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FACT SHEET

WHAT IS APEC?

NAME

APEC (Asia Pacific Economic Cooperation)

ESTABLISHED

1989

LOCATION HQ

Singapore – location of the Secretariat

AIM

To promote economic integration and global free trade among countries that border the Pacific Ocean.

MISSION STATEMENT

To provide a forum for discussion on a broad range of economic issues. To encourage economic co-operation, and to promote trade among the market orientated economies of the region.

HISTORY

Established in 1989 on the initiative of Australia. The aim of APEC was to create a regional economic identity. Unlike other organisations such as the EU or WTO, APEC is not bound by a series of rules, but operates on the idea that self benefit will result from collective action.

MEMBERSHIP

TWENTY ONE NATIONS CURRENTLY BELONG TO APEC

North America

USA, Canada, Mexico

Asia

Brunei, Indonesia, Japan, Malaysia, Taiwan, China, Singapore, Philippines, South Korea, Thailand, Viet Nam, Hong Kong

South America

Chile, Peru

Pacific

Australia, New Zealand, Papua New Guinea

Russia

South Pacific Forum (observer status)



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The APEC chair (and hosting responsibilities) rotates annually among members with the host nation bearing the cost of holding the annual summit. Membership does not require a large contribution, and developing countries pay a fixed fee of US\$ 50,000. The US and Japan are the largest contributors. Today APEC members account for 47% of global trade.¹

Criteria for membership is that new members adopt a 'comparable' level of liberalisation and trade facilitation, as practiced by other members.

Members discuss a range of topics including regional security, development finance, tariff reduction and ways to enhance global free trade. Agreement has been reached to eliminate trade barriers between members with developed economies by 2010, and those with developing economies by 2020. APEC is committed to liberalization (removing restrictions), facilitation (making it easier to do business), and economic and technical cooperation.

There are a range of APEC working committees that discuss areas of common interest such as fisheries, Human Resources development, industrial science and technology, marine conservation, energy cooperation, telecommunications, tourism, trade investment and promotion, and transportation.

APEC attempts to facilitate trade by promoting policies within the domestic market that reduce costs, increase efficiency, and stimulate competition. APEC believe that trade liberalization can only be achieved if good regulatory practice occurs at the domestic level.

CRITICISMS DIRECTED AGAINST APEC

Criticisms about the activities and members of APEC are varied:

- That while APEC promotes itself as a forum for economic development, it in fact exists to give freedom to large global corporations that can exploit the region. There are also claims that the organisation is by its nature plutocratic, and therefore anti-democratic, as APEC seeks to achieve its goals using peer pressure. Critics also argue that APEC is heavily influenced by big business and private sector free marketers and its actions enhance the goals of the WTO.
- That behind the rhetoric of unity, APEC is fragmented with serious divisions between the Anglo-Americans (US, Canada, Australia, New Zealand), who are committed to aggressive liberalisation, and the Asian countries, who want a more pragmatic approach with voluntary commitments.
- That APEC has been responsible for unemployment in the region due to the increasing power of trans-national corporations (TNCs), who transport resources to areas where labour is cheap, and therefore deny jobs to local workers. Removing protection tariffs in industries such as clothing and textiles has meant that industries in the more developed economies cannot compete against cheaper labour and lower manufacturing costs of the developing countries. This results in closures and job losses in developed countries..
- That some aspects of the APEC agenda are detrimental to indigenous people (eg. Maori). That *taonga* (treasures) can be affected by foreign investors, and that local communities can find themselves under greater foreign control.
- Concerns have arisen over the rights of intellectual property and other indigenous knowledge.
- That few Pacific countries belong to APEC yet they face increasing pressure to reorient and restructure their economies in line with APEC policies. Opponents of APEC see this pressure as a form of 'colonisation',
- and that Pacific economies are vulnerable to the demands of globalisation.
- These foreign demands ignore the traditional lifestyles of the Pacific and the fact that many of the people are engaged in subsistence agriculture. This could produce forced dependency on imports as Pacific nations would be unable to compete with lower priced foreign products.
- That APEC interest in the environment is driven by a narrow economic vision, and that there is deliberate attempts to remove environmental protection laws. Ultimately, opponents claim that ecological sustainability is incompatible with free trade. The environment cannot sustain continual expansion in levels of production and consumption. (eg. depletion of fish stocks due to increased exports).
- That there is no formal criteria for belonging to APEC, except promised liberalisation of trade. Opponents have concerns about the human rights records of some member countries and that the welfare of citizens within the region are being sacrificed to the principles of free trade and globalisation.



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GLOSSARY

Plutocratic	Exercising power by virtue of wealth
South Pacific Forum	An organization of states within the Pacific to promote cooperation and respect between governments on such issues as trade, migration, resource management, and security. There are currently sixteen members in the Forum: Australia, Cook Is, Fed States of Micronesia, Fiji, Kiribati, Nauru, New Zealand, Palau, Papua New Guinea, Rep. of Marshall Is, Samoa, Solomon Is, Tonga, Tuvalu and Vanuatu.