

## Conclusion

The name, Asia-Pacific Economic Cooperation, does not have a noun such as a “community”, “agreement” nor “summit” to go after it. Skeptical viewers convey that this represents an institutional underdevelopment because the member nations cannot even reach an agreement on the basic character of the organization.<sup>1</sup> The fact that APEC covers a large part of the region and includes nations with diversity in culture, political interests economic development, and absence of strong leadership are seen as a cause of difficulty to formalize the institution. Due to the existence of INGOs, such as PECC, for trade facilitation and development cooperation since the late 1960s, and acts of regional economic cooperation, this sort of just became the name for the organization. Miyaichi states that “this reflects pragmatism and the Asian nature (since more than half the members are Asian nations) in its ambiguity. Not specifying the shape of its organization, whether it is an ‘agreement’ or ‘conference’, is not the matter of most importance, or better yet, its better not to formalize the formation.”<sup>2</sup> Other megaregionalisms do have a binding nature represented in their name, such as “Free Trade Agreement” in the case of NAFTA and “Customs Union” for EU. However, APEC has recently been trying to make itself matter more, and this flexible feature of APEC is adjusting towards the original intention of the

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<sup>1</sup> Gilpin, 2000, p.288

<sup>2</sup> Miyaichi, *APEC and Japan's strategy*, 1995 Miyaichi Chpt.1 p.13

organization, to concentrate on the economic cooperation aspect to obtain more equitable development in the region towards economic globalization.

After the difficulties experienced during the negotiations of the Uruguay Round of GATT in the late 1980's with the change in course of the development of the political economy of international relations with regionalization in the 1990's, political powers such as non-governmental organizations (NGOs) have developed and now became an important factor in the movement towards economic globalization. Unlike the East vs. West world division, created principally by differences in ideology, the new division of nations is created by the international political economy after the Cold War. This new division is based on differences in economic development and is represented by a developed North and an underdeveloped South. When the world free trade process was undertaken after WWII, uneven distribution of wealth in the North and the South already existed, along with similar unbalances of development within the region or individual nations. With increased technology and expanded knowledge of the world through rapid communication, political powers such as NGOs have made unfair distribution of world wealth more visible, and have started to address the problems of economic globalization. At the same time, developing or underdeveloped members of WTO became more unwilling to let the developed western power ride over their economy without leaving visible improvements, and increased their coalition and voice at every international stage, at WTO and within APEC.

With these movements, the public image of WTO changed to reflect an imposition of western ideology that creates uneven distribution of wealth, as seen at the failed WTO meeting in Seattle in 1999. With the rapid formation of regionalisms, the world started to be clearly divided into three major trading blocs, each formed by different economic and political regimes, which brought out a sort of organizational rivalry between these megaregionalisms.

To address these issues, the concept of free trade and its “raison d' être” were recalled back to the principal ideology of peace maintenance through equitable economic growth and sustainable development of the nations of the world. The 2001 APEC summit in Shanghai was held only a month after the September 11th terrorist attacks on the United States, and leader's have announced APEC's first political statement in the “Leaders' Statement on Counter-terrorism”. The meeting held in China all year round emphasized the equitable development of developing members in APEC. To address the future role of APEC of confining the development of separate trading blocs, members across the Pacific were included in the principle of open-regionalism.

The success of megaregionalisms lies in their ability to solve the North and South problems in their region. The focus of WTO is leaning towards the development process of trade liberalization, as represented in the last WTO ministerial meeting with the Doha Development Agenda. APEC's 13-year experience through TILF and ECOTECH with principles set at the “Seoul APEC Declaration” to sustain the growth and development of the region to contribute to

that of world economy can be most useful in setting an example as a megaregionalism with its success today.

The voices of developed countries like the United States and Japan are heard in APEC, along with the concerns of underdeveloped nations represented by ASEAN towards equitable development in the region. APEC's pillars of trade facilitation and ECOTECH are to be refocused and strengthened as the basic function of regionalism to achieve trade liberalization. Methods like CUA or IAPs used for trade liberalization, which address the sociopolitical and socioeconomic impacts of it are also important for the purpose of equitable development.

The "Shanghai Accord" has reaffirmed APEC's function to set principles for the regional and bilateral trade arrangements to serve as building blocks for the multilateral liberalization in the WTO, and to be consistent with WTO rules and disciplines. This year's leaders' meeting in Mexico will pursue its previous year's declaration, and to serve to stress the importance of trade facilitation and ECOTECH. Mexico can play an important role, as a developing nation in the Western Hemisphere, to address the strengthening of economies of both sides of the Pacific in APEC by connecting the megaregionalisms of Asia and the West.

After WWII, Japan always looked to the United States in making any political move, though more recently it has shifted its vision towards its culturally

and geographically closer neighbors of Asia. Although “Asianized” Japan and APEC’s subregionalism ASEAN, started to consolidate their influences to express their viewpoints more in the international arena. With the purpose of “locking-in” the domestic structural reform, Japan now has its first bilateral FTA with Singapore, and will soon have one with Mexico also.

The United States trade diplomacy’s emphasis on liberalization had been criticized and the loss of its commitment to multilateral negotiations disappointed many nations. The recent passing of the domestic trade promotion authority bill puts the Bush administration back on track, taking the leadership and will facilitate the pursuit of bilateral trade agreements with Chile and Singapore.

After the Asian financial crisis, ASEAN nations had lost confidence in its demand as the developing countries’ voice in APEC, but regional institutional cooperation has been strengthened and they are moving forward to complete the AFTA. The feeling of threat that the ASEAN nations felt toward China for taking FDI otherwise directed to them, is being eased through a process of investment promotion and with their own FTA between China and them. After overcoming the competitiveness between them, China is very likely to join with ASEAN to strengthen the voice of developing nations at the international stages.

The surge in bilateral FTAs in the APEC region is not only because of the facility of smaller scale negotiations between “friends” for trade liberalization, but also, because it is an easier way for the members to negotiate trade facilitation

and ECOTECH aspects between them. Japan's first bilateral FTA with Singapore stressed the mutual partnership aspect of it, and the lack of effectiveness on ECOTECH within APEC is better addressed between smaller parties. Mexico's interest in the search for more FDI and ECOTECH is more easily satisfied by its intention to make many bilateral FTAs with Asian partners.

A version of the United States' hub and spokes strategy of being the center for trade agreements will be practiced by developing nations such as Singapore and Mexico. This way, these developing nations can use their position as the center of bilateral FTAs, to exercise pressure on their trade partners for TILF and ECOTECH.

APEC's future role is to strengthen and re-address the already existing principles, so that SRTAs and bilateral FTAs within the region will not serve as a stumbling block, but as a building block with special concerns for the economic growth of developing members