



# The Brunei Declaration: Executive Summary

## PECC XV, 3 September, 2003

**Ten years since its last milestone statement at its San Francisco meeting, the Pacific Economic Cooperation Council now revisits the question of building a Pacific Model for Global Economic Cooperation. PECC finds that the approach to integration in open markets is now even more important as member economies respond to new uncertainties.**

PECC economies face significant new uncertainties. Threats of terrorism in the region pose great challenges to regional cohesion and stability. Cooperation to secure the movement of goods and people in the region is of highest priority.

Economies in the region are also questioning the best way forward as multilateral and regional institutions struggle to satisfy their diverse interests. They are increasingly pursuing multilateral, regional, and bilateral tracks.

PECC is concerned that in this environment the Asia Pacific approach to economic integration and cooperation has become less compelling and that political support for it has waned.

Yet that approach, based on integration in open markets, offers the best way forward because it provides economies, large and small, with access to the sources of regional economic growth.

All of these issues will require a renewed political commitment to integration. There are important interactions between political commitment to integration in PECC member economies and the sense of community in the Asia Pacific region.

PECC identifies seven priorities for the way ahead.

- First, governments of PECC should be resolute in ridding the region of the threat of terrorism. They must be prepared to bear the cost of providing security for people and the trade on which the region depends.
- Second, the PECC economies should provide a strong lead in advancing the Doha Development Agenda in the WTO, maintaining its spirit and balance.
- Third, all APEC members, in particular, must lay out a credible path to the Bogor goals and other key Leaders' commitments including the Brunei goals on ICT.
- Fourth, all economies of the region must adopt a common understanding on how regional trading arrangements can contribute to the Bogor goals.



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- Fifth, economies in East Asia or elsewhere embarking on financial cooperation and capital market integration must base those initiatives on reform of domestic institutions and their alignment with global standards.
  - Sixth, the economic and technical cooperation agenda, based on strong public-private partnerships, must remain a central part of regional integration because it is the key to greater transparency, building capacity and managing and facilitating change.
  - Seventh, the significance of these challenges suggests that now is a good time for APEC to re-examine its own institutional arrangements and internal processes so that its members can provide the leadership required.



# The Brunei Declaration

3 September 2003  
Bandar Seri Begawan

*The Pacific Economic Cooperation Council meets in Brunei Darussalam for its 15<sup>th</sup> General Meeting at a time of uncertainty about many of the factors that have fueled the region's growth and maintained its stability over several decades.*

1. Ten years since its last milestone statement at its San Francisco meeting, PECC now revisits the question of building a Pacific Model for Global Economic Cooperation.
2. The uncertainty associated with threats of terrorism is new to the region. It poses great challenges to regional cohesion and stability. PECC strongly supports the cooperative measures being taken by governments to eliminate these risks and to facilitate the secure movement of goods and people through the region. This cooperation is of the highest priority.
3. More systemic uncertainty is being shaped by responses to global competition. Each economy is facing different political, economic and social challenges as they integrate more deeply into the global and regional community. Economies are questioning the best way forward as multilateral and regional institutions struggle to satisfy the diverse interests of their members. Increasingly, economies are turning to sub-regional and bilateral arrangements to pursue their interests.

## **I. The Asia Pacific Approach to Integration**

4. PECC believes it is vital at this time to reassert the value of Asia Pacific approach to this integration envisaged by the founders of PECC and laid out in San Francisco in 1992, then confirmed by APEC Leaders in Seattle and Bogor. It will continue to be the key to securing our long-term economic growth and stability.
5. At the heart of Asia Pacific economic integration is the trans-Pacific partnership. This partnership reflects the realities of the political and security relationships spanning the Pacific and the intensity and complexity of flows in trade, investment and technology.
6. PECC is concerned that the Asia Pacific approach to economic integration and cooperation has become less compelling and that political support for it has waned.
7. While many traditional issues remain, the region has reached a level where economic integration is more complex and challenging than market access alone. The core process remains the ability of competitive business to move throughout the region within agreed regulatory constraints. It requires a region that is genuinely inclusive.
8. The Pacific partnership provides economies, large and small, with access to the sources of regional economic growth. The economic weight of a cohesive Pacific speaking with one voice can drive the multilateral processes. This voice is also vital in the exercise of and adherence to international law, especially at this time in combating the widespread threats of terrorism.

Pacific  
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9. It is in the light of the Asia Pacific approach to integration that PECC views the rapid proliferation of regional and bilateral preferential trading arrangements in the Asia Pacific region over the last ten years.

