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Special Report

on

India and APEC: Building the Case

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List of Abbreviations

ABAC- APEC Business Advisory Council
ADOC- APEC Digital Opportunity Center
ASEAN-Association of Southeast Asian Nations
DDA -Doha Development Agenda
EWG- Energy Working Group
FTAAP- Free Trade Area of the Asia-Pacific
IFAP- Investment Facilitation Action Plan
IPR- Intellectual Property Rights
NTB- Non-Tariff Barriers
OAA- Osaka Action Agenda
RCEP-Regional Comprehensive Economic Partnership
SCCP- Sub-Committee on Customs and Procedures
SMEs -Small and Medium Enterprises
TPP-Trans Pacific Partnership
WTO- World Trade Organisation

Introduction

The Asia Pacific Economic Cooperation (APEC), a regional economic group that was formed in 1989, has completed more than two and a half decades of existence. It has brought together a diverse set of countries on one platform. This is evident in the list of member countries: Chinese Taipei (Taiwan), Hong Kong, US and China along with important Latin American countries, such as Chile, Mexico and Peru. The reach of this organisation is demonstrated by the fact that 21 members represent Asia and Pacific regions. In 1998, Russia, Vietnam and Peru were inducted in APEC after which a moratorium was imposed. The moratorium on new membership in the organisation was lifted in 2010, but the inclusion of new members has been kept on hold.

APEC economies have grown over the years accounting now for over 43 per cent of world population, 57 per cent of world Gross Domestic Product (GDP) and 47 per cent of world trade¹. After Philippines assured in the Joint Senior Officials meeting held in March 2015 that India might be inducted in the grouping, India's expectations were high. India had been invited to the organisation's meetings in the past², but its membership request has not been acceded to. The US had endorsed in 2011 that India should become a member of the forum which was reiterated again when President Obama visited India in January 2015.

Figure 1-APEC Region

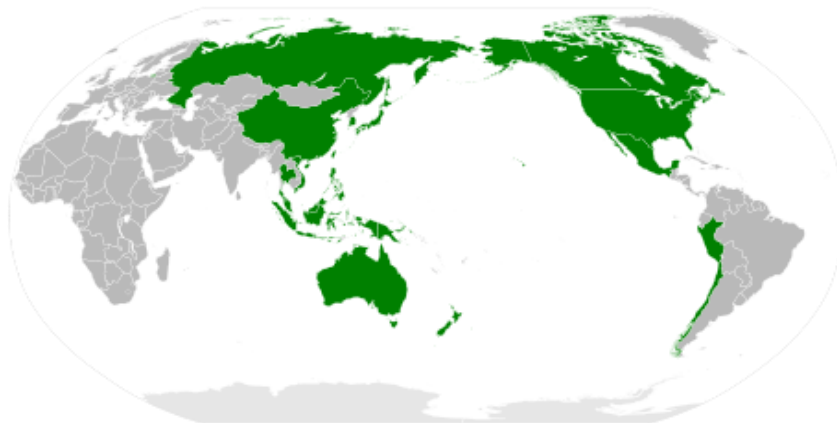


Table 1: APEC Member Economies

No.	Country	Date of Joining
1.	Australia	6-7 Nov 1989
2.	Brunei Darussalam	6-7 Nov 1989
3.	Canada	6-7 Nov 1989
4.	Chile	11-12 Nov 1994
5.	People's Republic of China	12-14 Nov 1991
6.	Hong Kong, China	12-14 Nov 1991
7.	Indonesia	6-7 Nov 1989
8.	Japan	6-7 Nov 1989
9.	Republic of Korea	6-7 Nov 1989
10.	Malaysia	6-7 Nov 1989
11.	Mexico	17-19 Nov 1993
12.	New Zealand	6-7 Nov 1989
13.	Papua New Guinea	17-19 Nov 1993
14.	Peru	14-15 Nov 1998
15.	The Philippines	6-7 Nov 1989
16.	Russia	14-15 Nov 1998
17.	Singapore	6-7 Nov 1989
18.	Chinese Taipei	12-14 Nov 1991
19.	Thailand	6-7 Nov 1989
20.	The United States	6-7 Nov 1989
21.	Viet Nam	14-15 Nov 1998

Source: APEC official website <http://www.apec.org/About-Us/About-APEC/Member-Economies.aspx>

