

# Toward Fruitful Achievements of APEC Japan 2010

By Hidehiko NISHIYAMA

## Japan Kept Busy as APEC 2010 Chair

This year, Japan serves as rotating chair of the Asia-Pacific Economic Cooperation (APEC) forum for the first time in 15 years. The first meeting of senior officials from the Asia-Pacific member economies took place in Hiroshima toward the end of February, formally marking the start of APEC Japan 2010. Early in June, Japan hosted a meeting of trade ministers – the first ministerial session of APEC 2010 to be chaired by Japan – in Sapporo, Hokkaido. Henceforth, discussions will be continued at a series of sector-by-sector ministerial and other meetings to be held in various parts of Japan with the finishing touches to be put on these discussions at the ministerial and summit meetings, slated for November in Yokohama. At a time when preparations for the climax of APEC 2010 are gathering added momentum, I would like to explain, in my capacity as chairman of senior officials' meetings, about the priorities of APEC 2010 and how APEC is going to deal with them.

## APEC 2010 Slogan

This year's APEC theme is "Change and Action." We would like to establish a new "vision/paradigm" so as to indicate the future direction of APEC, while looking back on the international circumstances surrounding APEC as well as the past activities and achievements of APEC.

Moreover, we would like to set a big "change" in motion for further prosperity of the APEC region by implementing a specific program along the lines of the said "vision/paradigm." This idea is embodied in the APEC 2010 slogan.

## Assessment of Progress toward Bogor Goals

First, let me explain about the assessment of progress toward the Bogor Goals, which have long served as a major pillar of APEC activi-



Participants in the June 2010 Meeting of APEC Ministers Responsible for Trade (MRT) pose for a commemorative shot.



Economy, Trade & Industry Minister Masayuki Naoshima (right) talks with Foreign Minister Katsuya Okada during the Meeting of APEC Ministers Responsible for Trade (MRT). The two Japanese ministers jointly chaired the meeting held in Sapporo in June 2010.

ties. Under the so-called Bogor Goals, set by the APEC leaders at Indonesia's Bogor Palace in 1994, "the industrialized economies are committed to achieving the goal of free and open trade and investment no later than the year 2010 and developing economies no later than the year 2020." Thus far, APEC has exerted various efforts toward these goals, actually registering notable achievements for the liberalization and facilitation of trade and investment. Thanks to these efforts, trade and investment in the APEC region have expanded markedly, enabling faster economic growth than in any other region. The results of APEC members' progress toward the goals are due for assessment this year. Besides the industrialized economies subject to assessment this year, many developing economies have volunteered for early assessment. Altogether, 13 of the 21 member economies will undergo assessment this year.

The participation of so many economies in this year's assessment may well be regarded as testimony to the development of APEC. The Policy Support Unit (PSU), APEC's think tank, and wide-ranging international organizations, including the Asian Development Bank (ADB), the World Bank and the World Trade Organization (WTO), have also favored us with the input of assessment by outside quarters. Therefore, we intend to undertake objective and highly reliable assessment while taking account of such outside assessment as well.

From the above point of view, the Meeting of APEC Ministers Responsible for Trade (MRT), held in June, conducted an intensive debate on the state of progress toward the Bogor Goals by the 13 member economies subject to assessment in 2010, based on the draft of an assessment report compiled under Japan's initiative. As a result, the trade ministers came to achieve a common understanding on the main thrust of assessment. They shared the acknowledgment that "trade and investment liberalization and facilitation have made substantial progress," while many stated the view that "there remains work to be done going forward, and it is necessary for APEC to make further efforts to contribute to the promotion of trade and investment." Henceforth, the content of the draft assessment report will be amplified based on the relevant debate at the MRT and its final version will be confirmed at the APEC Leaders' Meeting in Yokohama.

In particular, when problems yet to be tackled are taken up, we cannot overlook a change in the international environment surrounding trade and investment. Regarding trade, for instance, the focus is placed upon not only the issue of tariffs for goods moving from one economy to another, but also the facilitation of trade and domestic regulatory rules. Concerning trade liberalization, importance is also attached to "capacity building" for developing economies. We deem it necessary to give full consideration to such situational changes.

