APEC ministers agree economic crisis far from over

By ELAINE KURTENBACH (AP) – 12 Nov 2009

SINGAPORE — Asia-Pacific ministers warned Wednesday that signs of recovery in the global economy are merely a respite, and future growth hinges on freer trade and improved social safety nets in Asia.

Finance and foreign ministers meeting in Singapore for this week's annual APEC meeting are mulling ways to keep economic recovery going once lavish stimulus spending ebbs, while tackling other regional security and political issues.

The forum culminates in a weekend summit of heads of state from APEC's 21 economies, including President Barack Obama.

The economic crisis is "by no means over," warned Singapore's foreign minister, George Yeo, urging nations to persist in opening markets wider.

"There is creeping protectionism now; that is very dangerous. It is a slippery slope, and if we're not careful, before we know it, all of us will be in a much more dire situation," he told reporters after hosting a breakfast meeting with foreign ministers.

The ministers agreed the economic crisis is in a respite, Yeo said, but recovery remains fragile.

U.S. Secretary of State Hillary Rodham Clinton urged fellow leaders to forge ahead with plans to combat global warming and to help push Myanmar's military regime toward greater democracy.

She called for calm in the aftermath of a naval skirmish Tuesday between North and South Korea, but said it would not scupper plans to send envoy Stephen Bosworth to Pyongyang to persuade the regime to return to six-nation nuclear disarmament talks.

But the main focus for the regional dialogue remained the economy, and APEC nations are looking to the U.S. to add heft to efforts to push for a global trade pact and help dismantle trade barriers to help along the recovery.

APEC was founded 20 years ago to promote greater trade and integration around the Pacific Rim. Its scope has since expanded to encompass a wide range of issues, and ministers Wednesday stressed the need for action on climate change, energy security and ensuring food security for the millions of vulnerable poor in the region.

Boosting exports is the "best ticket" to creating jobs, ending the recession and bringing massive deficits under control, said Thomas J. Donohue, president of the U.S. Chamber of Commerce.

"Expanding free trade across the Pacific can drive the global economic recovery, create badly needed jobs and advance economic and social progress in developing and developed countries alike," he told business leaders on the sidelines of the APEC meeting.
While Asia has 168 free-trade agreements, work on U.S. pacts with South Korea, Colombia, and Panama languish in Washington.

The Pacific Economic Cooperation Council, an APEC-affiliated think tank, urged in a report issued Wednesday for fundamental reforms to shift growth away from a dependence on exports to the U.S.

"U.S. consumers are not likely to drive world demand in the medium term, and the slack will have to be taken up in part by Asian consumption and investment," Peter Petri, a Brandeis University professor who coordinated a regional task force on the economic crisis, said in the report.

The think tank's survey of 400 business, government and expert leaders in the region found many convinced that the engines of growth are changing — a trend long anticipated but accelerated by the relatively strong recent performances of developing Asian nations, especially China and India.

"They are very conscious that the U.S. is not going to be the growth engine for the foreseeable future, and they are thinking very hard of how to find other ways to generate growth," said Yuen Pau Woo, who coordinated the report.

Obama, visiting Asia for the first time since he took office in January, will be seeking to counter the perception of declining U.S. power.

The president wants "to send a message that the United States intends to deepen its engagement in this part of the world; that we intend to compete in this part of the world; and that we intend to be a leader in this part of the world," Jeffrey Bader, a National Security Council official, told reporters from Washington.

Still, with the U.S. economy growing at less than half the rate of China's 8.9 percent in the third-quarter, and consumer demand still languishing amid a so-far job-scarce recovery, Asia's pivotal role is evident.

"The engines of growth are shifting from the U.S. to Asia; from exports to domestic spending, especially on social priorities and from production of goods to production of services," Woo said.

Higher spending on social needs such as education, health care, services for the aging and welfare networks; freer trade in services, and policies to promote green technologies — all can contribute, he said.

Devoting more to those resources would help rebalance the wide gap in U.S.-China trade, among other distortions, that helped bring on the crisis.

By boosting social spending, China and other Asian nations could help reduce the need among their citizens to scrimp and save to cover such costs, freeing them to improve living standards and spend more.

The report estimates that $300 billion of the $28.8 trillion in regional economic activity represents trade and other imbalances that need to be redressed.

Associated Press writers Alex Kennedy, Matthew Lee and Jim Gomez contributed to this report.

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SINGAPORE, Nov. 11 (Xinhua) -- New growth engines should be the focus in the post-crisis development, a report released by the Pacific Economic Cooperation Council (PECC) said Wednesday.

The annual report, entitled State of the Region 2009-2010, was prepared by the PECC for APEC meeting review.

The four areas of new growth engines are identified as economic integration, green economy, investments in people and knowledge and productivity.

These engines mean increasing investment in energy conservation, clean energy research, energy efficient vehicles, educational programs, health care system, and technology and reforms to drive gains in productivity.

The report said these selected growth engines could address important trends in the world, such as population aging and other social and environmental priorities, and use government expenditures and other incentives to stimulate investment.

"The APEC can make a difference now where it has failed the last time an economic crisis hit the region during 1997-1998," said Jusuf Wanandi, co-chair of the PECC.

The APEC Leaders Week kicked off here in Singapore on Sunday, bringing together 21 members located around the Pacific Ocean in an annual event focused on economic growth, free trade and investment.

It is expected that when leaders of the 21 APEC members meet on Nov. 14-15, they will focus on how to secure an economic recovery and fight trade protectionism.
Post-crisis Development Should Focus on New Growth Engines: PECC

2009-11-11 20:51:56    Xinhua    Web Editor: Cao Jie

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SINGAPORE: Singapore Foreign Minister George Yeo said "creeping protectionism" seen now must be addressed or it would lead to a more dire situation for APEC members.

He made the comments after an hour-long breakfast meeting amongst APEC foreign ministers which was also attended by US Secretary of State HIlary Clinton.

Mr Yeo said a strong consensus among the ministers was that the economic crisis is by no means over.

Speaking to reporters later, Mr Yeo warned that the upturn now is just a respite. He added that the situation is fragile and root causes of the problem still need to be addressed.

And so ministers touched on issues such as coordinating macroeconomic policies and reforming financial institutions.

They also made a strong call for APEC to work together with the G20 group, which brings together industrial and emerging market economies from around the world, including the European Union (EU).

"It's only a few weeks since the (September G20) meeting in Pittsburg. Ten of the leaders in Pittsburg are now here in Singapore and in a few months' time they'll be meeting in Canada, and then in Korea, and back to Japan for the next APEC leaders meeting. So, it's very important for APEC, which makes up half the world's economy, and the G20, (to) work closely together," said Mr Yeo.

The ministers later attended sessions where they refined their recommendations to be presented to APEC leaders later this week.

One other main issue that APEC leaders will have to tackle is how to keep their economies afloat after the withdrawal of their various stimulus packages.

Observers have said that any withdrawal should not be immediate and sudden. This is echoed by opinion leaders from business, government and civil groups in a report released on the sidelines of the APEC meeting.

The nearly 400 respondents surveyed by the Pacific Economic Cooperation Council (PECC) said APEC Leaders should not rush to exit their economic stimulus measures.

"We believe that this is a terrific opportunity to put in place new measures for growth that focus on: one, greater inter-regional trade; secondly, on green economy initiatives; thirdly on expanding the services sector; and fourthly to increase spending on social priorities such as health, education and social safety nets," said Woo Yuen Pau, coordinator, Pacific Economic Cooperation Council.

He said social priorities have mostly taken a backseat during the economic downturn, especially in Asia. But confidence seems to be up as the report pointed to a dramatic rebound in optimism now compared to a year ago.

67 per cent of respondents expect a much stronger growth for the global economy over the next 12 months compared to only 13 per cent in May. But respondents also expect an uneven recovery, with developing economies in the region showing stronger growth than developed economies. - CNA /ls
Economies should not rush to exit stimulus measures, says PECC
By Saifulbahri Ismail, Channel NewsAsia | Posted: 11 November 2009 1516 hrs

SINGAPORE: Asia-Pacific Economic Cooperation (APEC) leaders should not rush to exit their economic stimulus measures, a survey of opinion leaders showed.

