

## **FOCUS-on-APEC 3 Apr. 1996**

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### **✘ FOCUS on APEC**

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#### **FOCUS-on-APEC**

**A regular bulletin produced by Focus on the Global South (FOCUS)  
Bangkok, Thailand  
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FOCUS was designated the NGO Information/Monitoring Center on APEC (Asia Pacific Economic Cooperation forum) by the participants of the 1995 NGO Forum on APEC in Kyoto, Japan. It was out of this commitment that FOCUS-on-APEC was created. FOCUS-on-APEC carries APEC-related news, the latest items of interest and concern, and informed and critical analysis from a progressive perspective -- with a broad geographical concentration on East Asia and the Western and South Pacific.

FOCUS-on-APEC is where you can learn about other people's APEC-related work and they can learn about yours. Please send us your APEC-related information (by e-mail, fax or snail-mail!) -- including news items, research papers, opinion pieces and information on grassroots activities happening in your respective country. Your contributions will be incorporated into the bulletins.

We welcome your comments and suggestions!

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## **REGIONAL ANALYSIS**

### **USTR Report Targets APEC Partners' "Trade Barriers"**

**by Walden Bello**

#### **FOCUS**

The US Trade Representative's office (USTR) has just released the "1996 National Trade Estimate Report on Foreign Trade Barriers". As expected, East and Southeast Asian countries were high on the list of countries targeted for harsh criticism. The report is required by the US Congress as a part of the process of determining which country to target under the 301 clause of the US Trade Act, which mandates the US executive to take retaliatory action against those branded as unfair traders.

Publication of the report was accompanied by a great deal of concern among many governments, including the US' partners in APEC. Despite earlier promises that Washington would seek to resolve trade disputes via multilateral mechanisms like the World Trade Organization (WTO), it will in fact, continue to rely on the threat of unilateral trade retaliation to get other countries to submit trade pacts committing them to change their trading practices. Indeed, on the occasion of the report's release US Trade Representative Mickey Kantor boasted that "under President Clinton's leadership, the Administration has negotiated nearly 200 agreements to open foreign markets, which has helped fuel record growth and the creation of one million jobs." Other officials promised the continuation of the same policy of "achieving practical, market-based, results-oriented agreements" carried out with stated or unstated threat of invoking Super 301.

#### Zeroing in on Japan

A prime target of the report was Japan, to which it devoted over 40 pages. While it admitted that Japan "had reduced its formal tariff rates on imports to very low levels, invisible, non-tariff barriers...maintain a business environment protective of domestic companies and restrictive of the free flow of competitive foreign goods into the Japanese domestic market."

Among other things, the USTR report attacked Japanese quarantine and fumigation requirements for fresh agricultural products as too strict, and its high standards on the presence of food additives and pesticide residues as out of line with "internationally recognized tolerance level." Protection of intellectual property by the Japanese government is said to be inadequate owing to Japanese courts' "narrow patent interpretation practices," in which only "literal infringements of patents" are penalized. Acting as trade barrier, according to the report, is the distribution system that is built on

"exclusive relationships among retailers, wholesalers, and producers" and "protects small retailers." While it acknowledged that "most direct legal restrictions on foreign direct investment have been eliminated," the USTR claimed that Japan's "lack of receptivity to foreign investment is a major trade barrier." The level of foreign investment in Japan-\$4.2 billion in 1994, compared to Japan's foreign investment abroad of \$41 billion-was said to be due to "long-standing exclusionary business practices, extraordinarily high market entry costs, [and] discriminatory use of bureaucratic discretion."

The broadside on Japan presages many observers warn, an intensified US effort to use 301-type threats to liberalize Japanese trade and investment practices in 1996. The report, in fact, warns Japan that the USTR will have to make a determination by July 2 on a petition filed by the US firm Eastman Kodak regarding the sale of photographic film and paper, which alleges that Japanese distribution practices are "unreasonable, unjustifiable, or discriminatory."

Also, the USTR has told Japan that it wants a renewal of the 1991 US- Japan Semiconductor Arrangement that commits the Japanese government to raise the market share of foreign producers in the computer chip market to 20%. Since 1995, the foreign market share had actually gone beyond this target to reach 25.4%. The Japanese have countered that the agreement has fulfilled its goal and refused--so far--to renew the agreement. What will it take to satisfy Washington? The answer might be indicated by the report's comparative note that in the United States, the market share of Japanese and other foreign chip producers came to 39% in 1995.

#### China: Laying the Case for Blocking WTO Accession

The USTR report's section on China might be viewed as the US' laying the case for its blocking China from accession to membership in the World Trade Organization (WTO). Trade barriers cited include "a myriad of import licensing agreements," "prohibitively high tariffs," "unscientific" sanitary and phytosanitary standards, "export subsidies," in the form of low-priced energy and raw materials for Chinese exporters, lack of effective action against intellectual piracy, denial of "national treatment" (or parity rights with national firms) to US companies, and "abundant" restrictions on foreign investment.