## New Vision/New Paradigm

Thus, in 2010, APEC is entering the most crucial phase since its

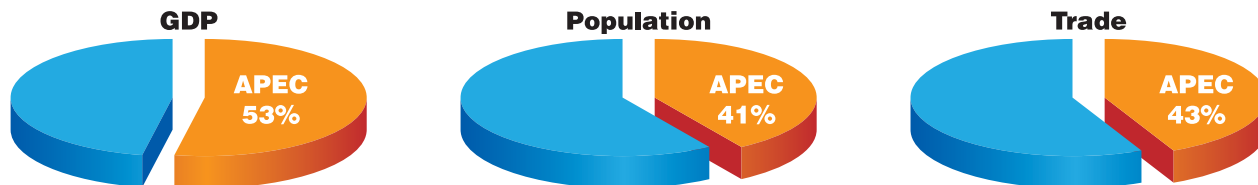
**APEC (Asia-Pacific Economic Cooperation)****Premier forum of 21 Asia-Pacific economies**• **Founded in 1989**

**Members**

**Japan; Republic of Korea; People's Republic of China; Hong Kong, China; Chinese Taipei; Russia**  
**ASEAN: Brunei Darussalam; Indonesia; Malaysia; Philippines; Singapore; Thailand; Vietnam**  
**Oceania: Australia; New Zealand; Papua New Guinea**  
**North, Central and South America: United States; Canada; Mexico; Chile; Peru**

**Accounts for roughly half of global GDP, population, and trade [GDP (53%), population (41%), trade (43%) ]**

(As of 2008, Source: World Economic Outlook and Direction of Trade Statistics (IMF), Trade Statistics of Chinese Taipei)

**Purpose: to advance cooperation aimed at Asia-Pacific economic development**

- Regional cooperation on liberalization and facilitation of trade and investment, structural reform, energy, and other economic issues.
- Modeled for cooperation rather than concessions. This style facilitates a progressive policy discussion which goes beyond legal commitments.
- The only forum where the region's leaders annually converge and may make joint commitments.
- Global private networks such as ABAC (APEC Business Advisory Council) promote an atmosphere of positive group discussion among member economies.

Source: METI, Japan

inception from the viewpoint of evaluating efforts toward the Bogor Goals. Also, we would like to make 2010 a year for not only "looking back on the past," but also "looking into the future."

Because of the trend toward globalization, the world today is confronted with far more complicated problems than when the Bogor Goals were set. APEC's activities have so far centered on the liberalization and facilitation of trade and investment. Nevertheless, in order to maintain sustainable growth and prosperity in the years ahead, the APEC region needs to deal with a broader range of problems such as macroeconomic imbalance, structural reform, support to small and medium-sized enterprises (SMEs), climate change and other environmental problems, the food problem and measures to cope with disasters.

With these new problems in mind, Japan wants APEC to formulate a new vision or a new paradigm keyed to three elements – regional economic integration, growth strategy and human security.

### Regional Economic Integration

Regional economic integration – the first of the three elements – is intended to further deepen APEC's past activities for the liberalization and facilitation of trade and investment. Last year, we were instructed by the APEC leaders to explore "possible pathways" to a Free Trade Area of the Asia-Pacific (FTAAP). Meanwhile, Japan, in its "new growth strategy" formulated in June this year, envisaged the establishment of an FTAAP by 2020 and called for the determination of Japan's roadmap to that goal by the end of this year. On the other hand, the legal character of an FTAAP has not been clarified.

Generally, APEC is not supposed to sponsor negotiations for any binding agreement. Meanwhile, many free trade agreements (FTAs) and regional trade agreements (RTAs) have already been concluded and new efforts have been initiated in the Asia-Pacific region, including the Trans-Pacific Strategic Economic Partnership Agreement

(TPP) as well as ASEAN+3 (EFTA) and ASEAN+6 (CEPTA) centering on the Association of Southeast Asian Nations (ASEAN). One useful "pathway" may be to use these agreements and efforts as "building blocks" for organizing an FTAAP. In that case, APEC may play the role of incubator for supporting the formation of an FTAAP without relying on negotiations. We would like intensive discussions to be held on what pathways are possible in order to determine a route to an FTAAP.

