Apec chair Indonesia to push for improved connectivity

INDONESIA will play a key role this year as the chair of the Asia-Pacific Economic Co-operation (Apec) and two of its key ministers said it wants to improve connectivity and further liberalise trade and investment in the region.

During its tenure as the lead of Apec for this year, Indonesia aims to achieve three key priorities — attaining the 2020 Bogor goals; sustainable growth with equity; and promoting connectivity — according to the country’s coordinating minister for economic affairs, Hatta Rajasa.

There is already significant progress made on the Bogor goals, which were set when Indonesia last hosted Apec in 1994, according to Mr Rajasa, as he highlighted how Apec economies have implemented concrete steps to break down barriers to free trade and investment, thus reducing average tariffs in the region from 17 per cent in 1989 to less than 6 per cent in 2010.

"On the back of these gains, Apec’s focus over the past decade has increasingly shifted to other, often unseen, hindrances to trade, investment and cooperation. Indeed, this increasing emphasis on "behind-the-border" issues has become central to Apec’s work," Mr Rajasa said in his keynote address at the Pacific Economic Cooperation Council (PECC)-Singapore National Committee for Pacific Economic Co-operation (SINCEPEC)-Indonesian National Committee for Pacific Economic Cooperation Council (INCPEC) conference in Singapore yesterday.

"We have successfully crossed the 2010 milestone and our attention has now turned to achieving free trade and investment across the Apec Region by 2020," he said in his speech, which was delivered at the conference by deputy minister of coordination for infrastructure and regional development, Luki Eko Wuryanto, as Mr Rajasa was on compassionate leave.

Improving connectivity is key to enabling greater trade and investment in the region, added Mr Hatta, as he pointed out the important role the Apec Framework on Connectivity could play in this regard. Covering physical, institutional and people-to-people connectivity, this framework was endorsed by Apec Senior Officials earlier this month.

"Improving connectivity among Asia Pacific economies is one of Indonesia’s priorities for Apec 2013," said Mahendra Siregar, Indonesia’s vice-minister of finance.

"Apec can build on its ongoing effort to improve connectivity, including through (the) Trade and Investment Facilitation Action Plans, Apec leaders are already committed to a further 10 per cent reduction in transaction costs, partly by improving connectivity,” Mr Siregar pointed out in his keynote speech at the conference.

However, Apec does not have to look too far for inspiration to achieve its connectivity objectives as some of its members, including Indonesia, have first-hand experience of working towards this aim, illustrated Mr Siregar.

"Apec can follow the example set by Asean, whose Master Plan on Connectivity not only discusses problems and potential solutions but commits Asean governments to implement actual projects to improve connectivity. Asean has selected six priority projects to improve physical connectivity, established an Asean Infrastructure Fund and set out a timetable for implementing these projects, including work to improve Asean’s highway and rail networks,” he said.

In line with this, Mr Siregar proposed that Apec governments could also seek to deliver tangible investments on the ground in line with the agreed commitment to work towards a more closely connected seamless regional economy as he argued that member countries will only stand to benefit from doing so as there are many significant potential investments in improving connectivity with high potential economic rates of return.

Indonesia is not only chairing the Apec grouping this year, it is also hosting the 9th Ministerial Conference of the World Trade Organization (WTO) this December, allowing it to play a major role in shaping the economic and trade landscape in this region.

"Indonesia is playing a leading role in two important international economic fora — chairmanship of Apec and host of the WTO 9th Ministerial Conference. We can and should seek to leverage on the work at Apec to articulate and influence the work at WTO," Singapore’s Minister for Trade and Industry Lim Heng Kiang, the distinguished speaker at the conference’s dinner session said in his speech.

"What I am suggesting is not without precedent. As a non-binding forum, Apec allows for the socialising of ideas and discourse that can provide a positive momentum for the trade agenda at WTO,” elaborated Mr Lim, alluding to the influential role Indonesia can play within the region’s economic landscape this year.