



## *Globalization and Regional Transformation in Pacific Asia*

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# 香港亞太研究所

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## Globalization and Regional Transformation in Pacific Asia

Cities and societies all over the world are experiencing now, as the twentieth century draws to a close, a far-reaching historical transformation in their structure. At the heart of this transformation lies a technological revolution that is organized around information technologies. Based on the new technological infrastructure, the process of globalizing the economy and communication has changed the way we produce, consume, manage, inform and think.

— Borja and Castells (1997:7)

## Globalization and Regionalization

The above quotation brings out the essence of globalization which has affected in profound and fundamental ways nation states, cities and people in the world since the 1980s. It is built around the new international division of labour (NIDL), the principle of comparative advantage and enhanced trade and cooperation among countries in an emerging world order. The increasingly globalized economy has witnessed the rapid flow of goods, services, capital, people and ideas across national boundaries never before experienced in humankind. For example, in the past two decades, world merchandise exports have doubled as a percentage of world output, from 10 to 20 per cent; services transacted internationally have risen from 15 to 22 per cent. One in seven equity trades in today's world involves a foreigner as a counter-party. Sales by foreign affiliates of multinational corporations may now well exceed total exports (Qureshi, 1996:30).

All these trade and economic activities would not have been possible had it not been, *inter alia*, for the advent of a new technological paradigm that is premised upon information and telecommunications technology. So historical is this watershed that scholars have likened it to the industrial revolution in the past. The new global economy has thus been called the informational economy. No global economy and no world-scale communication would be in existence without computers and global telecommunications facilities (Borja and Castells, 1997:8-9).

Globalization and urbanization, that in the twenty-first century will be characterized by more people living in urban places and in mega-cities in developing countries, have together generated new challenges and opportunities for people and societies to reorganize themselves to respond to the pressures and implications arising from the new global/informational economy. For one thing, globalization is a process that leads to uneven development. Value and wealth are accrued to countries and cities that are "plugged in" in the sense of having the information infrastructure, that is, are on the information superhighways and in the cyberspace, whereas others not having made the transition are relegated to structural irrelevance. In this respect, it is noted that Pacific Asia, inclusive of East and Southeast Asia, has been at the forefront of economic growth during the past two decades. Before the onset of the economic crisis in 1997, most countries in the region were held up as models of rapid economic growth, and collectively they constituted the fastest growth region in the world.

One of the most challenging tasks facing governments in the region, as elsewhere in the world, is how, in the age of globalization, a dynamic and creative relationship can be established with local and regional authorities. While globalization is largely a homogenizing agent with its centrifugal tendency, regionalization and localization can be viewed as the other side of the coin in their inherent nature to differentiate territorial specificities, hence primarily centripetal in orientation. In that dialectical relationship, they may be viewed as antagonistic, but equally they can be

made to be complementary. Indeed, in the global informational economy, capital is global, but labour is mostly local. There is a need to develop policy and strategies that will allow them to dovetail with their respective requirements.

In an informational society, the strategic importance of local and regional governments is to become a managerial centre for global activities that can be subsumed under three heads: economic competitiveness and productivity, socio-cultural integration, and political representation. First, competitiveness does not mean cost-cutting, but rather increasing productivity, which, in turn, is predicated upon connectivity, innovation and institutional flexibility. Connectivity means being linked to circuits of information and communication; innovation invokes the capacity to generate new knowledge based on a capacity to obtain and process strategic information; and institutional flexibility refers to the internal capacity and external autonomy of local institutions in dealing with supralocal entities. In all this, the dependence of the territory on human resources of sufficient quality and quantity must be emphasized. The education sector, especially at the tertiary level, therefore plays a key role in ensuring an adequate number of people skilled in the regimens of the new techno-economic system is trained. Secondly, as globalization extends its homogenizing influences, it is incumbent on nation states and local governments to strengthen their cultural and historical identity of territories to cohere with their people and to add meaning to their lives. Managing the socio-cultural differences of the various population groups cohabiting an area and integrating them in a shared culture are a challenging goal for contemporary societies. Thirdly, local governments faced with the challenge of authority and power that cross-border flows of capital, goods and services inevitably entail, have to seek a revitalized role through the structural crisis by building new networks of cooperation and solidarity. This is to be achieved through participatory democracy, informational development and administrative decentralization (Borja and Castells, 1997).

