

PRESS RELEASE
26 February 2013

APEC needs to move beyond Bogor goals

(Singapore) – The Asia-Pacific region continues to face an uncertain economic environment with major economies undertaking stimulus measures to bolster growth. This environment points to an urgent need for the region to find new engines for growth. These new engines should make ensure that people benefit from the integration process. “The region has benefitted from the integration process but we need to move beyond this to ensure sustainable and inclusive growth as we transition into the next phase of the region’s development.” said **Mr. Jusuf Wanandi**, Co-chair of the Pacific Economic Cooperation Council (PECC). **Mr. Hatta Rajasa**, the Coordinating Minister for Economic Affairs of Indonesia, said in his keynote speech, “The economic crisis is not yet over and there is much that needs to be done to put the global economy on a sustainable growth path and create opportunities for the persistent high level of unemployment in several advanced economies.”

Capacity-building needed

There is a need to renew focus on the importance of capacity building not as a second thought but as an integral component of all initiatives to ensure that economic growth is more equitable and inclusive. “Further, capacity building should be looked at not just in terms of providing technology transfer from the more advanced to the less developed but also in terms of fostering a sense of shared future and strengthening cooperation in various areas”, said **Professor Zhang Yunling**, Director of International Studies at the Chinese Academy of Social Sciences.

Singapore Minister for Trade and Industry, **Mr. Lim Hng Kiang** emphasized that “Improvements in cross-border flows of capital, goods, and people will make it easier for economies to adapt to changing patterns of comparative advantage, and allow for technology transfers across borders.” “Economies will therefore be able to compete globally, with their companies adapting and moving up production value chains more quickly,” he added.

Financial cooperation and inclusive growth

While Asia-Pacific cooperation processes have focused on trade integration, there is an urgent need to strengthen the financial cooperation pillar. While the Asian economies have been left relatively unscathed from the effects of banking crises in Europe and the US there are short and long term challenges. The first is that the deleveraging process in the banking sector in Europe means that there is a risk of bank lending could be curtailed especially in developing Asia. Over the longer term, the regional financial system is in urgent need of upgrading to ensure that the savings of the region are used for more productive processes.

The development of the financial sector is critical to ensuring that future growth is more sustainable and equitable.

Infrastructure investments

One example of this is that the region needs to invest over US\$750 billion a year in infrastructure to bring the benefits of integration to more people. Given limited government budgets, private sector funding needs to be leveraged.

To do so requires substantial cooperation among various stakeholders in the project including local government, consumers, service providers as well as multilateral institutions. “While times are difficult, we must not lose sight of the opportunity to improve domestic and cross-border connectivity,” said **Dr. Masahiro Kawai**, President of the Asian Development Bank Institute (ADBI). “Public-private sector partnership is the way to go. Infrastructure investment funds in many parts of the region would be desirable;

respective governments should understand the risks involved and determine how much risk they can afford to take,” he added.

A new environment for world trade

Since the Bogor Goals were set in 1994, tariffs have gone down from 17% to 5.5% on average. The challenges today are more behind the border. However, the global trading system is stuck. The WTO DDA negotiations have gone nowhere. The WTO Ministerial Meeting in Bali shortly after the APEC leaders’ meeting presents an opportunity for the region to take leadership and responsibility for the trading system. The success of the WTO Ministerial would be greatly strengthened by the region and others getting behind a conclusion to the trade facilitation agreement. While a trade facilitation agreement is not enough in itself, success in this area can be built on.

Beyond the immediate concern of giving momentum to the WTO, the whole system is challenged by new trends in regional trading blocs – from the TPP (Transpacific Partnership) and RCEP (Regional Comprehensive Economic Partnership) to the newly announced US-EU FTA. These agreements keep the trade agenda moving. However, one challenge is to ensure that no economy is excluded from the processes; another is that the support for trade is threatened by increased income inequality. The emergence of global value chains opens up opportunities for more to participate but supply side constraints need to be addressed. While the FTAs are often touted as WTO-plus the problem is without progress in the multilateral system there is no lowest common denominator.

“Export-oriented trade liberalization is not an end in itself but a means and process,” said **Ambassador Don Campbell**, Co-Chair of PECC. “We recognize that there are many ways in which governments can make a difference to ultimately enhancing the quality of living and equitably distributing the benefits among the people and economies; APEC can facilitate this aim and provide a fresh impetus by going beyond the Bogor goals which were set back in 1994 when circumstances were very different.”

About 250 regional thought-leaders from the government, research and business sectors gathered in Singapore during 22-23 February 2013 for a PECC conference, “**Asia-Pacific Economic Integration and Connectivity: Pathways for Resilient and Inclusive Growth**,” co-organized by SINCPEC (Singapore committee for PECC) and INCPEC (Indonesian committee for PECC). “The purpose of this conference was to provide a unique opportunity to hear policy recommendations from regional opinion-leaders on what it can do to improve its resilience and be an engine for growth as Indonesia hosts APEC 2013 culminating in the Leaders’ Meeting in Bali in November,” said **Associate Professor Tan Khee Giap**, Chair of SINCPEC.

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About the Pacific Economic Cooperation Council

The Pacific Economic Cooperation Council (PECC) is a non-profit international organization committed to the promotion of cooperation and dialogue in the Asia Pacific. Founded in 1980, PECC is a tripartite network of 26 member committees comprising individuals and institutions dedicated to this shared mission. Of the 26 member committees, 23 represent the economies of Australia, Brunei Darussalam, Canada, Chile, China, Colombia, Ecuador, Hong Kong (China), Indonesia, Japan, Korea, Malaysia, Mexico, Mongolia, New Zealand, the Pacific Islands Forum, Peru, the Philippines, Singapore, Chinese Taipei, Thailand, the United States of America, and Vietnam. The PECC also has one associate member, France (Pacific Territories), and two institutional members, the Pacific Trade and Development Conference and the Pacific Basin Economic Council. As the only non-governmental official observer of APEC (Asia-Pacific Economic Cooperation), PECC provides independent business and research input for the regional policy-making process. www.pecc.org