

**PECC Statement to APEC Senior Officials' Meeting 1
12 March 2011, Washington D.C., USA**

**From the Co-chairs of the Pacific Economic Cooperation Council
Dr. Charles E. Morrison and Mr. Jusuf Wanandi**

On behalf of the members of the Pacific Economic Cooperation Council (PECC) we would like to express our appreciation to APEC for inviting us to convey our views and suggestions from the second track.

We welcome APEC's focus on building a seamless economy with a specific focus on: strengthening regional economic integration; promoting green growth; and expanding regulatory cooperation. All three of these featured as high areas of priority in our annual survey of opinion-leaders last year.

At our last Standing Committee meeting held back-to-back with 19th General Meeting held in Tokyo in October last year, we launched new projects on services; the protection and management of marine resources, and unemployment. In addition to this new work we are continuing our work on social resilience as well as our annual State of the Region report.

Economic Outlook

The outlook for 2011 is for global growth to slow slightly from last year, and while this is encouraging, the recovery remains fragile and uneven. Unemployment around the region and world remains high and combined with high inflation, the risks to a sustainable recovery are large. These factors point to a need to keep focus on the work set out in Singapore in 2009 and further threshed out in Yokohama in 2010 for a new growth agenda.

Understanding Regional Services Value Chains and Contributing to Improved Regional Governance of Services Trade and Investment

One area where we believe economic potential can be unleashed and new jobs created is in the services sector. Service sector reform will be critical to achieve the rebalancing economic structures in the region and help promote new growth engines in the region. However, the potential for services to contribute to economic growth and development has still to be realized due to a lack of transparency and coherence around regulation of services trade and investment and a general lack of knowledge of the dynamism that more efficient services can bring to the region's economies.

While the idea of segmentation and connectivity of global supply chains for manufactures is now better understood, attention to this concept and its potential application to services has been lacking. It is important to understand the application of this business strategy since doing so helps clarify priorities for policy options in services trade and investment reform, gives a greater understanding of the likely consequences of reform and ways in which costs of doing international business can be reduced.

We will be undertaking this work in partnership with the Asian Development Bank Institute (ADBI) which includes a major conference in Hong Kong, China in early June.

Unemployment and Social Resilience

We welcome the outcome of the APEC Human Resource Development Ministerial Meeting held in Beijing in September last year where human-centered inclusive growth was emphasized. PECC is undertaking research projects related to the priorities addressed by this meeting.

We will be studying the social and economic circumstances leading to structural unemployment and aim to provide feasible policy options for mitigating the adverse effects of mid to long-term structural unemployment led by our Chinese Taipei PECC committee.

In close association to this issue, we will continue our work on social protection led by our Japan national committee. We established a project group last year to study various elements of social resilience and the team reported its findings at our General Meeting held in Tokyo and subsequently to the APEC SOM. This year our work will look at pension, medicare, and unemployment insurance systems in Asian economies as well as cross-cutting issues across various forms of social safety nets.

Promoting Green Growth

At the informal senior officials' meeting held in Honolulu last December, the US included promoting green growth and working towards a clean energy future. Green growth and responding to climate change have been issues discussed in detail by our community at our General Meetings for many years. The challenge for our network in addressing this issue is to discern what value an Asia-Pacific approach can bring to what is an inherently global issue.

We have approved in principal a project to look at how regional cooperation can assist economies implement low carbon growth strategies. Given APEC's interest in this area we would seek your advice on the kind of work that you would find most useful to move forward your own discussions on green growth.

Somewhat related to work on green growth is a new project that will focus on the protection and management of marine resources. We welcome the outcome of the APEC Ocean's Ministerial last year and hope that our work will build on the outcomes of that meeting. Over the next two years, we will be studying the different risks associated with marine life and resources, assess our usage of the sea as a means of communication and transport, and also evaluate how we can further make use of the sea as a source of renewable energy.

Regional Economic Integration

We welcome the decision made last year by APEC leaders to take concrete steps toward realization of a Free Trade Area of the Asia-Pacific (FTAAP) by developing

and building on ongoing regional undertakings, such as ASEAN+3, ASEAN+6, and the Trans-Pacific Partnership, among others.

These agreements formed a large part of the discussions of our task force on a “Post 2010 Trade Agenda for the Asia Pacific” last year, the results of which will be published shortly. Furthermore, in our annual survey, 70 percent of the respondents have agreed that “regional economic integration should be pursued on multiple tracks including the ASEAN+ agreements and an expanded Trans-Pacific Partnership.”

The idea of APEC as an incubator for FTAAP by providing leadership and intellectual input would make great use of the work done by APEC working groups in particular the Committee on Trade and Investment over the past few years.

We hope to continue to contribute to this process, especially through our work on services mentioned above.

Building Constituencies

Beyond the collaborative research projects outlined above, PECC’s member committees organize a number of events with the objective of broadening the level of understanding about Asia-Pacific cooperation within their own economies. These events are not only critical for creating constituencies supportive of APEC’s work but also create networks of people engaged in dealing with the same challenges across the region. We hope that APEC officials will be able to work with their PECC committees to better harness the potential of these groups.

Thank you for your kind attention.