



PECC at 30:
A New Vision for APEC
And
Toward Further Regional Economic Cooperation

Report on PECC XIX
21-22 October 2010

Hosted by:

JIIA (財)日本国際問題研究所
The Japan Institute of International Affairs



Ambassador Yoshiji Nogami

Chair

*Japan National Committee for Pacific Economic Cooperation
&*

President of Japan Institute of International Affairs

Host of PECC XIX

Introduction

PECC XIX brought together over 300 opinion-leaders from business, government, the academe and civil society to discuss the issues confronting the Asia-Pacific region. The 19th PECC General Meeting took place on 20-22 October just three weeks ahead of two major meetings of the world and regional leaders in Asia-Pacific cities. The meeting was hosted by the Japan National Committee for Pacific Economic Cooperation and the Japan Institute of International Affairs.

The theme of the conference was “PECC at 30: A New Vision for APEC and Toward Further Regional Economic Cooperation.” The Asia-Pacific remains the world’s most dynamic region and the economic crisis has accelerated the shift of the center of gravity from the Atlantic to the Pacific Basin.

Our meeting included five plenary sessions:

- Economic Recovery and Growth in the Asia-Pacific
- Toward Resilient Societies
- Climate Change
- The Post 2010 APEC Trade Agenda
- The Future of Global and Regional Cooperation: Looking Toward the G20 and APEC

We also had concurrent sessions on:

- Demography and Ageing Societies
- Environmental Sustainability in Urban Centers
- Disaster Relief
- Macrofinancial Linkages and Financial Deepening

A new vision of how the region’s economies relate to each other and come together to provide leadership on the global stage were major themes of this conference.

I believe the region has arrived at a critical point where we need to come together and define a vision of how we want the Asia-Pacific to develop over the coming decade. The economic crisis presents an opportunity for us to think deeply about the shape our economies and societies will take.

While recovery is under way we need to ensure we do not forget the lessons of the past. The export-driven growth that has characterized the region, particularly East Asia, is unlikely to return and if it does it will not be sustainable. Finding ways to raise incomes and domestic demand are critical. We have initiated work on social resilience – especially on how social safety nets can play a role in rebalancing growth and enhancing individual’s welfare and sense of security. We hope that this conversation and dialogue on social resilience will continue even as growth returns to the region.

Our vision is of a prosperous and peaceful Asia-Pacific. Through continued dialogue and cooperative actions we can achieve this. There is much we can learn from each other. As PECC enters its 4th decade we will continue to contribute to regional policies through addressing the issues we believe critical to the continued economic development of our region.

Yoshiji Nogami



Dr Charles E. Morrison
*PECC Co-Chair
 President
 East West Center*

Message from Co-Chairs

The Pacific Economic Cooperation Council is now 30 years old. As befits such an occasion, it is worthwhile looking back to how the region and the world looked when our organization was founded. While there were some regional and technical organizations dedicated to cooperation, in 1980 there were few general cooperation bodies and opportunities for leaders to gather were scarce.

As a result economic issues were largely handed on a beggar-thy-neighbour basis, territorial conflicts were left to fester, and leaders had little understanding of the challenges their counterparts faced.

The main purpose of PECC at its origin was to develop inter-governmental cooperation and our work during the 1980s led to the establishment of APEC in 1989. Since then we have remained a vigorous voice in the governmental process providing ideas and suggestions on areas for cooperation. Our role has become even more important for a number of reasons. Regional cooperation requires promotion at the public level and the injection of new ideas. This is what we try to do through the activities of our member committees as well as internationally at events such as this.

As the economic crisis that began in 2008 taught us, the challenges that face the Asia-Pacific are not only regional but are increasingly global in nature. As the center of gravity of the global economy shifts towards our region we must be prepared to think not only of our region but the role our region plays in the world. The G20 process which now includes significant representation of the region provides a venue for us to make an active contribution to global issues. We should be prepared to provide intellectual input as well as greater legitimacy to global governance through our regional cooperation processes.

