



Government of Japan

Statement by Mr. Masaru Watanabe
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Thank you very much.

It is an honor and pleasure to be able to speak here at this forum, which serves as an important opportunity to kick-off next year's Russia APEC. The title of the Roundtable, "Asia-Pacific Economic Cooperation-Agenda Evolution and Continuity" took the words right out of my mouth, as this is exactly what I hope to address here. Today, I would like to talk about several lessons learned during the last twenty two years of APEC life since it was born in 1989. During the course of its history, Japan has taken on the chairmanship twice, last year in Yokohama, and in the 1995 APEC in Osaka. I hope that our experiences can help shape and form the agenda of the Russia APEC.

APEC's achievements

APEC has contributed to strengthening regional economic integration by advancing free and open trade and investment in order to accomplish greater common prosperity and stability in the Asia-Pacific region. This region is expected to lead the world economy as the most dynamic "growth center."

What is the secret of achieving such great economic outcomes? I believe our leaders have always kept in mind the following three points as unchanged guiding principles of APEC;

- 1) Agenda continuity and Evolution,
- 2) Non-binding, voluntary-basis and consensus-based decision making, and
- 3) Addressing cross-cutting issues of the times in advance.

1 Continuity and Evolution (not Revolution)

Because APEC's core goal is to achieve free and open trade and investment, as is symbolized in the Bogor Goals, APEC economies have made continued efforts to strengthen economic integration since its formation. This basic principle underlies all APEC activities such as: 1) promoting investment; 2) enhancing supply chains to reduce time, cost, and uncertainty of moving goods and services; and 3) ensuring that standards and technical regulations do not create unnecessary obstacles to international trade, just to mention a few.

By addressing these issues throughout the years, APEC economies' pursuit of the Bogor Goals has delivered substantial benefits to the region. Through this 'unchanged principle', the overall growth in trade for all APEC economies has outstripped the rest of the world. From 1994 to 2009, APEC's total trade volume in goods increased at an annual rate of 7.1%, reaching US\$11.4 trillion in 2009. With regard to tariff reduction, since 1994, the 2010 economies have reduced their tariffs significantly with the average applied tariff rate falling from 8.2% in 1996 to 5.4% in 2008, well below the world average of 10.4%. Plus, in 2008, 50% of imports by the 2010 economies entered duty free.

While preserving agenda continuity, APEC has also made a significant "evolution" of its agenda. The international political/economic environment has undergone changes that were little anticipated at the time of APEC's foundation and have led APEC leaders to realize the necessity of addressing emerging issues (e.g. development of information technology, growing complexity of trans-border financial transaction, economic/financial crisis, demographic dynamics changes, emerging global agenda such as climate change and food/energy security).

Last year in Yokohama, based upon the "unchanged principles" as well as taking into account numerous changes surrounding APEC, our leaders adopted the "Yokohama Vision," which set the future path for the Asia-Pacific Region. With three pillars, namely "Regional Economic Integration," "Growth Strategy," and "Human Security," I believe the Yokohama Vision represents the embodiment of "continuity and evolution", and makes APEC's framework capable of addressing the challenges faced by the region in the 21st century.

In this context, Russia has expressed its intention to contribute three million US dollars to create an APEC sub-fund for "human security" this year. This is a significant initiative in terms of making resources available for economies to implement the Yokohama Vision. We trust that Russia will effectively serve its chair role, building upon the excellent work APEC has developed.

2 Non-binding, voluntary-basis, and consensus-based decision making

Secondly, APEC's unique decision-making process, which is characterized as being non-binding in nature, voluntary, and consensus-based, is also a source of strength. This seemingly loose-looking way of decision-making enables each economy to step forward and engage in experimental activities which we are normally unable to do in binding international agreements. When I joined the APEC world, I was surprised to find that there is no legally-binding founding "treaty" or "charter", like the Charter of the United Nations, in APEC. Despite the fact that APEC has no such legal documents, our intra-regional trade accounts for 67% of the total amount. This number is almost equal to that of European Union's intra-regional trade with its Maastricht Treaty, Lisbon Treaty and many other innumerable legally binding treaties.

3 Looking ahead, addressing cutting-edge issues

The third unique feature of APEC is that it deals with cutting-edge issues by implementing innovative measures and sharing its best practices.

One example of APEC's most successful projects is the ABTC (APEC Business Travel Card). The ABTC was developed in response to the need for business people to gain streamlined entry into the economies of the Asia-Pacific region. The cardholders enjoy Fast-track entry and exit through special APEC lanes at major airports and multiple short term entries into these economies, for a minimum of a 59 days stay during each visit. The card was originally trialed in 1997 with three APEC members (Australia, Korea, and the Philippines) and was expanded year by year. After successfully increasing the number of economies participating in the scheme, business people from almost all APEC economies now enjoy the value of this card.

This was an innovative idea at the time it was introduced, when many countries thought it a matter of course to require a visa for foreigners and to make business people queue eternally at their airports.

With the same conviction and confidence, we are now working on defining and shaping the 'next generation' trade and investment issues that an FTAAP (Free Trade Area of Asia Pacific) should address, aiming to make an important and meaningful contribution as an incubator of an FTAAP. To tackle this issue, we identified at last month's trade ministers meeting (MRT) the following next generation trade and investment issues to be addressed in 2011: 1) facilitating global supply chains; 2) enhancing small and medium-sized enterprise participation in global production chains; and 3) promoting effective, non-discriminatory, and market-driven innovation policy.

By looking ahead to address these cutting-edge issues, we are sure that people in the future will say "APEC had foresight!"

From Yokohama to Honolulu to Vladivostok and Beyond

This year, US APEC is engaging in action-oriented discussions, described as “Get stuff done”, to achieve tangible outcomes in three priority areas; 1) Regional Economic Integration, 2) Green Growth, and 3) Regulatory convergence and cooperation. I am happy to see how the Yokohama Vision was inherited and has evolved under US leadership. I expect Russia to smoothly succeed the role of the chair economy with the continuity and insightful evolution of the agenda that enables APEC to address new issues.

In conclusion, I would like to stress once again that it is crucial for a chair economy and all the member economies of APEC to make maximum use of APEC’s principles: 1) continuity and evolution; 2) a non-binding, voluntary and consensus-based decision-making process; and 3) cross-cutting orientation, in order to strengthen regional economic integration and to address the numerous challenges surrounding APEC. It is not too much to say that APEC has a “noblesse oblige” as the world’s most dynamic economic center to address future challenges of the region and of the world.

As was agreed upon last month between President Medvedev of The Russian Federation and Prime Minister Kan of Japan, we stand ready to closely cooperate with Russia in order to serve this duty together, and look forward to making APEC 2012 another series of successful events.

Thank you.