

Past & Future of APEC

By Noboru HATAKEYAMA

It is said that success stories have many fathers while unsuccessful stories tend to be orphans. At the end of January in 1989, I was in Seoul, South Korea. In the hotel I was staying in, there was a big banner on the wall outside the hotel welcoming the visit of then Prime Minister Robert Hawke of Australia who was also staying in the same hotel. On that day, I learned through the car radio that in a summit meeting between Mr. Hawke and Mr. Roh Tae Woo, then president of South Korea, they agreed to ask other countries in the region, including Japan, Indonesia and Malaysia, if they supported holding an economic ministerial meeting in the region. Later, this regional economic ministerial meeting has become the APEC Ministerial Meeting. In this regard, Mr. Hawke took the initiative to formulate APEC, the Asia-Pacific Economic Cooperation forum. Therefore, he is qualified to claim to be the father of APEC. But the original idea for this had come from two rather young officials of Japan's Ministry of International Trade and Industry (MITI, now known as METI). One of them was Masakazu Toyoda, a former MITI vice minister for international affairs who was the director of a planning office of MITI's International Trade Policy Bureau in 1988. Around that time, the United States and Canada signed an FTA between them, suggesting the advent of a new era of FTAs. On the other hand, Europe, which had issued the Single Market Protocol in July 1987, was busy getting ready for realizing a European Union by 1992. Toyoda and his colleagues thought it was necessary for the Asian market also to be integrated, in a sense. A committee was established within the Department of International Economy, MITI, chaired by Yoshihiro Sakamoto, director general of the department. The committee came up with an interim report titled "Seeking a New Asia-Pacific Cooperation." The interim report focused on the following four points.

1. Holding an annual minister-level meeting among Asia-Pacific countries.
2. Including the United States as a member country.
3. Promoting multilayered and gradually increasing cooperation through consensus building.
4. Adopting an open regionalism policy as opposed to an FTA, which would be closed to nonmember countries.

There was another MITI official who contributed to establishing APEC. Professor Hirokazu Okumura was famous as a professor at the University of Tokyo and Kyoto University but originally

he entered MITI in 1971 after graduating from the former university and was seconded to JETRO from MITI, stationed in Sydney, Australia, between 1986 and 1989. He often visited Canberra and met many senior Australian government officials to explain the contents of the interim report, deepening their understanding of regional integration.

Not only Australia but also many ASEAN countries were interested in the interim report. However, it did not become a Japanese government proposal because of opposition from the Ministry of Foreign Affairs (MOFA). There were two reasons for its opposition. The first reason was that MOFA tended to dislike any international proposals initiated by organizations other than MOFA. The late Tetsuo Kondo, a former Japanese labor minister, often complained to me about opposition coming from MOFA against his initiative to hold a meeting of labor ministers among the G-7 countries. The second reason for MOFA's opposition was that since Japan had taken the initiative to try to construct a "Great East Asia Co-prosperity Sphere" before World War II and memories thereof were still in the minds of Asian people, Japan should refrain from proposing something similar. This argument was an effort to distort the substance of the APEC proposal intentionally.

Anyway, because of the MOFA opposition, no APEC proposal could come out of Japan. Inevitably, MITI asked the Australian government to take the initiative for it. Yoichi Funabashi, a seasoned journalist well-versed in international issues, described the scene to the effect as follows in his book. Michael Duffy, then Australian trade minister, asked Shigeo Muraoka, MITI vice minister for international affairs, "Is it really all right for Australia to assemble APEC members with Japan playing only a backstage role?" Thus the first APEC Ministerial Meeting was held in Canberra.

This year, Japan will host APEC's 22nd Ministerial Meeting and 18th Leaders' Meeting in Yokohama in November. I personally think there are two important issues to be decided on this occasion. The first is whether we should admit India into APEC because a moratorium on new membership will expire this year. The second issue is to change the status of an FTAAP into a mid-term goal rather than a long-term goal as of now. Otherwise, an FTAAP cannot compete with an EAFTA or a CEPEA either of which will have a possibility to become an FTA in this region within the next five years. **JS**

Noboru Hatakeyama is chairman/CEO, Japan Economic Foundation. Before then he was chairman/CEO, JETRO. A former senior trade official, he undertook many trade issues, including the Uruguay Round of GATT talks. He is known as a pioneer of debate on FTAs involving Japan.