

OPENING SPEECH BY MR LIM HNG KIANG, MINISTER FOR TRADE AND INDUSTRY (TRADE), AT THE PECC-SINGAPORE CONFERENCE AT GRAND COPTHORNE WATERFRONT HOTEL, SINGAPORE ON MONDAY, 13 FEBRUARY 2017, 9.30 AM

**“The Importance of Globalisation and Inclusive Growth:
Opportunities and Challenges Ahead”**

HE Bui Thanh Son,

Distinguished Guests,

Ladies and Gentlemen

1. I am glad to join you today at the 2017 Pacific Economic Cooperation Council (PECC)-Singapore Conference.

2. We are meeting at a time when globalisation and free trade are in question. It is therefore timely to remind ourselves why APEC was set up and why we joined it – to promote trade and economic integration across the Asia Pacific.

Revisiting the Bogor Goals: Pursuing free and open trade

3. In 1994, APEC Leaders gathered in Bogor, Indonesia, and committed to 'free and open trade and investment' by 2020. APEC leaders believed that growth could be achieved through greater economic cooperation and integration; by lowering barriers and promoting a greater flow of people, businesses and trade, across the far reaches of Asia and the Pacific, where few cross-regional trade and business links had existed.

4. Over the last two decades, APEC has worked hard to achieve the Bogor Goals, with tariffs falling considerably and some of the services restrictions lifted. Between 1994 and 2014, APEC's real GDP grew at 3% per annum, outpacing the rest of the world, which grew by 2.5% per annum. Poverty has also fallen significantly. The number of people living under poverty conditions within APEC fell by more than 800 million between 1993 and 2012.

Making Globalisation Work Better

5. As we approach the deadline for the Bogor Goals, APEC is at an inflection point. Amidst a backdrop of sluggish growth and concerns about unemployment, income inequality and immigration, anti-trade sentiments have been on the rise. There is also a growing notion that globalisation has failed.

6. Indeed, globalisation is not a panacea for all economic woes nor does it come without costs. While globalisation has lifted hundreds of millions of people out of poverty, and brought immense benefits to consumers, we have to acknowledge the growing discontent. Benefits from globalisation have not been distributed evenly. We also have to recognize the impact of disruptive technologies, which can result in skills becoming obsolete and being displaced.

7. However, we should not make globalization the scapegoat for slowing growth and unemployment. Closing borders and turning inward is not the answer. Economies are so interdependent nowadays that it would be very difficult to disconnect from the global value-chain. If we do so, our businesses and communities will lose out. Markets will shrink, fewer jobs will be created and consumers will have to bear higher costs and will have fewer choices. We should avoid actions which will only hurt ourselves and lead to retaliatory measures, undoing the good progress that we have achieved so far.

8. Let's focus instead on ensuring the growth we achieve is inclusive. We should endeavour to put in place domestic policies that will enable benefits and growth to trickle down to all levels, including through equipping our workers with the skills required to adapt to new challenges.

Post 2020 vision

9. These are conversations we have been having in APEC in the past few years. I am also glad to see that APEC has started to look at the role it can play post 2020.

10. Greater cooperation amongst economies and keeping markets open are the best ways to boost growth and create jobs. Thus, economic integration should continue to remain APEC's priority. We are still a distance away from achieving APEC's goal of free and open trade. While average tariffs have fallen, tariffs still remain high in certain sectors and services restrictions vary across sectors.

11. The realisation of the Free Trade Area of the Asia Pacific (FTAAP) should continue to be key to APEC's agenda as the FTAAP embodies APEC's original vision for regional economic integration and contributes to the realisation of free and open trade.

12. We must also continue to place emphasis on inclusive growth. This is vital if we want to have sustained support for our economic integration agenda from our domestic constituencies. Governments must restructure their economies and find new growth and opportunities for their businesses and citizens. They need to equip their people with the right skill sets and invest in education and training. APEC has made good headway on initiatives to help Micro, Small, and Medium Enterprises (MSMEs), improve inclusion of women and vulnerable communities and boost education, training and human resource development. APEC should continue to advance such initiatives, promote the sharing of experiences and offer capacity building.

13. The focus on MSMEs will be particularly critical. MSMEs are the engines of growth and innovation in the APEC region, accounting for over 97% of enterprises and 50% of the workforce across APEC economies. APEC can continue to help improve their access to information, credit and provide technical assistance to help MSMEs adopt new technologies and to embrace the digital economy. The digital economy offers new opportunities to MSMEs. It can allow MSMEs to internationalize and participate in Global Value Chains in a more cost effective way.

14. This brings me to two other areas I think the APEC post 2020 agenda should also focus on to support sustainable economic growth and prosperity- digital economy and services. The digital economy will play a greater role in our economies and in the creation of jobs. APEC has made progress in certain areas such as data privacy rules, promoting digital platforms through paperless trading. But more can be done to facilitate e-commerce goods and services and address gaps in areas from customs and tariffs to data flows and cybersecurity.

15. The Services sector is becoming a substantial and rising component of our economies. It is the biggest contributor to GDP in many APEC economies. I am glad that APEC economies will embark on the APEC Services Competitiveness Roadmap in the coming years to help each other assess and improve their services sectors, in terms of transparency, inter-connectivity and reducing structural barriers.

Conclusion

16. Ladies and gentlemen, the current global economic landscape is a very challenging one. APEC's leadership is more important than ever to stem the tide of protectionism and anti-globalisation. APEC economies need to work together, focus on collaborative wins and continue the dialogue on how we can balance open trade with domestic considerations and make globalisation work better for all.

17. I would like to thank SINCPEC and PECC Vietnam for organizing the conference and wish you a fruitful session ahead.