Exposing students to APEC offers them opportunities to learn about a significant and innovative cooperative association of twenty-one member economies that collectively account for 45 percent of global population, land mass, economic product, and external trade. Its administrative structure is so innovative that it permits the People’s Republic of China, Hong Kong (as a Special Administrative Region of the PRC), and Taiwan (as Chinese Taipei) to cooperate as APEC member economies. The following essay traces APEC’s emergence, history, administrative structure, programmatic activities, and plans of action that focus exclusively on economic and technical matters and not on political, strategic, or military affairs. The essay also explains the importance of APEC’s annual summits and recommends references that provide students and teachers with a resource base sufficient to gain an understanding of the unique form of economic cooperation that APEC provides.

The Emergence of APEC

APEC’s emergence and continued existence is based on the general proposition that cooperation can lead to success, while conflict usually does not; therefore, it should be avoided whenever possible. This admonition governed APEC from its inception, but because conflict trumps cooperation in public media reporting, the organization has been relegated to a position “below the radar.” Consequently, its existence is largely invisible to many university and high school students who might be interested in knowing that Asia-Pacific Economic Cooperation came into existence based upon a shared commitment among member economies to cooperate within the context of an innovative and unique idea about membership: Participants are designated member economies and not sovereign nations. This permits cooperation among member economies while neither requiring nor acknowledging national sovereignty because doing so runs the risk of causing conflicts arising from differences in nation-based convictions, aims, territorial claims, and objectives. As a result, APEC’s membership idea permits otherwise-contentious participants, such as the People’s Republic of China and Taiwan, to experience co-membership.

By recognizing this innovative idea, students would be able to examine and deliberate presumably far-fetched possibilities, such as a future in which North Korea would gain accession to APEC. Arguably, North Korea’s accession is a possibility because of three factors. First, North Korea is such an economically wrecked economy that its people face widespread poverty, and dealing with their deprivation requires what APEC has to offer. Second, five APEC member economies are also sovereign nations that are collectively trying to bring a “normalized” North Korea into the global system. And third, APEC is precisely the type of institution that could begin to set North Korea on a long road that eventually could lead to a version of “normalization” that the five sovereign nations seek.

Three economic policy fundamentals underscore why APEC came into existence and why it continues to flourish. First, original and newer APEC member economies share an adherence to openness in export and import trade, open flows of foreign investments, and financial resources, as well as unimpeded legal transfers of technology, scientific knowledge, and information. They also support safe worker migration and beneficial donations of official development assistance. Second, they share a conviction that APEC should be a nonlegally binding institution with minimal and flexible requirements that relieve member economies from rigid mandates that would necessarily accompany more formal pacts or agreements. Third, in terms of program activities and plans of action, member economies agree that APEC should limit its activities to strengthening regional trade, investment, and development and not to

Educating Students about Asia-Pacific Economic Cooperation (APEC)

By Robert L. Curry Jr.
straying into political, strategic, or military arenas. In effect, they agree that APEC should not thrust member economies into cumbersome situations that require adherence to strict, legal, inflexible, and mandated rules and requirements that would make conformity and compliance difficult or even impossible.

Agreement on the above fundamentals led twelve original members to meet in Canberra, Australia, in 1989, where, after substantial and often contentious deliberations, they brought APEC into existence as a cooperative regional institution. Their aim was to use cooperation as a means to create sustainable and broadly shared economic benefits for workers, producers, and consumers within the Asia-Pacific. The institution would operate based upon three pillars of action: strengthening regional cooperation and liberalizing trade and investment within the Asia-Pacific; facilitating business development; and sharing scientific and technical knowledge.

Although the original twelve members agreed in principle on fundamentals, their deliberations did not go smoothly. Members of the Association of Southeast Asian Nations (ASEAN) proposed an alternative, called the East Asian Caucus (EAC). Their proposed alternative's title was significant because the caucus idea was to exclude non-Asian members. The EAC idea received immediate and strong opposition from four would-be excluded economies: the US, Canada, Australia, and New Zealand. The four supported the broader APEC concept and reminded caucus supporters that ASEAN economies were both export-led and import-dependent and that Pacific and Oceanic economies were critically important to them. They provided markets of destination for ASEAN exports and markets of origin for the imports. In addition, caucus critics pointed out that investment and financial flows further linked the economic well-being of Southeast Asians to the economies that would be excluded from the EAC. The ASEAN group listened to the reminder, relented, and decided to take the caucus idea off the table, thereby setting the stage for APEC’s emergence.