Noteworthy for its implications to China but also other developing countries is the report's denunciation of trade policy or import substitution as a means of industrialization. It attacks particularly China's plan to develop a modern automobile industry, which "calls for production of domestic automobiles and automobile parts as substitute for imports, and establishes local content requirements which would force the use of domestic products, whether comparable or not [with imports] in quality or price." Local content requirements have been banned under the GATT Uruguay Round Agreement.

#### Other Targets

As in the case with Japan and China, the USTR report acknowledges that formal barriers to imports have fallen in Korea but claims that "numerous secondary barriers effectively prevent" liberalization. The report repeats US firms' complaints that Korea has a "rightly controlled financial market" and it is "a particularly difficult market in which to invest." There has been only a "modest improvement" in intellectual property rights enforcement, with the document citing as an example that "Korea does not recognize some famous US cartoon characters. Korean courts have exonerated Korean infringers of famous US characters, including Mickey Mouse."

In the case of Thailand, a major concern of the USTR is the fact that "Thai authorities have limited foreign banks to a very small share of the total Thai banking market, largely by restricting foreign

bank entry, branching, and acquisition of Thai banks."

The report criticizes the Philippine government for delay in fulfilling its commitments to the WTO, among them the repeal of the law known as "Magna Carta for Small Farmers," which provides for banning of imports of farm products that can be produced domestically in sufficient quantity in order to protect livelihoods of small agricultural producers.

Like China, Indonesia comes in for heavy criticism for its plan to use trade policy to build a domestic auto industry. Because the program grants import tariff and tax preferences only to auto companies that meet certain requirements, including their being owned by Indonesians, use an Indonesian brand name, and meet specified local content levels within three years, "the program could put auto manufacturers in Indonesia at a severe competitive disadvantage, and maybe inconsistent with Indonesia's obligations under the WTO."

In the case of Malaysia, (a country where Islam is the dominant religion) a variety of trade barriers are targeted, including the ban on television and radio advertisements of alcoholic beverages.

### Standing Up to Washington

While the report indicates that Mickey Kantor is preparing for another round of bashing East Asian countries with its "results-oriented" trade approach during this US election year, some voices in the US are warning that this may have the opposite effect from that intended if Asian governments call the US' bluff. The latter, warns Marc Levinson in the most recent issue of the periodical *Foreign Affairs*, might adopt the "Hashimoto strategy."

When Mickey Kantor last spring threatened to slap 100% tariffs on Japanese luxury cars entering the US following the collapse of the US- Japan auto talks last spring, the chief Japanese negotiator, then Minister of Trade and Industry Ryutaro Hashimoto, "simply said no." Faced with an intransigent bargaining partner, Levinson writes, "Kantor retreated. In the end, Japan's only express commitment was to alter its rules for automobile inspections. When Kantor claimed that Hashimoto had pledged to increase the market share of American-made cars and parts by a specified amount, the Japanese brusquely repudiated this assertion." As a consequence, the "world learned that standing up to Washington on trade can be both a good bargaining strategy and good for the bargainer. Hashimoto's skill at repelling Kantor's attacks bolstered his reputation, helping to make him prime minister in January."

APEC leaders: take note.

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### **Steady Progress--or Big Bang--in Manila?**

#### **Views from Washington**

**by Lyuba Zarsky**

**Nautilus Institute for Security and Sustainable Development**

One of the key issues for NGOs and governments throughout the region is the likely policy stance and negotiating posture of the U.S. at the November APEC ministerial and leaders meetings in Manila. In both 1993 and 1994, the U.S. pushed hard for big bang results at APEC meetings, leading to the adoption of the Bogor Free Trade Agreement in 1994. Since it is only April and a Presidential election stands between now and November, the U.S. posture can't be predicted with certainty.

Current thinking at the State Department, however, suggests that the U.S. is not angling for another big bang, i.e. a high-profile trade agreement, in Manila. Rather, the U.S. seems to consider the

primary goal to be steady progress toward implementing the Bogor Free Trade Agreement.

The embrace of steady progress on trade liberalization entails a recognition at the State Department that big bang results are not possible or even desirable every year. There are even those who seem to have some understanding of the consensus style of diplomacy in Asia, in which significant divisive issues are simply fudged to promote success in larger goals.

The November, 1995 APEC meeting in Osaka, for example, did not resolve the thorny issue of Japanese agricultural protectionism. Rather, a spirit of flexibility prevailed. In the same vein, there seems little support in Washington that the US should come to Manila to harp on APEC countries to pursue a closed rather than open regionalism. Indeed, there may even be some support for the notion of an ASEAN-led process of trade liberalization, as proposed by the Philippines government.

