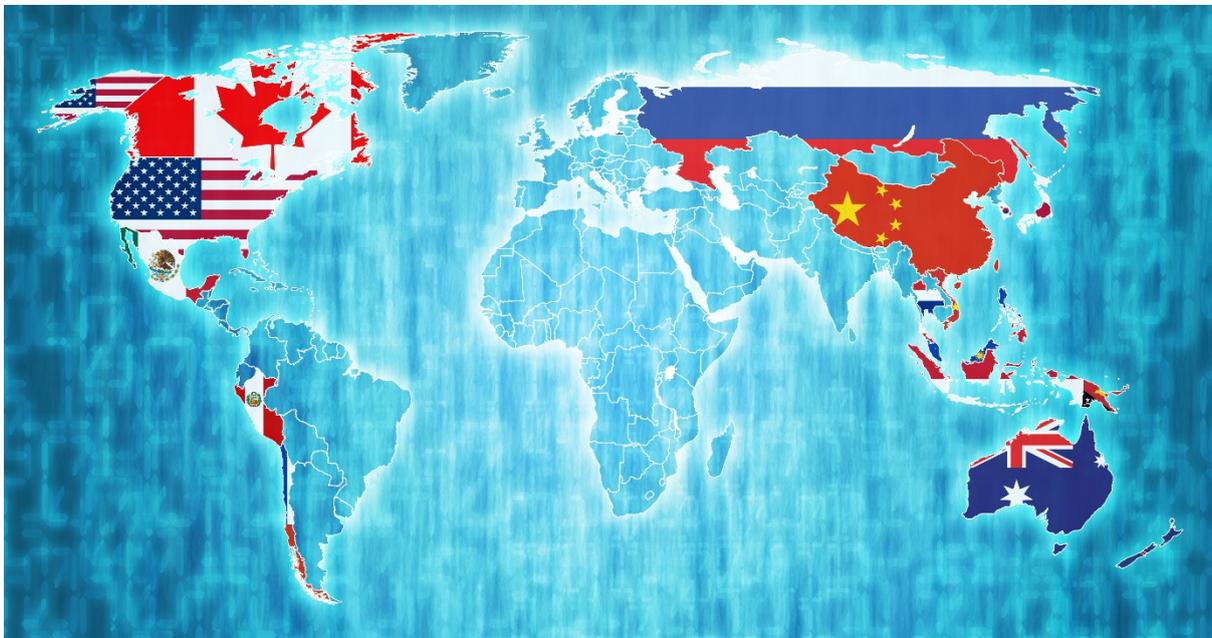




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## Where is APEC heading?

By: [Dr Craig Emerson](#) - Director, The Australian APEC Study Centre



Following the unfortunate but understandable cancellation of the APEC leaders' meeting in Santiago, work has begun on carrying over the best ideas for Chile's host year of 2019 into Malaysia's hosting of APEC 2020. Senior officials met in Singapore and Langkawi in early-December to begin this task. As Director of RMIT's Australian APEC Study Centre, I was able to attend the Langkawi meeting as guest of the APEC Business Advisory Council (ABAC).

The year 2020 has special significance for APEC. It is the year by which APEC was to achieve free and open trade and investment in the Asia Pacific, as set out in the Bogor goals of 1994. While regionwide tariffs have dropped from 17 per cent in the 1980s to around 5 per cent, more work needs to be done on some remaining high tariffs, on non-tariff barriers and on investment facilitation.



Senior officials reaffirmed the core role of APEC in championing and supporting the multilateral trading system and stressed the importance of achieving consensus on a statement by WTO Ministers Responsible for Trade at its meeting in mid-2020.

The WTO's dispute-settling system ground to a halt on 10 December when the United States vetoed to appointment of replacements for retiring members of the Appellate Body. Australia's Trade Minister, Simon Birmingham, correctly warned: "The eroding of the dispute-settlement function of the WTO undermines the effectiveness of the trading rules that we and many other nations rely upon and takes us closer to a 'might is right' system without agreed enforceable rules."

Malaysia will emphasise inclusive growth in its host year, seeking economic growth that ensures no one is left behind. Special attention will be paid to women's economic empowerment, a welcome carryover from Chile's host year. Better access to the digital economy will be essential if inclusive growth is to be achieved.

Also encouraging is Malaysia's priority on the environment, including an emphasis on sustainable and clean energy. The Asia Pacific Energy Research Centre's forecasts of energy supply and demand in the APEC region released in 2019 suggest no member economy will go anywhere near meeting its Paris commitments without a much bigger shift to renewables in the coming decade.

Capacity building in renewables and storage through batteries and pumped hydro would be a challenging but terrific outcome of Malaysia's year.