
Statement to the ASEAN Post-Ministerial Conference

By

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[The following is a reprint of a statement by Secretary Albright at the ASEAN Post Ministerial Conference, in Kuala Lumpur, Malaysia, on 28 July 1997. ASEAN [Association of Southeast Asian Nations] was established in 1967 to encourage regional economic, social, and cultural cooperation among the non-communist countries of Southeast Asia. The seven-nation membership of ASEAN (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam) was increased to nine with the admission of Laos and Burma on 23 July 1997.]

I am very pleased to represent the United States at this year's ASEAN post-Ministerial Conference. I welcome this opportunity to discuss economic and global issues with a group that includes not only the members of ASEAN, but our most important partners from Europe, North America, East Asia, and South Asia. For the challenges we face can only be met together.

The United States is determined to deepen its cooperation with our partners in this region and beyond. This commitment is solid because it is solidly based on American interests.

We have an abiding security interest in a region where we have fought three wars in the last half-century, and where almost any significant outbreak of international violence would threaten our well-being and that of our friends.

We have an abiding economic interest in a region that is experiencing phenomenal growth.

We have an abiding strategic interest in a region whose cooperation we need in responding to threats of proliferation, terrorism, narcotics, and damage to the environment.

And we have an abiding political interest in supporting democracy and respect for human rights and the rule of law, because stability and prosperity ultimately depend on it.

The list of issues on our agenda today reflects the breadth of the interests we share with the nations and peoples of this region. It also reminds us just how far ASEAN has come since the days when it was primarily a forum for economic cooperation.

In this 30th anniversary year of ASEAN's birth, we have much to celebrate. When ASEAN was created, virtually every nation in this region was engulfed or threatened by violence. For many nations, the question of the hour was "How can we survive?" not "How can we thrive?"

ASEAN helped to change all that. It established the patterns of consultation that have transformed this region. It helped to fuel a quarter century of economic growth that has exceeded the wildest expectations of its founders.

ASEAN includes nations of vastly different size and strength, yet it has forged a model of cooperation among equals. It stands at the confluence of many cultures and religions, yet it offers a troubled world a model of harmony and stability.

Today, the nations of this region are taking ASEAN to a new level. In doing so, they confront two fundamental challenges that are shared by virtually every similar grouping.

The first is the challenge of looking outward to a world that welcomes and increasingly needs positive and dynamic leadership from this region on the great questions of our time.

ASEAN already has an impressive record to build upon, including its role in the Paris Peace Accords, in moderating tensions in the South China Sea, in the formation of APEC [Asia Pacific Economic Cooperation Organization] and the ARF [ASEAN Regional Forum], and in the effort to liberalize global trade. From Indonesia's support for population programs in Asia to Malaysia's contributions to the cause of peace in Bosnia, ASEAN's member nations are doing their part as well.

The primary aim of America's engagement with ASEAN is to encourage this development. We view ASEAN as an important contributor not only to regional security and prosperity, but to the global effort to bring nations closer together around basic principles of political freedom, open markets, law and shared commitment to peace.

The second challenge ASEAN faces is that of looking within, to manage its expansion in a way that preserves its cohesion.

The United States shares the goal of an integrated southeast Asia and ultimately of ASEAN at ten [members]. In fact, we believe that the growth of institutions and arrangements that link less developed nations to their more developed neighbors is one of the most hopeful trends of our time. This is what the United States and our European partners are doing by welcoming strong new democracies into NATO and the EU [European Union], and what we are doing in our hemisphere by building a Free Trade Area of the Americas.

But in a world that is still marked by tremendous disparities, integration also carries challenges. In this region, it includes nations seared by political crisis, held back by poverty, and burdened by problems such as drug trafficking, refugee migration, epidemic disease, and pollution. These are problems that could come home to all our nations if we do not address them together and now.

In this region, as in every other, integration is not an end in itself and it requires far more than bringing new nations into old organizations. The point of international cooperation is to raise standards. We must be bullish on our ability to improve on the past and not slow our push to open our economies and to build new partnerships. But we must also address the concerns our citizens have—creating good jobs, preventing crime, protecting the environment and promoting human rights and human dignity.

LOOKING OUTWARD AND FORWARD TO AN OPEN GLOBAL ECONOMY

It is not necessary to remind this audience how close the economic links between the United States and ASEAN are. American investment in this region now exceeds \$35 billion, and it grew by over 200 percent between 1990 and 1996. Collectively, ASEAN is the United States' fourth largest trading partner, and our exports to ASEAN support 700,000 U.S. jobs. On my way to Kuala Lumpur, I stopped in California—America's biggest exporting state. A full 25 percent of the products leaving California are destined for Southeast Asian ports.

Our host Malaysia is by itself the world's 12th largest exporter. Today, Malaysia looks to the future with innovative plans for a Multimedia Super Corridor that can vault it into the vanguard of the information age.

The United States has been watching developments in Southeast Asian financial markets very closely. Our Treasury Department is in close contact with the IMF [International Monetary Fund].