Relevance of APEC

The APEC structure draws from both "bottom-up" and "top-down" approaches. Four core committees along with their respective working groups provide strategic policy recommendations to the APEC leaders and ministers, who annually set the vision for overarching goals and initiatives. The working groups are then tasked with implementing these initiatives through a range of APEC-funded projects. Members also take individual and collective actions to carry out APEC initiatives with the assistance of capacity building projects of APEC.³

Regular interaction with private sector under the rubric of the APEC Business Advisory Council (ABAC) has created a unique platform for consultations to yield tangible gains for the member countries. There has been increasing reference to the relevance of APEC, a trans-regional forum, at a time when region specific economic organisations are taking shape, such as ASEAN Economic Community, Regional Comprehensive Economic Partnership (RCEP) and new formulations, such as Trans-Pacific Partnership (TPP) are defining new trade norms. There is strong international consensus on the benefits of investment across the spectrum of its activities: from tangible assets to intellectual property. Such investment drives economic productivity, boosts employment generation, promotes income generation, manages trade and helps in trickling down of the international technologies and best practices. Foreign Direct Investment supports economic growth for developed and developing economies alike. APEC's member economies recognise the significant economic benefits of investment and have been active in promoting investment and facilitating cross-border investment flows. Facilitating investment climate within a country requires work - a concerted national and international effort to create and sustain the most conducive climate for investment.⁴

APEC has been instrumental in this effort in the Asia-Pacific region beginning with its adoption in 1994 of the non-binding investment principles. These are designed to improve and further liberalise investment regimes and they include measures on facilitation. To reinforce APEC's work in this area, in 2007 in Sydney, APEC Leaders agreed to the development of an Investment Facilitation Action Plan (IFAP) aimed at further promotion of investment in APEC member economies. Effective investment facilitation can make a significant contribution to a sort of broader investment climate reform efforts widely practiced by APEC member economies⁵.

Further with regard to intra APEC and global trade the trends are encouraging. Goods and services exported by APEC members to the world have increased from US\$2.1 trillion in 1992 to US\$10.8 trillion in 2013. Similarly, goods and services imported by APEC members have risen from US\$2.0 trillion to US\$11.1 trillion. Intra-regional merchandise exports and imports amongst APEC economies have been robust, growing at an average of 8.0 per cent per annum respectively since 1992. In 2013, intra-regional merchandise exports accounted for 68.8 per cent of APEC's total merchandise exports while intra-regional merchandise imports accounted for 64.7 per cent.⁶ US\$ 4.8 trillion of foreign direct investment flowed into APEC economies during 2000- 2010, equivalent to an average of \$179 per person per year for each APEC citizen. However, only 40 percent of these funds were intra-APEC investments.⁷ Apart from facilitating trade, business and investment within the APEC region, there are also other advantages of the forum.

Advantages of the Regional Economic Forum

One of the primary advantages of the forum is that it is more voluntary participation and each process has been implemented only after due discussions. APEC implements a wide variety of initiatives to help integrate the region's economies and promote trade while addressing sustainability and social equity. A few of the initiatives undertaken by APEC, which has facilitated trade and investment among the member economies, are as follows:-

Promoting Regional Economic Integration and Trade

Since 1989, APEC's role in facilitating regional integration has proven essential to promoting trade and economic growth in the Asia-Pacific. For example, reducing trade barriers between members, harmonizing standards and regulations, and streamlining customs procedures have enabled goods to move more easily across borders⁸. In 1994, APEC Leaders committed to achieving the 'Bogor Goals'⁹ of free and open trade, and investment by 2020 through reducing trade barriers in the region and promoting the free flow of goods, services and capital among APEC economies. Since then, members have made measurable progress in achieving these goals.¹⁰ In 1995, the Osaka Action Agenda (OAA) was launched to provide a template for APEC work to achieve these goals. In 2005, APEC Leaders endorsed the Busan Roadmap highlighting important areas that APEC needs to accelerate progress in responding to the world's changing environment. The Hanoi Action Plan is intended to work out specific actions to help implement the Busan Roadmap.¹¹ The basic

principles of the Hanoi Action plan are strategic (direct and substantive value), scheduled on a multi-yearly basis to ensure continuity and consistency of different action areas, action-oriented to deliver concrete and tangible outcomes, designed and implemented in a practical and realistic manner and working on an indicative timeframe with differentiated timelines for developed and developing economies.¹²

APEC has stressed trade facilitation as one of its agenda items. Trade facilitation refers to the simplification and rationalization of customs and other administrative procedures that hinder delay or increase the cost of moving goods across international borders.¹³ APEC's Trade Facilitation Action Plan, which includes streamlining customs procedures, reached its target of region-wide reduction in costs at the border by 5 per cent between 2004 and 2006. A further 5 per cent decrease was achieved between 2007 and 2010, which saved businesses in the Asia-Pacific a total of USD 58.7 billion.¹⁴

