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Minister Lim Hng Kiang

Jusuf Wanandi, my co-chair

Ladies and gentlemen,

On behalf of the PECC, Pacific Economic Cooperation Council, I want to welcome you all to this conference and to thank Professor Tan Khee Giap, chair of the Singapore PECC committee, and the Singapore organizing group.

About PECC

Many of you here know PECC, some of you better than I do. But for those for whom PECC may be new, let me give a short explanation of who we are and what we do. We are a network of individuals from academia, business and government (in private capacity) based on 26 member committees. The mission is to enhance Asia-Pacific regional economic cooperation for mutual benefit. We seek to support the governmental processes, particularly APEC, in various ways – through the generation of ideas for regional cooperation, through analytical work that helps understand issues and show desirable cooperative approaches, and through public information activities about the value of regional cooperation in the member economies.

Each year, we establish task forces to address issues we think important to peoples, governments, regional organizations, and businesses in the Asia-Pacific region. We annually issue a “State of the Region Report.” This signature effort, led by Yuen Pau Woo of our Canadian chapter, is now in its fifth year. At the present time we have another signature task force looking at 21st century approaches to enhance trade in services. Two other international task forces are examining social resilience and environmental sustainability in urban services. Incidentally, our task force reports are reports “to the PECC,” and they are solely the product of the task force members.

PECC has its small secretariat here in Singapore, led by Eduardo Pedrosa, conveniently located near the APEC Secretariat. By virtue of its early history as the principal forum for Asia-Pacific regional cooperation before the governments were prepared to establish an inter-governmental organization, PECC has official observer status in APEC. But in my judgment, the most remarkable aspect of PECC is that virtually all of the time and effort put into our work is entirely voluntary, donated by individual members, who are dedicated to building an Asia-Pacific community because they believe this cooperation is so important to our world and to future generations.

Impact of the Economic Crisis

We meet at a critical time. Last year the regional and global economy came out of the recession that came with the financial crisis. Undoubtedly, this was a remarkable achievement. At the height of the crisis, exports from the APEC region to the United States and the European Union dropped by close to US\$300 billion dollars – a percentage fall of about 25 per cent. For a short while, the world economy appeared to be almost in free fall.

However, the international community came together and took two essential steps:

- They disavowed the adoption of protectionist measures as a response to the crisis.
- They adopted stimulus packages to staunch the slide.

In addition to these actions the international community, through the G20, APEC, and other vehicles, laid out a path for the recovery and new growth in the future.

When we met here in Singapore in 2009 just ahead of the APEC meeting, PECC released the findings of our task force on “Inclusive, Balanced and Sustainable Growth”. Shortly afterwards, the APEC leaders adopted a new growth strategy that echoed many of the recommendations we had in the report. I do think there was a strong consensus within the knowledgeable international community about what needed to be done.

While the world, and certainly Asia’s dynamic economies, have reason to be proud of the record of recovery, today’s economy is still problematic. The measures needed to address the crisis were politically more acceptable than the longer term measures required once the urgency

seemed to lessen. The trans-Pacific imbalances have been quite persistent, while inclusive and sustainable are longer-term goals, achieved only through resolute and sustained action. The tasks remain of strengthening the quality of the recovery and of pursuing new growth paths -- reducing imbalances, enhancing the social dimensions of economic policy, and containing newly emerging inflationary pressures.

This is the underlying purpose and focus of this PECC meeting, which we have entitled: “Growing APEC Economies: New Challenges and Approaches.” We have a group of very distinguished speakers from different fields to help us think through the various dimensions of a balanced, inclusive and sustainable regional growth strategy.

Our Global Responsibility

Economic cooperation and growth in the Asia-Pacific region is of significance, not just for the region itself, but for the world. It can be argued that for two or more centuries, there has been a global economy at least to some degree. In fact, from its modern founding in 1819, Singapore was a product of and an actor in this global economy, one of the important world hubs of international commerce and finance.

And as long as there has been a global economy, there has also been a core area, which had a disproportionate share of the wealth as well as influence in the setting of the global norms and rules. The core area also typically dominated global geopolitics. In the 19th and early 20th century, the nations of Europe formed the core of both the world’s economic and political systems. At the end of World War Two, this core had clearly moved to the Atlantic world, and by the end of the Cold War and really for only a quite brief moment in human history, there was much talk of the United States as the world’s sole superpower.

I think it is quite evident today that economic power and influence is being increasingly diffused, with East Asia, North America, and the European Union all having about equal shares of the global economy. However, the core is now the trans-Pacific rather than the trans-Atlantic region, with the East Asian share of the global economy continues on the rise. The recent economic crisis and the recovery have only accelerated and confirmed this trend.

Being a core area carries responsibilities. In promoting Asia-Pacific cooperation, we need not just to think about what is good for the region, but how to sustain the global system as a whole. Increasingly, for progress on global issues, such as international finance, world trade,

climate change and other environmental areas, the Asia-Pacific region will need to show global leadership.