The emergence of the informational economy that has been briefly described has strongly impacted on the spatial and social structures of existing societies. Technological and economic developments aside, the historical transformation has also affected culture, communication and political institutions. Communication and, by extension, culture and political institutions have been organized around the audiovisual system for some time, but in the past few years they have been heavily influenced by the increasing digitization of all messages — audiovisual, printed or interpersonal. The internet, in particular e-mail, has become an increasingly popular means of communication, at present limited to a world élite of some thirty million people (Borja and Castells, 1997). The arrival of telematics means that distance and time have been telescoped, so much so that a new economic geography, with an accent on the centrality and importance of places electronically connected, is taking shape (Sassen, 1998). As a result, space and society have to be differently organized and orchestrated if local and regional authorities are to play meaningful and productive roles in the new global order. "The world is a digital universe that is electronically communicated and transmitted" (Borja and Castells, 1997:12). This is also a "network" or "flow" society, in which power and wealth are organized in global networks carrying information flows (Castells, 1996). Under such circumstances, "local and regional governments are emerging, all over the world, as more flexible bodies, keeping close to the bedrock of their identities, and potentially capable of negotiating continuous adaptation to the variable geometry of the power flows" (Borja and Castells, 1997:13). As well, it means that regional economic development policies have to be adjusted to the new spatial and social structures of evolving societies. The balance of this paper examines how countries in Pacific Asia have responded to these changing global and regional circumstances and whether the region is better integrated than previously.

## Regional Responses to Globalization

It is more than a coincidence that the period of accelerating globalization since the early 1980s overlapped with a period of exceptionally rapid growth in Pacific Asia. Three contributory factors may be noted. First, in 1978 China embarked on a historic journey to rejoin the world community by adopting a policy of openness and economic reforms, after remaining in self-isolation for decades. By the mid-1980s, the open policy was beginning to yield impressive and dramatic results. Secondly, in 1985 the G7 meeting in New York arrived at a consensus to almost double the value of the yen against the US dollar. Known as the Plaza Accord, it resulted in a massive outflow of capital from Japan, with Southeast Asia initially and China recently being the major beneficiaries. Thirdly, by the late 1980s with the sudden demise of the Soviet Union and communism in Eastern Europe, the decades-old cold war finally came to an end. With that came the urge to seek rapid economic growth and a more accentuated trend towards free trade and open competition in many parts of the world.

The above-mentioned factors favouring rapid economic development in the Asia-Pacific region were translated into salutary figures and statistics. For much of the period since 1980, many of the countries in the region had been growing at 6-8 per cent in gross domestic product (GDP) per year. There were two major sources driving economic growth. The first was the notable increase in intra-regional trade which, in 1994, constituted about 43 per cent of the region's total, compared with 33 per cent in 1980. For this reason, intra-regional investment and financial flows represented the fastest growing share of the region's exchanges. Between 1986 and 1992, some 70 per cent of all investment in Pacific Asia was derived from the region. This orientation towards more intra-regional trade had not diminished, however, the tensions that low-wage economies posed in their successful competition with developed countries (Schwab and Smadja, 1995:106).

Even in the period of 1993-1995 prior to the onset of the Asian financial crisis, import and export growth for many countries in the region increased annually at double-digit figures (PECC, 1995:8). The second driving force of economic growth was foreign direct investment (FDI), which the region experienced exceptional success in attracting to itself. Between the mid-1980s and 1994, the share of world FDI in developing countries soared from 23 to 40 per cent, and much of this was accounted for by Pacific Asia (Qureshi, 1996).