Of course, there are some, especially within the US business community, who consider no big bang to mean no bang at all. To be satisfied with steady progress, the US will have to judge that the Action Plans which each country will submit in Manila are sufficiently comprehensive and meaty in terms of reducing tariffs, quotas, and non-tariff barriers to trade and foreign investment. There is reason to expect they will be, since APEC elites generally support greater trade openness.

The liberalization of investment, however, remains contentious. The US did not support APECs' Non-Binding Investment Principles because they were too weak in offering national treatment (and protection against political risk) to foreign investors. Asian elites, on the other hand, and many NGOs as well, are reluctant to treat foreign investors on a par with domestic investors. While investment could blow up in Manila, it is more likely that serious negotiations will be deferred until the OECD completes its Model Agreement on Investment, due in 1997. Moreover, the Philippines government is highlighting the role of business in APEC, which will help to promote consensus on the national treatment issue.

A second goal of U.S. diplomacy in November is to widen and deepen APECs' second tier (technical and economic cooperation), primarily by raising the profile of environmental cooperation. As one high-level State Department bureaucrat put it, it is time to plant the next crop of cooperative initiatives at APEC, since the first crop (i.e. trade and investment liberalization) is growing well. With strong interest both from the Philippines and Canada, next years APEC chair, environment will be the heart of the next crop.

In a departure from the U.S. posture at NAFTA and the WTO, both the State Department and the Office of the U.S. Trade Representative insist that environment should not be treated as a trade-environment issue. Eschewing the use of trade sanctions or other coercive measures to link environmental performance to trade, the U.S. position is that environment should be considered an issue for technical cooperation and region-building.

If trade and investment liberalization proceed on track, then the big bang in Manila may take the form of a broad vision statement on sustainable development. A vision event would lay the foundation for a set of concrete action initiatives to be adopted in Vancouver in 1997. Canadian bureaucrats and NGOs are already in a flurry to determine regional environmental priorities and develop proposals. The Peoples' Forum on APEC in November this year will have a timely opportunity to shape APECs' environmental agenda.

\*US Secretary of State Warren Christopher's speech on US Environmental Diplomacy is posted on Nautilus Institute's FTP site at APPRENet (see the RESOURCES section of this bulletin).

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**Why Australia Pushes APEC**  
**by Jeff Atkinson**  
**Community Aid Abroad**

Federal elections on March 3 saw a change of government in Australia. But policy toward APEC will remain substantially unchanged. The new government in its trade policy has said it "endorses the Bogor commitment of 'open regionalism' and will set in train domestic strategies toward realizing its objectives, so all agreed targets will be met."

Among these "domestic strategies" are the appointment of an Australian 'Ambassador to APEC' and the establishment of an APEC Business Advisory Group. The proposal of the previous government to set up an NGO Advisory Group on APEC appears to have been dropped by the new government. Exactly what an 'Ambassador to APEC' would be or do is not clear, given that APEC hardly exists as an institution and is certainly not in a position to receive Ambassadors. APEC meetings are normally between Heads of State, Ministers or senior bureaucrats, and not diplomats. Another initiative being proposed by the new government is for the establishment of an 'APEC Group' within the WTO "to complement the work of the Cairns Group, in order to press for a positive global response to APEC initiatives."

That the new government should retain much the same policies towards APEC as the old one is not surprising. There are economic imperatives at work which more or less pre-determine the policy of any Australian government, of whatever shade, towards APEC. The dominant one is that Australia has become economically dependent on trade with the Asian region and needs to insure that markets will be open to it. Any "Asian only" trading bloc or grouping which excludes it would be seen as an economic disaster. The change in the pattern of Australian trade over recent decades from a European focus to an Asian one, has been quite dramatic. For example, back in 1957 only 21% of Australia's exports went to Asia while 51% went to Europe. By 1993, that situation reversed, with 57% going to Asia and only 11% to Europe.

Australia's largest regional export market has long been Northeast Asia, and in 1992 Southeast Asia overtook Europe as the second largest. But while Asia has become important for Australia, Australia remains relatively unimportant to Asia as a source of its imports. For example, in 1993 some 14% of Australia's exports went to the ASEAN region but this constituted only 2.5% of that region's total imports. And the situation is getting worse as other countries are also attracted to Asian markets. Australia's share of total imports into Asia has fallen from 3.12% in 1985 to 2.32% in 1993.

Australian governments see APEC as a way of reversing this trend, a way of lowering tariffs, quotas and other barriers and opening up markets in Asia and elsewhere for Australian exports. The prospect of Asia forming its own trading bloc which excluded Australia is seen by Australian governments as a truly frightening one, with Australia being isolated from the markets which now absorb most of its exports. Even more frightening is a scenario in which the world divides up into major trading blocs in Asia, Europe and North America, with Australia left out of all of them.

