

PECC Statement to First Senior Officials' Meeting
for the Twelfth APEC Ministerial Meeting
12-20 February 2000
Bandar Seri Begawan, Brunei Darussalam

PECC wish to convey our continuous appreciation for participation in the SOM as an active observer and sharing with you some observations and PECC's activities for your reference. This Statement will highlight three areas of interest: (1) PECC's View on APEC's Second Wave in the 21st Century, (2) PECC's Main Focus in the Next Two Years, and (3) PECC's Potential Contribution to APEC in the Year 2000.

(1) PECC's View on APEC's Second Wave in the 21st Century

APEC has been pivotal in moving regional trade and investment liberalization and facilitation forward as well as charting a framework for economic and technical cooperation in the years since the conclusion of the Uruguay Round. Over the last couple of years, the region was hard hit by the financial crisis and its aftermath. In face of such challenges, economies looked to APEC to develop adequate responses to address the regional crisis. The failure to reach an agreement to launch a new Round of trade negotiations at the Seattle Ministerial Conference has further put APEC under the spotlight for the future liberalization agenda. **APEC is now facing the challenge to sustain the momentum of advancing regional cooperation in the 21st century. PECC believes that APEC should give greater definition and clarity to its individual and collective action plans for trade and investment liberalization. This should be complemented by enhanced efforts on economic and technical cooperation, as an inherent component to regional cooperation and bringing tangible benefits to economies in the region.**

Regional and bilateral trading arrangements are on the rise, but this need not be inconsistent with multilateralism and globalization. They can pave the way for greater globalization. **The key is adherence to the principle of open regionalism, which APEC has championed over the years.** The WTO can provide the essential global framework within which such entities interact and remain positive, not destructively competitive and discriminatory.

Despite the undoubted importance of the WTO, PECC sees a continuing role for APEC to make progress in areas where immediate WTO commitments are unlikely. APEC economies can take the lead in ensuring that their bilateral and sub-regional trading arrangements complement APEC's goals and support WTO's objectives. PECC also notes that while **APEC's concerted unilateralism is likely to stay ahead of WTO rules and commitments, APEC economies should continue to pay attention to the eventual need in WTO negotiations for consistency between APEC development and the processes of the EU and of non-APEC developing economies.** European participation

in PECC99 represents PECC's initiative to engage Europe in dialogue on Asia-Pacific developments.

(2) PECC's Main Focus in the Next Two Years

Under the leadership of Mr. William Fung, PECC Chair, the main theme for PECC's working agenda in the next two years will be "Managing Globalization in the 21st Century" with two sub-themes; "Charting the Millennium Trade Agenda" and "Strengthening Financial Markets and Corporate Governance."

PECC believes that the Millennium Trade Agenda has to encompass the interests of both developing and developed economies in order to ensure that the diverse interests of the entire WTO membership are taken into account, and that the new Round will bring benefits to all. Getting the right balance between the liberalization and facilitation agendas is important, but we should also not lose sight of the need for capacity building, which can help members to become effective participants in the WTO process. An effective negotiation process will no doubt help members reap the benefits to be brought forth by the new Round at a quicker pace. Therefore, **PECC will continue to build on APEC's call for capacity building. We intend to look into capacity building on liberalization issues, capacity building on change management in terms of building human and institutional capacity, capacity building on achieving consensus on implementation; and capacity building for sustainable and mutually beneficial global community.**

The economic crisis, which raged over Asia in the last two years, has left indelible and painful marks on the region. The worst appears to be over, but the path to recovery is difficult and fraught with risks. A crucial lesson learnt from the crisis is the importance of well-functioning markets and effective regulatory institutions to healthy economic development. **PECC will continue to bring together government and market players to work on issues of financial market development and reform in the Asia-Pacific region, with a focus on:**

- **Macroeconomic risk management;**
- **Restructuring banks and corporations in the crisis economies;**
- **Creating a transparent and stable regime among financial institutions in the region; and**
- **Developing social safety nets to cushion the pain of adjustment.**

PECC therefore welcome APEC's effort to integrate the Finance Ministers' process more closely with the APEC mainstream. **PECC will continue to support innovative efforts at building a more responsive regional financial order that is an integral part of a global financial architecture.** PECC PARNET (Peer Assistance and Review Network), with the collaboration of the World Bank and ADB, will launch, in the next few days (18-19 February) in Manila, a Planning Meeting on Corporate Governance.

