

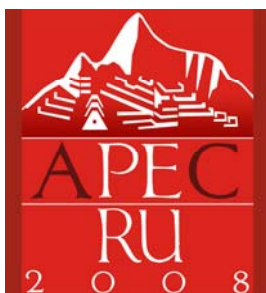


**Asia-Pacific
Economic Cooperation**

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Economic Structural change in APEC – Economic integration beyond trade liberalization

Purpose: Information
Submitted by: Australia



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Economic integration in APEC beyond trade liberalization - Economic structural change

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Economic structural change

- ▣ APEC's incomplete mission
- ▣ Continuing growth the issue
- ▣ Maintaining the traditional approach to liberalization
- ▣ Elevation of the priority of Structural Economic Reform
- ▣ Moving to the next phase

APEC's incomplete mission

- ❑ Eliminating all barriers to trade and investment
- ❑ Well advanced
- ❑ Regional policy infrastructure getting complex

Continuing growth the aim

- ❑ The point of economic integration based on open markets
- ❑ Challenges for industrialized economies
- ❑ Challenges for developing countries
- ❑ New threats in the global economy

Response One – Reduce Barriers

- ▣ Higher priority for developing countries
- ▣ Complete the “beyond the border” program
- ▣ MORE IS NEEDED

Response Two – Implement Economic Structural Reform

- ▣ Aim is to accelerate the rate of growth of productivity
 - produces higher growth
 - creates capacity to manage changes in the global economy
- ▣ Focus is on domestic reform to strengthen foundations of the liberal economy

Elements of Economic Structural Reform

- Property Rights
 - strengthen
- Rule of Law
 - strengthen (e.g. honoring contractual promises)
- Independence of Judiciary
 - reinforce
- Government business
 - reduce where private sector can supply
- Competitive neutrality - private versus public
 - ensure

A new APEC strategy

- Sydney Summit created new infrastructure
 - consolidated role of Structural Reform Committee
 - New Forum for Economic Affairs Ministers created
- Need to respond to recent changes create an opportunity to launch an APEC Structural Reform program

Moving to the next phase of economic integration

- ▣ Overlaying the focus from the “beyond the border” perspective of Trade Ministers
- ▣ With the perspective from “inside the border” of Economic Affairs Ministers
- ▣ Keep’s APEC focus on the core goal – increasing productivity