



## Annex 2: Survey Results



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# STATE OF THE REGION SURVEY 2007

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## Section 1: Respondents' Profile

### No. of Respondents: 382

Business: 107

Government: 68

Academic/Research: 166

Media: 14

Civil Society: 5

Other: 22

### Regional Breakdown

Northeast Asia: 124

Southeast Asia: 104

North America: 57

South America: 46

Australia & New Zealand: 50

No response: 1

## Section 2: Regional Outlook

1) Please indicate your view on the economic outlook for the following regions:

	Much stronger	Somewhat stronger	No change	Somewhat weaker	Much weaker	Don't know	Total
Southeast Asia	16%	59%	18%	5%	0%	2%	100%
Northeast Asia	22%	52%	20%	4%	0%	2%	100%
North America	1%	20%	38%	38%	1%	2%	100%
Australia & New Zealand	1%	25%	50%	14%	1%	9%	100%
South America	3%	32%	35%	17%	1%	13%	100%
The Asia Pacific	12%	61%	20%	6%	0%	1%	100%

Risks to Economic Growth

2) How would you rate the following as risks to the Asia-Pacific economic outlook?

Over the next 1-2 years

	Very Low Risk	Low Risk	Moderate Risk	Serious Risk	Very Serious Risk	Don't know	Total
Avian flu and other health pandemics	16%	27%	32%	17%	6%	3%	100%
Natural disasters	9%	25%	34%	24%	5%	2%	100%
Water pollution and shortages	7%	21%	35%	30%	6%	1%	100%
Global warming	11%	24%	29%	26%	10%	1%	100%
High energy prices	2%	10%	28%	42%	18%	2%	100%
Proliferation of preferential trade agreements	14%	26%	36%	18%	4%	1%	100%
Failure of the Doha Development Round	9%	19%	33%	24%	12%	3%	100%
Protectionism	7%	19%	38%	29%	6%	2%	100%
A sharp decline in asset markets (including stock and property prices)	6%	25%	37%	23%	6%	4%	100%
Trans-Pacific current account imbalances	5%	25%	38%	21%	6%	6%	100%
Sharp deterioration in US-China relations	12%	38%	28%	16%	6%	1%	100%
Cross-Strait relations	10%	32%	34%	15%	4%	4%	100%
Terrorist acts	8%	23%	33%	26%	8%	2%	100%

SOTR 2007	SOTR 2006
<p><b>Very Serious Risk</b></p> <ol style="list-style-type: none"> <li>1. High Energy Prices (18%)</li> <li>2. Failure of Doha Development Round (12%)</li> <li>3. Global Warming (10%)</li> </ol>	<p><b>Very Serious Risk</b></p> <ol style="list-style-type: none"> <li>1. High Energy Prices (27%)</li> <li>2. Failure of Doha Round (13%) and Terrorist Acts (13%)</li> <li>3. Avian Flu and other Pandemics (12%)</li> </ol>
<p><b>Very Serious and Serious Risk</b></p> <ol style="list-style-type: none"> <li>1. High Energy Prices (60%)</li> <li>2. Water Pollution and Shortages (36%), Global Warming (36%) and Failure of Doha Development Round (36%)</li> <li>3. Protectionism (35%)</li> </ol>	<p><b>Very Serious and Serious Risk</b></p> <ol style="list-style-type: none"> <li>1. High Energy Prices (69%)</li> <li>2. Protectionism (39%) and Financial Market Volatility (39%)</li> <li>3. Terrorist Acts and Policy Responses to Them (37%)</li> </ol>
<p><b>Very Low and Low Risk</b></p> <ol style="list-style-type: none"> <li>1. Sharp Deterioration in US-China Relations (50%)</li> <li>2. Avian Flu and other Health Pandemics (43%)</li> <li>3. Proliferation of Preferential Trade Agreements (40%)</li> </ol>	<p><b>Very Low and Low Risk</b></p> <ol style="list-style-type: none"> <li>1. Proliferation of Preferential Trade Agreements (40%)</li> <li>2. Cross-Strait Relations (32%) and Major Power Rivalries in the Region (40%)</li> <li>3. Conflict in the Korean Peninsula (29%)</li> </ol>

