



PRIME MINISTER

STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP

BOGOR DECLARATION

15/11/94

The Bogor declaration charts an extraordinary new path for the region towards extraordinary new goals.

The economies of the region have committed themselves to achieve free and open trade and investment no later than the year 2020. The commitment is to free trade in goods and services; the path there is removal of tariffs and non-tariff barriers. Just as important is the commitment to remove obstacles to doing business in the region by harmonising and simplifying customs procedures, standards, and regulatory structures.

The significance of this commitment is enormous. It is stronger than that made by parties to the GATT or by G7 countries.

The benefits for Australia will be huge. And our economy and businesses are increasingly set up to reap these benefits.

By 2020, APEC will include seven of the ten largest economies in the world. The declaration commits advanced economies such as Japan to bring down their barriers to trade by 2010. It engages the United States in a process of liberalisation in cooperation with the rest of the region. It commits developing economies such as China to have fully opened their markets by 2020. Australia's trade ties with the region are sinews in an economic body which will grow faster than any other in the world.

The commitment is to achieve free trade no later than these dates. Leaders have asked ministers to begin immediately preparing proposals to implement the decision. At our next meeting in Osaka I hope we will be able to agree on a comprehensive action plan for achieving the free trade goal.

Of course, many difficult issues will need to be negotiated. But we are building on directions which APEC economies have already chosen. For example, as a result of its own deregulation programs, average tariffs in Indonesia have already fallen from 35 per cent to 20 per cent and are continuing to fall. In Korea, they've fallen from 32 per cent to 10 per cent. And I am confident that, because moving together multiplies the benefits, many member economies will liberalise even faster.

We estimate that the Uruguay Round outcome will increase annual real income in APEC economies by \$112 billion. We will do even better from APEC free trade, over three times the Uruguay Round result.

It is no accident also that pressure is coming from Asia for further global trade liberalisation. The fact that President Soeharto, the leader of one of the world's largest developing countries, has taken the initiative is a sign of the fundamental transformations which are taking place in the world economy.

I want to record my esteem for the leadership President Soeharto has shown the region in preparing the Bogor declaration. I also want to recognise the vision - and courage I should say - that has been shown by the other APEC leaders. Many have had to make difficult decisions and overlook short-term considerations for a greater long-term good.

It is also no accident that the lead has been taken by APEC, which has shown how economic diversity can be a strength. The future of the world's economy is going to depend in no small part on the capacity of the industrialised economies and developing economies to integrate in a way which promotes growth and encourages change.

The commitments made by the APEC economies will see new streams of technology and capital flowing to the developing economies of APEC. We will all benefit. These will be flows driven by ineluctable economic forces, rather than trickles from Government-directed aid programs.

The undertakings in the declaration will mean that barriers will be reduced not only within APEC but also between APEC economies and the rest of the world. Free trade in APEC will be reached in a way which will be consistent with the GATT, will strengthen the multilateral trading system and will promote further trade liberalisation in the world economy.

APEC members have committed themselves not only to carry out their Uruguay Round obligations and support the WTO but to achieve them earlier and to go beyond them. We have invited other countries to respond.

I hope that the agreement to a standstill - that is, not to increase existing levels of protection - will be respected by APEC members and so become a clear signal to our business communities about the seriousness of our commitments.

All this is of enormous significance to Australia and Australians.

We are entering a new epoch as a result of the strategic shifts that will occur in this region during the next 25 years. The process of liberalisation and economic integration that the Bogor declaration will encourage is an important insurance of security and stability as we cope with these shifts. Through their informal meetings, the region's leaders can help ensure the process of economic integration stays on track.

For Australian business, the Bogor commitments hold the prospect of vastly improved access for their products and services to the fastest growing markets in the world. The day-to-day task of doing business will be easier. Our business people cannot expect good results automatically. But the structure is being put in place which will allow Australian business to plan on the basis of access over the next 25 years to an increasingly large and integrated regional market.

The importance of this can be seen from the fact that in the past four years our merchandise exports to APEC grew at more than 9 per cent per annum, more than twice the rate of growth of our global exports. Manufactures accounted for over 30 per cent of our exports to APEC. And APEC takes two-thirds of Australia's services exports.

And Australia's growing trade links with APEC will make Australia more attractive to investors from the rest of the world.