A few achievements of APEC as an economic forum have been the breakthrough agreement of APEC Ministers Responsible for Trade in June 2005, endorsing a Swiss formula for tariff reductions on non-agricultural goods and in the November 2005 APEC Economic Leaders Statement on Doha Development Agenda (DDA), a strong political statement that urged, among other things, breaking the impasse on agricultural negotiations; and the June 2006 Statement on Doha Development Agenda by the Ministers Responsible for Trade emphasized that a strong result in agriculture and non-agriculture market access, among others, is a prerequisite for successful conclusion of the DDA and that committed the APEC economies to summon the political will to conclude the negotiations with an ambitious and balanced outcome.¹⁵

APEC's impressive record in dealing with trade facilitation issues and tackling non-border barriers to trade and investment beyond the formal WTO agenda has resulted in elevating some of these issues into the global trade negotiations agenda. It has also fostered ideas and programs for the WTO, such as the Information Technology Agreement.¹⁶ Over time, the APEC agenda has broadened its focus to address behind-the-border barriers such as improving regulatory practices and the local business climate.¹⁷ The following have been the achievements in Trade Facilitation Plan I:-

1. Customs Procedures

- Information increasingly made available on websites, including posting of online border services information.
- Introduction of electronic/paperless systems in one form or another by all member economies, including the payment of duties, customs and trade related document processing.

2. Standards and Conformance

- Increased alignment by member economies of national standards with international standards in areas including electrical and electronic appliances, food labelling, machinery and safety of information technology equipment.

3. Business Mobility

- At the conclusion of TFAP I, 17 economies were participating in the APEC Business Travel Card Scheme.
- Individual economies reported extending visa exemptions to partners.

4. E-Commerce

- Implementation of a work programme to reduce trade transaction-related paper documentation, including documentation on customs clearance and financial settlement.
- Development of an APEC E-Commerce Data Privacy Framework to provide guidance and direction to businesses in APEC economies on privacy issues.¹⁸

As a result of these achievements under the First Trade Facilitation plan, the Second Trade Facilitation plan was conceptualized in 2005 in Busan, and was adopted in 2010. Under the TFAP II, recognizing the greater benefits that accrue to the business community when economies act collectively in finding solutions to trade related issues, member economies have agreed that TFAP II will place greater emphasis on Collective Actions and Pathfinders. Pathfinders allow member economies that are ready to initiate and implement cooperative activities or measures to do so, while those not yet ready to participate, may

join at a later date. APEC has agreed that this new plan should also refer to other business facilitation activities being undertaken across APEC. These include domestic regulatory reform, work on business ethics and secure trade. In addition to calls for further reductions in trade transaction costs by five percent, it also called for new initiatives in the areas of Intellectual Property Rights (IPR), anti-corruption, investment, and safe trade. This plan provides a comprehensive overview of progress in implementing this business facilitation agenda.¹⁹

Easy Procedures for Business

APEC launched its Ease of Doing Business Action Plan in 2009 with the goal of making it cheaper, easier and faster to do business in the region. Between 2009 and 2013, member economies improved the ease of doing business in the Asia-Pacific by 11.3 per cent across all areas of the initiative, including starting a business, getting credit or applying for permits. For example, APEC has expedited the time taken for a company to build a new factory or office building. Today, construction permits are issued at a faster pace; dropping 18.7 per cent from 169 days to 134 days in the last few years with APEC topping the charts globally for the shortest permit time. Starting a company in the Asia-Pacific is also simpler with the number of procedures falling by 20.2 per cent since 2009.²⁰

At the border, APEC economies have centralized export-import processes online, accelerating the time it takes for goods to travel across borders. Known widely as Single Window, this virtual system links all government agencies involved in the export-import process, allowing companies to submit documents electronically one time from anywhere. Gone are the myriad forms, long queues, and visits to multiple agencies, while goods spoil in warehouses. Since the APEC Sub-Committee on Customs and Procedures (SCCP) launched the Single Window initiative in 2007, APEC capacity building workshops have provided training on software coding or legal issues to help APEC members implement their own Single Window systems. By 2013, 14 APEC economies had adopted various stages of the Single Window system, with the goal of all 21 members coming on board by 2020.²¹

