

A revised version appears as:

“APEC as an Institution” (with Kun-Chin Lin), in Richard E. Feinberg and Ye Zhao, eds., *Assessing APEC’s Progress: Trade, Ecotech, and Institutions* (Singapore: ISEAS), 2001, pp. 177-190.

APEC International Assessment Network (APIAN) Issue Report

“APEC AS AN INSTITUTION”

**Prepared for the APIAN Executive Committee
for the First APIAN Policy Report**

by

Vinod K. Aggarwal, Director and
Issue Coordinator for “APEC as an Institution”

and

Kun-Chin Lin, Project Director

Berkeley APEC Study Center (BASC)

802 Barrows Hall #1970

University of California

Berkeley, California 94720-1970

Tel: (US) 510-643-1071

Fax: (US) 510-643-1746

Email: basc@globetrotter.berkeley.edu

January 2001

For editing assistance and comments, we would like to thank Min Gyo Koo.

ISSUE REPORT: APEC AS AN INSTITUTION¹

I. Summary of Key Initiatives

Over the past decade, APEC's momentum has waxed and waned with its impact on policymaking and trade liberalisation. An important high-point was the 1993 meeting in Seattle, attended by leaders of the APEC economies, elevating APEC from a sleepy forum for foreign and trade ministers to a much more visible summit-level activity. Some viewed this development as a sign of APEC's coming of age as well as an effective means of putting pressure on the Europeans to come to an agreement in the Uruguay Round. The 1994 meeting in Bogor, Indonesia, led to a call for free trade and investment in the area by 2010 for the developed APEC member economies, and 2020 for the entire group. A framework of guiding principles was agreed to the following year in Osaka and in 1996 the APEC adopted an Action Plan involving unilateral concerted liberalisation as well as collective actions. The group also agreed to push for a WTO breakthrough on information technology. Its political success in pushing the Information Technology Agreement (for which much of the work had already been done in other contexts) encouraged APEC to move ahead with other “early voluntary sectoral liberalisation” (EVSL) schema. The 1997 Vancouver meeting agreed to push EVSL in nine sectors, thus holding out hope for major role for APEC as a key adjunct to the WTO for promoting trade liberalisation.

By 1998, however, APEC's role and the use of the sectoral approach to liberalisation came into sharp scrutiny. By the time of the Kuala Lumpur meetings (some would say even by the time of Vancouver) it was clear that APEC had failed to play a significant role in ameliorating the Asian financial crisis. The EVSL effort faltered as Japan and several other countries objected to the liberalisation of some sectors in the context of the economic crisis and in the face of U.S. pressure for sectoral concessions and reciprocity. The tension and uncertainties arising from a lack of consensus in the APEC forum carried over the Seattle WTO Summit in November 1999 and the aftermath of its political showdown, further polarising the public positions of APEC members along the faultline of environmental and labour linkages to trade issues.

Throughout 2000, APEC members expressed commitment to multilateralism while in practice turned to bilateralism in trade negotiations. Singapore has been the most active, engaging in talks each with Japan, New Zealand, Canada, Chile, and Mexico toward creating free-trade agreements. Each of these countries negotiating an FTA with Singapore is pursuing other bilateral deals within the Asia-Pacific region as well. Most importantly, Japan, though its government ministries are still somewhat divided on this issue, has also begun to get in the act; only the U.S. is notably absent from this bilateral bonanza. It remains to be seen whether these bilateral deals will turn out to be building blocks rather than stumbling blocks toward transpacific free trade.²

These negative developments and concerns about APEC's ability to foster liberalisation have been accompanied by more skeptical criticism from those analysts who view APEC as positively harmful. They note that the Asia-Pacific region has become the most dynamic region in the world economy without any significant formal institutions, and

argue that by encouraging further regionalisation of the world economy, APEC might undermine global economic regime, deepening regional rivalry.

II. Actions Taken at the International Level

The most significant contributions of APEC have been in agenda-setting and socialisation of member economies in the acceptance of global norms and principles. The scope of issues covered by APEC has expanded from the traditional areas of trade and investment liberalisation to the cutting-edge agenda such as infrastructure, environmental protection, women's issues, and social problems. In the aftermath of the Asian crisis, the issue of regional financial coordination is also added to the agenda list.

