

Apec reaching a critical milestone

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Second Minister for Foreign Affairs Raymond Lim addressed the Pacific Economic Cooperation Council yesterday. We carry here an excerpt from his speech.



THIS year marks the 20th anniversary of the Asia-Pacific Economic Cooperation (Apec) forum. The end of the Cold War opened the way for the beginning of a new grouping in the Asia-Pacific dedicated to fostering growth and prosperity through the liberalisation of trade and investment.

Apec brings together both sides of the Pacific and prevents it from being split down the middle. It is fundamental to our interests to include the US in the region, given that it plays such an important strategic and economic role here.

Over the past two decades, Apec's scope of regional economic cooperation has been broadened, and its membership expanded. Apec has also made important contributions, including pushing for the conclusion of multilateral trade accords.

During this time, the Asia-Pacific region has prospered. Apec economies have not just prospered individually. The region forms important supply chains and is part of the global pattern of merchandise flow. Taken together, these are impressive achievements.

As Apec enters its third decade, the world is emerging slowly from the worst global recession since the Great Depression. The precipitous drop in global demand, coupled with the seizing up of trade financing, has taken its toll on international trade, the life-blood of many Apec economies.

Though the immediate crisis has waned, the key preoccupation is how we can build, as the G-20 leaders declared in Pittsburgh recently, 'strong, sustained and balanced' global growth.

We need to guard against complacency. The crisis came about because of excesses and imbalances. These still have to be put right. We need to persist with the often domestically-difficult structural reforms that are necessary to rebalance the world economy. And we should not let down our guard against the threat of protectionism. Singapore has assumed the Apec chairmanship at a challenging time.

Looking forward, we can never be sure how events will unfold. A fundamental political and economic rebalancing of the world is taking place. Developments in the Asia-Pacific - especially the relationship between China and the United States - are at the epicentre of these changes. The cumulative effects of momentous events can reverberate over time.

We will require structures to manage these changes. To do so, we will need to deliver new levels of cooperation and coordination, at both the global and regional levels.

The designation of the G-20 as the premier forum for international economic cooperation has been the most pronounced response at the global level to these new challenges.

In the Asia-Pacific, the challenge has always been to develop the right framework for regional cooperation. We all share some basic interests:

- We want a region that is stable, open and interconnected through trade and investments, both among ourselves and with the rest of the world.
- We want a region where economies can deepen cooperation and linkages, and also compete peacefully in the economic realm; and
- We want a robust framework of cooperation within which economies can contain and manage disagreements.

To achieve these basic interests, we have multiple structures with different, sometimes overlapping, membership and goals. Though messy, the structures engage all the players - big and small. This reflects a realistic appraisal of the disparate political, cultural and economic interests in the region.

The strength of this framework is that it is representative in nature and gives everyone a stake in the region's success. Ideas to modify the existing architecture to one that is less representative are unlikely to gain wide support.

Apec with its core mission of promoting regional economic integration remains a vital piece of the regional equation. Within East Asia, there are two complementary and mutually supporting groups to foster intraregional cooperation and provide concrete steps towards an East Asian community.

One is the Asean+3 group, comprising the 10 Asean states plus China, Japan and South Korea. The other is the East Asia Summit, which adds India, Australia and New Zealand to Asean+3. Apec brings together both sides of the Pacific and prevents it from being split down the middle.

It is fundamental to our interests to include the US in the region, given that it plays such an important strategic and economic role here. The construction of Apec had this in mind from the beginning.

The core objectives that the founding members of Apec set forth in 1989 are to:

- Strengthen the multilateral trading system;
- Increase the interdependence and prosperity of member economies; and
- Promote sustainable economic growth.

Apec's vision was further defined in 1994, when Apec leaders committed to the 'Bogor Goals' of free and open trade in the region.

The region will undergo even more sweeping changes in the next 20 years.

This year will mark a critical milestone in how Apec positions itself for the future. Nevertheless, Apec's guiding principles remain relevant.

So long as we focus on them, Apec will remain the premier vehicle for regional cooperation and the centrepiece of the regional architecture.