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Over the next 3-5 years

	Very Low Risk	Low Risk	Moderate Risk	Serious Risk	Very Serious Risk	Don't know	Total
Avian flu and other health pandemics	13%	27%	27%	20%	7%	5%	100%
Natural disasters	8%	22%	32%	24%	9%	5%	100%
Water pollution and shortages	4%	13%	26%	37%	15%	4%	100%
Global warming	7%	15%	25%	28%	22%	4%	100%
High energy prices	4%	8%	24%	38%	22%	4%	100%
Proliferation of preferential trade agreements	13%	19%	39%	20%	5%	4%	100%
Failure of the Doha Development Round	7%	15%	35%	25%	13%	6%	100%
Protectionism	6%	18%	31%	34%	8%	4%	100%
A sharp decline in asset markets (including stock and property prices)	4%	18%	39%	24%	8%	8%	100%
Trans-Pacific current account imbalances	3%	19%	40%	22%	7%	9%	100%
Sharp deterioration in US-China relations	9%	27%	30%	24%	6%	4%	100%
Cross-Strait relations	8%	31%	32%	18%	5%	6%	100%
Terrorist acts	6%	21%	31%	26%	11%	5%	100%

SOTR 2007

Very Serious Risk  
 1. High Energy Prices (22%) and Global Warming (22%)  
 2. Water and Pollution Shortages (15%)  
 3. Failure of Doha Development Round (13%)

Very Serious and Serious Risk  
 1. High Energy Prices (42%)  
 2. Water Pollution and Shortages (41%)  
 3. Proliferation of Preferential Trade Agreements (38%)

Very Low and Low Risk  
 1. Avian Flu and other Health Pandemics (40%)  
 2. Cross-Strait Relations (39%)  
 3. Sharp Deterioration in US-China Relations (36%)

SOTR 2006

Very Serious Risk  
 1. High Energy Prices (23%)  
 2. Water Pollution and Shortages (16%)  
 3. Terrorist Acts (13%)

Very Serious and Serious Risk  
 1. High Energy Prices (59%)  
 2. Water Pollution and Shortages (50%)  
 3. Protectionism (41%)

Very Low and Low Risk  
 1. Cross-Strait Relations (32%)  
 2. Avian Flu and other Health Pandemics (29%) and Major Power Rivalries in the Region (29%)  
 3. Conflict in the Korean Peninsula (28%)

### Section 3: Asia's Growing Economic Importance and its Global Impact

3) Please indicate your view on the following statements regarding Asia's growing economic importance:

	Strongly agree	Agree	Disagree	Strongly disagree	Don't know	Total
The Chinese economy will be larger than the US economy by 2020.	13%	35%	42%	7%	2%	100%
The Indian economy will be larger than the US economy by 2020.	2%	11%	56%	29%	2%	100%
Chinese outward direct investment will exceed inward direct investment by 2010.	4%	35%	45%	9%	8%	100%
A slowdown in the Chinese economy has greater impact on East Asia than a slowdown in the US economy.	11%	54%	28%	3%	4%	100%
Asian economies should play a bigger role in the governance of multilateral institutions such as the World Bank and the International Monetary Fund.	29%	57%	9%	2%	3%	100%
East Asian economies today are less vulnerable to a regional economic downturn along the lines of the 1997-98 financial crisis.	9%	67%	19%	3%	2%	100%
Asian stock exchanges will account for the majority of global initial public offerings by 2010.	4%	41%	38%	3%	14%	100%
Private consumption will be the engine of growth for Asian economies in the next decade.	12%	68%	15%	2%	3%	100%

## Section 4: Regional Economic Integration

4) Please indicate your view on the following statements regarding the degree of regional economic integration in the Asia Pacific.

	Strongly agree	Agree	Disagree	Strongly disagree	Don't know	Total
Asia Pacific economic integration in the last decade has been led by government rather than the private sector.	14%	41%	36%	7%	2%	100%
A Free Trade Area of the Asia Pacific (FTAAP) should be negotiated as soon as possible.	16%	50%	23%	6%	5%	100%
On balance, bilateral free trade agreements promote, rather than hinder, the economic integration of Asia Pacific economies.	13%	64%	15%	3%	4%	100%
India will be an important part of East Asian production networks within the next decade	20%	63%	13%	1%	3%	100%

5) How significant are each of the following impediments to doing business in the Asia Pacific region as a whole?  
 Please use a scale of 1-5, with 5 representing very significant and 1 being not significant.

	1- not significant	2	3	4	5 - very significant	Don't know	Total
High Tariffs	6%	24%	33%	22%	12%	3%	100%
Lack of physical infrastructure	1%	11%	32%	37%	18%	1%	100%
Uncertain legal environment	1%	10%	27%	36%	25%	1%	100%
Poor intellectual property right protection	2%	10%	26%	41%	20%	1%	100%
Barriers to investment	2%	14%	35%	34%	13%	2%	100%
Complexity of Tariffs and ROOs caused by the proliferation of bilateral PTAs	3%	16%	37%	33%	9%	3%	100%
Security and political concerns	3%	20%	31%	29%	17%	1%	100%
Shortage of qualified labor	4%	20%	38%	27%	10%	1%	100%
Restrictions on the movement of labor	5%	21%	35%	27%	10%	2%	100%
Lack of mutual recognition of standards	2%	14%	36%	34%	12%	2%	100%
Restrictions on the movement of capital	3%	21%	31%	32%	9%	4%	100%
Poor corporate governance	1%	11%	27%	39%	20%	2%	100%

