



Preliminary Conference for APEC 2007  
'Reshaping APEC for the Asian Pacific Century  
– Priorities and Strategies'

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*Opening Address*

by

Mr Jeremy Kitson Ellis

MA Oxon. HonDEng C.Q.U. FTSE FAICD FAIMM HonFIEAust CPEng

Chancellor – Monash University

Chairman – Future Directions International



Good Afternoon.

We are very proud to host this APEC conference at Monash University, home to the APEC Study Centre. The upcoming APEC 2007 meeting in Sydney represents an important opportunity for Australia to continue its relationship with APEC in a leadership capacity. It will also help lead the organisation to meet the challenges of the 21st Century.

Two of the most profound influences on Australia's regional interaction in the last twenty years have been:

- the economic **rise of East Asia**; and
- the **phenomenon of globalisation**.

Since the end of the Cold War, these two trends have dictated political and economic dynamics. Australia is experiencing an extended period of economic expansion, driven, in part, by the convergence of these two trends.

Many nations have reassessed their place in the Asia-Pacific region as a result of East Asian growth and globalisation, but more importantly, there has been a reassessment of how they define and then achieve national success. Increasingly, nations are becoming aware of a range of trans-national issues in addition to economics which can only be solved through international partnerships. These trans-national issues include security and terrorism, climate change and health epidemics such as SARS and Avian bird flu.

Globalisation and trade liberalisation have created a global commons which extends beyond the traditional definition. The new global commons encompasses such dimensions as human and social capital, political stability and economic growth. These are conditions in which every nation is a stakeholder in the affairs of each other.

APEC is a regional meeting of these stakeholders, and uses economic cooperation as a means to ensure the commons protection.

APEC continues to make progress on trade liberalisation and integration, as it has done for the past seventeen years since its inception. APEC's most significant achievement has been the creation of the Bogor goals, which is now one of the organisation's founding documents. The Bogor goals, and the accompanying Busan Roadmap, continue to drive efforts toward the creation of a free trade area over the next decade. This is a massive undertaking and one to be applauded, despite the substantial hurdles that still need to be overcome.

APEC has also been achieving success in the less high-profile field of trade facilitation.

Facets of trade facilitation, while not as easily comprehensible by the public, are important to regional integration. Reducing business transaction costs, easing administrative obligations and reconfirming common sets of standards

are all conducive to the attainment of the larger goals of liberalisation. By the same token, cooperation with private sector and other stakeholders is vitally important to an efficient environment for business. It is in these often mundane, but economically vital activities that APEC continues to excel.

In this area, the APEC Business Advisory Council provides significant direction and leadership, as well as an informal means of networking.

A core achievement of APEC is that it connects a number of nations and cities across the Asia-Pacific region. The role of strong, independent cities in fostering trade and economic growth has a long historical foundation. Greek city states which arose around the seventh century BCE were early examples of this. They organised their own cooperative bodies, such as the Delian League. This set the trend for similar bodies to emerge later in Northern Europe, such as the Hanseatic League.

The Mediterranean and the cities lining its coast experienced similar prosperity under a number of multilateral trading organisations.

These bodies were instrumental in creating wealth for the region and their peoples. They also contributed to great advancements in human development and democracy. The dynamism and cultural interaction generated from inter-city trade resulted in helping to form the foundations for *western civilisation*. A similar process appears to be replicating itself within many of the member states of APEC.

The rapid urbanisation of many Pacific Rim cities is leading to significant change. The development of mega-cities, with a growing middle class, will increase the demand for consumption of energy. By one definition, APEC has seven out of the world's top ten mega cities and a number of others in the top twenty. Nations on the very near periphery of the APEC grouping and instrumental to its continual growth, such as India and Brazil, make it difficult to ignore the mega cities trend.

Thus, energy, while already an important part of APEC's agenda, is likely to become an even higher priority. This is certainly one of the areas in which Australia has potential to contribute. Currently, the APEC region accounts for 60 percent of world energy demand. Its rôle as a net energy importer is likely to increase, with predictions suggesting as much as 92 percent growth. Over the next 20 years, the amount of international financial capital, and private capital, required to fund energy investments in APEC is expected to be as much as US\$ 4.4 trillion.<sup>1</sup>

This changing energy landscape presents an excellent opportunity for Australian business to engage in the region. APEC contains some of the world's largest importers of energy (China, US, Japan) and also some of the major suppliers (Indonesia, Russia, Malaysia and Mexico). Australia's continued relationship in the APEC group ensures a market for our energy and abundant energy deposits.

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<sup>1</sup> Energy Working Group – Asia Pacific Economic Cooperation  
[http://www.apecsec.org.sg/apec/apec\\_groups/working\\_groups/energy.html#](http://www.apecsec.org.sg/apec/apec_groups/working_groups/energy.html#)

The debate regarding uranium is likely to continue to mature, and Australia's stance on trading uranium will contribute to the direction of major strategic relationship with the larger nations of APEC, such as China, Japan and the US. Australia's supply of oil and gas to China has helped to fuel economic growth in the area and will continue to encourage growth and stability to the surrounding region. Continuous, reliable and safe supply of energy resources will meet the needs of many of the industrialising and urbanising members of APEC.

For this purpose, The Energy Working Group continues to provide valuable direction in the development of the region's energy dynamic, particularly in terms of managing security measures and the regional response to energy crises and price fluctuations. The committee continues to conduct exploration and research into alternate and efficient sources of energy that may be utilised in the future. This is becoming a major factor in APEC's continuing relevance and success.