Our efforts to deal with priority sectors for regional economic integration are also gathering speed. We would like to produce concrete results concerning such sectors as investment, standards, intellectual property rights and trade facilitation by the end of this year, including the formulation of an action plan.

Regarding trade facilitation in particular, we are now working on an action plan to cope with eight "chokepoints," such as infrastructure and regulatory problems, with a view to enhancing the supply chain connectivity. This work obtained broad approval at the recent MRT.

The present regulations on rules of origin have become complicated because many existing FTAs and RTAs differ in relevant stipulations. However, we have completed in effect a "website on tariffs and rules of origin" (webTR) to make such information of the respective countries visible to businesses in general by linking the relevant data to the APEC home page (<http://www.apec.org/webtr.html/>).

Furthermore, Japan is set to take the lead in undertaking technical assistance to developing economies in order to establish a multilateral framework in the future regarding such systems as a "single window" enabling single input/transmission for more than one administrative procedure related to export/import and port-related work, and a system of simplified customs procedures for "authorized economic operators" (AEO), certified by the customs authorities concerning security control and compliance with relevant laws and regulations. Building on these specific achievements, we would like to accelerate our efforts toward regional integration and an FTAAP.

## Growth Strategy

Growth strategy, the second basic element of the aforementioned vision, will be mapped out to achieve further prosperity of the APEC region by ensuring sustainable regional growth in the new phase following the economic and financial crisis. Nowadays, the APEC region is counted upon to serve as a growth center of the world. On the other hand, the international economic environment has undergone no small change since the inauguration of APEC. The rapid growth of emerging economies has resulted in greatly modifying the dynamism of the region. Moreover, the progress of economic integration has given rise to many problems along with numerous possibilities. In the growth process following the economic and financial crisis, it is considered essential to cope with those problems and enhance the quality of growth in such a way as to achieve sustainability and benefit all people.

From this point of view, the APEC leaders instructed last year that a “long-term and comprehensive APEC growth strategy” be mapped out in 2010. The APEC growth strategy is designed to achieve growth combining five attributes – “balanced growth,” “inclusive growth,” “sustainable growth,” “innovative growth” and “secure growth.” This strategy emphasizes the execution of specific projects based on an action plan. The MRT saw debate on such matters as the way of thinking, contents and the method of implementation regarding a growth strategy required by the APEC region with a view to formulating a long-term and comprehensive growth strategy for the region. The study on growth strategy, including the contents of the action plan and a follow-up mechanism, will be stepped up while taking into account the debate at the MRT and the results of the High-Level Round Table on growth strategy, slated for August, and also taking advantage of APEC’s strengths. Thus, relevant discussions will be continued toward finalizing the growth strategy at the Leaders’ Meeting and Ministerial Meeting in November.

As for the specific contents of the strategy, “balanced growth” will aim at eliminating global imbalances through macroeconomic policies and structural reform. APEC will support the relevant efforts of the G-20 nations and seek to achieve balanced growth through the proper management of the current-account balance and fiscal policy by each member economy.

“Inclusive growth” will seek to have economic growth benefit the entire society without being limited to a certain segment of people. To that end, it is necessary not only to undertake a structural reform that will enable all people to explore the possibilities of growth, but also to establish a system of permitting renewed challenges by such means as vocational training.

Specifically, we are planning to take such measures as support to SMEs intent on internationalization and the introduction of new techniques, the promotion of vocational training, the establishment of an adequate “safety net” and the fostering of human talent. China is scheduled to hold a Human Resource Development Ministerial Meeting in September, while debate is also expected in regard to the need to support women planning to start businesses. Building on the results of these discussions, we intend to incorporate into the growth strategy various measures for enabling a wide range of people to enjoy the benefit of growth.

“Sustainable growth” will seek to overcome a future impact on the environment and restrictions on energy supply, and aim at economic growth compatible with environmental protection and stable energy sup-



*APEC ministers attend a policy dialogue with the business community in Sapporo in June 2010: (from left) Economy, Trade & Industry Minister Masayuki Naoshima, State Secretary for Foreign Affairs Koichi Takemasa, both of Japan, Trade & Industry Minister Lim Hng Kiang of Singapore, and Deputy US Trade Representative Demetrios Marantis*

ply. From a viewpoint of climate change, it is also important to restrain greenhouse gas emissions, which tend to accompany economic growth.

