term threat to our security.*

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Japan, fuel companies have diversified fuel sources and identified an optimal “mix” that results in nuclear and renewable energy accounting for 40% of total power generation. As a result of high standards of maintenance and operations, thermal efficiency – the ratio of useable heat energy to energy input – in Japan is 42%, the highest in the world. The construction of high-quality transmission grids or “smart grids” has also minimized energy wastage in the process of transmission to 5% (this compares to 6.8% in the U.S. and 7.2% in China). Serious conservation efforts have also resulted in Japanese energy consumption per capita being about half that of the U.S.

### **Joint Development and Asia-Pacific Partnership**

As the world’s biggest polluters, both China and the U.S. have commensurate international obligations to start contributing to the solution instead of the problem. China’s expressed willingness to cooperate is, however, predicated upon developed countries like the U.S. initiating action and assuming the leadership responsibilities that many developing countries in Asia expect it to. While delegates from both the U.S. and Asia acknowledged the policy and legislative constraints resulting from the American political structure, they were optimistic about the progress they anticipated under the new Obama administration. The common

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ground for collaboration between the U.S. and China is comprehensively laid out in the Asia Society’s Task Force report entitled “A Roadmap for U.S.-China Cooperation on Energy and Climate Change,” which has been well received among U.S. and Chinese officials. Delegates also urged that concrete steps be taken by government officials when they meet for the Copenhagen Climate Conference in December 2009, the last meeting at this level before the Kyoto Protocol expires in 2012.

Several delegates from China and Japan espoused “joint development” built upon the collective transition to knowledge-based economies, access to shared information and technology, and the cultivation of human resources. A very promising indication of this new trend is the establishment of the Asia-Pacific Partnership on Clean Development and Climate, an international partnership for energy cooperation launched in July 2005 and comprising the U.S., China, Australia, Japan, Korea, India, and Canada. Such multi-governmental frameworks tend to build upon common interests and existing bilateral or trilateral initiatives, such as the Sino-U.S. collaboration on climate change.

### **An Inclusive International Framework for Sustainability**

Many smaller, developing countries continue to remain outside the existing network of collaboration and coordination. One delegate attributed this problem to a lack of financial and political resources in such countries, at the same time that they are beset by many more immediate concerns. This prevents many developing countries from investing in the human resources, infrastructure, and technology needed to secure a future of sustainable energy usage. To address this problem, delegates called for the establishment of global incentives for research in clean technology, to which all countries would respond.

Additionally, smaller countries tend to be vulnerable without the protection of international law for shared resources. In Vietnam, for instance, the absence of international rules governing the usage of international rivers like the Mekong River has prevented equal representation of the interests of all relevant countries who want to use it. While Vietnam is a member of the Mekong River Commission, which seeks to establish norms for the usage of the river, China and Myanmar – along which part of the river flows – are not. There is thus a need to facilitate mutual understanding among countries about how the use of resources affects each of them, as well as an international architecture capable of both preventing and responding effectively to crises or conflicts that occur over natural resources.

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## **Building the Asia-Pacific Regional Architecture**

After a full day of discussions about what Asia-Pacific stakeholders must achieve to secure a future of sustainable and equitable growth across the region, conference delegates were posed the question of who would fulfill these responsibilities, and how they would be discharged. Can the plethora of multilateral institutions that already exist in the region overcome their limitations to adequately address the full range of anticipated challenges? Or would a brand new regional architecture have to be designed?

To answer these questions, delegates evaluated the existing Asia-Pacific regional architecture, which partly comprises the Asia-Pacific Economic Cooperation (APEC), the Association of South East Asian Nations (ASEAN), and its institutional extensions – the ASEAN + 3 (including China, Japan, and South Korea), the ASEAN + 6 (adding India, Australia, and New Zealand), the ASEAN Regional Forum (an international security dialogue that includes the U.S., Russia, North Korea, Pakistan, and the European Union) and the East Asia Summit. They also debated the concept of an Asia-Pacific Community and the significance of defining an Asia-Pacific regional identity.

While there was some disagreement over the potential and the constraints of the existing architecture, delegates broadly agreed that the status quo would not suffice. The region's challenges demand concrete changes to its existing architecture, in the form of coordinated and relevant agenda-setting across all institutions, as well as securing the substantive and sustained engagement of all regional stakeholders.

