Advice to APEC: Stay Focused on Crisis, but Get Ready for a Post-Crisis World

Results from a Poll of Asia Pacific Opinion Leaders

11 November 2009 (Singapore) - APEC leaders meeting in Singapore later this week have been sent a clear message from Asia Pacific opinion-leaders: It is too soon to exit from the expansionary policies that were put in place over the last year in response to the global economic crisis. “Continued action on the economic crisis” was at the top of a list of suggested priorities for APEC, followed by “regulation of the financial sector”, “restarting the Doha process”, “climate change and the Copenhagen Deal”, and “reducing the cost of doing business”.

The survey of nearly 400 opinion-leaders from business, government, think tanks, and civil society was conducted by the Pacific Economic Cooperation Council (PECC) in October, and is part of PECC’s annual State of the Region report.

“There has been a marked rise in optimism about the economic outlook, but opinion-leaders believe it is too soon for governments to withdraw the stimulus measures of the past year,” said Yuen Pau Woo, coordinator of the report and President of the Asia Pacific Foundation of Canada.

Looking beyond the crisis, opinion-leaders identified a number of key policies for sustainable growth in the Asia Pacific region. These included, in order of importance: 1) strengthening financial regulations around the globe; 2) rebalancing the Chinese and US economies; and 3) increasing final goods trade among Asian economies. According to respondents, the growth engines of the next five years are "expenditures on social priorities", "liberalization of the services sector", and "measures to promote a green economy".

Mr Woo added: "The survey results paint a picture of a post-crisis world where the engines of growth are shifting from the US to Asia; from exports to domestic spending, especially on social priorities; and from production of goods to production of services. The future will not be 'business as usual'."

In the same vein, opinion leaders voiced their support for changes in global and regional institutions. More than 80 percent of respondents agreed with the view that the IMF and World Bank should be reformed to increase the role of Asian economies in the governance of these institutions. Likewise, an overwhelming majority of respondents supported the continuation of the G20 process even after the crisis. And nearly 70 percent agreed that there was a need for a forum where Asia Pacific leaders could discuss political and security issues.
“The institutionalism of the G20 process is a welcome reform to the international system, however for it to be effective, regional and other multilateral institutions need to support and complement their agenda. APEC whose membership accounts for half of the G20 can play a constructive role in articulating the concerns of the whole region on the global stage,” said Mr Jusuf Wanandi, co-chair of PECC and Senior Fellow at the Centre for Strategic and International Studies based in Jakarta. “Although economic issues top the agenda today, the survey result on the need for a forum where leaders can discuss political issues is striking and highlights a need for confidence building at the highest-level to avoid possible future tensions," he added.

Respondents were not impressed by APEC's response to the economic crisis, with only 26 percent expressing satisfaction with the regional forum's actions. When asked to list the major challenges facing APEC, the top three items were "Lack of commitment from key member economies", "Lack on focus on relevant economic issues", and "Annual Leaders' meetings are not effective". However, when asked if the East Asian Summit process would eventually overshadow APEC, respondents on balance disagreed.

“Lack of commitment from key member economies has topped the list of challenges facing APEC since we started doing this survey,” said Dr Charles E. Morrison, co-chair of PECC and President of the East West Center, Honolulu. "To me, this consistent result suggests that the opinion-leaders we survey fail to see a sustained interest and drive by the leading economies in the Asia-Pacific cooperation process. I believe they are looking for vigorous champions that would lead this process to a new and broader level in addressing both Asia-Pacific and global issues," he added.

Other key findings include:

- Sixty-seven percent of respondents expect stronger to much stronger growth for the global economy over the next 12 months compared to only 13 percent in May
- Respondents expect an uneven recovery, with developing economies in the region showing stronger growth than developed economies
- Respondents agreed that China is doing enough to encourage domestic demand
- Respondents agreed that the global crisis will accelerate the pace of Asian economic integration and cooperation
- Respondents agreed that protectionism is likely to increase if the recovery stalls
- A majority of respondents supported the idea that a free trade area for APEC should be negotiated as soon as possible. A similar majority supported the idea of a free trade area for East Asian Summit members.

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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. 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