

Role of the asia pacific economic cooperation (apec)



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For many countries in the global landscape, its economic situation is perhaps one of the most important concerns which are duly given enough priority by the government. The economic situation of a certain nation is highly indicative of the country's performance as well as the state of living of its citizens. It is therefore a major concern among national governments to protect the best interest of their domestic economy, as well as local business, in the objective if being able to establish a successful nation. With this, it is a priority for many countries to be proud of many globally operating organizations and economic councils which will not only help them foster a better trading and economic relationship with other nations but will also help them establish global presence. One of such groups would be the APEC or the Asia Pacific Economic Cooperation.

In this research paper, the researcher seeks to examine the APEC in general while being able to provide its background and what it does to be able to help improve the economic condition of its member countries. More

importantly, the research will examine some of the issues in APEC and how such were overcome through the policies and recommendations from the said economic body. The impact of APEC on its member countries will also be examined to be able to provide evidence of its significant efficiency. This research would generally seek to discuss the role of APEC in helping its member countries establish a more sustainable and stable economic situation.

WHAT IS APEC?

The Asia Pacific Economic Forum or APEC is a premiere forum which is primarily responsible for facilitating economic growth, cooperation, trade, and investment in the region of the Asia Pacific. It was established to promote economic integration around the Pacific Rim and with the goal of being able to sustain economic growth especially among its 21 member nations. The members of APEC are Australia, Brunei, Canada, Chile, Hong Kong China, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Peru, Republic of Korea, Russia, Singapore, Chinese Taipei, Thailand, United States, and Vietnam. An open trade and the establishment of closer economic relation are among the priorities of each member countries in the APEC. Being the primary vehicle in the region to be able to promote trade, investment, and economic cooperation, it is expected that APEC will be able to generate favorable circumstances and activities such as increased employment opportunities and the development of the local community. Since its inception in 1989 to this current time, APEC has initiated various economic activities which resulted into better business among local nations such as the implementation of reduced tariffs.

The APEC is very significant in the global economy primarily because its members, collectively, are acknowledged for being drivers of the growth of the global economy. The individual economic performance of the Asian countries and members of APEC are all seen to have made significant contributions in the success of the international economic situation. Another reason on why APEC is seen to be very significant in the global trading is because its member economies are representative of around 42% of the world's population while it occupies 43% of the world's total land area.

APEC AND THE WTO

Both the APEC and the WTO have been active and demonstrated success in their goals of being able to help in the improvement of the performance of domestic economies by being able to facilitate trading and other economic activities. Both have played active and significant roles in being able to liberalize trading. While the WTO is able to promote trade liberalization on a multilateral level, the same thing was done by APEC, only that it covers only the regional level. This is basically because the very nature of the said economic cooperation is limited when it comes to membership size and economic significance.

Although the two organizations both have the same goal of being able to liberalize trade, they have totally different approaches on how to achieve such goals. This makes the WTO to be considered as the locus of negotiations and rule-making while the APEC is considered as the consultative body. the rules of the WTO are absolute and applicable all the members of the group while the APEC is more open to dialogue and it is

basically voluntary in terms of participation in their economic and trading provisions and other executions or strategic actions.

THE STRATEGIC ROADMAP

To be able to effectively reach its goals and to be able to help its member countries build a better domestic economy, APEC has established a framework which serves as its roadmap towards achieving success in its operations[1]. The following are the basic principles which are identified in the said roadmap: non-discrimination; comprehensiveness; simultaneous start, continuous process, and differentiated timetables; comparability; standstill; transparency; consistency with the World Trade Organization; flexibility; and cooperation.

Based on these major principles, APEC is seen to operate based on commitments which are assumed to be non-binding, facilitates open dialogue, and practices equal respect for the views of its member nations or participating countries. The strategic roadmap of APEC is influenced by the initiatives of its member countries like three of the world's most dynamic economies[2], along with the tiger economies of the Asian continent.

The goals of APEC are expected to be achieved through a balanced program of: liberalization to be able to dismantle the barriers towards international economic transactions; being able to facilitate investment and trade to effectively reduce divergences which are not needed for domestic policies which are highly influential of international trade; technical cooperation which enables its members to share information as well as skills which are required to enhance the efficiency and availability of regional infrastructure;

and coordination of economic policies to be able to help reduce risks or uncertainties in the economy.

TOWARDS SUSTAINABILITY

The succeeding section of this research will provide a discussion on some of the initiatives of the economic organization through the years since its inception[3]. During the annual conventions of the member countries, strategies and new goals are laid out in which the members perpetually work for its achievement. Some of these things will be briefly discussed in the next paragraphs in the goal of the researcher to provide some of the initiatives of APEC towards the establishment of a more sustainable economy and nation.

The Blake Island Economic Vision

In the year 1993, economic leaders from the member countries of APEC gathered in Seattle to be able to discuss the ongoing economic condition and measures in which such problems could be given resolution for the longer term. During this forum in Seattle, the major problems which have been identified include erosion of multilateral global trading system, rise of inward-looking regionalism, and fragmentation within the Asia Pacific. During this convention, a proposition was made to change the meaning of APEC to Asia Pacific Economic Community but it was not approved for such was not deemed appropriate. Furthermore, \$2 million[4] was also released to fund the activities of the organization in the following year.

The leaders, who attended the meeting from APEC member countries, presented “ The Blake Island Economic Vision”. The vision which they created is reflective of how they see the following years would be. The vision

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which the leaders created presented a call for an Asia Pacific which can be able to fully harness, utilize, and maximize its diverse economies while being able to have strengthened cooperation and promoting prosperity. Another achievement of APEC in the same year is the initiative to push for the creation of the Pacific Business Forum[5]and the APEC Education Program[6].

