

PECC Statement to SOM II
2- 3 June 2001
Shenzhen, People' s Republic of China

PECC' s Organizational Restructuring

The Pacific Economic Cooperation Council held its half-yearly Standing Committee and Coordinating Group Meetings in Kyoto from 10-14 April. The major agenda items included a Vision Paper that discussed how we might rationalize our organizational structure and PECC' s Relations with other International Organizations. We were most delighted to have the presence of the APEC Secretariat Executive Director, Ambassador Zhang Yan, and the APEC ESC Chair, Dr. Medhi Krongkaew.

2. We take note of APEC' s theme this year of "Meeting New Challenges in the New Century: Achieving Common Prosperity through Participation and Cooperation" and congratulate SOM on the progress made so far working towards this goal. The sub-themes of "Sharing the Benefits of Globalization and the New Economy"; "Advancing Trade and Investment" and "Promoting Sustained Economic Growth" should help to focus minds on the challenges facing the Asia Pacific today.

3. Having been in existence for more than two decades with a proliferation of economic issues being dealt with at the regional level, PECC is facing new organizational challenges and constraints. Nevertheless, PECC' s strength lies in a strong network of representatives from business, government, and academia who share a common interest in the development of the region. PECC is working on a new structure that contains three fora—namely, Trade Policy, Financial Policy, and Community-Building. Through a two-year general-meeting cycle, PECC will focus on key issues that need to be addressed within these broad themes which share some congruity with APEC' s sub-themes

Trade

4. PECC has been a strong advocate of "o pen regionalism" and supports the need for launching a new round of global trade negotiations, and calls for APEC' s continuous effort in building a realistic and unified stance on what could be discussed during the fourth WTO Ministerial in Doha. The concerns with regards to a new WTO round, and even some of the elements of the built-in agenda are well noted. However, in parallel, we also noted the conclusion of the Summit of the Americas and the new proliferation of preferential proposals of

RTAs (Regional Trade Arrangements), including bilateral, plurilateral, cross regional and regional agreements. It is important that APEC does not lose its momentum of achieving the Bogor goals in a progressive and concerted manner.

5. In this connection, PECC's Trade Policy Forum will hold a forum on RTAs, on 12-13 June in Bangkok, in cooperation with the Ministry of Commerce of Thailand. The preparation of some of the papers by TPF experts have been done as part of the regional integration study of the World Bank, and in collaboration and with input from the Trade Division in UNCTAD. The meeting will address the following:

- Stock-take of existing knowledge on role of RTAs in the Asia-Pacific and Global trading systems
- Implications of the new RTA developments in the APEC region
- Selected case studies of new RTA in the APEC region
- Issues in the design of modern RTA
- Emerging debate on the role of RTAs in development, with specific reference to the experiences of East Asian and Latin American economies

6. PECC's Services experts, during the GOS meeting last week, have highlighted the issues of Domestic Regulation, Competition Policy, Recognition, Electronic Technology, Development of Human Resources and Promoting Advanced Technologies, as well as Building Infrastructure. PECC believes that services is one area where APEC could lead the way in finding solutions to some of the complicated and contentious areas in the global multilateral negotiations. We hope that the example APEC will set this year in adopting Phase Two of the Menu of Options for Voluntary Liberalization and Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment will serve as a catalyst for other regions and the global arena.

7. Apart from the above, Dr. William Fung, PECC Chair, will be leading a PECC delegation to the Meeting of Ministers Responsible for Trade later this week where we will present the work of PECC to the Ministers and suggest ways for closer collaboration between the two organizations.

Finance

8. PECC continues the work of strengthening financial markets and improving corporate governance. PECC delegates recently attended the APEC Finance and Central Bank Deputies Meeting in Washington D.C. on 1 May, during which we updated the group on the work undertaken on Financial Cooperation in East Asia, Fiscal Policy, and Corporate Governance.