Structural Reform

To develop behind-the-border barriers to trade, APEC has been functioning to promote transparency, competition and better functioning markets in the Asia-Pacific

through regulatory reform, corporate governance, improving public sector, and strengthening the legal network. Since 2004, APEC has instrumentalised predictable and transparent regulatory practices throughout the region. For example, APEC members have tangible progress in ensuring new government laws are publicly communicated and their cost and benefits are properly assessed. This has facilitated awareness among the businessmen and also industrialists.²²

Promoting Regional Connectivity

APEC has been fostering connectivity across the region through improving physical infrastructure linkages, people mobility and institutional ties through the Asia-Pacific region. APEC's Connectivity Blueprint maps out initiatives from improving information technology and transportation infrastructure thereby facilitating students, business people, and tourists to travel around the region.²³

Business Travel Card

With easy procedures for business people to travel, APEC has enabled people to conduct their business, trade and investment more easily. Over 160,000 travellers have utilised APEC Business Travel Card, providing for pre-approved frequent business travellers with visa clearance and fast-track entry. This is done through special APEC lanes at major international airports in the region. Out of 21 members, nineteen APEC members have endorsed and participate in the scheme with the United States and Canada as transitional members.

Supply Chain Connectivity

APEC is also improving logistics and transport networks to assist component parts and final goods to move across multiple borders, contributing to a more efficient regional supply chain. To develop efficiency, 'APEC is addressing eight 'chokepoints' from regulatory impediments to customs procedures and infrastructure bottlenecks with the goal of an APEC-wide 10 per cent improvement in supply chain performance in terms of time, cost and uncertainty by 2015. APEC has made progress towards achieving this goal. For example, between 2009 and 2013, the lead time to import goods dropped by an average 25 per cent while lead time to export fell by 21 per cent in the region, according to an APEC Policy Support Unit assessment'.²⁴

Environmental Goods List

In a landmark agreement, APEC has encouraged the development of clean technologies and greener growth across the region by lowering tariffs on environmental goods. In 2012 in Vladivostok, Russia, APEC Leaders agreed to reduce applied tariffs on 54 environmental goods to five per cent or less by the end of 2015. APEC list of 54 products, from solar panels to wind turbines, accounts for around USD 600 billion in world trade. APEC member economies are currently moving forward with implementing the list.²⁵

Increasing Energy Efficiency and Renewables

In 2011, member economies steadfastly committed to reduce energy intensity in the region by 45 per cent by 2030. In 2014, members agreed to work toward doubling the share of renewables by 2030 in APEC's energy mix, including in power generation. Members are also committed to rationalizing and phasing out inefficient fossil fuel subsidies that encourage wasteful consumption. The APEC Energy Working Group's many projects help members reach these goals.²⁶

Green Towns in the Asia-Pacific

Funded by a multi-year project under the APEC Energy Working Group, APEC helped urban planners develop low-carbon model town plans for a series of cities throughout the Asia-Pacific. These cities are reducing their carbon footprint by adopting a set of carbon emission reduction targets and energy efficient initiatives from solar panels to electric vehicles. APEC projects also support the development of smart electricity grids that enable sources of clean power to be seamlessly connected to existing structures and distributed to rural communities.²⁷

Nurturing Small Businesses

Nurturing the competitiveness of Small and Medium Enterprises (SMEs) and their ability to partake in global supply chains have been vital elements of APEC's agenda. Over the years, APEC has launched a wide range of initiatives that have helped stimulate SME development in the region.

In 2005, the APEC SME Innovation Centre was established in Korea to help improve the competitiveness of SMEs in the region through hands-on business consulting. The APEC

Start-up Accelerator Network was launched in 2013 to promote entrepreneurship and innovation by connecting technology start-ups with funding and mentors. In 2014, the Start-up Accelerator sponsored six Asia-Pacific start-ups to compete in the Intel Global Challenge and Siemens New Venture Forum in Silicon Valley, USA, successfully capturing both awards and venture capital interest.²⁸

Since 2011, APEC has worked to enhance SME business ethics, particularly in the healthcare sector. By 2014, APEC's initiative resulted in codes of ethics being adopted and implemented by around 60 biopharmaceutical and medical device industry associations and their member companies from 19 economies across the Asia-Pacific, representing more than 14,000 firms. SMEs are also more vulnerable to disasters with many companies going bankrupt in the aftermath of a disaster and wreaking havoc on global supply chains. To improve SME disaster resilience, APEC has trained more than 250 regional experts to assist SMEs with business continuity planning in order to minimize disruptions due to a disaster.²⁹

