

6-30-2014

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Recommended Citation

Panennungi, Maddaremmeng; Pulungsari, Rahadjeng; Fitriani, Evi; Tjahjandari, Lily; -, Surjadi; and Wicaksono, Padang (2014) "Analysis of Issues Development in Asia-Pacific Economic Cooperation," *Asia-Pacific Social Science Review*: Vol. 14: Iss. 1, Article 2.

DOI: <https://doi.org/10.59588/2350-8329.1018>

Available at: <https://animorepository.dlsu.edu.ph/apssr/vol14/iss1/2>

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Abstract: This study aims to analyze the determinant factors that affect issues development within APEC, map out those issues during the period 1993-2010, and show the relation of those issues with the APEC Summit Agenda 2013 in Indonesia. The analysis is based on secondary data, literature review of APEC meeting documents, interviews, and focus group discussions. Some interesting findings suggest that, firstly, issues development in APEC has been shaped by responses of APEC to opportunities and challenges related to economic, social, political and security conditions within APEC and the world. It is not only government agencies that are involved in issues development but other agents as well, such as the Pacific Economic Cooperation Council, the Association Southeast Asian Nations, the World Trade Organization, APEC Business Advisory Council, and APEC Study Centers Consortium. In the past and at present, the Eminent Persons Group and the Pacific Business Forum, which were set up for a specific time by APEC, continue to play vital and influential roles. Secondly, this study finds that there are four big groups involved in issues development in APEC. All issues are part of the development issues in APEC economies. Even though the issues are very broad, encompassing economic and non-economic matters, these are nonetheless focused on economic integration of APEC, with Bogor Goals being in the nucleus of issues. The development of the range of issues, which APEC has pursued to respond to challenges and opportunities in the APEC economies, is intended to support and secure economic integration. Thirdly, the Indonesian APEC Summit Agenda 2013 emphasized three specific agenda items: attaining the Bogor Goals, sustainable and inclusive growth, and connectivity. All these are inter-related issues of developments that have been discussed since the establishment of APEC.

Keywords: APEC, issues development, Bogor Goals, non-economic issues, Indonesia

The APEC (Asia-Pacific Economic Cooperation) idea was formally proposed by the Prime Minister of Australia, Bob Hawke, in a speech in South Korea in January 1989. Later in the same year, APEC was officially established in Canberra, Australia. APEC, a forum for dialogue among economies of the Asia-Pacific region, now has 21 member countries. Initially, APEC had 12 founders: United States of America (USA), Canada, Japan, South Korea, Australia, New Zealand, Indonesia, Malaysia, Thailand, Singapore, the Philippines, and Brunei Darussalam.

The attention on APEC had faded since the Asian financial crisis in 1998. However, APEC has been at the centre of regional stage again since 2008/2009, because of the high economic growth rates of several APEC economies amidst the world's financial meltdown. In 2009, APEC economies reached 54.5% of the world's GDP (Gross Domestic Product). APEC has the three largest economies in the world: US, Japan and China. In 2009 (authors' calculation based on data from APEC Secretariat, 2013h), the contributions of the three economies to world's GDP were as follows (in current prices): 24.5%, 8.7% and 8.6%. Their contributions in APEC were 44.9%, 16% and 15.7%, respectively. Furthermore, the contributions of the Indonesian economy to the world's and APEC's GDP were around 1% and 1.7%, respectively. During the global financial crisis in 2008/2009, APEC's economic growth as a whole had decreased more dramatically compared to that of the world. However, several economies in the region had experienced high growth rates, such as China (9.2%), Vietnam (5.3%), and Indonesia (4.6%).

Trade relations between and among APEC economies are large. The share of average exports and imports within APEC economies is about 70%. However, the intra-APEC exports have shown fluctuations. If we consider the share of exports within the APEC economies in 1993-2011 (authors' calculation based on data from APEC Secretariat, 2013h), the highest share occurred in 1994 when the Bogor Goals were achieved

and the Uruguay Round was concluded (around 75%), while the lowest were at the time of the Asian financial crisis in 1998 (around 66%) and the global financial crisis in 2008 (around 68%).

From 1989 to 2010, the APEC Economic Leaders' Meeting (AELM) were held 18 times. The meetings in 1989-1992 were informal, but, beginning 1993, AELM has been conducted regularly each year. During the AELM, the APEC leaders discussed various important issues related to Asia Pacific economies. Some important meetings of APEC, reflective of the best years of the body, were in 1993 in Blake Island (USA), 1994 in Bogor (Indonesia), 1995 in Osaka (Japan), 1996 in Manila (the Philippines), and 1997 in Vancouver (Canada). Since the Asian financial crisis, attention to APEC seemed to be on a decline. When the global financial crisis struck, however, APEC attracted a great deal of attention again. In meetings in Peru (2008), Singapore (2009) and Japan (2010), the attention was certainly resurging. APEC leaders expected their respective nations to play a bigger role in the region's economies and in maintaining the stability of the world's economic growth. Moreover, they saw APEC as the vehicle to be employed in the face of global protectionism.

If we examine the issues in the AELM, these issues have ranged from trade and investment, economic structural reform, to the environment, severe acute respiratory syndrome and terrorism. Knowledge of these issues development, including their determinant factors, is sporadic. Thus, whether there has been a continuity of these issues, such as in the 2013 Indonesia APEC, Summit is unclear.

Economic Integration: An Overview

The evolution of economic integration usually begins from an integration of trade in goods and services. However, some participating national economies improve their integration by assimilating factors related to production, such as labor and capital; and in the highest level of economic integration, by integrating

their economic policy. Economic integration is actually based on market forces, but governments could pursue deeper economic integration through cooperation and policies. Conceptually, economic integration follows a sequence. First, a Free Trade Arrangement or Agreement (FTA) is signed, in which a member economy lowers its trade barriers to fellow members while keeping barriers to non-members. Second, the Custom Union (CU) occurs once a member country lowers its barriers to other member economies and adopts a common treatment barrier to other economies. Third, the Common Market (CM) is formed once there is a decrease in the barriers against the movement of goods and services among members, along with the lowering of barriers pertaining to production factors (e.g., capital and labor). Fourth, the most complex, or the most recent, is the Economic Union (EU). This phase involves reducing barriers to movement of goods/services and factors of production, and the harmonization of policies (e.g., monetary and fiscal policy) and other economic policies. The highest integration is the integration of politics or political union, which means having a single country (economic integration is not necessarily within one country or a political union).

Until now, the European Union is the example of the most sophisticated economic integration in the world. It has not only reduced barriers against the movement of goods, services, labor and capital, but has also provided an integration or a harmonization of monetary and fiscal policies (for further discussion see several resources, i.e., Lamberte (2005); Jovanovic (2006)). Only political integration as one country could be higher than economic integration. In the case of APEC, even though the main objective is economic integration, there are several indications to suggest that the APEC's objective is beyond economic integration. For example, it is also moving towards addressing national security issues (e.g., terrorism).