Our meeting comes as part of a series of regional



Mr Jusuf Wanandi
*PECC Co-Chair
 Vice Chair, Board of Trustees
 CSIS Foundation*

events including the ASEAN and East Asia Summit meetings in Hanoi, the G20 summit in Seoul and the APEC leaders' meeting in Yokohama. We are at a critical juncture for the region and global economy. The recovery from the crisis is precarious and there is much work that needs to be done to ensure its sustainability. We hope our inputs will contribute to the formulation of policies that will benefit the peoples of our region as well as the whole world.

We would like to express our appreciation to Ambassador Yoshiji Nogami and his team at the Japan National Committee for Pacific Economic Cooperation for the putting together an excellent agenda for our meeting. We are once again breaking new ground in addressing significant but difficult issues including rebalancing - both global and domestic, social resilience, climate change as well as issues at the core of our agenda on trade and investment policy.

Charles E. Morrison

Jusuf Wanandi



We need to reaffirm the extraordinary vision of a cooperative, dynamic, integrated Asia-Pacific economy that has driven APEC since its foundation. If it falls apart the world will be a tense place to live.

Peter Petri, Brandeis University & East West Center

Session 1: Economic Recovery and Growth in the Asia-Pacific

Growth in the Asia-Pacific region has returned. During the PECC General Meeting held in Washington DC in May 2009 there was some debate over the pattern of economic growth following the crisis, would it be a "U", a "V", a "W" or perhaps there was a need for a more complex character. At this stage in the economic cycle it is still a "V", with the global economy going into recession in 2009 but bouncing back to 4.8 percent this year.

Some Bright Spots

In addition to the positive headline numbers there are bright spots:

- The savings rate in the US economy has been improving helping to restore the imbalances in the world's largest economy;
- Domestic demand is driving growth in China; and
- Inter-Asian exports have been on the rise indicating that Asian exporters are reducing their reliance on external markets for their produce.

These factors indicate that the world's fastest growing region is making headway in its goal to rebalance growth. This is a necessity as demand in the United States and Europe is likely to remain subdued as consumers and governments fix their balance sheets.

The Asia-Pacific region is embarking on an ambitious new growth strategy aimed at making growth more inclusive, balanced and sustainable. This strategy involves deep changes in the structure of economies to foster greater social inclusion; reduce environmental degradation and ensure that the imbalances that characterized growth in the run-up to the crisis do not return.

The Short and Medium to Long-Term Agendas

The immediate recovery has come about through massive fiscal and monetary stimulus measures. These measures have been successful in boosting growth but need to be unwound and reforms put in place to increase productivity to raise incomes in

developing East Asia and reduce factor market distortions.

New Growth Strategy

Asia in particular has a key role to play in rebalancing global growth. The region has been driving global growth in recent years but to do continue in this role it urgently needs to develop a new growth strategy. The elements of this new strategy include:

- Current account sustainability;
- Social inclusion;
- Environmental Sustainability; and
- Regional cooperation and integration

Capital Flows

The region is currently dealing with an increase in capital flows that complicate macroeconomic policies. This is leading to high stock market prices, currency appreciation and possible bubbles in asset markets.

Monetary policy divergence seen in different parts of the global economy and sovereign risks in southern Europe are adding to overall concerns about prospects for continued recovery and growth.

Regional Integration

There is some evidence that intra-Asian trade is on the increase as the region adapts to the new reality of lower demand from industrialized markets. To facilitate this process, deeper liberalization in East Asia through regional trade agreements is something policy-makers need to seriously consider.

Scorecard on Progress

We discussed how global policy is helping to rebalance growth. Overall good marks were given for financial regulation, passing grades for trade policy and climate change but failing grades on structural reforms and macroeconomic cooperation.

The world's focus will be on the Asia-Pacific when leaders gather in Seoul and Yokohama to restore confidence and set the world on the path to a sustainable recovery. To do so they will need to refocus efforts on structural reform, defuse tensions over currencies, and strengthen implementation.



Session 2: Towards Resilient Societies

Two major economic crises have hit the Asia-Pacific region over the past 13 years. The swift recovery from the 1997-98 crisis was facilitated by strong export growth but with the epicenter of the crisis in developed markets, the same pattern of recovery is unlikely. The economies of the region need to consider how to make their societies more resilient against the kind of shocks that these crises bring.