It is important that we distinguish among the countries in the region, as fundamentals differ significantly. Appropriate market oriented responses by a number of countries have also helped to dampen currency volatility. This response reinforces the ASEAN consensus that sound economic policies and open markets are the best path to long-term development. The initiatives we are discussing here, including the effort to liberalize trade in financial services, have a critical part to play in ensuring continued growth and prosperity in the region.

We are reminded again that none of us can rest on our laurels. We cannot assume that success in the future will flow easily and naturally from our success in the past.

The world will look to ASEAN to continue making the right choices, together with its many partners. For the members of ASEAN have become a powerful force in steering the global economy. They will have a crucial role in determining whether future generations will witness the translation of regional initiatives into global benefits, or the slide of regional exclusivity into universal stagnation.

On their own and through APEC, ASEAN countries made crucial contributions over the last year to World Trade Organization (WTO) negotiations to liberalize trade in information technology and telecommunications. They helped to shape a critical mass of newly-industrialized economies willing to make bold liberalizing offers. By doing so, ASEAN members showed they are ready and able to assume greater responsibility for the open trading system that has enabled them to prosper and grow.

This year, the ASEAN countries have the chance to play the same positive role in WTO negotiations to liberalize financial services. No country can have a world class, high-tech economy without a world-class, properly regulated financial services sector to allocate capital efficiently. Significantly improved offers from all ASEAN states will help generate the momentum needed to reach a global agreement by the December 12 deadline. ASEAN input is also vital to the alliances we must build with business to promote meaningful service sector reform.

ASEAN countries are also a dynamic force within APEC. An ASEAN state has hosted APEC's leaders meetings every other year and achieved impressive results—under Indonesia's [recent] direction, the historic agreement to achieve free trade and investment in the region by 2010/2020; during the Philippines' tenure, the adoption of 18 action plans for reaching that goal. Next year, Malaysia will lead APEC at a pivotal point in our drive for liberalization across the Pacific Basin.

Our immediate challenge is to sustain APEC's momentum in Vancouver this November [at the APEC Ministerial and Economic Leaders Meetings scheduled to be held in Vancouver, Canada on 23-25 November 1997]. We should advance four goals: gaining the support of all APEC members for a global financial services agreement; improving our Individual Action Plans for meaningful progress toward open trade; making voluntary offers to liberalize quickly in key sectors; and finally, pushing for concrete, focused outcomes that offer immediate benefits to our businesses and workers.

ASEAN's own path-breaking plans to cut tariffs among its members through the development of an ASEAN Free Trade Area are important as well. The United States applauds them and looks forward to further progress toward opening the fast-growing trade in services. ASEAN countries have also been leaders in APEC's effort to liberalize trade in telecommu-

nications equipment—and can do more. ASEAN's plans to harmonize customs procedures, to accelerate the implementation of GATT's methods of valuing trade, and to work toward lowering non-tariff barriers will also stimulate trade and create jobs in this region and beyond.

ASEAN countries have played an important role over the past year in advancing the protection of intellectual property rights (IPR). The Philippines, Thailand, Malaysia, and Vietnam have strengthened their IPR legislation and enforcement or beefed up international cooperation to combat IPR violation. We now face the challenge of ensuring these new provisions are carried out fully.

Civil Aviation is another arena that will benefit from liberalization. We have seen Open Skies agreements as much as double [air] travel between nations. In the past four months, the United States has concluded Open Skies agreements with Singapore, New Zealand, Brunei, and Malaysia. I hope these pioneering efforts will prepare the way for a broader Open Skies regime in Asia and around the world.

Of course, it takes more than trade agreements to build a stable and open global economy. All the nations represented here have seen that transparent and strong legal systems are critical to sustain the confidence of investors, producers, and workers.

The consensus for open markets is fragile. To strengthen it, we must do more to lift the stifling hand of corruption from our economies. Last year, Secretary Christopher urged that the fight against illicit payments be a priority for the nations of ASEAN and the world. Since then, the United States has worked through the UN, the OECD and the WTO to combat and criminalize corruption. Let us continue to work together bilaterally and through APEC to raise standards and encourage transparency.

Among our people, the consensus for free trade also rests on an expectation that core labor standards will be met. It is in our interest to see workers everywhere enjoy the benefits of those rights, such as freedom of association and freedom from child and forced labor, that we have all accepted. More and more corporations, too, are finding that codes of conduct make for good business and good citizenship. I hope ASEAN governments will accelerate this trend by encouraging their companies to sign the Model Business Principles that the United States introduced last year at the International Labor Organization.

MEETING TRANSNATIONAL THREATS

I am very pleased that ASEAN has added a discussion of transnational issues to its agenda. Problems such as drug trafficking and deforestation threaten us all as much as protectionism and recession do. They represent a particular challenge in Southeast Asia, where integration among nations has proceeded even faster than change within nations.

