

JEF APR
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Economic Integration and Trade System of Asia Pacific.

We hear a great deal about support for “principles for a rules-based, inclusive, open, and connected world order” and I have no quarrel with that, but we pass over “rules-based” with too little deliberation.

“Rules based” should not be interpreted as a single unchanging set of rules. Clarity and certainty are welcome, especially where business is concerned, but we must always expect innovation and change to pose challenges to existing rules.

Covid has made us all more aware of the importance of “resilience”, and we should be resistant to efforts to draw on that idea to promote “self-reliance” and withdrawal from international interdependence. Resilience is about management of change.

What is needed is a set of relationships which permits challenges and difficulties to be addressed discussed and resolved at least to a level which is tolerable to all relevant parties.

ASEAN is central not because of its geographical position but because “the ASEAN way” provides a model for maintaining relationships in the face of challenges to existing ways of doing things. The ASEAN way is essentially patient evolution of agreement on objectives and periodical reporting on by what means and with how much success individual parties have pursued those objectives. It may seem to be slow and ineffectual, but it and its results are enduring.

There is no international authority to create and enforce rules across the sphere of economic cooperation. Rules are “legally binding” if their rupture would be embarrassing and embarrassment usually comes at little cost.

No single economy can impose rules on the international system with any degree of validity. International rules have to be negotiated and agreed. They will inevitably prove to be inadequate in the face of technology and other changes. So the maintenance of rules, as much as the formulation of rules, has to be a matter of negotiation and agreement.

“Rules-based” has to be understood as “relationship-supported”.