

**IDE APEC STUDY CENTER**  
**Working Paper Series 00/01 – No. 4**

**On Principles of APEC**

**Tatsushi Ogita**

**MARCH 2001**

**APEC STUDY CENTER**  
**INSTITUTE OF DEVELOPING ECONOMIES**

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# CONTENTS

<b>I. Introductory Reflection:</b>	
<b>Beyond the Failure of EVSL .....</b>	<b>1</b>
I-1. The Failure of EVSL and “the APEC Principle” .....	1
I-2. APEC at a Crossroads and the Necessity to Review Its Principles .....	2
<b>II. A Historical Review of the Principles of APEC.....</b>	<b>4</b>
II-1. Canberra, 1989.....	4
II-2. Seoul, 1991 .....	6
II-3. Seattle, 1993 .....	7
II-4. Osaka, 1995 .....	8
II-5. Vancouver, 1997 .....	10
<b>III. An Analysis of the Principles of APEC .....</b>	<b>11</b>
III-1. Classifying the Principles of APEC.....	11
III-2. Considering the Internal Principles of APEC .....	12
<b>IV. Conclusive Reflection:</b>	
<b>Towards an Efficient and Effective APEC.....</b>	<b>13</b>
<b>Bibliography.....</b>	<b>15</b>

## **I. Introductory Reflection: Beyond the Failure of EVSL**

### **I-1. The Failure of EVSL and “the APEC Principle”**

“[T]he APEC principle of voluntarism” was one focus of the Early Voluntary Sectoral Liberalization (EVSL) controversy in the Asia-Pacific Economic Cooperation (APEC). EVSL was an unprecedentedly aggressive trade liberalization initiative in the APEC process, which requested each member economy to conduct tariff and non-tariff barrier liberalization, as well as trade facilitation and economic and technical cooperation (ecotech), in the specified fifteen sectors. The question was whether *every* member had to take action in *all* the three areas (i.e., liberalization, facilitation and ecotech) in *all* the fifteen sectors, or not.

APEC’s ninth Ministerial Meeting Joint Statement adopted at Vancouver in November 1997, announced the official commencement of EVSL, and its Annex entitled “Early Voluntary Sectoral Liberalization” characterized the new initiative as follows (APEC Ministerial Meeting 1997, Annex, Paragraph 8 / *Italicized* by the author quoting):

...the process of early liberalization is conducted on the basis of *the APEC principle of voluntarism*, whereby each economy remains free to determine the sectoral initiatives in which it will participate, we (APEC ministers) therefore call for the development of appropriate agreements or arrangements for market-opening and facilitation and economic and technical cooperation measures...

On this basis, Japan, on one side in the EVSL debate, later insisted to be free to not participate in the liberalization initiatives for the “fish and fish products” and “forest products” sectors, which were economically and politically sensitive for the country. Adversely, the United States and other liberalization-supporting members on the other side of the debate maneuvered EVSL into a “package deal”, which meant that all members would be required to conduct liberalization as well as facilitation and ecotech in all the EVSL sectors, including the aforementioned sensitive ones Japan cited.

The controversy and the confrontation between them had never been settled to the very end. APEC finally gave up on trying to implement the tariff liberalization element of EVSL, declaring at its tenth Ministerial Meeting at Kuala Lumpur in November 1998 to sending the element to the World Trade Organization (WTO) agenda. The United States and Australia expressed their discontent with this conclusion, whereas Japan perceived it as “an

overwhelming victory” (*Asahi Shimbun*, 19 Nov. 1998).<sup>1</sup>

In this controversy, Japan had strongly adhered to “voluntarism” as a traditional and general “APEC principle”. In fact, however, such a principle of voluntarism had never appeared in any of APEC’s official documents before the Vancouver Ministerial Meeting Joint Statement. Even the Seoul APEC Declaration adopted in 1991 (APEC Ministerial Meeting 1991: Annex) which “represents the principles, objectives and understandings of APEC...and provides a firm foundation on which to base APEC’s work” (APEC Ministerial Meeting 1991: Paragraph 8), contains no “voluntarism” or “voluntary”. The same goes for the general principles for liberalization and facilitation in the Osaka Action Agenda of 1995 (APEC Leaders Meeting 1995b: Part One, Section A), which sets an overall guideline for APEC activities. The first appearance of the word “voluntary” in the context of liberalization was in the seventh Ministerial Meeting’s Joint Statement of 1995 (APEC Ministerial Meeting 1995: Paragraph 6). The word “voluntarism” did not appear, as mentioned above, until Vancouver 1997.