In realizing the rapid economic growth in the region, countries concerned have responded to new opportunities in the informational global economy by devising creative development strategies appropriate to evolving demands and conditions. Against the background of global economic restructuring, world cities — a special class of cities distinguished by the functions they perform in the global economy — in Pacific Asia have been gearing themselves up to the new global and regional markets. Tokyo, Osaka, Nagoya, Seoul, Taipei, Manila, Hong Kong, Bangkok, Kuala Lumpur, Singapore and Jakarta have all expanded their functions and enhanced their international orientations. For example, Tokyo had transformed itself from being a national metropolis in a former era to a world city in the 1980s. It was being transformed by forces of globalization with the city having to develop economic articulation with the global economy. This was achieved by developing an NIDL and industrial restructuring by relocating manufacturing production to cities abroad, especially within Pacific Asia, but retaining key central managerial functions and R&D within Japan. World cities in the region are also engaged in investing in infrastructure, creating an environment for transnational corporations (TNCs) and upgrading existing land use through urban renewal. This is a process that may be called world city formation, such that the functions these cities perform can be better executed (Yeung and Lo, 1998; also Lo and Yeung, 1996).

A second spatial form involves subregional economic cooperation with the participants of contiguous territories of at

least two countries. Popularly called growth triangles, these natural economic development zones usually are characterized by a few basic conditions. Economic complementarity among the territories in question, geographical proximity, political commitment of the governments concerned, adequate infrastructure support and economic competitiveness are all implied. The Southern China Growth Triangle, involving Hong Kong, Taiwan and the provinces of Guangdong and Fujian, was the first one to come into being in the early 1980s and has remained the most successful in its growth momentum and sustainability. The Johor (Malaysia), Singapore and the Riau Islands (Indonesia), or simply JSR Growth Triangle, began its trilateral cooperation only in 1989 and has also achieved solid progress. Other more newly emerging subregional cooperative zones have been formed in the Tumen River Delta, with China, North Korea and Russia as primary participants, and Mongolia, South Korea and Japan as secondary participants; and various parts of continental and insular Southeast Asia (Thant et al., 1998). Subregional cooperative development zones evolved out of the participating territories' varied resource endowments, their shared goal in rapid economic growth and flexible institutional and production arrangements being in tune with the needs of the global market. To a degree, this is the realization of what Kenichi Ohmae (1995) postulates as the region-state which, he argues, makes eminent economic sense in a borderless global economy.

Another obvious change that has been triggered by globalization and urbanization processes has been, for Pacific Asia, the emergence of what has been termed mega-urban regions, in reference to the formation of integrated foci of rural-urban economic growth stretching anywhere from 50 to 100 km from the city centre. This is an urban form which is beyond the administrative framework of traditional urban governance. Terry McGee and others have systematically documented this phenomenon in different parts of Pacific Asia (Ginsburg et al., 1991; Macleod and McGee, 1996). To emphasize the Asian nature of urban conurbation, McGee has coined the word *desakota*, which combines the

Indonesian words for city (*kota*) and village (*desa*), to bring out the close linkages between the two. It is also called an extended metropolitan region (EMR), which, in essence, encompasses the fast growing city responding to the challenges and opportunities of the global economy and the increasingly integrated and stable rural hinterland. Rural populations around EMRs tend to be stable, without being unduly attracted by the cities to migrate, but they take up more urban non-farm jobs and hence realize appreciable increases in incomes. The generalizable experience of EMRs is that it is the urban fringe areas, where land-use controls are less stringent and opportunities for development more open, that have grown the fastest in terms of population and physical change. Jabotabek, a four-city agglomeration involving Jakarta-Bogor-Tangerang-Bekas, in northwestern Java in Indonesia, as well as Bangkok EMR are typical examples of rapidly growing mega-urban regions in Pacific Asia (Yeung, 1998a; Lo and Yeung, 1996).