There are also strategic reasons for Australia's interest in APEC. It is keen to see the US maintain its military presence in the Asia Pacific region. But with the Cold War now a thing of the past, it is not clear why the US would want to do so, unless it was to protect an increasing commercial involvement. In 1994, the then Prime Minister Keating said: "(APEC) helps to lock in US economic and commercial interest in the region, which in turn helps to ensure US strategic engagement. It provides a framework to help contain or manage competition between China, Japan and the United States."

\* Jeff Atkinson's book "APEC - Winners and Losers" is reviewed in the RESOURCES section of this

bulletin.

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**The European Union Urges Asia to Support the Multilateral Investment Agreement  
by Ma. Salome Bulayog  
FOCUS**

Sir Leon Brittan, the European Union's Trade Commissioner, is urging Asians to support the Multilateral Investment Agreement and to include it as an agenda item for the forthcoming WTO ministerial meeting in Singapore, December 1996. He is appealing to Asian countries to agree to talks in the World Trade Organization aimed at shaping international investment rules. The EU is seeking a multilateral investment deal where supposed benefits would flow not only to would-be investors in Asia, but also to Asian investors in Europe and elsewhere. He said that during the ASEM summit in Bangkok held last March 1-2, the ministers made it clear that they wanted investment, but many governments in the region have voiced opposition to negotiating a binding pact.

The EU's proposed Foreign Investment Treaty has three key principles:

a) Free access for investors and investments; b) National treatment for investors and their investments; and c) Accompanying measures to uphold and enforce commitments.

Martin Khor, director of the Malaysia-based Third World Network, pointed out that if the proposed foreign investment treaty were implemented, it would create adverse consequences for developing countries. Allowing foreign corporations to establish themselves in a particular country without any form of control and giving them national treatment would surely hurt the local and domestic businesses. According to Khor, local firms, farms, banks and other institutions without the preferential treatment previously enjoyed by them will not be able to compete with large multinational firms. Khor stressed that local businesses will fold in 5-10 years if multinationals are given free access to countries. The multilateral investment deal will take away governments' rights to regulate foreign investments, stated Khor, thus governments will no longer have control over national resources, and macro-economic and financial policies.

Many Southern countries are in fact cool to investment talks and its inclusion at the Singapore ministerial meeting in December. The multilateral investment agreement was also criticized by a group of NGOs during the first Asia-Europe NGO Conference held in Bangkok three days before the ASEM Summit. NGOs are calling on Asians to reject the agreement because it will not bring economic benefits to the Asian economies and peoples, as it will inevitably lead to the closure of many small and medium sized local companies.

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**"Free-Trade" Agreements and Their Impacts: The Case of NAFTA and the Mexican Economy  
by Ma. Salome Bulayog  
FOCUS**

Recently, the Institute for Policy Studies (IPS) wrote a report on NAFTA's accomplishments during its first two years of implementation pointing out its myths and realities. The paper, "NAFTA's First Two years: The Myths and Realities" argued that NAFTA (The North American Free-Trade Agreement) is not the cause of Mexico's current economic crisis but its presence has worsened the situation.

In the case of Mexico, NAFTA is an extension and formalization of the "spend less, export more" policy imposed by the International Monetary Fund in 1982. After religiously following the structural adjustment prescription of the World Bank, IMF and NAFTA, most Latin Americans are worse off

than they were 14 years ago. Mexico is now experiencing high unemployment rates, lower real wages, increased poverty and greater social inequality. The Mexican stock market is also still in trouble. Because currency devaluations, most investments lost 3/4 of their dollar value in a span of 3-4 months (de Anlle, The International Herald Tribune, April 6-7, 1996). Although stock prices have improved since then, there still is not enough confidence among investors to make substantial purchases.

The IPS report stated that Mexico's rapid easing of trade and investment barriers destroyed much of the domestic economy. Since most of the foreign capital that flows into Mexico is in the form of speculative investments, higher rates of interest are required to attract foreign investors -- and these high interest rates have had a negative impact on productive investment in Mexico, inhibiting the growth of jobs and improvements in income.

Without NAFTA, the Mexican government could use import licensing to save scarce foreign exchange by excluding non-essential imports. NAFTA also prohibits the restrictions of foreign transactions without the permission of the IMF. In short, it is illegal for Mexico to impose some forms of control on trade for as long as NAFTA is in operation.

NAFTA's supposed benefits for all its member countries (The United States, Canada, Mexico) are far from reality. NAFTA supporters claimed that it would generate more exports, thereby creating more and higher quality jobs in all three countries. In late 1995, US President Bill Clinton boasted that NAFTA had generated 340,000 more US jobs -- but this figure was derived using an erroneous formula. The formula only considers the potential jobs created by exports and ignores jobs lost from increased imports. Moreover, a trade surplus should not always be equated to more jobs. Corporations rarely invest export-generated profits to create more jobs. More commonly they invest in labor saving machineries, thereby displacing some workers.