Nothing has done more to harm the health of our people and their faith in government and law than the epidemic of drug addiction. The American people have suffered tremendously from this plague. I know that the people of Southeast Asia have as well. I know that the spread of cheap heroin and the recent influx of methamphetamines have spared no nation in ASEAN. We have to attack this problem at all levels—production, transportation and consumption.

The primary source of these drugs is Burma, which is itself experiencing an alarming rise in drug abuse and AIDS infection. Narcotics production has grown in Burma year after year, defying every international effort to solve the problem. As a result, drug traffickers who once spent their days leading mule trains down jungle tracks are now leading lights in Burma's new market economy and leading figures in its new political order.

We are increasingly concerned that Burma's drug traffickers, with official encouragement, are laundering their profits through Burmese banks and companies—some of which are joint ventures with foreign businesses. Drug money has become so pervasive in Burma that it taints legitimate investment and threatens the region as a whole. This is a challenge we must face together—and another reminder that it will be hard to do normal business in Burma until a climate of law is restored to that country.

Indeed, it is hard to imagine a lasting solution to this region's narcotics problem without a lasting solution to Burma's political crisis. This is one reason why President Clinton has barred future U.S. investment in the country.

Other nations in this region are showing what can be done when governments and citizens work together to fight the drug trade. Thailand's program of crop eradication and interdiction has dramatically cut heroin production and increased the number of traffickers brought to justice at home and abroad.

And in Laos, a U.S.-supported alternative crop project in one province has reduced opium cultivation to non-commercial levels. We plan to sponsor more such programs in Laos and elsewhere. We urge others to contribute by strengthening legal frameworks, criminalizing money laundering, and sponsoring efforts to deny traffickers freedom of operation.

With economies whose growth often outpaces government efforts at regulation, ASEAN nations are vulnerable to criminals looking for a place to operate, or a place to hide. Because international criminals respect no law or border, it is in every nation's interest to fight them together.

We must also strike hard together against terrorism. We are making progress: The number of attacks worldwide in 1996 hit a 25 year low. But far too many lives are still being lost. And terrorism still fosters destruction and division that undermine what we seek to achieve through our diplomatic and economic cooperation. I trust the members of ASEAN will continue to stand with us in this fight, by ratifying the 11 existing anti-terrorism agreements and turning the full weight of their authority against all terrorist activity.

Environmental threats such as deforestation, coral reef degradation, and global climate change could also undermine ASEAN's future. They could even alter the contours of our maps in the none-too-distant future.

The difference between action and inaction may be the difference between sustainable agriculture and failing agriculture; between stable societies and societies in conflict over dwindling resources; between nations in which the quality of life is improving and nations in which fewer and fewer people can look to the future with hope.

The United States is committed to making environmental cooperation a central part of our cooperation with ASEAN states. That is why we have opened a regional environmental hub in our embassy in Bangkok, and why we are working on projects from controlling emissions in the Philippines to building wind generators in Indonesia.

As you know, we are staunch proponents of the UN-sponsored negotiations to slow the process of global climate change.

There is no question that the world's wealthiest economies have contributed the lion's share of the greenhouse gases that threaten us right now. We have a moral and political responsibility to act—and act fast. That is why last month, in his speech to the UN General Assembly Special Session, President Clinton undertook to “bring to the Kyoto conference a strong

American commitment to realistic and binding limits that will significantly reduce our emissions." [The "United Nations Framework Convention on Climate Change" will be the subject of final treaty negotiations at a meeting of representatives from over 160 nations to be held in Kyoto, Japan in December, 1997.]

That is why we are also leading the way in negotiations to apply innovative strategies to cut greenhouse gas levels, such as selling or trading emission rights, supporting new technologies, and rewarding countries that provide assistance to others.

But the same science that tells us that today the United States is responsible for 22 percent of the world's carbon emissions also tells us that in the next 30 years developing world emissions will surpass those of the developed world. The rapidly industrializing countries of Asia, with their increasing need for electrical power, will be major contributors.

We are all wiser than we were a generation or two ago. If we each take our turn to pollute the world, we will each pay a terrible price. Just as you cannot erase a budget deficit by cutting spending in one area and piling up loans somewhere else, we will not be able to sustain safe levels of greenhouse gases without action by developed and developing countries alike.

For the balance of this century, no decision we take will have a greater impact on the future of the global economy, not to mention the global environment, than the one we will take in Kyoto. We have to do it right. We have to do it cooperatively. We all have to do it.

And here ASEAN has another shining opportunity for leadership, because you have the know how, the proven skills at innovation and adaptation, that will help us find the technologies we all need for greener development. I urge you to take up the challenge and to work with the United States and others to craft a global consensus that will safeguard the nature preserves of Borneo, the islands of the Mergui Archipelago, and the livelihoods of our children and grandchildren.

I congratulate ASEAN for all it has achieved in strengthening regional cooperation in these areas, and in reaching out to others beyond this region who share the same interests and the same fundamental goals. I pledge to you my best efforts, and those of the United States, to ensure we keep moving forward together.