### **Assessing the Existing Asia-Pacific Regional Architecture**

Much of the regional architecture that now holds the Asia-Pacific region together did not exist twelve years ago, and several panelists highlighted this as a fact many take for granted. As a result of developments in the last twelve years, including the creation of the ASEAN + 3 ten years ago, and the ASEAN + 6 three years ago, the sense of community in the Asia-Pacific is now stronger than before. On the other hand, the array of different institutions with different membership configurations encompasses a range of interests too diverse for a substantive consensus to be reached.

It invites a logical and centralized articulation of the Asia-Pacific Community's interests, yet there is currently no single institution in the region with either the membership or mandate to address the increasingly complex and interconnected economic, political, and strategic challenges that exist today.

The panel considered the possibility of adapting existing institutions to meet these demands and identified the East Asia Summit process, the ASEAN Regional Forum (ARF), and APEC as key pillars in the building of an Asia-Pacific Community. One delegate reflected upon the history and structural composition of APEC – the region's platform for economic dialogue – and the ASEAN Regional Forum – a platform for security dialogue – to propose that they constitute essential pillars in any regional effort to move forward. Points of contestation arose, however, over who ought to determine the regional agenda. While delegates agreed that concrete agenda-setting was needed to flesh out the existing infrastructural framework, there was disagreement over how it should be done.

One delegate cited the need for an intellectual mechanism in the form of core members, who would take stock of all existing regional structures and thereupon coordinate participants and agendas in a manner logical and relevant to short-term and long-term needs. A fellow delegate argued against this as a means of allowing the interests of a smaller, "elite" group to dominate those of other members and as something that would provoke tension and distrust. Further discussions clarified that the provision of such a crucial intellectual mechanism and the democratization of multilateral Asia-Pacific governance are not necessarily mutually exclusive. Intellectual leadership is not tantamount to economic or political leadership or dominance, and to cite an example, a coordination mechanism of the sort envisioned was sorely missed in the most recent APEC summit. The Summit, held in December 2008, failed to provide the basis for a meaningful international response in the aftermath of the global financial crisis since the representative trade officials, whose primary responsibility was trade and investment liberalization, could not speak on behalf of their absent policy-making counterparts.

Delegates also proposed an overarching integrating mechanism for existing institutions, given their structural limitations and the variety of needs that must be simultaneously met. APEC, whose "member economies" include Chinese Taipei and Hong Kong, is constrained by political sensitivities from supplementing economic achievements and dialogue with a political and security dimension. The

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ARF, by virtue of its broad inclusiveness, might be the reason it is bypassed by member states in the context of exigencies such as those posed by North Korea,

which precipitated the Six Party Talks. The East Asia Summit, in excluding the United States, cannot independently serve as the political counterpart to APEC, nor adequately address the security agenda of the region.

Yet the need to engage the U.S. as a major influential stakeholder in Asia and to jointly develop a common agenda for the Asia-Pacific region must also be balanced with justifiable Asian aspirations for integration and community building, as reflected in the regionalism espoused by the East Asia Summit. Delegates flagged this as an issue warranting discussion at the 2009 APEC Summit.

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## **The Road to Greater Asia-Pacific Collaboration**

### **The Role of ASEAN and the Significance of the ASEAN Charter**

As the convener of most of the regional institutions discussed, ASEAN has been

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*In order for Asia-Pacific relations to truly move forward, there had to be further confidence-building measures such as bilateral and trilateral security dialogues among the larger nations, who are the source of tension in the first place.*

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central to the creation of many existing regional structures. Panelists from ASEAN noted how it has defined existing regional norms and standards that shape current discussion and cooperation among member states. Through evolving interpretations of their principles of "sovereignty" and "non-interference," ASEAN established the concept of "responsible sovereignty" among member states, which must be accountable to fellow members for any issues with "regional implications" for ASEAN's relations with external dialogue partners. Such issues include the wildfires in Indonesia and the human rights situation

in Myanmar. The signing of the ASEAN Charter in November 2007 established regional norms on human rights and constitutional government, which marked the prevalence of the "highest common denominator" among member states.

## Relations among China, Japan, India, and the U.S.

Over the course of the discussions, delegates debated the relevance of ASEAN in a region characterized by larger players such as China, Japan, India, and the U.S. Some delegates cited ASEAN as the only plausible convening entity for the region, given the history of fraught relations and insufficient mutual trust between the bigger countries. Yet others observed that in order for Asia-Pacific relations to truly move forward, there had to be further confidence-building measures such as bilateral and trilateral security dialogues among the larger nations, who are the source of tension in the first place. Given the security presences and issues in the region, a critically absent dialogue has been a trilateral security dialogue for China, the U.S., and Japan. While this had previously been implausible due to China's perceptions of threat from a U.S.-Japanese alliance, the leveling effect of the financial crisis has somewhat allayed such fears and helped to normalize China's attitude, thereby creating a conducive environment for dialogue among key regional leaders on security, planning for the environment, and global climate change.

