

Lütkenhorst, Wilfried

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Pacific Basin Interdependencies – A Case for Large-Scale Economic Cooperation?

by Wilfried Lütkenhorst, Bochum*

Japan's meteoric economic rise, the hardly less impressive growth of a number of newly industrialised countries in South-East Asia and the enormous mineral wealth of the region have long caused academic and political observers to show keen interest in the economies of the Pacific. Proposals for institutionalised economic cooperation in this region have been under discussion since the mid sixties but have increased in number and significance in recent years; this paper analyses their objectives, limitations and chances.

What reasons can be given for the revival of proposals for cooperation in the Pacific region at this particular time?

□ In broad terms, the seventies were dominated by the discussion of demands for a new international economic order, by the concentration on *global* North-South negotiations which were to bear little fruit, partly because of the exaggerated and in some instances economically unsound demands of developing countries and partly because of the unyielding defensive coalition of major industrialised countries. It became increasingly clear that the very structure of the negotiations was inadequate whenever the *implementation* of vague compromise formulas was on the agenda, in other words when it came to translating them into *concrete* action and hence operational measures. This failure can be attributed (a) to the fruitless interplay of unattainable demands (on the part of the developing countries) and non-binding promises (on the part of the industrialised countries), (b) to structural and organisational deficiencies in the *process* of negotiation and (c) to the *fundamental* inadequacy of the *global* negotiation approach in view of growing disparities in the notionally homogeneous "Third World". The last consideration has led various authors¹ to express the opinion that North-South negotiations would have to be removed from the global arena so that benefits could be derived from identifiable *common* interests specific to particular *regions*. It is precisely this function of more fully exploiting the regional potential for consensus that many of their advocates see as the logic of Pacific cooperation proposals.² The ambivalence of this reasoning will be examined in greater detail below.

□ The second cause of the increasing popularity of regional policy concepts – which will only be touched upon here – bears the title "world trade and structural change".³ It can be observed at present that the *growing* need to come to terms with structural changes in

industrialised countries (facing competition from newly industrialised countries, for example) is coming up against *falling* rates of growth in world trade, so that *political* constraints on adjustment are being translated into various measures to restrict trade. The process of arriving at trade agreements is being guided to a significant extent by *national* economic objectives and requires a complicated framework of regulations, as in the case of the controversial world textile agreement. The corresponding erosion of GATT principles that this entails may be lamented, but it would be more fruitful if a serious attempt were made to adapt the liberalisation concept pursued hitherto to the political realities of world trade relationships. Perhaps in this way the dangerous reversion to crude forms of bilateralism might at least be checked. If it is true that a relatively high degree of common interests can be established in *regional* areas of integration, in certain circumstances trade agreements might be reached at that level which would necessarily remain controversial in the *global* context.

□ It is certainly no accident that ideas for regional cooperation on a large regional scale and embracing both industrial *and* developing countries should first emerge in the Pacific basin. The Pacific region has managed to establish itself as a new centre for world trade because of the economic rise of Japan, the growth and foreign trade achievements of developing countries in East Asia, the increasing Pacific orientation of the US economy and the falling rates of economic growth in Western Europe. The degree of economic

¹ Cf. H. Mayrzedt: Einige Perspektiven der Regionalisierung des Nord-Süd-Dialogs, in: Außenwirtschaft, vol. 36 (1981), pp. 143 ff.; K. Eßer, J. Wiemann: Schwerpunktländer in der Dritten Welt, Berlin 1981, p. 73 ff.

² Cf. K. Kojima: A New Capitalism for a New International Economic Order, in: Hitotsubashi Journal of Economics, June 1981, p. 14 ff.; Akrasanee et al.: ASEAN and the Pacific Community. A Report, (Centre for Strategic and International Studies), Jakarta 1981, p. 20.

³ For a more detailed treatment see E. Minx: Von der Liberalisierungs- zur Wettbewerbspolitik, Berlin/New York 1980, p. 183 ff.