The survey was conducted last month by the Pacific Economic Cooperation Council (PECC), with nearly 400 opinion leaders from businesses, governments, think tanks and civil societies having taken part in the poll.

The findings echoed comments made by World Bank President Robert Zoellick earlier Wednesday, when he told a conference held in Singapore that governments should not remove stimulus measures next year.

The survey findings were released on the sidelines of the APEC meetings.

Woo Yuen Pau, coordinator of the survey, said: "Simply exiting without a strategy for a post-crisis growth approach is insufficient, and we believe that this is a terrific opportunity to put in place new measures for growth that focuses, firstly, on greater inter-regional trade.

"Secondly, (it should focus) on green economy initiatives; thirdly on expanding the services sector; and fourthly to increase spending on social priorities such as health, education and social safety nets."

Mr Woo said social priorities have mostly taken a backseat during the economic downturn, especially in Asia.

- CNA/yb
SINGAPORE: Singapore is the most integrated of the 21 economies which make up the Asia-Pacific Economic Cooperation (APEC), according to an index released by the Pacific Economic Cooperation Council (PECC) on Wednesday as part of its annual State of the Region report.

In fact, the Asia-Pacific region, as a whole, has become more integrated since APEC was founded 20 years ago.

The PECC index of economic integration tracks the extent to which the APEC economies are becoming more alike in their economic characteristics.

It also looks at the relative importance of regional trade, investment and human flows compared to economic relations with the rest of the world.

Woo Yuen Pau, coordinator of the report, said: "The path of integration has been rising pretty much through the entire two decade period, and we think that APEC can take some credit in enhancing the deepening of regional integration which surely is one of the fundamental goals of the APEC forum."

Mr Woo said the index made use of 2006 data, and the integration levels now would be even deeper than the report.

"Integration will continue to have deepened through the 2006 to 2009 period, simply because the share of inter-regional trade and investment and human flows would have increased through this period because of the downturn in the United States and the European Union," he explained.

"So, I'm fully expecting that when we produce our index next year, and the year after, we will find that integration will continue to be on the rise," he added.

PECC said it believes the findings to be significant as a measure of APEC's success and a factor in assessing its progress towards the 2010 Bogor target.

The Bogor Goals, adopted at the 1994 APEC summit, calls for industrialised members to achieve free trade and investment targets by 2010. Developing member economies have until 2020.

- CNA/yb
Not time to withdraw stimulus measures
11 Nov 2009

Asia Pacific Economic Cooperation or APEC Leaders should not rush to exit their economic stimulus measures.

This according to a survey of opinion leaders conducted last month by the Pacific Economic Cooperation Council or PECC.

Nearly 400 opinion leaders from business, government, think tanks and civil society took part in the poll.

The findings echoed comments made by World Bank President Robert Zoellick earlier in the day.

Mr Zoellick told a conference held here the Governments should not remove stimulus measures next year.

The survey findings were released on the sidelines of the APEC meetings.

Woo Yuen Pau is the survey's coordinator.

"Simply exiting without a strategy for a post-crisis growth approach is insufficient, and we believe that this is a terrific opportunity to put in place new measures for growth that focus number one on greater inter-regional trade. Secondly, on green economy initiatives, thirdly on expanding the services sector, and fourthly to increase spending on social priorities such as health, education and social safety nets."

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Asia-Pacific is more economically integrated
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APEC talks open with calls to resist protectionism
11 Nov 2009

Asia-Pacific economies opened their annual talks with calls to fight protectionism or risk reversing the region's "fragile" economic rebound.

Saifulbahri Ismail with this report.

Singapore Foreign Minister George Yeo said "resisting protectionism" was the topmost concern, as foreign and trade ministers from the 21-member Asia-Pacific Economic Cooperation or APEC group met informally over breakfast.

"It is a slippery slope and if we are not careful, before we know it, all of us will be in a much more dire situation,"

Asked if the ministers believed the world's worst economic crisis since the 1930s was at an end, Mr Yeo told reporters.

"The consensus is that it is by no means over. "The upturn that we now have is a respite, the situation is still fragile and we should address the root causes of the problem."

World Bank President Robert Zoellick, who is attending APEC's 20th anniversary gathering, told the Foreign Correspondents Association of Singapore that protectionism remains a risk.

That's because this is still a region that is dependent very much on trade and logistics systems and with higher unemployment, there's always the risk of protectionism.

Meanwhile opinion leaders polled by the Pacific Economic Cooperation Council, or PECC said that APEC leaders should not rush to withdraw their countries' economic stimulus measures.

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"Simply exiting without a strategy for a post-crisis growth approach is insufficient, and we believe that this is a terrific opportunity to put in place new measures for growth that focus number one on greater inter-regional trade. Secondly, on green economy initiatives, thirdly on expanding the services sector, and fourthly to increase spending on social priorities such as health, education and social safety nets."

The survey findings were released on the sidelines of the APEC meetings.
Asia Pacific Region More Integrated Since APEC

SINGAPORE, Nov 12 (Bernama) -- The Asia-Pacific region has become more integrated since the Asia-Pacific Economic Cooperation (Apec) was formed, according to a new index released by the Pacific Economic Cooperation Council (PECC).

The PECC said the region as a whole and as individual economies, had become steadily more integrated with each other since 1990, except for a brief period from 2001 to 2003.

In a statement, the council said the economies which had become more integrated with the region since 1991 were Hong Kong, New Zealand, Vietnam and South Korea.

It said Singapore topped the list as the most integrated economy in the region although it was in fact, less integrated with the Asia-Pacific region in 2006 than in 1991.

The index of economic integration is based on a combination of measures that on one hand looks at the extent to which the reference economies are becoming more alike in their economic characteristics and on the other, the relative importance of trade, investment and human flows within the region compared to economic relations with the rest of the world.

Meanwhile, according to another report released by the PECC at the Apec meeting here, public policies and programmes were needed to reduce the impact of high food prices on the population most vulnerable to it -- the world’s poor.

The report, Market Volatility and the Food System, also stated that safety net programmes could address short term needs but raising incomes must be the long term focus.

It also said of all agricultural commodity markets, the world rice trade was among the most volatile in the 2000s.

Given the central role of rice in the diet and in agricultural production in the region, volatile rice prices were the single most important phenomenon affecting the region’s food system in recent years, the report added.

--BERNAMA
SINGAPORE, Nov. 11 (Xinhua) -- Eighty percent respondents to a survey said they were satisfied with China's responses to the economic crisis, according to a report released Wednesday by the Pacific Economic Cooperation Council (PECC) during the APEC meetings.

The survey of nearly 400 opinion-leaders from businesses, governments, think tanks and civil societies was conducted by the PECC in October and is part of PECC's annual State of the Region report.

The October number was higher than that of the last survey conducted five months ago, when 62 percent of the respondents said they were impressed by China's swift responses.

When asked about if China is doing enough to encourage domestic demand, 53 percent of the surveyed said they agreed or strongly agreed. Only 24 percent disagreed or strongly disagreed.

The survey also painted a rosy picture of the APEC economies' future. China, again, topped the list in respondents' expectations for economic growth over the next 12 months, with 81 percent thinking China's economic growth for the next 12 months would be stronger or much stronger.

Expectations for the global economic growth also improved considerably over the one-year span. Nearly 70 percent of the respondents expected the global economy to grow, while a year ago only 2 percent thought so.

The PECC is the only non-government official observer of the APEC, providing information and analytical support to APEC ministerial meetings and working groups.
SINGAPORE, Nov. 11 (Xinhua) -- Ahead of the APEC leaders' meeting in Singapore later this week, a message has been sent by Asia-Pacific opinion-leaders that it is too soon to exit from the stimulus policies enacted in response to the global economic crisis, through a survey released by the Pacific Economic Cooperation Council (PECC) here on Wednesday.

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

Despite a rise in optimism about the economic outlook, opinion-leaders believed “it is not yet time for governments to withdraw the expansionary fiscal and monetary policies of the past year,” said Yuen Pau Woo, coordinator of the report and President of the Asia Pacific Foundation of Canada, at a press conference held here.