APEC’s History

Entering the third decade of its existence, APEC has evolved into a useful regional economic cooperative arrangement that continues to provide representatives of member economies with opportunities to deliberate ideas and concepts, to share them, and often to agree on specific policy directions suggested by APEC’s plans of action. The vision of the original members was of a dynamic and harmonious Asia-Pacific community based on cooperation. Their vision, coupled with successful performances by original member economies, attracted others to APEC. Participation grew from the original twelve to the current twenty-one member economies, listed below along with the year of their accession.

<table>
<thead>
<tr>
<th>APEC’s Member Economies Year of Accession</th>
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<tbody>
<tr>
<td>Australia*</td>
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<tr>
<td>Brunei Darussalam*</td>
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<tr>
<td>Canada*</td>
</tr>
<tr>
<td>Chile*</td>
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<tr>
<td>People’s Republic of China*</td>
</tr>
<tr>
<td>Hong Kong (Spec. Admin. Region)*</td>
</tr>
<tr>
<td>Indonesia*</td>
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<tr>
<td>Japan*</td>
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<tr>
<td>Republic of Korea*</td>
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<td>Thailand*</td>
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<tr>
<td>United States*</td>
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<td>Viet Nam*</td>
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</table>

Member economies followed by an (*) belong either to the North American Free Trade Area (NAFTA), the Association of Southeast Asian Nations (ASEAN), the Latin American Free Trade Association (LAFTA), or the Pacific Island Forum (PIF). There are four official, nonparticipating APEC observers: ASEAN, PIF, the Pacific Economic Cooperation Council (PECC), and India.

It is clear that the leadership of all current member economies have a predilection for cooperation and even for more formal integration as part of their external economic partnerships. APEC continues to attract interest from other economies, and there is a strong possibility that APEC’s membership will expand soon. One possible new member would have been India. However, although its application for accession received initial support from the US, Japan, and Australia, APEC officials decided not to allow India to join primarily because, geographically, it is not a part of the Asia-Pacific region. However, because of its importance, India was invited to be an observer of the 2011 summit and beyond. APEC continues to draw interest from other nonmembers, but because of these economic diversities and their location, the organization’s administrative leadership
was moved to invoke a moratorium on new members extending through 2010. Now that the moratorium has been lifted, Colombia, Costa Rica, and Ecuador are cleared for membership and are expected eventually to become member economies.

During APEC’s evolution, three historically important decisions were worthy of special notice. The first was a 1993 decision to elevate the significance of APEC to a level that involved national leaders directly in the institution’s operation—they became known as economic leaders. The second was a 1994 commitment not only to continue efforts to reduce trade and investment barriers, but also to try to bring about a comprehensive Asia-Pacific regional free trade region. The establishment of a free trade area for Asia-Pacific (FTAAP) remains high on APEC’s agenda, but there is no universal enthusiasm for the idea on the part of member economies. The third was a set of late 1990s discussions centering on bringing private sector executive leaders into the organization’s official structure. This happened when the APEC Business Advisory Council (ABAC) became part of APEC. Business sector executives, entrepreneurs, and managers thereby found a permanent and significant place within its two-tier administrative structure.

APEC’s Structure and Activities

APEC’s administrative structure is two-tiered: policy and working levels. At the apex of the policy level is the economic leader group, and just below it are ABAC, a senior officials meeting (SOM), and various ministerial meetings. The working level supports the policy level’s work via the yearlong activities of four core committees: trade and investment, economic, science and technology (ECOTEC), and budget and management. Each committee’s broad workload is accomplished with the assistance of an array of standing and special task forces, expert committees, and working groups. The working level spends a great deal of time and effort each year on four tasks: developing agenda items for annual summits; creating plans of action in various areas; selecting projects for technical but nonfinancial support; and conducting seminars, workshops, and meetings of experts that take place throughout the region. The committees are assisted by the SOM steering committee and the Secretariat, two entities that play crucial roles in blending policy and working-level activities.

The APEC Secretariat is located in Singapore and is led by an executive director who is aided by the Secretariat’s staff and members of the budget and management committee. APEC is dedicated to involving persons from all member economies in its structure. An example is the rotation of executive directorships that are limited to a three-year tenure, at the end of which a replacement is chosen from nominees made by member economies.