In this sense, “the APEC principle”, which Japan relied upon in carrying through with unprecedented stubborn objection, did not necessarily seem to have any firm, formal or historical grounds. On the other hand, it could be also true that some members, such as the United States, lacked enough understanding of the principles---written or *de facto*---on which APEC had actually been working with, and that they had expected too much from the institution. This kind of problem regarding the “principles” might be behind the result of EVSL, the first major and obvious failure in APEC’s decade-long history. The failure of EVSL deprived APEC of credibility and momentum, and now puts the institution at a difficult crossroads.

## **I-2. APEC at a Crossroads and the Necessity to Review Its Principles**

APEC is considered to be at the crossroads, at a beginning of the 21st century, entering into the third or fourth phase.

The first phase was from the institution’s foundation in 1989, to the fifth Ministerial and the first Leaders Meetings at Vancouver and nearby Blake Island in 1993. Before these Meetings, APEC mostly concentrated upon bringing a successful conclusion to the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), while discreetly pursuing the intra-regional trade liberalization and incrementally progressing the economic or development

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<sup>1</sup> For the details of the EVSL consultations, refer to Okamoto (2000), Wesley (2000), and Ogita (2000).

cooperation (later called “ecotech”). The Leaders Meeting, established with the initiative of the United States, was APEC’s biggest and last effort in promoting the Uruguay Round. There, the leaders “envision[ed] a community of Asia Pacific economies” (APEC Leaders Meeting 1993: Paragraph 5), which pressured Europe into cooperating a conclusion to the Round by suggesting that the Asia Pacific region---occupying half of the world’s production and trade---would possibly head towards the formation of a regional trade arrangement. This contributed the Round’s conclusion in December 1993, and pushed APEC and its intra-regional trade liberalization into the next phase.

The second phase is characterized as a period without the GATT/WTO round and is thus, in a way, still continuing in 2001. This long phase can be further divided into two. The first three years from 1994 to 1996 could be called *the short second phase*, and was when APEC was in the limelight. The momentum of intra-regional trade liberalization given by the first Leaders Meeting brought about the announcement of their commitment “to complete the achievement of [their] goal of free and open trade and investment in the Asia-Pacific no later than the year 2020” (APEC Leaders Meeting 1994: Paragraph 6) at the second Leaders Meeting at Bogor in 1994. This “Bogor goal” necessitated the setting of the guideline for achieving it as the Osaka Action Agenda (APEC Leaders Meeting 1995b) adopted at the third Leaders Meeting in 1995. Based on this guideline, in 1996, APEC established the first version of the Action Plans towards the Bogor goal and declared its advancement “from vision to action”.<sup>2</sup>

The remaining years of the long second phase, or *the short third phase*, were depicted as APEC’s first decline, caused by two failures. One was of EVSL mentioned above. This ambitious project officially initiated in 1996 and commenced in 1997, was a reflection of discontent with the Action Agenda / Action Plan scheme, which seemed too lenient for some members to realize the Bogor goal. Its failure might originate from neglecting the reason as to why APEC’s intra-regional liberalization scheme had inevitably been formulated so loosely. The other failure was the response to the Asian financial crisis which broke out in 1997. This exposed APEC’s insufficient ability in coping with such a problem that was drastically influential and required urgent measures. These two failures deprived APEC of credibility and momentum at the turn of the century.

The third or fourth phase is a period when APEC coexists with the WTO round for the second time since its foundation, and for the first time since its establishing the intra-regional

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<sup>2</sup> This was the subtitle of the third Leaders Meeting’s declaration adopted at Subic in 1996 (APEC Leaders Meeting 1996).

liberalization scheme towards the Bogor goal in the mid-90's. This phase was meant to begin in 1999 with the commencement of the Millennium Round at the WTO Ministerial Meeting in Seattle, but did not. APEC, however, was already in transition to the coexistence since 1999, and will actually step into the next phase if WTO succeeds the retrial to start up the new round in 2001.