The economic integration by a group of countries/economies could create problems called "trade diversion". There is a diversion

of transaction from non-member countries/economies, which are more efficient, to member countries/economies, which due to a significant reduction in barriers, are less efficient. It means that the world will become less efficient because of the changing transactions from the efficient economies to the less efficient economies. This problem will not occur if economic integration is multilateral, that is, a multilateral trade integration through the WTO (World Trade Organization). This trade diversion could be one of the reasons why APEC, since the beginning of its establishment, is not intended to be a closed economic cooperation and will not follow the EU model (an Economic Union today). Take the AELM 2 in 1994 in Bogor, Indonesia, as an example, where an APEC statement had made a significant contribution to and had helped in the conclusion of the Uruguay Round. As a form of support for a multilateral liberalization and to avoid the closed regional liberalization, APEC had emphasized the following position in AELM 2, based on a document of APEC Secretariat (2013b):

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 an open and free trade and investment in Asia Pacific in a manner that will encourage and strengthen trade and investment liberalization in the world as a whole. (p.2)

The APEC activities during 1993-2010, especially those based on AELM statement, could be divided into two big phases: 1993-1997 and 1998-2010. The first phase included APEC activities which began in 1989, continued until 1993, and peaked in 1997. There was high optimism generated in this first phase, and instruments, such as Visions of APEC, Bogor Goals, Osaka Action Agenda, the Manila Action Plan, and Early Voluntarily Sectoral Liberalization, were also produced. The second phase saw APEC having economic fluctuations and an expanding array of issues during the period

1998-2010. This second phase could be divided into several detailed sub-phases. First, the sub-phase involving the Asian financial crisis. This crisis was very quick and short-lived, and the worst crisis ever to affect Indonesia in economic, political and social terms and perspectives. Second, during the sub-phase from 2001 to 2004, APEC faced problems from terrorism to severe acute respiratory syndrome, natural disaster and rising prices of primary goods. Third, the sub-phase covering 2005-2006 was relatively reminiscent of the Bogor Goals. Moreover, the period 2007-2008 had raised environmental issues to the fore as a consequence of the global financial crisis that began in the US. Lastly, the period from 2009 to 2010 was a new starting point for APEC, as it called for the body to be more significant, in light of the ability of some of its member economies (e.g., Indonesia, Vietnam) to maintain positive economic growth amidst global financial meltdown. While it is recognized that there was a resurging attention given to APEC around 2010, the level and the intensity could not be compared with those experienced during the first phase.

Objectives of the Study

This study aims to (1) analyze the determinant factors that affect issues development within APEC; (2) map out these APEC issues for the period 1993-2010; and (3) show the continuity of these issues in the APEC Summit Agenda 2013 in Indonesia.

The purpose of this study is to learn how the issues are developed in APEC. Understanding issues development could give us—academics, researchers and students—better qualitative perspectives that member countries usually obtain from attending APEC meetings. These perspectives are needed in view of some critics' observation (Morrison, 2009, p. 29): "The annual AELM, one of the largest regular gatherings of heads of state in the world, is frequently criticized in the media, which find it high on expense, ritual and protocol, but low on concrete achievements."

Several groups and individuals have underscored the achievements or APEC's success stories in highly quantitative ways. The Policy Support Unit of the APEC Secretariat which acts as APEC's think tank, and scholars, such as Elek (2009), pointed to the various achievements and concerted decisions of APEC with respect to liberalization of trade and investment. Other reports have outlined APEC's several progresses on lowering tariffs, freeing the movement of investment and people, instituting more efficient customs procedures, and freeing trade in information and technology trade. These claims are usually challenged by the fact that APEC actions are voluntary, and that these achievements could be part of the results from other cooperation/agreements/arrangements involving APEC members in WTO, AFTA (ASEAN Free Trade Area), ACFTA (ASEAN Free Trade Area), NAFTA (North American Free Trade Area), ANZCERTA (Australia New Zealand Closer Economic Agreement), and several regional and bilateral commitments, both within and outside the APEC framework. The criticism of APEC emanates not only from media professionals but also from scholars. For example, Tarmidi (2010) has also emphasized the role of non-APEC agreements/arrangements as revealed in APEC's several quantitative achievements reports. By understanding APEC's issues development from a qualitative standpoint in this study, we could learn so much more about the body's achievements, including their implications for the region.

Methods

Multiple methods were employed in this research. First, a literature survey was carried out. The sources of data included the meeting documents published by the APEC Secretariat; Indonesia's APEC-related documents, especially documents from relevant ministries (Ministry of Foreign Affairs, the Ministry of Trade, and National Planning Agency or Badan Perencanaan Pembangunan Nasional (BAPPENAS)); several

previous studies on APEC; news items and magazine articles; and data from APEC and World Bank websites.

Second, in-depth interviews were conducted with individuals who were involved in APEC. These included academics, representatives from government departments or sections, and related research institutes, such as the APEC Study Centres Consortium, Ministry of Foreign Affairs, BAPPENAS, Centre for Strategic and International Studies in Indonesia, and Policy Support Unit of the APEC Secretariat.

Third, focus group discussions, which were aimed at getting feedback from the preliminary results obtained from the literature review and interviews, were conducted. The discussions involved representatives from several ministerial officers, Indonesian businessmen, and researchers.

To identify the determinant factors affecting the issues within APEC, this study utilized the information from the literature review, interviews and focus group discussions. In mapping out the APEC issues in 1993-2010, this study used the information from the official documents obtained from APEC Secretariat, such as those collected from AELM, Ministerial Meetings, and Sectoral Ministerial Meetings. Finally, in describing the Indonesia APEC Summit Agenda in 2013, relevant information from documents obtained from the APEC Secretariat is cited.