Structural trade issues will remain important, however, APEC's strength lies in its ability to react to the changing environment. A common criticism of the organisation is that it is too loose and unstructured to accomplish anything. However, this has its benefits. It allows for a broad cooperative response in a number of areas. For example, APEC was the first to hold a major international forum following the events of September 11, 2001, which formed the basis for the initial international response that occurred. It also proved to be extremely effective in coordinating a response to the emergence of SARS.

It is likely that APEC will continue to provide a forum for problems which have not yet manifested, but require a concerted international response.

The nature of globalisation implies that individual issues will become more inter-connected, and have relevance in areas where previously there would have been no connection. Similarly, as economies and financial systems mature, the scope for trade liberalisation increases. With this increased tempo, international organisations need to be flexible, and have the ability to respond to changing conditions.

In summary, APEC faces a number of challenges in the near future. This does not mean that it is under threat from extinction. All organisations undergo continuous periods of reassessment or reconstruction. As one of the key architects of APEC almost seventeen years ago, Australia has the history and experience to continue to provide APEC with strong guidance and a long-term strategy for moving forward.

At the time of its creation, APEC was a fusion of Australia's two main foreign policy priorities. These were:

- to keep the US engaged in Asia's development; and secondly,
- to bring Australia's economy closer to that of the wider region.

These two goals still form an important part of Australian foreign policy today. However, Australia's interests now are more broadly defined. In 2006, the

nation faces challenges of a different nature, when engaging in commerce in the Pacific.

The history of the Pacific Ocean is relatively young and provides few historical lessons for strategic decision makers. In contrast, the Mediterranean has a rich history of trade and growth spanning thousands of years. The Atlantic and Indian Oceans have almost 500 years of history as the arena of expansion and interaction for the European empires. It is only the last 100-200 years of modern international relations that the Pacific has come into its own, and emerged as a separate and whole regional environment in its own right.

Originally, the region was referred to as *Mare Pacificum* by Portuguese explorer Ferdinand Magellan in his attempted circumnavigation of the globe. Translated, this means the Peaceful Sea, which was in reference to the stillness and stability of the waters. The political seas which Australia and the other nations of APEC are navigating today are still uncharted. However, the waves are a little more choppy.

The Pacific Ocean is rapidly replacing Atlantic as the centre of the economic and political world. It is likely that the next century will not belong to any one country; rather it will belong to the nations of the Asia Pacific Rim. It should never be forgotten just how significant a feat of cooperation APEC is. Essentially, APEC is a collection of nations from diverse backgrounds, and levels of development, which have united in search of prosperity and stability.

Collectively, we have the opportunity to create a *Pax Pacifica*, or a Pacific Peace, in which power is not enforced by military presence but by shared opportunity.

Ultimately, our shared commitment to trade, to multilateral economic engagement and integration, is in pursuit of this goal. Prosperity and growth are not ends in themselves; they are the means to create a better world for the peoples of the Pacific. Increased security dialogue will aid these goals and is complimentary to our cornerstone economic goals. The Santiago Declaration of 2004 is in recognition of this fact.

There is an increasingly important role for scholarship in these areas. The APEC Australian Study Centre itself is an important foundation of Australia's interaction with the APEC organisation. It is instrumental in clarifying Australia's competitive position and developing the interests that are vital to Australia's future in the region. The work the centre has produced has been outstanding, and continues to further Monash's international reputation for quality scholarship.

The Australian Study Centre is only one of many such institutions in the region, producing research and recommendations not only on national goals, but collective goals. Through the APEC Study Centre Network, APEC is becoming more than a region of economic cooperation. It is rapidly becoming a region of excellence in scholarship and intellectual endeavour. More than anything else, it is an exchange of knowledge and experience which can forge closer ties and prosperity in the region.

There are also a number other institutions which work on strategic issues. Future Directions International, Australia's Centre for Strategic Analysis, of which I am Chairman, plays an important role in public policy matters that inform Australia's relationship with APEC nations. Future Directions International's latest landmark study, *Australia 2050*, is due for release in mid-2007. It is set to follow on from the earlier success of *Australia's Energy Options*. *Australia's Energy Options* shaped much of the current domestic debate regarding energy policy.

Ultimately, the future is a stranger that confronts us all. It challenges us not just with an unfamiliar path forward, but also with the ghosts of our past.

Australia's engagement in Asia has long been viewed in the context of Empire, or as the junior partner in a great and powerful friendship. Other nations deal with their own histories, whether they are of colonialism, social instability, or triumph over hardship. Despite these varied pasts, we are all travelling toward the same goals, and in a broad sense hold the same shared values to be true.

The nations of APEC embrace prosperity through cooperation and development. We value the individual, the integrity of family and social structures, and the presence of diversity within our communities. We embrace a range of opinions, and recognise the contribution to our collective futures that can be derived from all aspects of society, either individual or organisational. We acknowledge the values of our neighbours, and the individual and diverse contributions which can strengthen the whole.

In an Australian context, the values which we contribute to the regional dynamic are, like most nations, derived from our history. It should never be forgotten that one of our proudest unifying sources of identity is the ANZAC tradition. This is, in essence, a transoceanic identity built upon cooperation. It is also an identity that has been embraced in ways far beyond its military heritage. In the current Age of Global Transformation, where identities and power relations are in flux, there is scope for Australia to more readily define one of its key facets of identity, and our interests, in terms of being a Pacific rim state.

### Conclusion

In closing, I once again reiterate the value of the scholarship and debate that is occurring here over next two days. The world will be watching Sydney in September 2007 and we have the opportunity once again to reinvigorate the multilateral regional trade system, and to take a distinctively Australian role in leading the nations of the Pacific to prosperity in the 21st Century.

Thank You.