THE ASIA FOUNDATION THROUGH THE YEARS:

Paving the Way for Regional Economic Cooperation in Asia & the Creation of APEC

The Asia Foundation Monograph Series
Commemorating contributions to key development challenges in the Asia-Pacific region

The Asia Foundation

The Asia Foundation through the Years: Paving the Way for
Regional Economic Cooperation in Asia & the Creation of APEC

By Allen C. Choate, Former Executive Vice President of The Asia Foundation

The author wishes to thank Asia Foundation staff members Nancy Yuan, Senior Vice President, Washington; John Karr, Senior Director, Technology Programs; Diana Kelly Alvord, Assistant Director, Washington; and Soniya Sharma Narel, Program Officer, Washington, for their contributions to this monograph.

The Asia Foundation is a nonprofit international development organization committed to improving lives across a dynamic and developing Asia. Informed by six decades of experience and deep local expertise, our work across the region addresses five overarching goals—strengthen governance, empower women, expand economic opportunity, increase environmental resilience, and promote international cooperation.

Headquartered in San Francisco, The Asia Foundation works through its network of offices in 18 Asian countries and in Washington, DC. Working with public and private partners, the Foundation receives funding from a diverse group of bilateral and multilateral development agencies, foundations, corporations, and individuals.

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Acronyms

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ANU	Australia National University
CEO	Chief Executive Officer
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
ECAFE	Economic Commission for Asia and the Far East
ESCAP	Economic and Social Commission for Asia and the Pacific
ECOTECH	Economic and Technical Cooperation
GATT	General Agreement on Tariffs and Trade
JERC	Japan Economic Research Center
LDCs	Lesser Developed Countries
MRT	Ministers Responsible for Trade
MOIT	Ministry of Industry and Trade
NAFTA	North American Free Trade Agreement
OPTAD	Organization for Pacific Trade and Development
PECC	Pacific Economic Cooperation Council
PEO	Pacific Economic Outlook
PAFTAD	Pacific Forum for Trade and Development
PAFTA	Pacific Free Trade Area
PNG	Papua New Guinea
PPWE	Policy Partnership on Women and the Economy
PSU	Policy Support Unit
PTAs	Preferential Trade Agreements
RCEP	Regional Comprehensive Economic Partnership
SMEs	Small and Medium Enterprises
TPP	Trans-Pacific Partnership
U.S.	United States
USNCPEC	United States National Committee for Pacific Economic Cooperation
WE-APEC	Women's Entrepreneurship in APEC
WTO	World Trade Organization

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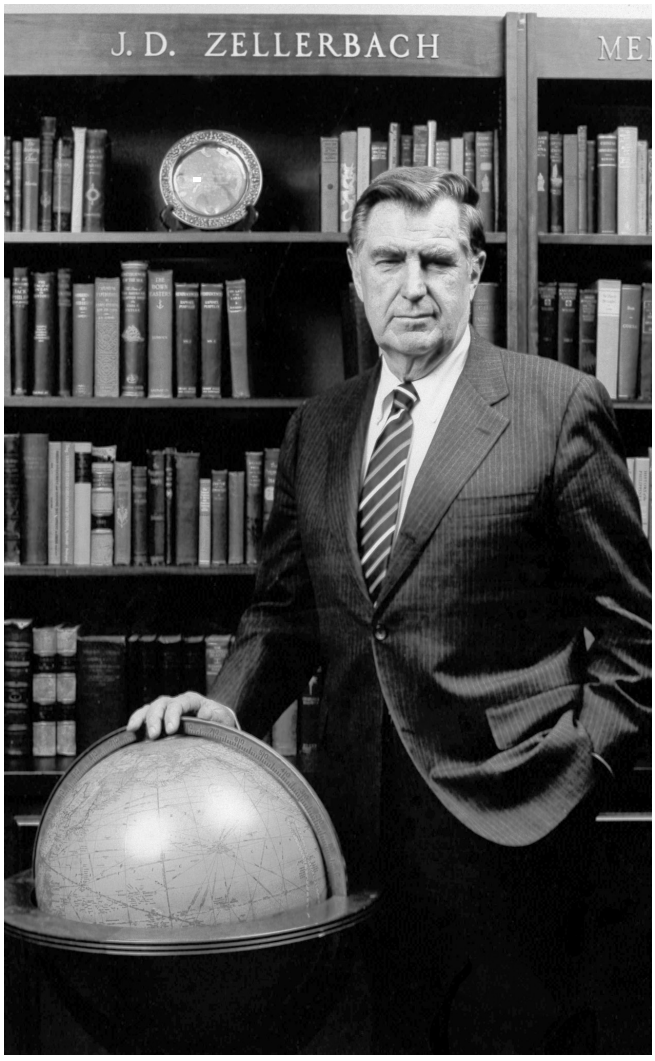
J. D. ZELLERBACH

Introduction

The Asia Foundation ("the Foundation") is a nonprofit international development organization committed to improving lives across a dynamic and developing Asia. Informed by six decades of experience and deep local expertise, its work across the region addresses five overarching goals—strengthen governance, empower women, expand economic opportunity, increase environmental resilience, and promote international cooperation.

Headquartered in San Francisco, The Asia Foundation works through a network of offices in 18 Asian countries and in Washington, DC. Working with public and private partners, the Foundation receives funding from a diverse group of bilateral and multilateral development agencies, foundations, corporations, and individuals. Ambassador Haydn Williams, who served as president of the Foundation from 1964-1989, made a legacy gift to fund the creation of a series of monographs to commemorate the Foundation's contributions to key development challenges in the Asia-Pacific. This essay focuses on regional economic cooperation and the Foundation's pivotal role in supporting multilateral discussion, negotiation, and engagement that led to the creation of significant regional institutions, most notably Asia-Pacific Economic Cooperation (APEC).

Pictured left: Ambassador F. Haydn Williams (1919-2016) dedicated his life to bridging divides through diplomacy, education, and understanding. He earned a doctorate from the Fletcher School of Law and Diplomacy, where he also served as a professor. A veteran of the Pacific Theater of World War II, his public service also included roles as lecturer at the National War College and Naval War College, as Deputy Assistant Secretary in the U.S. Department of Defense under Presidents Eisenhower and Kennedy, and as President Nixon's Personal Representative for the Micronesian Status Negotiations, with the rank of Ambassador. He became the president of The Asia Foundation in 1964, a position he held until 1989, serving for 25 years during a dynamic period of both challenges and growth for the organization. In 1994, President Clinton appointed Ambassador Williams to serve on the American Battle Monuments Commission, where he was named chairman of the National WWII Memorial Committee. For his leadership in the process of selecting the site, raising funds, and finalizing the design of the WWII Memorial, which was formally dedicated in 2004, he received a Distinguished Service Medal. In 2007, Ambassador Williams led the effort to establish the Friends of the National WWII Memorial, served as its first chairman, and remained actively engaged in its ongoing mission to honor and preserve the national memory of WWII.


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The Asia Foundation's emphasis on regional economic cooperation

Since its founding in 1954, The Asia Foundation has promoted regional economic cooperation—and more specifically the reduction of barriers to regional trade and investment—as one of its key priorities. This goal has been pursued in line with a core Foundation tenet that the most effective way to provide support and assistance in the Asia-Pacific region is to facilitate Asians cooperating with other Asians and learning from one another. Consequently, the vast majority of the Foundation's funding over the decades has been extended to Asian institutions, organizations and individuals at the national and subnational levels.

Beginning in the mid-1960s into the 1970s and beyond, the Foundation's country offices extended grants to help build the capacity of official and academic economic policy research and planning centers. This support included the provision of advisors for economic planning and tax policy in Taiwan, for employment generation policies in Malaysia, for policy research in Thailand, Laos and Singapore, for advanced study by economists from the Philippines and Korea, for the initiation of an Economic Planning Information Center in Indonesia, support for enhancing the capacity of the Singapore Public Service Commission and much more.

All of this assistance was aimed at building the national-level economic policy and planning infrastructure that would be essential if countries in the region were to be capable of subsequently coming together to create new means and ways of regional economic cooperation.

A number of countries in the Asia-Pacific region in the 1950s and early 1960s had adopted import substitution industrialization policies in an effort to reduce reliance on world trade. However, by the mid-1960s, it was becoming obvious to acute observers that this import substitution approach was failing. The failures were especially evident in declining agriculture production and growing unemployment problems in the region.

One expert who perceived this problem clearly was the Foundation's Regional Advisor on Economic Cooperation, Arthur Paul.[1] Paul served the Foundation in this capacity from the early 1960s almost until his death in 1976. In 1966, he wrote a seminal Asia Foundation Occasional Paper entitled *Regionalism in Asia: A New Thrust for Development* in which he noted the shortcomings of import substitution policies and described what he observed to

1 During WWII Arthur Paul served in several capacities: Chief, Office of Imports, Board of Economic Welfare; Deputy Executive Director, Bureau of Areas, Foreign Economic Administration and Director of International Trade operations. From 1947 to 1959 he was President of the Overseas Corporation. In the private sector he was the President of Carbon Heater Corporation and Indevco before retiring from business in the mid-1960's to serve as The Asia Foundation's Regional Economic Advisor.

be a consequent growing awareness of the need to find regional solutions to national economic problems.