The IPS report highlights the myth that NAFTA-stimulated economic growth will enable participating countries to pay higher wages to its citizens. The report stated that two years after NAFTA's implementation, US and Canadian-based corporations are not only sending jobs to Mexico and other low wage countries, they are also using a number of tactics to bring third world wages and working conditions back home.

NAFTA supporters claimed that NAFTA's labor agreement (NAALC) would be a forceful mechanism for strengthening labor rights throughout the hemisphere. But in reality, according to the IPS report, "NAALC is a weak agreement, overburdened with procedural barriers and ponderous processes that has done little to protect workers from abuse. To date, a few complaints have been filed regarding worker rights violations but there is no single worker directly involved in these complaints that have benefited so far from the process."

Another unfounded supposed benefit of NAFTA is the improvement of the environment. Supporters claimed that NAFTA would result in the decline of maquiladoras (factories) in the polluted border areas and that it would lead to increased investment in environmental clean up and infrastructure. However, contrary to what has been promised, NAFTA has caused a jump in industrial activity in the border zone without appreciable improvement in industrial waste or human waste infrastructure.

Other hollow promises include: a reduction in immigration, improvement in North American relations and improvement in food security for NAFTA member countries. In 1995, the number of Mexicans apprehended in attempted border crossings increased by a dramatic 30%; these immigrants are mostly workers who lost their jobs due to the weakened economy. The predicted stronger friendship between the NAFTA countries was marred by the misguided US response to the problem of rising immigration pressure leading to widespread resentment within Mexico. Instead of



addressing the failed policies, the Clinton administration responded by militarizing the border and stepping up raids on workplaces in search of undocumented workers. And food security is rapidly eroding in Mexico. The IPS report claimed that food dependency in North America will continue to increase unless changes are made in multilateral trade policy to allow nations to promote domestic food security.

## **REGIONAL ROUNDUP**

### **Philippine Update: Gearing up for the Alternative Forum from the International Convenors' Committee (ICC) in the Philippines Organizing for the Manila People's Forum on APEC '96 (PFA '96)**

Preparations are underway. There are two committees coordinating activities and disseminating information on PFA '96. One is the local organizer and host, the Philippine Hosting Committee (PHC). The other is the interim International Convenors' Committee (ICC); the Manila-based ICC is currently operating on an ad hoc basis. As envisioned, the tasks of the ICC include: (a) facilitating the participation of international delegates to the Manila People's Forum; (b) preparing the substantive regional agenda of the Forum; (c) coordinating the preparation of country critiques on APEC; and (d) proposing an alternative vision for regional cooperation.

Ms. Violetta Corral of the Asian NGO Coalition for Agrarian Reform and Rural Development (ANGOC) and Ms. Joy Chavez-Malaluan of Focus on the Global South (FOCUS) are currently acting as the ICC ad hoc secretariat. Contact: ANGOC, No. 14-A 11th Jamboree Street, Brgy. Sacred Heart, Kamuning, Quezon City, Philippines, tel: (632) 993315/973019, fax: (632) 921-5122, e-mail: [angoc@igc.apc.org](mailto:angoc@igc.apc.org)

Mr. Horacio "Boy" Morales of the Philippine Rural Reconstruction Movement (PRRM) chairs the PHC. Mr. Romeo "Omi" Royandoyan of the Philippine Peasant Institute (PPI) and Ms. June Rodriguez of the Rural Enlightenment and Accretion in Philippine Society (REAPS) serve as coordinators. As of 14 March 1996, 80 Philippine groups and 13 international groups have confirmed their participation in the Manila People's Forum on APEC. The PHC Secretariat office is at Room 209, PSSC Bldg., Commonwealth Avenue, Diliman, Quezon City, tel: (632) 929- 6211/922-9621 locs. 314 and 339, fax: (632) 924-3767.

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April 24 - 25 Planning Meeting for the Manila People's Forum on APEC '96

NGO representatives coming to Manila to participate in the back-to-back regional meetings of the NGO Working Groups on the Asian Development Bank (ADB) and on the World Bank (WB) which will be held in Manila in April 22 - 25.

Venue: INNOTECH Bldg., Commonwealth Ave., Diliman, Quezon City, Metro Manila.

Tentative agenda: (1) Updates on the Philippine organizing for PFA '96; (2) Finalization of the program and participants/observers of PFA '96; (3) Formalizing the International Convenors Committee (ICC); (4) Action Plans of the ICC

Working Groups: (a) Trade, Labor and Migrants Rights; (b) Trade, Environment and Ecology; (c) Trade, Economics and Social Development; (d) Trade, Human Rights and Gender Rights; (e) Trade, Governance and Democratization

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Asia-Pacific Pre-Summit Fora

Five pre-summit fora will be held concurrently outside Metro Manila on 18-20 November 1996.

