

## **PECC XIV Hong Kong Declaration: A New Challenge for a New Century**

The Pacific Economic Cooperation Council, assembling in Hong Kong for the 14th General Meeting, believes that shaping and managing the complex changes arising from globalisation will be among the most significant challenges of the twenty first century, especially in a region as diverse as the Asia Pacific.

2. PECC is convinced that continued global integration holds the potential for greater social and economic prosperity. The people of the Asia Pacific region have been major beneficiaries of globalisation. However, there are many, particularly in developing economies, which have yet to gain the full benefits of globalisation. The vision painted by the architects of PECC twenty years ago for an integrated region open to the world has developed into a successful model, deepened by a spirit of harmony enriched by the region's diversity, and now given impetus by the APEC process. The model, however, must continue to be evolved and adapted to the changing global environment. The serious concerns about how to distribute the dividend of globalisation must also be addressed.

3. The lingering effects of the Asian financial crisis of 1997-98 and the present world economic slowdown alert all of us in the region to the need to prepare forward-looking capacity building programs which can act as insurance against tomorrow's emerging concerns about globalisation.

4. The terrorist attack on September 11 has shaken the world and adds an unprecedented security dimension to all of these issues. PECC supports efforts to eliminate all forms of terrorist activity in order to build a more confident and secure international environment. It urges economies to build on the trust developed in the region over the last twenty years.

### **Supporting the New WTO Round**

5. PECC applauds the outcome of the WTO Ministerial Meeting held in Doha earlier this month. The launch of a new round has given a much-needed fillip to economic confidence and credibility in the multilateral trading system. PECC welcomes the balanced approach to addressing the special needs of developing countries in implementation and capacity building.

6. PECC urges APEC to step up its efforts in the areas of common concern with the WTO so that the Asia Pacific region may give a lead in that process. The outcome creates a high level of complementarity between APEC's work on issues like trade facilitation, competition policy, investment and services. PECC will continue its work in these areas to broaden understanding within governments and the wider community.

7. PECC believes that the agreement in Doha to clarify and improve disciplines and procedures in regional trading arrangements is a significant new commitment. PECC will build on its preliminary work in this area, focusing on how to develop coherence in the trade agendas of the WTO, APEC and regional trade agreements so that they reinforce each other.

8. PECC believes that the WTO is significantly strengthened by the entry of China, as one of the largest economies, into the WTO and congratulates China and Chinese Taipei on their accession.

### **Strengthening Regional Economic Management**

9. This era of globalisation is characterised by volatile movements in capital flows. This exposes the vulnerability of our financial systems and infrastructure. PECC's work on fiscal balances shows a growing concern about how to reconcile government spending with the imperative of longer-run fiscal consolidation.

10. PECC recognises the need to identify and evaluate risks in bank loan portfolios and foreign exchange exposure. PECC, working with ABAC, will facilitate the sharing of experience on this issue in the region. On second board markets, PECC recommends regional cooperation in an education program for issuers, investors and regulators to maximise the benefits of investments and ensure efficient capital allocation.

11. For the past two years PECC has been working on corporate governance reforms, stressing the importance of greater transparency and disclosure in business. PECC's Guidelines for Good Corporate Governance Practice, endorsed by APEC Ministers and welcomed by Leaders in Shanghai, should now be adopted on a voluntary basis.

### **Empowering the People for Globalisation**

12. A fundamental task of managing globalisation is to build connected communities and translate the concept of community building into tangible commercial and social benefits for urban and regional communities alike. PECC recognizes knowledge transfer is the key to increased participation. We must focus on empowering people with the capacity to trade beyond local markets and draw on the best available technology.

13. PECC is committed to bringing about the vision laid out by APEC Leaders in Brunei and followed up in Shanghai to provide urban, provincial and rural communities in all economies with individual or community-based access to the services of the Internet by 2010. High on its agenda will be the identification of the right environment for investment in these areas and the promotion of partnerships with business to develop infrastructure and human capacity.

14. PECC sees sustainable urban and rural infrastructure as a prerequisite to bringing the benefits of increased interaction to the greatest number of people. PECC will continue its review of institutions and structures within which communities make decisions about policy affecting their daily lives. It will focus on bringing together business, government and municipal authorities with the wider community and give a human face to the globalisation process.

15. PECC's approach is based on a mutual respect and understanding that reaches out to all communities. A key element of this approach is the inclusion of economic and technical cooperation (Ecotech) alongside the process of liberalisation. PECC remains committed to the achievement of free trade and investment in the Pacific by 2020 and the development of a prosperous and equitable Pacific community.