**Most Significant Impediments (Choice 4 + Choice 5)**

1. Uncertain Legal Environment (61%) and Poor Intellectual Property Rights Protection (61%)
2. Poor Corporate Governance (59%)
3. Lack of Physical Infrastructure (29%)
4. Barriers to Investment (47%)
5. Security and Political Concerns (46%)

**Least Significant Impediments (Choice 1 + Choice 2)**

1. High Tariffs (30%)
2. Restrictions on the Movement of Labour (26%)
3. Shortage of Qualified Labour (24%)
4. Security and Political Concerns (23%)
5. Complexity of Tariffs and Rules of Origin Caused by the Proliferation of Bilateral Preferential Trade Agreements (19%)

## Section 5: Regional Institutions

6) Please rate the following regional groupings in terms of their effectiveness in the following areas, using a scale of 1-5 (5 – highly effective; 1 – not effective; DK – don't know).

### ASEAN

	Trade and Investment Liberalization	Trade and Investment Facilitation	Political and Security Dialogue	Economic Cooperation / Technical Assistance	An opportunity for leaders to discuss immediate issues facing their economies	Community Building	Addressing the needs of the business community
Not Effective	7%	4%	5%	5%	3%	4%	8%
Somewhat Effective	20%	16%	16%	19%	8%	16%	20%
Moderately Effective	32%	37%	31%	32%	22%	20%	32%
Effective	23%	21%	25%	23%	34%	32%	20%
Highly Effective	6%	7%	11%	8%	21%	17%	6%
Don't Know	12%	12%	13%	13%	11%	11%	15%

### The East Asia Summit

	Trade and Investment Liberalization	Trade and Investment Facilitation	Political and Security Dialogue	Economic Cooperation / Technical Assistance	An opportunity for leaders to discuss immediate issues facing their economies	Community Building	Addressing the needs of the business community
Not Effective	19%	18%	7%	14%	4%	8%	14%
Somewhat Effective	22%	21%	22%	18%	12%	23%	25%
Moderately Effective	25%	30%	27%	32%	26%	29%	27%
Effective	9%	8%	20%	12%	27%	16%	10%
Highly Effective	2%	1%	5%	3%	13%	4%	2%
Don't Know	22%	24%	19%	21%	18%	21%	22%

### APEC

	Trade and Investment Liberalization	Trade and Investment Facilitation	Political and Security Dialogue	Economic Cooperation / Technical Assistance	An opportunity for leaders to discuss immediate issues facing their economies	Community Building	Addressing the needs of the business community
Not Effective	10%	5%	10%	6%	3%	12%	9%
Somewhat Effective	26%	21%	24%	20%	14%	23%	21%
Moderately Effective	39%	40%	34%	36%	22%	33%	35%
Effective	14%	22%	18%	23%	35%	16%	26%
Highly Effective	4%	4%	6%	10%	20%	7%	9%
Don't Know	6%	7%	8%	6%	6%	8%	

The ASEAN Regional Forum

	Trade and Investment Liberalization	Trade and Investment Facilitation	Political and Security Dialogue	Economic Cooperation / Technical Assistance	An opportunity for leaders to discuss immediate issues facing their economies	Community Building	Addressing the needs of the business community
Not Effective	28%	26%	4%	19%	10%	11%	24%
Somewhat Effective	19%	16%	16%	18%	14%	20%	14%
Moderately Effective	19%	24%	30%	28%	26%	30%	25%
Effective	8%	8%	24%	9%	21%	12%	9%
Highly Effective	2%	1%	7%	2%	7%	4%	4%
Don't Know	24%	25%	20%	25%	22%	23%	24%

ASEAN+3

	Trade and Investment Liberalization	Trade and Investment Facilitation	Political and Security Dialogue	Economic Cooperation / Technical Assistance	An opportunity for leaders to discuss immediate issues facing their economies	Community Building	Addressing the needs of the business community
Not Effective	9%	10%	8%	7%	3%	9%	10%
Somewhat Effective	21%	19%	21%	18%	14%	20%	21%
Moderately Effective	27%	30%	31%	30%	26%	29%	27%
Effective	19%	17%	16%	21%	27%	17%	16%
Highly Effective	4%	3%	4%	5%	12%	7%	6%
Don't Know	19%	20%	19%	20%	18%	19%	21%

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7) Please indicate your opinion regarding the following statements:

	Strongly agree	Agree	Disagree	Strongly disagree	Don't know	Total
The East Asia summit process will eventually overshadow APEC	6%	26%	44%	7%	16%	100%
APEC is as important today as it was in 1989	7%	41%	40%	7%	5%	100%
India should be a member of APEC	9%	51%	24%	7%	9%	100%
The APEC Secretariat should be strengthened by appointing a multi-year fixed-term Executive Director and the recruitment of professional staff	22%	54%	10%	2%	13%	100%

	Total Agree	
	SOTR 2007	SOTR 2006
EAS summit process will eventually overshadow APEC	34%	27%
APEC is as important today as it was in 1989	48%	42%
India should be a member of APEC	60%	61%

8) What are the most important challenges facing APEC as an institution? Please use a scale of 1-5, with 5 representing very important and 1 not important. Please select DK if you are not sure.

	Not Important	Somewhat Important	Mod. Important	Important	Very Important	Don't Know	No Response
Lack of focus on relevant issues	3%	12%	33%	30%	15%	5%	2%
Competition from East Asia Summit	9%	18%	30%	23%	8%	10%	2%
Weak international secretariat	3%	11%	29%	31%	16%	8%	2%
Lack of commitment from key member economies	2%	4%	19%	41%	26%	5%	2%
Lack of relevance to issues facing ordinary citizens	4%	15%	26%	27%	21%	5%	2%
Excessive number of meetings	7%	24%	32%	14%	9%	13%	2%
Limited central budget for APEC activities	4%	12%	30%	25%	15%	13%	2%

SOTR 2007	SOTR 2006
<p>Very Important</p> <ol style="list-style-type: none"> <li>Lack of Commitment from Key Member Economies (26%)</li> <li>Lack of Relevance to Issues Facing Ordinary Citizens (21%)</li> <li>Weak International Secretariat (16%)</li> </ol>	<p>Very Important</p> <ol style="list-style-type: none"> <li>Lack of Commitment from Key Member Economies (28%)</li> <li>Lack of Focus on Relevant Issues (25%)</li> <li>Lack of Relevance to Issues Facing Ordinary Citizens (14%)</li> </ol>
<p>Very Important and Important</p> <ol style="list-style-type: none"> <li>Lack of Commitment from Key Member Economies (67%)</li> <li>Lack of Relevance to Issues Facing Ordinary Citizens (48%)</li> <li>Weak International Secretariat (47%)</li> </ol>	<p>Very Important and Important</p> <ol style="list-style-type: none"> <li>Lack of Commitment from Key Member Economies (63%)</li> <li>Lack of Focus on Relevant Issues (55%)</li> <li>Lack of Relevance to Issues Facing Ordinary Citizens (43%)</li> </ol>
<p>Not Important and Not Very Important</p> <ol style="list-style-type: none"> <li>Excessive Number of Meetings (31%)</li> <li>Competition from East Asian Summit (27%)</li> <li>Lack of Relevance to Issues Facing Ordinary Citizens (19%)</li> </ol>	<p>Not Important and Not Very Important</p> <ol style="list-style-type: none"> <li>Competition from East Asian Summit (25%)</li> <li>Excessive Number of Meetings (24%)</li> <li>Lack of Relevance to Issues Facing Ordinary Citizens (18%)</li> </ol>

9) What do you think should be the top five policy priorities for APEC Leaders to discuss at their upcoming meeting in Sydney?  
 (Ranking by weighted results)

	Percent of total weight
The WTO Doha Development Round	12%
A Free Trade Area of the Asia Pacific	11%
Managing the proliferation of preferential trade agreements	6%
Strengthening the APEC organization	9%
Trans-Pacific imbalances and exchange rate adjustments	3%
Expansion of APEC membership	2%
Financial system stability	8%
Labor mobility	3%
Protecting intellectual property rights	4%
Energy security	9%
Reducing corruption	5%
Health issues	2%
Investment in physical infrastructure to facilitate trade	5%
Climate change	8%
Terrorism	4%
Reducing costs of business by cutting red tape	6%
Human trafficking	2%

SOTR 2007 (weighted) Respondents were asked to rank the top 5 of 16 policy priorities for APEC Leaders to discuss in Sydney.	SOTR 2006 (weighted) Respondents were asked to rate the importance of 12 policy priorities on a scale of 1-5.
Top 5 Policy Priorities 1. WTO Doha Round 2. FTAAP 3. Energy Security 4. Strengthening the APEC Organization 5. Climate Change	Top 5 Policy Priorities 1. Reducing Tariff Barriers 2. Counter-Terrorism 3. Investment in Physical Infrastructure to Facilitate Trade 4. Preparing for Disease Pandemics 5. Reducing Corruption and Increasing Transparency