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Contents

Table of Contents

Articles

Analysis of US and European Fiscal Policy and the Consequences ... 4

Darson Chiu (邱達生) *Director General, CTPECC*

A Proposal to Foster Environmentally Sound Technology Transfer via APEC's Economic and Technical Cooperation (ECOTECH)..... 9

Jerry I-H Hsiao (蕭義宣) *Lecturer, Law, Taylor's University, Malaysia*

I-Chun Hsiao (蕭義俊)

Program Associate, Energy and Climate team, United Nations Foundation, USA

The Rationale and Challenge of Taiwan's APEC Participation 15

Eric Chiou (邱奕宏) *Associate Research Fellow, TIER*

The Dilemma of Integrating APEC Economies 19

Tony Sowang Kuo (郭壽旺)

Dean, Center of International Affairs, Shih Chien University

Empower Our Next Generation- Taiwan's Participation in

「APEC Voice of Future 2011」 29

Fu-Min Chang (張富閔)

Department of International Business, National Cheng-Chi University

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Analysis of US and European Fiscal Policy and the Consequences

Darson Chiu (邱達生)

Fiscal policy can be used to help boost economic growths when the business environment is dire or prevent the economy from overheating. The policy is important for making more or new demands; however, it's also capable of creating unwanted disasters. If relevant policies are executed by dominating economies, the unwanted disasters would be immeasurable. In this article, we take a quick look at major fiscal policies adopted by world leading powers, the US and Euro area, recently as well as their consequential effects.

The global financial crisis that impacted on the world economy from 2008 to 2009 was triggered by the US sub-prime mortgage crisis occurred in the mid 2007. Besides monetary operations, the US congress has passed 3 major proposals of expansionary fiscal policy, so called "stimulus bills" since the US economy started to falter.

The first stimulus bill was a plan of tax cuts in the package of US\$158 billion, and it was signed by the former US President Bush in 2008. However, the tax cuts did not effectively encourage American consumers to consume, and the domestic demand was still very weak. As the financial system was seriously damaged by the crisis, President Obama pushed forward a second proposal in the amount of US\$787 billion that mainly targeted at bailing out financial institutions in trouble in 2009.

Obviously, the second bill did not help resolve the issue, which the first bill failed to manage. American economists trusted that the US recovery started in the 2nd half of 2009. However, the recovery was not strong enough to improve the frail job markets as the American unemployment rate remained high. Firstly, we are not sure if the US economic performance in 2010 would be good enough for being named "recovery". Secondly, if it's indeed recovery, it would be nothing more than a "jobless recovery".

In late 2010, Obama and Congressional Republicans reached an agreement to extent a tax cut and unemployment fund. Obama had to compromise and agree with the rival party's proposal because he lost the midterm election in November 2010, and it means the Republicans would take control of the House in January 2011. Since then, the debate in congress has shifted from stimulus to spending cuts. Even so, President Obama proposed the "American Jobs Act (AJA)" in September 2011 due to the poor economic readings including decreasing industrial production and high unemployment rates in addition to the rising concern of second dip crisis. AJA totaled US\$447 billion, and the act is about cutting taxes as an incentive to promote jobs and thus domestic consumption.

Table 1. The US Economic and Fiscal Conditions.

| % | 2007 | 2008 | 2009 | 2010 | 2011(f) | 2012(f) |
|---------------------|------|------|-------|------|---------|---------|
| Real GDP growth | 1.9 | -0.3 | -3.5 | 3.0 | 1.6 | 2.0 |
| Unemployment | 4.6 | 5.8 | 9.3 | 9.6 | 9.1 | 8.6 |
| Fiscal deficit/GDP | -1.2 | -3.2 | -10.2 | -9.0 | -9.1 | -8.3 |
| Net public debt/GDP | 36.3 | 37.8 | 54.1 | 62.9 | 69.4 | 73.7 |
| Debt interest rate | 1.7 | 1.8 | 1.3 | 1.5 | 1.3 | 1.1 |

Source: EIU data services.



By comparing the US real GDP growth and recorded unemployment rates of table 1, we can see how the recovery has been slowed and how the recovery has had little effect on reducing unemployment. As the stimulus packages were delivered, we can also see from the table that the fiscal deficit over GDP ratio increased from only 1.2% in 2007 to 10.2% in 2009 and 9.0% in 2010. The ratio was forecasted by EIU to be 9.1% in 2011 and 8.3% in 2012.