Mr. Paul was of the view that the lesser developed countries (LDCs) of the region, mainly in Southeast Asia, were not capable of being economically self-sufficient and that the more rapidly developing regional economies of that time (Japan and soon thereafter Korea, Taiwan, Hong Kong and Singapore) had a need for more and larger markets in the region. Consequently, he recommended that The Asia Foundation do what it could to help expand regional trade while building liberal economic policy capabilities in the LDCs.

The Foundation adopted this set of recommendations, beginning with the provision of American (Hugh Patrick in 1967) and Korean (1970) international trade advisors to the then-named Economic Commission for Asia and the Far East (ECAFE, now titled Economic and Social Commission for Asia and the Pacific—ESCAP).

The Asia Foundation's Japan office and the birth of the regional economic cooperation movement

The Foundation's effort to encourage more open and liberal regional trading arrangements was a natural complement to Japan's then-recently initiated export promotion industrial policies. The Foundation's approach also meshed well with the Japanese "flying geese" economic growth theory of comparative advantage whereby the value-added gains of the lead "goose" would flow down to the following "geese" who would in time move up the production value chain. The success of this approach soon become apparent when the "geese" following Japan were subsequently renamed the four "tigers" (Korea, Taiwan, Hong Kong and Singapore) due to their speedy and robust economic growth.

Given these shared views and Japan's predominant role as the region's largest and most dynamic economy in the early to mid-1960s, Arthur Paul worked closely with

Dr. Gaston Sigur, the Foundation's Japan Country Representative then based in Tokyo, to support a number of Japanese initiatives exploring new forms of regional economic cooperation. As early as 1962, Dr. Saburu Okita—who would later become the Japanese Foreign Minister—had proposed an Organization of Asian Economic Cooperation while on the staff of ECAFE. The proposal was considered premature at that time – not yet feasible due to insufficient political endorsement – and was not taken up by ECAFE.

However, Dr. Okita and other Japanese economists, most notably Professor Kiyoshi Kojima of Hitotsubashi University, continued to research and advocate for new regional economic cooperation mechanisms. Their motivation to promote such cooperation was based on their concern that the recently established European Economic Community would lead to the exclusion of trade from Asia and their genuine desire to encourage growth in the Asian LDCs—a view believed to be necessary for Japan's own economic health.

In 1964 Professor Kojima further articulated the concept of a Pacific Free Trade Area (PAFTA) at a conference on economic cooperation for trade and development at the East West Center. Thereafter both Professor Kojima and Dr. Okita, now Executive Director of the Japan Economic Research Center (JERC), received ongoing financial support and encouragement from the Foundation's Japan office to explore and develop this proposal.

Mr. Paul and Dr. Sigur developed a close working relation with Professor Kojima and Dr. Okita, and—from 1964 to 1968— the Foundation in Japan provided four research and travel grants to Professor Kojima to develop his regional economic cooperation concept. In December 1965, the financial support was extended to Dr. Okita's JERC for a regional conference on measures for trade expansion in the developing countries of Asia. This was followed in September 1966 by a grant to the JERC for a multi-country conference on regional economic growth, and the Foundation in Japan made another grant to JERC in June 1967 for an international conference on "The World in 2000." At that conference the notion of more structured economic cooperation was featured as a topic of discussion.

The Emergence of the Pacific Forum for Trade and Development (PAFTAD)

A great deal of Foundation-supported groundwork had been completed by Professor Kojima and Dr. Okita when JERC hosted the first Pacific Forum for Trade and Development Conference (PAFTAD) in January 1968. The idea for that conference was originated by Professor Kojima and Dr. Okita at the request of the then-Japan Foreign Minister, Takeo Miki.

With the support of the Japanese Foreign Ministry, Professor Kojima engaged in a round of consultations with other countries to organize this first event in which only economists from Japan, Australia, New Zealand, Canada and the United States participated. Professor Hugh Patrick, then at Yale University, and Professor Peter Drysdale of Australia National University (ANU) helped Professor Kojima plan the conference at his request.

While the Japanese Foreign Ministry provided the bulk of the funding for this conference, the Foundation in Japan also gave a grant of $10,000 in support of the conference. Arthur Paul attended this conference in his capacity as the Foundation's Regional Advisor on Economic Cooperation. The event was intended to be a one-time conference to discuss the feasibility of a Pacific Free Trade Area (PAFTA). While that idea was rejected by the participants, all of the attendees recognized the need for ongoing consultation and communication.

Sir John Crawford of ANU particularly pressed for a series of conferences on regional trade and investment. He persuaded Arthur Paul to pledge The Asia Foundation's financial support for a second conference. Mr. Paul agreed to do so, but he argued strongly that it was essential for economists from the developing market economies of the region to also participate. Mr. Paul stressed the importance of considering development in a regional context, in keeping with the concept he articulated in his 1966 Occasional Paper, published by the Foundation. He was also concerned that those in the developing Asia-Pacific market economies might interpret the first conference as representing collusion by the five developed economies. Because of his significant inputs, Mr. Paul was invited to serve on the PAFTAD International Steering Committee when it was first organized at PAFTAD 3 in Sydney.

His proposal was agreed to and the second conference, now called the Pacific Forum for Trade and Development (PAFTAD), was convened at the East-West Center in Hawaii in 1969, with development issues newly added to the conference agenda. The Foundation provided critical financial support for this second conference and helped identify and support participation by economists from the less developed economies. In the words of one participant: "Without the assistance of The Asia Foundation, PAFTAD 2 might never have been held."[2]

2 The author is indebted to Professor Peter Drysdale of Australia National University and to Professor Hugh Patrick of Columbia University for generously sharing their recollections and views. For this paper the author has drawn heavily on articles about the regional economic cooperation movement written by Professors Drysdale and Patrick, and included in the references appendix.

The Asia Foundation-PAFTAD relationship and the evolution of regional economic cooperation

While the initial aim of the first two PAFTAD conferences was to examine the prospects for a regional free trade or trade liberalization scheme, all subsequent PAFTAD conferences have focused on specific issues, beginning with the issue of direct foreign investment in the Asia-Pacific region serving as the theme for PAFTAD 3, which was held in Sydney in 1970. While the Australian government provided the majority of funding for PAFTAD 3, the Foundation also made a $10,000 grant of support to the University of New South Wales.

PAFTAD's primary purpose always has been to enhance economic growth and development of the Asia-Pacific economies and to achieve more efficient and effective economic relations with one another and the rest of the world through economic analysis and policy considerations on trade and related economic issues.

As an unofficial entity, PAFTAD's core participants have been university or research institution-based policy-oriented economists, with occasional participation by intergovernmental and public agency representatives attending in a private capacity.

The PAFTAD leadership has been defined not only by their economic policy acumen but also by their influential voices in their respective national governments. Indeed, many PAFTAD participants have gone on to hold very senior and ministerial-level positions in their respective governments. Examples include Hadi Soesastro, one of Indonesia's foremost economists who among other positions held the role of economic advisor to Indonesian President Abdurrahman Wahid as a member of the president's National Economic Council in 2000; Narongchai Akrasanee, a renowned Thai development economist who served the Kingdom of Thailand as Minister of Energy as of 2014 and earlier as Minister of Commerce; and Han Sung-Joo, a prominent academic and diplomat who later served the Republic of Korea as Foreign Minister, as well as Ambassador to the United States.

The conference series has not sought to make policy proposals directly, but to delineate issues, present empirical evidence and make national and regional interests and perspectives explicit in order to better inform policymaking.[3]

3 See: Drysdale, P., Australia-Japan Research Centre, Australian National University, & Research School of Pacific Studies. (1984). The pacific trade and development conference: A brief history. *Pacific Economic Paper*, (112), Canberra: Research School of Pacific Studies, Australia National University.

It has been with that purpose and role in mind that The Asia Foundation continued to provide various forms of financial and operational support to the Pacific Forum for Trade and Development every year up to 2004 - a span of 36 years. From 1968 to 1984, the Foundation donated $120,000 to 14 PAFTAD conferences. That funding helped to cover participants' travel costs, conference administrative expenses, and publication of the conferences' papers. The Foundation also played a major organizational role for PAFTAD 9 held in San Francisco in 1977 and officially hosted by the San Francisco Federal Reserve Bank.

From 1984 through 1986, The Asia Foundation joined a consortium of funders that the PAFTAD organizers had brought together to stabilize conference funding for a three-year period and to establish a PAFTAD secretariat at Australia National University. The Foundation donated an additional $70,000 or so through that consortium, then decided to withdraw from the consortium in 1986 so that it could provide future aid to the PAFTAD conference series in a more targeted manner. This included support for Asian hosting institutions and individual travel grants to enable experts in the region to attend PAFTAD conferences in 1987, 1988, 1992, 1995, and 2002.