What does Bogor mean for Australians? It means a more prosperous economy. It means a better lifestyle. It means not only more employment opportunities but also more interesting ones. It means wider horizons for our young people and more scope for them to exercise their skills as they learn the languages of a wider family and become part of it. Not only business and industry will be challenged, but also education and culture.

The Bogor declaration will help ensure that Australia, this generation of Australians and its successors have a dynamic role in their own region.

JAKARTA
15 November 1994

**APEC ECONOMIC LEADERS' DECLARATION
OF COMMON RESOLVE**

Bogor, Indonesia

November 15, 1994

1. We, the economic leaders of APEC, came together in Bogor, Indonesia today to chart the future course of our economic cooperation which will enhance the prospects of an accelerated, balanced and equitable economic growth not only in the Asia Pacific region but throughout the world as well.
2. A year ago on Blake Island in Seattle, USA, we recognized that our diverse economies are becoming more interdependent and are moving toward a community of Asia Pacific economies. We have issued a vision statement in which we pledged:
 - to find cooperative solutions to the challenges of our rapidly changing regional and global economy;
 - to support an expanding world economy and an open multilateral trading system;
 - to continue to reduce barriers to trade and investment to enable goods, services and capital to flow freely among our economies;

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- to ensure that our people share the benefits of economic growth, improve education and training, link our economies through advances in telecommunication and transportation, and use our resources sustainably.
3. We set our vision for the community of Asia Pacific economies based on a recognition of the growing interdependence of our economically diverse region, which comprises developed, newly industrializing and developing economies. The Asia Pacific industrialized economies will provide opportunities for developing economies to increase further their economic growth and their level of development. At the same time developing economies will strive to maintain high growth rates with the aim of attaining the level of prosperity now enjoyed by the newly industrializing economies. The approach will be coherent and comprehensive, embracing the three pillars of sustainable growth, equitable development and national stability. The narrowing gap in the stages of development among the Asia Pacific economies will benefit all members and promote the attainment of Asia Pacific economic progress as a whole.
4. As we approach the twenty-first century, APEC needs to reinforce economic cooperation in the Asia Pacific region on the basis of equal partnership, shared responsibility, mutual respect, common interest, and common benefit, with the objective of APEC leading the way in:
- strengthening the open multilateral trading system;
 - enhancing trade and investment liberalization in Asia Pacific; and
 - intensifying Asia Pacific development cooperation.

5. As the foundation of our market-driven economic growth has been the open multilateral trading system, it is fitting that APEC builds on the momentum generated by the outcome of the Uruguay Round of Multilateral Trade Negotiations and takes the lead in strengthening the open multilateral trading system.

We are pleased to note the significant contribution APEC made in bringing about a successful conclusion of the Uruguay Round. We agree to carry out our Uruguay Round commitments fully and without delay and call on all participants in the Uruguay Round to do the same.

To strengthen the open multilateral trading system we decide to accelerate the implementation of our Uruguay Round commitments and to undertake work aimed at deepening and broadening the outcome of the Uruguay Round. We also agree to commit ourselves to our continuing process of unilateral trade and investment liberalization. As evidence of our commitment to the open multilateral trading system we further agree to a standstill under which we will endeavour to refrain from using measures which would have the effect of increasing levels of protection.

We call for the successful launching of the World Trade Organization (WTO). Full and active participation in and support of the WTO by all APEC economies is key to our ability to lead the way in strengthening the multilateral trading system. We call on all non-APEC members of the WTO to work together with APEC economies toward further multilateral liberalization.

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6. With respect to our objective of enhancing trade and investment in Asia Pacific, we agree to adopt the long-term goal of free and open trade and investment in Asia Pacific. This goal will be pursued promptly by further reducing barriers to trade and investment and by promoting the free flow of goods, services and capital among our economies. We will achieve this goal in a GATT-consistent manner and believe our actions will be a powerful impetus for further liberalization at the multilateral level to which we remain fully committed.

We further agree to announce our commitment to complete the achievement of our goal of free and open trade and investment in Asia Pacific no later than the year 2020. The pace of implementation will take into account the differing levels of economic development among APEC economies, with the industrialized economies achieving the goal of free and open trade and investment no later than the year 2010 and developing economies no later than the year 2020.

