



**PECC Statement to SOM III  
Dalian City, People's Republic of China  
23-24 August 2001**

Presented by Ambassador Jiang Cheng-zhong, Secretary General, CNCPEC

Firstly, the pleasure is ours to come back to Dalian City, where diligence and hospitality remain our fond impression of this environmentally-conscious city. More than a year ago in April 2000, PECC held its Standing Committee Meeting here and officially began a productive two-year cycle with the theme of "Managing Globalization in the 21<sup>st</sup> Century".

We note the progress that has been made towards APEC's theme this year of "Meeting New Challenges in the New Century: Achieving Common Prosperity through Participation and Cooperation," and appreciate this opportunity to provide updates on our continuous contributions to APEC as well as some upcoming PECC events this year. In the following, we shall present them under the three PECC broad agenda of trade, finance, and community building.

**(1) Trade**

**(1.1) Regional Trading Arrangements**

PECC, in cooperation with the Thai Ministry of Commerce, held a very successful meeting on Regional Trading Arrangements (RTAs) in Bangkok in June. The meeting was well attended by 110 participants from 19 APEC economies, including strong representation from ADB, OECD, UNCTAD, OAS, ECLAC, and IDB. The outcome of the RTA Symposium was presented by Professor Robert Scollay to the CTI Trade Policy Dialogue on 21 August. ["TPD on RTAs: Regional Trading Arrangements—Stocktake and Next Steps (PECC)"; #2001/SOMIII/CTI/Informal Paper]. The RTA proposals that have recently been floated among economies in the Asia-Pacific region display great diversity in terms of their membership configuration, motivations, as well as their scope, contents and designs. RTAs among APEC members have the potential to bring not only constructive benefits, but also unintended and adverse effects. The challenge for regional and international organizations may well be to ensure that RTAs serve as building blocks in the multilateral and regional systems. By adopting agreed rules, principles or guidelines for RTAs, they can play a role in maximizing favorable outcomes and minimizing unintended and adverse effects. Existing international rules, principles and guidelines for RTAs need to be strengthened for this purpose. APEC members might consider developing guiding principles on the design of RTAs in the region. As an immediate step, APEC could adopt procedures designed to ensure greater transparency of the RTAs being proposed, negotiated and agreed among its members. PECC applauds preliminary steps in this direction that were reported at the Trade Policy Dialogue.



## (1.2) Menu of Options for Services

PECC, represented by Dr. Sherry Stephenson, is pleased with the joint collaboration with GOS on the Menu of Options project. As many of you are well aware, PECC's work on the Menu of Options has three main aims:

- (1) to provide an organizational framework for the work of the GOS on services;
- (2) to set out an indicative list of measures to assist APEC members in understanding what types of measures they may wish to include in their IAPs; and
- (3) to assist in the discussion of how APEC member economies may achieve free and open services trade and investment.

The scope of the study includes: Most Favored Nation Treatment; Market Access; Deregulation and Privatization; Promoting Transparency in the Services Sector; Issues in Domestic Regulation of Services; Competition Laws and Policies; Recognition in the Services Sector; Application of Electronic Technology and Simplification of Customs and Other Administrative Procedures; Development of Human Resources and Promotion of Advanced Technologies; and Building Infrastructure.

We are most delighted with the successful conclusion in GOS and the consequential endorsement by CTI as one of the key deliverables this year. [Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment (APEC Group of Services); #2001/SOMIII/CTI/037]. We thank SOM for reviewing this work which would in turn "provide an important contribution to the ongoing WTO negotiations".

## (1.3) Improving IAP Review Process

Of particular interest to PECC is the proposal under discussion on improving IAP review process. We believe this would certainly contribute enormously to APEC's accountability and credibility towards the 2010/2020 goals once adopted, and appreciate the importance of an independent and unbiased assessment in the process. PECC has a track-record of closely working with SOM in 1999 as an independent policy analyst on the project of "Assessing APEC Individual Action Plans: Their contributions to APEC Goals". With our strong tripartite network of business, government and academia, PECC will certainly stand ready when called upon again to contribute to the process in accordance with a consensual *modus operandi*.



## **(2) Finance**

### **(2.1) Regional Financial Cooperation**

PECC [to be represented by our four expert groups of Financial Market Development, Pacific Economic Outlook Structure, Pacific Economic Outlook Forecast and Peer Assistance and Review Network (PARNET)] is invited to engage in the Public-Private Dialogue with the Finance Ministers in Suzhou next month.

Immediately following the APEC Finance Ministerial Meeting in Suzhou, PECC, in collaboration with the Hong Kong Monetary Authority and the World Bank, will host a Public-Private Sector Dialogue for Decision-Makers on: "Financial Cooperation and Regionalism in East Asia". This meeting will take place in Hong Kong on 11-12 September. The main focus will be on the regional financial arrangements currently under discussion by the finance officials, including measures to stabilize currencies, to provide payments and lender-of-last-resort financing, surveillance, macro economic coordination and facilitating financial market integration. Detailed information is available at the PECC website (<http://www.pecc.org/finance>).