For this reason, PECC launched a major international project to look at social resilience in the region and to see what regional cooperation can do to help the economies of the region become more resilient against the shocks. As discussed during the first session, social safety nets can also play an important role in rebalancing growth across the region by reducing precautionary savings thus boosting household consumption in surplus economies.

The availability of social safety nets obviates the need for households to worry about unexpected contingencies and retirement security. The research also indicates that the availability of credit is an important determinant of household savings and serves as a buffer against unexpected expenditures. Therefore a two-pronged approach of simultaneously developing social safety nets and capital markets may be the most effective way for the region to address the resilience issue.

Beyond the economic benefits that result from improving social safety nets, the countries of Asia have a responsibility to help those who struggle and ensure that society is accessible to every citizen. This is essential to ensure social cohesion especially during times of crisis.

Asian economies can create more inclusive societies through the improvement of their social safety net systems. With the winding down of the 2008 economic crisis, social security institutions around the world are becoming more flexible. This shift can be seen in the institutions of the Asia-Pacific as well. However, work still needs to be done on employment promotion and unemployment insurance, health care, work safety, migrant worker issues, and assistance for older workers to continue working or return to work.

Unemployment Insurance

The economic crisis has brought with it increasing levels of unemployment across many parts of the region. Due in part to the experience of the financial crisis of 1997-98, a number of economies had some schemes in place and are in the process of

“In times of crisis, the demands on social security administrations and the public’s expectation of what social security should do for them escalate. Governments turn to social security administrators to draw upon the central role that social security institutions play in mitigating the human suffering and hardship worldwide.”

Corazon de la Paz-Bernardo,
President

implementing both unemployment insurance policies

and active employment programs which include retraining to minimize increases in long-term unemployment.

Although fiscal space for such schemes is likely to be limited during a crisis, the political environment during these times makes it easier and more feasible that such schemes be implemented. While some view unemployment insurance as a ‘luxury’ that only developed economies can afford, PECC research found that there is no relationship between the schemes and levels of income or developmental.

However, the project finds that following the pattern of social safety nets that developed in OECD and Europe is unlikely to be effective in East Asia due to high levels of informal employment and relatively weak administrative capacity.

East Asia and the Asia-Pacific have a long way to go but momentum in reform needs to be maintained in developing new and innovative unemployment insurance schemes. The project has looked at a number of these which serve as case studies for other economies interested in developing their own schemes.

Pension Systems

The lack of or weakness of pension systems is one of the main contributory factors of high precautionary savings rates in East Asia. While there is some urgency given the need to rebalance growth towards higher consumption, other major factors are driving pension reform such as: the rapid ageing of populations; increasingly informal labor market relationships, accelerating urbanization and industrialization, and perhaps above all, unsustainable levels of benefits.

Millions throughout the Asia-Pacific worry that the pensions they were promised will not be delivered. The region’s share of the global elderly population will more than double by 2030, leading many to question whether the social welfare systems they have been contributing to over the course of their lifetimes will be



“I would like to express my heartfelt respect for your many achievements and active contributions to APEC over the years...I hope you will be able to examine the central APEC agenda from a variety of angles and I look forward to your concrete and useful recommendations for APEC 2010. “

HE Mr Seiji Mahara
*Minister of Foreign Affairs,
 Japan*

able to support everyone. The fact is that most people facing retirement in the Asia-Pacific from now on will need to find ways to generate 5-15% of their income. Policy makers need to find acceptable measures that can be implemented without heavy political risk.

The demographic changes taking place has called into question the medium to long term viability of pay-as-you-go schemes. Governments with long-established schemes have had to retreat on promises as they balance retirement benefits against management tax burdens and fiscal stress. In some cases governments have introduced tax-financed supplements alongside contributory schemes as a way of extending benefits.

As with unemployment insurance, the changing nature of labor markets is a major challenge. Atypical workers who move jobs frequently are not likely to have adequate benefits by the time they reach the retirement age. Creative solutions will be necessary to ensure both fiscal sustainability and adequate coverage. These are likely to include politically difficult issues such as raising the retirement age.

The economic crisis poses some direct challenges to pension systems as medium term growth and a less benign investment environment. Pension systems will

need to look beyond their own economies in search of higher yield which comes with its own risk.

