

**PRESS RELEASE**

19 November 2013

**Focus on Structural Reforms in Services: Key for growth in the Asia-Pacific**

19 November 2013 (Singapore) – With the US and Japanese economies now showing more positive signs, concerns of slowdown are now shifting from developed to emerging economies including China and India, according to the *State of the Region* report ([www.pecc.org/research/state-of-the-region](http://www.pecc.org/research/state-of-the-region)) which contains results from a survey of 560 opinion-leaders from around the region.

“The region’s economies are resilient and clearly demonstrate that Asia-Pacific is at the center of global growth,” said Eduardo Pedrosa, Secretary General of PECC and Coordinator of the Report. “While it is encouraging to see more positive prospects in regards to the US and Japanese economies, in order to ensure that the region’s growth is sustainable and inclusive, we must continue structural reforms while making sure that GDP growth benefits as many people and communities as possible,” he stressed. As mentioned in the report, the opinion-leader survey conducted by PECC during July 9<sup>th</sup> and August 5<sup>th</sup> this year showed that ‘failure to implement structural reforms’ ranked as the second highest risk to growth after ‘a harder than expected landing of the Chinese economy.’

The Institute of Southeast Asian Studies today organized a seminar that included a briefing by Mr. Eduardo Pedrosa on the recently released *State of the Region* report of PECC and the book launch of *Priorities and Pathways in Services Reform: Part II Political Economy Studies* by Professor Christopher Findlay, Executive Dean of the Faculty of the Professions at the University of Adelaide and Vice-Chair of the Australian committee for PECC.

As the PECC report shows, while the region has grown, the development gap is widening. There has been significant improvement in removing at-the-boarder barriers to trade but behind-the-border barriers continue to hinder both trade and domestic growth. The emerging economies are faced with the needs to implement structural reforms while integrating with the other economies of the region. According to a PECC study, TPP has the potential to increase the global GDP gains by US\$223 billion and RCEP US\$644 billion. Together, as an integrated, region-wide FTAAP, the output could potentially increase by as much as US\$1.9 trillion. However, in order for the developing economies to actually benefit from the regional integration, certain supply-side constraints such as education, infrastructure, and basic services (e.g. water, sanitation, electricity) need to be improved and as painful as they are, structural reforms must be put in place. The region’s opinion-leaders expressed that stronger domestic institutions are needed to ensure that the benefits of integration process flow to the less well-off in the community.

“The potential for growth in the services sector is enormous and still underestimated, under-exploited,” said Professor Christopher Findlay. “To some extent, reforms can provide their own reward, in terms of stimulating activity and increasing the resilience of the economy, but prudent macroeconomic management is also crucial,” he wrote in *Priorities and Pathways in Services Reform* (World Scientific, 2013). “Structural reform in services and increasing connectivity throughout the region is critical for harnessing the growth potential in both developing and developed economies of the Asia-Pacific region,” he stressed.

**Taken from World Scientific website** (<http://www.worldscientific.com/worldscibooks/10.1142/8791>):

Services markets remain highly regulated and international trade and investment is restricted. Previous works have identified the scope for significant gains from trade, yet those results are often debated and the progress on reform has been slow. Parts I and II in *Priorities and Pathways in Services Reform* help fill the gap in the research

around this debate. *Part I — Quantitative Studies* contains up-to-date assessment and evaluations of the impact of policy in a range of services markets in different countries (through cross-country modelling of the impacts of a reform program). *Part II — Political Economy Studies* builds on this to address the understanding of what makes a reform successful, going beyond a quantification of the benefits of reform. This book fills that gap by reporting and reviewing the experience of reform across different sectors and countries. Ten key lessons are identified for successful reform. Readers will find fresh insights into managing complex issues in services reform.

[Chapter 1: Overview \(142 KB\)](#) (click on link to download)

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- China's Services Policy Reform Before and After the Global Financial Crisis (*Fan Ying*)
- Services Sector Reforms in India: Update and Challenges (*Rupa Chanda and Pralok Gupta*)
- Services Trade Reform in the European Union — The EU Services Directive (*Anne McNaughton and Paul Furlong*)

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**Professor Christopher Findlay** is the Executive Dean of the Faculty of the Professions at the University of Adelaide, and he was the Head of the School of Economics at the University of Adelaide from November 2005 to July 2011. Prior to that, he was Professor of Economics in the Asia Pacific School of Public Policy (now Crawford School) at the Australian National University. A graduate of the University of Adelaide and ANU, he is a Member of the Academy of the Social Sciences in Australia and a Member of the General Division of the Order of Australia. His research interests concentrate on Australia's economic relations with Asia, with a special interest in the reform and industrialisation of the Chinese economy. He has been especially involved in research on the textiles, steel and air transport industries in East Asia and on the implications of developments in those industries for Australia. In 2011, he published the book *Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) and Regional Integration* together with Robert Scollay and Uwe Kaufmann.

**Mr. Eduardo Pedrosa** is the Secretary General of PECC and Coordinator of State of the Region report. He was appointed to serve as the first fixed-term Secretary General by its Standing Committee in March 2006 and was re-appointed for a third-term beginning March 2012. In his capacity as the Secretary General he is responsible for the management of the PECC International Secretariat and representing the organization at international meetings. Mr. Pedrosa first joined PECC as its Director (Policy Program) in 2001 where his responsibilities included the management and coordination of the Council's research program including in the areas of trade policy; financial and monetary cooperation; and corporate governance. Before moving to Singapore, he was the coordinator of the Konrad-Adenauer-Stiftung's Southeast Asia cooperation program based in Manila and also the co-editor of its journal on regional economics and politics, "Panorama." Prior to this, he has worked in the Philippines for a number of government agencies focused on international relations. He was a co-editor of the book "An APEC Trade Agenda: The Political Economy of a Free Trade Area of the Asia Pacific" (ISEAS, 2007) and contributed to "The ASEAN Community: Unblocking the Roadblocks" (ISEAS, 2008) and "ASEAN: Life after the Charter" (ISEAS, 2010). He has also worked for the Economist Intelligence Unit, where he advised corporate clients on economic, political and market developments affecting the business environment in the Asia-Pacific, as well as for various agencies of the Philippine government. He is a graduate of the London School of Economics and Political Science.

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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](http://www.pecc.org)