

FOCUS OF APEC VIET NAM 2006

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Introduction

In the previous presentation, Ambassador Choi Seok Young, Executive Director of the APEC Secretariat, has made a comprehensive and substantial overview of the APEC's evolutionary path since its inception in 1989, highlighting the main outcomes of APEC in conformity with the themes and priorities set for the Korean year 2005. Ambassador Choi has also shed light on the external and internal challenges that APEC will have to face in the years to come. His presentation has given broad background information that makes my task much easier so that I can now focus on the APEC year 2006.

This presentation will comprise two parts: (i) Background of the APEC year 2006; and (ii) Focus of the APEC Viet Nam year 2006.

I. Background of the APEC year 2006

As a tradition, the APEC year 2006 will build on the achievements of the previous years and take further actions to advance the APEC process in those areas, which still lack progress or need improvement, taking into account the internal and external factors affecting the APEC process. The most significant elements of the background of the APEC 2006 can be highlighted as bellow.

1. *Mid-Term Stock Take and implementation of the Busan Roadmap.* APEC has completed the important process of Mid-Term Stock Take (MTST), whereby the past achievements over the past one and half decades

* *The views and opinions expressed in this presentation are exclusively personal and do not represent those of APEC, the APEC Secretariat or any APEC member economy.*

from its inception in 1989 have been assessed, shortcomings and challenges identified, and a roadmap (the Busan Roadmap) has been chalked out for APEC to attain its goals of free and open trade and investment in the year 2010/2020 (the Bogor goals). Economic and technical cooperation (ECOTECH) must help member economies improve their capacity to catch up with and benefit from the trade and investment liberalization and facilitation process.

2. *WTO DDA negotiations.* The liberalization process in the WTO has close interactions with and strong implications for trade and investment liberalization and facilitation progress in APEC. In fact, APEC success in many areas such as agriculture, services... also depends, to a large extent, on the success of the WTO liberalization. Hence, the successful conclusion and implementation of the WTO DDA negotiations with ambitious and balanced outcomes by the end of 2006 will be of prime importance for APEC. APEC must show strong political will and commitment to facilitate and ensure the success of this process.

3. *Widening development gap.* The twin process of globalization and liberalization, while helping promote trade- and investment-led development, is broadening the developmental gap among economies. There has been a growing concern about the widening economic, technological, knowledge gaps and “digital divide” in the Asia-Pacific region. Against this background, APEC cooperation must bring the benefits to all and help narrow the development gap among member economies and different groups of people within an economy, thus facilitating the shared development in the region.

4. *Favourable business environment.* Despite considerable achievements recorded in trade and investment facilitation, the APEC region still needs to exert a lot of efforts to deal with a host of obstacles to improve its business environment. Those obstacles include behind-the-border issues, corruption, lack of transparency and predictability, discrimination, non-tariff and hidden barriers. In order to achieve the goals of free and open trade and investment, it is necessary to create and maintain a non-discriminatory and corruption-free, predictable and transparent, fair and conducive business environment.

5. *Human security.* The APEC region has, over the past years, suffered from an increasing number of disasters ranging from terrorist attacks to natural calamities, from SARS to avian influenza. The disasters

continue to cause a lot of anxiety, fear and insecurity for the people and cast a very negative impact on trade and investment in the region. In order to advance the process of free and open trade and investment, it is necessary to create a secure environment for business and people throughout the APEC region.

II. Focus of the APEC Viet Nam year 2006

Viet Nam as the host of APEC year 2006 has recently officially announced the theme and sub-themes for the APEC activities in 2006. The theme and sub-themes have been defined in such a spirit that they reflect both the continuity and the added value of 2006 to the APEC process.

1. Theme of APEC Viet Nam 2006

Taking into account the vision of APEC to build a regional community and strive for the noble goal of prosperity, Viet Nam has proposed the theme of APEC 2006 as “*Towards a Dynamic Community for Sustainable Development and Prosperity*”. Under this theme, in the APEC Viet Nam year 2006, APEC member economies will continue to step up their efforts towards building an Asia - Pacific community, which was envisioned by the APEC leaders at their Seattle meeting in 1993. The salient feature of this theme is the recognition of the necessity to build the APEC region into a dynamic community that will be highly relevant, useful and responsive to the needs of the people in the fast-changing regional and global environment. The theme also emphasizes on the necessity to ensure sustainable development as a way to achieve common prosperity, which is lasting and widely shared both by developed and developing member economies. In other words, this is to ensure that APEC process is “human-oriented” and responsive to the UN Millennium Development Goal.