We wish to emphasize our strong opposition to the creation of an inward-looking trading bloc that would divert from the pursuit of global free trade. We are determined to pursue free and open trade and investment in Asia Pacific in a manner that will encourage and strengthen trade and investment liberalization in the world as a whole. Thus, the outcome of trade and investment liberalization in Asia Pacific will not only be the actual reduction of barriers among APEC economies but also between APEC economies and non-APEC economies. In this respect we will give particular attention to our trade with non-APEC developing countries to ensure that they will also benefit from our trade and investment liberalization, in conformity with GATT/WTO provisions.

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7. To complement and support this substantial process of liberalisation, we decide to expand and accelerate APEC's trade and investment facilitation programs. This will promote further the flow of goods, services and capital among APEC economies by eliminating administrative and other impediments to trade and investment.

We emphasize the importance of trade facilitation because trade liberalization efforts alone are insufficient to generate trade expansion. Efforts at facilitating trade are important if the benefits of trade are to be truly enjoyed by both business and consumers. Trade facilitation has also a pertinent role in furthering our goal of achieving the fullest liberalization within the global context.

In particular we ask our ministers and officials to submit proposals on APEC arrangements on customs, standards, investment principles and administrative barriers to market access.

To facilitate regional investment flows and to strengthen APEC's dialogue on economic policy issues, we agree to continue the valuable consultations on economic growth strategies, regional capital flows and other macro-economic issues.

8. Our objective to intensify development cooperation among the community of Asia Pacific economies will enable us to develop more effectively the human and natural resources of the Asia Pacific region so as to attain sustainable growth and equitable development of APEC economies, while reducing economic disparities among them, and improving the economic and social well-being of our peoples. Such efforts will also facilitate the growth of trade and investment in the Asia Pacific region.

Cooperative programs in this area cover expanded human resource development (such as education and training and especially improving management and technical skills), the development of APEC study centres, cooperation in science and technology (including technology transfer), measures aimed at promoting small and medium scale enterprises and steps to improve economic infrastructure, such as energy, transportation, information, telecommunications and tourism. Effective cooperation will also be developed on environmental issues, with the aim of contributing to sustainable development.

Economic growth and development of the Asia Pacific region has mainly been market-driven, based on the growing interlinkages between our business sectors in the region to support Asia Pacific economic cooperation. Recognizing the role of the business sector in economic development, we agree to integrate the business sector in our programs and to create an ongoing mechanism for that purpose.

9. In order to facilitate and accelerate our cooperation, we agree that APEC economies that are ready to initiate and implement a cooperative arrangement may proceed to do so while those that are not yet ready to participate may join at a later date.

Trade and other economic disputes among APEC economies have negative implications for the implementation of agreed cooperative arrangements as well as for the spirit of cooperation. To assist in resolving such disputes and in avoiding its recurrence, we agree to examine the

possibility of a voluntary consultative dispute mediation service, to supplement the WTO dispute settlement mechanism, which should continue to be the primary channel for resolving disputes.

10. Our goal is an ambitious one. But we are determined to demonstrate APEC's leadership in fostering further global trade and investment liberalization. Our goal entails a multiple year effort. We will start our concerted liberalization process from the very date of this statement.

We direct our ministers and officials to immediately begin preparing detailed proposals for implementing our present decisions. The proposals are to be submitted soon to the APEC economic leaders for their consideration and subsequent decisions. Such proposals should also address all impediments to achieving our goal. We ask ministers and officials to give serious consideration in their deliberations to the important recommendations contained in the reports of the Eminent Persons Group and the Pacific Business Forum.

11. We express our appreciation for the important and thoughtful recommendations contained in the reports of the Eminent Persons Groups and the Pacific Business Forum. The reports will be used as valuable points of reference in formulating policies in the cooperative framework of the community of Asia Pacific economies. We agree to ask the two groups to continue with their activities to provide the APEC economic leaders with assessments of the progress of APEC and further recommendations for stepping up our cooperation.

We also ask the Eminent Persons Group and the Pacific Business Forum to review the interrelationships between APEC and the existing sub-regional arrangements (AFTA, ANZERTA and NAFTA) and to examine possible options to prevent obstacles to each other and to promote consistency in their relations.

APEC Economic Leaders
Bogor, Indonesia
November 15, 1994