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Remarks and a question-and-answer session with the APEC business advisory council in Bandar Seri Begawan, Brunei

November 15, 2000

The President. Good morning, and thank you, Dr. Hamdillah. Your Royal Highness, fellow leaders, Madam Ambassador, members of the Business Advisory Committee. I thank you all for your support of this process. And if I might, I'd like to say a special word of appreciation to the three members of ABAC from the United States, Sy Sternberg, Paul Song, and Ernie Micek.

I appreciate what the private sector involvement has done for APEC--for example, last year's auto dialog, which brought regulators and firms together to lower trade barriers. I hope we can do the same this year with the chemical industry dialog. I thank you for your ideas and for your impatience, reminding us always that none of these commitments made at APEC mean anything if we don't follow them with actions.

As you know, this has been a rather interesting week in the United States. [Laughter] And as a result, I did not arrive here until late last night. One of the things I think we have learned is that we should all be very careful about making predictions about the future. [Laughter] But I know I can safely predict that this will be my last APEC Summit. [Laughter] I just don't know who will be here next year. [Laughter]

Let me say a few words about the organization, if I might. I remember our first summit in 1993, the first leaders' meeting in Washington State at Blake Island. Some of you were there. Before that, APEC had been doing good work but in a low-key way, I think largely unnoticed by many of the politic leaders among all the countries here represented. I wanted to establish a mechanism to bring together the leaders of the most economically dynamic region in the world. I thought that together we could work to be better prepared for a world that was becoming more and more integrated, more and more interdependent, a world in which the Asia-Pacific region was destined to play a larger and larger role.

In 1993 we didn't use the word "globalization" very much, but that is what we were preparing for. And I think we knew the process inevitably would be about more than economics. By bringing our economies and our societies closer together, I believed then, and I hope all believe now, that we could advance not only prosperity but the cause of human freedom and our common ability to avert conflict in this vital part of the world.

By inviting the APEC leaders to Blake Island, I wanted to send a clear message, also, that Asia was even more important to the United States after the cold war. I believe that our partnership with Asia

is stronger today than a decade ago and that Asia's future is brighter.

There is no longer any doubt that our link to this region is permanent, not passing. Our troops remain here as a force for stability. We have renewed our alliance with Japan. We have worked to preserve the peace in the two likeliest flashpoints of conflict, the Taiwan Strait and the Korean Peninsula.

In 1994, with our ally South Korea, we negotiated an agreement that froze North Korea's production of plutonium for nuclear weapons. And now President Kim Dae-jung has made his courageous journey of reconciliation, for which he justifiably won the Nobel Peace Prize.

We have encouraged China's historic choice to open its economy to the world and applauded the similar choice made by Vietnam. I think it is a fitting symbol of where the world is going that Vietnam now chairs ASEAN, an organization originally created in part to contain Vietnam.

In Indonesia, 200 million people are struggling to overcome recent severe economic and political problems, but at least they now have the chance to shape their own destiny. They have great resources and great talent and a great future.

I believe in these years, APEC has made a difference. I believe these annual leaders summits and the business meetings associated with them have made a difference. I hope very much that they will continue indefinitely. I think it is very important for the leaders to meet, to work together in an informal atmosphere. It creates a much greater sense of community, and I think it's very important for all of you to come here to help us work through practical problems and keep the pressure on the political systems to move forward.

Particularly after the hard economic times of 1997 and 1998, I certainly hope we all know now we have a stake in each other's success. We have,no interest in pitting one part of the region or one trading bloc against another. We are managing our crises better, and not just economic ones. Last year in New Zealand, for example, we used the annual APEC leaders summit to forge the coalition that ended the violence in East Timor.

During the last 8 years, we have worked also to ensure that the open world economy works as a means to raise living standards and lower poverty for all nations. We've learned that meeting that challenge requires more than the continued expansion of rulesbased open trade. It also requires strong social safety nets, more quality education, antipoverty efforts, and labor and environment standards so that people believe that globalization is leading not to a race to the bottom but to higher living standards for all who work hard and are a part of it.