* University of Bochum.

interdependence is high,⁴ so that the almost total absence of genuinely Pacific organisations for co-ordinating economic policies is often seen as a deficiency.

Proposals for Cooperation

Let us now examine the cooperation plans more closely, dividing them into three separate discussion phases for the sake of clarity:⁵

□ The concepts of economic cooperation among Pacific states have their origins in the mid sixties with Kojima's proposal to establish a *Pacific Free Trade Area* (PAFTA) among the five industrialised countries of the region (the USA, Japan, Australia, Canada and New Zealand).⁶ For numerous reasons, not least the then dominant Atlantic orientation of the US economy and the probable one-sided concentration of export growth on Japan, the concept did not have the slightest chance of becoming reality; indeed, it was not even given serious political discussion. The necessary economic and political conditions for *cooperation as integration*, in other words for an EC-type approach, did not and still do not exist in the Pacific.

□ Hence quite soon there was a switch to an approach that may be described as *cooperation as coordination* modelled more on the OECD, which was to have a Pacific counterpart in the guise of the *Organisation for Pacific Trade and Development* (OPTAD). However, the initial designs for OPTAD presented in 1968 still concerned only the *industrialised* countries of the Pacific and were to be regarded as the first step towards a free trade area, which remained the ultimate objective. Both characteristics have since been abandoned. The OPTAD proposal of Drysdale and Patrick⁷ that is currently at the centre of discussion is content to set its sights no higher than the coordination and harmonisation of economic policy and has as a central tenet the cooperation of both industrialised and developing countries in the Pacific. Under this proposal regional cooperation efforts embrace the five Pacific industrialised countries, the ASEAN states, South Korea, Taiwan, Hong Kong and the South Pacific island states, which are represented by Papua New Guinea. The criterion for membership thus is the existence of an economic order that is fundamentally oriented towards market forces.

The existing organisations in the Pacific region are regarded as either too broad in membership (such as ESCAP) or too narrow (such as ASEAN or the South

Pacific Bureau for Economic Cooperation) or they are criticised for being functionally one-dimensional (such as the Asian Development Bank, which has responsibility only for development finance). Hence the call for a new organisation whose membership structure reflects *actual* economic interdependences and which above all provides a forum for discussion of central policy issues. In this context Drysdale and Patrick give clear priority to the consultative function: OPTAD is interpreted as a short-term safety valve for managing interdependence conflicts and at the same time an instrument for longer-term indicative planning of structural economic change in the Pacific. A third aim consists in commonly agreed rules for fostering and directing flows of trade, investment and development aid between the industrialised and developing countries belonging to the organisation.

Kojima's latest proposal⁸ also takes the OPTAD concept as its starting point, but regards the organisation issue as being of secondary importance. Instead, the central element requires the industrialised countries of the Pacific to pursue coordinated policies in the fields of development aid (regionalisation of tied aid by means of a "revolving aid fund") and trade adjustment policies in return for which the developing countries, especially the ASEAN states, would clearly be expected to make concessions in raw materials policies.

Whereas the proposals outlined so far relate primarily to economic cooperation, the Pacific Basin Cooperation Study Group of Japan adopts a broader approach whereby cultural, social and political exchange and understanding are seen as the essential foundations for economic cooperation to be achieved in the *long term*. Accordingly, this concept also foresees the establishment of OPTAD or a similar organisation, but not until the 21st century. The question of eligibility for membership is left completely open, so that even the inclusion of the People's Republic of China or the Latin American countries bordering the Pacific is not ruled out.⁹

⁵ For a detailed summary of the most important proposals, see W. Lütkenhorst: *Konzepte einer wirtschaftlichen Kooperation zwischen Industrie- und Entwicklungsländern im Pazifischen Raum*, (Institut für Entwicklungsforschung und Entwicklungspolitik der Ruhruniversität Bochum, Materialien und kleine Schriften No. 92), Bochum 1982, p. 20 ff.