In the new phase with the coming WTO round, each APEC member's effort for liberalization will increase much more in the multilateral negotiation than in the Asia-Pacific forum. Furthermore, as far as liberalization-reluctant countries including Japan are concerned, their efforts can be practically limited, not only concentrated, within WTO. This can cause substantial vacancy of APEC's own intra-regional liberalization initiative, which has been the most highlighted among its activities since 1994, and cause further loss of its momentum accordingly. Not only the members' efforts for liberalization but also their ability of negotiating for it will be taken more to the WTO than to APEC. This will especially be the case in relatively small governments with limited English-speaking personnel.<sup>3</sup>

Such upcoming situation require APEC to be efficient and effective. EVSL-like excessively ambitious, demanding and fruitless projects must accelerate each member's fatigue and disappointment for APEC, and succeedingly the eclipse of the institution itself (Ogita 2001: 65). Then, in order to articulate what APEC can and cannot do, it is necessary to review its principles. This is the purpose of this paper.

## **II. A Historical Review of the Principles of APEC**

### **II-1. Canberra, 1989**

APEC's initial official words were spoken at its first Ministerial Meeting in Canberra in November 1989, where the institution was formally established. The annual Ministerial Meeting is APEC's primary organ, and, therefore, its Joint Statements are the institution's principal official documents. The first Ministerial Meeting Joint Statement, however, was unusually short and uniquely complemented by the longer Chairman's Summary Statement. This Statement included the following paragraph entitled "General Principles of Asia Pacific Economic Cooperation" (APEC Ministerial Meeting 1989b: Paragraph 16):

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<sup>3</sup> A relevant story was told by a Thai official at the author's interview on 12 February 2001 in Bangkok.

... a consensus emerged in the following principles of Asia Pacific Economic Cooperation:

- the objective of enhanced Asia Pacific Economic Cooperation is to sustain the growth and development of the region, and in this way, to contribute to the growth and development of the world economy;
- cooperation should recognise the diversity of the region, including differing social and economic systems and current levels of development;
- cooperation should involve a commitment to open dialogue and consensus, with equal respect for the views of all participants;
- cooperation should be based on non-formal consultative exchanges of views among Asia Pacific economies;
- cooperation should focus on those economic areas where there is scope to advance common interests and achieve mutual benefits;
- consistent with the interests of Asia Pacific economies, cooperation should be directed at strengthening the open multilateral trading system; it should not involve the formation of a trading bloc;
- cooperation should aim to strengthen the gains from interdependence, both for the region and the world economy, including by encouraging the flow of goods, services, capital and technology;
- cooperation should complement and draw upon, rather than detract from, existing organisations in the region, including formal intergovernmental bodies such as ASEAN and less formal consultative bodies like the Pacific Economic Cooperation Conference (PECC); and
- participation by Asia Pacific economies should be assessed in the light of the strength of economic linkages with the region, and may be extended in future on the basis of consensus on the part of all participants.

These principles were somewhat desultory, widely ranging from the purpose and direction of APEC to the conditions for participating in the institution. They were called “general principles” and were just that, generally describing what APEC should be and how it should work as a whole, rather than substantial guidelines of how each member should act and cooperate with each other in this international body. This could be because it being an infant at that time, APEC was truly just a forum and had few concrete projects of cooperation.

It should be noted that these principles were included in the Chairman’s Summary Statement, not in the Joint Statement. According to Hirano (1996: 17), the Statement could have been prepared for adoption by the ministers at the Canberra Meeting, as a basic document of APEC, but in actuality were not. This meant that these principles were not agreed upon among the members as a formal instrument of APEC and, in this sense, were quasi-official.