2. The sub-themes

The theme is supported by four following sub-themes:

a. Enhancing Trade and Investment with the implementation of the Busan Roadmap and Doha Development Agenda

Viet Nam 2006 will be the first year that APEC will embark on the implementation of the Busan Roadmap to achieve the Bogor goals of open and free trade and investment. The DDA negotiations are also to be

completed hopefully by the end of 2006. Much remains to be gained from further liberalization and facilitation of trade and investment in the region, especially through effective implementation of the Busan Roadmap and securing the success of the DDA. The implementation of the Busan Roadmap will help dismantle many barriers, particularly behind-the-border's, for freer flows of trade and investment in the region. At the same time, the success of the DDA will help promote the development aspect, which would bring about great opportunities to millions of people in the developing economies to gain from freer trade, especially trade in agriculture, services, investment and others. That is why, while focusing its efforts to accelerate trade and investment liberalization and facilitation in the region, APEC must also show its political will and take practical actions to push forward the process of liberalization in the WTO by helping a successful conclusion and implementation of the DDA.

b. Strengthening Economic and Technical Cooperation for Bridging the Gap and for Sustainable Development

ECOTECH is very unique in APEC and has indeed been playing an inevitable role in helping less developed member economies to build and strengthen their capacity to catch up with and to benefit from the liberalization process. There are new requirements arisen from the process of accelerated trade and investment liberalization and facilitation, from the entry into the era of knowledge-based economy, especially from the process of global liberalization and unprecedented advancement of scientific and technological revolution – all those factors tend to widen the development gaps among economies. In such circumstances, enhanced cooperation in the field of ECOTECH has become all the more important to ensure the shared development among member economies. ECOTECH promotes mutual benefits and bridge the development gap, and this would promote the sustainable development and heighten the spirit of community in the Asia-Pacific region. The shared development must become a necessary and valuable pattern of APEC cooperation among member economies, which are diverse in economic, political, social, cultural aspects and different in technological and development levels.

c. Improving Secure and Favorable Business Environment

Businesses are now faced with two main issues, which exert a negative impact on them: (i) the increasing insecurity of the business environment due to terrorism, avian flu/influenza pandemic and natural

disasters; (ii) the impediments to trade and investment, including non-tariff and hidden barriers. A lot of things have been done over the years, yet it is still vitally important for APEC members to work hard to constantly make the business environment more secure and favourable through tackling terrorist and other threats to human security, which are seriously detrimental to the trade and investment flows, financial assets, economic activities and peoples as both businessmen and consumers. Other impediments to flows of trade and investment such as non-tariff barriers and behind-the-border issues should also be effectively dealt with. It is necessary to establish a favorable business environment with the basic elements such as non-discrimination, transparency, corruption-free, fairness and predictability. All this will help transform APEC into a business-friendly and dynamic community.

c. Promoting Community Linkages

Efforts to build a regional community in Asia – Pacific would be rendered ineffective without promoting people-to-people interaction within the region. Enhanced cooperation to glue APEC people together through cultural exchanges and tourism activities is of paramount importance to not only facilitate business activities, job creation and economic growth but also help build trust and bonds among member economies across the APEC region. Cross-cultural understanding and mutual trust will bring an enormous additional benefit to ensuring a secure and favourable business environment as well as promoting peace, stability, cooperation for development and the sense of community in the APEC region.

3. Possible priorities of the APEC activities in 2006

On the basis of the tasking by the APEC Leaders and Ministers in 2005 as well as in the spirit of the above-mentioned theme, sub-themes, Viet Nam as the next host of APEC will coordinate with member economies to identify possible priorities for APEC activities in 2006.

To my mind, the following elements may possibly be considered for the priorities of 2006:

1. Promoting APEC Cooperation in Trade and Investment

The Busan Roadmap offers an opportunity and way to further promote APEC cooperation in trade and investment, among others, through tackling behind-the-border barriers to trade and investment and the enhanced

economic and technical cooperation. While trade facilitation efforts have already been vigorously implemented, investment facilitation has so far experienced a lack of progress. It is expected that in 2006 APEC will give new impetus to stepping up investment facilitation and technology transfer, which are much needed for growth and development. An Action Plan (e.g. Hanoi Action Plan) might be considered to implement the Busan Roadmap to achieve the Bogor Goals of free and open trade and investment.