Results

Structures and Processes of APEC

All information about the structures and processes of APEC can be accessed at the APEC Secretariat website (<http://www.apec.org/about-us/apec-secretariat.aspx>). The process is divided into policy and working levels. The policy level shows the decision-making policy on issues agreed in AELM, APEC Joint Ministerial Meeting and ABAC, APEC Ministerial Meetings, APEC Sectoral Ministerial Meetings, and Senior Official Meetings. The detailed explanations are as follows:

- (1) The policy direction is determined by the APEC Economic Leaders in AELM each year. Strategic recommendations are given by the APEC Ministers in Joint Ministerial Meeting (as representatives of the government/economy) with ABAC (APEC Business Advisory Council) as the business representative in APEC.
- (2) APEC Ministerial Meeting (AMM) is an annual meeting between the chief minister of APEC, the Minister of Foreign Affairs and the Minister of Trade that is held before the summit. This meeting aims to provide recommendations to the APEC Economic Leaders based on activities undertaken in the previous year.
- (3) APEC Sectoral Ministerial Meeting is a meeting for sectoral/specific issues conducted on a regular basis. For example, there are regular ministerial meetings in specific sectors, such as education, energy, environment and sustainable development, finance, human resource development, regional science and technology cooperation, small and medium enterprises, telecommunications and information industry, tourism, trade, transportation, and woman's affairs. This meeting aims to provide recommendations to the APEC Economic Leaders based on reports from specific sectors.
- (4) ABAC (APEC Business Advisory Council) is an effort to obtain the views of the business sector for the APEC Economic Leaders' consideration. ABAC meets four times per year and makes an annual report on how to improve the business climate and investment in the APEC region.
- (5) SOM (Senior Official Meetings) is held under the guidance and direction of the chief minister of APEC. SOM provides inputs to APEC Chief Minister and the APEC Economic Leaders. This meeting is carried out two or three times annually, and is led by the host country. SOM provides information regarding the

activities of Committees, Working Groups and Task Forces in APEC.

At the working level, activities and projects are divided into four high-level committees:

- (1) CTI (Committee on Trade and Investment) aims to enhance the liberalization and facilitation of trade and investment. CTI has a sub-committee and an experts' group.
- (2) SOM Committee on Economic and Technical Cooperation aims to help the APEC Senior Officials in coordinating and setting the agenda on economic and technical cooperation in APEC; and in identifying initiatives for the cooperative action of member countries/economies.
- (3) EC (Economic Committee) aims to promote structural reforms in APEC economies based on policy analysis and action-oriented work.
- (4) BMC (Budget Management Committee) aims to provide inputs insofar as budget, administrative and managerial issues are concerned. In addition, BMC also monitors and evaluates the project management aspects of the activities of the Committees and the Working Groups, and provides recommendations for the efficiency and effectiveness of SOM.
- (5) Working Groups aim to implement the sector/specific issues that are regulated by APEC Economic Leaders, APEC Ministers, APEC Sectoral Ministers, and Senior Officials.
- (6) SOM Special Task Forces/Ad-hoc Groups are established by the Senior Officials to identify issues and provide recommendations on important matters for APEC's consideration. Ad-hoc groups also seek to fulfil the task that cannot be categorized under any of the aforementioned groups.

In Indonesia, especially with reference to the APEC Summit 2013, the Ministry of Foreign Affairs (MOFA) served as the coordinator. The Ministry of Trade (MOT) was assigned the CTI; MOFA the BMC; the Economic Coordinator Ministry the EC; and the National Planning Agency (BAPPENAS) the EcoTech. ABAC represented the Indonesian Chamber of Commerce Industry (KADIN, Kamar Dagang dan Industri). While ABAC was a business partner, it strongly and directly influenced the decision of AELM via the Leaders' Meeting in the APEC's business wing.

Based on interviews and focus group discussions, the factors that helped influence the identification and development of issues revolved around economic, political, social and security conditions within the APEC host country/economy, the APEC region, and the world (Table 1).

The specific influences of economic, political, social, and security conditions on issues development in APEC are shown in the table. (1) From 1980s to mid-1990s, the Asia Pacific region experienced remarkable high economic and trade growths. APEC seized the opportunity by supporting economic integration, especially in trade and investment. It is shown that from 1989 (the establishment of APEC) to 1997 (Asian financial crisis), there were many developments and decisions made on the economy, particularly in relation to trade and investment liberalization. The influencing factors were high APEC economic growth, higher APEC internal trade, NAFTA (North American Free Trade Area) establishment, and WTO establishment. The growths had slowed down as a result, and developments had largely centered upon how economic stability and how the adverse effects of future economic crisis could be addressed; (2) In 1998-2000, due to the Asian financial crisis, APEC's economic issues received lesser attention compared to that received earlier; (3) The terrorist attack in the US in 2001 and the Bali bombing the following year had forced APEC to respond to these events with a variety

of policies to anticipate security problems; (4) SARS (Severe Acute Respiratory Syndrome) that threatened the APEC economies in 2003 was also responded to using a variety of policies on health; (5) The Indian Ocean earthquake and tsunami in late 2004 had affected the emergency preparedness issues in 2005; (6) 2006-2007 issues on climate change, energy security and clean development which were raised by both the Conference of the United Nations and the host country (Australia at that time), also became APEC's issues; and (7) the global financial crisis drove APEC to act towards preventing protectionism and maintaining economic growth both in the APEC economies and the world.

Some notes regarding the foregoing discussion are in order. Firstly, the issues prior to the Asian financial crisis were more dominated by economic issues related to economic Integration in the context of the Bogor Goals; yet, after 1997, the non-economic issues became more dominant especially following the terrorist attack in the US in 2001. Secondly, issues development in APEC suggests that APEC economies appear to have exhibited and maintained a high level of responsiveness in facing challenges and gaining opportunities from any of these unwelcome circumstances. Even though adherence to APEC's agreements is voluntary, the ideas that the body has generated or will be generating could be useful as guideposts for right/proper policies and actions for individual national economies in the region.

Table 1

Factors Identified to have Influenced the Main Issues in APEC

Year	Main Issues	Determinant Factors
1989-1997	Economic integration, especially trade and investment liberalization (Bogor Goals and Action Plans)	APEC's high economic growth, APEC's high internal trade, the birth of WTO, NAFTA development
1998-2000	Social impact of the crises, competition and regulatory reform	Asian financial crisis, economic and political crisis in Indonesia
2001-2002	Counter-terrorism, STAR (Secure Trade for Asia Pacific Region)	Terrorists attack in US (2001) and in Indonesia (Bali bombing in 2002)
2003-2004	Health, especially contagious diseases	SARS in some APEC economies
2005	Emergency preparedness	Severe impact of tsunami in Aceh, Indonesia (2004)
2006-2007	Climate change, energy security, and clean development	United Nations conference in Bali on climate change, emission trading scheme in Australia
2008-2010	Focused on high-quality economic growth: balance, innovation, sustainability, inclusiveness and security	Global financial crisis, global imbalances

Source: Summarized data from focused group discussions and in-depth interviews (APEC Secretariat, 2013a; 2013b; 2013h).

Agents of Issues Development in APEC

Formally, decisions pertaining to APEC are contingent upon two sets of players: government agencies and the business sector. However, based on data from interviews and focus group discussions, the APEC process involves other complex agents who could affect issues development. This study found that a number of agents and institutions were sources of issues on APEC other than government institutions in APEC member countries/economies. Table 2

lists these agents and institutions, which were likewise responsible for raising events/factors to APEC, and subsequently, for influencing issues development in APEC.