⁶ Cf. K. Kojima: *Japan and a Pacific Free Trade Area*, London 1971.

⁷ Cf. Congressional Research Service (ed.): *An Asian-Pacific Regional Economic Organization: An Exploratory Concept Paper*, Washington 1979.

⁸ Cf. K. Kojima: *Economic Cooperation in a Pacific Community*, (The Japan Institute of International Affairs), Tokyo 1980.

⁹ Cf. Pacific Basin Cooperation Study Group, *Report on the Pacific Basin Cooperation Concept*, Tokyo 1980.

⁴ Even in an empirical study for the period up to 1970 the Pacific area emerged as *the* regionalisation centre in the world economy. See H. Sautter: *Regionalisierungstendenzen im Welthandel zwischen 1938 und 1970*, in: H. Giersch, H.-D. Haas (eds.): *Probleme der weltwirtschaftlichen Arbeitsteilung*, Berlin 1974, p. 596 ff.

□ The discussions that have been held between politicians and academics at numerous conferences on the concept of Pacific cooperation now show even the OPTAD proposal to be premature insofar as it provides for the creation of an organisation on the basis of *official governmental participation*. By contrast, the recommendations for action made by such bodies as the 1980 Pacific Community Seminars in Canberra,¹⁰ the ASEAN Study Group on the Pacific Community,¹¹ the Japanese Special Committee on Pacific Cooperation¹² or the 1982 Pacific Cooperation Conference in Bangkok¹³ are all extremely modest; all that seems feasible in the short term is a non-governmental forum as a loose, unbureaucratic organisation of academics, businessmen and politicians from the Pacific region.

Empirical Analysis of Economic Interaction

The numerous cooperation schemes, only a few of which have been described here, all base their arguments on the high degree of economic interdependence in the Pacific basin. Trends towards regionalisation in the sense of an increase in the relative importance of intraregional economic interactions can on the one hand be the consequence of political and institutional stimuli, in other words exogenous factors (as was quite clearly so in the case of the EC). On the other hand, however, they can be due to endogenous

market forces which allow a de facto area of integration to emerge which then in turn creates a demand for a political "cooperation superstructure". This is said to be true of the Pacific basin, a claim that we shall investigate below.

It will be seen first of all (see Table 1) that in 1980 more than half of the exports (52 %) and imports (54 %) of the 14 countries under consideration were transacted within the Pacific region (admittedly including bilateral trade between the USA and Canada). This is a remarkably high rate for intra-area trade, particularly if it is compared with the corresponding figures for intra-EC trade ("the Nine"), which stood at 52 % for exports and 47 % for imports in 1980.

A similarly high degree of trade links was already apparent in 1965, however (intra-area exports 47 %, intra-area imports 52 %), so that the often encountered claim that there has been a marked relative increase in intra-regional trade since then does not hold water. Nevertheless, it should be added that the slight increase in the proportion of intra-regional trade was achieved during a period characterised by the structural

¹⁰ Cf. J. Crawford, G. Seow (eds.): *Pacific Economic Cooperation: Suggestions for Action*, London 1981.

¹¹ Cf. Akrasanee et al., op. cit.

¹² Cf. *Pacific Community Newsletter*, (Pan-Pacific Community Association), vol. 1 (1981), No. 2.

¹³ Cf. *Pacific Community Newsletter*, vol. 2 (1982), No. 2.

