

# ***SouthViews***

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## **Winds of change blowing in Asia**

**The APEC and TPPA summits in Bali recently showed the winds of change are blowing in the region, symbolised by the US President's absence but also reflecting the aptness or otherwise of policies.**

**By Martin Khor**

The winds of change are blowing, bringing shifts in perceived wisdom and the old order, especially in the Asian region.

The recent APEC summit and associated meetings in Bali were marked not so much by results but by perceptions.

In fact, the lack of results, rather than results, was the main story. This lack was not so much in the APEC itself, but in the Trans Pacific Partnership Agreement.

The leaders of TPPA countries met in a separate venue away from the APEC summit. The Indonesians were the host of APEC and not the TPPA, which they are not involved in, and were unhappy that the TPPA threatened to take away the limelight from the main event.

But that was the secondary story. The main news was that US President, Barrack Obama, had to give a miss, not only to his scheduled visits to Malaysia and Indonesia, but to the APEC Summit itself.

This was damaging to the US, symbolically and in practical terms. Obama could not be blamed personally, as everyone knows the problems he faces at home with the onset of the "government shutdown" and the looming debt-ceiling crisis.

The problem was deeper. Obama's absence confirmed the already growing perception in the region and the world that there is a dysfunctional governance system in the US, at least for the moment, and it is becoming a long moment.

Sympathy outside the US lies with the President, a sympathy tinged with pity for a legitimate leader confronted with the fringe (but a powerful fringe) of the opposition Party that refuses to accept his healthcare reform bill that has come into law, and which is willing to damage the operations of the administration and apparently even the country's financial creditworthiness to achieve its ideological objective.

Every democratic county has its moments of clashes between governing and opposition Parties, and sometimes it can paralyse the country until the crisis is resolved, one way or other.

But here we are talking about the United States, the world's most powerful country, and the greatest advocate of democracy. What happens in the US has ramifications for the rest of the world.

Suddenly the unthinkable becomes a reality – the partial government shutdown – and a possibility: a default on loans, with disastrous effects on the world economy.

The crisis emerging from the present configuration of the division of powers between executive and legislative wings of government – a major pillar of Western democracy – calls into question how stable that system really is, and what can be done if the paralysis lasts more than just a passing moment.

The lack of clear results in the TPPA leaders' meeting in Bali is partly attributed to the absence of Obama, since the President had been assigned the role of galvanising the other leaders to meet the aim of concluding the talks by year-end.

In the end the leaders' statement merely said the negotiations are on track, but did not mention they would finish by December. The growing perception is that the TPPA talks are facing turbulence.

Obama's absence cannot really be blamed for that. Instead, the TPPA meetings of Ministers and then political leaders only confirmed what has been known in recent months, that the TPPA agenda has been overloaded with too many issues and by too many demands, especially by the US, that are too extreme for other countries to simply accept.

According to reports, most of the TPPA countries cannot agree to the US demands on intellectual property that go far beyond the WTO rules. Several countries have problems with various other issues, including environment, investment and competition.

Prime Minister Dato' Sri Mohd Najib bin Tun Abdul Razak was the most outspoken. At an APEC side event, he said the TPPA's year-end timeline is not cast in stone, and asked that more flexibilities be given to countries.

"We do have a few areas of great concern," he said, adding: "As you go into areas of intellectual property, investor-state dispute settlement, government procurement, state-owned enterprises, environment and labour, you impinge on fundamentally the sovereign right of the country to make regulation and policy. That is a tricky part and that is why we ask for flexibility."

These comments by the Prime Minister summarise succinctly the "agenda overload" problem in the TPPA negotiations.

The areas that are trumpeted by the United States as a set of 21st century issues that make the TPPA a trail-blazer may turn out not to be so first-class after all.

Instead, they make some politicians, officials and parliamentarians uncomfortable, and many public-interest NGOs and business representatives, very unhappy.

Not only in Malaysia and other developing countries, but also in developed countries including the United States itself, New Zealand, Japan and Australia.

The APEC Summit and the TPPA meetings in the sidelines gave the big perception that US leadership is in question if not in decline in the region, and the big talk was the corresponding rise of China, whose President's presence and performance was the reverse mirror image of Obama's absence.

But it is not only the contrasts in relative presence and economic and political power that counts. In the end it is also the content of policies advocated and the willingness to be genuine partners, and not

to make use of new pacts and treaties to benefit one's own country or interests, at the expense of others. .

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