The most significant area has been the creation, by the 1996 Osaka Action Plan, of Economic and Technical Co-operation (Ecotech), one of the main pillars of APEC's structure. The group was created to foster developments in technology and infrastructure in the hope of equalising disparities and promoting sustainable economic growth for all member economies. On paper, Ecotech's scope covers developing human capital to safeguarding the quality of life through environmentally sound growth (Bergsten 1997, p. 141). In an attempt to remedy the problems of bilateral cooperation, a new model was implemented in which all interested members would participate in economic cooperation through the gathering of relevant information and policy promotion. Further, official development for infrastructure was expanded to include private assistance in the effort of relieving the financial burden from the more developed member economies. The outcome

of these reforms to Ecotech has led to a more responsive and effective model for economic development in which goals are better defined, implementation is regularly discussed, and performance measures are more easily monitored.

In the area of environmental protection, the emerging framework from the seven years of APEC activities consists of the following components: 1) Agenda-setting by Regional Environmental Cooperation Forum, producing a series of action programs and strategies; 2) Working Groups and Committees mainly comprised of engineers who operationalise objectives and develop plans for public-private cooperation; and 3) "Capacity-building" seminars and workshops to enhance awareness, disseminate norms, and develop analytical abilities. As we mentioned above, the majority of APEC members prefer to avoid direct environmental and labour linkages to trade liberalisation negotiation.

APEC has also incorporated women's issues into the APEC committees and meetings. In the recent 1998 Senior Official Meeting (SOM), there was a call for a "Framework for the Integration of Women in APEC," which would include guidelines for gender analysis, improvements to the collection and utilisation of sex-disaggregated data and approaches to the involvement of women.³

APEC has also indicated a willingness to take on a greater role in addressing social problems arising from cross-border labour mobility and the Asian crisis. The APEC's focus in this area has been confined to medium- and long-term preparation of the labour force for the global changes in labour demand; the regime's issue scope remains focused on quality of basic education, analysis of the regional labour market, increasing the supply and quality of managers and entrepreneurs, and training geared toward liberalisation and facilitation of trade and investments in the region. In the end, since workers' issues in APEC are

currently nested in the trade and investment liberalisation regime, concerns for economic efficiency are likely to trump any attempt to afford greater labour protection.

Another emerging issue discussed in the APEC forum is financial coordination. SOM meetings from Manila 1996 to Auckland 1999 have been dominated by financial issues arising from the Asian crisis. Many of the institutions in the Asia Pacific have attempted to play an active role in salvaging crisis-ridden economies, but the IMF backed by the U.S. has continued to assert its dominance. In the November 1997 Vancouver APEC summit meeting, leaders endorsed the so-called Manila framework, which called for the IMF to take the lead in providing emergency loans to Thailand, Indonesia, and South Korea, with APEC members playing only a secondary role to supplement IMF resources on a standby basis without any formal commitment of funds. Thus, with the APEC action providing the seal of the U.S.-IMF backed plan, alternative institutional solutions were put on hold. In particular, Japan's and Malaysia's advocacy for an Asian Monetary Fund (AMF) has been vehemently opposed by the U.S. as potentially undercutting the effectiveness of IMF conditionality.

Even before the economic crisis, APEC had been criticised for putting "too many eggs in the trade basket" (Morrison 1997, pp. 37-56). The fact is that APEC mushroomed into many other arenas with ministerial meetings on finance, environment, transportation, energy, ocean policy, and other areas. However, because the Bogor vision privileged trade and the structure of APEC failed to provide representation for other than trade and foreign ministers at the leaders level, these other arenas have been generally sidelined. The most glaring example is finance. APEC Finance Ministers used to meet at almost the opposite side of the year from the Leaders Meetings. This indicates that their recommendations

might not have feeded into the higher level in a timely manner. The result was that prior to the November 1997 Vancouver ministerial and leaders' meetings, APEC was in danger of having nothing relevant on the major financial crisis sweeping its Asian members.

