

APEC Ministers Responsible for Trade Official Observers' Statement

We thank you for this opportunity to update APEC Ministers Responsible for Trade on the work undertaken by the Pacific Economic Cooperation Council in support of Asia-Pacific cooperation.

We welcome the theme of this year's APEC meetings "Change and Action". This focus on change reflects the important developments that have taken place since APEC's foundation including two major economic crises and substantial changes to the structure of trade flows in the region. An agenda focused on action will help to maintain APEC's importance as the premier forum for regional cooperation in the Asia-Pacific.

Global Economy on the Rebound

According to IMF forecasts the world economy is expected to grow at 4.6 percent this year compared to the 0.6 percent contraction in 2009. Likewise the prospects for a rebound in the trading sector are also positive.

However, recent developments in Europe are of great concern to us. We hope that actions by the European Union will help to improve the situation there but the impact on our region through the external sector could be a dampener on prospects for a more robust recovery in the Asia-Pacific. There is therefore a need for the region to monitor the situation there and consider how to best respond to it.

Much of the positive economic news comes as a result of the substantial economic stimulus packages implemented at the height of the crisis. As we noted last November, the critical issue is when and with what to replace them.

Need for Rebalancing

A critical factor in the times ahead is to ensure that the large imbalances that characterized the Asia-Pacific region in the lead up to the crisis do not once again reach unsustainable levels and result in another crisis. So far the economic indicators show a positive move in this direction with domestic demand increasing in much of the Western Pacific.

Analysis by a PECC task force points to different policy prescriptions for various economies and sub-regions. For Southeast Asia for example, there is a need to increase investment and Northeast Asia, consumption. The task force emphasizes that while in percentage terms the adjustments are relatively small, they involve deep policy changes and significant political effort. The full report has been recently published and we would be happy to share it with those interested in the details.

The work undertaken in international forums like APEC on sharing of experiences is critical to the future success of these efforts. The full report by the task force has now been released and provides analysis on many of the issues that APEC is addressing this year on inclusive, balanced and sustainable growth.

A Forward Looking Trade Agenda

As APEC completes its work on assessing progress towards the Bogor Goals we believe it would be useful for a second-track perspective on the trade agenda post-2010. While time, thought, and energy must be put on addressing the immediate concerns of getting out of the crisis, there is a need to think about the priorities for trade policy in the coming years. The need for action on the trade agenda is reinforced by the changes in the structure of the regional economy resulting from the economic crisis.

For this reason we have established a new task force on “A Post-2010 Trade Agenda for the Asia-Pacific”. The central focus of the task force is to consider a medium-term agenda for the region.

The task force will meet in Tokyo in one month from now. While the completion of the WTO Doha Development Round of negotiations should remain the region’s priority, a conclusion of the round will not solve many of the problems businesses encounter in the region and create the jobs needed to ensure that the recovery is both sustainable and inclusive. Our expert group will consider the possible contribution of a conclusion to the round to the trading environment and areas where further progress needs to be made.

We will be reviewing the state of play in key areas of trade: investment; services; and agricultural trade. The group will also discuss different perspectives on the various avenues for regional economic integration being pursued in the Asia Pacific such as the expansion of the Trans-Pacific Partnership, a Comprehensive Economic Agreement for East Asia and many others.

Engaging Stakeholders

As APEC attempts to turn its vision into an action oriented agenda we believe it is critical to engage stakeholders in the process to bring in ideas and constituencies for the work undertaken here. PECC, through its member committees and expert networks, provides an important avenue for both the dissemination of the fruits of your work and a source of new ideas on the issues you are addressing.

In this regard, we would like to express our deep appreciation to US Trade Representative Ambassador Kirk for taking the time from his busy schedule to address the US Asia Pacific Council, our PECC committee in the United States, when it held its meeting in Washington DC a month ago.

We also express our appreciation to APEC Executive Director, Ambassador Mohammed Noor Yacob for taking the time during his visit to New Zealand in March to meet with members of the New Zealand PECC committee.

This type of engagement is critical to building a better understanding of the work APEC does in our respective economies.

Nineteenth PECC General Meeting

A core part of our work is our General Meeting which brings together stakeholders from the academia, business, government, the media, and civil society to discuss developments in the Asia-Pacific. Our Nineteenth General Meeting will be held in Tokyo on 21-22 October.

Many of the issues we plan to address are ones that APEC has been discussing throughout the year including: rebalancing growth; enhancing social resilience; promoting human security; and promoting regional economic integration.

We hope that this gathering of stakeholders in the Asia-Pacific cooperation process will provide valuable insight to APEC Officials, Ministers and Leaders just a month ahead of the APEC Summit in Yokohama.

We thank you for this opportunity to update you on our work.