Tentative Venues and topics:

- |            |                                    |
|------------|------------------------------------|
| (Tagaytay) | 1. Politics and Governance         |
|            | 2. Labor and Migrants Rights       |
|            | 3. Peoples Rights                  |
| (Cebu)     | 4. Ecology and Environment         |
| (Davao)    | 5. Economic and Social Development |

The pre-summit fora are open to foreign participants. The PHC will be sending out invitations. All interested groups are requested to choose the pre-summit fora they wish to attend. You are requested to send copies of your expert/country/group papers to the PHC Secretariat.

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Manila People's Forum 1996 (Summit Proper)

Sketch of Proposed Program of Activities:

Thursday, 21 November

Arrival of Delegates/Participants Registration/Hotel Assignments

Session 1            Opening Reception by the Philippine Hosting Committee

Friday, 22 November

Session 2            Trade and Sustainable Development  
Country Paper Presentations

Session 3            Examining Options for People's Action  
(Workshops and Country Presentations)  
WS1: Trade and Labor Policy  
WS2: Trade and Environmental Policy  
WS3: Trade, Economic and Social Development  
WS4: Trade and People's Rights  
WS5: Trade, Governance and Democratization

Dialogue with APEC Officials (tentative)

Saturday, 23 November

Session 4            Defining Alternatives and Concrete Plans

Plenary

- \* Presentation of Workshop Results
- \* Presentation of Forum Statement

Press Conference

APEC and Country Networking

\* Discussion of Concrete Plans (e.g. monitoring body, lobby, etc.)

Consensus on Forum Statement

Turnover: Next Host, Canada '97

Closing Ceremonies

Sunday, 24 November

Dialogue with APEC/Embassy Officials  
People's Caravan to Subic

\*Resource persons/speakers are to be announced. Official invitations will come from the PHC. Due to limited resources and venue capacity, the number of participants to the summit proper of the Manila PFA will be limited to a maximum of 350 distributed thus: 100 from the Philippines, 200 international participants, and 50 international observer seats. The PHC and ICC will devise an accreditation process for the selection of official delegates to the People's Forum. The PHC will draft the proposal for discussion in the 24 April ICC meeting. Selection will be based on the subsidiary (country NGOs/POs/groups will choose their own country representatives) and will cut across the different technical working groups or clusters (groups will represent labor and migrants, ecology and environment, etc.).

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People's Alternative Trade and Technology Fair (proposed)

The proposed activity seeks to highlight successful initiatives of independent, non-government and people's organizations towards alternative trade and technology. The exhibit will showcase brochures, demos, products and other outputs of these groups. If you are interested in participating in this activity during the Manila PFA, please contact the ICC in the Philippines.

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## HIGHLIGHTS

**China: Cool on the WTO, Hot on APEC**

**Submission from Mario Mapanao, DAGA, Hong Kong  
Summary by Shea Cunningham, FOCUS**

**Source: "Beijing shifting its energies from WTO to APEC", Reuters and the Hong Kong Standard, China Financial Review section, 15 April 1996.**

Apparently China is shifting its lobbying efforts away from trying to join the World Trade Organization (WTO) towards gaining more recognition in the Asia-Pacific Economic Cooperation (APEC) forum.

"China is currently putting its main strength into APEC (where it is already a member) and temporarily cooling the question of entry into the WTO," the China Trade News said. The newspaper said China was shifting its focus because its chances of joining the WTO this year were slim.

China was a founding member in 1948 of the General Agreement on Tariffs and Trade, which was replaced by the WTO in January last year, but withdrew after the communist takeover in 1949. It

applied to rejoin in 1986.

But last month, China's Vice Foreign Trade Minister, Long Yongtu, said Beijing was not rushing to join the WTO at the expense of its own basic economic interests. China says it has already done enough in opening up its economy to the outside world with market reforms to be admitted to the world trade body now.

Countries opposed to China's entry -- including the US, the European Union, Canada, Japan, Australia and New Zealand -- have said Beijing must first dismantle some of its long-standing non-tariff barriers to trade like quotas and licenses. China wants to come in as a developing country, which would give it a longer period to adapt all its laws to WTO free trade rules, but WTO member countries are reluctant to agree.

Washington has taken the toughest line, warning that US President Bill Clinton might not be able to renew China's "most-favored-nation" trade status later this year unless it addressed US political and economic concerns. Beijing and Washington are at odds over a host of issues, ranging from Beijing's alleged failure to prevent piracy of US compact discs, software and other products through human rights to its recent staging of war games in the Taiwan Straits.