Enhancing Social Equity in the Region

Apart from supporting small businesses APEC has been involved in creating digital awareness. The APEC Digital Opportunity Center (ADOC) was established in 2004 to provide computer skills training to vulnerable rural and urban communities. With over a hundred centres in 10 APEC economies offering Information Technology (IT) training, the APEC Digital Opportunity Center (ADOC) is focused on transforming digital divides into digital opportunities. Over the last decade, these Centres have trained over half a million people throughout the APEC region, and almost half are female. Many men and women who received this digital training found jobs or started their own businesses, improving livelihoods and incomes for their families.³⁰

Along with these achievements APEC is also likely to face a few challenges.

Challenges

Integrating the region and ensuring that goods, services and people move easily across borders has been one of the primary goals of APEC. The membership being varied and have different stages of economic liberalisation and tariff reduction. The attempt has been to advise members to adopt liberal trade regime so that trade facilitation could be

enhanced through faster customs procedures at borders. Further, the new agenda has been to create better business environment behind the border; and adopting uniform regulations and acceptable standards within the APEC region. For example, APEC's initiatives to synchronize regulatory systems are a key step to integrating the Asia-Pacific economy. A product can be more easily exported with just one set of common standards across all economies.³¹ However, in terms of procedures and standards, there are still lingering issues between APEC members. Under the TFAP II, the stress has been on uniform customs procedures and paperless mechanisms. In many countries, this would remain an arduous task and would take rather long time for implementation.

The other area which needs discussion within APEC, is promoting intra-APEC investment in developing economies. As per the APEC study during 2000-2010, fifty-nine percent of the US\$ 4.8 trillion intra-APEC investment flowed into industrialized economies. It confirmed that firms invest where they can minimize cost and risk, validating IFAP's premise that simply improving the investment climate is not sufficient for attracting FDI and highlighting the importance of economy-wide competitiveness. Intra-APEC FDI into developing economies showed a counter-cyclical trend as these economies maintained their regional support when firms from other areas showed interest, providing evidence of strong regional connections. Therefore, business facilitation needs to be worked along with investment promotion so that these can be synergized.

However, APEC is facing competition from other economic cooperation and trade facilitation mechanisms such as FTAAP and TPP.

FTAAP and TPP

In 2006, APEC economies agreed to examine the long-term prospect of a Free Trade Area of the Asia-Pacific (FTAAP). In 2010, APEC Leaders issued "Pathways to FTAAP" and instructed APEC to take concrete steps toward the realisation of the FTAAP as a major instrument to further APEC's regional economic integration agenda, which should be pursued as a comprehensive free trade agreement by developing and building on ongoing regional undertakings, such as ASEAN+3, ASEAN+6, and the Trans-Pacific Partnership. In this regard, APEC is expected to make an important and meaningful contribution as an incubator of the FTAAP. By providing leadership and intellectual input into the development process of regional economic integration, APEC could play a strong role in

driving the FTAAP vision forward.³² The FTAAP will be realized outside of APEC, parallel with the APEC process. APEC should maintain its non-binding, voluntary cooperation principles in its contributions to the realization of the FTAAP. APEC will encourage more unilateral trade and investment liberalization and reform, continue to play a role as incubator of the FTAAP and provide leadership and intellectual input to its realization.³³

On the other hand, TPP negotiations have concluded in October 2015 and it is projected as the WTO plus trade group which would include trading norms within the grouping, which would be detrimental to the non-members. This can be expressed through one example of Yarn Fabric Rule under which the TPP member, which is producing textiles for export, needs to source yarn from one of the TPP countries for export within the TPP region. This would integrate the region as one regional supply and demand chain. However, there are also some drawbacks of the TPP. As the US has been strongly supporting the endeavour, it has incorporated rather strong IPR rules which would be, in a way, detrimental to the domestic industry, particularly pharmaceuticals and engineering goods. Given the fact that China has been steering its agenda in the FTAAP and feasibility studies are being undertaken, it would be prudent for India to engage in the process so as to understand the nuances and explore its long term interests in the structure. Further, as an observer of the process, it would help Indian industry to prepare itself for the future trade and investment norms. However, to prepare itself for future trade and investment norms India would have to push its case in a more sustained manner.