The economic growth and strength of the Asia-Pacific region has demonstrated that the initial concept of a regional free trade area was not needed. The original participants of PAFTAD were correct in rejecting the free trade area idea and opting instead to advocate for a global and open approach to trade policy. This approach was subsequently adopted by the Pacific Economic Cooperation Council (PECC) as "open regionalism."

As is now generally acknowledged, PAFTAD provided the intellectual foundation for the PECC, while the PECC in turn became the institutional and policy apparatus which made the later creation of Asia Pacific Economic Cooperation (APEC) as an intergovernmental organization possible.[4]

The increasing ability of PAFTAD hosting institutions and the PAFTAD secretariat to financially support more of the costs of later PAFTAD conferences allowed The Asia Foundation to shift its focus of assistance to the PECC itself – an organization which both the Foundation and PAFTAD had long advocated.

4 This is an observation originally made by the late Dr. Saburo Okita.

The Asia Foundation, the Pacific Economic Council, and the institutionalization of regional economic cooperation

Into the latter half of the 1970s, PAFTAD continued to generate research which confirmed that the rapid economic integration of the region was being driven by market forces. By that time, it was becoming clear that the entire Asia-Pacific region was becoming the world's most dynamic economic growth leader. Led first by the economies of Northeast Asia, the region was beginning to benefit from the rising Association of Southeast Asian Nations (ASEAN) economies. Founded in 1967, the ASEAN model had proven that countries in the region could organize themselves into a formal intergovernmental body for mutual benefit.

Accordingly, throughout the region there was a groundswell among experts and officials to assess the prospects for a more formal regional structure to promote enhanced economic cooperation. In 1976, Dr. Okita and Sir John Crawford formally recommended an Organization for Pacific Trade and Development (OPTAD) to their respective governments. Some of the ASEAN countries (i.e., Malaysia and to a lesser extent Indonesia) remained reserved on the idea, concerned that ASEAN as a grouping would lose its influence as a fulcrum in regional affairs if a larger regional entity were to supersede it. Nonetheless, the ASEAN Association of Institutes of International and Strategic Studies, which had been receiving substantial Asia Foundation support since its inception, began a series of conferences to examine the pros and cons.

The Asia Foundation continued to provide on-going support to PAFTAD during this period, as well as to the ASEAN Institutes of Strategic and International Studies to research and discuss the prospect for a more formal economic cooperation structure, among many other topics.

Officially, the United States was fairly passive about the OPTAD idea, respecting ASEAN sensitivities and still dealing with the negative outcome of the Vietnam war. However, a growing number of academic and political figures began to show interest in the idea. Richard Sneider, former U.S. Ambassador to Korea, organized an informal network of experts in support of this initiative which included the then-President of The Asia Foundation, Dr. Haydn Williams. The Council on Foreign Relations hosted a monthly series of seminars to explore the concept with relevant experts—such as Professor Hugh Patrick, formerly Professor of Economics and Director of the Economic Growth Center, Yale University and Professor Emeritus of International Business, Columbia University; Professor Peter Drysdale, Professor Emeritus of Economics, Crawford School of Economics and Government, Australia National University and Head of the East Asia Bureau of Economic Research; and Lawrence Krause, Professor Emeritus of Economics, School of Global Policy and Strategy, University of California, San Diego and former Senior Fellow at the Brookings Institution —serving as presenters and advocates. The Senate Committee on Foreign Relations commissioned a report on the OPTAD proposal by Professors Drysdale and Patrick while the House Committee on International Relations convened a series of hearings on the initiative in 1979.

With Japanese and Australian leadership, the formal inauguration of the new regional economic cooperation initiative took place in Canberra in the fall of 1980. Dr. Saburo Okita and Sir John Crawford, both of whom were key figures in the PAFTAD undertaking and were influential in their respective governments, convinced Prime Ministers Ohira and Fraser that an initial gathering to further explore the concept was needed. The convening of this inaugural meeting was not at all a given, since a range of concerns such as ASEAN being over-shadowed, big power domination, relationship with the region's non-market economies, and potential damage to the General Agreement on Tariffs and Trade (GATT)-based multilateral trading system

all had to be addressed and concerns allayed. Entitled the Pacific Community Seminar, it included representatives from academia, business and government, all serving in their personal and private capacities. This tripartite structure was to become the permanent format for participation in what was first called the Pacific Economic Cooperation Conference, later renamed as the Pacific Economic Cooperation Council (PECC).

A key recommendation emerging from this initial meeting was to form an unofficial, private and informal entity that would function with the consent and endorsement of the region's governments. These endorsements proved difficult to obtain until Thanat Koman, the Thai Foreign Minister, offered to host a second PECC event in Bangkok under the auspices of the newly formed Thailand National Committee for Pacific Economic Cooperation. Importantly, that meeting helped to sustain the regional cooperation momentum. A Standing Committee was established and an initial set of four task forces set up to examine specific issues related to regional trade.

The third PECC conference, held in Bali in 1984, was the first to receive financial support from The Asia Foundation. The participation of 13 Asian specialists was made possible by a grant from the Foundation. That Bali meeting was critical because it helped to raise ASEAN participants' comfort level with PECC. It also laid out operational principles and guidelines, including the formation of member national committees.

This network of member committees and the institutes providing them with secretariat services (including The Asia Foundation for the U.S. PECC) underpinned the advancement of the PECC regional cooperation process.

In the previous year (1983) The Asia Foundation gave a grant in support of a Pacific Economic Cooperation seminar convened by the informal Pan-Pacific Community Association and the Former Members of Congress Association at the University of South Carolina. This seminar was another effort by the Foundation to encourage U.S. interest in this topic. The Pan-Pacific Community Association had been established by American regional economic cooperation advocates. Its objective was to lay the groundwork for a U.S. national committee to join the PECC.

Establishing the U.S. National Committee

During 1983, the Foundation's president, Dr. Haydn Williams, had been meeting with State Department officials to endorse and advocate the creation of a U.S. National Committee for Pacific Economic Cooperation that would allow the U.S. to fully participate in the new PECC. By a happy coincidence, the Assistant Secretary of State for Asia-Pacific Affairs at that time was none other than Dr. Gaston Sigur, who as the Foundation's Country Representative in Japan had supported Dr. Okita and the Japan Economic Research Center to develop a regional cooperation model in the late 1960's. Dr. Sigur was a firm supporter of this initiative, as was his predecessor in the Carter Administration, Richard Holbrooke, who represented the U.S. government at the first Pacific Community Seminar in Australia in 1980.

As a result, the U.S. National Committee was formally established with The Asia Foundation making an initial three-year commitment to provide the financial support needed for administrative and operational expenses, as well as housing a West Coast office with Asia Foundation staff assigned to support the committee. This was quite precedent-setting in two ways: (a) because of the Foundation's previous policy to direct its support mainly to Asian recipients and (b) because of its prior role as exclusively a grant-maker whereas now, in the field of regional economic cooperation, it would help administer the U.S. National Committee. The fact that The Asia Foundation did make this shift is indicative of the importance leadership placed on U.S. engagement as an active participant in the PECC process.

Thus in September 1984, the U.S. National Committee was formally launched with a White House Rose Garden ceremony. President Reagan presided with Vice President George Bush and Secretary of State George Shultz in attendance along with all of the invited members of the U.S. National Committee, including the Foundation's president, Dr. Williams, who served as one of the four Vice Chairpersons.

The U.S. Committee's establishment, with the strong backing of the U.S. government, generated heightened interest in and support for the PECC process from other regional governments. A strong U.S. delegation was able to attend PECC IV in Seoul in 1985 with Foundation support, signaling the American commitment to this effort. Additional Foundation assistance was also given directly to the Korean organizers in preparation for that conference.[5]

5 The author thanks Mark Borthwick, former Executive Director of the U.S. National Committee for Pacific Economic Cooperation and later Director of the U.S -Asia Pacific Council at the East West Center for providing much of this information regarding the creation of the U.S national PEC Committee.

From that beginning through 2001, The Asia Foundation provided support both for the operations of the U.S. National Committee and for a number of specific PECC initiatives. During this period The Asia Foundation cooperated with a number of Asian national PECC committees. The Foundation also gave assistance to the External Affairs Ministry of Mongolia in 1999 for a series of seminars and training projects that enabled Mongolia to apply to the PECC in 2000. Mongolia's membership was approved in that same year.

The most notable of the PECC initiatives in which the Foundation was deeply involved were: (a) PECC's Trade Policy Forum, (b) the PECC Agricultural Trade Policy Task Force, (c) PECC IX held in San Francisco and (d) the Pacific Economic Outlook. The Asia Foundation's Senior Advisor for Asia-Pacific Economic Affairs, Dr. Earl F. Cheit, Professor and Dean of the Haas School of Business, University of California Berkeley, was a key and influential figure in these undertakings. Starting in 1987, he chaired the U.S. National Committee's subcommittee on the U.S. agenda for the PECC. Under his leadership the U.S. committee early on adopted the open regionalism idea and the principle that economic growth in the region was successful because it was based on market principles. That was a critical point given that the region's formerly planned economies (and subsequent PECC members) were starting to grow and make market-oriented policy reforms.

