

NEW CHALLENGES FOR ASIA PACIFIC ECONOMIC PARTNERSHIP

Statement of PAFTAD 30

Monday, February 21, 2005

The Pacific Trade and Development (PAFTAD) Conference concluded its 30th meeting at the East West Center in Hawaii today (21 February).

PAFTAD, an informal network of the Asia Pacific region's leading economists, was first convened in 1968. It has promoted the vision of a prosperous Asia Pacific region based on freer trade, technology, and capital flows, and enhanced development cooperation. Its early proposals were important to the establishment of institutions such as PECC and APEC. PAFTAD continues to facilitate contacts among the region's leading economists and policy makers and conducts research on the region's economic future.

This year's Conference was organised by the East-West Center and Brandeis University in the United States, in cooperation with the PAFTAD Secretariat at the Australian National University. Professors Peter Petri of Brandeis and Sumner La Croix of the East-West Center co-chaired the Conference and Professor Hugh Patrick of Columbia University chairs the International Steering Committee of the Conference series.

Over 60 experts from countries around the region joined the Conference, which was addressed by Dr Supachai Panichpakdi, Director General of the WTO.

Professor Patrick said the major conclusions and policy recommendations from the three-day meeting were:

- In today's divided and dangerous world, the economic partnership of the great trading nations of the Asia Pacific region stands out as a powerful engine of global prosperity and stability.
- The PAFTAD network, which has been operating for almost 40 years, has contributed to the region's extraordinary economic success, and rededicated itself to generating new analyses and insights to serve the region's economies and peoples.

Important as the region's achievements are, the PAFTAD network is troubled by what appears today to be a narrowing of the vision for Asia Pacific economic cooperation. In particular it is concerned by:

- The erosion of commitment in the region to making the improvement of the global, multilateral trading system a top international priority;
- The drifting apart of policies in East Asia and the Americas, partly as a result of sub-regional trade initiatives on both sides. The US needs to learn to live with China;
- The urgent need for adjustments in the international system to accommodate changing economic realities, including especially the growing economic importance of China and India;
- The adverse impact that the critique of globalization is having on trade policy in several countries;
- The dampening effect of security responses to international terrorism on the flows of goods, services and people, including students and scholars.

The PAFTAD network appreciates the benefits of broad economic integration, accompanied by national policies that assure that these benefits are widely shared, as a top regional priority.

The PAFTAD network envisages a shared Asia Pacific policy framework that builds on the creative dynamism of the region's economies, advances economic integration, and champions integration in global fora. In particular it recommends:

- Intensified regional support for the multilateral trading system and the completion of the Doha Round, for example, through adoption of goals recently proposed by the WTO's Consultative Group;
- Commitments in East Asia and the Americas to ensuring that the design of sub-regional agreements is such as to facilitate the evolution of Asia Pacific-wide integration, embracing all economies of the region. At a minimum this requires the agreements conform to the Best Practice Guidelines for RTAs/FTAs adopted by APEC leaders in 2004. The Guidelines emphasise the need for WTO-consistency and adherence to the principles of non-discrimination, comprehensiveness, reciprocity and equal nation treatment;
- Vigorous efforts to accommodate new economic powers such as China in economic decision-making and responsibility-sharing, for example, in the design of currency regimes that facilitate trade adjustment and reduce uncertainty, and bringing China fully into the G7 process;
- Major research and educational initiatives that evaluate the effects of economic integration in order to strengthen public understanding of globalization, including the role of the WTO, and to promote policies that ensure that disadvantaged groups benefit from it;
- Enhanced international cooperation and use of advanced technologies to allow the freest possible movement of goods, services and people consistent with legitimate security needs;
- Trade should not be taken for granted. As trade issues, particularly "behind the border" issues such as outsourcing and intellectual property, have become increasingly complicated, developing countries in many cases are yet to develop the capacity to deal with them;
- Recognition should be made not only of trade's contribution to economic prosperity, but also its contribution to regional peace and security.