Healthcare

Social safety nets in healthcare, like pensions and unemployment insurance, also play an important role in reducing precautionary savings. As with the other two pillars of social safety nets, there is political will to extend coverage to being truly universal. Typically in developing economies, healthcare as a social safety net has been provided through a mix of an insurance premium and general tax revenues.

One challenge in extending universal healthcare is the link between many healthcare schemes and employment. The portability issue is a critical part of structural change in an economy which should make it easier for employees to shift jobs without losing their benefits.

As the economies of the region develop their own plans for enhancing healthcare and extending coverage, there is an existing body of experience from both developed and developing economies that can help aid improving the design of systems to ensure their sustainability and effectiveness.





Concurrent Sessions

Session 3i: Demographic Change and Ageing Societies

Demographic change and ageing are often overlooked when thinking about economic change. They are slow and incremental and less likely to attract high levels of attention compared to other changes in societies. Many economies of the region have benefited from a 'demographic dividend' but this bonus period is coming to an end and governments need to adapt policies in response to this.

There is a need to see population policy not as a freestanding separate policy but as a facilitator in economic, social, environmental and political policy. Few economies have developed population policy integrated with economic policy. Ageing is a structural feature of the economies across most Asian countries and needs to be recognized as such. The ageing of the population puts pressures not only on pension systems but also threatens long-term growth potential. Economies are responding by looking at raising the retirement age and considering their own immigration policies.

Session 3ii: Environmental Sustainability in Urban Centers

The rapid urbanization of the planet is an inescapable reality. In order to keep up with ever complex issues, the decision-making processes of human society would have to be adapted to ensure stable and sustainable development. Currently half of the world population resides in cities.

Research and development play a central role in trying to predict future expectations and goals to create the cities of tomorrow. However, there is no single all-encompassing solution. Each city needs concrete tailor-made solutions and these are only sustainable if they take into account the aspirations of urbanites and

vital challenges such as healthcare and environmental protection. An ideal city would be characterized by: 1) economic vibrancy and competitiveness; 2) environmental friendliness and sustainability; 3) domestic security and stability; 4) quality of life and diversity; and 5) good governance and effective leadership.

The fifth criterion is vital, as without capable governance and leadership, the other four could presumably not be achieved. Governance is partly about the interaction between governments and other social organizations, how governments relate to citizens, and how decisions are reached in a complex world, but it is also about the direction and roles in larger decisions. Despite this, a key point is that models can only provide guidance. Constant rethinking of urban governance is necessary, which is why it is such a dynamic and challenging topic. It is an encouraging sign that local indexes are now being developed by cities and governments which can be used to assess the effectiveness of urban governance..

Session 3iii: Disaster Relief

The Asia-Pacific region is particularly vulnerable to natural disasters and climate change seems to be exacerbating both the severity and frequency of weather related disasters in the region. In 2009, there were about 335 major disasters across the world, most of them flood-related. A total of 111 economies were directly affected as a result of the natural disasters. Out of these, 18 economies represented 79% of fatalities, 95% of people affected and 87% of the economic damage. Eight out of these 18 economies were in the Asia-Pacific region.

Population growth, rapid urbanization, poor natural resource management, and climate change driven pressures can all increase natural disaster vulnerabilities. Poorer communities will be more vulnerable and less resilient. The important take home

message is that the “business-as-usual” approach to donor assistance is less likely to help meet post-disaster needs. There is an urgency to start rethinking how some of these issues can be addressed, such as through risk transferring, risk pooling, and public-private partnerships to manage natural disaster risks.

Effective pre-disaster planning and post-disaster recovery efforts are integral to ensuring successful disaster relief. Pre-disaster relief is a combination of science and technology support and cross-agency collaboration to supply proactive solution before a disaster strikes. Science and technology are strongly linked with emergency response and operation. Technology can predict and monitor natural disasters, and the scientific outcomes provide strong decision-making support before, during, and after emergency operations. There are many risk management measures available to address natural disasters. The usefulness of three broad groups of measures including adaptive measures, risk transfer approaches, and the applicability of new approaches and technologies were highlighted.