In no part of the world has globalization been put to the test as much as in Asia in these last few years. You have felt both its great benefits and its temporary but brutal sting. On balance, the

global economy and more open markets clearly have been a positive force in Asia and, indeed, around the world. That is not to downplay the impact of the financial crisis or the abject despair it brought to millions. It is also true that countries with more closed economies did not suffer as much during the crisis, but those same closed economies, isolated from the risks of the global economy, have also been isolated from its fullest rewards.

APEC has pushed all of us to seize those rewards. And the rewards are clear. Per capita GDP in East Asia has doubled since 1990. Among lower income economies in APEC, incomes have grown by 60 percent in the last decade, even as they have shrunk for many less developed countries outside APEC. In 1970, before economic expansion through trade began, infants in this region were 5 times more likely than today to die at birth. Children were 6 times more likely than today to die before age 5.

I think a fair reading of history is that the greatest Asian financial crisis was not the brief one now coming to a close but the one that lasted almost two centuries before Asia began to open its economies to the world. Fifty years ago most of this region was desperately poor. Many economists predicted that the country with the best chance of success, because of its human and natural resources, was Burma. In reality, the most successful countries were not those which started with the biggest advantages but those that made the most of the advantages they had by opening their markets and ultimately their societies.

That is why APEC has been a force for free markets. In our 1994 summit, we agreed to achieve free and open trade in the Asia Pacific by 2010 for industrialized economies and by 2020 for developing economies. We've been making steady, sector-by-sector progress. In 1988 more than half the APEC economies had average tariffs of 10 percent or more. Today, only four do. APEC exports have more than doubled.

Of course, the region is not out of the woods. It would be a cruel irony, indeed, if the recovery were to breed a complacency that stalled the very changes making recovery possible. I believe we need to meet four related challenges to keep the recovery and our share of prosperity going.

First, we must continue to modernize our economies by promoting E-commerce and applying information technology to the full range of economic activity, from agriculture to heavy industry to transportation, to reduce costs and raise efficiency.

To maximize potential, we must turn the digital divide among and within our nations into digital opportunities. That will be a big subject of this summit. Internet use is growing in the region, and Asia is poised to participate in what will be a $7 trillion global E-commerce market by the year 2005. At the same time, it has been estimated that if we simply maintain the current rate of growth, in 11 of the 21 APEC economies the percentage of the population online by 2005 will average just 4 percent, compared to an average of 72 percent in the top eight economies.

As we discuss Internet access, we must also address the obstacles to E-commerce. For example, being able to order a package online is not enough if a competitive airline cannot fly it to you at low cost, if it can't get through redtape at customs, or if there's no delivery service to take it the final miles to your home. APEC has encouraged all its members to make a comprehensive assessment of their readiness for the information age. The assessment asked questions about access to the Internet, about the reliability and price of services, about the number of schools connected, about local language content, about the business environment for Ecommerce, about the protection of intellectual property, and a host of other issues.

Now that the roadblocks are being identified, we propose that governments in this region and companies like yours launch pilot projects to start removing them. I hope as many of you as possible will participate. We cannot close the digital divide without your efforts to provide distance learning, to donate software and low-cost computers for villages, and to train people to use them. We need initiatives like APEC's Knowledge Network, which is compiling on one Internet site information on all the service companies-all the services which companies are providing to help economies close the digital divide.

Now, people are talking about tripling the number of people online in our region by 2005. With your help, I believe we can easily quadruple the number and perhaps do even better.

APEC has also agreed to adopt one test and one standard for all its members to use to measure the safety and quality of computers, agreed that only legitimately licensed software can be used in government offices so companies can be more certain of their copyrights, and to continue its moratorium on E-commerce duties. That's a good step toward meeting the second big challenge we face, to continue to open our markets to more trade and more investment.

At this summit, the United States, Brunei, Chile, New Zealand, and Singapore are announcing the first multilateral open-skies agreement in the world, a model we hope others will emulate and join. APEC members are also agreeing to post on the Internet our individual action plans for reaching free trade in the region, so you can judge our progress and, frankly, so you can put a little more pressure on us to get it done. The most important thing we can do is to launch a new trade round at the WTO. It ought to happen as early as possible next year.