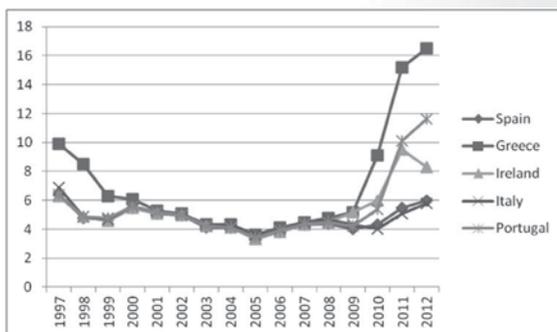
In addition, the US net public debt has increased tremendously since 2007 due to the fact that tax revenue isn't enough to finance more and more government spending. The noteworthy part is that the debt interest payment has not increased because of the increasing debt. The reason is because the world still trusts that the US is capable of paying off its debt no matter what. The rationale is that US dollar is the world major denominating currency, and the US has no trouble printing more when needed.

The current European sovereign debt crisis is much related to the fiscal policy. As the European Central Bank (ECB) is in charge of administering the monetary policy of 17 Euro zone, Euro member countries can solely rely on the use of fiscal policy as the balance act for stable economic growth. During the most recent financial crisis, European countries also adopted expansionary fiscal policy to boost economic growth. Government spending increased hugely during the crisis with respect to lessening tax revenues; Euro countries have been obliged to further issue sovereign debts to finance the rising deficits.

Over supply of sovereign debts eventually caused the long-term interest rate to get higher. As the long-term interest rate (or the long-term bond yield) keeps increasing meaning that the costs to pay off debts are also increasing. Therefore, it is a sensible approach to look at the 10-year bond yields and treat them as risk indicators of sovereign debts. From figure 1,

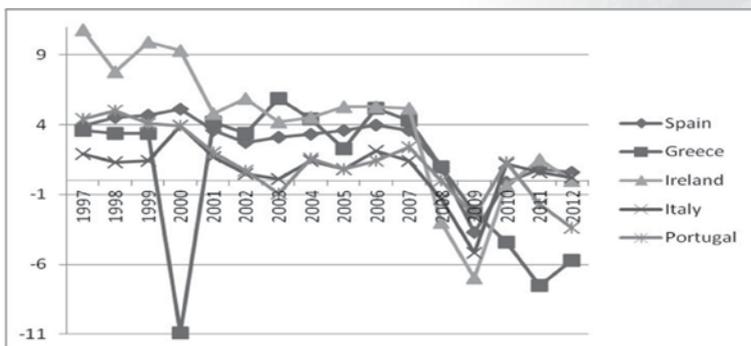
we can see that Greece and Portugal are two countries that are really in deep trouble, whereas Italy and Spain are relatively in better condition. As for Ireland, the relevant bond yield is estimated to go up in 2011; however, it is also forecasted to decline to a more comfortable level in 2012.

Figure 1. 10-year Bond Yield of PIIGS



Source: EIU data services.

Figure 2. Real GDP growth rate of PIIGS



Source: EIU data services.



The long-term bond yield can be used as the possibility for GIIPS countries to pay off their debts. In addition, the real GDP growth rate can be used as the capability of GIIPS countries to pay off the debts. By referring to figure 1 and figure 2, we note that the possibility is minimal, and the relevant capability is limited. It simply means that the European sovereign debt issue is an anomaly, which cannot be resolved in the foreseeable future. As mentioned in early paragraph, economic policy can generate momentum in a good way as well as harmful damages. Obviously, the European debt crisis is an example of a case when fiscal policy completely went wrong.