Finally, at still another level of connectivity are development-intensive areas centred around cities along the coastal zones of Pacific Asia. These areas have been identified as urban corridors which have distinguished themselves as foci of concentrated economic, political and technological power, and flows along these dimensions are facilitated by geography, investment and infrastructure. Urban corridors are often anchored in mega and world cities, growth triangles and EMRs that have been described earlier, and have the effect of accentuating economic and social inequities at international, national and local levels. Economic disparities tend to increase for communities and people living within and outside these corridors. For Pacific Asia, Sang-chuei Choe (1998) has identified two large urban corridors in East Asia and Southeast Asia, and the two are almost connected in the vicinity of southwestern China and northern Indo-China. When these two corridors do in fact meet one day, there will be a continuous belt of urban-oriented development along the Western Pacific Rim from the Korean Peninsula to Java and Bali of Indonesia. Scholars looking towards the future generally agree that

this scenario will likely eventuate in the early decades of the twenty-first century.

To conclude this section on the regional responses to globalization, one should note the pernicious effect of the informational global economy. The ease with which computer-mediated communication can escape the control of the nation-state underlines its vulnerability and powerlessness to exercise authority and control over some cross-border flows. A new era of extra-territorial communication means that the nation-state can be subverted, seriously undermining its traditional governance. Transnational crime of diverse kinds is a fact of life in the global economy. Drug traffic is a widely known menace, but illicit traffic can encompass weapons, technology, radioactive materials, art treasures, human beings, human organs, killers for hire and money laundering. The global crime economy is highly profitable and thriving and is threatening the autonomy and decision-making power of nation-states (Castells, 1997:258-61). It must be viewed as another peril of globalization (Yeung, 1998b). Countries within Pacific Asia have viewed with alarm this growing trend. Certainly with the trafficking of drugs, many countries in the region have made the crime punishable by death.

Related to the globalization of crime are the opportunities afforded by the global economy to cheat national and local governments of their revenues. Even in the United States, the underground economy is estimated to value at \$600 billion a year, or approximately 10 per cent of its GDP, and the global underground economy has been put at the size of a staggering \$5.8 trillion (CQ Researcher, 1994:206). Within Pacific Asia, the underground economy is flourishing in the Philippines, where the tax-to-GDP ratio is the lowest in the region at 12.9 per cent in 1987, as opposed to the highest in Singapore at 26.3 per cent. Out of a labour force of 19.8 million in 1985 in the Philippines, only 2.4 million filed tax returns, and only 827,000 presented taxable returns. Thus, the real dualism in the Philippines does not lie in agriculture and industry, but rather in the formal and informal (underground) economy (Tigiao, 1991). However, the biggest un-

derground economy in the region and, for that matter in the world, has been alleged to exist in Taiwan. A politician was quoted as saying that the government reckoned the underground economy would add another 25-30 per cent to Taiwan's official GDP figure. A foreign economist would even put the figure at 30-40 per cent, as surveys suggested that 15-20 per cent of export earnings were uncounted because of double invoicing and 7-8 per cent of manufacturing output undeclared. Taxes of all kinds produced only 60 per cent of revenue in 1985 (Anon., 1988).

### Regional Integration and Identity

In the global economy of the 1990s, the vision of the world being divided into three geo-economic blocs has been gaining currency. The formation of an expanded and strengthened European Union and the North American Free Trade Area (NAFTA) by 1995 as formal structures almost presaged enhanced interest in some form of regionalism in Pacific Asia where countries had demonstrated their growing links and interdependence.

Indeed, economic regionalization in Pacific Asia can be briefly summarized into three phases. In the 1960s and 1970s, Japanese sought offshore industrial relocation to the newly industrializing countries of Hong Kong, South Korea, Taiwan and Singapore. The second phase occurred in the 1970s and 1980s, with countries in ASEAN (Association of Southeast Asian Nations) providing the right incentives for Japanese investment. Thirdly, since the mid-1980s China has become the scene of major cross-border investment by Hong Kong, Japan and other countries (Yeung and Lo, 1998:134). However, it has been in the period since 1980, when economic regionalization began to take off, that massive inflows of FDI have significantly increased intra-regional trade and strengthened links to the global economy. In the period of 1980-1991, inter-regional trade as a proportion of total value of trade increased by 20.1 per cent (Dixon and Drakakis-Smith, 1995:82). Another source shows that inter-regional trade in Pacific Asia

increased by more than 670 per cent between 1974 and 1992. It is also submitted that Pacific Asia regionalism has emerged in a different mode from Europe's and North America's, with economic disparities and historical discontinuities being distinctive characteristics (Murphy, 1995).