Table 1
Intra-Pacific Trade^a as a Percentage of Total Trade in 1965, 1976 and 1980

| | 1965 | | 1976 | | 1980 | |
|------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Exports | Imports | Exports | Imports | Exports | Imports |
| Australia | 47.1 | 45.1 | 63.9 | 58.8 | 61.3 | 58.3 |
| Canada | 64.1 (6.5) ^b | 75.4 (4.6) ^b | 72.8 (8.2) ^b | 69.4 (7.8) ^b | 69.4 (8.6) ^b | 75.4 (7.5) ^b |
| Japan | 57.5 | 48.9 | 49.8 | 43.3 | 51.5 | 45.8 |
| New Zealand | 25.4 | 46.6 | 50.5 | 54.4 | 50.9 | 60.2 |
| USA | 37.5 (17.0) ^b | 41.5 (19.7) ^b | 39.5 (18.5) ^b | 44.0 (24.0) ^b | 37.2 (21.1) ^b | 42.6 (26.0) ^b |
| Indonesia | 61.9 | 52.0 | 83.5 | 76.0 | 89.7 | 69.9 |
| Malaysia | 60.3 | 48.3 | 66.2 | 73.3 | 70.8 | 66.5 |
| Philippines | 78.5 | 82.2 | 71.1 | 65.6 | 73.2 | 61.3 |
| Singapore | — | — | 72.2 | 59.2 | 62.4 | 68.2 |
| Thailand | 60.0 | 57.4 | 64.6 | 56.5 | 53.8 | 56.3 |
| ASEAN | — | — | 73.7 | 65.6 | 73.3 | 65.6 |
| Hong Kong | 59.8 | 45.9 | 58.4 | 56.3 | 49.1 | 58.2 |
| Papua New Guinea | 70.5 | 85.9 | 63.3 | 90.4 | 54.5 | 91.2 |
| South Korea | 76.0 | 91.6 | 71.2 | 66.0 | 59.6 | 61.6 |
| Taiwan | 73.6 | 85.1 | 74.3 | 63.8 | 67.2 | 64.1 |
| Total | 47.3 | 51.6 | 53.5 | 51.6 | 51.8 | 53.9 |

^a Defined as trade among the 14 countries in this table. ^b Excluding trade between the USA and Canada.

Sources: IMF: *Direction of Trade Statistics*, Yearbook 1981; Ostasiatischer Verein (ed.): *Ostasien-Südasiens-Südostasien*. Wirtschaft 1981; Congressional Research Service (ed.): *An Asian Pacific Regional Economic Organization: An Exploratory Concept Paper*, Washington 1979, p.30 ff.; calculations by the author.

upheavals caused by two massive increases in oil prices and the significant growth in the importance of the OPEC countries as world trading partners.¹⁴

If we now glance at the data for individual countries, it is noticeable that Japan's trade within the Pacific declined in relative terms between 1965 and 1976 (a result of the penetration of new markets as part of a policy of regional export diversification) but picked up again from 1976 to 1980.

The case of the USA deserves particular attention. Although superficially it appears that the increasing Pacific orientation of the US economy has been displaced by a counter trend in recent years, the picture changes immediately if bilateral trade between the USA and Canada is excluded.¹⁵ The other states of the Pacific have continuously improved their position as trading partners of the United States and now account for 21 % of US exports and 26 % of US imports. (By comparison, in 1980 the EC absorbed about 24 % of US exports but provided only 15 % of her imports.) To this extent it is legitimate to speak of an underlying reorientation of US foreign trade towards the Pacific. This is not to say that dramatic structural changes have already taken place. Nonetheless, note should be taken of the trend towards structural change in US industry, which has caused an increasing shift of mainly growth industries (aircraft construction, computer industry, the electronics industry, etc.) into the south-western states (the so-called Sun Belt), with the result that the north-eastern states' share in US industrial production fell to about 46 % in the seventies, compared with 72 % in the forties.¹⁶

¹⁴ In 1973 the intra-area trade coefficients for Japan reached 63 % for exports and 62 % for imports. The following year intra-area imports fell abruptly from 62 to 54 % of total imports. Cf. J. Crawford, S. Okita (eds.): *Raw Materials and Pacific Economic Integration*, London 1978, p. 85 ff.

¹⁵ This is imperative; it would be misleading to attempt to substantiate the Pacific interests of the USA on the basis of the strong trade links between the USA and Canada. The discrepancy is even more obvious in the case of Canada (see Table 1).

