

**PECC Statement to
The Eighteenth APEC Ministerial Meeting
Ha Noi, Viet Nam
16 November 2006**

I am Charles E. Morrison, international chair of the Pacific Economic Cooperation Council. On behalf of our 26 member-committees, I wish to thank the Ministers for including us as observers and for permitting me to make a brief statement of views.

Two days ago, the PECC released its 2006-07 State of the Region Report, which I hope has been circulated to all of you. This is a new product that encompasses a traditional PECC signature activity, the Pacific Economic Outlook, as well as a new activity, a survey on regional views carried out through our member committees. We had 370 responses from PECC-associated opinion leaders from around the entire region.

Both activities suggest that the economic State of the Region is quite good in the nearer term. Our Pacific Economic Outlook team of specialists believes that growth may be a bit slower next year, but this is anticipated and may be considered a consolidation. The Asia Pacific region, particularly its East Asian economies, remains the world's most dynamic growth region. Moreover, it is not only our forecast specialists who foresee a healthy rate of growth for next year, but the PECC survey shows that a broader group of opinion leaders also feels quite confident about the near-term future.

In other good news, the Pacific Economic Outlook team also believes that trans-Pacific trade and financial imbalances have peaked and are beginning to decline in percentage of GDP terms.

We are also pleased that international political relations, essential to effective economic cooperation and growth, have improved in recent months. We hope such good relations will deepen among the APEC economies.

Looking beyond the near term, there are clearly many challenges. These include the impact of the suspension in Doha negotiations, the socio-economic stresses of globalization, resource constraints including energy and water issues, the environmental consequences of sustained rapid growth, health issues, and political cooperation challenges that can affect the economic outlook. All these underscore the continuing relevance and essential need for Asia Pacific region cooperation because there is no regional or even global challenge that can be truly resolved without the cooperation of all of the major economies of this region.

Our survey suggests deep concern among regional opinion leaders about the health of APEC and Asia-Pacific regional institutions generally. In particular, our members are concerned about the quality of the political commitment of the key APEC economies to the APEC process and the lack of focus in APEC. Sixty-three percent cited concern about political commitment and fifty-six percent cited lack of focus.

I believe these responses reflect a fear that for some key economies, attention has been diverted to more geographically confined forms of cooperation, such as East Asian regionalism, and for others, attention has been diverted to pressing challenges outside the Asia Pacific region, such as those in the Middle East.

No set of relationships is more important to the economic well-being of our region than those around and across the Pacific. We believe that different levels of regionalism in Asia and in the Americas, can coexist with and support the overall goal of Asia Pacific regional cooperation as

long as these are based on and operate in accordance with the same set of broader norms, values and principles, such as compatibility with the WTO, so that they do truly serve as building blocks of a larger international order. Strong trans-Pacific cooperation should not be just for ourselves and our region, but is essential to dealing more effectively with global issues.

As an organization, the PECC itself has made some significant changes in the past two years. We have established an Executive Committee to strengthen the flexibility and responsiveness of our governing structure. As our contribution to Asia Pacific cooperation, we are placing more emphasis on cutting-edge signature reports on key and critical issues by small task forces of leading experts. The conclusions of these experts will, of course, be their own, but the task forces will be commissioned by the PECC and the intent is to provide a continuous source of innovative, but realistic, ideas from the Track II into the Asia Pacific cooperation process.

One such task force in the coming year will examine the broad regional architecture of cooperation. We are still in the process of establishing this task force, but I am pleased to say that a very distinguished Chinese diplomat, Ambassador Long Yongtu, has committed to serving on this task force, and we are looking for 2 or 3 others of equivalent experience and rank from around the region to join him.

One completed PECC signature activity is a joint study with the APEC Business Advisory Council (ABAC) of a proposed Asia Pacific Free Trade Area. Some in our PECC network are strong supporters of this concept, but most of our study group participants do not regard it as politically feasible at the present time. But we understand and appreciate the motives behind it, which are to continue to liberalize trade, sweep many smaller arrangements under a more general umbrella, and help restart the Doha process.

We think FTAAP may be a concept for the future and is certainly worthy of further study by non-governmental organizations. We also strongly support and are contributing to the APEC “model measures” effort reported to you earlier this session. We believe, however, that APEC needs a more comprehensive, multi-year action plan on trade coordinated by the relevant lead economies rather than year-to-year priorities. We have some thoughts in our overview of the study under four basic thrusts: deepening the world trade order, aligning existing FTAs, extending APEC outreach to new and influential stakeholders, and undertaking APEC organizational reforms.

No Plan B is as important as Plan A. We hope that out of this Ha Noi meeting, APEC can develop an Emergency Action Plan to resume Doha including credible preparation of offers from all the leading APEC economies. This would involve specific tasking to the APEC trade ministers to prepare these offers by an urgent time certain and to challenge non-APEC economies to do likewise. There could be no better way than this to celebrate Vietnam’s new membership in the WTO and make an effective statement of APEC’s value to the world and to the people of APEC economies.

PECC’s next Executive Committee meeting is next month in Washington and our next General Meeting will take place in Australia on 1-2 May 2007. We will be discussing and refining our ongoing work program, particularly in light of the decisions made here in Ha Noi, and keeping in touch with you through your appropriate officials. We know from our first-hand experience of working with them how dedicated they are, and want to express our gratitude for their work and yours.

Again, thank you for your time and attention.