

Apec countries urged to ensure sustainable, inclusive growth

Regional financial system in urgent need of upgrading, say policymakers

By MALMINDERJIT SINGH

IT IS time for Apec to go beyond the Bogor Goals and focus on trade issues that are more relevant to the new economic environment, given the urgent need for the region to find new engines of growth.

Thought leaders and policymakers who gathered at a regional economic and trade conference in Singapore last week felt there was more Apec countries could do to boost trade and

economic opportunities in the region rather than look at the traditional models.

"Export-oriented trade liberalisation is not an end in itself but a means and process," said Don Campbell, co-chair of the Pacific Economic Cooperation Council (PECC), which organised the conference.

"We recognise that there are many ways in which governments can make a difference to ultimately enhancing the quality of living and equitably distributing the benefits among the people and economies: Apec can facilitate this aim and provide a fresh impetus by going beyond the Bogor Goals

which were set back in 1994 when circumstances were very different."

This was echoed by his co-chair of the PECC, Jusuf Wanandi, who said: "The region has benefited from the integration process but we need to move beyond this to ensure sustainable and inclusive growth as we transition into the next phase of the region's development."

Other things that can be done include the creation of a sustainable growth path and job opportunities, said Hatta Rajasa, Indonesia's coordinating minister for economic affairs, in his keynote speech.

He cautioned that the

global economic crisis was far from over and precautions needed to be taken in this regard.

Since the Bogor Goals were set in 1994, tariffs have gone down from 17 per cent to 5.5 per cent on average as the challenges in international trade today are more "behind-the-border" issues.

At the same time, however, the global trading system is stuck as the World Trade Organization's Doha Round of talks remains in a stalemate.

Solving these behind-the-border issues is key, several of the speakers at the conference pointed out.

Said Singapore's Minis-

ter for Trade and Industry Lim Hng Kiang: "Improvements in cross-border flows of capital, goods and people will make it easier for economies to adapt to changing patterns of comparative advantage, and allow for technology transfers across borders.

"Economies will therefore be able to compete globally, with their companies adapting and moving up production value chains more quickly," Mr Lim said in his keynote speech.

There is also a need to strengthen financial cooperation. While the Asian economies have been left relatively unscathed from the effects of the banking crises

in Europe and the US, the speakers warned that short and long-term challenges remain.

For instance, the deleveraging process in the banking sector in Europe means that bank lending could be curtailed, especially in developing Asia.

Over the longer term, the regional financial system is in urgent need of upgrading to ensure that the savings of the region are used for more productive processes. The development of the financial sector is critical to ensuring that future growth is more sustainable and equitable.