Among a list of suggested priorities for the APEC by opinion-leaders, “continued action on the economic crisis” was at the top, followed by “regulation of the financial sector,” “restarting the Doha process,” “climate change and the Copenhagen Deal,” and “reducing the cost of doing business.”

Looking beyond the crisis, opinion-leaders identified a number of key policies for sustainable growth in the Asia-Pacific region, including strengthening financial regulations around the globe, balancing the regional economy and increasing final goods trade among Asian economies.

The APEC Leaders Week kicked off here in Singapore on Sunday, bringing together 21 members located around the Pacific Ocean in an annual event focused on economic growth, free trade and investment.

It is expected that when leaders of the 21 APEC members meet on Nov. 14-15, they will focus on how to secure an economic recovery and fight trade protectionism.
S'pore most integrated

Apec economies urged to focus on growth strategies
by Cheow Xin Yi
05:55 AM Nov 12, 2009

Singapore - A new index launched by the Pacific Economic Cooperation Council (PECC), the non-governmental observer of Apec, has placed Singapore at the top spot as Apec's most integrated economy.

In fact, the Index of Economic Integration, which was published in a PECC report released yesterday, indicated that the Asia-Pacific region as a whole has become more integrated since Apec was founded 20 years ago.

Although the index made use of data up till 2006, which was before the onset of the global financial crisis, Mr Woo Yuen Pau, the coordinator of the report said that he is confident that integration among the economies has continued to be on the rise.

"Integration will continue to have deepened through 2006 to 2009 period, simply because the share of inter-regional trade and investment and human flows would have increased through this period because of the downturn in the United States and the European Union," he said.

Meanwhile, PECC also urged Apec economies to start focusing their efforts on growth strategies that will ensure a long-term and sustainable recovery.

In particular, Apec economies should place emphasis on social infrastructure such as healthcare, education and safety nets, according to the annual report. The report was a result of its survey with nearly 400 global opinion leaders conducted last month to chart strategies for Apec economies during the post-crisis period.

"Generally in Asia, there has been a neglect in spending on social priorities, and these problems are exacerbated by the downturn," said Mr Woo.

"It's a priority that the population very much wants, and it's a form of spending that shifts demand away from external sources which not only benefits the population, creates growth but it also allows for a rebalancing of spending in the global economy."

Other growth engines the report mentioned includes the development of a "green economy", such as clean energy and transport systems and deepening of intra-regional trade such that final demand is in Asia.

While Singapore's small economy may be a disadvantage, PECC's Singapore national committee chair Dr Tan Khee Giap said the country will certainly benefit from rising consumption in such growth areas in the region as we can export our expertise to the other markets.

"Consumption as a percentage of GDP will go up if social safety nets are well in place, people will save less and consume more. And for us, we can take advantage of this trend of consumption rising by providing our core competence in comprehensive urban solutions," he said.

Such solutions can range from Singapore's expertise from water and sewage management to affordable healthcare and public housing systems.
SINGAPORE: Singapore Foreign Minister George Yeo said "creeping protectionism" seen now must be addressed or it would lead to a more dire situation for APEC members.

He made the comments after an hour-long breakfast meeting amongst APEC foreign ministers which was also attended by US Secretary of State Hilary Clinton.

Mr Yeo said a strong consensus among the ministers was that the economic crisis is by no means over.

Speaking to reporters later, Mr Yeo warned that the upturn now is just a respite. He added that the situation is fragile and root causes of the problem still need to be addressed.

And so ministers touched on issues such as coordinating macroeconomic policies and reforming financial institutions.

They also made a strong call for APEC to work together with the G20 group, which brings together industrial and emerging market economies from around the world, including the European Union (EU).

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APEC ministers agree economic crisis far from over; Clinton wants action on warming

By Elaine Kurtenbach (CP) – 12 Nov 2009

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Finance and foreign ministers meeting in Singapore for this week's annual APEC meeting are mulling ways to keep economic recovery going once lavish stimulus spending ebbs, while tackling other regional security and political issues.

The forum culminates in a weekend summit of heads of state from APEC's 21 economies, including Canada.

The economic crisis is "by no means over," warned Singapore's foreign minister, George Yeo, urging nations to persist in opening markets wider.

"There is creeping protectionism now; that is very dangerous. It is a slippery slope, and if we're not careful, before we know it, all of us will be in a much more dire situation," he told reporters after hosting a breakfast meeting with foreign ministers.

The ministers agreed the economic crisis is in a respite, Yeo said, but recovery remains fragile.

U.S. Secretary of State Hillary Rodham Clinton urged fellow leaders to forge ahead with plans to combat global warming and to help push Myanmar's military regime toward greater democracy.

She called for calm in the aftermath of a naval skirmish Tuesday between North and South Korea, but said it would not scupper plans to send envoy Stephen Bosworth to Pyongyang to persuade the regime to return to six-nation nuclear disarmament talks.

But the main focus for the regional dialogue remained the economy, and APEC nations are looking to the U.S. to add heft to efforts to push for a global trade pact and help dismantle trade barriers to help along the recovery.

APEC was founded 20 years ago to promote greater trade and integration around the Pacific Rim. Its scope has since expanded to encompass a wide range of issues, and ministers Wednesday stressed the need for action on climate change, energy security and ensuring food security for the millions of vulnerable poor in the region.

Boosting exports is the "best ticket" to creating jobs, ending the recession and bringing massive deficits under control, said Thomas J. Donohue, president of the U.S. Chamber of Commerce.

"Expanding free trade across the Pacific can drive the global economic recovery, create badly needed jobs and advance economic and social progress in developing and developed countries alike," he told business leaders on the sidelines of the APEC meeting.

While Asia has 168 free-trade agreements, work on U.S. pacts with South Korea, Colombia, and Panama languish in Washington.

The Pacific Economic Co-operation Council, an APEC-affiliated think-tank, urged in a report issued Wednesday for fundamental reforms to shift growth away from a dependence on exports to the U.S.

"U.S. consumers are not likely to drive world demand in the medium term, and the slack will have to be taken up in part by Asian consumption and investment," Peter Petri, a Brandeis University professor who co-ordinated a regional task force on the economic crisis, said in the report.
The think-tank’s survey of 400 business, government and expert leaders in the region found many convinced that the engines of growth are changing - a trend long anticipated but accelerated by the relatively strong recent performances of developing Asian nations, especially China and India.

"They are very conscious that the U.S. is not going to be the growth engine for the foreseeable future, and they are thinking very hard of how to find other ways to generate growth," said Yuen Pau Woo, who co-ordinated the report.

President Barack Obama, visiting Asia for the first time since he took office in January, will be seeking to counter the perception of declining U.S. power.

The president wants "to send a message that the United States intends to deepen its engagement in this part of the world; that we intend to compete in this part of the world; and that we intend to be a leader in this part of the world," Jeffrey Bader, a National Security Council official, told reporters from Washington.

Still, with the U.S. economy growing at less than half the rate of China's 8.9 per cent in the third-quarter, and consumer demand still languishing amid a so-far job-scarce recovery, Asia's pivotal role is evident.

"The engines of growth are shifting from the U.S. to Asia; from exports to domestic spending, especially on social priorities and from production of goods to production of services," Woo said.

Higher spending on social needs such as education, health care, services for the aging and welfare networks; freer trade in services, and policies to promote green technologies - all can contribute, he said.

Devoting more to those resources would help rebalance the wide gap in U.S.-China trade, among other distortions, that helped bring on the crisis.

By boosting social spending, China and other Asian nations could help reduce the need among their citizens to scrimp and save to cover such costs, freeing them to improve living standards and spend more.

The report estimates that $300 billion of the $28.8 trillion in regional economic activity represents trade and other imbalances that need to be redressed.

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The forum culminates in a weekend summit of heads of state from APEC's 21 economies, including President Barack Obama.

Singapore Foreign Minister George Yeo said the economic crisis is "by no means over" and warned against reverting to protectionism.

"There is creeping protectionism now; that is very dangerous. It is a slippery slope, and if we're not careful, before we know it, all of us will be in a much more dire situation," he told reporters after hosting a breakfast meeting with foreign ministers.

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"U.S. consumers are not likely to drive world demand in the medium term, and the slack will have to be taken up in part by Asian consumption and investment," Peter Petri, a Brandeis University professor who coordinated a regional task force on the economic crisis, said in the report.

