

APEC in Yokohama: A US View

By Marc WALL



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Yokohama rolled out the red carpet for the delegations that assembled last November for the Asia-Pacific Economic Cooperation (APEC) forum's 18th leaders' meeting. During their weekend together, they reviewed progress toward economic integration in the region and outlined steps to deepen it in the years ahead. The United States looks forward to building on these achievements as it prepares to host the next leaders' meeting in Honolulu in November this year.

Photo: Wikimedia



Honolulu, Hawaii, the site of APEC 2011

From Osaka to Yokohama

The first time Japan hosted APEC was in 1995. The year before at their retreat in Bogor outside Jakarta, APEC leaders had committed themselves to achieving free and open trade and investment in the Asia-Pacific region by 2010 for industrialized economies and by 2020 for developing economies. The destination was clear, but the route for getting there needed to be elaborated. Gathering in Osaka a year later, they issued the Osaka Action Agenda, the roadmap for how APEC economies would achieve the goals outlined in Bogor.

Appropriately enough, Japan was host again in 2010 when APEC leaders assessed progress in implementing the Bogor Goals. In Yokohama, 13 member economies were evaluated, including not just the five members who considered themselves industrialized back in Osaka – the United States, Japan, Canada, Australia and New Zealand – but also, significantly, eight other members – Chile, Hong Kong, South Korea, Malaysia, Mexico, Peru, Singapore and Chinese Taipei – volunteered to be evaluated.

The APEC leaders' assessment concluded there has been considerable progress indeed, although of course more work remains to be done. Tariffs have gone down significantly throughout the region, from an APEC average of nearly 17% in 1989 to less than 7% in 2008, significantly below the World Trade Organization's (WTO) world average. China and Chinese Taipei are now members of the WTO. South Korea and Chile are now members of the Organization for Economic Cooperation and Development. And most APEC members have entered into or are in the process of negotiating free trade agreements (FTAs) with other partners in the region, either bilaterally or in subregional groupings.

Pathway toward Free Trade

Beyond the Bogor Goals, however, the Yokohama Vision declared on November 14 laid out a clear trajectory for what APEC should do to achieve its new, challenging aspiration of a Free Trade Area of the Asia-Pacific (FTAAP). The leaders in Yokohama agreed to take concrete steps toward realization of an FTAAP, which should be pursued as a comprehensive free trade agreement building on ongoing regional undertakings, including the Trans-Pacific Partnership (TPP). In order to "incubate" the FTAAP, APEC will provide leadership and intellectual input and play a critical role in defining, shaping and addressing the "next generation" trade and investment issues that the FTAAP should contain. This vision is both ambitious and specific in defining the agenda for what APEC should be doing in 2011 and beyond. In that sense, Japan's leadership in APEC in 2010 set the stage for what the United States should aim to achieve as chair and host of APEC in 2011.

The United States currently has FTAs with six other APEC member economies. It is linked with Canada and Mexico in the North America Free Trade Agreement, and with Chile, Peru, Australia and Singapore in bilateral agreements. It has negotiated an FTA with South Korea and hopes to obtain congressional approval in the coming months.



APEC leaders pose for photographers in Yokohama.

But looking forward, a very important and promising initiative is the TPP. Under that program, the United States is working with eight other similarly ambitious countries – Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore and Vietnam – to negotiate a high-standard, broad-based agreement, which will reflect the realities of the 21st century by incorporating the “next generation” trade issues mentioned by the APEC leaders in Yokohama. Four rounds of talks last year made solid progress, and an ambitious negotiating schedule is set for 2011. The TPP members are keeping interested APEC members apprised of the progress of the negotiations in hopes of facilitating broader participation in the agreement.

New Growth Strategy

The APEC leaders in Yokohama were concerned not just with progress toward achieving free and open trade and investment in the Asia-Pacific. They also outlined a strategy to guide efforts to improve the quality of growth in the region. The Yokohama Growth Strategy highlights the importance of growth that is *balanced* in promoting macroeconomic adjustments and structural reforms; *inclusive* in broadening access to economic opportunities; *sustainable* in protecting the environment and promoting green development; *innovative* in encouraging the spread of new technologies; and *secure* in strengthening economic systems against the harm caused by natural disasters, pandemic disease or other disruptions.

APEC’s new growth strategy reinforces commitments made by the G-20 while also providing guidelines for APEC’s own work. APEC is already pursuing a wide range of initiatives to promote the quality of growth in such areas as human resource development, agriculture and food security, information and communications technology, cooperation on energy and green growth, and improving emergency preparedness in the region.

Of special note are APEC’s efforts to promote women’s entrepreneurship. Last October, Japan and the United States jointly sponsored in Gifu the first Women’s Entrepreneurship Summit. Some 600 government officials, business leaders, academics and journalists from all APEC member economies participated. Secretary of State Hillary Clinton and Japanese Foreign Minister Seiji Maehara spoke at the event via video messages. The participants called upon APEC

leaders to champion women’s participation in the workforce, in particular by promoting entrepreneurship and greater leadership for women in business and government throughout the region. Their message was that women’s empowerment is smart economics because it is a way to boost growth and employment.

On to Honolulu

Exploring pathways toward a future goal is important, but putting in place building blocks for practical progress in the present is also essential. That will be a point very much on the minds of US officials this year, now that it is the turn of the United States to host APEC.

APEC can and should be producing even more significant results than we have seen so far. While it is too soon to get into specifics, it is clear that APEC has an important role in achieving a “seamless regional economy.” Strengthening economic integration by removing barriers to trade and investment remains APEC’s core mission and the key priority for the coming year. That will require addressing the “next generation” trade issues, such as standards, regulatory cooperation and innovation. There is also an opportunity to deepen cooperation on initiatives to promote green growth, including by addressing tariff and nontariff barriers that impede trade and investment in environmental goods and services. Making it cheaper, easier and faster to trade and do business in the region, particularly for small- and medium-sized enterprises, will also be a priority. The United States intends to work closely with all stakeholders, including the private sector, on how best to accomplish these goals.

When President Barack Obama stopped in Tokyo on his way to the APEC meetings in Singapore in 2009, he gave a speech in which he talked about how “we are bound by our shared prosperity – by the trade and commerce upon which millions of jobs and families depend....” In Honolulu later this year, the United States wants to build on the achievements in Yokohama by working with its APEC partners to deepen that vision of a “shared prosperity” that binds our region together and benefits us all.

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