



Are APEC institutions adequate ?

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1



I argue that:

In face of present challenges, APEC could only play a functional role but not all roles. Its institutions are adequate but should be put different priorities.

To recognize its weakness is the first step to make full play to APEC's strengths.

2

Existing Mechanisms in East Asia:

- ❖ APEC: 1989, 18 members; now, 21 members.
- ❖ ARF: 1994, 18 parties.
- ❖ EAS: 2005, 16 parties.
- ❖ ASEAN+3: 1997, 13 parties.

3

APEC (1)

- ❖ 21 members : the US, Japan, Australia, New Zealand, ASEAN (7), China, Korea, Russia, Chile, Mexico, Canada, Peru, Papua New Guinea, HKChina, Chinese Taipei.
- ❖ Goal: Bogor declaration.
- ❖ Tasks: 1) trade and investment liberalization and facilitation; 2) economic and technical cooperation; 3) anti-terrorism in trade;
- ❖ Measures to fulfill the tasks: unilateral action plan and collective action plan.
- ❖ Mechanism: APEC approach; peer review

4

APEC (2)

- ❖ Function: cooperative, multilateral economic and trade forum
- ❖ Challenges: 1) soft constraint: peer pressure; the recent study shows that this fits to consulting institution such as OECD; APEC approach.
2) Bogor declaration: can be realized on time or not? 30% 3) economic and technical cooperation can be sustained? 4) political implications.

5

APEC (3)

- ❖ What it could do?
consultation and research: it can be proved by the success of trade facilitation;
the research in APEC is far behind the development in this region.
- ❖ What It could not do ?
negotiating and compulsory action.

6

ARF(1)

- ❖ Members:24
ASEAN 10, China, Japan, South Korea, North Korea, India, Mongolia, Russia, the US, Canada, Australia, New Zealand, Papua New Guinea, EU and Pakistan.
- ❖ Function: official multilateral security dialogue and cooperation channel and consulting forum
- ❖ Tasks: 1) constructive dialogue on regional political and security issues. 2) cooperation in confidence building, nuclear non proliferation, peace-keeping, exchange of non-confidential information, security on the sea and preventive foreign affairs, etc.

7

ARF (2)

- ❖ Mechanism: dialogue and consultation
- ❖ Measure: not clear till now
- ❖ Challenges: 1) it is difficult to take substantial measures; 2) in terms of sensitive and political views, it is not easy to reach consensus; 3) what is the concrete goals and steps? Not clear. 3) it is not easy to coordinate benefits and losses among parties.

8

East Asia Summit (1)

- ❖ Parties now: ASEAN10, China, Korea, Japan, Australia, New Zealand, India.
- ❖ Goal: dialogue on broad strategic, political and economic issues with the aim of promoting peace, stability and economic prosperity in East Asia.
- ❖ Function: an open, inclusive, transparent and outward-looking forum

9

East Asia Summit (2)

- ❖ Tasks: 1) strategic dialogue and promoting cooperation in political and security; 2) Promoting development by technology transfer , infrastructure development, capacity building, good governance and humanitarian assistance; 3) Promoting deeper cultural understanding
- ❖ Measures: not clear until now
- ❖ Mechanisms: dialogue, and others(?)
- ❖ Challenges: 1) what could it be in the future? APEC or exclusive bloc. 2) the relations to 10+3? 3) parties: 16?17? Or more?

10

10+3 (1)

- ❖ was institutionalised in 1999
- ❖ Tasks: Political and Security Cooperation; Economic, Trade and Financial Cooperation: Bilateral trading arrangements “Chiang Mai Initiative (CMI)”
- ❖ Measures :Four Short-term; 9 EASG Medium and Long-term Measures

11

10+3 (2)

- ❖ **Institutional Mechanisms:**
there are 48 mechanisms under the ASEAN Plus Three process, coordinating 16 areas of ASEAN Plus Three cooperation, which include economic, monetary and finance, political and security, tourism, agriculture, environment, energy, and ICT.

12

10+3 (3)

- ❖ Functions: dialogue, consultation, concerted action.
- ❖ Challenges: How far can functional cooperation go? What would be the final goal for 10+3 cooperation?

13

Strengths

	Members	Focus	Strengths
10+3	ASEAN10, China, Korea, Japan	Economic issues (BTAs and CMI) ; Transnational Crimes	Macro policy coordination
EAS	10+3, South Asia, the Pacific	Political and economic issues	Strategic dialogue
APEC	ASEAN(7), North East Asia, America, the Pacific, Russia	Economic issues; anti-terrorism in economic fields	Consultation and research; Capacity building; long term and overarching issues
ARF	10+3, North East Asia, America, EU, Russia	Political issues	Consultation in Political issues

14

Challenges to this region

- ❖ A. Regional political and security issues.
- ❖ B. Diversity in ideals, religions, economic development level, political and historical views.
- ❖ C. Global payments imbalances: Asia could get caught in a double bind—its exports and domestic demand of the US. Better coordination of macroeconomic policies at an international level could help mitigate this risk.
- ❖ D. Innovation has not been the driving engine for economic growth, especially in developing economies. Almost all economies depend heavily upon trade and therefore foreign markets.
- ❖ E. Environment and social security network: Economic growth has taken a high toll on the environment.
- ❖ F. Domestic political turmoil and corruption has still been constraints on economic development in some economies.

15

Recipe

	Challenges	Mechanisms
A	Regional political and security issues	ARF
B	Diversity: community building and capacity building	APEC, EAS
C	Payments imbalances	10+3
D	Innovation	APEC
E	Environment and social security network	APEC, 10+3
F	Corruption and structural reform	APEC

16



THANK YOU !