Freer trade is a part of that push. APEC was founded 20 years ago to help promote greater trade and integration around the Pacific Rim - an aim that remains vital today.

Boosting exports is the "best ticket" to creating jobs, ending the recession and bringing massive deficits under control, said Thomas J. Donohue, president of the U.S. Chamber of Commerce, urging American leaders to recognize the urgency of dismantling, rather than erecting, trade barriers to help along the recovery.

"Expanding free trade across the Pacific can drive the global economic recovery, create badly needed jobs and advance economic and social progress in developing and developed countries alike," he said in a speech to business leaders on the sidelines of the APEC meeting.

Donohue noted while some 168 free-trade agreements are in force in Asia today, important U.S. pacts with South Korea, Colombia, and Panama continue to languish in Washington.

The think tank survey of 400 business, government and expert leaders in the region found that many believe the engines of growth are changing - a trend long anticipated but accelerated by the relatively strong recent performances of developing Asian nations, especially China and India.

"They are very conscious that the U.S. is not going to be the growth engine for the foreseeable future, and they are thinking very hard of how to find other ways to generate growth," said Yuen Pau Woo, who coordinated the report.

Obama, visiting Asia for the first time since he took office in January, will be seeking to counter the perception of declining U.S. power.

The president "very much wants to ... send a message that the United States intends to deepen its engagement in this part of the world; that we intend to compete in this part of the world; and that we
intend to be a leader in this part of the world," Jeffrey Bader, a National Security Council official, told reporters from Washington, D.C.

Still, with the U.S. economy growing at less than half the rate of China's 8.9 percent in the third-quarter, and consumer demand still languishing amid a so-far job-scarce recovery, Asia's crucial role as a driver for global growth is evident.

"The engines of growth are shifting from the U.S. to Asia; from exports to domestic spending, especially on social priorities and from production of goods to production of services," Woo said at APEC.

Potential drivers for growth in coming years would include higher spending on social needs such as education, health care, services for the aging and welfare networks; freer trade in services, and policies to promote green technologies.

Devoting more to those resources would help rebalance the wide gap in U.S.-China trade, among other distortions, that helped bring on the crisis. By boosting social spending, China and other Asian nations could help reduce the need among their citizens to scrimp and save to cover such costs, freeing them to improve living standards and spend more.

The report estimates that $300 billion of the $28.8 trillion in regional economic activity represents trade and other imbalances that need to be redressed.

"The balance problem is not by any means insurmountable," Woo said.

Associated Press writers Alex Kennedy and Jim Gomez contributed to this report.

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太平洋經濟合作理事會 (PECC) 11 日在新加坡發布的《市場波動與糧食體系》報告說，分析顯示，世界主要糧食出口方採取的貿易限制及一些進口商的投機性收購，對近年世界糧價上漲負有責任。

該機構「太平洋食品體系展望」項目負責人沃爾特‧安布魯斯特在新加坡亞太經合組織領導人會議周上說，2005 年至 2009 年亞太地區糧食體系所發生的價格波動為上世紀 70 年代以來所僅見，而政府幹預行為對糧價上漲有重要影響。

安布魯斯特說，進入 21 世紀後，糧價不僅波動，其實際價格與非農產品和能源價格的關係也變得更加密切。如化肥和運輸等費用的上漲，已經改變了農業的成本結構。

報告呼籲各國和各地區政府必須保護最易受糧價上漲影響的群體，同時避免損害其他國家和地區的利益。

國際市場糧食價格近年明顯上漲，聯合國糧農組織總幹事雅克‧迪烏夫表示，在嚴峻的經濟形勢和糧食危機的雙重作用下，去年全球饑民人數增加約 1 億。今年，全世界面臨饑餓威脅的人口預計將達到 10.2 億。糧食安全問題成為多個重要國際會議重點討論的議題。

太平洋經濟合作理事會成立於 1980 年，是亞太經合組織的主要政策咨詢機構之一，致力於推動亞太地區的合作與對話。
新華網新加坡11月11日電 綜述：“一體化”成亞太經濟發展“關鍵詞”

記者 史先振 高川

太平洋經濟合作理事會（P E C C）11日在新加坡發布《地區狀況》報告說，亞太地區經濟一體化程度加深。在世界經濟復蘇初現曙光之時，作為世界經濟最具活力的亞太地區，加強一體化建設具有重要意義。

報告說，為衡量經濟一體化程度，P E C C根據亞太成員經濟特點趨同程度和區域內貿易、投資和人員流動相比于區域外經濟聯係的重要程度，設立了亞太經濟一體化綜合指數。2009年亞太經濟一體化綜合指數結果顯示，自1991年以來，新加坡的經濟一體化程度最高，中國香港、新西蘭、越南、韓國則進步最為明顯。

報告協調人、加拿大亞太基金會總裁胡元豹說：“A P E C仍在朝著關于發達成員在2010年實現貿易自由化的‘茂物目標’前進。但和1990年相比，這一地區總體上一體化程度加深。”

一體化的好處是擴大貿易規模、降低交易成本，促進商品、要素、人員等自由流動，實現資源的優化配置。

在擴大貿易方面，根據A P E C秘書處9日公布的報告，自1989年A P E C成立以來，區域內貿易增加了5倍。區域內貿易佔貿易總量的67％，這一比例甚至比歐盟還高。

在交易成本方面，A P E C計劃2010年前把交易成本減少5％。從2006年到2008年，交易成本已經減少3．2％。此外，從2010年起，新加坡、澳大利亞、美國等6個A P E C成員將率先在國際貿易活動中實行自我認證制度，企業只需獲得對方認證，就可以向對方出口貨物和服務。

在人員流動方面，A P E C 21個成員中，20個已經加入了A P E C商務旅行計劃。持有A P E C商務旅行卡，就相當於持有3年多次有效簽證，只需再憑旅行證件或護照，就可以出入成員經濟體，享受快速通關便利。

A P E C秘書處官員說，A P E C成員正享受著事實上的高度區域一體化的好處。

不過，應該看到，A P E C成員之間經濟社會發展水平各異，距離完全一體化的目標尚有距離。P E C C的報告指出，亞太地區貿易、投資和人員流動的一體化趨勢確鑿，但自1998年以來，A P E C成員之間在人均國內生產總值、預期壽命、城市化水平和教育投資等經濟發展指標方面的差距拉大。
本次新加坡會議為APEC加快一體化步伐又提供了一次機會。正如新加坡總理李顯龍10日在APEC部長級會議代表歡迎宴會上所說，APEC成員在保持經濟持續復蘇、編制後危機時代發展規劃方面還有多事要做。
太平洋经济合作理事会调查显示
亚太区域带领经济复苏潮

（2009-11-12）

第17届亚太经合组织经济领导人会议8/11-15/11 新加坡

经济体之间的融合情况过去20年有相当明显的增加，而这可归功于APEC的努力。——PECC报告书协调人胡元豹

调查显示，与去年10月相比，今年10月的市场情绪已大幅度回弹，从几乎完全悲观，转变为相当乐观。

太平洋经济合作理事会（PECC）的调查显示，与去年10月相比，今年10月的市场情绪已大幅度回弹，从几乎完全悲观，转变为相当乐观。环球经济正出现复苏迹象，而亚太区域正带领着这股复苏潮流。

受访者也认为，现在要撤销过去一年实施的振兴经济计划，为时过早。

这项调查是在今年10月进行，对象是将近400名亚太地区的政府官员、智囊团、社会团体代表、学者和工商界人士。

报告的协调人之一是加拿大亚太基金会总裁兼执行长胡元豹。

胡元豹昨天早上在APEC会场内举行的记者会上说：“各界领袖对经济展望的乐观情绪显著上扬，但受访者也认为，若各国政府现在要撤销过去一年实施的经济振兴方案，还是太早了。”

受访者认为，APEC的当务之急，还是要继续应付经济危机，避免经济再陷入危机中，然后依序为管制金融领域、重新启动“多哈回合”（Doha Round）谈判、环境变化和降低经商成本等。
SINGAPORE (Dow Jones)--Governments in the Asia Pacific region need to do more to protect the poor from high food prices and promote the advantages of an "open food system," the Pacific Economic Cooperation Council said Wednesday.

