

**Luncheon Speech for Mr. William Fung, JP,  
Chair of the HKCPEC and PECC Chair for 1999-2001,  
on 23 October 1999 in Manila, the Philippines**

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Mr. Romulo, Chairs of the National Committees of PECC, distinguished delegates, ladies and gentlemen,

It is my great pleasure and honour to become the new PECC Chair. This is indeed a great honour and a great responsibility and I wish to start by thanking you all for your support and trust in me.

2. As the new PECC chair, I would like to acknowledge the strong foundation laid by successive past chairmen but especially, I would like to thank the present chairman, and my dear friend, Mr. Roberto Romulo, for the great work he has done in the past 2 years, culminating in this very successful 13th PECC general meeting in Manila.

3. Mr. Romulo has led PECC through two difficult and tumultuous years spanning the great Asian economic crisis. In the refocus and repositioning of PECC, especially in its relationship with APEC, Mr. Romulo was a giant in his contributions, correspondingly, his shoes will be very large to fill. On behalf of PECC and everyone here, I would like to formally thank him and the Philippine PECC Team.

4. As Hong Kong takes up the PECC chairmanship at the dawn of the new millenium, PECC itself, as a regional organisation will also be celebrating its 20th Anniversary. We now boast 24 member economies encompassing the 20 APEC economies and more, including our newest member, Ecuador. Let me also take this opportunity to warmly welcome Ecuador to our family and to say we look forward to new ideas and active participation from you in future PECC activities.

5. However, this is not a time for any organisation to rest on past laurels and be complacent about the future. As we step into the 21st Century, we are stepping into an era of fast and faster change and new and newer challenges. It was not so long ago, that we, economies on the Pacific Rim as well as the rest of the world, were confidently predicting that the 21st Century will be the “Pacific Century”. One does not hear too much of this catch phrase anymore.

6. However, despite recent set backs, we at PECC is still confident of the eventual re-emergence of the Pacific Rim as the most dynamic part of the global economy. However, the challenges are great. Like any organisation, private or public, one must periodically reexamine one's organisation to see if its mission, its organisation and its relevance to those it aims to serve is intact and robust. Being a businessman, I tend to think in simple terms. If the objective of businesses is to make money, then the simple objective of an organisation like PECC must be "make a difference". I have looked critically at the PECC organisation and I am convinced that PECC can and will contribute vitally to the **progress** of the regional and world investment and trading systems and make a difference.

7. I base my confidence on the unique make up of the PECC organisation. PECC's strengths as an international forum is its **unique tripartite composition**, comprising members from government, business and academia. This is the one characteristic that distinguishes PECC from other international and regional economic fora. I would say that PECC's tripartite composition is a winning combination. We can rely on our academics for solid research that generates creative and daring ideas. Our business members can then perform a reality check on those ideas through their practical day-to-day dealings in the real world. We can then impress upon our government representatives, to take forward those ideas, and turn them into real policies and actions. PECC is thus far better placed than almost any institution I know, to share experiences, offer insights from different perspectives, and come up with pragmatic and sound policy suggestions and intellectual input to relevant international organisations such as APEC and WTO ..... and make the difference.

8. Within this winning tripartite combination, I would like to emphasize the contribution of the academic part. There are many governmental and private sector business organisations looking at pretty much the same problem as PECC. None have our type of organisation that brings to bear powerful intellectual and research capabilities on the problems at hand. And this is due to the presence of academics in our midst. By the same token, I can think of few fora where the academic community can so directly interact with and influence businesses and governments.

9. With that in mind, I now turn to some thoughts on the future direction of PECC.

10. Over the last few days, various renowned speakers have presented their insightful views on the theme of this General Meeting : "The Pacific E-conomy in the 21st Century". HKCPEC would like to ride on these ideas and share with you some thoughts on the themes for our chairmanship :

There will be a main theme and 2 sub-themes:

Main theme:           **"Managing Globalisation in the 21st Century"**

Sub-themes:       - **"Charting the Millennium Trade Agenda"**; and  
                      - **"Strengthening Financial Markets and Corporate Governance"**.

We hope that these themes will guide the different facets of PECC's work throughout the next two years and form the basis for PECC XIV - the General Meeting to be hosted by Hong Kong, China in the year 2001.

***Main Theme : Managing Globalisation in the 21st Century***

11. First, on our main theme, "Managing Globalisation in the 21st Century". Globalisation seems to be an irresistible and irreversible trend. With globalisation, economies can capitalise fully on their comparative strengths. And businesses, big and small, look beyond their national and regional boundaries for expansion and growth. However, globalisation brings with it a whole host of new challenges to the present international trade and investment system. As a speaker in the first day of the conference reminded us, the world's economies may wish to become global, but the government of the economies are still national. We are a long way from a borderless global economy.