III. Actions Taken at the National Level

The evidence that APEC has had a constraining and shaping influence on national policy action is slight. This is not surprising in light of APEC's deliberate institutional design to eschew Western-style bureaucratisation and coercive implementation and enforcement measures. Such institutional limitations of APEC have reinforced the skeptics' belief that substantial rules-building at the broad Asia-Pacific regional level, separate from and in advance of the global level, is unlikely even as member economies respond to the same force of interdependence.

Nevertheless, the principles and norms of APEC may have had some influence on state policies. Studies indicate some cognitive similarity or convergence of expectation in the most engaged bureaucracies (basically foreign and trade ministries) of the key APEC member economies. Those that once pursued strong import-substitution policies in the manufacturing sector, including China, most ASEAN countries, and Australia, have been unilaterally dismantling them. Also, the APEC economies, from different starting points and at different speeds, have all been moving toward further deregulation and privatisation.

These liberalising trends, of course, are not the direct result of the establishment of APEC but have their roots in the transformation of global economy and national context as

well. However, APEC's association with these trends has given them additional political strength within the national context. In fact, the national bureaucracies often look to APEC and each other for reinforcement of a liberal economic policy line against domestic interests who do not share the liberalising ideology.⁴

Aside from the institutional limitations of APEC, national actions have been circumscribed by the domestic political institutions in some of the key APEC members. In initiating the EVSL, the U.S. had demanded explicit reciprocity even as other APEC members pointed to voluntarism as the APEC operating principle. This conflict is complicated by the U.S. Congress's withholding of fast track authorisation from President Clinton. The U.S. Congress requires reciprocity in its advance grant of authority to the President to engage in trade negotiations, and on non-tariff issues it has a second shot to ensure its standards of reciprocity after the negotiations through the need for its approval of the necessary implementing legislation.⁵

Japan's situation offers another example of domestic barriers to implementing APEC-level commitments. In Japan the legislative process does not require a prior grant of authority, but political interests groups, including elements in the bureaucracy itself, have been quite effective in slowing or blocking liberalisation in many sectors. The tried and true formula for moving ahead has usually been heavy-handed *gaiatsu*, or foreign pressure. While APEC might seem to make such pressures more acceptable by multilateralising and "Asianising" them, the limits of this became apparent in 1998 with the failure of APEC to complete an ESVL package because of resistance in the Japanese Ministry of Agriculture, Forestry and Fisheries to a comprehensive package including forestry and fishery products.

As a result, APEC has been perceived among national commercial constituencies as a mere talking shop with little punch in driving real market opening within the Pacific Rim. Responding to this prevalent perception, Timothy Ong, chairman of the APEC Business Advisory Council (ABAC) argues that industries should moderate their expectations given the diversity among the membership as well as that APEC is the only realistic way that trade barriers could be lowered throughout the region.⁶

IV. Assessment of Strengths and Weaknesses

In light of the critical scrutiny and political uncertainties centered around APEC, we find it timely and useful to design a questionnaire to assess APEC as an institution. To this end, the questionnaire borrows its conceptual framework from the existing work by Vinod Aggarwal (1998) and characterises APEC on its rules and procedures as well as its institutional structure. Respondents were asked to agree or disagree with our definitions and assessments of some important aspects of the APEC regime and institutions, and to provide open-ended elaboration on their viewpoints. Six questionnaires were received and their APEC member origin includes the U.S., Chile, Hong Kong, the Philippines, Singapore and one anonymous membership. In what follows, we interpret their responses with reference to the major themes discussed above.

A. Interpretation of the Questionnaire Results:

From the responses to the questionnaire, we find surprising concurrence on APEC's institutional weaknesses in the area trade liberalisation. Where respondents disagree and show the greatest interests are in areas such as Ecotech and APEC's issue and membership scopes, and regarding the appropriate next-steps for the development of APEC.