Donor assistance must be directed to both pre- and post-disaster relief, not one or the other. Although donors are traditionally enthusiastic about providing post-disaster humanitarian relief, they do not always recognize the need for medium- to long-term assistance. Mechanisms such as index insurance schemes can help empower poor economies and over time to not rely on donor aid. Policy change is always difficult, and APEC has a large role to play in fostering wider discussions on these issues.

Session 3iv: Macrofinancial Linkages and Financial Deepening

According to research by a PECC project on macrofinancial linkages and financial deepening, there is a positive correlation between the volatilities of emerging and advanced economies, where crises

passed from emerging markets to advanced markets. The current financial crisis, however, started with advanced economies and spilled over to emerging markets. This correlation has manifested itself in diverse ways across emerging markets throughout the world.

The policy implications of these findings are that there exist many risks—on exchange rates, financial flows, and others. On the domestic level, for instance, it may be important to address macro-prudential policy and reserve accumulation in order to cope with volatile exchange rates and international financial capital flows. In terms of regional financial cooperation, there is the Chiang Mai Initiative (CMI) and Asian Bond Markets Initiative. These are both potential solutions, but there are questions surrounding their rates of success.

There are basically two views of the role of an exchange rate: as an instrument for controlling the net trade balance; and as an extension of monetary policy. In the case of China, the fall in disposable income of Chinese households has spawned a decline in consumption, which is the reverse side of the rise in corporate revenues.

Solving the current account imbalance can either be done through addressing the export/import ratio or the savings/investment ratio. However, some analysts argue that the effects of the exchange rate on the trade balance suggests that a sharp appreciation of the RMB may collapse investments in China, which would actually cause the surplus to grow larger. Another way to solve the imbalance is through increasing incomes so that wage growth match productivity growth.





“This region will be center of growth for the whole world economy,; we should be proud of that and at the same time we should assume a bigger responsibility. We have to formulate a growth strategy not only for the benefit of the region’s economies but for the benefit of the world economy.

Mr Yoichi Otabe
Deputy Minister for Foreign Affairs, Japan

“Through the joint effort of all economies especially G20, the financial crisis seems to come to end. [...] Developed countries are on their way to recovery along a zig-zag and uneven line.”

Mr Cheng Siwei, (*Honorable Chair, CNCPEC and Former Vice-Chairman of the Standing Committee of the National People's Congress*)





Session 4: Climate Change

The Asia-Pacific region is critical to finding a solution to the global problem of climate change. The region is an increasingly large emitter of greenhouse gasses and is likely to account for an increasing share of emissions as its development continues. However, there is no fundamental reason for the region, especially East Asia to follow a path of high-energy consumption as has been typical in major industrialized economies.

The conditions are good for Asia to make the transition to a low-carbon society. High energy prices make traditional sources of energy such as fossil fuels make them unattractive for major investments. To avoid becoming locked-in to a high energy-dependent future, a long-term vision is required.

Many industrialized economies currently have high per capita emissions and are locked-in to a high energy - dependent growth strategy such as their industrial and transportation sectors; developing economies have a chance to leap-frog from low per capita emissions and low GDP per capita to high incomes with low per capita emissions such as Japan.

Plans in many Asian economies are already underway to develop lower emitting electricity generating facilities including: wind; hydro and nuclear and to lower their CO₂ intensity per unit of GDP. For example, China's energy intensity per unit of GDP has been reduced by 53% from 1990 to 2009. Many small capacity, high emission power generation plants have been shut down, from 2006-2009 this amounted to a 64.9GW.

While these domestic plans are in place there is still no global framework for addressing greenhouse gas emissions. While the listed "Nationally Appropriate Mitigation Actions" (NAMAs) do have the potential, if followed, to keep global temperature increases below 2 degrees Celsius, there are still a number of challenges on the table. First, the absence of a global accord makes it difficult for companies to make long-term investments in green production and carbon emissions trading schemes need coordination.

The major obstacle to an international agreement on climate change seems to be the lack of political support in major emitting economies. While non-cooperation leads to sub-optimal outcomes for all, reaching the optimal outcome of cooperation requires creative thinking. This process may be aided by the adoption of domestic green growth strategies which can be new engines of growth to transform the energy system and spur investments in new technology.