The PECC Trade Policy Forum was perhaps PECC's most helpful means of encouraging the Asia-Pacific region to agree upon a Pacific GATT-compatible agenda. The Uruguay GATT Round had stalled in the late 1980's and a general deterioration of the global trading environment had set in. The Trade Policy Forum was the PECC's attempt to build political will for a new round of Multilateral Trade Negotiations. The Korean Development Institute was the Coordinator of the Trade Policy Task Force, but The Asia Foundation worked closely with it. The Foundation hosted meetings of the PECC Trade Policy Forum at its San Francisco headquarters, underwrote the participation of distinguished American economists in that Forum and supported Trade Policy Forum-related activities in a number of Asian countries.

One consequence of the deteriorating global trade environment was an increase in agricultural sector protectionism in the region. Along with the Trade Policy Forum, PECC attempted to counter this trend in the agriculture sector by forming an Agriculture Trade Policy Task Force in 1987 to research issues and provide practical recommendations for the liberalization of agriculture trade policy in support of the ongoing GATT Uruguay Round. The Asia Foundation served as the core sponsor for this task force, supporting research and the convening of task force meetings, including hosting a major task force meeting in San Francisco in 1988.

PECC IX was held in San Francisco in 1992 and hosted by the U.S. National Committee for Pacific Economic Cooperation (USNCPEC) with the intense engagement of The Asia

Foundation. This meeting took place in the context of the recently adopted ASEAN Free Trade Area resolution, the conclusion of the North American Free Trade Agreement (NAFTA) negotiations, and the continued stalemate at the GATT Uruguay round. Within the PECC, the debate was whether further regional economic integration would inhibit or encourage a multilateral trading system.

PECC IX became a defining event for regional cooperation in Asia. It was at PECC IX that the concept of Open Regionalism was most clearly articulated in detail and approved by all PECC member committees. The premise of Open Regionalism was that multilateralism was the main reason for the Asia-Pacific region's economic dynamism. The PECC's commitment to Open Regionalism was embodied in the "San Francisco Declaration: Open Regionalism—A Pacific Model for Global Economic Cooperation." This declaration was endorsed by all member committees.[6]

In the run-up to PECC IX, The Asia Foundation had sponsored a series of seminars to shape the open regionalism concept for the PECC, with presentations made by such distinguished experts as Dr. Lawrence Krause, Pacific Economic Cooperation Professor at University of California, San Diego and William Miller, former Stanford University Provost and CEO of the Stanford Research Institute on conditions for an open region. Dr. Albert Fishlow, Economics Professor at University of California, Berkeley and Professor Tsueno Akaha, a political economy specialist from Waseda University, presented on how the global context had changed. The Foundation also created a West Coast Caucus of the USNCPEC to strengthen U.S. advocacy for an open and liberal trading regime. Chaired by Professor Cheit, the Caucus membership included Foundation President Haydn Williams, as well as the former Secretary of State, George Shultz. Together these activities helped to reinforce the PECC as a voice for the removal of barriers to trade and investment and fostering growth through market forces.

In 1986, China had joined the PECC, along with Chinese Taipei, making the PECC the first international nongovernmental organization to have both economies as members. In 1991, China joined APEC, still an informal ministerial organization at that time. In 1995, China hosted PECC XI, the main theme of which was China's economic reform and internationalization. In the mid-1990s, the Foundation also provided aid to the APEC Policy Research Center of the Chinese Academy of Social Sciences for a series of studies on trade liberalization, building on a decade of prior work by the Foundation's Beijing office—including faculty support, research, university course development, and trade policy workshops—to actively contribute to building China's market-based economic policy capacity. China served as host for the APEC summit in Shanghai in 2001 and that same year was admitted to the World Trade Organization (WTO), which represented a significant milestone for trade and investment liberalization.

6 See Appendix Two for the full declaration.

The Pacific Economic Outlook

Among the many publications and products resulting from the PECC's policy research agenda, The Pacific Economic Outlook (PEO) – a two-year forecast of the most significant economic trends in the region – certainly became a signature project of the PECC. The PEO became highly valued for the continuing accuracy of its forecasts based on rigorous quantitative analysis. The first PEO was approved at PECC V in Vancouver and coordinated by the Japan National Committee. Thereafter, responsibility for the PEO's preparation and release shifted to the U.S. National Committee. As part of its ongoing support to the USNCPEC, The Asia Foundation assumed the management of this project in collaboration with the USNCPEC, in addition to providing ongoing financing for the operations of the U.S. Committee.

Professor Cheit, the Foundation's Senior Advisor for Asia-Pacific Economic Affairs, was able to mobilize a team of extremely well qualified economists to prepare the forecast. He enlisted Professor Lawrence Krause of the University of California San Diego to serve as the overall PEO Coordinator, and Professor Saul Hymans of the University of Michigan to be the Principal Forecaster. Professor Krause and Hyman worked closely with other economists throughout the region in the preparation and production of the PEO. The Foundation began financing the PEO in 1988 and continued to do so until 2001. The PEO became the main contributor to the PECC's annual "State of The Region" which was initiated in 2006 until 2009 when the forecasting aspect ceased. As of 2006, the Canada Asia Pacific Foundation is responsible for the management of the PECC State of the Region report.

The Foundation's assistance subsidized the participation of the PEO economist team, semi-annual meetings of the forecasting team, and the production, release, and distribution of the Pacific Economic Outlook. In the early 2000s, the Foundation decided to phase out its support for the PEO, due to the recently established Asia Pacific Economic Cooperation mechanism (APEC) initiating their own highly detailed economic forecasts.

In the wake of APEC's creation, the Foundation began to phase out its support for the PECC. This initially informal intergovernmental series of senior official and ministerial level dialogues began in 1989 and culminated in APEC's more formal establishment, with the first summit hosted by the U.S. in 1993. These summits, formally entitled the "Economic Leaders Meeting," have been held annually since 1993.

The Asia Foundation and Asia Pacific Economic Cooperation (APEC): the early years

The Asia Foundation continued to provide various forms of support to both PAFTAD and PECC in the years while the APEC process was unfolding and after APEC's formalization. However, the Foundation, PAFTAD and PECC alike all viewed the appearance of APEC as a goal that had been reached and a vision that had been realized after decades of discussion and advocacy by all three organizations. APEC was the fulfillment of the Foundation, PAFTAD and PECC's joint aim to establish an official means to put policy recommendations into effect and the most highly relevant consumer possible for its empirical and analytical findings. The PECC remains the only nongovernmental body to have official observer status in APEC.[7] Consequently, The Asia Foundation redirected the majority of its support for regional economic cooperation to APEC itself, in the process identifying areas where the Foundation's funds could make the most significant and practical contributions to bolster APEC.

7 See Drysdale and Patrick articles in References for a more detailed and nuanced set of views of the PAFTAD and PECC relationships and attitudes toward APEC.

One means by which the Foundation has done this is by providing occasional funding to PECC to make salient inputs into the APEC process. For example, the Foundation supported the PECC Trade Policy Forum in 1997 to review and evaluate individual and collective APEC action plans and provide recommendations to the APEC Business Advisory Council on the pace of trade and investment liberalization. In the wake of the 1998 financial crisis, the Foundation supported the Philippines national PEC committee for a series of consultations on banking and finance standards, the results of which were presented as recommendations to the 1998 APEC summit.

The Foundation's contributions to APEC began in 1993, the first year the APEC summit was held. To engage American experts and stimulate U.S. involvement, the Foundation hosted a seminar in San Francisco entitled "Taking stock of the APEC agenda." In the same year, the Foundation's Jakarta office supported the Indonesia Economic Association and the University of Indonesia to host an international conference entitled "Which Way APEC." These early efforts continued with the Foundation in 1994 preparing and publishing a study, "Pacific Economic Dynamism." That study addressed the climate for trade in the APEC economies and the APEC non-binding investment principles.

In 1995 and 1996 the Foundation's Manila office worked closely with a number of Filipino partners including the University of Asia and the Pacific, the Philippines Center for Research and Communication and the Foreign Affairs Department to prepare a strategy for the Philippines hosting APEC in 1996 and to analyze the country's commitments on specific APEC initiatives.

From 2000 to 2005, The Asia Foundation cooperated with Chinese Taipei partners to produce an annual series of recommended APEC Best Practices covering entrepreneurship and start-ups, corporate governance, venture capital, sustainable regional committees and women's entrepreneurship.

In 2000, The Asia Foundation worked with and supported the Australian Foundation for Development Cooperation to design and convene a series of programs on Economic and Technical Cooperation within APEC (ECOTECH) in cooperation with the government of Brunei which was the APEC Chair in that year.

The Asia Foundation and APEC: the present and future

From the 2010s onward, the Foundation-APEC partnership increasingly focused on two critical issues: (a) women's economic empowerment within the APEC region; and (b) the role of new technologies in spurring economic growth, especially in the informal and small business sector. Both have been Foundation program priorities since the early 1990s, with the Foundation actively seeking to deploy its resources and expertise in each field to generate synergies between both.