There are also political and security responsibilities. History teaches us that when Europe was at the core, the break down in security relationships among the larger powers at the core was reflected in worldwide tensions and conflict. One of the tasks of Asia-Pacific cooperation, therefore, is not simply to develop the economic tools of cooperation, but also to ensure political cooperation, which is so vital to the economy and to human welfare. There are indeed some worrisome trends in political relations within the Asia-Pacific region, especially in the maritime sphere. The East Asia Summit, now expanded with the new participation of Russia and the United States, is one important multilateral vehicle for this task.

Regional Architecture

This brings me to a topic that PECC has long examined and in fact been part of, the regional and global architecture of multilateral cooperation. When APEC was established in 1989, this architecture was pretty simple: APEC was the only game in town for broad-gauged trans-Pacific cooperation.

PECC, as the forerunner to APEC, has long focused on and supported the APEC process. APEC, in my judgment, has played a very significant role in providing a vision of free trade and investment for the region and in developing a set of norms. It has generated a great deal of understanding and cooperation at the sector level. But APEC often does not get the credit as it is not a negotiating body, and few people understand how institutionalized, comprehensive and important APEC has become. .

This year, with American leadership, there is a strong effort to better focus and coordinate APEC as well as to make progress in three critical areas: trade and investment liberalization and facilitation, regulatory convergence or cooperation, and green growth. In all areas, there is strong emphasis on meaningful results, and we need to help.

Today APEC is no longer the only game in town for significant trans-Pacific relationships. There is also the East Asia Summit, led by the ASEAN group, and the global G-20, a product of the global economic crisis, but involving many Asia-Pacific economies. For probably the most significant trans-Pacific relationship, the one between China and the United States as the two most populous and largest economies of the

region, there is the annual bilateral strategic and economic dialogue at the ministerial level. In Southeast Asia, the ASEAN group continues to build its communities and to be a busy hub of multilateralism, while in Northeast Asia, there are signs of institutionalization of the once “plus three” relationships. How all these processes related to each other and whether all can be sustained are open questions.

I think it is safe to say that there will be a continuing and evolving process of sorting out both institutional structures and in the functions of different groups. It is unlikely in the foreseeable future that there would be one over-arching group, but it is also unlikely that so many groups will be able to compete effectively for the limited time and attention of our leaders.

There are two more things we can say with almost complete certainty about the evolving architecture. First, PECC will be needed. Successful intergovernmental or Track One processes need supportive nongovernmental institutions. PECC as well as APEC’s Business Advisory Council or ABAC have been important sources of inputs into APEC as stakeholders. The APEC vision of a Free Trade Area of the Asia and the Pacific or FTAAP, for example, adopted in the 2007 APEC Leaders Meeting in Sydney was foreshadowed in the 2006 ABAC-PECC joint study of the FTAAP proposal.

Sometimes, of course, our suggestions are too difficult for governments to address, whether in APEC or some other venue, when we would like them to. However, in many instances, our task forces have laid the intellectual foundations for robust, honest and useful official discussions that hopefully lead to positive policy outcomes for our region.

Second, I think that we can say with certainty that as a matter of its national interests and remarkable leadership, Singapore will be at the forefront of Asia-Pacific regional cooperation. The role that Singapore has played, and is playing, in building the architecture is little short of amazing. Earlier I mentioned that Singapore has long been a hub in the global economy, much longer than it has been a country. It will continue to be hub in both the economic sense and in the organizational sense. Singapore, of course, is the home of the APEC Secretariat, and as a key ASEAN member, it has played a crucial role in the building of the ASEAN institutions and networks, including the East Asia Summit. And Singapore is our home, the home of the PECC, and we are glad to be at home here.

Conclusion

This leads me not to a conclusion, but to my last task, which is an introduction of our hometown keynote speaker, the Honorable Lim Hng Kiang, Minister of Trade and Industry in Singapore. We had hoped he could come last month to Washington for our annual conference of the U.S. PECC committee, which we call the U.S. Asia-Pacific Council. But understandably he had to focus on the elections here. His constituents expressed their confidence in him, and so he has returned to the cabinet still as Minister of Trade and Industry and is available for this PECC meeting.

Minister Lim's resume is that of an individual dedicated to public service in his country, early in his career in its military forces and later in its government. He received his secondary and pre-university education at Raffles Institution, and studied engineering in Cambridge. After graduating with First Class Honours (Distinction) in 1976, Mr Lim then spent nine years in the Singapore Armed Forces, holding Command and Staff appointments. In 1986, Mr Lim received a Masters in Public Administration at the Kennedy School in Harvard University. He returned to serve in the Ministry of Defence and then in the Ministry of National Development as Deputy Secretary. In January 1991, Mr Lim was appointed Chief Executive Officer of the Housing and Development Board. Mr Lim is also the Deputy Chairman of the Monetary Authority of Singapore (MAS) and a Board Director of the Government of Singapore Investment Corporation (GIC).

Let's all welcome Minister Lim.