

## PRESS RELEASE

### **Beijing APEC leaders' meeting presents opportunity to shape the future**

**11 September 2014 (Beijing, China)** – The Asia-Pacific economy is entering a new phase of growth. The region's economies are now seen to be normalizing and are eager to get back on track to a higher trajectory of growth through structural reforms and deeper regional economic integration. However, regional economies face challenges including increased income inequality, bottlenecks in infrastructure, ageing populations, and climate change.

The APEC leaders' meeting to be held in Beijing in just 2 months presents a chance to shape how the region, which is now the center of the global economy, can seize the opportunities that come with these challenges. The emergence of global value chains in particular gives economies a chance to maximize their comparative advantages and access the global markets. The question is on how both emerging and advanced markets could each get the most out of this interconnectedness of global value chains. Reforms are urgently needed that will facilitate greater participation of SMEs in the global market.

Over 350 leading experts on trade, finance, energy and environment gathered in Beijing for 22<sup>nd</sup> PECC General Meeting to provide an objective assessment of the current situation, explore solutions to difficult issues and identify partnership to shape the future of the Asia-Pacific region.

During a plenary that focused on regional economic integration and FTAAP (Free Trade Area of the Asia-Pacific), Ian Buchanan, Chair of Australia committee for PECC, who moderated the session said, "Agreements under negotiation like the Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP) should serve as building blocks towards creating a well-functioning FTAAP." The real challenge is building constituencies that would support the deeper integration envisaged in an Asia-Pacific wide agreement.

Experts discussed the state of play in negotiations including the TPP, the RCEP and the Pacific Alliance (PA). They suggested that these could be mutually reinforcing but that there are differences in modalities that present problems in the future realizing the vision of an FTAAP.

#### **APEC's role**

While the potential benefits of TPP, RCEP and PA have been extensively discussed, there is ongoing debate in regards to the modalities in further developing and bringing the initial vision into operational stage. While APEC's non-binding nature should remain, it can continue to play an incubator and facilitator role by providing venue for bridging the gaps between the pathways. However, experts noted that even if the current negotiations are completed, there are likely to remain substantial gaps in regional trade policy that would need to be addressed. While the TPP and RCEP have significant overlap, the US and China are not currently parties in the same agreement, a visible challenge pointed out by several scholars at the Conference. Experts however noted some optimism with the bilateral investment treaty underway between the region's two largest economies.

The deepening integration of the region and the ability of businesses to seize opportunity from this massive market depend on addressing lack of connectivity including significant bottlenecks in infrastructure.

## **Financial cooperation**

Experts noted that while the region was becoming more deeply interconnected through trade, connections through financial markets remain limited. There is a big agenda on financial cooperation that needs to be addressed before the region can seriously talk about financial integration.

While efforts are underway in ASEAN and ASEAN Plus, as well as in the Pacific Alliance, there is much more work to be done in terms of the broader region. These include: “financial services liberalization, capital account liberalization, capital market development, and establishment of integrated, safe, and efficient system of payment and settlement,” summarized Tang Guoqiang, Chair of China committee for PECC, in his closing remarks. “Financial cooperation in the Asia-Pacific should be given due consideration in shaping the partnership for the region’s future, especially in preparation for the next global financial crisis which would be much bigger in magnitude,” he added.

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