A third challenge is to continue doing what we all said had to be done in the wake of the recent financial crisis, to improve transparency, to speed up financial restructuring, to strengthen the rule of law, and to build more accountable political institutions. That's easy to say and hard to do. But surely it can't be as hard as living through another crisis. And the imperative for reform will only grow as our economies become more and more intertwined.

The challenge is especially profound for two nations in this region, China and Vietnam. Both have signed trade agreements with

the United States as steps toward joining the WTO. For China and Vietnam, these agreements are about much more than lowering tariffs; they are declarations of interdependence, recognition that in a global age no country can succeed without continuing to open up to the world.

Both agreements require far-reaching change, dismantling command and control economies, giving people more access to information and, ultimately, I believe, more freedom to use that information to shape the decisions that affect their lives.

A final challenge is to recognize that open markets alone cannot guarantee the kind of growth that lifts everyone, as I said earlier. We know we need strong safety nets, especially in regions like Asia, with rapidly aging populations. We know we need to invest more in education and spread access to education as broadly as possible. As the private sector knows better than anyone, even if you have 100 percent literacy, every dollar you invest in education continues to bring ever greater economic returns.

We also need to fight the infectious diseases that kill people and progress in too many of our nations. There will not be a lasting recovery in Asia if Asia becomes the next epicenter of a global AIDS crisis. But that could happen without concerted leadership. Government cannot provide that leadership alone. Companies will have to educate their workers; CEO's will have to add their voices to those trying to destigmatize the disease. This is not someone else's problem; it is all our problem. As APEC is recognizing, we must fight it together.

In short, we have a lot to do if we don't want this recovery to be as fleeting as the latest Elvis fad in Japan. The good new is, we know what to do. Painful experience has also taught us what not to do. Experience has also taught us to have faith in this region's capacity to overcome very great challenges. After all, how many people foresaw a generation ago that Asia would grow so rapidly we would be talking today about a Pacific century? How many people said 2 years ago that Asia's success was a thing of the past? The truth is, the problems the financial crisis exposed were very real, and they haven't all been solved yet. But the achievements and the resilience of Asia's people are very real, too, and a lot has been done in the last couple of years.

The commitment of Asia's friends and the stake we have in Asia's success is also real. That is what drives APEC. With your help, it will keep us on the right path.

These last 8 years have been a great honor and opportunity for me to try to tie the United States firmly and forever in a very positive way to the Asia-Pacific region. I think this work should continue. I think the leaders' meeting should continue. I think the involvement of the business community is essential.

So I thank you for what you have done, and I hope that you will continue to move forward on these four challenges.

Thank you.

Dr. Hamdillah Ha Wahab. It is, sir, a very rare opportunity for the President of the largest economy in APEC to grace his presence in this year's summit, hosted by the smallest economy of APEC. [Laughter] And I would like to take this opportunity to invite our CEO summit delegates to raise questions to the President of the United States of America.

Please.

The President. I just want to say, after I saw this facility, I did not believe this was a small economy. [Laughter] I have here with me today the Secretary of State, our Trade Ambassador, Charlene Barshefsky, as well as Secretary Albright and many other distinguished people from the American Government, and I know they're going to be pushing for us to build an outpost on the South China Sea. [Laughter] Now, this is an amazing place.

Does anyone have a question? Yes, sir. Integration of Technology and Education

Q. [Inaudible]-and we're here with some students from-[inaudible]-and the United States, covering this event. And so, on behalf of the students, I'd like to ask a question, and that is, how do you feel APEC and the members of APEC can do a better job the integrate technology and education?

The President. Well, one of the things I think that-we're going to be talking about that at this meeting, and it's one of the subjects of the leaders' meeting. So I will answer that question, but I would also just say to you, sir, if you and the students have any ideas you want to share with us, this is the time to do it because it will be a major focus of the discussions we have all day tomorrow.

I think perhaps the most important thing we can do is to identify what is now taking place in every country and to see whether or not the best practices in each country can be spread to the others as quickly as possible. I also think it's worth looking at what's being done in some non-APEC countries that might have particular relevance to the developing economies.

I spent some time a few months ago in India, and I went out into a couple of small villages, as well as being in some of the larger cities. And in the State of Rajasthan, which is not one of the wealthiest States in India, they will have a community computer available to all the citizens and all the children of the community within 3 years in every village in the State. In another State where I was, they already have 18 government services on the Internet, more than most American States do, I think.

