

**IPS Corporate Associates Breakfast  
“APEC 2010: A Review”**

**Speaker: Ambassador Muhamad Noor, Executive Director of the APEC Secretariat**

**30 November 2010  
Orchard Hotel Singapore**

*By Rachel Hui, IPS Research Assistant*

On 30 November 2010, at an IPS Corporate Associates Breakfast, held at the Orchard Hotel, Ambassador Muhamad Noor, Executive Director of the Asia-Pacific Economic Cooperation (APEC) Secretariat shared his reflections on the meetings and outcomes of the recent APEC Summit, which was held from 13-14 November 2010 in Yokohama, Japan.



The Yokohama Summit marked the first time APEC leaders articulated a comprehensive growth strategy. Ambassador Muhamad noted that previous APEC Summits had focused their discussions on its core business of trade and investment liberalisation. In contrast, leaders at the Yokohama Summit agreed to co-operate on a new growth strategy, which addressed the following

objectives: balanced growth across the economies of APEC and inclusive growth within them, environmental and energy sustainability, and improvements in innovation and human security.

Since its establishment in 1989, APEC has been the only organisation facilitating economic and technical co-operation among members from both sides of the Asia-Pacific region, which currently totals 21 members. Accounting for 40 percent of the world's population and world trade, as well as 50 percent of global gross domestic product (GDP), APEC has held strategic value as a vehicle for multilateral diplomatic and economic engagement. Ambassador Muhamad stressed that engaging businesses in the Asia-Pacific region had always been APEC's top priority, and the business community was regularly consulted for input in the APEC decision-making process. It was the only regional organisation where business leaders addressed their concerns directly to political leaders.

Over the last 20 years, APEC's achievements in lowering trade transaction costs and increasing business mobility for firms had been impressive, he said. In 1989, the average tariff rate across the region was 16.9 percent. In 1996, this decreased to 10.8 percent and even further to 6.6 percent in 2008, representing a 61 percent in tariff reduction since APEC's inception. Additionally, the APEC business



travel card which enables pre-approved visa clearance and expedited airport processing, is now used by over 80,000 business travelers. In the World Bank's 2010 'Ease of doing Business' rankings, APEC economies claimed top spots.

Ambassador Muhamad also highlighted the pivotal role APEC played in advancing trade liberalisation in other fora such as the World Trade Organisation (WTO) rounds. APEC was critical to the successful conclusion of the Uruguay Round and was instrumental in pushing the agenda at Doha, particularly in advocating sharper tariff reductions and the removal of agricultural subsidies. Ambassador Muhamad noted that unlike the WTO, there were no multilateral agreements in APEC that member economies had to sign on to. Despite this, they took their commitments to the community seriously and were more likely to export and import with members than non-members because of the high degree of trade and investment liberalisation in the APEC region.



Going forward, Ambassador Muhamad reiterated that APEC member economies would continue to cooperate in taking steps towards free and open trade and investment in the Asia-Pacific for developing economies by 2020. He added that nine APEC member economies are currently involved in negotiations for the expansion of the Trans-Pacific Partnership (TPP), towards the goal of regional

economic integration. The TPP would enhance commitments under ASEAN-plus agreements and is considered to be an incubator for developing a wider Free Trade Area of the Asia-Pacific (FTAAP).

Finally, addressing concerns among sceptics that APEC was only a “talk shop”, Ambassador Muhamad recounted the exchange between the United States (US) and Chinese leaders at the APEC Finance Ministers’ Meeting, which was held on 5-6 November 2010 in Kyoto, amidst media attention over the emerging “currency war” between the two countries. He noted that APEC had provided an important platform for the US and China to negotiate and compromise at a community forum. Progress was palpable by the end of the meeting when leaders agreed to co-operate to address global imbalances. China acknowledged that its currency, the *renminbi*, needed to appreciate, albeit gradually, and the US toned down its assertive stance on quantitative easing.

Following Ambassador Muhamad’s reflections, the event was concluded with a lively discussion session.

\*\*\*\*\*



© Copyright 2010 National University of Singapore. All Rights Reserved.

*You are welcome to reproduce this material for non-commercial purposes and please ensure you cite the source when doing so.*