The Osaka Action Agenda

The Osaka Action Agenda presents two components of how APEC member countries seek to improve its economic condition and sustainability: trade liberalization and facilitation and economic and technical co-operation. The trade liberalization and facilitation seeks to discuss fifteen key areas which are seen to be vital in the economic activities of the member nations. These include: tariffs, review of non-tariff measures, investment, procedural custom activities, rights regarding intellectual property, services, purchasing from the national government, policies affecting the competitive environment, conformance with standards, rules of origin, deregulation, implementation of the results of Uruguay Round, mobility of people in business, mediation between disputes and conflicts, gathering of information and analysis. Furthermore, the economic and technical co-operation covers thirteen areas including: small and medium scale enterprises, the development of human resource, industrial science and technology, transportation, tourism, energy, information and telecommunication, infrastructure of the local economy, promotion of trade, information about investment and trade, fisheries, agricultural technology, and conservation of the marine resource[7].

Manila Action Plan for APEC

A year after the Osaka Action Agenda was laid out, APEC identified the Manila Action Plan for APEC or MAPA which included individual and collective action plans which could be able to help to bring the Bogor goals[8] into reality. The individual action plans of the member countries were compiled to be able to help the group stipulate measures which would be necessary to be undertaken to bring into possibility the achievement of free and open trading by 2010 or 2020. Moreover, it was also during the same APEC conference where the members have identified high priority issues which need their immediate attention for resolution to help sustain their economic conditions. These areas include developing human capital; fostering safe and efficient capital markets; strengthening the economic infrastructure; harnessing technologies of the future; promoting growth and improvement which is environmentally sustainable; and encouraging the prosperity of small and medium scale enterprises which are significant in the collective growth of the member countries and of the region in general.

Sustaining Growth, Connecting the Region

The APEC Summit which was held in Singapore in 2009 marked the twenty years of the organization in pursuit of its objectives. During the summit, the member countries have acknowledged the fact that many things have changed since the inception of APEC although the organization still remains in its pursuit of supporting the growth and economic prosperity in the Asia Pacific region through various trading and economic activities such as free and open trade and investments. It has been identified that the robust policies of the organization have helped its member countries to recover from the financial crisis and economic downturn which hit the global

economy. It has also been identified that responding to food security has been a top priority the year prior to the summit as evident by the calamities which struck its members. During the summit, the leaders also stressed the need to fight corruption, improve governance and implement transparency. These things are seen to be contributory to the improvement of domestic economies in the Pacific Rim.

APEC CHALLENGES

In spite of the contributions of APEC to the economic development and sustainability of the Pacific Rim, it is also confronted by a number of challenges. This calls for continued initiatives in order to improve the economic situation and to be able to help the organization establish a brighter economic condition in the future. One of the challenges identified to confront the organization is on how it is going to manage globalization as such is seen to have a significant effect on its member countries. The organization is also facing the challenge of how it will be able to effectively manage regional and bilateral free trade agreements which is very critical in the trading activities of member countries.

Another challenge which should be overcome by APEC is its initiative to be able to create a free and open trading region. Until now, efforts to be able to help achieve such objective are seen to have remained ill defined. There is a need for APEC to realize that it needs modifications with regards to agenda-setting mechanism and procedures. The organization would need to set its eyes towards goals for the longer years and bring the goals into reality such as the achievement of free trade.

This year, APEC faces a greater challenge as the deadline is already set for the achievement of the Bogor goals, which is the establishment of free trade. This is apart from other challenges which will confront the organization in succeeding years such as the threat from protectionism and lack of trust on financial institutions. To be able to recover from the financial crisis which hit the economy in the previous years, there is a great challenge not only to attract dynamic investments to boost the economic situation on the Pacific but also to bring back the trust into institutions of finance. By this way, it is acknowledged that a better business will be on its way. Furthermore, the member countries are also challenged to be able to improve its current standings on the World Bank's Ease of Doing Business Index. Through this, it is anticipated that more investments will come in as a means of improving financial condition. Several APEC economies are already included in the top five and in the top twenty of the list which is a good indication of the fruitful years to come for the region. A challenge is also posed to address the growing disparities between the urban and rural regions especially with regards to levels of education, social inclusion, and health care provision.

CONCLUSION

This research does not disregard the importance of the WTO in the trading relationships and quest for the improvement of the economic situation in the Asia Pacific. However, it necessitates the significance of the role which was assumed by APEC to be able to help improve the condition of its member nations. Since its inception in 1989, the organization has helped identified measures on how to achieve greater economic visibility and improved domestic performance through free and open trade and investments among

another factors. Nonetheless, twenty years after its establishment, the organization still remains to be challenged by the uncertainties of the economic situation. In the following years, it is expected that the increased importance of the role of the organization, along with WTO, will be more significant in the achievement of prosperity in the Asia Pacific.

APEC has signaled the growth of a new political and economic order in the Asia Pacific region through the years. However, the uncertainties in the economic situation made it harder for the organization to achieve its goals and work its way towards prosperity and improvement of the status quo. The organization has also demonstrated positive effects not only on member nations but also towards non-member countries. The perpetual goal of APEC still remains to be the possibility of being able to establish a seamless market or a single economy for the benefit of the Asia Pacific[9]. The organization remains true to its commitment of helping countries be able to establish a more sustainable and economic condition. Through the years, the organization is left with shoes to fill and expectations to fulfill on its ability to bring a free and open trading and attract investments in the region in order to trigger economic activity and condition on individual member countries and the Pacific Rim in general.