Women's Economic Empowerment within the APEC Region

APEC convened its first Women and the Economy Forum in San Francisco in September 2011. At that inaugural meeting, the participants adopted the San Francisco Declaration on Women's Economic Empowerment which has provided the framework for ongoing APEC efforts to grow and enhance the role of women in the APEC economies.[8] The Foundation played a vital role in this initial meeting, serving as a member of the host committee. Both the Foundation's CEO, David Arnold, and its Chief Economist, Véronique Salze-Lozac'h, gave presentations at the Forum.

Carol Yost, the founding director of the Foundation's women's empowerment programming, participated in the Second Women and the Economy Forum in St. Petersburg, Russia in 2012. In the same year, the Foundation in partnership with APEC launched a study to investigate and recommend ways to remove barriers to growth and access to trade for women-led small and medium enterprises (SMEs) in Malaysia, Thailand, Indonesia and the Philippines. The study, consisting of both quantitative analysis and case studies, resulted in two reports released and discussed at a special session of the Third APEC Women and the Economy Forum held in Bali, Indonesia in September 2013.[9] The following month the Foundation's CEO, David Arnold, participated in the APEC CEO Summit where he focused on inclusive and sustainable development issues and the role of women in the APEC economies' growth trajectory.

In 2014, APEC's Policy Partnership on Women and the Economy (PPWE) launched an initiative focused on expanding opportunities for women's participation in regional trade and economic growth in all 21 of APEC's economies. The Women's Entrepreneurship in APEC (WE-APEC) initiative sought to lay the groundwork for enhanced understanding and expansion of a "shared ecosystem" of support for woman-owned enterprises across all APEC countries.[10] WE-APEC's first undertaking was

8 The full text of this declaration is found in Appendix Three.

9 The Asia Foundation and Asia Pacific Economic Cooperation (APEC). (2013). *Access to trade and growth of women's SMEs in APEC developing economies: Evaluating business environments in Malaysia, Philippines, Tha*iland. San Francisco: The Asia Foundation. Retrieved from https://www.apec.org/Publications/2013/02/Access-to-Trade-and-Growth-of-Womens-SMEs-in-APEC-Developing-Economies. And The Asia Foundation and Asia Pacific Economic Cooperation (APEC). (2013). Access to trade and growth of women's SMEs in APEC developing economies: Evaluating the business environment in Indonesia. San Francisco: The Asia Foundation. Retrieved from https://asiafoundation.org/resources/pdfs/EvaluatingtheBusinessEnvironmentinIndonesia.pdf

10 *Quoted in* Nathan Associates Inc. (2016). *Women's entrepreneurship in APEC (WE*-APEC) initiative. Arlington: Nathan Associates Inc. Retrieved from https://www.nathaninc.com/wp-content/uploads/2016/03/Womens-Entrepreneurship-in-APEC-WE-APEC-Initiative.pdf

an extensive study examining the landscape for women entrepreneurs in the APEC region and identifying systematic, cultural, and legal barriers through a comprehensive review of business networks, private sector initiatives, and government services supporting women's entrepreneurship in APEC's 21 economies. The Asia Foundation's Women's Empowerment Program staff co-led this research on women's entrepreneurship, looking specifically at women's access to capital and assets; access to markets; skills, capacity-building and health; leadership, voice, and agency; and innovation and technology. This study, released in early 2016, contributed to the launch of an APEC-wide regional women's entrepreneurship network.[11]

The Asia Foundation continues to be actively engaged with APEC in the latter's Women and the Economy Forum (WEF). In October 2019 the Foundation, in partnership with the APEC host economy, Chile, sponsored two panels at the Forum in La Serena. The Foundation's Assistant Director for Women's Empowerment and Gender Equality, Elizabeth Silva, chaired the first panel on Women's Entrepreneurship in the Digital Age, while the Foundation's Country Representative for Malaysia, Herizal Hazri, moderated a panel entitled "Imperatives to Breaking Down Barriers to Women's Leadership in Tech."[12] In addition, the Foundation also sponsored the participation in the WEF high-level dialogue of Ms. Anusuya Krishnan, Executive Committee Member of the National Association of Women Entrepreneurs of Malaysia.

APEC's Digital Economy

In 2016, the Foundation's Senior Director for Technology Programs, John Karr, began discussions with then-Executive Director of the APEC Secretariat, Alan Bollard, and APEC's Director of Communications and Public Affairs, Michael Chapnick, to support dialogue activities within APEC to help raise awareness around the role of technology as a driver of inclusive growth. The U.S. technology company, Google, also joined these discussions, along with representatives from Vietnam's Ministry of Industry and Trade (MOIT). Several ideas were discussed, including Foundation participation in APEC digital economy events and support for dialogue with regional software developers as a way to engage APEC leaders and the public. This dialogue component would evolve into the APEC App Challenge and Digital Prosperity Award. The inaugural APEC App Challenge took place

11 See The Asia Foundation. (2016). WEP year in review. San Francisco: The Asia Foundation. Retrieved from https://asiafoundation.org/wp-content/uploads/2016/05/A-Year-in-Review-wep.pdf

12 See The Asia Foundation. (2019, October 4). The Asia Foundation and APEC Chile host panel discussion on women's entrepreneurship in the digital age. https://asiafoundation.org/2019/10/04/the-asia-foundation-and-apec-chile-host-discussion-on-womens-entrepreneurship/.

during Vietnam's 2017 host year, on the sidelines of APEC's senior-level Ministers Responsible for Trade (MRT) Meeting. With the Foundation organizing the activity and Google funding it, the App Challenge brought together teams of APEC software developers and designers to produce mobile applications with the potential to support the annual goals of the Host Economy.

During the Vietnam year, the focus of the challenge centered around how Internet-enabled mobile tools could be used by small businesses and the informal business sector to sell their products to a wider audience. The App Challenge concluded with a series of business plan pitches to APEC senior officials, a reception with participating developers, and an awards ceremony during the MRT Senior Officials Meeting. The Foundation's Hanoi office – and deputy country representative Filip Graovac in particular – was instrumental in managing the relationship with Vietnam's MOIT. It was during this time that the first Digital Prosperity Award was given to an App Challenge winner.
Over the years, the App Challenge and the related APEC Digital Prosperity Award have become official APEC-hosted annual events which take place during the MRT and APEC Leaders' Week. The Foundation Technology Program staff supported the APEC Host Economies of Vietnam, Papua New Guinea (PNG), Chile, Malaysia, and New Zealand in their successive APEC host years by organizing the App Challenge and Digital Prosperity Award, as well as by participating in a number of digital economy dialogue activities organized by APEC. This included participating in expert panels and workshops on the digital economy, as well as high-level dialogues focused on tourism and technology, women's digital entrepreneurship, communications, and SME digitization.

In 2018, in addition to the work noted above, the Foundation's Technology Program managed a multi-year, US$500k cybersecurity training effort as part of its package of support for Papua New Guinea's APEC host year in APEC. Foundation technology staff, Ben Lokshin and Gobie Rajalingam, also worked in 2018 with women entrepreneurs in Papua New Guinea's informal sector to support a multi-phased APEC demonstration project on the digital economy

and the informal sector which was featured during APEC's Economic Leaders' Week and linked to that year's App Challenge.

By 2019, Foundation support for APEC's digital economy efforts had become a regular feature on the APEC agenda with the third App Challenge – again sponsored by the Foundation, APEC and Google – successfully held alongside the APEC MRT meeting held in Vina del Mar, Chile in May 2019. That Challenge focused on development of web and mobile apps to help women entrepreneurs promote their businesses. At the same time, Foundation staff helped organize a digital economy panel for APEC Chile's Women and the Economy Forum and gave a number of presentations on digital economy topics to the Chilean business community and to local community groups.

Due to the emergence of the novel coronavirus, COVID-19, the 2020 App Challenge was converted into a fully virtual event and concluded in November 2020 with a focus on addressing the impact of COVID-19 on the tourism industry. Participating teams created apps to help small businesses active in the tourism sector adapt to the varied impacts of COVID-19 on the travel industry.[13] During the 2021 host year of New Zealand, the Foundation is again supporting the APEC App Challenge, in its fifth iteration.

Having hosted software developers and digital entrepreneurs at APEC events for five years running, the Technology Program has – with input from the new APEC Secretariat Executive Director, Dr. Rebecca Santa Maria – developed an alumni network of former participants which boasts over 100 members from 17 APEC economies. The Foundation is now exploring ways to draw on this alumni network as a resource for APEC policymakers on digital economy topics.

The Future of Work in APEC Economies

One of the key areas of mutual interest for the Foundation and APEC is the role of the digital economy in promoting economic inclusion and shaping the future of work. In January 2019, the Foundation's Technology Unit hosted Dr. Sta Maria during a multi-day visit to San Francisco in order to deepen linkages between APEC and the Silicon Valley technology community. The Foundation arranged introductory meetings and discussions between Dr. Sta Maria and LinkedIn, the World Economic Forum's Center for the Fourth Industrial Revolution, and the Bay Area Council (headed by Sean Randolph, who was

13 See APEC App Challenge 2020. (n.d.). Devpost, Inc. Retrieved May 14, 2021, from https://apec2020.devpost.com/

one of the architects of the U.S. Committee for PECC during his time at the State Department).