So I think what we need to do is to take-- look, the technology is out there. We are going to have to have, as I said in my remarks,

more activity from the business community in donating both the hardware, the software, and the expertise and a lot of things that particularly are needed in the developing areas. But I think we ought to make a commitment to quadruple access over the next 5 years. And I think we can do much better than that.

But I think that it shouldn't just be E-commerce. There ought to be a serious focus on the schools and having Internet access in the schools and making sure the proper educational software is available and that international communications are available among the schools, which I think are quite important.

Anything else? Yes, in the back.

Asian Economic Integration

Q. [Inaudible]

The President. I think that there are inherent constraints on APEC which-the EU is becoming a common economic unit, and I do think that there will be more regional economic cooperation within Asia, as well as more cooperation in the Asia-Pacific region in the future. And I tried to make a very pointed reference to that in-my remarks. I don't see the two things in conflict. And I know there are some people who apparently believe that building a stronger Asia-Pacific cooperative economic network is inconsistent with building greater Asian economic integration. I simply don't agree with that.

And I think that we make a grave mistake when we start to create zero-sum games in the global economy. I think it's a mistake; it ought to be avoided at all costs.

Now, I do think that we should look at ways in which this organization could be stronger and more effective in actually pushing for the changes that we recommend. But you know what the problems are. I mean, many of you agree that we ought to do certain things, but the things that you think we ought to do are politically difficult for some nations to do once the leaders go back home and have to deal with the political reality on the ground.

So I think one of the most important things that perhaps could be done is an examination of what the business community both within countries and beyond countries could do to support the political leaders who are willing to try to make the changes that we all think ought to be made. Because it's very easy for us to come to this beautiful place and recommend all these changes, and these changes may well be beneficial to all the business people represented here from all the countries. But it doesn't mean that they can be made painlessly by political leaders when they go back home.

So I think one of the things I'd like to see all of you discuss is what you could do not only to put more pressure on the leaders here once a year but what you could do to provide more systematic support to the leaders who are prepared to make these tough decisions who

live in the countries where the decisions are indeed difficult to make.

Yes.

Next President and the Trade Agenda

Q. [Inaudible]

The President. Well, without commenting on what kind of leadership we will have in the other countries, which I think is inappropriate for me to comment on and also not possible to predict, one of the things that both Vice President Gore and Governor Bush agreed on in this election is that the United States should continue its strong leadership for a more integrated global economy and for expanded trade. And as nearly as I could tell, there was virtually no disagreement on that, except that there were disagreements about the extent to which we also ought to push the trade-plus agenda, if you will, that I've been talking about for the last several years. But on the question of leadership for trade, I think the world can rest easy because both our candidates made strong commitments to do that.

Yes, sir.

Post-Presidential Plans

Q. [Inaudible]-NAFTA and trade relations with China, but I have a question to ask you. You're still young, articulate, intelligent, and the President of the United States. What do you do now? [Laughter]

The President. Well, now I have a United States Senator to support. I understand that's an expensive proposition. [Laughter] I don't know.

Let me just say that the important thing for a former President, it seems to me, is to find a way to be a useful citizen of both my country and the world and to continue to pursue the things that I think are most important to making the world a better place but to do it in a way that does not get in the way of my successor.

The United States can only have one President at a time, and it's very important to me that I continue to be active in the things that I care about-many of which I was talking about here today-in a way that is respectful of the fact that the country has a new President, and the people need to bond with the new President, and the new President needs to establish his relationships and role in the world.

But I think I can find a way to do that. So I'll be around. But I also have to support a Senator, and I'm going to do my best to do that, as well.

Thank you very much. Thank you.

NOTE: The President spoke at 11:25 a.m. in the Ballroom at the Empire Hotel. In his remarks, he referred to Hamdillah Ha Wahab, chairman, APEC-CEO Summit 2000; Prince Abdul Qawi of Brunei; U.S. Ambassador to Brunei Sylvia Stanfield; Sy Sternberg, Paul Y. Song, and Ernest S. Micek, U.S. members, APEC Business Advisory Council; President Kim Dae-jung of South Korea; and Republican Presidential candidate Gov. George W. Bush.