Recent Developments

The Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting was held in Manila, Philippines on November 18-19, 2015. Among other things, trade, investment, joint collaboration and economic issues were discussed during the meeting. Following the terrorist attacks in Paris, France, the APEC leaders called upon the international community to fight the menace of terrorism. In the issued statement, the leaders condemned terrorism and urged international cooperation for counter-terrorism efforts. During the meeting, it was also highlighted that there is an immediate need to accelerate economic growth and create employment opportunities. The leaders further stated that it is the "most powerful tool to address the root causes of terrorism and radicalisation." The APEC leaders' declaration stated that it "reaffirm the commitment to jointly build an open economy in the Asia-Pacific that is based on innovative development,

interconnected growth, and shared interests. We are committed to strengthening the rules-based, transparent, non-discriminatory, open, and inclusive multilateral trading system... We reaffirm previous commitments on monetary and exchange rate policies. We will refrain from competitive devaluation and resist all forms of protectionism.”³⁴

The leaders buttressed-“reiterate our commitment to achieve the Bogor Goals of free and open trade and investment by 2020 and to the eventual realization of the Free Trade Area of the Asia-Pacific (FTAAP). We appreciate the work by our officials to ensure that regional trade agreements complement and strengthen the multilateral trading system. We welcome the progress made by many APEC members in completing their respective processes to submit the instruments of acceptance to the WTO Trade Facilitation Agreement, which will reduce the cost of trading across borders”.³⁵

During the Manila meeting, new economic strategies were also discussed which included:

1. Building inclusive economies
2. Fostering the participation of micro, small and medium enterprises
3. Building sustainable and resilient communities
4. Enhancing the regional economic integration agenda

In essence, Aquino stated that the main challenge for the economic leaders is "finding a way to sustain and strengthen quality growth, particularly by considering policy responses that promote inclusivity, while addressing the current domestic and external challenges to APEC's growth".³⁶

Subsequently, APEC undertook the work towards the goals earmarked during the Manila meeting to lessen impediments to business activity in the areas outlined by the Osaka Action Agenda, with the idea of helping APEC economies accomplish the Bogor Goals of free and open trade and investment. APEC member economies are stepping up action to encourage growth that improves social mobility and living standards for people on both sides of the Pacific, the focus of collaboration in the region during Peru's year as APEC chair in 2016. Initiatives to be taken forward in Lima comprise of APEC's collective strategic study on issues related to the realization of the Free Trade Area of the Asia-Pacific (FTAAP), environmental services development, regulatory reform for improving the effortlessness of doing business, and policies to make it easier, cheaper and faster for people and goods to move throughout the region. Boosting electronic commerce, small business participation in

trade, and defence against corruption, increasing disaster risk due to climate change and emerging health threats like the Zika virus will be among other points of emphasis.³⁷

The 21 APEC economies are projected to grow 3.4 per cent in 2016, the same as world GDP growth, the APEC Policy Support Unit has reported. This is up from 3.1 per cent growth in APEC in 2015, which was undermined by a contraction in regional trade. Keeping trade and investment barriers in check and taking next steps to enable more people and businesses to take advantage will be an important determinant of future prosperity. APEC economies are pursuing new targets in 2016 to advance the ease of doing business in the region, with focus on reducing the time it takes to start a business, procuring financing and permits, and trading across borders. They are also deepening policy collaboration to cut red tape at immigration and customs checkpoints as well as harmonize their industry regulations and standards. The aim is to make the processes simpler for businesses to navigate and incorporate best practices for ensuring food safety, clean and efficient energy use, and personal data privacy, among other objectives.³⁸

At the same time, APEC economies are ramping up information sharing and technical assistance to facilitate trade agreements that go beyond the reduction of tariffs alone to address emerging issues, such as hurdles to innovation and digital development. Equal emphasis is on opening cross-border education and skill development opportunities in coordination with the private sector. It includes new scholarships and internships, skills training and certification programs to build compatible labour forces and improve living standards in the region. Policies that open up cross-border education and career training; micro, small, and medium enterprise participation in regional supply chains; and women's entrepreneurship are among the areas of increasing focus in APEC's agenda to fuel quality growth and human development.³⁹

India and APEC – Possible Advantages and Challenges

India has fulfilled five prerequisites in support of the application to the APEC, i.e.: Firstly, the applicant economy should be located in the Asia-Pacific region; secondly, it should enjoy substantial economic ties with the APEC members, and APEC's share in its international trade should be quite high; thirdly, it must pursue an outward looking economic and free trade policy; fourthly, it should accept the various objectives as enunciated in the APEC statements; and lastly, it should produce an individual plan of

action for fulfilling these objectives and start taking part in collective plans of action through APEC's programmes of work. New Delhi also promised to remove all trade barriers by 2010, in order to meet APEC's membership criteria.⁴⁰

