

**PECC Statement to APEC Ministers
Sydney, Australia
6 September 2007**

On behalf of our 26 PECC member committees I would like to express our appreciation to you for this opportunity to update you on our views and work program. Geographically, our footprint is also the same as that of APEC, and we regard ourselves as key supporters of the APEC process as well as other regional integration and cooperation institutions and activities at the regional and sub-regional level around the Pacific. Our member committees typically consist of individuals in the business, academic, and government sectors, the last in their individual as opposed to official capacities. We seek to be a forum for discussion, research, policy recommendation, and outreach on cooperative modes of promoting an economically vibrant Asia-Pacific community.

We wish to congratulate the government of Australia for its leadership of the APEC this year. We note that Australia has sought to extend and deepen an existing work program, and we believe that this is the ideal mode of leadership as opposed to special themes for each year depending upon host. To facilitate effective and consistent action, we hope each successive host government will take ownership of and further promote and see through agreed upon multi-year activities as part of its stewardship of the APEC process.

The PECC Work Program

The Pacific Economic Cooperation Council has an active work program based on three types of activities: (1) signature projects, which are reports to the PECC by small task forces of leading specialists on issues of critical concern to economic cooperation in the region, (2) international projects, which are carried out with the leadership of one or more member committees, which enhance the understanding and debate in our different member communities of important issues for Asia-Pacific economic cooperation, (3) member projects, which are carried out by individual committees in their own economies, many of these to increase grassroots visibility of the importance and promise of regional economic cooperation.

We have two on-going signature projects, an annual "State of the Region Report," and a task force on regional architecture. We also have two signature projects in the early stages, task forces on international labor mobility and on educational services. At the same time, PECC continues to maintain a strong interest in regional trade and financial issues, and indeed we believe that the recent stock market volatility underscores the interdependence of our economies and the importance of cooperation in the financial sector.

PECC held its 17th General Meeting at the beginning of May here in Sydney, hosted by the Australia PECC Committee. One new feature of this meeting was the addition of youth delegates, an outreach and training dimension that we believe very important to increasing visibility of Pacific economic cooperation among the youth and preparing a younger generation of leaders for cooperation processes.

Our Australia committee jointly with ABAC has recently published a report on "Energy market reform and energy security". This paper broadens and complements earlier work done on the options available in a post-Kyoto environment to ensure adequate economic incentives, particularly through market-based mechanisms, to reduce greenhouse gas emissions. This is an example of a national project.

Our French Pacific Island Committee has recently published a set of guidelines for effective cooperation on public-private partnerships, an example of an international project carried out under the auspices of one of our constituent committees. Another such project, organized by our Korea committee, is a conference on regional financial centers in Asia that will take place in Seoul on October 15-16.

State of the Region Report and Member Survey Results

The full report on the State of the Region 2007-08 will be issued at the end of October. One element of this is our annual survey of members' opinions, and because of their relevance to this week's agenda, we are releasing our preliminary results early. Almost 400 individuals responded to our survey. They represent not general public opinion in the region, but the views of people with a special interest in and commitment to regional cooperation.

We asked our members what they thought the leaders of our economies should emphasize in their deliberations in Sydney. The two top issues related to freer trade: global freer trade through the WTP Doha process and regional freer trade, as represented by the FTAAP vision. This result is similar to last year's survey, and probably reflects what our members see as the principal comparative advantage of APEC. The next four priorities listed by those surveyed were energy security, strengthening APEC as an organization, climate change, and financial system stability. We are pleased that most of these issues seem high on the agenda for this meeting.

In general, however, our members - particularly our business members - would like to see more determined progress on trade and investment issues. Almost two-fifths of our respondents, 38 percent, regard the continued stagnation of Doha as a "very serious threat" to sustaining economic growth. They recognize, I am sure, that APEC itself is not a trade negotiating forum or a trade caucus, but they would like to see more action in support of repeated statements of support for Doha. Two-thirds of the respondents agreed that they want to see an FTAAP negotiated "as soon as possible." They also feel that Doha and FTAAP can help contain problems associated with the proliferation of the inconsistent bilateral and smaller plurilateral FTAs.

The survey responses on impediments to doing business in the Asia-Pacific region is also relevant to promoting regional economic integration as it indicates priority areas for individual economies and for the APEC group. The top four impediments that respondents found as significant or very significant were an uncertain legal environment, poor intellectual property protection, poor corporate governance, and the lack of physical infrastructure. In fact 73 percent of respondents from the business sector cited an uncertain legal environment as the key impediment to doing business.

As for challenges to the institutional development of APEC, about two-thirds of our respondents (67 percent in 2007 and 63 percent in 2006) regard "the lack of commitment from key member economies" to be a very important or important challenge facing APEC as an institution. Thus, while we support the strengthening of the secretariat and position of the Executive Director, there is clear recognition that the key to visibly improving APEC lies at the level of the individual economies.

Other findings of note are that more than 80 percent of survey respondents believe that India will be an important part of East Asian production networks within the coming decade and 60 percent believe that India should be an APEC member.

Other Signature Projects

I want to refer to our other signature projects briefly. The regional architecture project has an author team consisting of former President Ernesto Zedillo, Professor Joseph S. Nye, Ambassador Long Yong-tu, Dr. Toyoo Gyohten, and Ambassador Ali Alatas. They are working with a support group representing a broader group of economies, and we expect to have a report in the spring. This report will review all elements of the regional architecture that bear on Pacific cooperation.

Our international labor mobility project derives from a Korean international project that will examine "International Labor Mobility in the Asia Pacific Region: Implications for Business and Cooperation." This project will compare the demographic trends in the economies of the region and the different approaches each has taken to the mobility of labor. The subsequent signature project will consist of a working group of 5-6 authors looking at the prospects for a "regime" or set of good governance practices to facilitate international labor mobility. ABAC has expressed an interest in cooperating with PECC on this issue and we look forward to working with them on this issue.

The project on international education services is being undertaken in cooperation with the Association of Pacific Rim Universities (APRU). This project will examine developments in the education sector and the opportunities and challenges they present for regional economic integration and community building in the Asia Pacific. For this purpose, the project will report on trends in the various modes of supply of education services across international borders and identify impediments to efficient international cooperation in this sector.

Finally, the PECC looks forward to Peruvian leadership of APEC and hopes to work closely with Peru through our Peru committee on issues of continuing critical concern to the economies of our vast region.