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## The Right to Development

Submission from Andre Frankovits, Human Rights Council of Australia

Andre Frankovits of the Human Rights Council of Australia sent FOCUS the latest report of the UN Commission's Working Group on the Right to Development. According to Andre, there is likely to be a resolution at the current session of the UN Commission on Human Rights on the Right to Development. Judging from past experience, governments of both North and South will claim development for themselves and insist that economic growth (via trade liberalization) is the only way to enhance human development. The Commission's report encourages NGOs to ensure their governments adopt their recommendations and honor people's right to development. As the intergovernmental report sketches the contours of a just model of development, Andre hopes that interested people will find a way to help clarify and strengthen the Commission's recommendations.

Here are some edited excerpts from the "Report of the Working Group on the Right to Development, 5th Session":

"The right to development is not only a new norm but also the keystone in the entire human rights structure. The right to development involves more than development itself; it implies a human rights approach to development, which is something new."

"If the recommendations in the report are acted upon by the Member States of the UN and the international community at large, there is great potential to radically alter the way development is perceived. The Report can be used as a blueprint for the realization of all human rights. It is therefore crucial that non-governmental organizations look closely at the implications of the recommendations and proposals and that they formulate strategies on how to ensure that they are accepted and acted on."

### Proposals and Recommendations:

"The Working Group asserts that the full attainment of the right to development can only be achieved by setting targets and objectives to measure progress made and to induce governments to continue their efforts to realize the right to development."

"This will only prove effective if a reporting mechanism is in place to measure progress. The Working Group therefore proposes that governments should voluntarily submit periodic reports on the application of the Declaration on the Right to Development. The frame of reference would be the interrelation between development, human rights, democracy, as spelled out in the Vienna Declaration and Program of Action. Such reports should identify obstacles to the realization of the right to development, establish targets within cross-sectoral development strategies, situate progress within international strategies and policies and whether international cooperation is furthered, draw up plans for promoting popular participation and social justice and the simultaneous promotion of civil, political, economic, social and cultural rights."

The Working Group's Report points out that effective, official (governmental, intergovernmental, and non-governmental) mechanisms must be in place to: ensure monitoring and evaluation of stated pledges; increase human rights awareness worldwide; promote popular participation and economic, social and cultural rights; promote greater transparency and democratic accountability of governments, transnational corporations and banks and work towards international codes of conduct; ensure appropriate tax and income-sharing policies -- and, notably, urges investigation of a regime of international taxation, perhaps on currency exchange transactions, as a way to finance international cooperation.

For more information and/or the full text of the Report, contact: Andre Frankovits, Human Rights Council of Australia Inc., PO Box 841, Marrickville NSW 2204, Australia, Phone/fax 61 2 559 2269 , E-mail: agf@mail.peg.apc.org

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## RESOURCES

"APEC - Winners and Losers", by Jeff Atkinson

A Book Review by Shea Cunningham

Atkinson's concise book/reader packs a lot of well-researched data into a clear and readable form, making it accessible and informative to the novice and useful to the expert. "APEC -Winners and Losers" is a good overview of the evolution of APEC and the varying country agendas. It is perhaps geared for the Australian audience, but it also pertains to the other member countries and experiences. Atkinson gives relevant examples of Mexico's struggle with NAFTA, the effects of "free-trade" on agriculture, and the Zapatista response. Atkinson provides some interesting insight on APEC's potential effects on agriculture, worker's rights and the environment in the various countries. As an Australian joint-organizational publication, a list of recommendations for the Australian government's position on APEC are highlighted. "APEC- Winners and Losers" is an excellent guide and reference book for educational purposes inside and outside Australia.

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"APEC - Winners and Losers" (93 pp.) was published October 1995 by Community Aid Abroad (Background Report No. 7) and ACFOA (Development Dossier 34).Contact information: Community Aid Abroad, The National Publications Office, 156 George Street, Fitzroy, 3065 Australia, Tel: 613 9289 9444, Fax: 613 9419 5895 E-mail: renatas@caa.peg.apc.org.au; Australian Council for Overseas Aid (ACFOA), 14 Napier Close, Deakin, Private Bag 3, Deakin, ACT, 2600, Australia, Tel: 61 285 1816, Fax: 61 285 1720.

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Asia-Pacific Regional Environmental Network (APRENet)

Run by The Nautilus Institute for Sustainable Development in Berkeley, APRENet is an information, education and opinion sharing channel on regional environmental issues. APRENet works to build a community of interest in formulating and advocating policies for ecologically sustainable development at APEC. Using the internet, including e-mail and the World Wide Web, APRENet provides three services: 1) Posting of policy and research documents on environment and development issues in Asia-Pacific. In particular, APRENet monitors papers on APEC and the environment produced in North America and elsewhere; 2) Commissioning "Strategic Issues" papers; 3) Running a bi-weekly "APEC Views" column written by activists and analysts from throughout the region (starting mid-May).