These included the Pacific Economic Cooperation Council (PECC), the Association of Southeast Asian Nations (ASEAN), the World Trade Organization (WTO), APEC Business Advisory Council (ABAC), and APEC Study Centers Consortium (ASCC). Across the life span of APEC, the EPG and PBF that were set up by APEC, have been influential agents within the regional body.

Table 2
Agents and Their Roles in the Development of APEC Issues

No	Agent and its Position in APEC	Main Roles
1	Eminent Persons Group (EPG). Appointed by AELM until 1995	Provides guidance to APEC through three in- depth studies on APEC: (1) A Vision for APEC: Towards an Asia-Pacific Economic Community (October 1993); (2) Achieving APEC Vision: Free and Open Trade in the Asia Pacific (August 1994); and (3) Implementing the APEC Vision (August 1995).
2	Pacific Business Forum (PBF). Appointed by AELM until 1995	Provides business blueprints for APEC through these twin proposals: (1) Strategies for Growth and Common Prosperity (October 1994); and (2) the Osaka Action Plan: Roadmap to Realizing APEC Vision (1995).
3	APEC Business Advisory Council (ABAC). Appointed by AELM until now	Serves as a business representative in APEC since 1995.
4	Pacific Economic Cooperation Council (PECC). Outside APEC	Main force in APEC's establishment, APEC observer, tripartite membership (government, business and academe)
5	APEC Study Centers Consortium (ASCC). Outside APEC	Universities and researchers in APEC economies

Sources: Data from focused group discussions; in-depth interviews; Eminent Persons Group (1993; 1995); Pacific Business Forum (1994;1995), and APEC Secretariat (2013a, 2013b). Note: ASEAN and WTO are not included in the table but they are key agents as well.

PECC was organized at an Asia-Pacific seminar in Canberra, Australia in 1980 at the initiative of Masayoshi Ohira (Prime Minister of Japan) and Malcolm Fraser (Prime Minister of Australia). The event was attended by 11 APEC members (i.e., Australia, Canada, Indonesia, Malaysia, Japan, South Korea, New Zealand, the Philippines, Singapore, Thailand, and the US); and three Pacific countries (i.e., Papua New Guinea, Fiji and Tonga). Each delegation was composed of tripartite representatives: intellectual/academic, business and government. The meeting was also attended by ADB (Asian Development Bank), PBEC (Pacific Basic Economic Council) and PAFTAD (Pacific Trade and Development Conference). Until now, PECC has 23 member economies as full members: Australia, Brunei Darussalam, Canada, Chile, China, Colombia, Ecuador, Hong Kong/China, Indonesia, Japan, Korea, Malaysia, Mexico, Mongolia, New Zealand, Peru, the Philippines, Singapore, the Pacific Island Forum, China, Thailand, the US and Vietnam. In addition, PECC has an Associate Member (i.e., French Polynesia for the Pacific region), and two Institutional Members (i.e., PAFTAD and PBEC). The purpose of the PECC is to act as a forum for cooperation and policy coordination to promote economic development in the Asia Pacific region.

PECC has a role in APEC's decision making. First, APEC is an institution whose birth was conceived on the basis of a proposal from PECC. Until now, the PECC is one of the observers of APEC. Second, the tripartite memberships of PECC in each country are also initiators in APEC. Most of these members are very influential in the decision making vis-à-vis APEC in each member economy.¹ Indonesia's members in PECC include prominent economists from CSIS (e.g., Hadi Soesastro).

ASEAN has played an important role, both directly and indirectly, in APEC, because the main ASEAN economies (i.e., Indonesia, Malaysia, Singapore, Thailand, the Philippines, Brunei Darussalam and Vietnam) are also in APEC. APEC and ASEAN share several intersecting

issues. For example, the ASEAN had earlier proposed linking the physical, institutional and human resources of its member countries. In 2013, Indonesia suggested it as an agenda for APEC.

Another example concerns the proposal on ASEAN+ in RCEP (Regional Comprehensive Economic Partnership). The proposal was made as a pathway towards achieving the Bogor Goals (the proposal is seen as an alternative to TPP or Trans-Pacific Partnership, which is also supported by some ASEAN members).

WTO and APEC also have mutual influences. According to AELM (1993; 1995; 1995), APEC played a significant role in the successful birth of the WTO Uruguay Round in 1994. Moreover, the journeys of both bodies have resulted in the two having mutually similar viewpoints and decisions, especially in the context of multilateral trade issues. For example, following the global financial crisis, there have been debates on rising protectionism. In this respect, both WTO and APEC have strongly emphasized the importance of reducing protectionism.

ABAC is an institution established under the AELM 1995 in Osaka, as a form of the business sector's participation within the framework of the Osaka Action Agenda (OAA) implementation. It has three members from each government-appointed country/economy and has a broad representation of businesses, including small and medium enterprises (SME). One agenda item that is quite a central theme today relates to the establishment of high-quality FTA via the proposed FTAAP (Free Trade Area of the Asia-Pacific). ABAC provides views and inputs to the AELM and helps determine the government's decision in AELM Declaration. Its position in the APEC structure is directly under the AELM. In a dialogue in AELM on 14 November 2010 in Yokohama, Japan, ABAC provided recommendations to adopt policies on FTAAP. According to the official website of ABAC, the plan in 2011 called for: (1) a Regional Economic Integration Working Group (REIWG) to include the FTAAP, next-generation trade issues, and

the movement of goods/services, investment and people; and (2) an SME Working Group and Entrepreneurship (SMEWG) whose policies will promote the establishment of new businesses and business models, resilience of SME, and inclusive economic policies, including issues concerning women; (3) a Sustainable Growth Working Group (SGWG) to address food security, energy security, and environmental goods and services; (4) a Finance and Economics Working Group (FEWG), to define and develop financing-related systems, such as SME financing, monitoring and assessing the implications of the development of the G20, as well as collaboration in capacity building in the APEC program; and (5) an Action Plan and Advocacy Working Group (APAWG) that will monitor APEC's action on the recommendations of ABAC; and develop advocacy strategies to promote ABAC's recommendations in collaboration with APEC's capacity building program.