## **II-2. Seoul, 1991**

APEC's next statement regarding its principles could be the Seoul APEC Declaration adopted at the third Ministerial Meeting in November 1991, as the Annex to the Joint Statement (APEC Ministerial Meeting 1991). This Declaration was based on the aforementioned Chairman's Summary Statement at Canberra, and is sometimes called the "APEC Charter" (Hirano 1996: 17). As briefly mentioned in **I-1**, the Declaration was officially characterized as follows (APEC Ministerial Meeting 1991: Paragraph 8):

... the Declaration is a significant step forward for the development of the APEC process. The Declaration represents the principles, objectives and understandings of APEC; endows APEC with a clear international personality; and provides a firm foundation on which to base APEC's work in the years to come.

The Declaration consisted of the following six parts, which seemed to be the "breakdown" of the General Principles in the Canberra Statement:

- Objectives
- Scope of Activity
- Mode of Operation
- Participation
- Organisation
- The Future of APEC

None of them were entitled "principles", but a principle-like essence can be seen in the "Mode of Operation" part as follows (APEC Ministerial Meeting 1991: Annex, Paragraph 4-5):

4. Cooperation will be based on:
  - (a) the principle of mutual benefit, taking into account the differences in the stages of economic development and in the socio-political systems, and giving due consideration to the needs of developing economies; and
  - (b) a commitment to open dialogue and consensus-building, with equal respect for the views of all participants.
5. APEC will operate through a process of consultation and exchange of views among high-level representatives of APEC economies, drawing upon research, analysis and policy ideas contributed by participating economies and other relevant organisations including the ASEAN and the South Pacific Forum (SPF) Secretariats and the PECC.

These looked more detailed and sophisticated than the General Principles in the Canberra Statement. In fact, however, they were still vague and abstract, and did not articulate how each member should act in composing concrete APEC activities. Rather than being guidelines for implementing and accomplishing something, they were aspects of concern for Asian developing members, especially the countries of the Association of Southeast Asian Nations (ASEAN), which were cautious about a rigidly institutionalized APEC dominated by industrialized members. This could be a reflection of APEC still in its early years, depicted as “the first phase” in **I-2**, when the regional body was more concentrated on sustaining its coherence than realizing substantial fruits of cooperation.

### **II-3. Seattle, 1993**

“Open regionalism” is one of the most famous APEC jargon. It appeared for the first time in the fifth Ministerial Meeting Joint Statement adopted at Seattle in November 1993 as (APEC Ministerial Meeting 1993a: Paragraph 6 / *Italicized* by the author quoting):

The Foreign Minister [Prasong Soonsiri of Thailand] stressed the achievement of regional trade liberalization must be made through consultation in a manner consistent with the principles of GATT and *open regionalism*, with full recognition of members' differences in levels of economic development.

The simultaneously-adopted Declaration on an Asia-Pacific Economic Cooperation Trade and Investment Framework also included the words (APEC Ministerial Meeting 1993b: Introduction / *Italicized* by the author quoting):

[Ministers of the APEC members] Determined to work through APEC toward the future development of *open regionalism* and market-driven economic interdependence in the Asia Pacific region; ...

There was, however, no specific definition of “open regionalism” in those documents. It can be found in the following year’s Report of the Eminent Persons Group (EPG), APEC’s advisory board, as follows (Eminent Persons Group 1994: Executive Summary, Paragraph 2-3):

[T]he principle of “open regionalism”, by which we [Eminent Persons] mean a process of regional cooperation whose outcome is not only the actual reduction of internal (intra-regional) barriers to economic interaction but also the actual reduction of external barriers to economies not part of the regional enterprise; our

commitment, above all, to the process of global liberalization, is thus in no way compromised; indeed it is emphasized and strengthened, because any regional enterprise governed by the principle of open regionalism will, by definition, be a building block for and contribute to a freer global economy.

We believe that the concept of “open regionalism” can be fully achieved if the APEC members continue to work for global liberalization in the General Agreement on Tariffs and Trade (GATT) and the new World Trade Organization (WTO)...and if they included four nonmutually exclusive elements in their regional liberalization program:

- the maximum possible extent of unilateral liberalization;
- a commitment to further reduce their trade and investment barriers toward non-APEC countries;
- an offer to extend the benefits of APEC liberalization to nonmembers on a mutually reciprocal basis; and
- recognition that any individual APEC member can extend its APEC liberalization toward free trade to nonmembers on a conditional basis (via free trade arrangements) or on an unconditional basis ...

