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Economic Cooperation

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**Regional Economic Trends and Issues - Intervention
by Secretary of State, United States**

Submitted by: United States

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INTERVENTION BY
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I am delighted to be here in Seoul for the third APEC Ministerial Meeting. I am very pleased by the progress APEC has made during its two year existence.

The past year has brought momentous changes in the international system. The march of democracy advances, the pursuit of peace is bearing fruit, and the increasing interdependence of the global system has brought us to a new era in U.S. engagement with the Asia-Pacific region.

I know that some of you are troubled by a perception that with the end of the Cold War, the U.S. engagement in Asia may be diminishing. To the contrary, the end of U.S.-Soviet confrontation and the possibility of peace in Southeast Asia will allow us to begin to turn a page in history, and focus on the new challenges of interdependence as we shape a new era. And central to that effort is enhancing trans-Pacific ties and laying the foundations for a stable and prosperous Pacific community.

Our global efforts to ease tensions will reap significant benefits for the Asia-Pacific region, allowing resources to flow to uses which will promote worldwide prosperity. We hope that the prospect of shared growth will lead to more openness in trading relationships and a vigorous commitment to a successful outcome of the Uruguay Round. A good agreement will benefit all regions, particularly the Asia-Pacific region. One only has to examine the remarkable growth of this dynamic region, whose economies are largely export-oriented, to see the importance of these trade negotiations.

U.S. engagement in the Asia-Pacific region is critical to the success of a post- Cold War international system. America's future lies across the Pacific. Our ties to the region are both wide and deep -- political, defense, and cultural as well as economic.

We consider APEC a hallmark of that commitment. APEC is ready to emerge as a major vehicle to foster cohesion in the region and to give the Asia-Pacific region a larger voice in the world community. APEC's success in sustaining market-oriented growth, in advancing global and regional trade liberalization, and in meeting the new challenges of interdependence will forge ever closer ties between the U.S. and the Asia-Pacific region.

We regard ASEAN as a key political and economic institution in Asia. ASEAN is the core of APEC. We look forward to continuing our work with ASEAN and other APEC participants toward closer economic cooperation in APEC.

In our view, the strengthening of APEC does not diminish ASEAN. Rather, it enhances ASEAN's voice and identity as well as its prospects for increased prosperity.

With the addition to APEC's membership of China, Hong Kong, and Chinese Taipei at this Ministerial, APEC's potential as a major trans-Pacific forum is becoming a reality. APEC's ten working groups are producing a solid body of work. In our view, the APEC work program has come a long way toward identifying those activities which will have the greatest impact on economic growth and development in the region. By

sharing information, identifying barriers to closer cooperation, and engaging private sector participation, the working groups have made impressive progress.

APEC is not a regional bloc. It will not cut off the Asia-Pacific region from the rest of the globe. Rather, APEC aims to be a catalyst for economic integration, trade liberalization, and growth. By promoting economic efficiency, APEC will provide more opportunities for economic development.

We have four objectives for this Ministerial:

First, we applaud the solid groundwork laid by the working groups, and encourage further progress;

Second, we would like to urge all APEC members to strongly endorse and take the actions necessary for a successful conclusion to the Uruguay Round;

Third, we would like to welcome the People's Republic of China, Chinese Taipei, and Hong Kong to the APEC community;

Fourth, we would like to join in Ministerial approval of the APEC Declaration.

Finally, I want to underscore our Administration's commitment to the Asia-Pacific region. The United States will make every effort to realize the potential we see in APEC as a welcome part of the Asia-Pacific landscape.

We expect that the economic outlook for the Asia-Pacific region will improve in 1992 as economic liberalization takes hold in many economies and as growth in the industrial countries increases.

The United States, UK, Canada and Australia have been in recession, with recovery now underway. In the United States, third quarter growth in real GNP was encouraging. While the recovery remains sluggish, consumer spending, housing construction and business capital spending were up, and inflation was down.

Growth has been slow in the European continent and in New Zealand. Japan and Germany appear to be entering a time of decelerating growth, just as the economies formerly in recession start their upswings. The overall effect of these shifts has been to reduce aggregate real GNP growth in the industrial countries to about 1 percent this year. In contrast, growth averaged 3.4 percent per year in the 1983-90 expansion.

We expect a moderate recovery, beginning now and strengthening over the course of 1992, to increase industrial country growth to roughly 2-3/4 percent for next year. Inflation has been considerably reduced in most industrial countries since the peak late last year related to the Gulf crisis-induced oil price upswing. Current account imbalances have been reduced for a number of countries. Despite this progress, we remain concerned that problems could emerge in the future.

The strengthening of domestic demand this year in a number of developing economies in Asia has allowed them to continue their stellar economic performance, despite slackening growth of their export markets in the industrial economies. This important development has contributed to an adjustment of some large external imbalances. In addition, domestic demand-led growth has allowed Asian consumers to

enjoy more of the output gains they have worked so hard to produce.

With global inflation in decline, and only moderate output gains in prospect for the near term, we all need to work to strengthen the sources of sustainable growth. Our work program for this meeting -- to promote an expansion of trade and investment flows among our economies -- should contribute to a more prosperous economic future for the Pacific region.