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## Open Space Exercise

During the Open Space Exercise, delegates were invited to discuss any topics that they felt needed to be addressed in more detail. The topics that came up for discussion were:

1. Changes to U.S. Foreign Policy in Asia under the Obama Administration
2. North Korea
3. China's role in Asia
4. Restructuring Asia's economy
5. Creating a "Green Asia": How to secure inclusive and sustainable growth in the Asia-Pacific
6. Climate change

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*As Asia continues on a trajectory of rapid economic growth, the region has tremendous capacity to have either a positive or negative impact on the environment and the future of global resources.*

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After putting these topics to a vote, delegates chose to focus on the concept of "Green Asia" and to discuss how Asia's investment in clean and green technology now can address the inter-related problems of food, water, and energy security, poverty, and climate change.

Asia has the highest levels of malnutrition in the world, and malnutrition is prevalent even among countries that are food exporters. Additionally, Asia is home to the greatest number of people living under the poverty line. Delegates highlighted the urgent need to have an in-depth and extensive focus on food, water, and energy security in Asia. They proposed discussing the prospect of a Second Green Revolution, and the building of an intra-regional mechanism to eradicate poverty both domestically and throughout the region.

### Asia's Long-Term Needs and Developmental Goals

As Asia continues on a trajectory of rapid economic growth, the region has tremendous capacity to have either a positive or negative impact on the environment and the future of global resources. By ensuring efficiency in the usage of energy

and resources, Asia has the potential to realize the new paradigm of a low-carbon economy, while sustaining growth and enhancing the quality of development. In anticipating future scenarios, however, one delegate advised that we should be thinking in the context of a world affected by climate change, which will be a world about two degrees warmer than it is now.

### **Protection and Preservation of Resources**

Not only are humans rapidly depleting natural resources with our exponential consumption, we are also harming the environment – sometimes irreversibly – in the process. A delegate spoke of how extractive industries tend to leave a lot of environmental damage, and cited mining activities in the Philippines that have destroyed the watersheds necessary for rice cultivation. As a result of the threat to its water resources and arable land, the Philippines is now one of the world’s major rice-importing countries. Delegates proposed a regional framework for ensuring that land is optimized in a sustainable way through specifying land usage and avenues for regional cooperation. The Asian Development Bank is an institution that has accumulated substantial expertise on this issue and could take the lead in moving the region forward on this issue.

The costs of inadequate usage of water and natural resources are suffered by many developing countries. These countries also have much to gain by implementing the efficient usage of energy resources.

### **Addressing the Rural-Urban Divide and Income Disparity**

Delegates agreed that the incidence of poverty is far more extreme in rural areas, and that the best approach is to address problems with agriculture and rural incomes. Poverty can be instantly reduced with an increased crop yield through improved agricultural productivity, which again ties in with the issue of water security and access to water.

### **Sustainable Urban Development**

As more of Asia becomes urbanized, urban planning and infrastructure related to sanitation, along with water and energy supplies have become increasingly critical demands across the region. Many urban slums have emerged due to the lack of sanitation. One delegate pointed out that while water and sanitation are inherently desirable, they are also instrumental in enabling the empowerment of women and realizing women’s rights, which are one of the United Nations’ Millennium Development Goals.

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*...while water and sanitation are inherently desirable, they are also instrumental in enabling the empowerment of women and realizing women’s rights...*

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In general, urbanization needs to be far more mindfully implemented in developing countries so as to avoid its potentially negative and destructive impact on agriculture and the environment. Delegates agreed that information-sharing between developed and developing countries would be important in facilitating sustainable urbanization.

### **Future Drivers of Change for a Green Asia**

The ultimate objectives of a “Green Asia” are growth in efficiency and productivity, increased crop yield, and a genuinely sustainable and equitable model for development that is not characterized by overly high levels of consumption and urbanization. Delegates identified and discussed several principles for the Asia-Pacific region to adhere to, which would serve as drivers of positive and constructive change for a greener Asia.

### **Maximizing Human Capital and Participation in the Market Economy**

No country is immune to poverty, but having the right developmental framework and foundations in place are prerequisites for any attempt to address the problem of poverty.

To bridge the gap between urban and rural populations, rural communities must first be empowered through education and stable sources of income.