Safety-net programs can address short-term needs, but governments should focus on raising the incomes of the poor in the long term, the council said in a report issued to coincide with the Asia Pacific Economic Cooperation Leader's Week in Singapore.

From 2005 to 2009, prices in the region have been more volatile that at any time since the 1970s, said Walter J. Armbruster, Pacific Food System Outlook project chairman.

"In addition to price volatility, real agricultural prices increased in the 2000s, as they became more closely linked to non-agricultural commodity and energy prices," said Armbruster, adding that rising costs of fertilizers and transportation changed the cost structure of agricultural products.

Of all the agricultural commodities, the world rice trade has been among the most volatile in the decade, according to the report.

"Analyses have shown that trade restrictions by major exporters and speculative buying by a few importers were responsible for driving up world rice prices in 2007-08," said William Coyle, director of the project, who is also a senior economist at the U.S. Department of Agriculture's Economic Research Service.

Countries that depend on imports and a stable, open trading system "were confronted for the first time in decades with uncertain foreign supplies of a key food staple," he said.

Therefore, regional and international cooperation will be necessary to avoid undesirable actions by individual countries in times of crop shortfalls or other factors affecting commodity and food price stability, the council said.

"Policies put in place now will influence the extent of price volatility for agricultural commodities and food well into the future," it said.

The PEEC is the only non-governmental official observer of the APEC; it provides independent business and research input for the regional policy-making process.
Asia's urban poor worst-hit by food price volatility

Wed, Nov 11, 2009

SINGAPORE - Asia's urban poor are worst-hit by spiking food prices, according to a report released Tuesday by a regional think tank which tipped rising volatility in commodity prices.

Impoverished families in the region's teeming cities are more vulnerable than rural folk to swings in food costs, according to the Pacific Economic Cooperation Council (PECC).

"Food price increases' greatest impact is on the urban poor who are more dependent on a money-based economy and spend a large share of the household budget on food," said Walter Armbruster from the PECC taskforce which authored the report.

"The rural poor may have greater access to food through family relationships or the capacity to produce their own food."

The report, released at the Asia-Pacific Economic Cooperation (APEC) forum in Singapore, said that food price volatility was set to worsen as trade in commodities became more interlinked with other markets.

"Real agricultural prices increased in the 2000s, as they became more closely linked to non-agricultural commodity and energy prices. Some of these price increases - such as fertilizer and transportation costs - changed the cost structure of agriculture," he said.

Protectionist policies by major agricultural producers coupled with "the psychology of scarcity and propensity to hoard" were other factors behind volatility, Armbruster said.

"Policy intervention played a significant role in raising agricultural commodity prices, especially in the case of rice," he said.

Describing swings in rice prices as "the single most important phenomena affecting the region's food system in recent years," Armbruster said that a major factor was slim trading volumes in the grain.

"An important lesson from this volatility was that the rice market intervention, if left unchecked, can be more destructive than economic events," he said.

Commodities prices soared before the global downturn struck last year, causing serious concerns over food prices and food security.

The UN food agency said this week that although prices have fallen significantly since their peaks a couple of years ago, wheat and maize prices are rising and rice export prices are still way above pre-crisis levels.

Armbruster urged regional nations to adhere to the APEC Open Food System of liberalising trade and developing rural regions in agricultural economies in order to cushion the impact of food price volatility.

"We may be entering a higher volatility future in commodities prices, but there are some things that can offset that volatility," he said.
SINGAPORE, Nov. 11 (Xinhua) -- Public and private sectors have a significant role to play in tackling greater price instability in the food and agricultural sectors, the Pacific Economic Cooperation Council (PECC) officials said at the APEC leaders' meetings Wednesday.

In 2005-09, the Asia Pacific region's food system faced price volatility not seen since the 1970s, according to Dr. Walter Armbruster, PECC's Pacific Food System Outlook project chairman.

"Real agricultural prices increased in the 2000s, as they became more closely linked to non-agricultural commodity and energy prices. Some of these price hikes, such as fertilizer and transportation costs, changed the cost structure of agriculture," he added.

Of all agricultural commodity markets, world rice trade was among the most volatile in the 2000s.

Policy intervention played a significant role in raising agricultural commodity prices, especially in the case of rice, another PECC official found out.

"Analyses have shown that trade restrictions by major exporters and speculative buying by a few importers were responsible for driving up world rice prices in 2007-08," said William Coyle, senior economist at U.S. Department of Agriculture's Economic Research Service and the project's director.

Therefore, governments must protect the most vulnerable, but it is also important to avoid actions that harm other countries, the project concluded.

Food security is a major topic being discussed at the week-long APEC meetings.

The PECC is the only non-government official observer of the APEC, providing information and analytical support to APEC ministerial meetings and working groups.
A Trade Agenda for APEC
Does Obama have one?
Wall Street Journal NOVEMBER 10, 2009, 8:51 P.M. ET

By MARK BORTHWICK

When President Barack Obama meets with his counterpart heads of government in the Asia-Pacific Economic Cooperation summit this weekend, it will mark the first time since 1993 that an American president has participated in an APEC summit without a clear-cut commitment to free trade. This attitude is worrying on several fronts, and strikingly at odds with what Mr. Obama will encounter from other leaders in Singapore.

The Asia-Pacific region has accounted for most of the bilateral or regional free-trade agreements (FTAs) created in the world over the past two decades. The most significant of all recent U.S. FTAs in terms of its potential boost to trade, the one with South Korea, languishes behind two other trade agreements awaiting U.S. congressional approval. Meanwhile, Korea is exploring FTAs with its major trade partners, having already negotiated trade deals with the European Union and India in record time. Australia and New Zealand are doing the same. The trade deal signed in February between Australia, New Zealand and the 10-member Association of Southeast Asian Nations envisions a regional common market by 2015.

Sidelined U.S. negotiators can only look on with mounting concern. Even if President Obama wanted to launch bilateral trade negotiations with any country, he must first gain congressional approval for a new period of Trade Promotion Authority, something he has yet to undertake. This "time out" on trade policy also means the president cannot take credible initiatives to restart the stalled Doha Round of global trade negotiations.

Such American ambivalence is shortsighted, not least from the perspective of America's own economy. Exports are already contributing to the U.S. recovery and will be a vital source of job growth. The U.S., which has low tariffs, will see strong gains in its exports once a country has lowered its barriers as a consequence of a new agreement. A similar, larger-scale advantage would accrue from a completion of the Doha Round.

Absent a global agreement like Doha, the danger is that an unorchestrated trade liberalization process, occurring as a consequence of proliferating bilateral deals, divides the world into haves and have-nots in terms of trade privileges. Although the APEC trade ministers have regularly warned against a tangled regional "noodle bowl" of competing pacts, a number of them have devoted their efforts to gaining precisely the kinds of exclusive, bilateral trade advantages with one another that they profess to deplore. Asia-Pacific, which owes its past half-century of relative peace and record-breaking growth to America's security guarantee and open consumer markets, could gradually knit a complex, intraregional network of bilateral deals that puts American businesses at a disadvantage and politically undermines the U.S. relationship with Asia.

Clearly, fundamental changes are giving rise to a new regional order. The recent East Asia Summit saw several proposals floated for various regional trading blocs, ranging from a relatively narrow suggestion from China, to a broader idea from Japan, to a much wider idea from Australia. Yet while government leaders exchange ideas for a new regional economic architecture, the building blocks are already being shaped and laid in a proliferation of subregional and bilateral trade deals.

The first official trip by President Obama to Asia-Pacific inevitably serves as an occasion for assessments on both sides of the Pacific concerning the priorities and direction of his Asia policy.
Trade liberalization must be a key component of this. Although a deep suspicion of trade deals in the Congress will impose severe limits on his trade agenda, the President should announce that he will ask Congress for Trade Promotion Authority while renewing negotiations to join the Trans-Pacific Strategic Economic Partnership Agreement, an FTA that includes Singapore, Australia, New Zealand, Vietnam, Peru, Chile and Brunei, all of which are members of APEC. He should caution that all Asia-Pacific trade pacts be compatible with further global liberalization while forcefully warning against protectionism, notwithstanding his recent slippage on that front with new tariffs on tire imports from China. Lastly, he should state that congressional ratification of the Korea-U.S. FTA, albeit a daunting task in the current environment, remains a firm goal of his administration and a potential model for future U.S. trade deals in the region.