Speaking of sustainable growth, for instance, the peer review of energy efficiency is under way within APEC. We would like to promote the sharing of successful instances of energy efficiency enhancement by strengthening such mutual efforts, and encourage the propagation of low-carbon technology.

Besides, an APEC work program for environmental goods and services (EGS) has been set out in the EGS Framework within APEC. We intend to spread the EGS by promoting the introduction of energy-saving standards and a labeling system for home electric appliances, and harmonizing test systems for energy-saving goods, for instance.

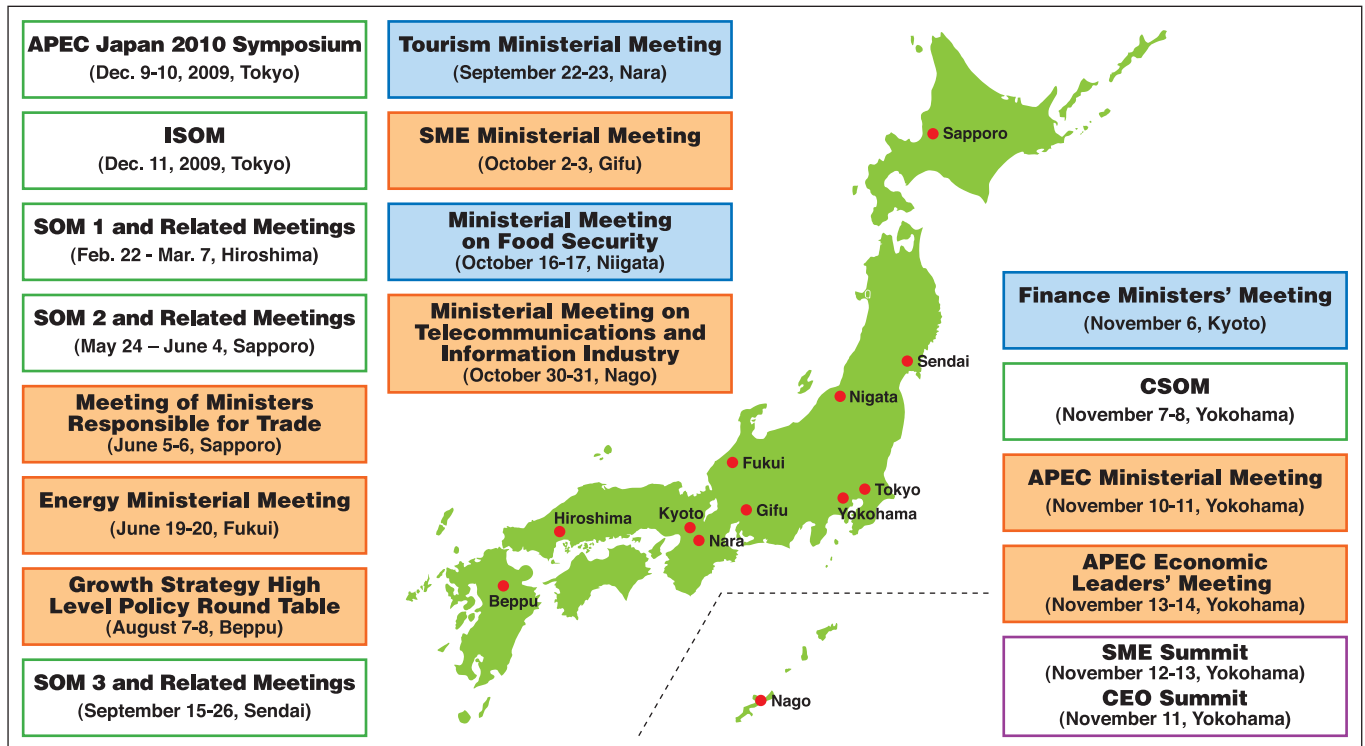
These efforts were also taken up at a meeting of energy ministers, held in Fukui in June, and specific measures were put together, including the inauguration of a Low-Carbon Model Town Project. In particular, considering the relative advantage of APEC, there is much room left for APEC’s contribution as compared with the G-20 and other international fora in the spheres of “sustainable growth” and “innovative growth” mentioned below.