Looking beyond 2020, the Foundation's Technology Unit is working with APEC's Policy Support Unit (PSU) to develop digital economy policy briefs on structural reform issues that touch on the Fourth Industrial Revolution and support for MSMEs, and with APEC's Digital Economy Steering Group to conduct research into policy reforms to promote a more diverse and innovative digital economy. With the onset of the global pandemic, the Foundation's Technology staff collaborated with APEC's PSU to produce three policy briefs examining 1) the impact of COVID-19 on the Future of Work in APEC economies, 2) the digitization of MSMEs in light of the COVID-19 pandemic, and 3) Women, COVID-19, and the Future of Work. Released throughout 2020, these briefs were circulated to key APEC fora including the APEC SME Working Group, the Human Resources Development Working Group, and the Policy Partnership on Women and the Economy.

In late 2020, the Foundation's Technology Program team worked with the APEC Secretariat to develop a perception survey, in collaboration with the American public relations firm Edelman, to examine public opinion across the region on the approaches to multilateralism and pandemic response. Fieldwork was conducted in December 2020 across 21 markets in the APEC region, interviewing over 7600 respondents. The goal of the survey was to provide data to help APEC policymakers formulate and communicate a post-2020 agenda that envisions going beyond an exclusive focus on trade and towards a more inclusive growth-oriented position. The findings were shared with APEC officials, experts, and policy makers during the first APEC Senior Officials Meeting in March 2021.

A public survey report will be published in 2021, with data demonstrating broad support for multilateral economic cooperation, a new focus by APEC on promoting growth in the digital economy, and the role of the multi-lateral organization as a driver of inclusive growth. The survey findings provided insights on public opinion regarding key challenges and opportunities facing APEC member states post-pandemic, including poverty and wealth inequality, social inclusion, the climate crisis, and public health.

In 2021, the Technology Program has also worked with the Secretariat to support a Digital Economy Policy Fellowship Program with the APEC PSU. Other Foundation support includes a grant to expand on Future of Work research, which will in part inform APEC's larger annual APEC Economic Policy Report in 2021, which has been awarded to the Policy Support Unit, and discussions with the New Zealand Host Economy are underway for potential 2021 action. The future of work and the implications of the Fourth Industrial Revolution for the Asia-Pacific region will continue to be a key area of focus and research for the Foundation going forward.[14]

14 See The Asia Foundation. (2020). The future of work across ASEAN: Policy prerequisites for the fourth industrial revolution. San Francisco: The Asia Foundation. https://asiafoundation.org/wp-content/uploads/2020/02/The-Future-of-Work-Across-ASEAN_full.pdf

Conclusion

For more than half a century, The Asia Foundation has been a constant supporter of and advocate for efforts to promote liberal, market-based regional economic cooperation and the benefits that cooperation brings to the economies of the Asia-Pacific region. That support has taken many different forms and approaches, but the goal remained the same.

The evolution of Asia-Pacific regional cooperation institutions has been a success story that starts with the PAFTAD chapters and moves through PECC to APEC. At every phase of this evolution, The Asia Foundation has provided what it considered to be the most useful means of assistance with the resources it had available.

Through its network of country offices, the Foundation has contributed to the building of a much-needed economic national-level economic policy infrastructure. With its encouragement and support to PAFTAD, PECC, and APEC the Foundation has sought to help construct and maintain a mutually beneficial regional superstructure. The record shows that The Asia Foundation was not just present at the creation of the Asia-Pacific regional cooperation movement. The Foundation was one of the midwives and one of the movement's steadiest advocates, especially in the U.S.

Progress in building an Asia-Pacific economic cooperation regime has never been linear and the movement has had to confront a host of

obstacles and concerns. The establishment in 1995 of the World Trade Organization as the successor to the General Agreement of Tariffs and Trade (GATT) gave the regional economic cooperation movement a natural anchor and goal. The initiation in 2001 of the WTO's Doha Round – sometimes called the "Development Round" – had the ambitious aim of substantially lowering trade barriers to enhance the economic development of poorer nations and resolving difficult trade issues such as agricultural subsidies. This gave even greater momentum to the regional economic cooperation movement.

However, after 14 years of futile negotiations, the WTO served notice in 2016 that the talks had failed, and the Doha round was effectively dead. Similarly, after extensive negotiations, the Trans-Pacific Partnership Agreement (TPP) agreement —pursued between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and the United States—was signed in February 2016 under the Obama administration but did not survive the change of administration later that year. After the newly elected U.S. president Donald Trump withdrew U.S. participation in January 2017, the TPP agreement could not be ratified and did not enter into force. The remaining countries negotiated a new trade agreement called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership CPTPP), including most of the provisions of the original TPP, which took effect in December 2018.

Many countries in the Asia-Pacific region became so frustrated with the Doha stalemate that they negotiated their own bilateral and multilateral Preferential Trade Agreements (PTAs). The U.S., for example, has completed PTAs with Korea, Singapore, Australia and in 2019 with Japan. China has negotiated its own PTAs with ASEAN, Singapore, Pakistan, New Zealand and Australia. On November 15, 2020 the Regional Comprehensive Economic Partnership (RCEP) initiated by the 10-member ASEAN was formally agreed to by ASEAN and its five PTA partners (Australia, China, Japan, New Zealand and South Korea) after eight years of negotiations. The RCEP covers one-third of global GDP and is likely to further integrate China into the regional economy, especially through investment flows.

While both the WTO and APEC have encountered various obstacles in their establishment and evolution, the record shows that prior to the creation of the WTO in 1995, the average tariff rate was 35%. Since then, the average tariff has dropped to nine percent. Many recent PTAs have written into them much of the liberalizing language of the WTO. APEC has been able to make progress on several fronts: structural reforms and improved regulatory practices, faster customs procedures, reduction of a number of trade barriers, supply chain connectivity, nurturing small business and enhancing social equity through such practical means as its Digital Opportunity Centers. The inauguration of the CPTPP and RCEP together serve as a path forward to an enhanced and more integrated regional open trading regime, a goal which The Asia Foundation will continue to help its partners pursue.

Appendices

Appendix 1: References

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Appendix 2: 1992: PECC IX, San Francisco Declaration

Open Regionalism: A Pacific Model for Global Economic Cooperation

The undersigned member committees of the Pacific Economic Cooperation Council recognise that the economic dynamism of the Pacific region is due mainly to its increasing openness and that the Pacific experience in economic cooperation can contribute to a stronger, more open global economic system.

The Council has agreed, therefore, that its work in support of multilateralism will now be strengthened by a collective commitment to a dynamic vision of open regionalism, and declares that its future efforts will be directed towards supporting those public and private practices which help regional economies to:

- **become** increasingly open to flows of goods, investment, services, information and technology;
- **comply** with the disciplines, principles, and practices developed by the world community through the General Agreement on Tariffs and Trade;
- **benefit** from trade creation flowing from sub-regional arrangements that are consistent with GATT principles as a means of maintaining and promoting the overall benefits of the region's increasingly open character;
- **develop** commerce with economies outside the region that are committed to outward-oriented policies; and
- **promote** the further strengthening of openness in the region and in the global economic system.

The Council understands the desirability of working with others to achieve the goal of open regionalism. It wishes to expand its cooperative efforts with the intergovernmental Asia Pacific Economic Cooperation (APEC) and, through the example of these joint initiatives, actively to encourage other regions to adopt a similar vision of openness within and between emerging economies areas.

The Council recognises further that to maintain movement toward an open region it must consider, develop and promote new trade and other economic policy initiatives and actively review their effects.

The Pacific Economic Cooperation Council therefore declares that, working through its task forces and other organisational means, it will seek to:

- **encourage** increasing consistency in the region with GATT principles and, in particular, the all-important one of non-discrimination;

- **renew** support for the successful conclusion of the Uruguay Round and for movement toward progress in areas where GATT agreements—including in the Uruguay Round—are not yet fully comprehensive, such as tariff and nontariff barriers, other institutional impediments, remedies and dispute settlement;

- **extend** the scope for regional harmonisation and common standards that go beyond the Uruguay Round agenda in investment, competition, environment and transfer of technology, taking care to ensure that these extensions are compatible with the underlying GATT framework;

- **recognise** the importance to the region's growth potential of human resource development and sustainable use of natural resources; and

- **review** measures designed to avoid disputes in the region, and consider the creation of regional economic dispute settlement mechanisms if that is necessary to add to the effectiveness of GATT procedures.

With this Declaration, PECC adopts a vision of open regionalism whose benefits will be limited only by the support it is able to attract. Although the Declaration embodies technical policies with long-term effects, its intended benefits—development, sustainable growth, improvement in social well-being—*f*—can be readily understood. These benefits will assuredly grow under the economic relations envisioned here. It is with the favourable prospect for these benefits foremost in mind that Council members adopt this Declaration.