Regime Characteristics

1. Strength

- a. Definition: The degree to which actors behaviour is constrained by the rules and procedures and the specificity of the formal rules
- b. Assessment: Persistence of deliberately weak institutionalisation creates tension with APEC's highly liberal nature and broad issue scope

Respondents generally agree with our definition and assessment. Several respondents focus on the negative, unintended consequences of the sectoral approach to trade liberalisation, adopted at the 1997 Vancouver Summit upon the urging of the Clinton administration. The EVSL created tension among APEC members, distracted the forum from the goals of the Bogor Accord, and went against the Osaka principle of comprehensiveness.

Respondents perceive the operational principle of decision-by-consensus as historically given, deriving it from the antecedent principle of ASEAN. And while they are concerned with the slow progress of the consensual approach, they are willing to give it the benefit of the doubt that "the give and take in the approach may in fact be a long-term strength when outcomes are accepted with less tension and contention."

Criticisms of our interpretation are directed at our institutional process-oriented criteria that might have underestimated the inner coherence and external influence of APEC. One respondent criticizes our definition of “strength” for leaving no room for “assessing APEC’s overall international authority, mandate and ‘power’... [which] are important feedbacks for the actors who determine the rules, procedures and structures [of APEC].” The same respondent also shows reservation toward our assessment, arguing that “weak institutionalisation” is a characterisation that masks “a system of interlocking bureaucracies from different economies... [which have become] structurally embedded (strong) as an enduring unit and certainly will not blow down easily.” At the same time, this respondent flatly states that APEC “is no more liberal than the sum of its liberal and conservative [member] governments.” Under this respondent’s disaggregated view of the institution, the strength and weakness of APEC directly result from its horizontal organisation and weak hierarchy. Even while bureaucrats take the opportunity to create their own domains based on loosely supervised projects and programs, this horizontal growth and involvement of new actors serve as a “powerful, ever expanding regional integrative force.” In sum, bureaucratic sprawl leads to institutional strength that might or might not fulfill desired institutional objectives.

2. *Nature*

- a. Definition: Objectives promoted by the regime (for example, liberalisation)
- b. Assessment: The economic success of the Asia Pacific economies has initially encouraged members to choose trade and investment liberalisation to further increase competitiveness and efficiency in the region and to prevent other blocs from shutting out Asian exports. But it is unclear whether all members have a commitment to real liberalisation or simply to border reductions that would

allow the continuation of export oriented industrial policies. This ambiguity is underscored by the trade disputes in the aftermath of the Asian financial crisis and the collapse of the U.S.-led sectoral initiatives (EVSL).

Respondents place strong emphasis on the historical context of APEC formation. The goal of trade liberalisation must be interpreted in that context, with the implication that it might vary when the initial conditions no longer hold. If APEC was initiated as a defensive reaction to regionalism elsewhere and to keep the U.S. committed to the growth of intra-Pacific trade, then the Asian crisis has modified this rationale since many economies have dropped the export-oriented industrial policies, and shifted efforts towards bilateral and subregional accords. One respondent predicts that, in the end, these changes are likely to lead to clearer definitions of APEC goals.

Some respondents are critical of our prioritisation of the organisational goal of trade liberalisation. One argues that Ecotech cooperation has emerged as an independent agenda, especially for developing member economies. Initially, Ecotech aimed solely to assist in the liberalisation effort, but over time it has acquired a function independent of trade liberalisation, one that covers human resource developments and social impacts in the aftermath of the Asian crisis. Another respondent concurs that trade liberalisation is actually “a weakening leg” of APEC. Other functions of information dissemination, education, trade facilitation and development cooperation are likely to prove more salient and productive in the long run. APEC is likely to grow into an OECD-like body, rather than an EU.

3. Issue Scope

- a. Definition: The number of issues included on the agenda
- b. Assessment: The number of issues has continued to increase despite lack of institutionalisation. Trade and investment liberalisation remains the dominant objective of APEC, but social, financial coordination, environment and labour issues have been brought into APEC agenda under a separate and secondary track. Security remains hotly contested, particularly in light of the Indonesia-East Timor violence and the tumultuous cross-Taiwan Straits relations. It is unclear whether there is sufficient consensus among members on what should be placed on the agenda.