¹⁶ Cf. *Far Eastern Economic Review* of 23 March 1979.

All the developing countries of the Pacific show very high intra-area trade coefficients, although Indonesia's 90 % due to oil exports must be regarded as exceptional. The aggregate values for the ASEAN states stand at 73 % for exports and 66 % for imports and are strongly influenced by their intensive trade relations with Japan. A trend analysis of the change in intra-area trade coefficients between 1965 and 1976 produces ambivalent results; the most marked increases are recorded by Indonesia and Malaysia, while other countries have tended to shift their foreign trade away from the Pacific basin – this applies in particular to South Korea and Taiwan on account of the diversification of their exports towards the Middle East and Europe, but it is also true of the Philippines.

Table 2 turns the spotlight on the position of the Pacific's developing countries as trading partners of the industrialised countries in the region. Empirical evidence shows a pronounced and universal increase – between 1965 and 1980 their share in the *Pacific* external trade of the USA doubled to 26 % in the case of exports and 27 % in that of imports. In the case of Japan it continued to rise strongly from an already high initial level to stand at 43 % of exports destined for the Pacific and 42 % of imports from that area. Only Canada's trade with this group of countries has remained negligible, although here too there has been an increase.

The empirical analysis thus leads to the following conclusions:

- the Pacific economic area is conspicuous for having a high *level* of intra-area trade links;
- the *development* of intra-area trade coefficients over time differs from one country to another;
- a significant *increase in the importance of Pacific developing countries* as trading partners within the region is clearly evident.

If the plans for Pacific economic cooperation do in fact aim at "underpinning" an existing area of integration by means of economic policy co-ordination (in other words

Table 2
Pacific Developing Countries' Percentage Share of Intra-Area Trade in the Pacific in 1965, 1976 and 1980

| | 1965 | | 1976 | | 1980 | |
|-------------|---------|---------|---------|---------|---------|---------|
| | Exports | Imports | Exports | Imports | Exports | Imports |
| Australia | 21.2 | 12.2 | 19.5 | 19.6 | 23.7 | 21.9 |
| Canada | 1.2 | 1.3 | 1.6 | 4.1 | 2.9 | 3.6 |
| Japan | 32.6 | 25.2 | 39.1 | 37.0 | 42.6 | 42.2 |
| New Zealand | 3.5 | 6.2 | 15.9 | 10.2 | 18.0 | 18.5 |
| USA | 12.5 | 14.1 | 18.7 | 23.7 | 25.8 | 27.0 |

Sources: See Table 1.

do not tend towards an exogenously promoted *expansion* of the area of integration), then the demands made in some quarters for the inclusion of Latin American countries bordering the Pacific appear to make little sense. As Table 3 shows, the trade links between developing countries in the Pacific and Latin America can safely be described as negligible. At most half of the extremely low percentages shown in Table 3 relate to Pacific states of Latin America, while the remaining half consist mainly of trade with Brazil and Argentina. The same is true of Japan, whose foreign trade with Latin America is somewhat larger, although it has seen a decline in recent years. With some disappointment, Wionczek therefore draws the following apposite conclusion: "While for Australia, Canada and the Asian NICs Latin America hardly existed at all, for Japan it had only marginal economical and political importance throughout the time of Japan's rise to the status of a world economic superpower".¹⁷

Supplier of Raw Materials

The Pacific basin assumes great significance for the industrialised countries from the point of view of its endowment with important mineral resources. Trade in raw materials is also far more strongly concentrated than foreign trade in general:¹⁸ for example, as early as 1973 Japan could obtain 90 % of its imports of iron ore, 93 % of coal, 97 % of copper ore, 100 % of nickel ore and bauxite and 98 % of tin from regional sources. Similarly high figures can be observed for US imports of raw materials, although the actual quantities involved are much smaller except in the case of bauxite and nickel.