Alexander Murphy (1995) argues that Pacific Asia lacks a foundation for economic integration similar to that present in Europe in the 1950s and 1960s. Nevertheless, the informal integration through economic linkages has been growing with globalization since the early 1980s, providing a further impetus to forge regional links. With the increasing presence of TNCs through FDI in the region, countries are already closely knit in a web of economic relationships with clear regional division of labour. Vertical and horizontal divisions of labour are growing with the growing presence of TNCs. Inter-firm linkages can take different forms: at arm's length transactions between firms, equity investment by one firm in another, joint ventures between independent firms, technology licencing, inter-firm alliances for the purpose of pooling strategic assets, and supplier and other networks between firms (ESCAP, 1994). The phenomena of subcontracting, the decentralization of production, outworking, job sharing, part-time work, self-employment and consultancy are all growing in developed countries as part of the new informational global economy (Borja and Castells, 1997:11), and some of these are beginning to take root in Pacific Asia, especially where TNCs are active.

In regional integration, no country has been playing a more important role than Japan during the past few decades. Its position in leading the rest of the countries in Pacific Asia in a staged development process, otherwise known as the "flying geese" pattern of development, is widely recognized. Japan has vastly increased its FDI outflows to Pacific Asia since 1985, accompanied by the transfer of technology. For example, in the automobile industrialization in Southeast Asia, Toyota Motor Corporation has successfully localized production and transferred technology in its ASEAN production network. An electronic network among



auto and parts makers in Japan, the ASEAN countries and China has been formed, with the blessings of the Japanese government. Regional integration of ASEAN's automobile industry involves a complementary division of labour and a post *keiretsu* supply system which encourages Japanese carmakers and parts makers to transfer more production overseas (Fujita and Hill, 1997). As a reflection of Japan's "new Asianization," the number of Japanese firms in Asia increased from 58,000 in 1985 to 120,000 in 1994, compared with those in North America having declined from a peak of 291,000 in 1991 to 277,000 in 1994 (Rimmer, 1997:128).

Since the late 1950s, Japan has been actively promoting regional cooperation but has been wary of taking a lead in regional affairs considering its wartime record in the region. Its most visible and tangible role in advancing the regional cause was its crucial support to establishing the Asian Development Bank in 1983 (Dixon and Drakakis-Smith, 1995). Japan has also been assisting countries in the region through official aid and through other cultural and scientific avenues promoting economic development. On the other hand, a recent controversial study has pictured Japan as building a regional production alliance by limiting the flow of technology transfer and by "embracing" Asia through its TNCs, even raising the spectre of a new Greater East Asia Co-Prosperty Sphere (Hatch and Yamamura, 1996). In the continuing growth of China, many have seen China, economically and politically, as a counterweight to Japan. One should not lose sight of the fact that Japan is an awesome economic power. Notwithstanding its economic recession since 1991 and the current uncertainties, Japan's economy is still twice the size of the rest of Asia (Rimmer, 1997:129).

Although serious regionwide integration initiatives since 1945 had been absent in Pacific Asia, persistent efforts within Southeast Asia resulted in the formation of ASEAN in 1967. From the original five countries, it has become an alliance of ten. Spurred by regional integration developments elsewhere, the heads of ASEAN met and agreed in 1992 to create an ASEAN Free Trade Area (AFTA) in fifteen years. After twenty years of slow progress

in ASEAN economic cooperation, this commitment to create AFTA is a great leap forward. AFTA represents a considerable market of 330 million people and marks a pioneering step in the region in the evolution of global trade liberalization. It could expand and take into new members over time. A principal step in the process is the setting up of a scheme of Common Effective Preferential Tariff (CEPT) in order to reduce tariffs on all manufactured items over fifteen years. A great part of technical details needs to be worked out among the countries concerned, in addition to tariff reform, industrial policies, macro-economic coordination and institutional requirements, in an "AFTA-plus" framework. At least a common goal has been erected and countries can work towards it (Imada and Naya, 1992).