"Most of major emitters are in the Asia-Pacific, which makes APEC a potentially important forum where political momentum towards the solution can be created. The ultimate obstacle to reaching agreement on climate change is lack of sufficient political support at home in major emitters economies. Domestic support may be created by launching green growth at home. The goal is to create a new growth engine out of these transformational measures ."

Soogil Young, *Chair, Presidential Committee on Green Growth, Korea*

The NAMAs in developing economies require technology transfer and incentives to invest in new clean energy technologies. International and regional cooperation can assist in this process.

Session 5: A Post-2010 Trade Agenda

This year marks an important milestone for APEC's core agenda on trade and investment with the review of achievement of the Bogor Goals by industrialized APEC members. PECC established a task force to look at the elements of a "Post-2010 Trade Agenda" which met in Tokyo in July. The task force's work was divided between trade policy issues at two levels – the multilateral and the regional. At the multilateral level the task force discussed the completion of the Doha Round and the future of the WTO, the potential collision between climate change and trade policy, ways to make more effective progress in the vital task of services trade.

Liberalization of Trade in the Asia-Pacific Region

Since APEC's establishment and the announcement of the Bogor Goals applied tariffs rates in the region have come down substantially and the number of goods that enter APEC economies duty free has also increased (primarily through bilateral and plurilateral agreements).

Although the number of FTA/RTAs has been on the increase, one question that needs to be addressed is the extent to which businesses are using these agreements. Not all APEC member economies collect data on whether a preferential agreement is being used but surveys indicate that there are large variations on utilization rates depending on the sector. One question is whether the margin of preference available through an FTA/RTA is sufficient for a business to seek compliance with rules of origin. Where large volumes are concerned, utilization is greater but in the case of smaller volumes there are some doubts.

New Factors Affecting Trade Flows

Prior to 2000, the factors determining trade were tariff rates, non-tariff measures, and income; today, other factors seem to be more important including the existence of an FTA/RTA between the trading partners, and exchange rates.

Issues for the Global Trading System

The completion of the WTO Doha Development Round is a major issue that the region needs to confront. In spite of numerous calls by APEC leaders to complete the Round it remains unfinished. Looking beyond the

Doha Round, there is a need to begin thinking about steps that need to be taken to ensure continued support for the WTO and the multilateral trading system as the core institution in global trade. Alternative modalities for negotiating trade liberalization in the WTO may need to be considered.

The task force discussed the possibility that policy responses to climate change may give rise to a fundamental challenge to the multilateral rules-based trading system. With the failure to reach agreement on a successor to the Kyoto Protocol, individual economies and businesses are left to implement their own plans for reducing greenhouse gas emissions and will face pressures to use trade policy measures to compensate for resulting changes in cost competitiveness.

Existing WTO rules do not provide an adequate framework for resolving the trade disputes that will inevitably follow. The Asia-Pacific region, which is so dependent on trade, should be taking the lead in seeking international agreement on how the relevant issues should be addressed, which is essential in order to avoid the risk of damaging trade conflict and even the potential breakdown of the multilateral trading system.

Towards Deeper Regional Economic Integration

Although RTA/FTAs have increased the number of goods able to enter markets duty free, the utilization of preferential rates is relatively low, although slowly increasing. It is clear that small and medium enterprises in particular face a variety of handicaps in taking advantage of the trade opportunities opened up by RTAs/FTAs. APEC should actively pursue ways of overcoming these handicaps, for example by developing a simplified region-wide approach to rules of origin, including the streamlining of compliance requirements.

Two major gaps in the regional trade architecture stand out. The first is the lack of an agreement to liberalize trade among East Asia's biggest economies – China-Japan-Korea. While efforts are underway to resolve this, there are historical issues involved as well as traditional trade policy issues such as fisheries and agriculture. The second gap is the absence of a coherent approach to achieving trans-Pacific free trade. The Trans-Pacific Partnership has emerged as a potential step toward filling this latter gap.