10. PECC recognises the contribution that RTAs can make to the achievement of the region's wider and longer-term shared goals. But for that to be realized, RTAs should not only be WTO consistent but also facilitate rather than impede the economic integration of the Asia Pacific as a whole.

11. The Asian Financial Crisis has added a new dimension to regional cooperation. A number of initiatives have been launched in East Asia to ensure a greater level of coordination and cooperation between the region's financial and monetary authorities.

12. PECC welcomes these initiatives for financial and monetary cooperation in East Asia. Their success would contribute to the stability and development of the PECC region as a whole. The financial development and the consequent deepening of regional capital markets in East Asia will, in particular, help address the global current imbalances by promoting real investment and market integration in the region. Critical for the success of these initiatives are effective policy dialogue and surveillance, and the adoption of global standards.

13. Financial stability and development in East Asia are founded on the strength and efficiency of domestic financial institutions and markets. Neither regional financial and monetary arrangements to cope with financial and exchange-rate instabilities nor the cooperative effort to create and develop regional capital markets will be successful without curing the domestic systems of their weaknesses. PECC urges renewed emphasis on domestic financial reforms in the emerging markets in East Asia and elsewhere.

## **II. Renewed Leadership**

14. As regional integration deepens within each economy the challenges become more complex both economically and politically. Progress forward on economic integration requires an effective combination of concerted unilateral, subregional, regional and global approaches.

15. APEC must continue to stand at the centre of regional economic integration in these uncertain times. The premise on which it was conceived remains valid and the vision it has set remains important for the region.

16. PECC believes that APEC must move forward with renewed political will and leadership in order to achieve its goals. The model based on the APEC principles remains the best approach for economic integration among the diverse economies of the region.

17. At this time, PECC identifies seven key priorities for the way ahead for governments in the region, including in their APEC agendas:



**First**, through cooperative approaches, governments in the region should be resolute in ridding the region of the threat of terrorism in a way that measures the cost of inaction against the cost of providing security for people and the trade on which the region depends.

**Second**, in view of the importance of trade and investment as driving forces in their development, PECC economies should ensure that meaningful progress is made towards the successful conclusion of the Doha Development Agenda no later than 1 January 2005. A key aspect in ensuring a balanced outcome of the DDA that is consistent with the financial and development needs of developing economies is the availability of timely effective technical assistance. In this regard, PECC encourages APEC to continue its extensive WTO capacity building initiatives.

**Third**, all APEC members must lay out a credible path to the Bogor goals and other key Leaders' commitments including the Brunei goals on ICT. This credibility is vital because the business sector will only respond in their business and investment plans to what they perceive to be certain changes in policy. Part of this certainty involves each APEC economy declaring unequivocally whether they plan to achieve the goal at the latest by either 2010 or 2020 or even earlier as many are capable of doing. Credibility in individual action plans, as well as progress to date, will be a key factor in the community's assessment of APEC at the time of its mid-term review in 2005.

**Fourth**, PECC urges the economies of the region to adopt a common understanding on how regional trading arrangements can contribute to the Bogor goals incorporating the elements that PECC has outlined in its extensive work released at this General Meeting.

**Fifth**, economies in East Asia or elsewhere embarking on financial cooperation and capital market integration must base those initiatives on reform of domestic institutions and their alignment with global standards.

**Sixth**, the economic and technical cooperation agenda, based on strong public-private partnerships, must remain a central part of regional integration because it is the key to greater transparency, building capacity and managing and facilitating change. The present challenge in APEC is how to leverage up and expand the relatively small internal contribution it is making with its own limited resources. Open cooperation with the development banks, international organizations and the business sector is crucial.

**Seventh**, the significance of these challenges suggests that now is a good time for APEC to re-examine its own institutional arrangements and internal processes so that its members can provide the leadership required.



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### **III. PECC's Contribution to community building**

18. The purpose of community building in the Asia Pacific is to facilitate deeper economic integration. It must be based on mutual respect and understanding and on a vision for the future. Deeper economic integration is an essential and critical element in broader community building.

19. PECC seeks a reinvigorated sense of community in the Asia Pacific region, where consultation about difficult issues and policy changes occurs at the formative stages, where actions adversely affecting members of the community and their people are constrained, where inclusion is ultimately built into exclusive actions and where cooperation is systematic across economic and political issues. Stronger APEC-wide political commitment will be difficult without a stronger sense of community.

20. PECC, with its wide membership and longstanding commitment to regional cooperation is committed to giving strong support to APEC as the key player in regional economic integration. At this time it places emphasis on mobilizing wider business and community support, including civil society organizations, for economic integration around many of the difficult issues ahead.