

Draft of Speech of Chairman of Indonesia Investment Coordinating Board

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Host: PECC-SINCPEC-INCPEC

- Mr. Wook Chae, Chair of the KOPEC and President of the KIEP,
- I am pleased to be here today to speak on the topic of the new environment for trade policy. There is no better time to examine this topic, given the recent development in the area of trade policy in the region.
- It was only three months ago, in Phnom Penh, when the ASEAN Regional Comprehensive Economic Partnership Framework (RCEP) was launched. It serves as an ASEAN-centred proposal for a regional free trade area, which would initially include the ten ASEAN member states and those countries which have existing free trade agreements with ASEAN.
- Seven years earlier, the Trans-Pacific Partnership (TPP) was agreed between Brunei, Chile, New Zealand and Singapore, and it has since been proposed to include many other Asia-Pacific economies.
- Both of these frameworks share similar objectives: trade liberalization and economic integration between countries in the Asia-Pacific region. At the context where the Doha Round is in limbo, these regional frameworks gain momentum as the channel to go to to achieve integration.
- At this opportunity i would like to posit that, while Asia-Pacific economies should support these regional frameworks, they should still strive for multilateral agreements under Doha.

- The skepticism towards Doha is not unwarranted, as we are faced with the political reality of the lack of leadership to guide its negotiations.
- Despite this, the developing countries, especially the Asia-Pacific economies, stand to gain from moving the multilateral negotiation forward. There are several reasons for this.
- First, as the emerging Asia-Pacific economies have higher levels of tariff compared to advanced economies, the Doha Round's tariff cuts will have an especially large pro-trade effect when it comes to trade among emerging economies. Since 1990, the average annual growth rate of trade between emerging economies has grown twice the growth rate of the world trade, while at the same time emerging economies' trade with each other is gaining larger share of their total trade. These trends set to magnify the pro-trade benefits of tariff cuts.
- The second reason is that the completion of the Doha Round is crucial to set a benchmark for the 'WTO plus' negotiations of the many regional agreements. Many of the new regional arrangements, including the RCEP and the TPP, are "WTO plus" in the sense that they cover areas such as investment and competition policy that are not covered by the WTO. Without completion of the Doha Round as a way of updating what the WTO stands for, the benchmark for "WTO plus" will be very out of date. The proliferation of regional agreements itself is not without concern. It may lead to problems of coherence, or the spaghetti bowl problem, which can result in higher cost of doing business. While regional trade agreements and bilateral agreements may push trade liberalisation in some region or between countries, there are a number of issues that cannot be resolved regionally or bilaterally, including removal of subsidies and domestic support in agriculture.
- Asia-Pacific economies should also recognize the influential role they can play in the Doha Round. Asia-Pacific trade accounts for one-third of the total world trade and this share is steadily increasing. Thus not only that the Asia-Pacific economies have much at stake in the completion of the Doha Round, they are also crucial actors in pushing the negotiation forward.

- Ladies and gentlemen,
 - It is within this context that we see the important role of the Asia-Pacific Economic Cooperation (APEC) as the premier Asia-Pacific economic forum which goal is to support sustainable economic growth and prosperity in the Asia-Pacific region. Asia-Pacific economies can only benefit from open trade if each country can strengthen their economies, facilitated by stimulus coordination through APEC.
 - Indonesia as the host of this year's APEC Summit hopes to be able to facilitate a continued dialogue among Asia-Pacific nations to promote and accelerate regional economic integration.
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- Ladies and gentlemen,
 - Our discussion should start in this forum today. May our exchange of ideas and dialogues contribute to the benefits of the Asia-Pacific nations.
 - Thank you.