The AELM at Blake Island in 1993 agreed on the establishment of a network of universities and research institutions, which then resulted in the forming of the APEC Study Centres Consortium (ASCC). This is based on the decision of AELM in Bogor in 1994. In Indonesia, the government through the Ministry of Education and Culture in 1995 founded the APEC Study Center at the University of Indonesia. Until now, there are approximately 100 universities and research institutes across 21 APEC countries as members of ASCC. While the Consortium's funding should ideally come from government agencies, it is constrained from seeking support from other sources. The role of ASCC institutions is to conduct research and disseminate information on APEC. Annually, an APEC Study Centre Conference is held. Unlike ABAC, ASCC has no direct link with the formal structure of APEC especially at the policy level. Seemingly, the APEC's decision making only involves government and business sectors but excludes the academe. Despite its exclusion, ASCC may be affecting APEC's decisions in varying ways. ASCC is one of the formal fora of APEC and it

is included in the SOM. Furthermore, because this institution was founded by governments/universities, it certainly shares its research findings with government and business sectors, thus influencing relevant decisions. Also, many researchers/economists are involved in APEC as government representatives. Or some of them provide government agencies with information related to APEC issues. In addition, in some countries/economies, researchers carry out studies each year dwelling on issues that are directly relevant to government, business and APEC.

EPG and PBF have provided meaningful direction to APEC's development since the beginning until the present (Eminent Persons Group, 1993; 1994; 1995). EPG was established by APEC for a specified period. It was formed during a Ministerial Meeting on 4 September 1992 in Bangkok. Its mandate has been to provide a vision on trade for the Asia-Pacific region through 2000 and to identify barriers and issues that need to be considered by APEC. Broadly speaking, these barriers and issues encompass four important aspects: trade liberalization, trade facilitation programs, technical cooperation, and APEC institutionalization. Until today, EPG continues to manifest its influence on APEC, particularly in relation to multilateral trade agreement.

EPG's first report in 1993 outlined 15 recommendations which were set for consideration at the 5th APEC Ministerial Meeting in Seattle in the US. The report called for the establishment of a regional cooperation. In discussing the bloc's merits, the report explained the threats of the global trading system to the region; offered foresights into regionalism; and presented a new vision. In further highlighting the advantages of the proposal, the report likewise underscored the benefits from trade and investment; the benefits that such a cooperation could facilitate consultation and cooperation in areas beyond trade (e.g., environmental protection); and the benefit that could accrue to the overall development of the Asia-Pacific region.

The second EPG report in 1994 responded to the mandate given in Seattle. That is, to present

a more specific proposal on how to realize the vision. EPG was guided with several principles: the principles governing free trade and investment; international cooperation; regional solidarity; mutual benefit; mutual respect and egalitarianism; pragmatism; making decisions by consensus based on the flexibility of implementation; and open regionalism. Based on these principles, the EPG recommended APEC's adoption of a comprehensive program to realize the vision of a free and open trade in the region. In a Leaders' and Ministers' Meeting in Bogor, Indonesia, EPG provided inputs which underlined the need to adopt the long-term goal of free and open trade and investment in the region; cooperation in financial and macroeconomic issues; cooperation in environmental issues; cooperation in labor practices for critical issues (e.g., anti-dumping); creation of a dispute mediation service; and technical cooperation.

The third EPG report in 1995 sought initiatives built on agreements made by APEC Leaders in Seattle and Bogor. The challenge was centered upon translating the vision set forth in prior meetings. Recommendations pertained to implementing the Bogor Declaration, with the individual components of the action to be adopted at a meeting in Osaka later that year. Specifically, these recommendations referred to accelerating the liberalization of the Uruguay Round; establishing a dispute mediation service; expanding and deepening the Uruguay Round agreements on anti-dumping, competition policy, and product standards and testing; strengthening private investment based on non-binding investment principles; and opening of sub-regionalism; monetary and macroeconomic cooperation; and development and technical cooperation.

APEC established the PBF in 1994 when it received pertinent requests during the 1993 Seattle meeting (Pacific Business Forum, 1994; 1995). The Forum, which was concluded a year after in 1995, had business representatives as its members. PBF offered vision and some recommendations as a blueprint for APEC in the 21st century: a community where no barriers and

discrimination against the flow of goods, services and capital between and among APEC members exist. Among others, the recommendations of PBF included free trade and investment liberalization, business facilitation, human resources and business development policies, and cooperation between government/business and business networks. PBF saw a decades-long continuation of the region's dynamic growth, which would bring benefits to all its sectors and contribute to an improvement in the living standards of all its member economies. In order to achieve the foregoing, PBF suggested that APEC liberalize and deregulate trade and investment; provide facilities for existing businesses; develop support mechanisms for business and human resources, such as infrastructure and technology information exchange, structural adjustment programs, education and training and strengthening of SME in the region; and cooperation between business and government.

Increasing the globalization of business would help drive APEC towards establishing policies and practices that would facilitate the free flow of goods, services and capital into the region. Liberalization of the economy and the business environment has to be structured, however, so that member economies stand a good chance of benefiting from increased growth and sustainable development. PBF's 1995 Report had a singular focus: how to make APEC more relevant to business. In other words, the document offered a set of recommendations as to how APEC leaders may be assisted in promoting economic growth. These suggestions were embodied in the Osaka Action Agenda. To this day, the agenda continues to influence APEC.

There are several notes regarding the agencies described in the foregoing. First, the roles of these agencies were interdependent of each other. For example, the agencies could work, either independently or collaboratively, on one singular issue at the same time, such as in preparing a proposal or a policy recommendation. Second, an expert/resource person could play the same role across a number of agencies. For example, C.

Fred Bergsten, a prominent APEC economist from the US, represented both PECC and EPG. Ippei Yamazawa, a prominent Japanese economist, delivered a presentation on behalf of the ASCC, but he likewise represented ABAC, CTI and EPG.

Development Issues in APEC, 1993-2010

APEC has dealt with an array of development issues over the years. These issues have not only been numerous but very complex as well. It is thus difficult to identify and discuss all of them here: some are very broad, others are very detailed. The issues presented in this report were culled out primarily from documents at the Sectoral Ministerial Meetings, and secondarily, from documents of Task Forces and Working Groups.

These three sources are suitable for this specific purpose on account of the following reasons. One, the Sectoral Ministerial Meetings documents were formally considered at the policy level of APEC. Two, most of the working level issues have a direct connection with issues at the Sectoral Ministerial Meetings. Three, the frequency of the meetings was in a sense an indicator of the importance of the issue for APEC.

Figure 1 shows the frequency of meetings devoted to discussing development issues in APEC. The top 20 issues that attracted the most numbers of meetings in APEC were: 1) Finance, 2) Small & Medium Enterprise, 3) Trade, 4) Energy, 5) Telecommunication and Information, 6) Transportation, 7) Tourism, 8) Education, 9) Human Resource, 10) Regional Science and Technology, 11) Environment, 12) Health, 13) Mining, 14) Ocean-related, 15) Woman Affairs, 16) Structural Reform, 17) Food Security, 18) Anti-Corruption, 19) Counter-Terrorism, and 20) Emergency Preparedness. Issues #18 and #19 were taken from documents of two Task Forces and one Working Group, respectively.

The above-mentioned issues were divided into four groups based on APEC's core purposes.