“In order to identify the agenda we need to understand what matters to foreign trade these days, what matters today is different from what they were previously. The conclusion of Uruguay Round has made tariff and non-tariffs barriers much less important than they were before. “

Narongchai Akrasanee, Chair, Thai National Committee for Pacific Economic Cooperation



Session 6: Roundtable Discussion: The Future of Global and Regional Cooperation: Looking toward the G-20 and APEC

The nineteenth PECC General Meeting was held just three weeks ahead of two major summits in Asia-Pacific cities, the G20 Summit in Seoul and the APEC Leaders' Meeting in Yokohama. The meeting took place as tensions were rising in the world over 'currency wars'. The achievements of the past 24 months should not be overlooked. International cooperation prevented the economic crisis from becoming a second Great Depression through:

- unprecedented coordinated monetary and fiscal stimulus; and
- a standstill commitment to not adopt any protectionist measures.

Looking ahead, the environment for future accord is less benign. There are questions being raised as to whether the G20 is too large to be truly effective and too small to be legitimate. There are no easy solutions to this. Expansion of the group would simply change the economies left out and a narrowing would be unsatisfactory. These issues have been partially resolved by having some regional representation at the meeting such as ASEAN and others such as the Global Governance Group. It is clear that the G20 group is more acceptable than its predecessor the G7/G8 group and its membership includes much better representation from Asia, necessary given its increasing weight in the global economy.

An opportunity exists at the G20 and APEC meetings in Seoul and Yokohama respectively to refocus attention on cooperative actions to restore confidence. Without this confidence we are unlikely to see the kind of investments in jobs and productive capacity that will make the economic recovery sustainable.

Institutions have typically come about as a result of a crisis: the UN, WTO and Bretton Woods were born out of the crisis of the 1930s and Second World War. The ASEAN Plus Three and G20 Finance Ministers meeting were a response to the financial crises of 1997-1999. The G20 summit is built on the structures put in place by the earlier G20 Finance Ministers Meeting giving it a focus on financial and macro-economic issues. This foundation not only gives the G20 Summit a unique focus but also hampers its ability to expand to addressing other issues such as trade and climate change, leading to some disappointment. There are tensions over whether expanding into other areas would damage the credibility of the G20 which need to be addressed and managed.

The time is ripe for the economies of APEC to display leadership within the G20. The organization is too large to accomplish anything unless a group of core,

like-minded countries can unite on common issues. The economies of the Asia-Pacific share a grand vision in the concept of free and open trade in the region and are committed to these goals through both collective and individual action plans. Although the G20 faces many challenges, firm leadership from the Asia-Pacific could provide the organization with the influence needed to greatly improve the state of the global economy.

"The Seoul meeting is going to take up development issues in lower income countries with belief that future source of growth will have to come from developing countries"

Yung Chul Park, *Distinguished Professor, Department of International Studies at Korea University*



PECC XIX Session Chairs and Speakers

Thursday 21st October

PECC XIX PLENARY SESSION

Opening Remarks

- Dr. Charles Morrison (Co-Chair, PECC / Chair, USAPC)
- Mr. Jusuf Wanandi (Co-Chair, PECC / Chair, INCPEC)
- Amb. Yoshiji Nogami (Chair, JANCPEC / President, Japan Institute of International Affairs)

First Session: Economic Recovery and Growth in Asia and the Pacific

Chair: Amb. Donald Campbell (Chair, CANCEC)

Speakers

- Prof. Peter Petri (Brandeis University)
- Dr. Masahiro Kawai (Dean, ADBI)
- Dato' Dr. Mahani Zainal Abidin (Chair, MANCPEC / Chief Executive, Institute of Strategic and International Studies Malaysia)

Second Session: Towards Resilient Societies

Chair: Amb. Yoshiji Nogami (Chair, JANCPEC)

Keynote Speech: Ms. Corazon de la Paz-Bernardo (President, International Social Security Association)

Speakers

- Prof. Charles Yuji Horioka (Osaka University)
- Prof. Mukul Asher (National University of Singapore)
- Mr. Yang Yiyong (Director General and Professor, Institute of Social Development Research, National Development & Reform Commission, P.R.C.)
- Prof. Noriyuki Takayama (Hitotsubashi University)
- Dr. Etsuji Okamoto (National Institute of Public Health)
- Prof. Naoki Mitani (Kobe University)

LUNCHEON

Keynote Speech: Mr. Yoichi Otabe (Deputy Minister for Foreign Affairs)

Third Session (CONCURRENT SESSIONS): Human Security

Concurrent Session 1:

Demography / Aging Societies

Chair: Amb. Antonio I. Basilio (Chair, PPECC)

Speakers

- Prof. Graeme Hugo (The University of Adelaide)
- Prof. Takao Komine (Hosei University)
- Mr. Yang Yiyong (Director General and Professor, Institute of Social Development Research, National Development & Reform Commission, P.R.C.)