Table 3

Latin America's Percentage Share of the Foreign Trade of the Pacific Region in 1980

| | Latin America's export share | Latin America's import share |
|------------------|------------------------------|------------------------------|
| Australia | 1.1 | 0.9 |
| Canada | 3.4 | 2.2 |
| Japan | 5.7 | 3.4 |
| New Zealand | 2.1 | 0.8 |
| USA | 15.5 | 13.1 |
| Indonesia | 1.8 | 0.5 |
| Malaysia | 0.5 | 0.6 |
| Philippines | 1.3 | 1.6 |
| Singapore | 2.5 | 0.8 |
| Thailand | 0.6 | 0.8 |
| Hong Kong | 2.8 | 0.5 |
| Papua New Guinea | 0.1 | 0.6 |
| South Korea | 2.5 | 1.4 |
| Taiwan | 3.2 | 0.9 |

Sources: See Table 1.

The dividing line between importers and exporters of raw materials does not fall neatly between industrialised and developing countries. Australia holds a very strong position as an exporter of raw materials, supplying Japan in 1974 with 79 % of her wool imports, 55 % of her bauxite imports, 47 % of her iron ore imports, 27 % of her nickel imports, 24 % of her coal imports and 16 % of her wheat imports.¹⁹ In the minerals field the ASEAN states enjoy dominance as tin exporters (74 % of world exports in 1976) and are in a strong position as suppliers of cobalt and copper. The oil and natural gas reserves of Indonesia and Malaysia are considerable and by no means fully tapped. ASEAN also ranks first as an exporter of rubber and unprocessed timber and is the world's second largest exporter of rice.

All in all, the Pacific presents a picture of a region that is richly endowed with raw materials of strategic importance for industrialisation, in which respect it therefore differs significantly from Western Europe. Oil constitutes an important exception, although new prospects will be opened up immediately if the high expectations of oil deposits in the South China Sea are fulfilled.

Political Assessment

As has been demonstrated, the Pacific basin quite definitely constitutes a region of economic interdependence of the first order, so that there is certainly high *potential* for cooperation. However, this is not a sufficient condition for the actual realisation of cooperation nor does it make cooperation desirable in the eyes of all states involved. The high potential for *cooperation* could also be interpreted as a high potential for *conflict*. Moreover, the concepts of economic cooperation in the Pacific naturally touch upon not only economic matters but also a series of political problem areas which greatly increase the complexity of the entire field of decision: "The merits of the Pacific Community idea cannot be examined by its technocratic blueprints alone. Rather, the emphasis will have to be placed upon its political dimensions and implications".²⁰

Whereas in Japan influential academics, businessmen and politicians are pressing for cooperation efforts to be strengthened and given an organisational framework, in the USA the subject is considered politically as something like a low-burner. The global trade interests of the USA are too obvious and her Atlantic ties too strong to allow an ostentatious

¹⁷ M. S. Wionczek: Pacific Trade and Development Cooperation with Latin America, in: Asia Pacific Community, No. 9/1980, p. 34.

¹⁸ Cf. K. Kojima: Economic Cooperation in a Pacific Community, op. cit., p. 35.

¹⁹ Cf. Crawford, Okita, op. cit., p. 54.

²⁰ Akrasanee et al., op. cit., p. 26.

turn towards the Pacific market at present. In particular, the USA cannot grant preferences to selected developing countries in the Pacific and thus automatically discriminate against other developing countries. Consider the strong position of Latin American countries as trading partners or take in particular Mexico, with which the United States conducts a greater volume of trade than with all the ASEAN states put together. Moreover, US relations with the ASEAN states have grown stronger without formal ties, as these countries have missed no opportunity to reduce their dependence on the Japanese economy, which they consider to be too great.