Respondents are generally in agreement with our definition and assessment, at least in principle. Nevertheless, one critical respondent challenges our ability to distinguish an “issue” from a “sub-issue” that might have resulted from a practical decision by some APEC committees to break up a complex issue. Thus, proliferation of issues needs not have a connotation of expanding agenda or overextension of APEC institutional resources as we suggested. In addition, this respondent argues that the number of issues is “a poor gauge of scope when various levels of decisionmaking are considered.” That is, the different prioritisation and bundling of issues according to the leaders, ministers, committees, etc, defeat our organisation-wide evaluation.

A division of labour, or horizontal linkages between international organisations, rather than incorporation of more issues under APEC, is the preferred future direction for all respondents. Labour and environmental issues should not be brought into the trade and investment agenda; instead, they should remain under the purview of ILO. At most, APEC should focus on national capacity-building in achieving medium-term progress on these issues. Neither should security issues enter the APEC formal agenda; hence, respondents advise against nesting the ARF under APEC. A respondent specifies that “East Timor,

Korean Peninsula, and cross-[Taiwan] Straits issues can be dealt at the ARF.” In this regard, the purpose of Foreign Ministers’ engagement is problematic.

However, a few respondents concede that APEC could take on a limited role of preventing another financial crisis – focusing mainly on developing research, early warning system, and transparent fiscal practices, but avoiding plans for regional monetary fund, monetary coordination, or exchange rate mechanisms. Others prefer to simply leave the financial issues to the IMF/World Bank, and have APEC deal narrowly with social impacts through its Human Resources Development Working Group (HRDWG) branch.

4. Membership Scope

- a. Definition: The number of APEC members, civil society participation
- b. Assessment: First, there has been dispute over the widening of APEC. There is currently a moratorium on membership but several states in the region wish to enter APEC. New members have been admitted before institutionalisation of accession conditionality. The history of European integration advises deepening before widening to keep the momentum of cooperation and convergence from flagging, but APEC has not followed such a sequencing scheme. Second, the scope of participation of APEC meetings has been largely confined to official representatives and bureaucrats, leaving NGOs, activists, and outside scientists to hold parallel conferences that do not contribute directly to APEC activities. In light of U.S. President Bill Clinton’s call for greater transparency and civil society participation in international trade organisations, in response to the mobilisation at the Seattle WTO meeting, should APEC consider similar reforms?

Respondents are in agreement about the hazards in expanding membership scope, or “widening” of APEC. An optimist respondent feels that “open regionalism” and the broad agenda of APEC could practically accommodate other economies such as India and Colombia before deepening cooperation. Another respondent is less tolerant: “APEC’s

membership has been self-defeating. Several economies... are not capable of meeting the extensive demands that the organisation places on its member bureaucracies for expertise and leadership. Moreover, group dynamics that worked well in the original smaller APEC membership have been seriously encumbered by the expansion.”

Respondents register strong disagreement over the desirability and practical approach to civil society participation. One respondent prefers that APEC continue to build a constituency through business and academic networks. The extent of civil society participation should be left to the political process of each member economy. Democratic governments would naturally listen to their domestic groups; in closed societies, one can only hope that economic liberalisation would contribute to internal openness over time. Another respondent points out that, more often than not, civil society views are dispersed, and thus there is no single authoritative voice to represent the civil society. Furthermore, where NGOs are involved in the APEC process, they have historically shown a lack of understanding of the process. One respondent points out that APEC has made efforts to increase transparency of its public discussions by having its reports made publicly available on its website after 30 days of meeting – something that is not done by the WTO.