2. Strengthening the Multilateral Trading System

As most APEC members are major beneficiaries from the multilateral trade, APEC has a common stake in strengthening the Multilateral Trading System. After the 6th WTO Ministerial Conference in Hong Kong, China (December 2005), APEC must continue to provide the strong political leadership and commitment to ensure that the DDA reflects the development dimension and brings real development benefits. The immediate goal is to ensure the successful conclusion of the DDA negotiations by the end of 2006 with an ambitious and balanced outcome, taking into account the needs and interest of developing members. APEC will also exert efforts to have its two non-WTO members as Viet Nam and Russia admitted at the earliest possible into this global organization as a way to strengthen the system in terms of its coverage.

3. Enhancing Competitiveness of Small and Medium Enterprises

SMEs and Micro enterprises (MEs) make up a high percentage of the total number of businesses in many economies and thus play an important role in supporting growth and development in the APEC region in terms of sources of revenue, employment and innovation. The 1997 Asian economic crisis also proved their resilience and ability to dynamically adapt to changes and to play the role of a “buffer” for economies in the time of economic upheaval and crisis. Yet, they need a lot of support in terms of technology, improved skills, access to financial sources, land-using right, simple procedures and favourable market access... to improve their innovation and competitiveness. APEC 2006 will help create more conducive environment for the development and innovation of SMEs and MEs.

4. Promoting Integration Capacity through Human Resources Development, IT cooperation and Partnership for Development

As APEC enters the stage of the knowledge-based economy and its members are participating more intensively and extensively in the international economic integration process, human resource development and information technology (IT) have become very important elements. They contribute to enhancing members' integration capacity and help the less developed members catch up with the more developed ones and benefit from the globalization/liberalization process. In this context, enhanced partnership for development offers an opportunity for members to cooperate in these vital areas with a view to improving integration capacity and narrowing the development gap among member economies.

5. Enhancing Preparedness to Disasters, Emerging Avian and Influenza Pandemic

Disasters are diverse in their forms. Threats to human security such as terrorist attacks, natural disasters, emerging avian and influenza pandemic are cross-border issues and their negative consequences may cancel out any positive effects of trade and investment liberalization. Thus it is important for APEC members to cooperate in enhancing preparedness to rebuff all kinds of terrorist acts, natural disasters, emerging avian and influenza pandemic. Enhanced preparedness will definitely help minimize consequences caused by these sources of insecurity and thus facilitate a more secure environment for people and businesses to live and work in.

6. Anti-corruption

Corruption has set a serious impediment to businesses in terms of causing higher transaction costs, distorting government policies and disrupting business opportunities, thus creating serious challenges to the integrity and reliability of the whole legal system. Hence, APEC members need to enhance their concerted efforts in curbing corruption by, among others, enhancing transparency, fine-tuning the legal system and law enforcement to minimize any room for corruption. The success of anti-corruption struggle in APEC will contribute, in an important way, to the implementation of the UN Convention against Corruption (UNCAC).

7. Connecting APEC Economies through Tourism and Cultural exchange

Tourism and Cultural exchange are the two major ways to enhance the connectivity among APEC economies, which are very diverse in political, economic, social and cultural set-up. While tourism and cultural exchange

will provide good business opportunities for members in terms of job creation, revenues, infrastructure and economic growth, they will over time help generate better mutual understanding and trust among people of different cultures in the region and thus promote their sense of community and cohesiveness.

8. Reforming APEC towards a more Dynamic and Effective Community

In this fast-changing world, APEC needs to constantly reform itself to be able to develop APEC into a community of dynamism and effectiveness so as to be better responsive to the new requirements of member economies. Specific issues under the further reform may include actions to improve coordination and efficiency of various working groups/fora/task forces, to strengthen the project appraisal and management system as to make APEC projects more reflective of APEC's priorities, and to foster the closer linkage between ECOTECH and TILF as pillars of the APEC cooperation.

Conclusion

Building on the achievements of APEC over the past years, Viet Nam is now actively preparing for the APEC year 2006 in all areas, particularly substantive and logistics issues. Viet Nam deeply understands that to organize the APEC year represents both high responsibility and great honour, and she will spare no efforts to make it a success.

As indicated in the themes of the APEC year 2006, Viet Nam will closely cooperate with member economies to focus on the most substantive areas, which would help address the vital needs of APEC and its members in the new stage of development of APEC, taking into account the new circumstances in the region and the world over.