As Japan must act cautiously because of her historical burden and her rapid economic rise in South-East Asia, as the USA does not see any of her *vital* interests affected and as Canada, Australia and New Zealand do not carry the necessary political weight, the key role in determining the future of North-South relations in the Pacific now clearly devolves upon the ASEAN countries.

The Position of the ASEAN Countries

ASEAN is engaged in a controversial process of debate in which critical reservations at present have the upper hand.²¹ It is stressed that all the cooperation proposals made so far have originated in industrialised countries, that the latter accord themselves a leading role in the future organisation and that they would therefore virtually institutionalise their claim to dominance. Such fears naturally strike at the very heart of the concept of Pacific economic cooperation, which is presented as a model for North-South relations. The objection that ASEAN representatives raise to this is that the global unity of action of the Third World within the "Group of 77" would be destroyed the moment that regional North-South alliances came into being. They clearly have little inclination to put themselves in the van in a matter of such political delicacy.

As long as Japan, in particular, makes only vague promises of cooperation and does not state the price it is prepared to pay for successful regionalisation of the Pacific economy, the cautious attitude of ASEAN is perfectly understandable, especially as the economic dependence of some countries on Japan has already reached critical levels. Without a doubt, the already strained solidarity of the Third World would be completely destroyed by a regionalised North-South policy; the benefits would probably accrue primarily to the newly industrialised countries and those developing

countries that appear attractive on account of their raw materials potential, whereas the poorer countries would fall through the net of regional cooperation interests and their development prospects would be dimmed in relative terms.²²

Besides these considerations relating to the economics of North-South relations, there are other grounds for reservations on the part of ASEAN. These concern first the possibility that the still embryonic cooperation within ASEAN itself would lose cohesion if it were set within a broader framework. The question also has political and strategic aspects: any community for Pacific cooperation that is conceivable in the foreseeable future would be restricted to the non-socialist countries and would therefore be bound to alter the balance of political power in the region, whether intentionally or unintentionally. ASEAN, which has a vital interest in reaching a *modus vivendi* with the countries of Indochina, would be the last to want a heightening of existing confrontations.

Taken together, these reasons do not necessarily mean that ASEAN categorically rejects plans for cooperation in the Pacific, but ASEAN countries will demand a high price if they decide to participate. The frequent calls for a system to stabilise export earnings from raw materials probably comes under this heading.²³ Japan has now reacted positively to this demand, but without entering into any commitments.

Furthermore, the developing countries of the Pacific regard an appropriate voice in the decision-making bodies of any new organisation as an essential condition of their membership. The leadership claims made by the USA and Japan²⁴ have already given rise to the fear that plans for cooperation in the Pacific could be "a thinly disguised veil to allow for the continued predominance of 'Northern' over 'Southern' countries".²⁵

Although it does not appear likely that this decade will see the founding of a "Pacific OECD", discussion about new forms of regional cooperation in this area will nevertheless continue and will probably exert increasing influence in the long term. The ensuing consequences for the foreign trade and development policies of the countries of Western Europe will probably be considerable; so far, they have scarcely been given a thought, let alone thorough examination.

²² Cf. P. P. Streeten: Approaches to a New International Economic Order, in: World Development, vol. 10 (1982), p. 5.

²³ Cf. G. Boyd (ed.): Region Building in the Pacific, New York 1982, p. 96 f.; Y. Yasuba: The Impact of ASEAN on the Asia-Pacific Region, in: R. Garnaut (ed.): ASEAN in a Changing Pacific and World Economy, Canberra 1980, p. 87.

²⁴ Cf. Congressional Research Service, op. cit., p. 24.

²⁵ Zakaria, op. cit., p. 336 f.

²¹ Cf. A. H. Zakaria: The Pacific Basin and ASEAN. Problems and Prospects, in: Contemporary Southeast Asia, vol. 2 (1981), p. 332 ff.; R. M. Nicholas: ASEAN and the Pacific Community Debate: Much Ado About Something?, in: Asian Survey, vol. 21 (1981), p. 1197 ff.