

The Achievements of APEC in Indonesia 2013

By YAMAZAWA Ippei

The APEC Bali Summit in Indonesia in early October was eclipsed by the announcement that US President Obama would not attend the meeting. At least, this is the common understanding among Japanese newspapers. APEC itself is an opportunity to advance ongoing TPP talks as leaders of participating nations gather together, and it was expected that President Obama would come to the meeting to lead difficult negotiation processes to settle the deal by the end of this year. However, since Obama did not attend the summit, the trade liberalization talk stalled, and media attention to the APEC Summit cooled down. Despite that, the APEC Summit was held without Obama, and leaders at the summit commemorated the achievement of the Bogor Declaration launched by late President Suharto nineteen years ago, and they swore to make sustained efforts to deepen regional economic integration. For this objective, APEC articulated to endorse US-led TPP and ASEAN-led RCEP in parallel, and it will play the role of an incubator for free trade. Nevertheless, I am critically concerned whether the media and the public understand the role of APEC properly. I would like to promote better understandings of APEC, and call attentions to watch how these declarations are implemented from now on.

Let me review the Leaders' Declaration and the Ministerial Statement of the APEC this year. At the beginning of the Leaders' Declaration, it is stated that the Asia Pacific region serves in the role of driving world economic growth through efforts to achieve the goal set by the Bogor Declaration, and expressed determination towards further economic integration to found the FTAAP (Free Trade Agreement of the Asia Pacific). For this objective, as mentioned in the Yokohama Vision in 2010, the declaration says that APEC will help its members found regional FTAs to advance economic integration, through endorsing information sharing, capacity building, and policy dialogues. Meanwhile, both the Leaders' Declaration and the Ministerial Statement do not refer to the names of the TPP (Trans-Pacific Partnership) and the RCEP (Regional Comprehensive Economic Partnership) themselves. The Ministerial Statement approves the annual report of the CTI (Committee on Trade and Investment) as an action plan from now on, through reviewing currently ongoing APEC activities, and taking note of the "remaining areas" mentioned in the midterm assessment in 2010. Though the media did not cover the CTI Report, it can be downloaded from the APEC's website. The CTI Report mentions

liberalization and facilitation of economic activities during 2013; summarizes current stage of the taskforce of each area under the CTI's responsibility, including market access, service, investment, standard assessment, intellectual property right, business people movement, etc.; and details action agendas for 2014. The fourth paragraph of this report suggests improvement of the IAP (Individual Action Plan) announcement process; supplement of standard assessment to Dashboards of the PSU (Policy Support Unit); and necessity of further effort in service, investment, and non-tariff barriers. All of these objectives were proclaimed at the Bogor Goals Workshop in Medan on June 30, 2013, and the report advises that they be preceded at biannual Bogor Goals Progress Review next year. Last year, I examined the IAP 2012 with my young colleagues to evaluate the achievements of the Bogor goals of all 21 economies, and published an article to point out key areas to achieve the goal towards 2020. We made a presentation of it by invitation to the CTI workshop, and we were encouraged to see most of our recommendations were accepted at the session.

The APEC has been tackling to facilitate liberalization programs in fourteen areas based on the Osaka Action Agenda in order to implement goals of the Bogor Declaration in 1994. It is difficult to liberalize sensitive areas like agriculture and heavy industry due to the voluntary non-binding modality of the IAP. But regarding standard assessment, customs clearance, business people movement, and intellectual property right, trade and investment facilitation among APEC economies has made progress steadily, thanks to setting and promoting common practices and supporting capacity building under the CAP (Collective Action Plan). This is the foundation of prosperous APEC and the engine of world economic growth. After the Asian Financial Crisis hit APEC members in Asia, some economies were not satisfied with stagnant liberalization of the APEC, which led to the movement to pursue a "high standard of liberalization" for current TPP negotiations, and provoked the Asian side to initiate ASEAN-led RCEP talks. Those trade negotiations are intended to make binding agreements unlike the APEC, and TPP talks target many areas of facilitation. The APEC has facilitated trade and investment among member economies, which will be helpful to provide foundation to implement those agreements.

It is not clear whether the agreement towards the TPP will be reached by the end of this year, but it will be reached sooner or later, which will provoke the RCEP to be concluded, and FTAAP negotiations will start as stated in the Yokohama Vision. The TPP will be on the high track of liberalization, while the RCEP will be on the lower track, but both negotiations will be founded on high level of liberalization by the APEC. Then, we should take measures to converge the TPP and the RCEP with the FTAAP. The APEC is not just a provider of arenas for information exchange and policy dialogue, but a de facto incubator of the Asia

Pacific Economic Community. We should understand APEC Leaders' Declaration this year in this way, and it is the role of us, stakeholders to watch whether the IAP will be strengthened next year as intended.

(This is an English translation of the article written by Dr. YAMAZAWA Ippei, Professor Emeritus of Hitotsubashi University, which originally appeared on the e-forum "Hyakka-Somei" of CEAC on October 18, 2013.)