Whether or not it is fair to ask of him a fully formed Asia trade policy while he wrestles with the challenges of conducting two wars and restructuring America’s health system, there is no time to waste. If President Obama articulates such a vision during the APEC summit, he will do more to shape the region’s future than any of the other leaders who meet with him in Singapore.

Mr. Borthwick is director of the United States Asia Pacific Council at the East-West Center and author of “Pacific Century: The Emergence of Modern Pacific Asia” (Westview Press, 2007).
APEC passes glamorous 20 years, faces new challenges

Source: Xinhua [21:36 November 10 2009]

The Asia-Pacific Economic Cooperation (APEC) is widely known for that perfect Kodak moment when leaders of some of the world's most powerful economies unanimously donned on a traditional attire and posed for the camera.

But academics said the club, which groups 21 Pacific rim economies including China, the United States, Japan and Russia, has played an instrumental role in bringing the region together in the past 20 years, even though it was, in some sense, an occasion for leaders to just meet and talk at ease.

"You can actually meet each other in very informal circumstances in a way that would be difficult otherwise," said Wang Gungwu, Chairman of the Singapore-based East Asian Institute. "The APEC does not have specific goals but it provides a forum where lots of views can be shared and then people learn to understand each other."

"Economy has always been the focus. There is no tension about politics and military problems," he said.

At its inception, the APEC was just a loose consultative forum when ministers from 12 member economies met for the first time in Australia in the winter of 1989, according to a book launched Tuesday to mark the group's 20th anniversary. It gained remarkable significance in 1993 when then US President Bill Clinton invited the region's leaders to the Blake Island, Seattle for the group's first ever leaders' summit.

President of the US-based East-West Center Charles Morrison said the meeting was actually the first ever among American, Chinese and Japanese leaders back then. The APEC was the institution established right after the end of the Cold War when the three Asia-Pacific powers rarely interacted with each other due to political and ideological differences.

"It was a time when there were minimum regional cooperation, little regional engagement in the global issues, and full of uncertainties," Morrison told Xinhua on the sidelines of an APEC achievement symposium. "Without the APEC, it would take much longer before the region can become as open and integrated as today."

In 1994, APEC economic leaders endorsed an ambitious vision to achieve free and open trade in the region -- industrialized members by 2010 and developing members by 2020. Since then, annual intra-APEC merchandise trade grew almost five times to 8.44 trillion US dollars in 2007 -- with an average increase of 8.5 percent per year, compared to the world's average of 7.6 percent.

In a report released Monday, the APEC Secretariat said the group's membership is comparable to being part of a free trade agreement, despite that the APEC does not set binding treaties among its members and all commitments are made on the voluntary basis.

But over the past decade, the group's influence has somewhat dwindled, notably after the 1997-1998 Asian financial crisis, said Benito Lim, political science professor at the Ateneo de Manila University in the Philippines.

"It (APEC) was Australia's idea but it was the US who made it work," Lim told Xinhua in a phone interview. "So when Southeast Asian nations asked Washington for help but was rejected outright, the group lost its momentum."
Lim said even though the forum remains as a key avenue for the US president to engage with his Southeast Asian counterparts, the APEC seems to have been marginalized because of its non-binding nature and the increased coordination among the world's leaders on occasions such as the G-20 summit.

"There is a lot of rethinking about how the APEC can develop to relate more to the G-20 process," Morrison said, adding that the APEC ideally would be a place for Asia-Pacific powers to consult with each other on the global agenda and the nine APEC members who are also G-20 members can bring the region's thinking to the global venue.

At this year's APEC summit, to be held over the weekend, US President Barack Obama, China's Hu Jintao, Japan's Yukio Hatoyama and other regional leaders are expected to declare support for a global trade deal in 2010 and to vow for concerted efforts to fight global warming.

"We are concerned that the high level political commitment to concluding the Doha Round -- also named the Doha Development Agenda (DDA) -- has yet to be translated into substantive progress in the negotiations. We are ready to exercise all possible flexibility in order to accelerate the pace in negotiations," a draft of the meeting's declaration seen by Xinhua said.

"We instruct our Ministers to work closely with the WTO Director-General to evaluate, in specific terms, what needs to be done to conclude the DDA in 2010," the draft said.

The talks, launched by the World Trade Organization (WTO) in 2001 with an aim to help poor nations prosper in the global trade, have been stalled for more than a year over wide disparity among developed and developing nations over farm products trade.

"A Doha agreement will give real substance to the APEC and makes its 20th anniversary something that will never be forgotten," said Carla Hills, Chair and Chief Executive Officer of Hills & Company International Consultants.
APEC summit sees US-China reversal in fortunes

November 9, 2009

In the 20 years since its launch, the Asia-Pacific's top economic grouping has witnessed a stunning realignment with China on the march and the United States mired in crisis.

President Barack Obama heads to Singapore for this week's annual Asia-Pacific Economic Cooperation (APEC) meeting with the US recovery painfully slow, the dollar on shaky ground, and US diplomatic standing in need of repair.

Unlike the United States, China was not a founding member of APEC when the club was launched in November 1989, five months after the violent Tiananmen Square crackdown made the Asian country an international pariah.

When it did join in 1991, China was still in transition from a centrally planned economy, but is now striking an increasingly confident pose on the world stage.

Poised to become the world's second-largest economy, it is exerting its influence everywhere - financing America's debt, becoming a top buyer of natural resources, and making its voice heard on major diplomatic issues.

But despite its reduced circumstances, the United States has a long history of leadership in the region and is still the major marketplace for goods produced by export-dependent Asia-Pacific nations.

"We believe America plays an indispensable role in Asia in many fields - economic, political, strategic, security," APEC host Singapore's Prime Minister Lee Hsien Loong said last week.

"We've been talking about a multipolar world, but de facto the US is the most powerful nation in the world and will be so for some time to come," said Lee, who will welcome 20 other leaders for the November 14-15 APEC summit.

Lee's comments came amid debate about the US role in various proposed free-trade zones and economic communities, including a Japanese-sponsored East Asian Community in which Washington's involvement is unclear.

Charles Morrison, president of the East-West Center in Hawaii, said regional nations were content with the current balance in US-China relations.

"Asian nations don't want to make choices and so they're very comfortable in the framework where the US and China get along together," he said.

"But it's a very natural thing that, if you're a smaller power, you want to be able to play off to some extent the larger powers but don't want a conflict that forces you to take sides."
Morrison said the United States also carries into this APEC summit the trump card of a "very articulate, popular young leader" in Obama, whose debut presidential tour of Asia will take him to China after Singapore.

Huang Yiping, professor of economics at Peking University in Beijing and a former chief Asia economist with Citigroup, said China would face challenges as it begins to exert its influence more heavily.

"Obviously the economy is growing significantly and its influence is rising very rapidly.

"But the issue China will have to deal with is whether or not we are ready to play a leadership role in regional or global affairs and that's something I think we need to be a bit careful about," he said.

"As a decision-maker you have to make choices. The strategy the Chinese government adopted 30 years ago was that we just want to focus on economic development and we don't want trouble.

"Going forward there may be some difficult stages for China as well."

Huang said that Asia-Pacific nations simply cannot afford to turn their back on the vast US economy and its diversified financial system.

"The US takes more than 20 per cent of the finished exports from Asia and China takes about six per cent so I don't think it's an equal competition," he said.

"The US will continue to play a very significant role in the region, even though its relative importance is declining and the importance of the other developing economies is rising."

APEC comprises Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, South Korea, Taiwan, Thailand, the United States and Vietnam.

AFP
Ministers of the Asia-Pacific Economic Cooperation (APEC) countries agreed in Singapore on Thursday to dispense with protectionism as they sought to achieve a sustainable economic recovery while allowing for balanced growth.

Businesspeople and civil society groups expressed their full support for achieving the goals.

Acknowledging the current fragile recovery from the financial crisis, the top foreign, trade and finance officials expressed commitment in their joint statement to pursue economic growth that was "inclusive and broad based", to enable everyone to enjoy benefits of regional economic integration.