Group 1 consists of issues that are the direct measures to achieving the Bogor Goals (Table 3). In broad terms, these issues are related to economic integration, such as Finance, Small and Medium Enterprise, Trade, Energy, Telecommunication and Information, Transportation, and Tourism. The frequencies of meetings on these seven issues were the highest among all the issues examined. The main statements expressed regarding these issues are shown in Table 3.

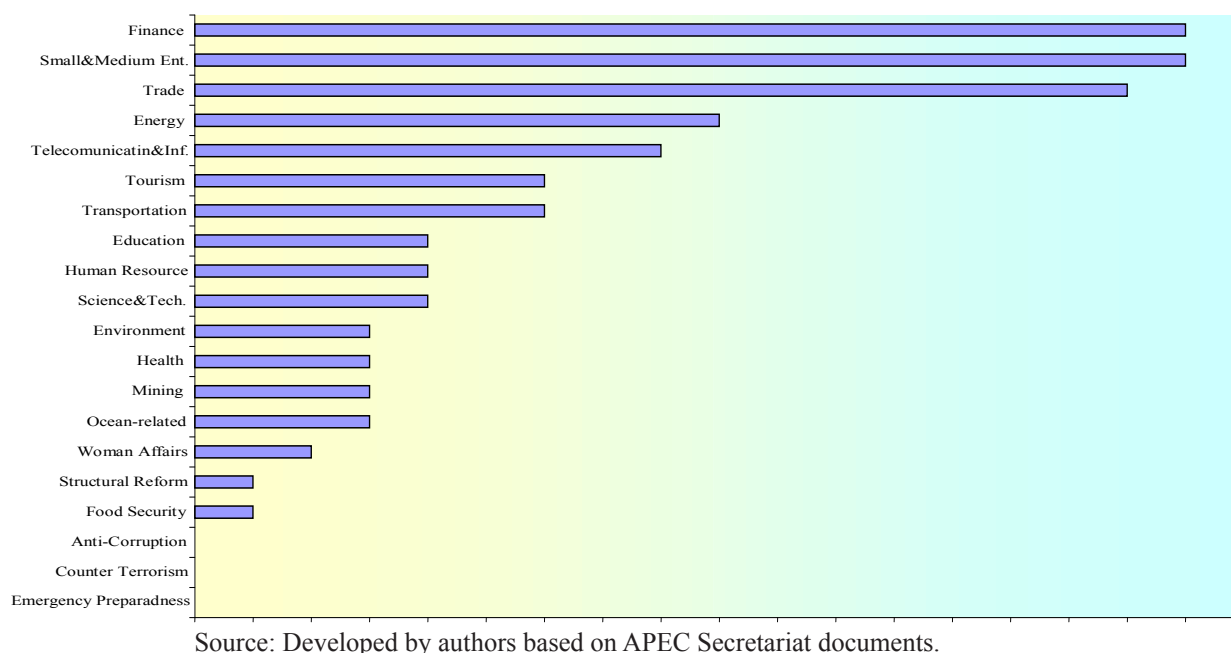


Figure 1. Frequency of meetings according to development issues, 1993-2010

Table 3*Issues of Group 1 and Its Main Statements in Sectoral Ministerial Meetings*

No	Issues and Number of Meeting	Main Statements
1	Finance (17 meetings)	<ul style="list-style-type: none"> To understand the current situation of the global and APEC regional economy To support the development of financial and capital market Infrastructures To strengthen the financial development that could facilitate the achievement of the Bogor Goals
2	Small and Medium Enterprise (17 meetings)	<ul style="list-style-type: none"> To strengthen the SME cooperation within APEC, especially sharing information, technological and human resources For SME to help reduce poverty and to enhance innovation cooperation, economic growth and regional economic integration
3	Trade (16 meetings)	<ul style="list-style-type: none"> To support and strengthen the multilateral trading system To encourage the intensity of effort in achieving the Bogor Goals To drive the business environment that could lead to a better growth, trade and investment.
4	Energy (9 meetings)	<ul style="list-style-type: none"> To achieve energy sustainability for APEC economies To foster the use of environmental friendly energy sources
5	Telecommunication and Information (8 meetings)	<ul style="list-style-type: none"> To develop the Asia Pacific Information Infrastructure
6	Transportation (6 meetings)	<ul style="list-style-type: none"> To develop principles and priorities related to transportation development To provide a transportation system that is safe, secure and liberalized
7	Tourism (6 meetings)	<ul style="list-style-type: none"> To develop a deeper tourism cooperation within APEC economies To enhance the role of tourism in increasing the quality of life in APEC economies

Source: Summarized from the documents obtained from Sectoral Ministerial Meetings, 1993-2010.

Group 2 is composed of issues that can help support the achievement of the Bogor Goals/ APEC economic integration (Table 4). There are three issues in this group: Education, Human

Resource Development, and Regional Science and Technology. Main statements made at the ministerial meetings regarding these issues are presented in Table 4.

Group 3 comprises issues which are likely to support the business environment for economic growth or development (Table 5). This group covers six broad issues which are predominately non-economic, namely, Environment, Health, Mining, Ocean-Related, Woman Affairs, and Structural Reform. The main statements regarding these issues are given in Table 5.

Group 4 covers issues that may restrict APEC from achieving its goals (Table 6). There are four issues in this group: Food Security, Anti-Corruption, Counter-Terrorism, and Emergency Preparedness. Main statements pertaining to these issues are shown in Table 6.

Table 4

Issues of Group 2 and Its Main Statements in Sectoral Ministerial Meetings

No	Issues and Number of Meeting	Main Statements
1	Education (4 meetings)	<ul style="list-style-type: none"> To cooperate in standardized education in APEC economies in order to enhance human resources To cooperate in micro-education development, such as reforming the educational system and improving the teaching of English, Math and Science, including their teaching methods and tools
2	Human Resource Development (4 meetings)	<ul style="list-style-type: none"> To develop labor market information To cooperate in improving skills of laborers, managers and entrepreneurs To develop social safety nets and security in the work place
3	Regional Science and Technology (4 meetings)	<ul style="list-style-type: none"> To enhance cooperation in knowledge production and technology development To share data bases of researchers, experts and scholarships To enhance the usage of knowledge and technology in small and medium enterprise

Source: Summarized from the documents obtained from Sectoral Ministerial Meetings, 1993-2010.