A more critical respondent objects to our premise that civil society participation has not been present in the APEC context. This respondent argues that civil society participation has an early place in the APEC history, but has been hampered by disputes among NGOs over the “legitimate voice of the people,” as evidenced in the contentions among NGOs in 1996. Another respondent has an even more cynical viewpoint, arguing that the “window dressing exercises” of conducting parallel women, youth, or even ABAC participation will eventually cripple and discredit the organisation. However, no solution

for genuine representation is offered. This respondent is adamant that EPG is unlikely to provide an alternative to civic networks, as it is comprised of “a handful of willful [sic] private individuals who will not respond so easily to control.” Instead, the member governments have favoured ABAC “whose members are carefully selected by their governments and kept under relatively strict observation and control.” In addition, to defray the costs of expensive annual events, APEC governments have offered a privileged role for multinational corporations in these events, to the exclusion of regional civic leaders and experts with contrary priorities. This trend will lead to a deterioration of the image of APEC.

B. Formal and Informal Institutional Structures:

We asked the respondents to rank in order of “high,” “medium,” or “low” effectiveness of the following APEC institutions of negotiation, implementation, and administration. By “effectiveness,” we refer to the institution’s contribution to achieving APEC goals of maintaining a forward liberal momentum based on consensus among member economies and consistency with the global trade regime of WTO. In the following chart, we have provided a tally of responses and numerical averages based on the following ordinal rankings: “high” = 3 points, “medium” = 2 points, “low” = 1 point. The quantification is purely for the purpose of representing the mean of responses, and has no substantive value in itself. We caution our readers to keep in mind that the sample size (N=6) is insufficient to attempt any generalisation.

Chart I. Survey Responses on APEC as an Institution

(Chart I will appear here)

Due to a low number of responses, we cannot perform quantitative analysis on the coded variables as we had originally designed. Nevertheless, we will venture to identify some patterns and triangulate with responses from the questionnaires. The most persistent theme among the responses is a low opinion of the efficacy of the “negotiating modalities” of IAP, CAP, EVSL, and Early Harvest, of which EVSL received the worst rating from all but one respondent. Similar, all but one respondent give medium to low marks for institutions of oversight of implementation – we believe this indicates an underlying critical or ambivalent view toward the “voluntary” nature of APEC commitments. Among the “negotiating forum,” working groups receive several low marks, which is surprising in our opinion considering that these groups should provide the least politicised and most practical occasions for ironing out national differences. In comparison, Leaders’ Summits are perceived as highly effective, since all major initiatives have been launched at the summits. Finally, respondents show mixed feelings toward the Secretariat – those who consider working groups to be ineffective – who also give higher than average credit to IAPs and CAPs, also tend to discount the usefulness of the Secretariat.

V. Recommendations

Our findings provide support for the following recommendations from Aggarwal and Morrison (2000):

1. Although APEC's vision of free trade and investment in the region by 2010/2020 may not be realised, this vision provides a stimulus for action that has been quite useful. The organisation needs to grapple directly with how this vision can be realistically modified so that the trade ambitions do not exceed the institutional capacity of the organisation. It also needs to address how new governance mechanisms may help to strengthen APEC's ability to deliver on its objectives. These challenges require some extended and serious collective thinking – perhaps more than can be expected by the national bureaucratic mechanisms that are typically too caught up in day-to-day policymaking to engage in longer-term thinking.
 2. APEC needs to have a clearer agenda of non-trade goals while limiting the scope of its activities to fewer priority areas. At a minimum, finance needs to be addressed more consistently and in a manner that more directly connects the finance ministries with the Leaders' Meetings.
-
1. The Leaders' Meetings are a significant feature of APEC, but reflect the more personalistic rather than institutionalised nature of the APEC process. For better or for worse, at this point these meetings are seen as the most effective negotiating forum for APEC. Thus it is important that such meetings continue, both for the sake of international relations of the region and also to drive forward the APEC cooperation processes. Attention must be paid to ensuring that such meetings be perceived as valuable within national governments and taken seriously by heads of states.
 2. Despite the APEC norms against EU-style bureaucratisation, the APEC Secretariat needs to be strengthened by creating longer-term positions for the head of the Secretariat. Also, in-house research capabilities need to be enhanced to help APEC leaders set priorities as well as realistic targets.

3. Closer ties need to be developed between APEC and other regional and global organisations to facilitate wider and deeper cooperation. For the sake of APEC's long-run institutionalisation, trends of sectoralism and bilateralism should not render the forum less relevant, and gains in liberalisation from these alternative avenues of negotiations should be constructively nested under APEC.