Concurrent Session 2:

Environmental sustainability in urban centers (PECC Project)

Chair: Hon. Michel Rocard (Chair, FPTPEC)

- Mr. Joachim Bitterlich (Executive Vice President International Affairs, Veolia):
- Prof. Tan Khoo Giap (Chair, SINCPEC):
- Prof. Coral Ingley (Chair, NZPECC):

Concurrent Session 3:

Disaster Relief

Chair: Dr. David Hong (Vice-Chair, CTPECC)

Speakers

- Dr. Liang-Chun Chen (Director, National Science and Technology Center for Disaster Reduction)
- Dr. Don Gunasekera (Senior Economist, The CSIRO Centre for Complex Systems Science)
- Mr. Mikio Ishiwatari (Senior Advisor, JICA)

Concurrent Session 4:**Pacific Economic Outlook (PEO): Macrofinancial Linkages and Financial Deepening (PECC Project)**

Chair: Prof. Akira Kohsaka (International Coordinator, PEO Project and Professor, Osaka University)

Speakers

- Prof. Akira Kohsaka (International Coordinator, PEO Project and Professor, Osaka University)
- Prof. Ronald I. McKinnon (Stanford University)
- Dr. Pakorn Vichyanond (Research Director for Financial and Capital Markets, the Macroeconomic Policy Program, TDRI)
- Ms. Kumiko Okazaki (Senior Economist, Institute for Monetary and Economic Studies, Bank of Japan)
- Prof. Huang Weiping (Renmin University)

Fourth Session: Climate Change

Chair: Mr. Jusuf Wanandi (Co-Chair, PECC / Chair, INCPEC)

Speakers

- Dr. Shuzo Nishioka (Senior Visiting Researcher, National Institute for Environmental Studies)
- Dr. Eric Zusman (Policy Researcher, the Institute for Global Environmental Strategies)
- Dr. Hardiv Harris Situmeang, (Advisor to the National Development Planning Agency and Indonesian National Council on Climate Change)
- Dr. Soogil Young, (Chair, KOPEC / Chairman, Presidential Committee on Green Growth, Korea)
- Mr. Zhao Xiusheng (Professor / Research fellow, Institute of Nuclear and New Energy Technology (INET), Tsinghua University)

DINNER

Remarks: Mr. Seiji Maehara The Minister for Foreign Affairs of Japan

Speech: "Looking ahead to 2011", Mr. Marc M. Wall, Minister-Counselor of the U.S. Embassy

Friday 22nd October**Keynote Speech:**

Mr. Cheng Siwei

(Honorable Chair, CNCPEC and Former Vice-Chairman of the Standing Committee of the National People's Congress)

Fifth Session**The Post-2010 APEC Trade Agenda**

Chair: Dr. Charles Morrison (Co-Chair, PECC / Chair, USAPC)

Speakers:

- Prof. Shujiro Urata (Waseda University)
- Dr. Narongchai Akrasanee (Chair, TNCPEC)
- Prof. Robert Scollay (University of Auckland)

Q&A**Sixth Session: Roundtable Discussion****The Future of Global and Regional Cooperation: Looking toward the G-20 and APEC**

Moderator: Amb. Yoshiji Nogami (Chair, JANCPEC)

- Dr. Charles Morrison (Co-Chair, PECC / Chair, USAPC)
- Mr. Jusuf Wanandi (Co-Chair, PECC / Chair, INCPEC)
- Prof. Yung-Chul Park (Distinguished Professor, Department of International Studies at Korea University)
- Dr. Manfred Wilhelmy (Chair, CHILPEC)

LUNCHEON

Keynote Speech:

Prof. Motoshige Itoh (University of Tokyo)