The principle of “open regionalism” was very important to understand the nature of APEC’s intra-regional liberalization initiative in the second phase, mentioned in **I-2**, after the Seattle / Blade Island Meetings. This was, however, about the external relations of the APEC liberalization, not defining how each APEC member should conduct liberalization in what relations and interactions with the other APEC members, which was critical in the EVSL controversy as mentioned in **I-1**.

#### **II-4. Osaka, 1995**

The APEC liberalization was mostly propelled by the second Leaders Declaration adopted at Bogor in November 1994, the so-called Bogor Declaration. In a sense, however, the Declaration was notorious because it only set the deadline, vaguely declaring “to complete the achievement of [the] goal of free and open trade and investment in the Asia-Pacific no later than the year 2020” (APEC Leaders Meeting 1994: Paragraph 6), but mentioned nothing about the modality to achieve the “Bogor goal”. In short, APEC first defined the external relations in its liberalization with the principle of open regionalism, secondly set the deadline, but left out the question of how the APEC members would pursue the goal until the Osaka Meetings in November 1995.

The documents adopted at Osaka contained many keywords necessary to comprehend the APEC liberalization. First, both the Ministerial Meeting Joint Statement and the Leaders

Declaration contained the word “voluntary”, which appeared for the first time in the context of liberalization in APEC, as follows (*Italicized* by the author quoting):

They [Ministers] agreed that the draft [of the Osaka Action Agenda] reflected the *voluntary* commitment and the political determination of each member economy to achieve the objectives set by the Economic Leaders at Bogor. (APEC Ministerial Meeting 1995: Paragraph 6)

We [Leaders] will encourage and concert the evolving efforts of *voluntary* liberalization in the region, ... (APEC Leaders Meeting 1995a: Paragraph 3)

Second, the Osaka Action Agenda, which was a comprehensive guideline for the implementation of the Bogor Declaration, represented the following General Principles “applied to the entire APEC liberalization and facilitation process under the Action Agenda to achieve the long-term goal of free and open trade and investment no later than 2010 in the case of industrialized economies and the year 2020 in the case of developing economies” (APEC Leaders Meeting 1995b: Part One, Section A, Introduction):

1. *Comprehensiveness*
2. *WTO-Consistency*
3. *Comparability*
4. *Non-Discrimination*
5. *Transparency*
6. *Standstill*
7. *Simultaneous Start, Continuous Process and Differentiated Timetables*
8. *Flexibility*
9. *Cooperation*

Among those, the following three were especially important in the APEC liberalization (APEC Leaders Meeting 1995b: Part One, Section A):

1. *Comprehensiveness*

The APEC liberalization and facilitation process will be comprehensive, addressing all impediments to achieving the long-term goal of free and open trade and investment.
3. *Comparability*

APEC economies will endeavor to ensure the overall comparability of their trade and investment liberalization and facilitation, taking into account the general level of liberalization and facilitation already achieved by each

APEC economy.

8. *Flexibility*

Considering the different levels of economic development among the APEC economies and the diverse circumstances in each economy, flexibility will be available in dealing with issues arising from such circumstances in the liberalization and facilitation process.<sup>4</sup>

In addition, the Osaka Action Agenda included another famous APEC jargon, “concerted unilateral actions”. This was proposed as a keyword in a draft Agenda, possibly in the upper case (“Concerted Unilateral Actions”) or the acronym “CUA”, but was deleted in the finalized Agenda on the request of the United States, which could not accept that liberalization with the specific deadline could be completed through unilateral actions (Ogita 1997: 16), with the only exception as follows (APEC Leaders Meeting 1995b: Part One, Section B, Action Process, Preparation / *Italicized* by the author quoting)

Each APEC economy will begin to develop its Action Plan immediately after the Osaka Economic Leaders’ Meeting. This Action Plan will elaborate steps toward achieving the objectives set out in Section C, including both *concerted unilateral actions* to be taken in line with issue-specific guidelines and collective actions.