A Proposal to Foster Environmentally Sound Technology Transfer via APEC's Economic and Technical Cooperation (ECOTECH)

*Jerry I-H Hsiao (蕭義宣) and I-Chun Hsiao (蕭義俊)*¹

Technology Transfer and Green Growth

One of APEC's main priorities for 2011 is the topic of green growth, which aims to achieve economic development while minimizing environmental consequences such as climate change, biodiversity loss, water pollution, etc. One key action to achieve the green growth agenda is to ensure that the entire APEC region has access to and the ability to make use of less-polluting technology for a wide range of industries.² Consequently, the research, development, and transfer of environmentally sound technologies (ESTs) will be a major topic of discussion at the APEC Leaders' Summit in November 2011. ESTs are defined as those that "protect the environment, are less polluting, use all resources in a more sustainable manner, recycle more of their wastes and products, and handle residual

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² Andrew Elek, *Capacity Building in the Asia-Pacific-A Way Forward for ECOECH* (Brisbane: FDC, 2000), 20.



wastes in a more acceptable manner than the technologies for which they were substitutes".³ Access to ESTs and the knowledge to best utilize those technologies therefore play an important role in helping developing member economies transition towards the green growth pathway. However, ongoing APEC negotiations have not yet adequately addressed the manner in which these technologies will be transferred.

The potential for ESTs to contribute to sustainable development has been recognized since the Rio Earth Summit of 1992. Within the APEC forum, Energy Ministers have endorsed the adoption of policies to facilitate the transfer of efficient and environmentally sound energy technologies on a commercial and non-discriminatory basis since the Osaka Action Agenda, Action Program for Energy of 1994. This commitment was reaffirmed by the APEC Leaders most recently in Sydney, 2007. Even though safeguarding the quality of life through sustainable growth has long been one of APEC's work priorities, its primary focus on trade and investment liberalization facilitation (TILF) has unfortunately pushed sustainable development down the agenda. To make green growth a more prominent and integral part of APEC's work plans moving forward, this short paper urges for a greater utilization of the Economic and Technical Cooperation (ECOTECH) mechanism to facilitate the transfer of environmentally sound technologies among the APEC member economies.

Technology Transfer and Capacity Building

Technology transfer is the diffusion of technologies and technical

knowledge across borders. It is important to note that "technology" is comprised not only of "hardware" elements – such as machinery and equipment involved in production processes, but also "software" elements – including knowledge of science and technology, skills, know-how and related organizational and institutional arrangements, as well as the goods or services resulting from the process.⁴

Currently, negotiations to foster the transfer of ESTs have not been realized in the APEC forum because the focus remains primarily on lowering trade barriers, especially after the establishment of the Bogor goals in 1994. But while liberalization has allowed developing member economies gain greater access to ESTs and allowed developed member economies to find new markets, they have also cast developing member economies firmly in the role of technology consumers whose only gain is to buy goods more cheaply from abroad.⁵ In the traditional sense, technology transfer was considered to be "successful" after the "hardware" has been physically transported from point A to point B. But from a sustainable development perspective, it is desirable for developing member economies to not only have meaningful access to these technologies, but also have the capacity to use, develop, and adapt them to meet local needs. Hence, the empowerment of human capital must be a vital complementary component to the transfer of "hardware" in order to maximize its impact.

⁴ Cristina Less and Steven McMillan, *Achieving the Successful Transfer of Environmentally Sound Technologies: Trade-Related Aspects* (Paris: OECD, 2005), 4.

⁵ Lynn Myelka, *Technology Transfer Issues in Environmental Goods and Services-An Illustrative Analysis of Sectors Relevant to Air-Pollution and Renewable Energy* (Geneva: ICTSD, 2007), 25.



ECOTECH to Foster Transfer of ESTs

To date, technology transfer in APEC has been limited to transfers of agricultural technology via the Agricultural Technical Cooperation Working Group, the transfer of energy technology under the Energy Working Group, and transfer of information technology under the Telecommunication and Information Working Group.⁶ As such, there is no institution in charge of the transfer of ESTs. This paper calls for ECOTECH to take on this role because it covers a wide variety of capacity-building and information sharing activities aimed at helping developing member economies benefit from the liberalization agenda in order to minimize economic disparities within the diverse APEC region. Furthermore, mandating ECOTECH for this purpose has an additional benefit in that APEC does not need to set up a new institution to administer the transfer of ESTs. The time and resources saved can be used to more effectively implement other APEC activities and work programs.