The APEC annual five-day summit is the main and culminating annual event of the organization. ABAC, SOM, and ministerial meetings each occupy a day, and then the economic leaders meet over a two-day period. At each summit’s conclusion, a leader’s declaration and ministerial reports are released. In them, APEC informs the public about the agreed-upon ideas that will help guide policy and working-level workloads and member economy actions over the following year. The summits are connected from one year to another and consequently provide continuity. Each annual summit responds to items agreed upon at the previous summit and offers ideas that will help arrange the following annual summit’s agenda.

One of the more important aspects of each summit is its ABAC meeting that involves chief executive officers from enterprises domiciled throughout the Asia-Pacific. ABAC contributes advice and council on matters that are important to CEOs, managers, entrepreneurs, and member economies. ABAC’s contributions are integrated into APEC’s annual program based upon the recognition that private-sector enterprises account for the vast majority of internal and external economic activities conducted by member economies.

The ministerial meetings feature discussions among finance ministers and others who collectively deliberate, exchange ideas, provide information, and suggest policies aimed at dealing effectively with complex and important fiscal policy issues, ranging from revenue collections and spending patterns to debt accumulation and debt-servicing mechanisms. Each member economy faces significant fiscal policy choices and exchanges, and the ministers who are responsible for making them have proven to be useful in the estimation of APEC.

SOM is instrumental because it moves agenda items from the working to the policy level and vice versa. High-level SOM officials hold positions of responsibility in the governments of member economies. They serve on a rotating basis and meet three times each year, during which they confer with officials from the member economy that will host the annual summit. At the summit, the SOM plays a key role in developing an agenda, and in doing so, it uses the results of both individual plans of action (IPA) and collective plans of action (CPA) that member economies are required to submit annually.

The Secretariat receives IPA and CPA reports and makes them available to SOM. Each plan of action reports the member economy’s progress on fifteen specified areas: tariffs; nontariff trade impediments; services; investment; standards and conformance; custom procedures; intellectual property; competition policy; government procurement; deregulation and regulation provisions; World Trade Organization (WTO) obligations, including rules of origin,
dispute mediation, worker mobility, information gathering and analysis; and strengthening economic and legal infrastructures. Each CPA details any collective action taken by member economies on matters having to do with expanded regional cooperation, including progress made on the matter of developing FTAAP.

Each of the four core committees’ workloads are directed toward giving substance to action plans, topical seminars, periodic reports, and criteria upon which to base decisions about which projects to support. In each case, their substantive contents must fall within the parameters of APEC’s three pillars to promote free trade and investment liberalization and enhance regionalism, with the aim of achieving sustainable growth and development; to facilitate business activities with the goal of improving market performances; and to transfer and apply scientific and technical knowledge to matters ranging from food security and safety, structural reform, energy sufficiency, environmental integrity, and gender equality. Consistency with the pillars is extremely important because straying beyond their scope into political, strategic, or military affairs thrusts member economies into arenas that are the province of diplomatic initiatives conducted by sovereign nations.

The trade and investment core committee’s workload is based on the set of Bogor goals that were accepted by member economies at the 1994 summit held in Indonesia. The goals were to eliminate trade barriers throughout the Asia-Pacific region, specifically by 2010 for developed member economies and by 2020 for developing member economies. The goals were based upon a perceived positive relationship between growth and openness coupled with the notion that regional cooperation maximizes economic benefits to member economies, the region, and the broader global economy. One of the committee’s main responsibilities is to push for FTAAP. The committee’s staff states that an FTAAP would provide a convergence of the contents of non-APEC trade and investment liberalization agreements that involve APEC member economies in North and South America and Southeast Asia.

The committee argues that converging features of non-APEC agreements into an FTAAP agreement would improve transparency among member economies. Specifically, the FTAAP would enhance trade by lessening trade barriers, improve government procurement transparency, simplify dispute settlements, facilitate and standardize electronic commerce, identify ways to establish rules of origin, encourage competition and policy formation, and standardize and simplify food safety regulations.

Beyond an FTAAP, the committee seeks to establish other elements of a regional trade and investment regime based upon WTO-consistency, featuring nondiscriminatory treatments and transparency. Obviously, the scope of its agenda is huge and keeps the core committee and its expert groups and task forces busy throughout the year. Over the past two decades, member economies reduced trade and investment barriers substantially, but not only because they have been APEC members. At the global level, nearly all of them gained accession to the WTO, and subregionally, they are parties to trade associations in North and South America and Southeast Asia.