Table 5

Issues of Group 3 and Its Main Statements in Sectoral Ministerial Meetings

No	Issues and Number of Meeting	Main Statements
1	Environment (3 meetings)	<ul style="list-style-type: none"> Importance of comprehensive sustainable development in APEC economies
2	Health (3 meetings)	<ul style="list-style-type: none"> Regional cooperation in combating infectious diseases
3	Mining (3 meetings)	<ul style="list-style-type: none"> Improving good governance in mining

Table 5. Issues of Group 2 and Its Main Statements in Sectoral Ministerial Meetings (continued)

No	Issues and Number of Meeting	Main Statements
4	Ocean-related (3 meetings)	• Development of coastal societies and conservation of ocean resources
5	Woman Affairs (2 meetings)	• Improving gender equity across all aspects, especially in the business sector
6	Structural Reform (1 meeting)	• Improving structural reforms of APEC economies with respect to competition policy, regulation, public sector management, corporate governance, and legal and economic infrastructure

Source: Summarized from the documents obtained from Sectoral Ministerial Meetings, 1993-2010.

Table 6

Issues of Group 4 and Its Main Statements in Sectoral Ministerial Meetings, Task Forces and Working Group Documents

No	Issues and Number of Meeting	Main Statements
1	Food Security (1 meeting)	• To drive APEC economies towards food sustainability
2	Anti-corruption* (0 meeting)	• To support APEC economies to combat corruption
3	Counter-Terrorism* (0 meeting)	• To develop cooperation in fighting terrorism
4	Emergency Preparedness** (0 meeting)	• To cooperate in addressing natural disasters

Source: Summarized from the documents obtained from Sectoral Ministerial Meetings, *Task Forces and **Working Group, 1993-2010.

On the whole, the issues in Group 1 are the nucleus of the issues in APEC; these are mainly economic and are directly linked with the Bogor Goals. Groups 2, 3 and 4 cover issues which, if used effectively, can help support the achievement of Group 1 issues. Based on these facts, it could be concluded that, even though the issues of APEC are very broad, the main objective remains economic and linked with the Bogor Goals or the economic integration of APEC.

This study calculated the average age of each group of issues. In every group, the age of each issue was computed by subtracting the year of

first meeting from 2010. For example, the Energy issue had its first meeting in 1995; thus 1995 was subtracted from 2010 and its age therefore is 15. Once the ages of all issues in a given group were computed, they were all added and divided by the number of issues within the group in order to produce the group's average age. The older or younger the issues, the more important or less important they are. Table 7 reveals the average age of groups of issues. Group 1 was the oldest (14.6 years), followed by Group 2 (13.1), then by Group 3 (8.6) and by Group 4 (6.3).

Table 7*Average Age of Issues in APEC*

Groups	Issues and Year of First Meeting	Average Age in 2010 (Years)
Group 1 (7 issues)	Energy (1995), Finance (1994), SME (1994), TI (1995), Trade (1995), Transport (1995), Tourism (2000)	14.6
Group 2 (3 issues)	Education (2000, but informal meeting was in 1992), HRD (1995), Regional Science & Technology (1995)	13.1
Group 3 (6 issues)	Environment (1994), Mining (2004), Health (2003), Ocean-related (2002), Structural Reforms (2008), Woman Affairs (1998)	8.6
Group 4 (4 issues)	Anti-corruption and Transparency TF (2005, recognized in 2004 in Santiago, Chile), Counter-Terrorism TF (2003, recognized in 2001 in Shanghai, China after 9/11 in US), Emergency Preparedness WG (2005, recognized in 2005 in Busan, Korea after tsunami in Aceh in 2004), Food Security (2010)	6.3

Source: Calculated based on documents obtained from Sectoral Ministerial Meetings, Task Forces and Working Group, 1993-2010.

Latest Development Issues of APEC: APEC Summit Agenda 2013 in Indonesia

The global financial crisis in 2008 followed by the world's negative economic growth in 2009 had severely affected the levels of world trade and intra-regional trade of APEC in those years. The post-crisis lesson for APEC is that the regional economic integration is likely to succeed if and when the growth rates of member countries/

economies are high or maintained at high levels. In 2010, AELM via a document entitled "The Yokohama Vision: Bogor and Beyond" identified a comprehensive set of attributes of economic growth in APEC. These attributes are balance, inclusiveness, innovation, security and sustainability (APEC Secretariat, 2013a). Figures 2 and 3 provide the AELM's mission statements and definitions regarding these attributes.



Source: Developed by authors based on AELM documents in 2010 (APEC Secretariat, 2013a)

Figure 2. Five attributes of APEC economic growth

INCLUSIVE	BALANCE	INNOVATIVE	SUSTAINABLE	SECURE
<ul style="list-style-type: none"> •Promote job creation, human resource development, and active labor market policies •Promote SMEs, MEs, and entrepreneurship development •Promote more inclusive access to finance and financial services. •Enhance social resilience and social welfare through means such as improving social safety nets and supporting vulnerable groups. •Create new economic opportunities for women, elderly, and vulnerable groups. •Promote tourism development 	<ul style="list-style-type: none"> •Encourage balanced growth across economies. •Encourage balanced growth within economies. •Facilitate growth through infrastructure development 	<ul style="list-style-type: none"> •Realize smart socioeconomic activity through ICT applications. •Promote Digital Prosperity. •Develop a skilled, adaptable, and professional APEC work-force. •Enhance dialogues and information sharing on innovation policy. •Promote innovation and creativity through effective, comprehensive, and balanced intellectual property (IP) systems. Promote cooperation on standards. •Promote innovation in Life Sciences 	<ul style="list-style-type: none"> •Enhance energy security and promote energy-efficiency and low-carbon policies. •Develop a low-carbon energy sector. •Improve access for environmental goods and services (EGS) and develop EGS sectors. •Promote green jobs education and training. •Promote private investment in green industries and production processes. •Promote conservation and more sustainable management of agriculture and natural resources. 	<ul style="list-style-type: none"> •Counter terrorism and secure trade •Prepare for emergencies and natural disasters. •Enhance infectious diseases preparedness and control of non-communicable diseases, and strengthen health systems. •Strengthen food security and food safety. •Combat corruption and promote transparency.

Source: Developed by authors based on the 2010 AELM Document.

Figure 3. Ingredients of high-quality economic growth attributes for APEC

The ingredients of all growth attributes, as shown in Figure 3, are fundamentally the same development issues that APEC has been discussing and deciding on since the 1990s. Findings also suggest that the growth ingredients, which are hoped to usher in high quality level of economic growth in APEC, are also going to enhance the integration of APEC economies.

In 2011, AELM, in its regular event in the US and in their Honolulu Declaration—Toward a Seamless Regional Economy—had helped further deepen the attributes. For example, AELM had also sought for sustainable growth and initiated the implementation of Environmental Goods and Services. In 2012, AELM, while in Russia and using their Vladivostok Declaration—Integrate to Grow, Innovate to Prosper—had likewise called for innovative growth.