The transfer of ESTs should therefore be a priority area in which ECOTECH can take on to promote the green growth agenda, making it a catalyst for mobilizing resources for human resource development, technology upgrades, and institution building. Using the APEC Digital Opportunity Center Project as a model, APEC can serve as a platform where energy professionals from the Asia Pacific can be trained in the use of the most sustainable technologies available in the region. But to achieve these goals, APEC must increase the resources appropriated for ECOTECH projects in order to meet the needs of the developing member

⁶ APEC, APEC Senior Officials' Report on Economic and Technical Cooperation 2010 (Singapore: APEC Secretariat, 2010).

economies. Nevertheless, it ought to be pointed out that cooperation must be a two-way process for the collaboration to be successful. On one hand, developed member economies should take the initiative to assist developing member economies make the transition to green growth. On the other hand, developing member economies should take the initiative to make wider use of ESTs and move away from unsustainable practices.

Conclusion

Environmentally sound technologies play an important role in transitioning to a green growth pathway. Hence, the research, development, adoption, and transfer of ESTs are four important building blocks to achieve this goal. The goals and visions of APEC will not be achieved through the promotion of TILF alone, and the transfer of ESTs is an area where APEC's goal of equitable development can be realized outside the economic cooperation and trade framework. This paper argues that APEC's ECOTECH mechanism must play a larger role not only in facilitating the transfer of "hardware", but also the transfer of critical know-how (or "software") to help developing member economies use, develop, and adapt these technologies. Nevertheless, APEC must endow ECOTECH with the appropriate resources so that it can play a more prominent role in the transition to a green growth future.

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The Rationale and Challenge of Chinese Taipei's APEC Participation

Eric Chiou (邱奕宏)

Leaders and ministers from 21 Asia-Pacific economies gathered in Honolulu in November 2011 for the APEC Leaders summit under the theme of "Toward a Seamless Regional Economy," set by the host economy, the United States. Media largely focused on U.S. President Barak Obama's conclusion about the progress of the Trans-Pacific Partnership (TPP), the effects of the Japanese Prime Minister Yoshihiko Noda's announcement of Japan's participation in TPP trade talk, and the implications of a rising of Sino-U.S. strategic-economic competition in this region. Few really paid attention to the substantial development of APEC's three priorities this year, including: strengthening regional economic integration, promoting green growth, and expanding regulatory cooperation and advancing regulatory convergence. This unfortunately negligence not only discounts APEC's actual achievements, but also downplays our officials' efforts and the significance of Chinese Taipei's active participation in APEC.

Perhaps, few people in Taiwan remembered that this year's APEC meeting signified Chinese Taipei's twenty-year anniversary of joining APEC. Apart from the group photo of APEC leaders' against the backdrop of blue sky and palm trees, or handshakes between the leaders across the Taiwan Strait, Chinese Taipei's participation in APEC has profound meaning and there are several crucial reasons why it must continue to take part.



First, APEC is one of a few international forums where Chinese Taipei has equal membership as other members. Although we may still face difficulties for our president to attend APEC Leaders Summit, it is indisputable that our APEC delegation enjoys full rights and is fairly treated as other economies under the APEC framework. Due to this equal membership, we are able to host numerous APEC working meetings, seminars, and workshops, and our officials, academics, and business executives can actively take part in various APEC meetings abroad to voice our interests.

Second, APEC serves as an important platform for Taiwan to cultivate relationship with other neighboring economies through regular face-to-face communications and interactions. In addition to the APEC officials meetings, many economies fully take advantage of this occasion to hold formal or informal bilateral or multilateral meetings for commonly concerned issues. Chinese Taipei is not an exception. Our officials have worked arduously by holding various informal talks with interested parties to further understand other economies' stances, the latest development, and the dynamics on relevant issues. In fact, many free trade proposals and progress actually take place on the sideline of APEC meeting. Without our APEC participation, our officials rarely have a chance to freely meet their counterparts from other economies in this international occasion.

Third, APEC is an influential international stage on which Taiwan can exercise its soft power. Being an active participant, Chinese Taipei has vigorously taken the lead to play to its advantages. For instance, with the superiority of Chinese Taipei's robust small-and-medium enterprise (SMEs), our initiative to establish the APEC SME Crisis Management Center (SCMC) was welcome by APEC members and this center is located in Taiwan.