The economic core committee’s agenda goes beyond the Bogor goals to deal with a range of micro- and macroeconomic issues. On the macro side, it has put forth a growth performance model composed of five ideal attributes. First, growth should be inclusive of all individuals, based on employment generation and income-earning opportunities for all. Second, growth should be balanced among member economies; among economic and geographic sectors within member economies; and among workers, producers, and consumers so that distribution inequities and incidences of poverty are minimized. Third, growth should be committed to environmental integrity and sustainability and not destroy or harm physical environments. Fourth, growth should be safe and strive to protect all segments of the economy from physical and social harm, including threats to human health and safety. Fifth, growth should be sufficiently creative and innovative so that it would lead to both new and safe products and to safe production methods. The model is offered to member economies for their consideration.

The economic and technical cooperation core committee (ECOTECH) cooperates with the economic committee and brings economic, scientific, and technological information and skills to bear on a wide range of useful and important development projects. Together, the core committees offer technical and scientific support to projects, ranging from designing early warning systems that lessen the impact of catastrophic events to proposing efforts to make banking and investment facilities available to the currently “unbanked” poor. This is important because many prospective entrepreneur owners of small to medium enterprises—including a large number of women—require access to financial markets for start-up capital and the ability to cope with uneven revenue flows.

In the aggregate, ECOTECH and the economic committee assist member economies in designing, implementing, administering, and managing approximately 260 individual development projects throughout the Asia-Pacific. Although APEC does not offer official development assistance, it does provide assistance to member economies and donor institutions by providing skilled personnel and technical expertise. The success of projects is important because they improve and/or upgrade existing social and physical infrastructures. The projects focus on ways to provide travel and
transportation security; protect supply chains, particularly when items are transported across borders, increase food safety and adequacy in the face of rising food crises in some economies; provide ideas about macroeconomic structural reforms; and, at the microeconomic level, improve infrastructure projects in water, power, transportation, and communications.

The management and budget core committee works with the secretariat and SOM steering committee to assure that the managerial talent and technical know-how reaches the projects and that APEC operates smoothly. Students and their teachers can learn about the goals, structures, and contents of the APEC-assisted projects by accessing the APEC Bulletin.

The Annual APEC Summit

The US hosted the November 8–13, 2011, APEC summit in Honolulu, Hawai’i. The summit began with a meeting of the ABAC, followed by meetings of the SOM and various ministerial meetings. It concluded with an economic leaders meeting that generated both the leaders declaration and ministerial statements. As host economic leader, Honolulu-born President Barack Obama welcomed guests to the city of his birth and set an agenda that emphasized

- Accelerating growth in order to generate employment opportunities
- Creating green and environmentally sound growth
- Promoting and strengthening regional cooperation via lessening trade and investment barriers and deepening regional economic cooperation
- Strengthening technical regulations, standards, and conformity requirements that are barriers to lowering market costs
- Sharing scientific and technical resources in the pursuit of green growth
- Promoting gender equity within the context of inclusive and balanced economic growth and development

The 2011 summit's agenda reflected actions carried over from the 2010 Yokohama summit, which will carry over to the 2012 summit that will be hosted by the Russian Federation in Vladivostok. It is important to note that, during the Honolulu summit, Obama, as the US economic leader, had formal and informal opportunities to meet with other economic leaders, where they discussed matters of common interest, as well as contentious issues. A particularly important informal meeting took place between the US leader and the leader of the PRC, during which contentious issues such as alleged currency manipulation and intellectual property rights infringements were brought to the table. Other leaders met with the PRC economic leader to discuss another contentious issue—territorial rights to the Spratley Islands and access to the mineral and marine wealth that they contain. Although the meetings settled little, they enabled economic leaders to demonstrate to their counterparts their governments’ deep concern over these controversial issues.

While APEC summits concentrate on economic matters and avoid political and strategic issues, economic leaders, senior officials, and experts are also connected to other international and regional institutions that try to manage political and strategic conflicts. An example of this connection is that Obama was invited to Indonesia shortly after the Honolulu summit to be a part of the East Asia Forum—a first for a US president.