India has already launched several liberalization initiatives, for example, in the services sector, particularly in insurance, air and rail transport, and construction services. Another potential area of cooperation between India and APEC is government procurement and competition, where India's progress is quite comparable to those of APEC developing countries. India has also undertaken reforms in customs procedures whereby procedures have been simplified and the transparency standards are more or less comparable to several APEC economies. Other benefits of a formal engagement between India and APEC would include reduction in transaction costs of doing business as well as greater harmonization and mutual recognition of standards, professional qualifications and other soft infrastructure. Indian entrepreneurs would undoubtedly benefit from the APEC travel card which permits virtually visa free travel among member economies. India could, in turn, inject dynamism and bolster economic integration of the region.⁴¹

For India the immediate advantages of joining this forum would be multifold. These are listed below:

1. The immediate advantage would be that India's impression as a partially liberalized market would change. This would contribute to India's efforts to attract FDI and enhance trade relations with the region.
2. APEC is a trade bloc with Open Regionalism. There is no strict commitment, however, certain guidelines need to be met. All countries share their domestic economic problems and with India scrutinizing its bilateral FTAs with many countries, APEC might bring uniformity in its approach. As India is already negotiating RCEP, so APEC would be a natural progression.
3. APEC is developing its text for FTAAP and India needs to look into the draft and try to streamline its policies accordingly so that it is better prepared for the forum.
4. It has been expressed that India's structures are very cumbersome⁴² while APEC's biggest objective is trade facilitation, particularly in two sectors such as business mobility (i.e. business visa and customs) and e-commerce. In India, e-commerce is a fast accelerating sector and, therefore, it would benefit from its membership in the organisation.

5. APEC membership would help India in standardization and non-discrimination in trade documentation and structuring of its tariff structures.
6. APEC is directly connected to the supply chains which are sector specific and product specific. India would, for example, benefit from its exports of automobiles parts and components. This would help in the development and recognition of markets. This would also help in India's exports of meat and meat products to larger markets across Asia-Pacific. Many other value chains can be developed in select manufacturing sectors which are absent in India.
7. Regular markets and sustained volume of exports would lead to production efficiency and faster processing. This would also help in economies of scale.
8. To a certain extent, this would also take care of the reactive Non-Tariff Barriers (NTB) that few of the partner countries of India resort to. Under the APEC membership while tariffs are reduced, but the member countries are relatively free to use NTB to protect their markets under certain conditions. China has agreed to easy tariffs but has used NTBs and port restrictions for its own benefit.

On the part of India it will have to clearly project its intent and make necessary diplomatic and political initiatives. India should also make efforts to join APEC working and expert groups on business and tourism as an observer to familiarize itself with the procedures. It would have to make amendments in many areas such as services, infrastructure, disinvestment, Intellectual Property Rights (IPR), labour reforms, government procurement and competition which have been highlighted in a number of reports. The Services Trade Restrictive Index indicates that in sectors like accounting, architecture, legal, air transport and insurance, India is more restrictive than others.⁴³ On the positive side, India's current services sector liberalization initiatives, particularly in the insurance, air and rail transport and construction services, should also further improve its position.⁴⁴

Conclusion

Given the fact that there are a number of multilateral institutions professing liberalised trade regimes and captive markets among the members, the struggle for markets and investment is likely to get more intense. While most of the economies have resorted to unfair practices and protectionist regimes during the economic crises, it needs to be seen how much liberalisation would facilitate economic good for the participating economies.

With the resolution of the economic stalemate between India and the US on food stockpiling, there is a possibility of more engagement between the developed and developing economies. India, which is slowly graduating to RCEP, might consider APEC and TPP as part of its study.

The incremental progression of India in the economic ladder as well as better integration with global political economy would help India in sustaining its economic momentum. India needs to show the resolve of further economic liberalisation. Further, India would have to get into the APEC process so that it can apply for TPP membership at a later stage. While trade in services and India's integration into global value chain would go a long way in helping the country in maintaining a better than average growth, but the trade-offs with regard to reduction in tariffs and market access would have to be made. Given the fact that India has been keen on joining the APEC, it would have to carefully study the different structures and economic organisations so that it can prepare itself for the future trade and investment norms.