At the same time, there have also been other recent initiatives as regards regional integration, although they tend not to be exclusive to Pacific Asia and rather focused on the Pacific Basin at large. Notable among these is the Pacific Economic Cooperation Council (previously Conference) (PECC) founded in 1980, now comprising 21 member committees. Japan and Australia took the initial lead in this movement which has flowered into a productive dialogue on a number of policy areas among policy makers, academics and businessmen in the region centred on the national committees. After the Asia-Pacific Economic Cooperation (APEC), consisting initially of 12 countries, was established in 1989 and later expanded to 18, PECC and APEC worked cooperatively on many of the similar issues facing the region.

With the direct participation of heads of state, APEC is a higher forum of regional consultation and has been making progress with every meeting. Dedicated to the objective of promoting regional economic growth, APEC has been guided by the principle of "open regionalism," that is a form of non-exclusive regional economic integration without discrimination against outsiders. The concept in its precise meaning was adopted by APEC in its Osaka meeting in 1996. Consistent with regional realities and the voluntary nature of the APEC process, open regionalism is "also consistent with the region's overriding inter-

est in a rules-based multilateral trading system" (Soesastro, 1997). There is a related "concerted unilateral" approach, promoted by Japan and other members, to reaching APEC's liberalization goals. At the Bogor meeting in 1994, APEC leaders agreed to a timetable of achieving free and open trade and investment in the region by no later than 2020. Industrialized countries would achieve this goal by 2010 and developing economies no later than 2020. Indeed, immediate progress followed. Within two years, the process had contributed to a lowering of tariffs in the region, with the average (unweighted) tariff level having been lowered from 15 per cent in 1988 to 9 per cent in 1996 (Soesastro, 1997). Given the huge economic and social differences among the APEC countries, perceptions of what the institution could be of service to them differed. While many Asian states tend to view APEC's role as an "Asia-Pacific version of the OECD," Western economies would prefer to see it as a platform to facilitate a liberal trading arrangement. This is in part reflected in Malaysian Prime Minister Mahathir Mohamad's proposal for an East Asian Economic Caucus (EAEC), based on a more geographically defined set of countries. There is, therefore, no lack of competing views on economic regionalization, but the overall success of APEC in its short history of a decade is unquestioned (Gallant and Stubbs, 1997). The suggestion of launching an "APEC" recovery plan from the global economic crisis in the summit meeting in Kuala Lumpur in November 1998 is not unfounded (Bergsten, 1998).

For Pacific Asia as a whole, the Eminent Persons Group stressed that APEC does not aspire to create an Asia Pacific Free Trade Area. Rather, it proposed to build a "community" involving countries in their shared goals of removing barriers to economic exchange among them in the interest of all (APEC, 1994:54). Already, a Pacific Asian core region, characterized by spatial proximity, trade and investment flows, and the emergence of regional and subregional divisions of labour have been identified (Dixon and Drakakis-Smith, 1995). The region has become a high-growth zone, ahead of almost any other region in the world. Recent advances in information technology have greatly

facilitated the region's strengthening of its regional identity and, indeed, redefining it.

The adoption of new technological innovations for communication and exchange of information has resulted in the new geographies of Pacific Asia. Two sectors have been exploding in their growth and influence. The first is telecommunications infrastructure, notably fibre optic cables, and the second is the expansion of regional electronic media, especially television through satellites (Forbes, 1997:21). Fibre optics is the preferred technology despite the challenges associated with laying deep-sea cables. By 1995, 50 telecommunications carriers from 34 countries had invested \$3.5 billion in the expanding web of international optical systems in the region. A similar rush for satellites is epitomized by Interlsat, the 127-member global consortium, launching the first Pacific satellite in 1996. By 1995, there were 19 regional and 13 domestic satellites, with another 8 more systems to be launched. Within the region, Japan and Singapore are the most advanced in creating intelligent, networked societies with ambitious plans for automated highways, consumer data services and fibre optics to the home (PECC, 1995:81-84). The increasing application of the computer has already changed the way people communicate over distance. The Internet penetration in Pacific Asia is gaining momentum. Singapore, Hong Kong and Taiwan lead the region in this respect, with 23, 11 and 9 per cent, respectively, of the population embracing the new technology. In Hong Kong, this is translated in 575,000 people, 63 per cent in the 20-34 age group (Chan, 1998).

