

Roundtable Discussion: “Toward APEC 2010-2011”

Amb. Nogami opened the roundtable discussion and introduced each participant. The theme for the discussion was how PECC could contribute to the APEC process. The current year was extremely important for the future of Asia Pacific cooperation.

Amb. Nogami mentioned that he hoped that the new growth strategy of APEC would include what the meeting participants had discussed throughout the day. He expressed his wish that the PECC could also discuss issues of human security, given the earthquake that had occurred in Chinese Taipei that morning. He then turned the floor over to Mr. Jusuf Wanandi (Vice Chair, Board of Trustees, Centre for Strategic and International Studies (CSIS) / Chair, Indonesian National Committee for Pacific Economic Cooperation (INCPEC) / Co-chair, PECC).

Mr. Wanandi stated that, before the panel moved into discussion, he would first give an overview about the main issues concerning APEC that the panel was expected to discuss. He started with key dimensions of APEC’s Agenda with its four pillars comprising trade and investment facilitation, trade and investment liberalization, economic and technical cooperation, and human security. The agenda is divided into two parts: the unfinished agenda and the new agenda. This agenda has to be in line with the regional and international dimension and objectives.

APEC’s Trade Agenda has been going on since 1989, and so far there has been some noticeable progress although there are some still unfinished agenda. In 1989, the Agenda focus on facilitation and strengthening of multilateral trading system. At the Bogor Summit in 1994, the Leaders issued the Bogor Goal which focused especially on trade liberalization. Similarly, the Osaka Action Agenda 1995 and the Manila Action Plan 1996 also focused on trade liberalization.

Meanwhile, the Busan Roadmap 2005 and the Hanoi Action Plan 2006 focused on the trade facilitation to achieve the Bogor Goals. In 2007 the focus was on strengthening regional economic integration, by promoting further liberalization including structural reform. Finally, the agenda for 2010 is to set the target date for developed members to achieve Bogor Goals by reassessing the overall trade agenda.

Where is APEC going from here? It is still uncertain whether the Bogor Goals be achieved partly because there are actually no clearly defined targets for this. Currently, the nature of APEC is called V-APEC or in voluntary process and it is clear whether

there is any initiative to move from V-APEC to B-APEC, i.e., APEC with more binding process. Moreover, the components of APEC's agenda consist of economic and technical cooperation (ECOTECH) and trade and investment facilitation (TILF) have some issues of their own. The ECOTECH is insufficient to support TILF. APEC needs to move from focusing on 'at border' measures to focusing on 'behind-the-border' and cross border measures. Mr. Wanandi hoped that eventually APEC could declare that the Bogor Goals have been accomplished and move forward with a new set of objectives. The APEC region has achieved a lot more regarding trade liberalization than other regions, but is a lot more that APEC could do.

Mr. Wanandi ended his comments by stating that he hoped that APEC could propose a new agreement focusing on cross-border and behind-border measures including social safety net and social security issues as a new issue of human security.

Amb. Nogami commented that he would rather see the social safety net issue as a part of the new growth strategy rather than a human security issue.

The roundtable discussion moved on to receive a comment from Dr. Tan, who stated that he had three points to make. The first was that, in view of the mushrooming of regional cooperation architecture, APEC was still by far the most relevant framework, and would continue to be. The second point was that rather than waiting until next year to find out now what Russia would do for APEC 2012, everyone should ask the country about its plans immediately and begin making suggestions. For the third point, Dr. Tan noted that there were many issues that APEC needed to study, including to what extent trade liberalization had actually led to non-inclusive growth. Despite efforts for the opposite, to what extent had APEC economies actually moved apart in terms of income disparity, social safety nets, public housing and healthcare?

The floor was handed to Amb. Antonio Basilio (Chair, Philippine Pacific Economic Cooperation Committee). Amb. Basilio stated that he would focus on two issues.

The first issue was the Bogor Goals. It was clear that the definition of clear and open trade within the Bogor Goals had become imprecise and outdated because of changes in the global market. The official measure of tariff liberalization was no longer as relevant as trade facilitation and behind-the-border measures. The focus of APEC work was shifting away from not just on the elimination of tariffs but to market integration,

services, investments, standards, customs, administration, competition, and legal and regularity systems.

The second issue was labor mobility. This was a phenomenon that was going to continue in the future, and an issue of business facilitation, as it involved an agreement between businesses to bring in labor to fulfill specific skill sets. It was important that APEC develop good policy on labor mobility.

Dr. Young then spoke to the meeting. He noted that the meeting marked the broadening of the agenda of PECC. PECC had recently submitted a proposal to APEC to help societies in the region continue on their path toward liberalization. This proposal had suggested that the APEC work agenda cover: work to improve the outcomes in education and skill training in order to enhance long term economic security; earned income tax credits to encourage enterprises; the creation of better social safety nets to provide long-term economic security.

The day's workshop had discussed the last item, and the findings from the discussions would contribute to the work of APEC ministers on the topic. Dr. Young stated that he personally had learned a lot from the discussion that day. He listed off some of the things he had learned: that enhancing social safety nets alone did not lead to a simple solution for labor issues; that the design of the final shape of effective social safety nets would inevitably differ from one economy to the other; and that social safety nets differed between countries because values differed between countries.

There was a need for cooperation among regional economies in the form of experience and best practice sharing. The concept of social resilience may even need to be grown beyond the idea of social safety nets. Work needed to be done to the strengths and impediments of social safety nets, and how the impediments may be overcome.

Dr. Young commented that the following day's meeting would address the creation of low carbon societies. He brought up the proposals of the President of South Korea Lee Myung-Bak, who had suggested that climate change adaptation be looked at as an opportunity for economic growth. Green growth was being positioned as one part of South Korea's new growth strategy. The government projected that its green growth plan would add up to 1.8% to South Korea's GDP. The country had established emission reduction targets of 30% by 2020. South Korea was committed to providing leadership for developing countries by establish a green growth institute.

The last speaker of the roundtable discussion was Amb. Campbell, who proclaimed that 2010 would be both a critical and interesting year from the point of view that one of the Bogor Goal target dates was 2010. Amb. Campbell did not believe that they had met the goal, but that did not mean they could not declare victory. He reflected that there had been three phases in APEC's lifecycle. The first period was the wonder years, the second period was the disillusionment years, and the next period was when the organization found itself. APEC was created based on the belief that greater economic integration would lead to prosperity for the region.

Where was APEC going? The changes of the 21st century meant that APEC needed to seek a new mission. Trade and security were becoming more important issues for APEC, and Amb. Campbell surmised that the organization had abandoned regionalization except in rhetoric. One of the major challenges for the world and the region was the rebalancing that would take place in terms of export and economic demand. Behind-the-border issues would be incredibly important in the coming years. He hoped that PECC and APEC could work together to facilitate change and action on growth, social resilience and the green economy.

Amb. Nogami stated that one thing he felt during the course of the seminar, was that recently, many media outlets, journalists and books were talking about the shift of gravity in the world toward the Asia Pacific region. That may sound good, but were the societies of the region really able to hold this shifting gravity? He left this question up to the attendees to decide, closing the first day of the meeting.