Although the term “concerted unilateral actions” appeared only once in the Osaka Action Agenda, it was in a position to be applied to most parts of the liberalization such as progressive tariff and non-tariff measures reduction, and progressive reduction and elimination of exceptions and restriction in investments. According to the Osaka Action Agenda, substantial parts of the APEC liberalization were to be conducted in concert but unilaterally (Ogita 2001: 35-36).

## **II-5. Vancouver, 1997**

The APEC liberalization process after 1996, which is often called the Individual Action Plan (IAP) process or mechanism, has been based on the Osaka Action Agenda in principle, and there has been no special principle added. EVSL, however, might be located outside the IAP process and, if so, may have other principles of liberalization.

As mentioned in **I-1**, the fundamental document of EVSL was the Annex to the ninth

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<sup>4</sup> For the details of problems regarding the “Flexibility” principle as well as the “Comprehensiveness” principle, refer to Ogita and Takoh (1997).

Ministerial Meeting Joint Statement adopted at Vancouver in November 1997. It contained the aforementioned phrase “the APEC principle of voluntarism” for the first time in APEC’s history, as well as the frequent expression “voluntary liberalization”(APEC Ministerial Meeting 1997: Annex, Paragraph 7 / *Italicized* by the author quoting):

We [Ministers] agree to pursue an ongoing programme of *voluntary* liberalization with respect to these sectors. We affirm our commitment to continue developing liberalization initiative among APEC members, and to build on APEC’s early *voluntary* liberalization in these sectors as a basis for extending participation beyond our region and, where appropriate, for incorporation into the WTO.

As also shown in the name itself, EVSL emphasized the voluntary principle, which was initially shown at the Osaka Ministerial and Leaders Meeting as mentioned above.

In addition to that, the Annex for EVSL mentioned the following point, which corresponded to the “Flexibility” principle in the Osaka Action Agenda (APEC Ministerial Meeting 1997: Annex, Paragraph 3 / *Italicized* by the author quoting):

They [APEC Ministers Responsible for Trade] directed officials to the merits of pursuing liberalization in sectors ... having regard to ... APEC members, *taking into account of the different levels of economic development and diverse circumstances of APEC member economies ...*

In sum, it can be said that, in principle, EVSL was still in line with the Osaka Action Agenda. In fact, the Annex also stated the following (APEC Ministerial Meeting 1997: Annex, Paragraph 1 / *Italicized* by the author quoting):

... they [APEC Ministers Responsible for Trade] also reaffirmed their determination to continue APEC’s leadership and credibility in trade liberalization *in accordance with the general principles set out in the Osaka Action Agenda.*

### **III. An Analysis of the Principles of APEC**

#### **III-1. Classifying the Principles of APEC**

The “principles” reviewed above are highly diversified and need to be classified; There can be two axes of classification.

One is an external-internal axis. On the one hand, there are principles about the external character of APEC, which define what or how the institution should be seen by the outsiders. For example, “open regionalism”, which means that the outcomes of the liberalization are open for countries outside APEC, can be classified into this category. On the other hand, principles such as “non-formal consultative exchanges of views” or “voluntarism” are a kind of internal code of conduct, which controls the actions of individual members and the interactions among members.

The other axis can be a general-specific one. In this analysis, “specific” means liberalization-specific. General principles are, for example, “equal respect for the views of all participants” and “complementary relationship with existing organization”, whereas liberalization-specific ones are “open regionalism”, “voluntarism” and “flexibility”. This axis is related with the development of APEC because liberalization-specific principles naturally emerged after the institution focused on the intra-regional liberalization agenda in 1993.

The table below shows the classified main principles of APEC.