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*The success of micro-credit in achieving rural empowerment and poverty reduction can be largely explained by Dr. Yunus’ philosophy of the importance of universally unleashing and inculcating the value of assets and capital.*

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Education cultivates human capital and enables farmers to add value to crop production and modes of farming. It also boosts farming communities’ confidence and understanding of the use of efficient agricultural technology that optimizes resources and increases productivity.

Beyond access to education, rural communities also need access to the market system and the ability to trade in their agricultural products. To that end, micro-credit has served as a tremendous life source in strengthening and revitalizing rural livelihoods. One

delegate cited the exemplary work of Dr. Muhammad Yunus, a Nobel Peace Prize laureate, who introduced and realized the system of micro-credit in Bangladesh and other developing countries. The success of micro-credit in achieving rural empowerment and poverty reduction can be largely explained by Dr. Yunus’ philosophy of the importance of universally unleashing and inculcating the value of assets and capital.

The soundness of this philosophy is evident today across 50,000 villages in

India's agricultural regions, which have benefited from a privately-supported initiative called e Choupal. As one delegate explained, e Choupal was conceived by ITC Limited, a large Indian multi-business conglomerate, to link it directly to rural agricultural suppliers through providing the latter with computers and Internet access. Through e Choupal, rural farmers can negotiate directly with ITC Limited on prices for their agricultural products, and it has also exposed them to "real time" listings of crop prices and inventory.

Access to the technology has consequently allowed rural communities to fully participate in and benefit from the market economy. Private enterprise is significant for its ability to meaningfully relate to lower income groups, suggesting there is potential for such a model to be replicated in other rural communities and developing countries.

#### **Reforming Global Supply and Demand Chains: A New Model for Consumption**

While the global financial crisis has prompted many in Asia to emphasize the necessity of shifting the region's economies away from export-led growth, delegates expanded on this discussion by considering the impact of current global supply and demand chains, and the benefits of reforming them.

Many environmental problems manifested in developing countries are actually a direct result of global demand, driven primarily by large consuming countries such as the U.S. Up to eighty percent of the haze that afflicts Indonesia and much of Southeast Asia annually, for instance, is caused by unsustainable extractive methods of oil being employed by large plantation companies to meet global demand. Grassroots efforts to address such environmental problems, while vital and legitimate, must ultimately take into account the global set-up of supply and demand in order to prove of any consequence.

Delegates discussed possible mechanisms to modify and decrease global demand for products that have adverse environmental implications in the process of manufacturing them. One example is U.S. demand for wood products. A delegate proposed mandating "eco-labeled" wood, which would have the ability to command a market premium and at the same time reduce general demand.

At the national level too, delegates agreed that there was no alternative model of development that could steer us away from the current highly consumptive and

highly urbanized model. Asia itself is increasing internal demand and consumption, which, coupled with the demand from developed countries, suggests that the growth of Asia will come at a tremendous cost.

In the context of the current financial crisis and the acknowledged need to stimulate consumption, a delegate cautioned that we need to scrutinize how and what we are consuming so as not to undermine stimulus efforts with the costs of unsustainable consumption patterns. Following the breakdown of the Washington Consensus model, which was not equitable enough and proved to be harshest on the least advantaged member states, the new model that the Asia-Pacific region comes up with should focus on promoting both sustainable and equitable growth.

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*...delegates agreed that the future of development lay in public-private partnerships, which... will be crucial in ensuring not only innovation in delivering public services, but also universal accessibility by keeping costs subsidized and prices affordable.*

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#### **Good Governance and Public-Private Partnerships**

In fleshing out a new paradigm for development, delegates agreed that the future of development lay in public-private partnerships, which involves governmental collaboration with both private for-profits and non-profits. Public-private partnerships will be crucial in ensuring not only innovation in delivering public services, but also universal accessibility by keeping costs subsidized and prices affordable. One delegate highlighted the significant role of social entrepreneurs in such a paradigm, and

another emphasized the importance of the free flow of and access to information.

Good economic governance is pivotal in establishing global and local frameworks within which private companies can equitably access and share information and technology. Intellectual property rights in the goods and services market, as well as rules and guidelines for public financing of new research would be a constructive step in facilitating the cultivation of a new developmental paradigm.

#### **Role of the Williamsburg Conference and Outreach Strategy**

In closing the session, delegates endorsed topics like Green Asia, which would enable the outcomes of conference discussions to go beyond the conference. Many cited continuity, influence, and the attainability of tangible results as key objectives for future conferences. With the topics that have been discussed this year, delegates believed that the Williamsburg Conference should aim to influence official debates, and place our results and conclusions where policies are made and where resources will be allocated.

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