PECC is also in the process of finalizing its work on Fiscal Policy Issues in the Asia Pacific by the Pacific Economic Outlook Structure Group. This research on the various fiscal positions will provide policy-makers with a framework through which better fiscal discipline can be achieved. Specific focus is on the dilemma between short-term demand management and long-term debt dynamics.

### **(2.2) Corporate Governance**

PECC continues the effort in finalizing the Framework of a Code of Corporate Governance. We thank SOM for the invitations to update our work in progress on the three occasions of SOM Meetings this year, and for the opportunity earlier to present the consolidated version by Professor Stephen Cheung. CNCPEC (China National Committee of PECC) has organized a substantive Seminar on Corporate Governance with participants including regulators, academia, and the business sector at Beijing in May, with the Ford Foundation's sponsorship to publish the forthcoming proceedings. We attended the Policy Dialogue held in Singapore last April and at the APEC Finance and Central Bank Deputies Meeting in Washington last May. We have also received remarkable and constructive responses from the SOM members and from the APEC Finance Ministers' Core Group. ABAC members are also expected to review and consider this important work of PECC next week in Singapore.

PECC PARNET will continue with its ongoing ground work of training via the IDEA.net (Institutes of Directors of East Asia), which the APEC



Finance Ministers have reckoned as one of the key concerns in the region. We welcome any collaborative initiatives with APEC.

(2.3) Cross-Border Mergers and Acquisition/Start-up Companies and Venture Capital

PECC welcomes the APEC Investment Experts' Group's invitation to submit proposals on "Cross-Border Merger & Acquisitions in APEC" and "Venture Capital Investment in APEC Economies" [2001/SOMIII/CTI/IEG/010]. We believe that these projects will enhance our understanding on the subjects and their implications and provide useful contributions to the design of a regulatory environment for efficient capital investment and optimal financial market coordination.

### 3. Community Building

We applaud APEC's strenuous efforts to rationalize human capacity building in the new economy. PECC believes that globalization is here to stay and managing the globalization process is important. Deepening the spirit of cooperation through community building will enable us to find constructive solutions to the challenges of globalization so that broader constituencies could reap the benefits of globalization. PECC is currently consolidating the list of our high-caliber International Advisory Group members, one each from our respective 25 members, we will soon be in the position to join force with APEC, particularly in the area of Ecotech Action Plans. We shall be able to report to you next year our new initiatives on this front.

In the meantime, the PECC-APEC RISE initiative continues in helping the forging of public-private partnership in integrating secondary cities in rural regions to national and world markets. We have received excellent feedback on the progress being made in the two pilot Regional Growth Centers -- Manado-Bitung and Jiangmen City. We understand that the ADB is going to apply a RISE type methodology and cooperation for an innovative sub-regional (BIMP-EAGA) scheme in Brunei, Philippines, Indonesia and possibly Malaysia emphasizing SME opportunities and cross-border value added and transport chains. The RISE executive committee, with our partners, is now examining a proposal for a not-for-profit organization with a broader base. We hope that the RISE project will continue to be supported by APEC officials.

At this juncture, I hope that APEC Senior Officials will join me in offering our congratulations to Ms. Carole Brookins, the Co-chair of the RISE project, whose appointment as the United States Executive Director of the International Bank for Reconstruction and Development has recently been confirmed by the U.S. Senate.

We also wish to highlight, on this occasion, another upcoming event which will be co-sponsored by CNCPEC and Tianjin Municipal People's



Government. The Second International Trade and Investment Fair on Housing and Environment will be held during November 6-10 this year in the port city of Tianjin. We hope that the Senior Officials present here would give whatever support possible to this community building event.

APEC-PECC Partnership: A Manifested Community-Building Effort at Work

On a final note, it has been another productive year for APEC officials. PECC is privileged to be here with you as an official Observer and a constructive partner throughout the year. Through our constructive dialogue and mutual understanding, there is no doubt that our cooperation will continue to thrive for the benefit of the region. As the PECC delegation, we cherish the opportunity of being here and shall ensure that my PECC family members are well informed of your kind assistance and warm hospitality extended to us. On behalf of PECC, we thank the Senior Officials, the APEC Secretariat, and all their helpful staff for their continuous support and good will.

Thank you very much.

*Delivered at APEC SOM III, Dalian, China, on 24 August 2001 by  
Ambassador Jiang Chengzong, (Head of PECC Delegation), Secretary  
General of China National Committee of Pacific Economic Cooperation  
(CNCPEC).*

*The Pacific Economic Cooperation Council (PECC) is an independent, policy-oriented organization of high-level business, academic, and government representatives from 25 Asia-Pacific economies. It aims to foster economic development in the region by providing a forum for discussion and cooperation in a wide range of areas. These include Energy, Financial Markets Development, Fisheries, Food and Agriculture, Human Resource Development, Minerals, Pacific Economic Outlook(PEO) – Forecast, Pacific Economic Outlook (PEO) – Structure, Pacific Island Nations, Peer Assistance Review Network, Science and Technology, Sustainable Cities, Telecommunications and Information Industry, Tourism, Trade Policy Forum, and Transportation. PECC is also the only non-governmental body among the three official observers in APEC.*

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