Signed in San Francisco, Friday, September 25, 1992, at the close of the Ninth General Meeting of the Pacific Economic Cooperation Council.

I. Why PECC IX Emphasises Open Regionalism

The Pacific Economic Cooperation Council meets in San Francisco at a time when the world's regional economic agreements are rapidly overshadowing its military alliances. About 55 regional trade or market arrangements have been submitted over the years to the General Agreement on Tariffs and Trade. GATT has no precise count of the number of these agreements now in operation. A recently published analysis concludes that the current number is at least 23. More are being contemplated and initiated. Although the causes, forms, and depth of these economic agreements vary, two generalisations about them are warranted: these regional arrangements affect all of the world's major trading areas; and their number and importance are growing.

For PECC, the process of regional economic integration occurring around the world, and its possible effects, are special interest. As a region the Pacific Basin has followed neither of the negotiated forms of economic integration—a free trade area or a customs union. Instead, in the Pacific region, the economic initiative of business has been predominant. As a result, an increasingly open and beneficial process of regional integration is now underway. This process is neither complete nor secure. It will require active support for Pacific economies fully to meet the following essential conditions that define an open region:

1. economies must increasingly remove barriers to trade, investment and technology flows;

2. GATT disciplines must be applied to trade and investment;

3. the region must provide commercial access to economies elsewhere and seek to ensure that these economies likewise provide commercial access on a nondiscriminatory basis;

4. liberalising sub-regional trading arrangements within the region must be accommodated; and

5. to maintain momentum, the region must actively promote policies that strengthen this dynamic process.

Of the world's major regions, the Pacific Basin is best situated to meet these conditions, and to become a building block for an open global economic system.

For this reason, the Council has chosen for its ninth general meeting, the theme Open Regionalism: A Pacific Model for Global Economic Cooperation. As background for the Council's Declaration on the conference theme, this statement briefly recounts how the unique Pacific region emerged, and it shows why a changing global economic context creates concern, opportunity, and the conditions for leadership to which the Declaration responds. Although this statement has been approved by the Council, it did not seek the specific agreement of each member on the exact wording of the statement.

II. Pacific Open Regionalism: Integration Through Market Mechanisms

When the PECC was formed in Canberra in 1980, the concept of an "open region" was an aspiration, one emphasised by its founders as essential to its success. The prospect that this open form of regional development could emerge in a permanent way was exhilarating. "For the first time in history," said Masayoshi Ohira, late Prime Ministry of Japan, "the vast and broad Pacific Basin region has come to meet the prerequisites for making possible the creation of a regional community." How could a new cooperation economic relationship overcome the challenge of external threats and the region's own differences and distances? "We can overcome these difficulties," he declared, "if we create ... an open regional cooperation befitting the age of the global community."

Although the aspiration of an open region was not fully elaborated, some aspects of its meaning in 1980 were clear Sir John Crawford, Chairman of the Canberra meeting, later observed that the concept implied mainly "what a Pacific community should not be: it should be non-military, non-political and non-exclusive—that is, it should embrace "open regionalism." And open regionalism was to be facilitated by the PECC, an organisation formed on a tripartite basis to facilitate a dialogue among the business sector, government officials and academia. PECC member economies would participate as equals, even though they differ in size and degree of development.

The participants in this process knew the direction in which they wanted to work, but guided by varying short-term objectives they followed no rigid model. A dozen years later, it can hardly be said that the process of creating an open region is complete, but aspiration is becoming economic reality. Economic activity and policy priorities are now approaching the conditions necessary for an open region. Trade and investment within the region have grown faster than they have with the rest of the world. The economies are outward looking international trade in goods and services is a growing

share of national product; foreign direct investment is increasingly accepted and permitted; information flows—and cooperation in science and technology—are facilitated and are increasingly shaping these economies; and they are increasingly linked by population movements—tourism, academic exchanges, and migration.

The fact that the region is increasingly open is generally seen as the reason for its dynamism, its flexibility, and its record-setting growth rates. These are the achievements of business leaders and their enterprises whose initiatives created the region, a process supported by government officials, analysed by academics, and elaborated by journalists. PECC provided a facilitating forum. Through its task forces PECC emphasised process, exploring approaches to economic cooperation and anticipating policy issues. These community building activities have brought the Council to a strong position to respond to the consequences of a changing global context.

III. The New Global Context

In 1992, the most visible and wide-discussed aspect of the new global context is the prolonged Uruguay Round of trade negotiations. Stretched beyond deadlines, it stands in sharp contrast to the successful conclusion of regional economic agreements being negotiated in many parts of the world. This difference is especially jarring because it conflicts with modern experience and a premise of the GATT. Article XXIV assumes that GATT-consistent regional economic arrangements serve a complementary function to the multilateral system.

Has this complementary relationship been reversed? In recent statements seeking support for the Round, Mr. Arthur Dunkel, Director-General of the GATT, asserts that it has not. In his view, regional and global agreements will succeed or fail together. Looking ahead, he predicts that "a strengthened multilateral trading system would help governments to anchor current regional integration developments and initiatives in a clear framework of global disciplines." These disciplines, he adds, " would make international economic cooperation more effective in coping with this issues on which the debate has just begun."

The Council emphatically agrees. And for that reason PECC has made support for the GATT and the expansion of its disciplines—including those that apply to regional arrangements—a high priority. In a strong, unified voice, the San Francisco Declaration repeats the Council's support of the Uruguay Round and pledges renewed efforts for its success.

But the Council also recognises that Mr Dunkel's prediction depends on an eventual Uruguay Round agreement that is perceived as further expanding the power of GATT disciplines over world trade and investment. Moreover, even if concern about the Uruguay Round is relieved by an eventual agreement, other changes in the global context cannot be ignored. In the post cold-war world, as the importance of military power is supplanted by economic power, the belief that trade and investment agreements are needed to protect and promote national interests grows, especially as newer issues emerge. As the GATT figures cited at the outset suggest, regional trading agreements are attractive. They are promoted in the hope of creating important opportunities, or in the belief that regional agreements may be necessary to promote trade and investment. Indeed, as agreements are negotiated they become a motive for other agreements, perhaps for reasons of leverage.

In this new global context, hedging strategies will tend to become more attractive. Clearly this is an important time to promote the region's increasingly open character. Thus, reasons of prudence alone would dictate that Council members make an active commitment in support of open regionalism.

But prudence is not the only, or even the most important reason. Two additional considerations summon Council members to adopt the Declaration. One is opportunity. In the region as a whole, exports are now growing at twice the rate of gross domestic product. The Pacific Economic Outlook for 1992-93 forecasts that this high rate of export growth will continue. So will the need for investment. Therefore, the region's need for access to the global market place will grow.

Finally, there is the important reason of leadership. The region's opportunity to lead is unique. Trade and investment liberalisation is not an event, it is a process. Following the Uruguay Round, a region committed to open status will be in an excellent position to engender support for the long-term effort an open global system requires. It can also attract the goodwill needed for the negotiations that will follow. And it can work effectively on agenda for regional harmonisation.
For PECC, the implications of these three reasons are clear. The Council's work has been guided by two main goals seen as best for long-term development, economic growth and improvement in social well-being to facilitate an open Pacific Region and to support an open multilateral global economic system. These goals have informed the wide range of activities of PECC task forces. The new global context has not changed the importance of these goals, but it is changing what must be done effectively to achieve them. If PECC's work to reach these goals is to continue to

be influential, it must be shaped by an expanded and more engaged vision of the Council's role, one that brings it to the next stage of open regionalism.

IV. The Next Stage Of Open Regionalism: Commitment To A Dynamic Model

In working to facilitate the joint initiative that is creating this region, the Pacific economic cooperation movement has advanced through three important stages. Now is the time to add a fourth.

First, in 1980 came the formation of PECC, guided by a vision of an open region; second, in the Vancouver Statement of 1986, PECC codified its conditions of membership and methods of work to facilitate economic cooperation and to strengthen the concept of an open region; third, most recently in 1989, the concept of an open region was further strengthen by the establishment of Asia Pacific Economic Cooperation, the first region-wide, government-to-government dialogue. In its Seoul Declaration in 1991, APEC endorsed as its own the aspiration of an open region. Linked by common goals, PECC's task forces and APEC's working groups are entering into productive relationships with great potential for synergy.

Now, a fourth strategic stage in this process has become necessary. Facilitating an open region now requires commitment to coherent measures to maintain it and to further its objectives. It also requires, on a continuing basis, that the Council focus its general meetings on the results of its policy initiatives toward the principles of an open region. These active measures can also enable the Pacific Basin to strengthen its complementary relationship with the multilateral economic system. PECC is in a unique position to undertake such work and to propose parallel initiatives APEC might wish to consider. Launching this fourth stage is the purpose of the San Francisco Declaration and this supporting statement.