To achieve the goals, the ministers agreed to resist protectionism, commit to open markets, improve trade facilitation and support trade finance.

"We will seek to ensure that economic growth is consistent with sustainable development," the statement read, as leaders of the 21 members of the regional economic hub started to arrive Thursday to reach a solution to world's most pressing problems.

President Susilo Bambang Yudhoyono arrived here after meeting with Malaysian Prime Minister Nadjib Razak in Kuala Lumpur.

APEC's 21 members are home to more than 2.7 billion people, 54 percent of the world's GDP and 44 percent of world trade.

The Pacific Economic Cooperation (PECC), an influential think tank for the APEC, urged the officials to invest more in people, the green economy and knowledge.

The institution argued that a sustained recovery would require tackling different problems, including imbalances between the United States, China and other economies.

"We have to find ways to address the imbalances," Indonesia's Jusuf Wanandi, co-chairman of the PECC, told reporters.

The APEC Business Advisory Council (ABAC), a group of business leaders, said rising unemployment and continuing weak demand would raise the risk of protectionist measures and trade-distorting subsidies being implemented cross the region.

"In our annual report, we urged APEC leaders to take prompt action to reverse recent trade-restrictive measures, including the rise of non-tariff barriers; complete the Doha round and initiate the Free Trade Area of the Asia Pacific," said ABAC chairman Teng Theng Dat.

"This is the best way to mitigate the risks to economic recovery."

Jusuf said Indonesia could play a more active role in helping resolve problems of rising protectionism, striving for open markets and balanced economic growth by becoming an example for the region.

"As the only member of the G20 in Southeast Asia, and with a proven record of riding out this crisis, Indonesia has been acknowledged as an important player in the region," he said.
Apec at 20: Old promises, new challenges — Barry Desker

NOV 11 — The ongoing Asia-Pacific Economic Cooperation Leaders Week in Singapore marks the 20th anniversary of Apec.

Critics of the grouping have highlighted its failure to promote regional economic integration or voluntary sectoral liberalisation. They doubt its ambition to create a free trade area (FTA) across the region will be achieved by 2020. Apec summits, they charge, are better remembered for the attire of the leaders than for its substantive pronouncements. The grouping is seen as a talk shop with few concrete achievements to boast of, unlike the European Union.

This negative assessment ignores the dynamic growth that has occurred in East Asia over the past 20 years. The region's rapid recovery from the current global economic crisis bears testimony to the emerging shift in global economic power from West to East. Transpacific trade and investment is now far more significant than transatlantic trade and investment. The regular meetings of Apec leaders have facilitated this global adjustment as well as created an informal web of relationships across the Pacific. Even if Apec's developed members do not meet the Bogor 2010 Goals next year, cooperation through Apec has enabled East Asia to emerge as the fastest growing region in the world.

Apec's role in promoting trade liberalisation tends to be forgotten. China's participation in Apec since 1991 provided the impetus for its unilateral liberalisation. It was a valuable learning experience prior to China's accession to the World Trade Organisation (WTO). Apec served as a template for China's "early harvest" concessions to the Asean states during the China-Asean FTA negotiations.

Apec also provided the leadership for the 1996 WTO Information Technology Agreement (ITA), which facilitated the elimination of customs duties on computers, telecommunications products, semiconductors, semiconductor manufacturing equipment and scientific equipment. The central role of the electronics manufacturing sector in East Asia meant that the ITA had a greater trade liberalising impact than many of the bilateral free trade agreements that have been signed in recent years. Apec is now embarking on reducing non-tariff barriers to trade, which offers potentially the greatest gains to the trading community.

Though Apec initiatives on multilateral trade liberalisation have stalled, recent summits have been marked by useful consultations on political issues. Apec discussed East Timor in 1999, terrorism since 2001 and is now involved in exchanges on "trade-related" security issues such as supply chain security, maritime security, energy and environmental well-being. Here Apec seems to be entering ground covered by the Asean Regional Forum (ARF). It is time to rationalise the areas covered by Apec and the ARF.

Indeed, it would be beneficial if back-to-back Apec and ARF summits could be held when an ARF member hosts Apec Leaders Week. Such a move is likely to win Chinese support. Back-to-back Apec/ARF summits would mean that Apec would focus on economic cooperation while ARF would become the apex regional security institution. Taiwan attends Apec meetings as "Chinese Taipei", so it would be included in regional economic institution building. But it would be excluded from regional security dialogues.

The vision that should underpin our efforts to rethink the relationship between Apec and ARF is the critical need for institutions that will bind the United States, still the world's sole superpower, and rising powers such as China within a framework that would allow also for the representation and participation of medium powers and smaller states. Such inclusive institutions can serve as the basis for the emergence of a regional identity.

An alternative view is that regional economic and security affairs should be shaped by the more powerful states in the Asia-Pacific region. A paper at a recent Pacific Economic Cooperation Council conference in Singapore called for a G-10, comprising the Asia-Pacific members of the G-20, at the apex of Asia-Pacific decision-making. Proponents of such a grouping argue that effectiveness matters more than broad representation.
But this turn to a structure based on a concert of powers reminds one more of a 19th-century rather than a 21st-century response to the challenge of creating stable regional orders.

One of Apec’s strengths is that its practices have been shaped by the norms and values of Asean, which played a critical role in establishing Apec as well as the ARF. The Asean approach emphasises consultation, consensus decision-making and an inclusive approach to regional institution-building.

The opportunities for informal exchanges and consensual decision-making in Apec could help ensure that the concerns of both Western as well as Asian states are reflected in the evolving regional order. We need to recognise that there are divergent norms and values present in international society and that those differences could lead to possible conflict. Inclusive institutions such as Apec could serve as harbingers of cooperation on a larger scale.
Apec At 20
By Fiona Chan, The Straits Times, Singapore/ Asia News Network
(Reproduced in My Sinchew, Malaysia 2009-11-13)


As they stood on the precipice of what looked to be the world’s worst recession in 60 years, the leaders of 21 Asia-Pacific countries and territories swore solemnly not to resort to trade protectionism to prop up their capsizing economies.

After all, they belonged to the Asia-Pacific Economic Cooperation (Apec) grouping, one of the world’s leading proponents of free trade and dedicated to the cause of making it even freer.

But barely three months after their declarations in Lima last year, the search for protectionist loopholes began—driven by quarter after quarter of steep economic contractions and fears of massive job losses across the globe.

Some countries directly raised tariffs on imports, but limited them to specific categories so as not to draw excessive ire. Others rummaged around in grey areas that were less obviously anti-trade, such as “buy local” exhortations or steps to help their domestic car industries.

To be sure, most economies stopped short of completely reneging on their free trade promises, preventing the crisis from worsening further. Not that Apec, which operates on a voluntary and non-binding basis, could have meted out punishment anyway.

In many ways, the way the situation played out was quintessentially Apec. It showed its strengths: the ability to get some of the world’s most powerful leaders to commit, with the best intentions, to an ambitious goal and to ensure that free trade continues largely unhindered.

But the recent crisis also highlighted the main weaknesses of the Asia-Pacific’s foremost economic forum. It lacks teeth; its disparate members are at different stages of development and hold different priorities; and its loose structure, while allowing it to adapt to the rapidly changing circumstances over the last 20 years, is not so suited for regulation.

Now, a year after the Lima promises, Apec celebrates its 20th birthday in Singapore this month, at what Singapore’s Second Minister for Foreign Affairs Raymond Lim calls a “challenging time”.

In a speech recently, he said this year “will mark a critical milestone in how Apec positions itself for the future”, as the world adjusts to a fundamentally different political and economic situation resulting from the global recession.

This year’s Apec meetings are also charged with extra excitement for reasons other than the financial crisis.

US President Barack Obama is using them as the pivot for his first official trip to Asia, as well as the impetus to finally hold the first US-ASEAN summit.

He and his Chinese counterpart, President Hu Jintao, will also get a chance to raise and address concerns about the post-crisis world order, in which the “G-2” of China and the US are emerging as counterbalances to each other.

Recently, Japan and Australia each mooted a new Asian grouping along the lines of the European Union, and further discussions—along with the concomitant behind-the-scenes power play—are likely to take place at Apec.