12. The challenges of globalisation are both theoretical and practical. On the theoretical side, globalisation challenges some of the most fundamental tenets of classical economic theory. One example is the measurement of trade flows. For example, if goods are manufactured in a cooperative effort using components from Hong Kong, Chinese Taipei and Korea but assembled in China and finally shipped to the United States. Does the United States have a trade deficit problem with China, as present economic convention now dictates; or does it have a trade deficit with all 4

economies involved? Do we need a new trade measurement system to properly evaluate trade flows in this brave new world of globalised production? Can PECC help create a new system of measuring trade?

13. On the practical side, as the key driving force behind globalisation, information technology (IT) challenges the traditional modes of trade. And as e-commerce transcends borders, the interactions between suppliers and customers in the supply chain are revolutionized, and the traditional modalities of manufacturing, trade and delivery of goods and services are being dramatically transformed.

14. The speed of the development of e-commerce has been thoroughly discussed at this conference and I will not repeat it here, suffice to say that it is almost beyond one's imagination: the value of on-line transactions will be growing at a rate at least 40 times faster than that of the global GDP.

15. These changes will offer new challenges and opportunities to us in the 21st Century. To keep up with such changes, governments and regulatory bodies need to respond fast, to think in new and innovative ways, and to allow each country and economy to participate fully in the new globalised world. In this respect, I feel that the deliberations and resultant suggestions of the various PECC fora and task forces should contribute greatly to this process and, in particular, in the areas of the 2 sub-themes.

### ***Sub-theme 1: Charting the Millennium Trade Agenda***

16. To ensure sustainable growth of our globalised world, trade plays an important role, and that's why we would like to adopt the first sub-theme as "Charting the Millennium Trade Agenda". We believe that the next two years will be very significant in the face of the imminent launch of a **new round** of global trade talks at the forthcoming WTO meetings in Seattle. It is expected that the new round would not only cover market access negotiations on services, agriculture and industrial tariffs, but would also provide scope for reviewing and strengthening existing rules and disciplines governing the conduct of international trade.

17. PECC, with its invaluable network of intellects engaging in public and trade policy studies and dialogues, should therefore **seize** this opportunity to help **shape** the global trade agenda, and to contribute positively to the discussions in the new round. Here, I am very pleased to announce that Professor Edward Chen, Chairman of the TPF Hong Kong Committee, whom many of you know well, has just taken over from Ambassador Antonio Basilio as the new Co-ordinator of the TPF, and will no doubt continue Antonio's good work in ensuring PECC's continued positive contribution to the international trade policy discussions ..... and to make a difference.

***Sub-theme 2 : Strengthening Financial Markets and Corporate Governance***

18. Apart from making contribution to charting the millennium trade agenda, PECC would not lose sight of the importance of **strengthening financial markets and corporate governance**, which is our second sub-theme. The Asian Financial Crisis has brought to the fore the interdependence of individual economies. The crisis illustrates clearly that long term healthy development of financial markets requires sound macroeconomic policy at both the domestic and international levels. Though the region is gradually recovering from the crisis, the lesson should not be forgotten and it is important to keep up the momentum of reform to prevent any recurrence of financial turmoil. Strengthening domestic financial markets is complementary to reforms in the international financial architecture. Indeed, the two are mutually reinforcing and should go hand in hand.

19. While much work has been done and is being pursued in different international organisations, PECC has been placing great emphasis in this area. Projects undertaken by the Financial Markets Development (FMD) Forum and the Peer Review on financial and macroeconomic policy all focus on this area. With our pool of expertise, PECC should continue to engage in intellectual debates, stimulate new theories and offer practical solutions that would contribute to building fair, orderly and transparent financial markets ..... and to make a difference.

20. Besides these 2 sub-themes, there are also a host of ongoing work of PECC covering the full spectrum of economic activities: such as Science and Technology, Energy, the Environment, Human Resources Development, Food and Agriculture, Tourism, Transportation, etc. All these work programs contribute to the stability, prosperity and sustainable growth of the entire region. The establishment of the new Task Force on Sustainable Cities cannot therefore be more timely and useful. All these activities are important areas which we should tackle if we are to manage globalisation effectively ..... and make a difference, in all these areas.

21. Over the next period of our tenure, I am confident PECC would continue to demonstrate its worth. However, it would be a great pity if such good work fails to be recognised by the key international economic and trade organisations of the region and the world. Hence, I would like to seek, in my term of chairmanship, to strengthen PECC's dialogue with external organisations such as the World Bank, the World Trade Organisation, Asia-Pacific Economic Cooperation (APEC), ASEAN, Pacific Basin Economic Council (PBEC), OECD, etc. Internally, I would seek to improve the PECC process by enhancing its efficiency and transparency, building up synergies among the various PECC fora, so as to lay an even better foundation for meeting the challenges of the new Century.

### ***Conclusion***

22. In closing, I look forward to views and suggestions from colleagues on our proposed themes for PECC in 1999-2001. I also urge various PECC fora to echo these themes in their activities in the next two years. I would look to your continued support, your active participation and good work, so that PECC can ride proudly into the new millennium and make a difference. Thank you.

23 October 1999

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