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End Notes

¹ V. S. Seshadri, India and APEC: An Appraisal, ASEAN-India Centre, RIS, 2015, p.1

² Ministry of External Affairs Briefing Paper

³ About APEC at <http://www.apec.org/About-Us/About-APEC.aspx>

⁴ Options for Investment Liberalization and Business Facilitation to Strengthen the APEC Economies - For Voluntary Inclusion in Individual Action Plans at http://www.apec.org/Home/Groups/Committee-on-Trade-and-Investment/~media/Files/Groups/IEG/03_cti_ieg_optionbizlib.ashx

⁵ Ibid

⁶ The APEC Region Trade and Investment 2014, Economic Diplomacy, Trade Advocacy & Statistics Section Department of Foreign Affairs and Trade, Australia October 2014 at <https://dfat.gov.au/about-us/publications/Documents/APEC-2014.pdf>

⁷ IFAP Implementation in Facilitating Investment for the Asia Pacific Region Part II: An Analysis of FDI Flows by Sector and Source Economy (2000-2010), APEC Policy Support Unit, March 2013, p.i

⁸ Achievements and Benefits, at <http://www.apec.org/About-Us/About-APEC/Achievements%20and%20Benefits.aspx>

⁹ The Bogor Goals are a set of targeted goals for realizing free and open trade in the Asia-Pacific agreed by member economies in 1994 in Bogor, Indonesia. The Leaders had agreed to adopt the long-term goal of free and open trade and investment in the Asia-Pacific.

¹⁰ Ibid

¹¹ Hanoi Action Plan to Implement the Busan Roadmap Towards The Bogor Goals, at <http://www.mofa.go.jp/policy/economy/apec/2006/action.pdf>

¹² Ibid

¹³ APEC's Second Trade Facilitation Action Plan at www.apec.org

¹⁴ Ibid

¹⁵ Hanoi Action Plan to Implement the Busan Roadmap Towards The Bogor Goals, at <http://www.mofa.go.jp/policy/economy/apec/2006/action.pdf>

¹⁶ Ibid

¹⁷ Achievements and Benefits, at <http://www.apec.org/About-Us/About-APEC/Achievements%20and%20Benefits.aspx>

¹⁸ APEC's Second Trade Facilitation Action Plan at www.apec.org

¹⁹ Ibid

²⁰ Ibid

²¹ Ibid

²² Achievements and Benefits, at <http://www.apec.org/About-Us/About-APEC/Achievements%20and%20Benefits.aspx>

²³ Ibid

²⁴ Achievements and Benefits, at <http://www.apec.org/About-Us/About-APEC/Achievements%20and%20Benefits.aspx>

²⁵ Ibid

²⁶ Ibid

²⁷ Ibid

²⁸ Ibid

²⁹ Ibid

³⁰ Ibid

³¹ Regional Economic Integration Agenda, at <http://www.apec.org/About-Us/About-APEC/Fact-Sheets/Regional-Economic-Integration-Agenda.aspx>

³² Annex A - The Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP at http://www.apec.org/Meeting-Papers/Leaders-Declarations/2014/2014_aelm/2014_aelm_annexa.aspx

³³ Ibid

³⁴ 2015 Leaders Declaration at http://www.apec.org/Meeting-Papers/Leaders-Declarations/2015/2015_aelm.aspx

³⁵ 2015 Leaders Declaration at http://www.apec.org/Meeting-Papers/Leaders-Declarations/2015/2015_aelm.aspx

³⁶ President Aquino's welcoming remarks during the APEC Economic Leaders' Retreat November 19, 2015 at <http://www.gov.ph/2015/11/19/aquino-remarks-23rd-aelm/>

³⁷ APEC Embarks on New Regional Growth Push in Lima Lima, Peru , 23 February 2016, at http://www.apec.org/Press/News-Releases/2016/0223_SOM1.aspx
APEC Website

³⁸ Bridges Key to Prosperity in Transitioning Asia-Pacific, Bangkok, Thailand, 23 March 2016 at http://www.apec.org/Press/News-Releases/2016/0323_globalization.aspx

³⁹ Trade Raises Living Standards in APEC Region: Report, Singapore, 31 March 2016 at http://www.apec.org/Press/News-Releases/2016/0331_development.aspx
APEC Website

⁴⁰ Regional Economic Integration Agenda, at <http://www.apec.org/About-Us/About-APEC/Fact-Sheets/Regional-Economic-Integration-Agenda.aspx>

⁴¹ Ibid

⁴² This has been the common complaint from all the interviewees.

⁴³ V. S. Seshadri , India and APEC: An Appraisal, ASEAN-India Centre, RIS, 2015, p.4

⁴⁴ Ibid