**Table: Classification of main principles of APEC**

	External	Internal
General	<ul style="list-style-type: none"> <li>✓ Complementary relationship with existing organization</li> </ul>	<ul style="list-style-type: none"> <li>✓ Non-formal consultative exchanges of views</li> <li>✓ Consideration to the differences in the stage of economic development and in the socio-political system</li> <li>✓ Open dialogue and consensus-building</li> <li>✓ Equal respect for the views of all participants</li> </ul>
Liberalization-specific	<ul style="list-style-type: none"> <li>✓ Open regionalism</li> <li>✓ WTO-consistency</li> <li>✓ Non-discrimination</li> </ul>	<ul style="list-style-type: none"> <li>✓ Comprehensiveness</li> <li>✓ Comparability</li> <li>✓ Flexibility</li> <li>✓ Voluntarism</li> <li>✓ Concerted-unilateralism</li> </ul>

**III-2. Considering the Internal Principles of APEC**

Considering the internal principles contributes to the articulation of what APEC can and cannot do, which is the purpose of this paper.

In **I-1**, the author pointed out “the APEC principle of voluntarism” --- to which Japan

objected to its application to specific elements of the EVSL initiative --- did not necessarily have firm, formal or historical grounds. It was true that the voluntary principle, which had initially appeared in the seventh year, was relatively new in APEC's decade-long history. It was also true, however, that almost all liberalization-specific internal principles appeared in the mid-90's, when APEC struggled to establish the intra-regional liberalization scheme towards the Bogor goal set in 1994. Those principles seemed to be based on earlier, more abstract internal principles. For example, the principle of voluntarism or concerted-unilateralism, which could be understood as mutually overlapping concepts, could originate in the non-bindingness under the principles of "non-formal consultative exchanges of views" or "open dialogue and consensus-building". The flexibility principle should be a more direct reflection of the principle "consideration to the differences in the stage of economic development and in the socio-political system". In this sense, liberalization-specific internal principles emerging in the mid-90's are not necessarily new and historically groundless.

On the other hand, the author also stated that the United States, for example, may have lacked enough understanding of the principles on which APEC had actually been working with. The problem may, however, be the difference in understanding, rather than the poor understanding of APEC's history and character. As explained above, internal principles emerging in the mid-90's are possibly constructed on the foundations of older principles. According to the author's interviews with some American experts, however, most of them understand that APEC's character fundamentally changed with the Bogor Declaration, which set the deadline for the intra-regional liberalization. They consider the APEC process discontinuously, whereas Asian members --- and maybe APEC itself --- do continuously. This radical gap could be the an origin of the failure of EVSL and the recent decline of APEC.

#### **IV. Conclusive Reflection: Towards an Efficient and Effective APEC**

As stated in I-2, it is necessary to make APEC efficient and effective, especially in the coming years with the WTO round. The first thing the APEC members should do for this purpose is to honestly and sincerely discuss the discrepancy in their understanding of the body, and the nature and feasibility of the Bogor goal. Consensus hardly seems to exist among the members on the vision of the goal of "free and open trade and investment in the Asia-Pacific",

and the bindingness of the 2010/2020 deadlines. The year 2010 --- the Bogor deadline for the industrialized members --- is not a distant future. Due to the importance of the Bogor goal for APEC, its *de facto* invalidation will give a serve negative impact to the institution nine years later (Ogita 2001: 66).

What can APEC do and cannot do? The elimination of all trade and investment barriers by the Bogor deadline is impossible for APEC to bring about.<sup>5</sup> Even an EVSL-like sectoral liberalization initiative is difficult if it has some biding aspects. Some certain and valuable areas in which APEC can do something is in facilitation and ecotech. To strengthen the activities in those areas is important and effective in revitalizing APEC. It is valuable and necessary to deepen studies for establishing Individual Action Plans on ecotech, proposed at the twelfth Ministerial Meeting Joint Statement adopted at Bandar Seri Begawan in November 2000 (APEC Ministerial Meeting 2000: Paragraph 36). Liberalization, however, is also still an important task for APEC. Concerted unilateral actions, or the IAP process, is unique, effective and feasible for the institution. The APEC liberalization should be under the framework of this system, and the system should be improved without changing its essential nature. Finally, and foremostly, principles of APEC should be reviewed, discussed and reestablished among the members. This will help articulate what APEC can and cannot do, and more forward for an efficient and effective APEC.

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<sup>5</sup> Also refer to Garnaut (1999).

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