Additionally, Dr. Robert Sun-Quae Lai, Director-General of Chinese Taipei's

SME Administration under the Ministry of Economic Affairs, currently chairs the APEC SME Working Group. Similarly, one of Chinese Taipei's three APEC Business Advisory Council (ABAC) representatives, Ms. Cher Wang, the chairwoman of Chinese Taipei's smart phone producer, HTC Corp, chairs the ABAC Women's Forum this year and will co-chair ABAC Small, Micro and Medium Enterprise (SMME) and Entrepreneurship Working Group next year. By wisely using our IT strength, Chinese Taipei's previous initiative, APEC Digital Opportunity Center (ADOC), proposed by the founder of Acer, Mr. Stan Shih, has consistently helped many APEC economies to narrow the digital gap and earned regional-wide applause. Without participating in APEC, Chinese Taipei's talents and achievements will hardly be recognized.

Furthermore, with its non-binding and voluntary principles, APEC has been operated as an open arena for various competing ideas and new proposals. Chinese Taipei's keen participation in APEC will help our government and industries to prepare early for new challenges and latest trends in the global economy. For instance, green growth and regulatory cooperation have been actively advocated by the U.S. this year. The rationale behind U.S. motivation is that the newly emerging industries, like smart grids, and relevant environmental goods and services (EGS) involve a multitude of business opportunities. If APEC can effectively reduce technical barriers caused by divergent standards and regulations between economies, it will significantly boost the trade of green products in the region, which is in the U.S. interests. With Chinese Taipei's participation in APEC, not only can we be more aware of major economies' industrial strategies, but we also can join the rule-setting to maximize our industrial strengths.

Finally, APEC can be used as a strategic springboard to reinforce our regional integration and international engagements. Despite the formation of ECFA, we are still kept out of regional economic frameworks, such as



ASEAN-Plus-Three. For TPP, we have a legitimate status to join it, owing to our APEC membership. Additionally, it remains unknown whether ASEAN-Plus-Three, ASEAN-Plus-Six, or TPP will eventually conclude first as an effective regional free trade regime. But what we may ultimately count on is the realization of APEC's Bogor Goals, or Free Trade Area of the Asia-Pacific (FTAAP), which promises to achieve free and open trade and investment in the region by 2020. On the other hand, we have used APEC as a lever to strengthen our engagements with international organizations. For instance, by keenly following the APEC Ease of Doing Business (EoDB) Action Plan, we not only increases contacts with the World Bank, but also successfully improve our its business environment and advances our ranking in World Bank's criteria substantially.

APEC is crucial for Chinese Taipei's for numerous reasons and the preceding points are a few of them. In the future, Chinese Taipei's APEC strategy could be more ambitious. Hosting an APEC annual meeting could be one consideration. After Russia and Indonesia will respectively host APEC meetings in 2012 and 2013, no economy has yet volunteered to host the next meeting. Of course, political obstacles from China would be likely. The upcoming presidential election in Taiwan and the power shift of ruling elites in China make the Cross-Strait relations more uncertain. Nonetheless, the real challenging may lie in what an appealing version Chinese Taipei can offer to APEC and how Chinese Taipei can lead APEC toward the direction of sharing prosperity and progress for APEC as a whole, which may be a real serious test it faces in the future.

The Dilemma of Integrating APEC Economies

*Tony Sowang Kuo (郭壽旺)*¹

ABSTRACT

The more successful APEC has become and as progress is reached towards moving the region to greater economic liberalization and cooperation, the more dilemmas it seems to face. As a significant economic community with 40.5% of world population, 54% of GDP, 43.7% of world trade and 21 member economies, APEC was created to promote and develop the economic growth of markets in the Asia Pacific region.² APEC members and the world trade could be beneficial from economic liberalization. However, over twenty years since its establishment, the economic issues in the region seem more and more complicated. To build an efficient institution to promote policy alignment and economic and technical cooperation among the members is the goal of this research. Three factors in East Asia are needed to discuss for furthering its integration: cultural differences and the impact on the business environment, the relationships among nations in the

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² "About APEC," 12 May 2011 <<http://www.apec.org/en/About-Us/About-APEC.aspx>>



region and the conflict from the rich natural resources. This research is to overview the obstacles of its integration and to determine ways in which further integration and trade can occur between the APEC and other Asian economies outside of the framework, which play a role in maintaining economic stability and sustainability within a regional framework.