In the present era of globalization, technological advances have helped people to change their concept of space and distance. The region has suddenly become much smaller, being traversed by information superhighways across cyberspace. Even the Pacific Ocean is no longer as empty as it used to be in people's mind. As a result of the Convention of the Law of the Sea adopted in 1982, littoral states can claim an Exclusive Economic Zone of up to 200 nautical miles from the shoreline or baselines of a coastal or island state. This covers a large proportion of "nobody's proper-

ty" previously under the category of High Seas. As a consequence, the transference of oceanic territory in the Pacific Ocean is remarkable (Ginsburg, 1988). This is only one dimension of the rapidly changing Pacific region, in particular in relation to the socioeconomic development of countries on the rim of the ocean, helping us understand whether the Pacific Century is about to dawn.

### Conclusion

This paper has attempted to focus on some of the major elements of regional responses in Pacific Asia and regional integration through formal institutional structures and the widespread application of information technologies against the background of the global informational economy that have been taking shape since the early 1980s. The region has been found to have benefited tremendously from the globalizing tendencies in trade, investment, services and production. It has the right mix of countries at different stages of economic development and socioeconomic preparedness for them to be active participants in the emerging world order. Not surprisingly, the economies in the region had been growing at breakneck pace during the two decades before the onset of the financial crisis in 1997.

Globalization, nevertheless, has its perils. The domino effect following the Thai financial crisis in July 1997 progressively engulfed most countries in Pacific Asia. In fact, the negative impact spread to other parts of the world in 1998. The stock and currency markets have been violently chaotic. A sense of insecurity is strongly felt, not only by individuals, but by nation-states which have been powerless in controlling the global forces swirling by. Extreme measures taken by Malaysia to restrict currency trading and by Hong Kong to intervene in the stock market in August 1998 were unprecedented. Their impact and effectiveness have yet to be fully assessed.

These government policies were forced on them by global pressures. The countries in the region have gone through a trying period in the past year and a half. Individually and collectively, they will perforce have to re-examine their development strategies and cooperative efforts. The Asia-Pacific region is still to weather fully the first fierce economic storm in the past half century. If regulations and institutions at national and international levels are not devised to rein in the forces of globalization, the region and the world will likely witness more economic upheavals in the twenty-first century.

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## **Globalization and Regional Transformation in Pacific Asia**

### **Abstract**

Globalization and regionalization are two sides of the same coin. They are major processes affecting the global economy since the early 1980s. An energy spearheading a globalizing economy has been a series of technological innovations, including information technologies.

Pacific Asia is a region that has capitalized on the globalization process. Various forms of spatial structures have evolved to take advantage of opportunities in flexible cooperation. Global cities, growth triangles, extended metropolitan regions and urban corridors are briefly described.

The region has also approached regional integration with determination. Some of the region-wide efforts are reviewed. Even the concept of the region is changing, with processes of change coming from many directions.

## 全球化與亞太的區域轉化

楊汝萬

（中文摘要）

全球化與區域化是同體的兩面，亦是自八十年代初以來影響全球經濟的兩個主要過程，而推動全球化經濟最力的一個因素是連串的科技創新，包括各種資訊科技的面世。

亞太是全球化過程中最矚目的地區之一。不同形式的空間結構不斷出現、演變，以彈性合作的方式爭取發展機會。本文對一些重要的全球化和區域化城市發展，如世界城市、成長三角區、延綿都會區域和城市走廊等作出扼要的描述。

亞太區已銳意朝向區域整合。本文因此亦會回顧一些有關的區域性努力。隨著區域整合的深化，甚至亞太區這一概念也在轉變之中，而轉變的過程則來自各個方向。