“Innovative growth” will aim at the enhancement of productivity and the creation of new values added through the active use of information technology and technological innovation. Information technology and technological innovation serve as motive powers for growth. They are also considered to represent important viewpoints for seeking out new possibilities in such areas as energy, the environment and education.

Within APEC, for instance, Japan has obtained approval for its proposal to promote, among others, the mutual utilization of patent examination results by the patent offices of the member economies and cooperation among agencies for fostering intellectual and property-related talent. Japan is also preparing to propose a project for making the most of information technology. The idea is to promote the active use of information technology for public policies in medical care, education, energy and other spheres. The APEC member economies are separately taking measures for utilization of information technology. However, Japan’s proposal is designed to mutually notify such separate efforts within APEC, determine the best practices from the viewpoint of APEC as a whole and encourage the introduction of such practices among the APEC economies. We would like to push ahead with this idea through such occasions as a meeting of telecommunications ministers scheduled for October in Okinawa.

“Secure growth” will seek to protect individuals, societies and

## APEC Japan 2010 Calendar



Source: METI, Japan

economies in the region from natural or artificial influences, and provide security necessary for economic activities. This has a lot to do with the third essential element of the future vision, and so will be detailed in the description of this element – human security – below.

### Human Security

The third essential element of the projected future vision is human security. The great earthquakes that struck Haiti and Chile still remain fresh in our memory. When an A/H1N1 influenza pandemic broke out last year, member economies cooperated in strengthening response to this common challenge by exchanging relevant information and taking adequate countermeasures. The regional agenda for human security envisages, among other things, such natural disasters and pandemics, counter-terrorism and food security. APEC, therefore, is called upon to take effective measures in the sphere of human security as well.

Regarding human security, the MRT confirmed the need to strengthen efforts in such sectors as food security, disaster prevention, counter-terrorism and anti-corruption. In particular, it was confirmed that a meeting of ministers in charge of food security, slated to be held in Niigata in October, will map out a concrete action plan for reinforcing food security in the APEC region and study specific measures to make the most of the region's excellent techniques and know-how so as to strengthen ongoing activities.

### Support to Multilateral Trade Talks

As for the regional agenda items other than the above-mentioned three elements, the MRT heard a report from WTO Director General Pascal Lamy about the current situation of the Doha Round of global trade liberalization talks and the current state of world trade and protectionist trends affecting the Asia-Pacific region.

The trade ministers reconfirmed in their discussion that they

should seek an ambitious, balanced and prompt conclusion of the Doha Round of trade negotiations (officially known as the Doha Development Agenda or DDA), and also confirmed the importance of horizontal discussion and strengthening of the political engagement to advance the negotiations. They agreed to play a leading role in the negotiations as APEC economies stand to benefit from open trade. It was thus agreed that the APEC member economies will play a leading role in speeding the WTO-sponsored trade liberalization talks.

Also, the ministers confirmed they would extend the commitment made by the APEC leaders in 2008 to resist protectionism in their standstill agreement through 2011.

### Toward Success of APEC 2010

The June MRT was the first ministerial meeting hosted by Japan as chair of APEC 2010 and represented an occasion to undertake an interim review of the process of this year's preparations for the Leaders' Meeting and Ministerial Meeting in November. Discussion at the MRT laid the groundwork for the November meetings and enabled us to begin a useful series of discussions conducive to properly coping with the problems confronting APEC and paving the way toward a desirable future of the Asia-Pacific region. Henceforth, we will aim to shape a common understanding on the future direction of APEC and produce concrete results at the Leaders' Meeting and Ministerial Meeting in November in Yokohama.

We are resolved to make a success of APEC 2010 while promoting our cooperation with all people involved, including residents in various parts of Japan who have been so kind as to provide us with venues for APEC-sponsored meetings. (Chart 2)

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