Key words: APEC, policy alignment, regional institutions, East Asia

The Strength of APEC Member In Asia

East Asia has experienced a very large amount of growth since the 1950s. Several countries have experienced high levels of growth at different times. Industries in East Asia have developed over the past fifty years in terms of production networks, processes, and capabilities. Stemming from Japan, vertical networks have become very extensive in East Asia, as most countries are now specializing in creating a certain part of a product, and shipping it to another country to be added to or finished. This has allowed for certain countries to cultivate a specialization in an area. Malaysia, the Philippines, and Thailand are well inept at assembled of finished machinery. These skills were passed down from Taiwan and South Korea which now perform more technical construction. As Malaysia and the Philippines grow, as well as Taiwan and South Korea, certain assembly and manufacturing jobs have flowed to lower wage countries such as China and Viet Nam.

The Obstacles of APEC Integration

1.Culture And Economic Growth

responses affect the outcome of economic growth.³ Each culture creates a system of shared meanings and understanding patterns of cause and effect relationships of a given concept, behavior, or attitude. An economic culture is defined as the beliefs, attitudes, and values that form the economic activities of individuals, organizations, and other institutions and these traits are learned and shared through generations⁴.

Many economies in East and Southeast Asia are considered to be a high-context culture⁵. Interpretations of high-context cultures depend largely on the relationship, place of communication, etc – there is less emphasis on what is written and more emphasis on the actions that occur. Many economies in the Asian region are considered to have the Clan⁶ organization model which forms organically and is focused on internal maintenance of the group. In this arrangement, there are strong elements of participation and teamwork with a strategic emphasis on commitments. Hierarchy's and authority are valued and often goals cannot be achieved by other means. Through these organizational cultures forms the patterns of organizational functioning and the institutions they operate under.

An example of an organizational culture can be seen in East Asian countries and is derived from the teachings of Confucius to form the guidelines known as "Confucian Humanism."⁷ The cultural impact this

³ David Landes "Culture Makes Almost All the Difference" 2-13.

⁴ Orlando Patterson, "Taking Culture Seriously, p.208-212, Discusses the effects of our environmental and historical affects on culture.

⁵ Global Cultural Environment p.122.

⁶ Global Cultural Environment p.133-135

⁷ Wei-Ming Tu, "Multiple Modernities: A Preliminary Inquiry in the Implications of East Asian Modernity, p.259-263.



has on economic activity is the belief is that government leadership in a market economy is needed, human connections are needed to ensure a person behaves properly, and that dynamic interplay between the private and public sector provides resources for societal advancement. APEC has membership within four different civilizations⁸. In Chinese society, the rule of law was completely replaced with close personal relationships between family and to others as well. These close relationships would add security to business because the family would be responsible for the actions of one of its members.

2.Hub-and-Spoke System

East Asian institutions had developed out of geopolitical terms rather than a sense of equal and common purpose⁹ and send false messages about economic prosperity.¹⁰ This has led to a region in which members are of very different sizes in many criteria including market size, development, openness and economic structure. The regional institution structure in East Asia and Southeast Asia is referred to as a 'Hub-and-Spoke'¹¹ system. This system creates regional instability as the smaller spoke economies are politically and economically marginalized as they integrate themselves with the larger hub economies¹². The European Union is known as a central hub,

⁸ Ch.11 Cross-cultural management, table of culture economies. p.296 APEC has members in Far Eastern, Latin American, Anglo, and Japan shown as an independent nation.

⁹ (Chakraborti) p.1.

¹⁰ Porter p.25.

¹¹ Chan (p.45-51).

¹² Richard Baldwin, "The Spoke Trap" p.2-3.

for the membership have equal benefits. In East Asia, China and Japan are the natural Hub nations while the remaining East and Southeast nations represents the spoke nations. In the context of East Asia, Several East and Southeast nations are favoring industry towards China, which causes stability problems¹³ in the region. In regards to institution building, the hub-and-spoke system allows for the growth of preferential trade agreements to continue, feeding into the unplanned regional structure of East and Southeast Asia as well as weakening regional institutions.