Appendix 3: APEC San Francisco Declaration on Women's Economic Empowerment

High Level Policy Dialogue on Women and the Economy
San Francisco, California | September 16, 2011

Declaration

We, APEC ministers and senior government officials, along with private sector leaders, met in San Francisco, California, September 16, 2011 for the High Level Policy Dialogue on Women and the Economy, under the Chairmanship of U.S. Secretary of State Hillary Rodham Clinton.

In November 2010 in Yokohama, the APEC Leaders recognized that the full potential of women to contribute to the Asia-Pacific regional economy remains untapped. Gender equality is central to economic and social development. Equal opportunity for women and men supports economic growth and helps to reduce poverty. The APEC Leaders therefore expressed their will to work together to improve women's access to finance, education, training, employment, technology, and health systems by promoting entrepreneurship and greater leadership for women in business and government.

In 2011 and beyond, APEC economies will take concrete actions to realize the full potential of women, integrate them more fully into APEC economies, harness their talents, remove barriers that restrict women's full economic participation, and maximize their contributions towards economic growth. Evidence from both developed and developing economies has shown that increased participation of women will generate faster and more equitable income growth, create greater business opportunities, and enhance competitiveness for firms and economies by facilitating innovative thinking and fuller use of a significant resource. Moreover, higher incomes for women have proven to have significant positive impact on health and education outcomes for households, improving overall welfare and bolstering future gains in productivity and inclusive growth. We recognize the benefits healthcare and education services provide to women's engagement in the economy. Actions to support women's economic empowerment should be a core component in implementing the APEC Leaders' Growth Strategy.

Greater inclusion of women will expand prosperity in the region and is an investment for the future. Women's active participation in the economy at all levels, including in decision-making and governance in business and government, will also result in favorable social and environmental benefits, which are essential in addressing inclusive and sustainable growth objectives. We are determined to take concrete actions, implement gender responsive policies and programs, and improve laws and regulations to expand economic opportunities for women in APEC economies.

We welcome the establishment of the APEC Policy Partnership on Women and the Economy (PPWE), which streamlines and elevates the influence of women's contributions towards economic growth and fosters women's economic empowerment across the region. Also, recognizing the outcomes and efforts regarding gender equality issues on which APEC has worked, we have tasked the PPWE, including by working with other APEC entities, to provide effective policy recommendations on women and the economy to APEC member economies.

We declare our determination for APEC economies to mainstream gender to address the most significant barriers hindering women's full economic participation. APEC's work will initially focus on the following four priority areas: improving access to capital, access to markets, capacity and skills building, and women's leadership. In pursuing these priority areas it will be critical for APEC to collaborate with and support the work of networks of women business associations and international organizations such as the Commission on the Status of Women and UN Women, as appropriate. The APEC Secretariat will provide support to implement this Declaration.

Access to Capital

Discriminatory legal and regulatory systems and banking practices can pose specific hurdles for women's access to capital and assets. Evidence has shown that women-owned businesses tend to be smaller, newly established, and less profitable than male-owned businesses and generally have greater difficulty in accessing capital. A lack of information and knowledge about lending requirements and practices hinders women business owners' ability to obtain capital. The challenges in accessing capital remain a concern for women entrepreneurs and business owners among APEC member economies. With these challenges in mind, we call on officials to:

- Review and report to APEC Senior Officials the status of laws regarding inheritance, spouse joint property ownership, and the rights to ownership of moveable and immoveable property, as well as head of household benefits for married, divorced and widowed women;

- Promote more inclusive access to financial services for women entrepreneurs and business owners;

- Conduct an inventory of existing effective SME lending programs, including micro-lending, offered at the central government level and in the private sector, making special note of the usage and metrics around these programs and their effectiveness in serving women-owned businesses to establish a baseline of current lending programs;

- Conduct a survey and workshop to identify and share best practices of government measures at the central and local level with a view to improving the capacity of women-owned SMEs in accessing capital, in collaboration with the G-20 Global Partnership for Financial Inclusion (GPFI) sub-group to leverage the work they have undertaken on this issue; and

- Collaborate with the GPFI sub-group and the Organization for Economic Cooperation and Development (OECD) in their commitment to improve the collection of sex-disaggregated data on small and medium enterprises and SME finance.

Access to Markets

A lack of access to markets impedes the growth of women-owned businesses and restricts the number of jobs created. The ability of women active in the marketplace to expand their markets (domestically and internationally) can be improved by realizing women's business acumen (including through mentoring and technical assistance programs); making information on regulatory environments in APEC economies and market opportunities (including through match-making and technical assistance programs); and promoting greater opportunities to obtain government and

corporate contracts (including through supplier diversity initiatives). To address these challenges, we call on officials to:

- Identify and report to APEC Senior Officials, programs, including supplier diversity and technical assistance initiatives, that represent best practices of multi-national enterprises, governments, and SMEs that remove the barriers for women business owners and entrepreneurs, including rural and indigenous women, to obtain up-to-date information on the regulatory environments in APEC economies, and identify and take advantage of domestic or international market opportunities; and

- Identify networks and associations that can assist women to access business connections and distribution channels.

Capacity and Skills Building

Capacity and skills building is an essential way to develop an economy's human capital—a key driver of economic competitiveness. However, in many APEC economies only half of the human capital is fully utilized. Women face barriers to full access to and
participation in education and training that can prepare them for success in the workforce and in business. Multiple empirical studies show that after training, women have access to better jobs and are increasingly able to grow their businesses and create employment. Access to information is critically important to expanding women's economic roles and requires the attention of APEC economies. Women tend to have smaller social and professional networks, which limit their awareness of and equal access to labor markets, employment and business opportunities and information on how to handle challenges in operating their businesses. To address these circumstances, we call on officials to:

- Encourage the empowerment of women and remove discriminatory practices which inhibit women's capacity and ability to build their skills;

- Conduct a survey and workshop to identify and share best practices that support entrepreneurial counseling and training opportunities that are offered at the economy level that target women, including entrepreneurs and business owners as well as rural and indigenous women;

- Incorporate a gender analysis, as appropriate, into existing capacity and skills building and SME assistance programs, and train the people who deliver programs on how to conduct gender equality analysis, so they can be more sensitive to and understand the different challenges faced by men and women;

- Conduct a survey and workshop to share best practices on how economies use technology (such as internet communications or mobile technologies) to train women businesses owners; and

- Conduct and share an inventory of good business models for women in small and micro enterprises.

Women's Leadership

Globally, in economic sectors, there is a lack of representation of women in leadership roles in both the private and public sectors. Whether on corporate boards, in senior-level management positions, or other important economic decision-making roles, women represent a much smaller percentage of leadership positions than their economic contribution, education levels, and business successes would indicate. Studies have identified four major barriers preventing women from rising to leadership positions: organizational obstacles, including a lack of role models and exclusion from informal networks; work-life balance challenges, including travel requirements and long work schedules; institutional mindsets, meaning women are evaluated differently for positions from men; and finally, individual mindsets, due to a lack of positive reinforcement, and peer and senior-level support. We agree that these barriers are problematic not only for women looking to take on more responsibility, but also to the growth and success of the business or organization. It is also important to consider that many of these obstacles come from gender stereotypes related to the heavier load of domestic work and care-giving done by women. Society still sees women as mainly responsible for taking care of the children and maintaining the household, and this can become a restraint for women to enter the labor market and for women-owned SMEs to achieve a better performance. Therefore we call on officials to:

Encourage the upcoming generation of women leaders

Raise awareness within APEC economies about the favorable effects of gender diversity initiatives on economic growth and corporate competitiveness by identifying and disseminating best practices from the private and public sector;

- Publicize the economic benefits gained from promoting work-life balance, implementing gender equality standards in private and public organizations, diversified leadership teams, and other measures for women's empowerment, through APEC outreach and workshop activities, involving leaders from the public and private sectors;

- Foster an equitable participation of rural and indigenous women, and social enterprises, increasing their access to opportunities;

- Identify model measures to raise women entrepreneurs and business leaders' profiles to promote women's leadership;

- Make a concerted effort to include at least one woman in their ABAC membership; and

- Take a proactive approach and work together as necessary to increase the representation of women in senior management positions, including on corporate boards and equivalent public sector organizations.

Beyond 2011

Future APEC host economies are encouraged to host additional high-level sessions to discuss new growth strategies that harness women's talents, innovation, and leadership.

About the Author

During his 50 years of service with The Asia Foundation, Allen C. Choate has served as executive vice president, director of the Washington DC office, director of China Program Development, and as the Foundation's country representative in Japan, Vietnam, Laos, and Thailand. At critical moments, he also has served as the Foundation's senior advisor in Nepal and the Philippines, and as acting representative for the Foundation in Pakistan, Afghanistan, India, and Korea.

The Asia Foundation Monograph Series

Ambassador Haydn Williams, who served as president of The Asia Foundation from 1964-1989, made a legacy gift to fund the creation of a series of monographs to commemorate the Foundation's contributions to key development challenges in the Asia-Pacific. This essay focuses on regional economic cooperation and the Foundation's pivotal role in supporting multilateral discussion, negotiation, and engagement that led to the creation of significant regional institutions, most notably Asia-Pacific Economic Cooperation (APEC).

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