The US remains engaged with its Asia-Pacific partners in fundamental ways, and no evidence exists suggesting that it seeks to withdraw from the engagements. In fact, the US plays a fundamental role in an emerging trans-Pacific movement that aims to strengthen regional economic, strategic, and political ties. APEC is part of the movement but only on trade, investment, finance, and development matters. As an APEC member economy, the US is active both inside and outside the organization when it comes to the trans-Pacific movement. For example, inside APEC at its 2011 summit, the US announced support for an Asia-Pacific partnership that would further liberalize regional trade and investment among participating economies. The US was joined by Australia, Brunei, Chile, Japan, Malaysia, New Zealand, Peru, Singapore, and Viet Nam. Outside APEC, other institutions are involved, including the very important East Asia Forum. Within the context of the trans-Pacific movement, students can follow the creation of the APEC 2012 summit’s agenda by accessing its website, which periodically will make public comments about the work of the SOM and the host Russian delegation as they prepare for the next summit, whose agenda is likely to be similar—though not identical—to its predecessor. Outside APEC, students can access the East Asia Forum website. It will inform them about specific political, strategic, and economic matters that face East Asians, including the critically important matter created by the intricacies of accommodating US and PRC interests—and doing so in ways that promote regional economic progress, peace, and stability.

In preparation for the next summit, great diligence has been shown in the high-level APEC meetings that have been taking place in Kazan, Russia, and elsewhere in order to give shape the contents of the 2012 summit’s agenda. Among the items proposed for discussion by ministers and economic leaders are problems associated with climate change; food sufficiency and security; the availability of
Concluding Observations

APEC has serious and thoughtful scholarly and public policy critics who contend that when it comes to direct policy formation, APEC “has no teeth” and consequently that it is no more than a “talk shop,” APEC supporters concede that it has no “teeth” and features “talk,” but their counterargument is that APEC’s success rests precisely on those points. They argue that critics either ignore or dismiss the importance of APEC’s ability to bring together a substantial number of economic leaders, ministers, officials, and technical experts who are at ease to talk, deliberate, exchange ideas, provide information, and listen to each other’s arguments about an array of possible program and policy options. They point out that APEC provides a forum where “talk” can lead to action; that is, useful shared ideas can be the basis for designing and implementing programs and policies effectively and efficiently within member economies. Supporters claim that if critics were correct, APEC membership would not be sought by India, Columbia, Costa Rica, Ecuador, and other prospective member economies.

There are two other criticisms. The first contends that APEC tries to do too much and that its resources are spread too thin. This is an internal concern and why APEC limits its focus to matters that fall within the scope of the three pillars of action. The second contends that APEC is an integral part of an objectionable globalization system and process that produces distribution inequalities, endemic poverty, social dysfunction, and widespread graft and corruption. On this score, the organization's supporters invite critics to look carefully at APEC’s program activities and plans of action. They are confident that when critics do so, they will learn about how and why APEC seeks to promote long-term, inclusive, balanced, sustainable, innovative, and safe growth within member economies.

A final observation is that APEC could provide a topical segment to courses focusing on Asian development and regional cooperation. Both advanced high school and university students and their teachers have ample academic resources from which to learn about APEC’s role in enhancing Asia-Pacific regional cooperation and in helping member economies grow and develop. The bibliographic materials selected for inclusion in the following list of references provide part of that academic resource base. Visit www.apec.org, scroll to the “publications” link, and select the APEC Bulletin. Back issues contain information about the projects and action plans that have been supported by APEC. "Past Leaders Declarations" and "Ministerial Statements" give insight into the broad set of ideas and actions that APEC has supported.

Notes

1. In their 1994 Bogor declaration, APEC leaders agreed to the common goals of free and open trade and investment by 2010 for industrialized economies and 2020 for developing economies. They agreed to pursue these targets, known as the Bogor goals, by reducing barriers to trade and investment to promote the free flow of goods, services, and capital among APEC economies. Last modified November 2010, http://www.dfat.gov.au/publications/trade/APEC-2010-Bogor-Goals.html.

Selected Referral Resources


Choi, Seok-young. Regionalism and Open Regionalism in the APEC Region (Singapore: Institute of Southeast Asian Studies, 2004).


Kesavapany, K., and Hank Lim. APEC at 20: Recall, Reflect, Remake (Singapore: Institute of Southeast Asian Studies, 2009).


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