3.Conflicts from Natural Resources

Although the region is abundant in natural resources, the management of these assets is largely mismanaged in that there are strong inefficiencies which are not only affecting the countries within the region, but the world as well.¹⁴ There is a growing threat to energy security in East Asia as the demand from countries within and outside of the region continues to grow. The importance of the proper use of these natural resources is to sustain the economic development. The issues of improper resource management can be viewed through shared resources by rivers such as the Mekong and the South China Sea.

On the Mekong River, there is an uncoordinated and environmentally unsustainable rush to obtain the natural resources in the river.¹⁵ China has made fifteen dams in the Yunnan Province and has granted development of

¹³ Baldwin, p.3-7.

¹⁴ Ernest Bower, "The Quintessential Test of ASEAN Centrality: Changing the Paradigm in the South China Sea," p.1-2.

¹⁵ Richard Cronin and Timothy Hamlin, "Mekong Tipping Point."



eleven dams on the lower half of the Mekong River to Chinese and other foreign companies. The benefits of hydroelectric power is absorbed by China, while the costs are felt by the affected Southeast Asian nations. The shared interdependence of resources is facing strong nationalistic views of development on the resources, creating an inefficient use of these key assets. The sovereignty issues facing East Asia integration is causing a dilemma in the efficiency of using natural resources to support the economic growth evenly in the region.

Conclusion

APEC can serve a role to break the inefficiencies caused through the hub-and-spoke framework by the inclusion of regional trading partners to create a higher level of stability by offsetting the hub nation dominance, and interact with smaller nations to build economic ties in order to reduce instability. Including India as a member has several benefits including to balance the rise of China, offer further sustainable growth to the East Asian region, and to build on existing economic ties within the region¹⁶. APEC can serve as the forum for instilling economic stability in the region where most of its members are in, including economies outside its membership for inclusive growth. In particular, a steering committee within APEC can select a market economy in which to heavily invest in infrastructure. In reducing poverty, a nation must upgrade its inputs, institutions, and skills that will allow for more productivity.¹⁷ The improvement of the infrastructure can be done in a standardized process to allow for easier economic integration and

¹⁶ Chakraborti, p.7-11.

¹⁷ Porter, p.18-22.

reduce the costs of doing business internationally by having the same set of standards, thereby increasing transparency and efficiency to trade.

Within the APEC framework, the developed nations can assist the developing nations by helping national economies improve their living standards and infrastructure. On the basis of international cooperation, a committee is to consist of membership from the APEC economies to provide substantial investment in infrastructure for an economy in need. In order to ensure transparency and that the use of funds are allocated correctly, the committee will oversee the budget for each infrastructure development budget. Although localized, it will be the responsibility of the committee to develop a plan to create standardized infrastructure systems, or ones in which can also be beneficial to the international economy.

Within this system allows for transparency to flourish as APEC creates a code of conduct to be followed through the system. It promotes integration through a fair and international mechanism while following the Asian culture of building relationships and strong commitments and adhering to the Western culture of efficiency, and transparency. In the system where the government is involved of developing an industrial policy, corruption is reduced by deduction of public interference in the private's sector affairs. Since the investment is a choice made by individual countries, the economic culture will support these investments as economic growth is supported. In this process, stability is assured through the region allowing for a strong regional market to form.

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Empower Our Next Generation- Taiwan's Participation in 「APEC Voice of Future 2011」

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Not until 2009, youngsters from Taiwan started to participate in the APEC Voices of the Future, however in an individual manner rather presented as a whole delegation. This year, the Taiwan delegation was formed consists of seven delegates and one educator and actively exchanged their perspectives with youths from other APEC economies.

In the program, sustainability, education, trade liberalization and technology cooperation were highlighted as hot issues discussed intensively in APEC and their significance were also shared by young ambassadors in viewing our ongoing pursuit of regional economic integration. Having the chance to observe interactions between CEOs and political leaders, youths could engage more and obtain deeper understandings of the issues under deliberation. Except for the formal APEC conferences, the Voices also had an exclusive chance to have dialogues with many outstanding scholars, CEOs, politicians, and distinguished guests. We are gratitude for all the precious opportunities we had and recognize that such programs are essential to bridge the APEC with a broader audience, including us – the next generation.