With so much in store, can Apec live up to the hype?

The common view of the grouping is that it has floundered over the last decade. Critics have castigated Apec both for not doing enough—for instance, to help Asia during the Asian financial crisis in 1997-1998—and for trying to do too much, with climate change and terrorism added to the recent agendas.

Now that the teenage years are over, some Apec watchers say the crisis is presenting Apec with a golden opportunity to stop defending its relevance and start proving it. Otherwise, they say the grouping risks languishing in what is increasingly being seen as a state of stagnation.

Adrift in Asian alphabet soup
Apec was established in 1989, after the end of the Cold War stoked fears that the world would break up into three major trading blocs revolving around the US dollar, the German mark and the Japanese yen.

By including countries on the other side of the Pacific from Asia—in particular the US—Apec hoped to promote “open regionalism” and global free trade rather than discriminatory trading within blocs, thus bringing about sustainable economic growth.

In 1994, it adopted the ambitious Bogor goals of achieving free and open trade and investment among the Asia-Pacific’s developed economies by 2010 and among developing ones by 2020. Success at meeting the first deadline will be evaluated next year at the Apec meetings in Japan.

By many measures, Apec’s achievements so far have been considerable. It has slashed average tariffs among member nations from 17 per cent in 1989 to 5.5 per cent in 2004.

With freer trade and investment flows, the region has grown strongly. Apec nations now account for half the world’s gross domestic product and global trade, 40 per cent of its population, and 70 per cent of its economic growth.

But detractors argue that most of the grouping’s accomplishments took place in the first decade or so of its existence. The easy part of opening up trade - lowering tariffs - has been done, they say. The next step is to make doing business across borders easier by reducing business red tape and boosting linkages between economies. They say this will be more difficult to perform and track, which is one reason that Apec’s achievements appear to have slowed.

Another reason, critics say, is the non-binding, consensus-driven nature of the group’s agreements. Apec’s main enforcement mechanism is peer pressure, which, while often more effective than expected, is not the most reliable weapon.

This has given rise to the old joke that Apec is nothing more than A Pleasant Excuse for a Chat—or worse, A Pointless Expensive Crock.

That Apec has lost its way is a common refrain among observers such as Dr C. Fred Bergsten, director of the Peterson Institute for International Economies in the US and chairman of the Apec Eminent Persons Group from 1993 to 1995.

He is blunt in his assessment that ever since Apec fell short in tackling the 1997-1998 Asian financial crisis, it has failed to adopt leadership positions on any regional or global key issues and has been marginalised over the last decade.

This was partly due to its members deciding to prioritise economic cooperation within East Asia itself, despite Apec’s original design as an Asia-Pacific institution to avoid a split down the middle of the Pacific, he argues. It does not help that in recent years, Apec’s to-do list has been diluted with numerous “issues of the day”, including terrorism, epidemics and the environment, says Dr Hikari Ishido, associate professor of international economics at Japan’s Chiba University.

This means that as a regional economic grouping, Apec has done less in terms of substance compared to other Asian groups, of which there are many, says Dr Aekapol Chongvilaivan, a fellow at the Institute of Southeast Asian Studies.

Asean now rubs shoulders with the occasional Asean+3 summit adding China, Japan and South Korea to the original mix of 10 Southeast Asian nations. Then there is the East Asia Summit, which involves Asean+3, in addition to India, Australia and New Zealand.

At last month’s Asean and East Asia Summit meetings, two new regional blocs were mooted: Australia’s Asia-Pacific Community, and Japan’s East Asian Community. Both would be styled after the EU and are meant to boost Asia’s global standing. The former lays out a role for the US, while the latter is vaguer on the issue but includes a common currency.

Neither is designed explicitly to replace Apec, but that scenario is not unthinkable. In a remapping of the Asia-Pacific region, where would Apec stand?

Apec adulthood

Despite the scepticism, Apec enters its third decade in a position of unique potential strength, with its influence on the global stage poised to grow further.

Apec members make up half the Group of 20 (G-20), which recently replaced the Group of Eight (G-8) as the primary summit of world leaders. Experts such as Dr Bergsten have argued that forming an “Apec caucus” would enable the grouping’s member economies to dominate the process at the G-20.
Next year, both Apec and the G-20 will meet in November, in Japan and South Korea respectively. If Apec leaders can discuss global issues in advance and provide leadership at the G-20, this would be a major contribution from Apec, says Dr Charles Morrison, president of the US-based East-West Centre and international chair of the Pacific Economic Cooperation Council (Pecc), an Apec observer.

Apec’s importance has also risen as attention swings to Asia as the main driver of global growth over the next few years. Its key appeal is in wielding enough clout to bring together some of the world’s most powerful leaders every year.

Such a high-level informal summit among leaders, where often a translator is the only other person in the room, is rare, particularly for the new so-called “G-2” of the US and China, who have their own bilateral talks but derive value from the context of a multilateral forum.

Even within Asia, Apec is a one-off. It has “member economies” rather than nation-states, giving rise to the uncommon sight of having mainland China, Hong Kong and Taiwan all sitting side by side.

Apec is also “endowed with natural balance” in terms of issues and membership, avoiding the G-20’s too-broad global and topical coverage and the too-narrow focus that a G-2 would have, says Dr Ishido. Then there is the valuable role Apec plays in securing active American involvement in the region, as two-thirds of US trade is with Apec economies.

Despite the increasingly complex mix of political and economic frameworks that have emerged in Asia, Apec remains unique in bringing together both sides of the Pacific, Singapore’s Trade and Industry Minister Lim Hng Kiang has said.

This uniqueness has come to the fore this year as the Obama administration makes its focus on Apec clear. Obama has centred his first official Asian trip on the Apec meetings, putting Singapore on his itinerary along with China, Japan and South Korea. He is also pushing through the inaugural US-Asean summit on the sidelines of the Apec meetings, after two previous tries failed.

Last month, the US’ acting senior official for Apec, Kurt Tong, renewed the commitment of the world’s largest economy to the grouping. He noted the sprouting up of pan-Asian fora, but said regional economic institutions must include members from both sides of the Pacific to be effective.

“At the economic front, we believe Apec provides the best and most established regional mechanism for practical cooperation and action, in no small part because the US is an active and contributing member,” he said.

As the world emerges from recession, Apec’s focus on the economy could prove its greatest strength, giving it authority to set a much-needed economic agenda.

The Singapore talks will look past the short term and discuss sustainable and inclusive growth. They may finally address fundamental economic disparities and problems within Asia, including whether China can maintain its breakneck rate of growth and how to spur domestic demand within the region.

Protectionism will also take centre stage at the meetings: Governments around the world are reported to be planning another 130 protectionist measures, and Apec would be the ideal forum to discuss whether these can be averted.

Already, Apec has made headway in this area, says Ravi Menon, permanent secretary of Singapore’s ministry of trade and industry and this year’s chair of the senior officials’ meeting.

He said Apec’s peer pressure helped to check the surge in protectionist pressures this year. Trade ministers have said that the need for them to account to their peers at fora like Apec gave them leverage to deal with populist pressures back home, he said.

But if Apec really wants to prove its worth, it must take the lead in crucial discussions that will take place in other fora. While Apec meetings may never produce enough concrete results to silence its critics, its real value could be in setting the stage for informal discussions that pave the way for “real” actions elsewhere.

It should start straightaway. Almost all Apec members belong to the World Trade Organisation, and should throw their collective weight behind concluding the Doha Round of trade talks by next year, as they have pledged, say experts.

Even if they do not succeed, a conspicuous collaboration in the right direction would at least show the world that Apec is far from resting on its laurels.

Host-wise, this is the perfect time for Apec to enter a golden age.
After Singapore wraps up the meetings this year, the mantle of Apec host will be taken over by Japan next year and the US in 2011—an unusually strong trio of venues for continuous and consistent policy discussions, says Nanyang Technological University associate professor Tan Khee Giap.

As Apec turns 20 this year, it has arrived at a crossroads. By doing nothing, it will stumble along into a premature, stagnant mid-life crisis.

But if it seizes the chance presented by the downturn to reassert its position as the premier economic regional forum, it may well gain a new lease of life.