

PM: Fruits Of APEC Must Be Shared By All

By
Marcus Lin

Sustaining the creation of prosperity, growing economies and improving people's lives require political consensus. That political consensus can only be brought about if the benefits of growth are shared “not just by a minority of lucky ones or rich ones, but a broad majority of the population.”

Speaking at a media conference on 3 November 2009 ahead of the 17th Asia-Pacific Economic Cooperation Economic Leaders Meeting in Singapore, Prime Minister Lee Hsien Loong said the beneficiaries of growth should include “a broad middle group who are ordinary people, who can see in their lives that because of trade they are getting better products, cheaper

products, better quality, better range, their markets have grown and therefore their own jobs have better prospects and that supporting globalisation, free trade, regional integration is the right thing to do. And that's why inclusive is important.”

PM Lee, who is chairperson of the 17th AELM from 14 to 15 November 2009, said “it's taking place at a critical moment in the global economy. There are encouraging signs of recovery but the economic outlook remains uncertain,” and that “we will be focusing on the longer-terms issues as we emerge from the recession. We will be discussing how to work together to foster growth in the region, specifically more balanced, inclusive and sustainable growth in the region. And also how we can further the economic integration of the Asia-Pacific.”

He added that “it will be an opportunity for us to sustain the momentum for reform in the Asia-Pacific region which is one of the fastest growing regions in the world and critical to a stable global economy, and also able to make an important contribution to shaping solutions to global problems.”

He reiterated that trade liberalisation to keep borders open, trade growing and investments flowing remains at the core of the APEC agenda which has created a platform for countries to interact and smoothen rough edges. Though the growth of trade in APEC is good, there is also a flipside as “there are some parties which are affected, there are people whose markets have been taken away by others and through APEC we have been able to talk over these issues and keep the integration on the right track and that's valuable. If it were not valuable, I don't think we will have so many people queuing up to want to join APEC.”

As for Singapore, “the effect on us may be indirect but there is a real and significant benefit to Singaporeans because it helps us to create a regional environment where we have peace, co-operation and the ability to prosper and do well for ourselves.”

On the urgency of inclusive growth:

“The leaders have all said the right things and repeatedly affirmed their commitment to free trade and opposition to protectionism but we know that, here and there, there have been minor sins committed on this count and they know it is wrong but politically expedient, necessary and governments have done this.

“Whether it is steel, tyres, textiles, raw materials or cars, these are pressures which governments come under and which if we collectively compare notes and hold ourselves up to a collective standard, it makes it politically easier for each one of us to do what is in the interest of all of us.

“Why is inclusive growth important? Precisely because of this issue. Because when problems are pressing, when people see jobs lost, when they feel the pressure of retrenchment, of restructuring, there is a natural immediate reaction that this must be because of globalisation, this must be because of excessive unfair competition, that we should close ourselves off from this and we should withdraw and we will live a happier life.”

PM Lee pointed out that it is the wrong thing to do. It is in fact because of globalisation and the trade which has grown and the integration of the APEC economies fostered, albeit indirectly, but considerably by APEC's existence that “we have generated prosperity, that economies around the world have been able to grow and people's lives have been able to improve.”

On whether it's too early for countries to withdraw their economic stimuli:

“The leaders have discussed it at G-20 and the consensus is that the economic stimulus has to be managed in a very careful sort of way and you cannot just withdraw it suddenly otherwise you will create new problems.

“How exactly it has to be phased out, tailed off and how you balance the risks of withdrawing too quickly and administering too much adrenalin, that's something that will have to be discussed by the finance ministers and the central banks and calibrated as you go along.

“My sense is that we are out of the trough of the spasm which we experienced in the beginning of this year. In January things looked very, very bleak in Singapore and many countries. But partly because the governments responded, partly because America exerted extraordinary measures to prop up their banking and financial systems, and partly because within Asia there is a certain momentum and drive innate in the economies, particularly the bigger ones China and India, we have come back to a stable position.

“In Singapore's case, slightly nose above water compared to where we were a year ago. If you take 3rd quarter this year compared to 3rd quarter a year ago, we are I think 0.8 per cent growth. Nothing to crow about, but something to be grateful for.

“Looking forward, we do not expect another dip in the economy in the immediate future. We expect the economy to continue to stabilise but we are not seeing a dramatic recovery either because our growth depends still to a considerable extent on what happens in the developed countries. Their recovery has been contributed to considerably by the economic stimuli which the governments have administered.

“As the governments withdraw this stimuli you have to have self-sustaining growth to create prosperity so that you are actually spending what you are creating and not spending by borrowing. And we depend on that. And that is going to take some time because to reach that position you have to deal with the imbalances.”



“I don't see a rapid, dramatic expansion back. At best, a very gradual recovery giving us time to sort these problems out. If they are not sorted out and in due course the stimuli are overdone, you have a new bubble. Then we will have new problems to deal with. But that's down the road. We have time to worry about that.”

NTUC Media Co-operative Limited

Chairman

Noel Hon Chia Chun
noel.hon@e-cop.net

Chief Executive Officer

Seng Han Thong
senght@ntucmedia.org.sg

Managing Director

Shona Tan-James
shonatan@ntucmedia.org.sg

Chief Operating Officer

Alvin Wong Pek Kin
alvinwong@ntucmedia.org.sg

The NTUC This Week Team

Managing Editor

Shirley Tan-Oehler
shirleyto@ntucmedia.org.sg

Correspondent

Marcus Lin
marcuslin@ntucmedia.org.sg

Senior Journalist

Nicolette Yeo
nicoletteyeo@ntucmedia.org.sg

Journalists

Naseema Banu Maideen
naseema@ntucmedia.org.sg

Vanessa Teo
vanessateo@ntucmedia.org.sg

Contributor

Munerah Bee Mohamed Iqbal

Art Director

Edmund Seah
edmundseah@ntucmedia.org.sg

Executive Designer

Mohamed Nasuhar Soeyoeti
soeyoeti@ntucmedia.org.sg

Executive Editor (Chinese Section)

Ho Seo Teck
host@ntucmedia.org.sg

Journalist (Chinese Section)

Wong Teck Tian
wongtt@ntucmedia.org.sg

Senior Executive Designer (Chinese Section)

Charles Chong
charleschong@ntucmedia.org.sg

Resident Photographer

Sales

Joseph Loh
josephloh@ntucmedia.org.sg

Jimmy Lim
jimmylim@ntucmedia.org.sg

Mike Chew
mikechew@ntucmedia.org.sg

Chris Seng
chrisseng@ntucmedia.org.sg

Anabel Lim
anabellim@ntucmedia.org.sg

Sam Gan
samgan@ntucmedia.org.sg

Gena Ang
genaang@ntucmedia.org.sg

Joy Cheng
joycheng@ntucmedia.org.sg

Marketing & Events

Audrey Liu Jiaying
audreyliu@ntucmedia.org.sg

Jolynn Ang Shu Qin
jolynnang@ntucmedia.org.sg

Subscription

Jenny Liu
liujm@ntucmedia.org.sg

Publisher

NTUC Media Co-operative Limited
Address 1 Marina Boulevard #14-101
NTUC Centre Singapore 018989

Phone 62360555 Fax 65381068

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The NTUC Family Directory

NTUC Switchboard 62138800

Customer Centre 62138008

Business Centre 62138811

bizcentre@ntuc.org.sg

Care & Share 62138201

Social Enterprises

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