

Prospects for a Pacific Economic Community

By Noboru Gotoh

The realization of the "Pacific Economic Community" concept is the objective of the Pacific Basin Economic Council (PBEC), an international organization of businessmen in the Pacific Basin.

That the coming 21st century will be the "era of the Pacific" is the consensus of world public opinion, and terms such as "Pacific Economic Community" and "Pacific cooperation" are being taken up by the mass media and others. In fact, in this Pacific Region are some 20-odd countries, including two major economic powers, namely, the United States and Japan, the six member-countries of ASEAN, the newly industrializing countries of Republic of Korea and Taiwan, the resources-rich countries of Australia and Canada, the countries of Central and South America, and the island countries of the South Pacific. With a combined population of around 1,000 million, they have the inherent potential for dynamic development.

Moreover, it is particularly noticeable that the centers of both the economy and the population of the United States are shifting rapidly from the Atlantic to the Pacific coast. While its Atlantic trade, that is, its trade with Europe, surpassed its Pacific trade until 1979, the situation was reversed in 1980 and, by 1983, U.S.-Pacific trade totaled almost \$30,000 million to surpass Atlantic trade by 24%. As for the Pacific Region countries, statistics show that their aggregate foreign trade, which was \$192,900 million in 1970, reached \$1,248,200 million in 1982, thus boosting their share of worldwide foreign trade from 33.6% to 35.6%.

The trade within the Pacific Region in recent years also has expanded, from \$275,000 million in 1979 to \$352,000 million in 1982, which represented 55% of the entire trade of the countries of this region. This trend of ever closer trade relations and increasing interdependence are expected to continue hereafter, and it goes without saying that, together with the expansion of trade, increasingly brisk



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capital investments and other financial activities, as well as cultural exchange, will result.

The establishment of the Pacific Basin Economic Council (PBEC) was first proposed 18 years ago by Australian and Japanese businessmen, and a preparatory meeting was held in Tokyo in 1967. The following year, the first general meeting was convened in Sydney, Australia, among representatives from the five developed countries of the Pacific Basin, namely, Australia, Canada, New Zealand, Japan and the United States. In May this year, the 18th general meeting of the PBEC is scheduled in Auckland, New Zealand, with the theme: "Pacific Cooperation—Building Confidence."

In the intervening years, the PBEC's organization has been steadily developed and strengthened and the membership enlarged. In addition to the five founding countries, Republic of Korea and Taiwan

have gained full membership, while the ASEAN countries, Hong Kong, the countries of Central and South America, and the island countries of the South Pacific have formed the Regional Member Committee (RMC). Thus, the PBEC has become, in fact, a body that literally covers the entire Pacific Region.

The objectives of PBEC are to promote mutual economic relations among the member countries and contribute to the economic and social development of the region as a whole by promoting the mutual cooperation of business circles in the Pacific countries. Its major activities since its establishment in 1968 are listed below:

1. Cooperation in the activities of the Asian Development Bank (ADB);
2. Formulation and presentation of a "Pacific Basin Charter on International Investments";
3. Hosting, and dispatch of, pollution

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countermeasures missions and marine resource cultivation missions;

4. Implementation of the PBEC International Management Seminar; and

5. Presentations and promotion of the Pacific Economic Community (PEC) concept.

Now, in relation to the title of this article, "Prospects for a Pacific Economic Community Concept," I shall recount as follows: (1) the developments since the time the proposal was first broached up to the present, (2) the current position, and (3) the future outlook.

Developments since PEC concept was initiated

1) At the 12th general meeting of the PBEC convened in May 1979 in Los Angeles, I, the then international president at the time, proposed as a long-term objective the formation of a Pacific Economic Community.

2) Over a subsequent period of approximately a year, the Japan Member Committee drew up the "Pacific Economic Community Concept," under the cooperation of the various other national committees. The concept was presented to the 13th general meeting in May 1980 in Sydney and was formally debated as an agenda item.

3) At the 14th general meeting in Hong Kong in May 1981, the PEC Special Committee was set up to promote the concept.

4) The 15th general meeting in Nagoya in May 1982 became the "PEC General Meeting," at which debate focused on this issue and PEC statistics were compiled and distributed.

5) At the Vancouver general meeting in May 1984, the concept was reviewed and specific fields of action were discussed.

Above are the movements on this matter since the concept was first proposed, and today, the unified, basic views of the member committees are as follows:

1) The objectives of the concept are to promote well-balanced economic growth in the region as a whole through coher-

ence and cooperation within the Pacific Region, and should be sought in an open manner through the harmonious cooperation of the various countries.

2) During the early phases, private circles should take the initiative and achieve positive results toward realizing the PEC concept, with emphasis on the coordination of views and on the formation of favorable international public opinion.

3) The necessary policy proposals should be made to the governments of the Pacific Region.

The PBEC policy is to act from an independent standpoint to achieve its objective and to cooperate with other bodies engaged in similar study and research. The scope of its activities include: (1) improvement of transportation and communications, (2) to encourage exchanges of people and train human resources, (3) to encourage intra-regional tourist development, (4) to promote and improve currency and financial systems, (5) to encourage resources development, and (6) to maintain a free and open economic system.

Current position

Among the numerous activities being conducted by the various member committees for the realization of the concept, particular effort is directed toward the following:

1) The holding of seminars and symposia for the expansion of trade and investment in the region. The Japan Member Committee is due to convene on March 15 this year an international symposium on "The Prospects for a Pacific Economic Community Concept," with the attendance of prominent personalities, including H.E. U.S. Ambassador at Large, Richard Fairbanks.

2) The strengthening of cooperation and liaison with the home government is also one of the central pillars of PBEC policy. In particular, the Japan Member Committee is vigorously exchanging information and views with the Ministry of Foreign Affairs and the Ministry of International Trade and Industry and parti-

cipating in various meetings and conferences. Furthermore, on the occasion of the President Reagan-Prime Minister Nakasone summit meeting in Los Angeles in January this year, the Japan Member Committee made a presentation of its views on Pacific Basin cooperation to the Prime Minister prior to the summit.

In the United States, the U.S. National Committee for Pacific Economic Cooperation, consisting of 51 representatives of Congress, government, and economic and academic circles, was formed in September last year. The fact that President Reagan, Vice President Bush, Secretary of State Schultz and others attended the first meeting of this committee vividly attests to the importance the United States attaches to its work.

3) The Pacific Basin Economic Council has set up special committees for in-depth study of concrete, practical issues regarding: (1) trade/industrial policy, (2) barriers to trade/investment, (3) market access needs of the LDCs/NICs and (4) financial service (standby). It also has placed current issues on its agenda because it is convinced that each of the foregoing is basic to the realization of the Pacific Economic Community concept.

The outlook

"Rome was not built in a day." For the realization of the Pacific Economic Community concept, one might say that "the arrow has already left the bow." Aside from such issues as the concrete form of its structure and its membership, we must first tackle those aspects which can be realized and steadily and unpretentiously accumulate results. In doing so, the developed countries must not be egoistic, but place the development and growth of the developing countries of the region above everything. The former's cooperative effort must be in line with the latter's interest, namely, in projects rather than products. Above all, it must be borne in mind that patience is essential, that progress must be made steadily and firmly, one step at a time, seeking consensus at each stage. ●