

Introduction

*Ambassador Tang Guoqiang, Chair,
China National Committee for Pacific Economic Cooperation*

The year 2014 marks the twenty-fifth anniversary of the first APEC Ministerial Meeting and the twentieth anniversary of APEC's Bogor Goals. It's time to shape the future by building on past achievements. If we look at the past 25 years of economic cooperation and integration in the Asia-Pacific region, I think it can be roughly divided into three stages.

The first stage started in 1989, when the Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting was held in Canberra, Australia, marking the official inception of Asia-Pacific regional economic cooperation and integration. The climax of this period was the announcement of the Bogor Goals by APEC leaders, who were committed to realizing trade and investment liberalization by 2010 in the industrialized economies and by 2020 in the developing economies. However, the East Asia financial crisis of 1997 and the failure of the Early Voluntary Sectoral Liberalization program cast a pessimistic outlook for economic integration and cooperation in the Asia-Pacific region.

The second period started in 1997 and lasted until the global economic crisis in 2008. During this period, economies in East Asia—especially Northeast Asia—initiated a new wave of regionalism, with ASEAN as the driver. The United States under the George W. Bush administration explicitly practiced the strategy of competitive liberalization. Some economies in the region, such as South Korea, Singapore, and Chile, successfully engaged the big economies in various bilateral free trade agreements (FTAs). Still, some smaller economies formed groups, such as the Trans-Pacific Strategic Economic Partnership (P4). Both China and Japan proposed future

directions for East Asia regionalism, with one preferring the East Asia Free Trade Area, while the other favored the Comprehensive Economic Partnership of East Asia.

The third stage features mega-regional trade agreements (RTAs). When the US government announced that it would join the Trans-Pacific Partnership (TPP), first by the Bush administration in 2008 and then by the Obama administration in 2009, the third stage of regional economic cooperation and integration was ushered in. East Asia came up with a new design named the Regional Comprehensive Economic Partnership (RCEP), with ASEAN playing a central role. At the same time, the Latin American members of the Pacific region started the Pacific Alliance, another mega-RTA with great prospects. Paradoxically, these mega-RTAs reflect the need for deeper regional economic integration on the one hand, while creating a situation of fragmentation on the other. Twenty-five years ago, when APEC was just founded, there were only three cooperation forums and three free trade agreements in the Asia-Pacific region. Now there are 25 cooperation mechanisms and 56 FTAs.

In retrospect, Asia-Pacific regional economic cooperation and integration has grown much deeper since the 1980s, when the Pacific Economic Cooperation Council (PECC) was promoting the effort as a tripartite, nongovernmental regional organization. Although APEC has encountered challenges, it has developed a strong economic growth strategy, enabling the Asia-Pacific region to act as an engine for the global economy and giving it a more prominent position in the global economic landscape. APEC has worked to bring about the big changes of economic transformation and reform. It has pursued important visions, with the Bogor Goals at the heart. APEC was the first to set out the ambitious goal of a Free Trade Area of the Asia-Pacific (FTAAP), thus greatly boosting trade and investment liberalization and facilitation in the Asia-Pacific region and advancing regional integration. It has pooled the efforts of both developed and developing members to advance economic and technical cooperation, enhancing trade and development capabilities of its members. It has always stayed the course in its pursuit of regional economic cooperation and integration.

However, if regional economic cooperation is to go further, it is imperative that APEC champion regional economic institution building;

promote sound interactions between competitive mechanisms in an open, inclusive, cooperative, win-win, transparent, and flexible manner; and prove its credibility with the Bogor Goals and a meaningful post-Bogor Goal agenda.

It is high time for APEC to become an incubator of big ideas and work out a meaningful and credible roadmap toward the realization of an FTAAP. In the past eight years, the APEC-branded FTAAP has developed into a far-reaching vision and worthy objective. Numerous studies have also shown that an FTAAP will bring about maximum economic welfare to the Asia-Pacific region.

In practical terms, there is a sound basis for cooperation among APEC members on creating an FTAAP. First, both developed and developing economies in the region are committed to economic restructuring and reform. Second, APEC has made well-known progress in macroeconomic policy coordination, trade and investment liberalization and facilitation, connectivity, and ecotechnology, as well as functional cooperation. Third, the bilateral and regional free trade arrangements have established new areas, new standards, and new methods, which can serve as very good inputs in the design of long-term goals. Finally, the TPP, the RCEP, and other regional free trade agreements can be useful references for a new regional arrangement.

Therefore, actions should be taken to substantiate the FTAAP idea. People cannot wait for another eight years of merely talking about the concept. On the basis of consensus, an FTAAP roadmap should be created, defining its objectives and principles, and a draft 10- to 15-year timetable designed for achieving an FTAAP. In the roadmap, we also need to identify a series of actions that can be taken, each based on stocktaking. To make the roadmap credible and meaningful, a few deliverables, such as a feasibility study, should be launched in 2014 and implemented consecutively by the hosts of subsequent APEC meetings.

APEC should also play a constructive role to improve the smooth interaction between the TPP and the RCEP. Given the overlapping memberships, the TPP and the RCEP are actually complementary arrangements. They both have the same ultimate objective of economic integration at a higher level and with a greater scope. They may not completely converge, but they may well coexist to satisfy the varying needs of the economies.

There are also areas shared by the two, and in these areas, attempts should be made to harmonize the rules.

In this connection, it may be possible to create and launch an FTA information exchange mechanism to facilitate communication and interaction among the TPP, the RCEP, and other free trade arrangements—to learn from, promote, converge with, and complement each other.

Whatever way forward, one thing is essential. That is the intellectual input needed for making well-informed policy decisions. The Pacific Economic Cooperation Council (PECC) and its 26 members and associate members have been committed to this practice over the years. Last year, following PECC's renewed commitment to the vision of an open and integrated region at the general meeting in Vancouver, a bilateral meeting between the China National Committee for Pacific Economic Cooperation (CNCPEC) and the United States National Committee for Pacific Economic Cooperation took place. In the meeting, Dr. Charles Morrison endorsed my proposal that PECC-member committees take the initiative to reenergize the intellectual contribution process. We agreed to do something together to promote regional economic cooperation in ways that align with the PECC tradition. In July 2013, Professor Peter Petri sent me a joint action plan for the year 2014, when China plays host to the APEC meetings. One of the suggestions was a joint publication on regional economic integration.

The success of the international symposium *New Development and Future Direction of Asia-Pacific Regional Economic Integration*, which was hosted by my committee in Beijing on November 14–15, 2013, reinforced our idea to do so. Then, the APEC 2014 Symposium, which was hosted again by my committee back-to-back with the APEC Informal Senior Officials Meeting, gathered many important views about the future of APEC. Armed with new insights, we were determined to continue with our plan of publishing a book of essays, with Peter and me as co-editors. The East-West Center, headed by Dr. Charles Morrison, generously financed the publication of the present book.

The contributors were all participants of the above-mentioned two symposiums. It was not only challenging to secure them for the events, but also extremely challenging to get them to carve out time in their busy schedules to develop these articles, which are based on their presentations.

Yet each of them did. Peter and I would like to extend our sincere thanks for the invaluable contributions made by the many participants. By the way, it should be acknowledged that the views of the contributors are their own. They do not represent the views of the CNCPEC, the United States Asia Pacific Council (USAPC), the East-West Center, or the PECC.

Last but not least, I would like to give thanks to the people on both sides who worked hard on various aspects of this book, especially Peter. Besides his personal participation in our academic activities, his great efforts in planning, efficient coordination, and careful review of the drafts have made the present book a reality.

Beijing, June 2014