(3) PECC's Potential Contribution to APEC in the Year 2000

By reviewing APEC Leaders' Declaration in New Zealand, PECC sees some potential areas for our contribution in the Year 2000, in addition to PECC's main focus summed up above:

- (3.1) APEC Principles to Enhance Competition and Regulatory Reform:** With the adoption of the Principles, derived from work done in PECC, APEC is well in the course to examine how they might be extended and applied in strengthening markets and help build capacity of all APEC members to negotiate at the WTO level. **PECC has already made an offer to the GOS to pursue this interest, and appreciate CTI Chair's invitation to attend the Trade Policy Dialogue.**
- (3.2) Review and Strengthen Processes for IAPs and CAPs under Osaka Action Agenda:** Following PECC's report on the assessment of the IAPs last year, APEC is well in the course to redesign and reformat the documents and to review the guidelines for reporting. **PECC will stand ready, if called upon, to put forth our insights into the process.**
- (3.3) Implementing Strategies in Information Technology:** IT connects people in the region and holds the promise of creating a knowledge-based economy to their benefits. Recognizing the importance of IT to the sustainable and equitable development of the region and realizing the "digital divide" presently separating IT haves and have-nots, experience sharing and capacity building in this area is paramount. **PECC is well placed to contribute to tackling the challenges of the information economy through policy development, the sharing of best practices, identifying impediments to network development and by providing a forum for broader input to the policy process.**
- (3.4) Implementing Strategies in Natural Gas:** PECC has played a constructive role in the on-going dialogue between energy government leaders and the region's top energy industries. A special government-private sector dialogue focusing on natural gas as a clean fuel option for the ASEAN region demonstrated the growing importance of public-private cooperation in the sector. Another important theme in PECC was that energy is rapidly evolving into a sector of more open, competitive markets in the drive to produce and deliver more efficient, affordable and dependable energy. **PECC is prepared to develop further work to complement the work program of the APEC Energy Working Group and the APEC Natural Gas Initiative, and provide policy recommendation on policy implications for sustainable economic growth, productivity, and creating and maintaining better living standards throughout the region.**

(3.5) **APEC Food System**: In the PECC-APEC project on RISE (Regional Integration for Sustainable Economies), Regional Growth Centers (RGCs) is a key element of the development strategy which includes components of infrastructure building, sustainable cities, rural/urban linkages, poverty reduction, capacity building, SMEs, private/public partnerships and trade facilitation. On domestic regulation, PECC plans to continue and extend work on designing and completing benchmarking studies so as to define best practice. **PECC Food and Agricultural Forum has adopted “technology” as the central theme and will look into the Biotechnology Issue in collaboration with PBEC and APEC Study Center Consortium at the Conference on Biotechnology on 16-17 March 2000 in Honolulu.**

Over the last two decades, PECC has emerged as the leading independent policy and advocacy group for economic cooperation and market-driven integration in the Asia Pacific. Its tripartite nature, which combines knowledge of the government policy-making framework with hard-nosed business priorities and rigorous research and analysis, gives PECC a unique edge in identifying and developing policy recommendations.

The official APEC process, established in 1989, grew out of confidence building from the broad-based interaction provided by the PECC process. **As the only non-governmental observer organization of APEC, PECC is able to channel its business and intellectual input to APEC in a timely manner. We remain committed to our role as APEC’s critical collaborator in promoting regional economic cooperation as a means to achieving greater prosperity for people in the Asia-Pacific region.**