The substantive shifts at the APEC level are also reflected at the national level, such as in the case of Indonesia. For instance, before the Indonesia Reformation in 1997/1998, the issues in APEC and Indonesia were focused on the achievement of the Bogor Goals, or mainly the trade target. However, after the Reformation, particularly in 2004, the chief issues were not solely focused on the economy. Reflective of the latest issues

at the APEC level, Indonesia was also enjoined to deepen the quality of its economic growth. However, we need to first identify Indonesia's interests in APEC to be able to ascertain the extent in which the prescription fits into the country's national agenda. This study used the national planning documents provided by Bappenas or the National Planning Agency. These documents were divided into two groups: Pre-Reformation and Post-Reformation. The planning documents used for Pre-Reformation (1989-1998) consisted of two Five-Year Development Plans: Repelita V (1989-1994) and Repelita VI (1994-1998). The planning documents utilized for Post-Reformation were: Transition Period (1999-2000); National Development Program (2000-2004); Midterm Plan of National Development (2004-2009); and Pembangunan Jangka Menengah Nasional or RPJMN (2020-2014).

Findings suggest that Indonesia's interests before Reformation were the same and aligned with the interests of APEC as a whole. Indonesia was urged to strengthen international cooperation within APEC, especially with respect to trade and investment (Bappenas, 2013b). This is consistent with the Bogor Goals on free and open trade and investment.

Furthermore, findings indicate that Indonesia's interests after the Reformation had since focused upon non-economic issues as well. The evidence from this study's interviews also suggests the same. APEC's interests since this time had likewise covered non-economic issues. These development issues had all revolved around the ingredients of high quality economic growth and development.

Starting in 2008 until 2012, the APEC economies placed greater attention on how the bloc could act better to help hasten the world's economic recovery and to resist protectionism. The central and sub-themes of Indonesia's APEC Agenda in 2013 mirrored the agenda of APEC as a whole. Along with its battle cry "Resilient Asia-Pacific, Engine of Global Growth" were sub-themes on Attaining the Bogor Goals, Achieving Sustainable Growth with Equity, and Promoting Connectivity.

Attaining the Bogor Goals was the most important issue in APEC since the Bogor Declaration in 1994. Sustainable and Inclusive Growth was part of the five growth attributes that were declared in Yokohama 2010, and Promoting Connectivity paralleled the ASEAN agenda in the ASEAN Economic Community. This agenda was discussed in several APEC meetings in the past (e.g., meeting on transportation and telecommunication for physical connectivity).

In terms of coordination, Indonesia had assigned MOFA as lead coordinator for all issues in APEC 2013 in Indonesia. MOT's responsibility was focused on attaining the Bogor Goals while BAPPENAS's responsibility was to coordinate issues related to Sustainable and Inclusive Growth and Development. MOFA was given an added task as coordinator for the issue on Promoting Connectivity. Even though there were only three institutional coordinators for these issues, APEC Indonesia 2013 had in fact involved many institutions. These consisted of approximately 22 ministries, five non-government organizations, and eight non-ministerial level government institutions. PECC, ABAC and ASC were also involved in some ways. Though the agenda

was centered upon the three mentioned big issues, the meetings and the APEC documents in 2013 strongly show that these were very much interrelated with the 20 development issues discussed earlier. Moreover, the three issues also formed part of the agenda of Indonesia in APEC 2013.

The APEC meeting in Indonesia in 2013 began with an APEC Symposium and an informal SOM on December 6-7, 2013 in Jakarta. The next meeting was SOM 1 and related meetings on 24 January-8 February 2013 in Jakarta.

The meeting of SOM 2 was held on April 6-19, 2013 in Surabaya. The third SOM meeting took place on 22 June-6 July 2013 in Medan. The APEC Leaders' Week was held on October 1-8, 2013 in Bali. The Concluding SOM was on October 2-3; the AMM on October, 4-5; the ABAC on October 5-7; and the AELM on October 7-8.

The joint ministerial statement dated October 5, 2013 presented 103 points and six annexes. The statement could be compressed into around 33 main topics related to the sub-themes on attaining the Bogor Goals, Connectivity, and Sustainable and Inclusive Growth. The ABAC report, dated October 7, 2013, to APEC Economic Leaders underlined 13 points related to Indonesia's APEC agenda. All the mentioned APEC meetings were influenced, both directly and indirectly, by several agents and institutions, some of which are mentioned in the foregoing. In addition, several international institutions, such as the World Bank and the Asian Development Bank, were involved indirectly in issues development for APEC Indonesia 2013.

The highest level of statement, the AELM Statement, was the Bali Declaration dated October 8, 2013. It had 26 points and two annexes. Moreover, AELM declared its support for the Multilateral Trading System and the 9th Ministerial Conference of the World Trade Organization; the declaration was anchored on 10 points.

The APEC Summit in Indonesia and the General Agreement on Tariff and Trade/WTO tended to have undergone parallel events. First,

in 1994, the first AELM meeting of APEC in Indonesia took place in Bogor, resulting in the formulation of the famous Bogor Goals. In the same year, the Uruguay Round was also concluded in which WTO was established to replace GATT. Second, in 2013, the second AELM meeting of APEC in Indonesia was held in Bali. Also, in 2013, the WTO succeeded in defining some minor steps during its ministerial meetings in Bali.

Conclusions

First, issues development in APEC depend on: (1) factors/events related to economic, social, political and security conditions at the global, regional/APEC and host economy levels; (2) agents involving not only government agencies but a range of institutions, most especially PECC, ASEAN, WTO, ABAC, ASCC, EPG, and PBF; and (3) efforts seeking to institutionalize the process, especially in the purview of policy and action.

Second, the core issues of APEC are still in the corridor of economic matters made prominent in the Bogor Goals. Non-economic issues (e.g., environment) have been used, however, in support of the economic agenda. In the current study's analyses of the categorized groups of development issues, the foregoing trends were highly evident.

Third, the APEC Agenda in 2013 in Indonesia was focused on a more integrated, connected, sustained and inclusive development, within an aim of enhancing APEC's resiliency towards becoming a global engine of growth. This agenda covered a host of interconnected issues based on prior APEC issues and agenda, which were enhanced in anticipation of current and future economic and non-economic challenges in the APEC region and the world.

Some lessons learned from issues development in APEC are as follows. First, APEC's issues development reflects the response of APEC economies towards unfolding challenges and opportunities across the years. APEC economies have become some of the world's most

responsive, primarily because of their efforts in institutionalizing or mainstreaming the multiple issues; in learning and enacting best practices from all over the world; and in developing voluntary and collaboration via policies and actions to address the development issues. Second, APEC is very likely to concern itself with multiplying non-economic issues, as it responds to challenges of and opportunities for its member countries.

ENDNOTE

¹ For details on the concrete contributions of PECC to APEC, please refer to the writings of Soesastro (2005), Elek (2005) and Drysdale (2009).

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