References

- Aggarwal, Vinod K. "Analyzing Institutional Transformation in the Asia-Pacific". In *Asia Pacific Crossroads: Regime Creation and the Future of APEC*, edited by Vinod K. Aggarwal and Charles E. New York: St. Martin's Press, 1998.
- Aggarwal, Vinod K and Kun-Chin Lin. "Strategy Without Vision: The U.S. and Asia-Pacific Economic Cooperation". In *The Asia Pacific Economic Cooperation: The First Decade*, edited by J. Ruland, E. Manske, and W. Draguhn, (forthcoming).
- Aggarwal, Vinod K. and Charles E. Morrison. "APEC as An International Institution". In *Asia Pacific Economic Cooperation: Challenges and Tasks for the Twenty-first Century*, edited by Ippei Yamazawa. New York: Routledge, 2000.
- Bergsten, C. Fred. *Whither APEC? The Progress to Date and Agenda for the Future*. Washington, DC : Institute for International Economics, 1997.
- Morrison, Charles E. "Developing Cooperation in the 21st Century: Implications for APEC". *Asian Perspective* 21, no. 2 (1997): 37-56.
- Zhang, Yunling. "China and APEC". In *Asia Pacific Crossroads: Regime Creation and the Future of APEC*, edited by Vinod K. Aggarwal and Charles E. New York: St. Martin's Press, 1998.

Chart I. Survey Responses on APEC as an Institution

<u>Negotiating Forum</u>	<u>HIGH (3)</u>	<u>MEDIUM (2)</u>	<u>LOW (1)</u>	<u>AVERAGE</u>
1. Leaders' Summits	IIII	I		2.8
2. Ministerials	I	IIII		2.2
3. Senior Official Meetings	I	IIII		2.2
4. Committee on Trade and Investment		IIII	I	1.8
5. Working Groups		II	IIII	1.3
<u>Negotiating Modalities</u>				
1. Individual Action Plans	I	IIII	I	2
2. Collective Action Plans	I	IIII	I	2
3. Early Voluntary Sectoral Liberalisation		I	IIII	1.2
4. Early Harvest		II	IIII	1.3
<u>Oversight of Implementation</u>				
4. Self-review		III	III	1.5
5. Peer-review	I	IIII	I	2
6. PECC/Trade Policy Forum studies		IIII	I	1.8
<u>Administrative Structures</u>				
Secretariat	I	III	II	1.8

--	--	--	--	--

¹ Sections I-III contain excerpts of analysis from Aggarwal and Morrison (2000).

² *BASC News*, 3(2), Summer/Fall 2000. As C. Fred Bergsten has recently argued in the *Economist* (July 15, 2000), movements toward an East Asian Economic Caucus that were spurned only a few years ago are now being reconsidered by those in the region. To a certain extent such a trend may be natural, considering the growing interdependence among East Asian economies. But disaffection with the U.S. – with its domineering imposition of the Washington Consensus and growing fondness for including labour and environmental conditions on the trade agenda – is in no small part responsible for wanting to exclude the Americans from Asia’s reviving economic boom. APEC, of which the U.S. is a member, was bound to suffer as a consequence of this ill-feeling. The trend toward bilateralism is both more benign and more limited than it may initially appear. On the other hand, the keen participation in bilateral talks of New Zealand, Chile, and Mexico suggests that such deals, if they do materialize, may indeed strengthen common interests among all APEC members, not just those within Asia. Meanwhile, for political reasons it would be difficult to imagine a bilateral deal between Japan and China, by far the two most important economies in East Asia and the only pairing in the region that would have major trade-diversionary consequences for others in the Asia Pacific.

³ *Business World*, March 9, 1999.

⁴ For a further discussion of China, see Zhang in Aggarwal and Morrison (1998), pp. 223-24.

⁵ For more details, see Aggarwal and Lin (forthcoming).

⁶ *BASC News*, 3(2) Summer/Fall 2000.