Subscribing to APRENet is free but you must be on-line! Contact Nautilus to subscribe: E-mail: <npr@igc.apc.org> or visit the Nautilus Website: <http://www.nautilus.org/nautilus>

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FOCUS Website! URL: <http://www.nautilus.org/focusweb>

Visit the FOCUS website for more general information and find more APEC- related information and internet links. Please keep in mind that we are in the process of updating the site!

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## ANNOUNCEMENTS

Regional Integration in the Asia-Pacific: A Critique from Below A Research Project Planned for 1996-1997

Excerpts from the project proposal by Eduardo Tadem, ARENA

APEC is the latest and grandest attempt at regional cooperation alongside the ASEAN Free Trade Area (AFTA), the proposed SAARC Preferential Trading Agreement (SAPTA) and the numerous "Growth Triangles" dotting the region. While it is being made clear that business groups will profit the most from a more liberalized trade and investment climate, the effects of such initiatives on Asia-Pacific peoples is not often publicized nor are alternative efforts at regional people-to-people cooperation paid attention to. Furthermore, it is being insisted that only through this neo-liberal strategy of development can progress and well-being come to the region and that there is no other way.

Asian Regional Exchange for New Alternatives (ARENA), Transnational Institute (TNI) and Focus on the Global South (FOCUS) have agreed to conduct an extensive research study on regional integration in the Asia-Pacific region that will critically analyze existing and proposed state-initiated regional cooperation, look into its impact on peoples, examine alternative regional cooperation cases, and develop a new paradigm for regional cooperation.

The Research Project:

This proposed research project on "Regional Integration in the Asia-Pacific: A Critique from Below" will challenge the neo-liberal paradigm by presenting the "other side" of trade and investment liberalization and market reforms in the Asia-Pacific. The study is an attempt to provide an alternative analysis of regional cooperation from that presented by governments and mainstream social scientists. Rather than accepting as a premise the current trend towards greater trade and investment liberalization, the project questions the very basis for the strategy. To do so, it is necessary to provide a holistic perspective by examining the historical background, the socio-

political and economic contexts, and the cultural and environmental implications of the neo-liberal growth strategy.

It is extremely important to document in detail the impact of the neo-liberal strategy of market reforms on the poor and disadvantaged sectors of society. The proposed study will endeavor to look at various sectors - workers, peasants, women, children, urban poor, students and indigenous peoples at the national level. From these country effects, the impact at the regional level will be clearly seen as well as project the overall impact of an even more increased trade and investment liberalization.

At the same time, the research will show that concrete steps have been taken among social movements, peoples' organizations, and NGOs to initiate their own processes of regional integration. In contrast to the state-big business model, these forms of regional cooperation are concerned primarily with forging links among peoples across borders and involves not only economic cooperation but also political and social advocacy and formulating development strategies and theories of social change. While recognizing that numerous obstacles and problems characterize these alternative efforts, they nevertheless provide a welcome counter-balance and diversity to the development process.

#### Research Objectives:

The broad objectives of this study are: (1) to critically examine regional integration of economies in the Asia-Pacific region with respect to its historical background and socio-economic, political, and cultural contexts; (2) to determine the impact of trade and investment liberalization on the region's poor and disadvantaged populations; (3) to study the formation of civil alliances outside the state-market nexus as alternatives to regional integration of elite-driven market economies and critically analyze them; (4) to propose alternative paradigms of regional integration from below in terms of peoples' alliances.

Contact person: Eduardo C. Tadem (ARENA Coordinator), Flat B1 2/F Great George Bldg., 27 Paterson Street, Causeway Bay, Hong Kong, Tel: 2805- 6193; 2805-6270; Fax: 2504-2986; E-mail: arena@hk.net

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#### Back issues of FOCUS-on-APEC

To receive back issues of the bulletin, please e-mail: <focus@ksc9.th.com> and request the issues desired.

Hard Copy versions are available upon request. However, due to our budget constraints we are unable to air-mail the bulletin to many people/groups, so we kindly ask you to print this out and regular mail it to interested people/groups in your country who/that do not have access to e-mail. Thank you.

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#### Transmission Problems

A few of you complained about weird (=20) codes at the end of the lines in the bulletin. We are troubleshooting to ensure that future bulletins are as close to error-free as possible. If this bulletin comes through in a terrible state, e-mail back and let us know. Bear with us! Do make sure, however, that in your e-mail program settings you are using a proportional font for viewing (ie. Courier) and that all other settings are seemingly normal.

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Contact information: c/o CUSRI, Chulalongkorn University, Bangkok 10330 Thailand. Tel: (66 2) 218  
7363/7364/7365, Fax: (66 2) 255 9976, E-Mail: [focus@ksc9.th.com](mailto:focus@ksc9.th.com), Website:  
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Nautilus Institute

2342 Shattuck Ave. #300, Berkeley, CA 94704 | Phone: (510) 423-0372 | Email:

[nautilus@nautilus.org](mailto:nautilus@nautilus.org)