9. PECC also sent a substantial delegation to the APEC Core Group on Corporate Governance Meeting on 7 April, held back-to-back with the World Bank-OECD-ADB Asian Roundtable on Corporate Governance in Singapore. We take note of the work of the Core Group and will endeavor to work closely with them in strengthening corporate governance in the region.

10. PECC organized a consultative meeting on Corporate Governance in Beijing 9-11 May. In attendance were representatives from Institutes of Directors from East Asia as well as regulatory agencies, stock exchanges, the corporate sector and academic experts. During the meeting, PECC assessed the viability of a framework document on improving corporate governance in East Asia. We have completed the draft of 'Framework for a Code of Corporate Governance' with an introduction, 'Towards Corporate Governance Reforms in East Asia.' We are currently circulating our findings amongst APEC member economies with the intention of presenting a set of recommendations to SOM III in Dalian. We have made significant progress in complying with SOM's request that PECC work closely with the APEC Finance Ministers Process. We are happy to inform you that there is no duplication of efforts between the SOM initiative on strengthening markets and the work currently being undertaken by the Finance Ministers' Core Group. In fact, we see strong complementarities between the two. We hope that APEC will take note of the initiatives PECC has taken in improving corporate governance in the region and that we will be able to work together in opening this up to wider participation.

11. PECC will also host a conference on Regional Financial Cooperation in East Asia in September in collaboration with the World Bank and the Monetary Authority of Hong Kong, China. We will bring together multilateral funding agencies, banking executives, and government officials to find sustainable solutions to the region's financial problems.

12. This June our Pacific Economic Outlook Forecast team will be launching our forecast for 2001-2002, and in September our Structure team will be releasing PECC's study on fiscal issues in the Asia Pacific. We will be happy to share our findings with APEC and look forward to your comments on our research.

Community Building

13. PECC has newly established a Community Building Forum. One essential part of the process will be to bring the benefits of globalization to local communities. Community building must occur across all sectors, and we urged that governments focus on and give concrete deliverables. PECC looks forward to the discussion on Ecotech IAPs this year and TILF and Ecotech could be mutually

reinforcing in the process of achieving Bogor goals.

14. PECC sent a large delegation to attend the APEC High Level Meeting on Human Capacity Building. PECC representatives included, amongst others, economists, telecommunications and information industry experts. PECC members were also resource speakers on various aspects of capacity building for the new economy. We congratulate Brunei and the People's Republic of China for organizing this meeting which could prove to be a watershed in approaches to Ecotech in the coming years.

15. PECC's Sustainable Cities and Transportation Task Forces held a joint meeting in April at Christchurch, New Zealand. The theme of the meeting was "Seaports and Airports as gateways to the Cities". The recent PECC Transportation and Sustainable Cities Conference in Christchurch reinforced the importance of having excellent transport infrastructure especially at international airport and seaport gateways. This includes the need for excellent access with the city/industrial/agricultural hinterlands served by those gateway facilities. Capacity building, and the human resources needed to run those facilities is vital to timely trade facilitation. Over the next two years, our research in urban development will focus on "Sustainable Urban Services" taking into account the four dimensions: economic, social, environmental and cultural.

16. PECC's Telecommunications and Information Industry Forum (TIIF), with a strong private sector network, continues to support APEC's work. During APEC's TEL 23, PECC highlighted the APEC leaders' statement that commissioned the establishment of a policy framework that would allow all persons access to communications networks by the year 2010. The active public-private partnerships for internet connectivity project being developed by PECC was also highlighted as an initiative that addresses the concerns of the APEC ministers in Cancun regarding cost reduction for internet services. The need for better integration of consumers' input to regulatory reform was stressed.

17. We hope that through the APEC Ecotech Subcommittee, PECC's Task Forces under the umbrella of the Community Building Forum will work even more closely with APEC officials and we welcome your participation in our meetings.

18. From this brief overview of PECC's work in the past three months, it is evident that PECC remains committed to development through open regionalism. PECC stands ready to collaborate with APEC in the realization of the Bogor goals.

Thank you.