Knowing the World We Stay

Before visiting Hawaii, we never thought of the real culture, life, and problems in a globalization context for a certain depth. Our knowledge



of the APEC 21 economies was more or less built upon books or reports from limited sources, e.g. internet, official documents, but seldom through personal contact or network. During these seven days, we learned how different economies are, not only in business, but also in viewing their own societies. By sharing our cultures, we know Russia is so developed at present; Hawaiian values and seeks balances between culture and economic growth, and also some server challenges facing the United States now. For all the young ambassadors, these are truly wonderful and genuine experiences of comprehending the changing circumstances of the world we are living in nowadays, and all reminds us of major issues to be studies and dealt with seriously in envisioning our future. In addition, we acknowledged that globalization is a significant trend under which we need to cooperate and collaborate greatly for robust economic development and solving derived problems all which would not be achieved otherwise.

The Way We Connect Hawaii to Taiwan

Similar to Hawaii, Taiwan is well known of its indigenous peoples, and according to studies, many Polynesians were originated in Taiwan around 5,200 years ago. In Taiwan, we do not have many chances to learn indigenous culture for depth; but this time, we have truly experienced the beautiful combination of native and modern cultures. Within the seven-day culture sharing with teachers and students of Kamehameha School, starting from Aloha to in-depth Hawaiian sprits, from the Polynesian Voyaging Society double-hulled canoes to the Kanewai lo'i experiences, and from the holly chants to the harmonious cultural night, we learned that, as preserving Hawaiian language, native culture should be kept for future generations, even the lost parts need to be traced back piece by piece to integrate society as a whole. Just like we saw in the documentary-One Voice, although people came to Hawaii for different reasons at different times, they stay, they live

and they become Hawaiian of no difference. Their faces may of mixture with various bloods, but they see Hawaii as their hometown indifferently. Vested with true self-identity of this land, the young generation have found balanced symbiosis between the traditional and modern worlds.

In Taiwan, our government has recognized 14 indigenous tribes, and abundant NGOs working on capacity building and empowerment for them. Behind all the movements, the most fundamental and important foundation to foster sustainable development of local culture is that, every single indigenous people must be proud of herself, including their mother languages, living styles, and of course, origins!

Inspiring Moment at CEO Summit 2011

We were fortunate enough to see President Obama and Hu Jin Tao, the leader of China, addressing us on the stage. This experience was so remarkable that totally different from hearing and seeing speeches on the screen. World leaders were just close at sight. Physically, they are normal people, but, more than that, they are inspirational figures in spirit. It is absolutely extraordinary to be in the same presence with those successful leaders. By having such precious opportunity, we were animated and confident that one day we could as well be on the stage doing what they were today if we learn and work hard towards the future we envisioned today.

On the other hand, it was CEOs from different economies that taught us priceless lessons of life and shared with us their stories of success. We took pictures with them and exchanged name cards. Though we were not sure whether they would remember us in the future, the day commences the journey towards our common vision that counts.



Cross-Cultural Experience

Besides learning from APEC ABAC session and CEO summit, we also learned a lot from cultural interactions. Youths from 21 economies had great chances to meet each other during the conference days. We shared different points of view on issues and gained new knowledge from every debates and discussion. For instance, when seeing the anti-Chinese government party Falun Gong protest, delegates from China and the United States expressed different opinions and that was really a significant and memorable scene. We also learned cooperation between nations when paddling the canoes which an experience of collaboration can be a lifetime memory. In a globalization era, being open-minded to diverse cultures and having world view are very important. It's really a remarkable opportunity for the youth to engage in the APEC VOF to approach and get used to the fast-changing world.

Our Future

In the future, the world will be shaped into a more globally integrated village and all the societies will be connected more tightly economically and politically. APEC VOF 2011 is an excellent program that provides youths from all APEC economies a platform upon which we interact and communicate with each other. VOF also helps youth delegates cultivate a global vision collectively. By learning and brain-storming together in the program, we came to notice regarding differences between us. This process took us further into building mutual and cross-cultural understandings. We learn to respect each other while understand that how big and diverse this world can be. We experienced the true meaning of equality APEC is and would be working on. Every economy has its strength and weaknesses, so we need to cooperate in a smart way that takes us, everyone to a win-win status. This program is definitely crucial and beneficial to future leaders, for its inspiration and encouragement of youths' deep interest to explore the world and the future.