

U.S. DEPARTMENT OF THE TREASURY

Press Center

**Geithner OP-ED: The Road Ahead for APEC**

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WASHINGTON – In an op-ed piece appearing in today's Wall Street Journal Asia, Secretary of the Treasury Timothy Geithner, Indonesia's Minister of Finance Sri Mulyani Indrawati and Singapore's Minister for Finance Tharman Shanmugaratnam outline the importance of the agenda before Asia-Pacific Economic Cooperation (APEC) members, who meet this week in Singapore. To read the piece online: <http://online.wsj.com/article/SB10001424052748704402404574528403761438822.html>. The text of the piece follows:

The Road Ahead for APEC

It's time to plot a course for medium- to long-term growth.

By Timothy Geithner, Sri Mulyani Indrawati and Tharman Shanmugaratnam

We have just lived through the greatest challenge to the world economy in generations. In acting together, policy makers have shown that they understand the most important lesson of this crisis: Our economies are inexorably linked. We must now work together to ensure strong, stable and balanced growth in the future.

That is why, following the lead of the September Group of 20 meeting in Pittsburgh, we will be working together at this week's Asia-Pacific Economic Cooperation meeting in Singapore to ensure a new pattern of regional and global growth that couples adjustment in deficit countries like the United States with more rapid growth of domestic demand in surplus countries. As U.S. households save more, and as the U.S. reduces its fiscal deficit, others must take steps to spur more rapid growth of private demand in their own economies.

As we realize new sources of demand, we must keep our sights on maximizing the potential of global markets. Both exports and imports remain critical in stimulating the flow of knowledge and innovation that is enabling emerging economies to catch up with developed-world living standards.

APEC will play an indispensable role in establishing strong, sustainable and balanced growth. Our 21 members--which include nine members of the G-20--account for 40% of the world's population, over half of global GDP and nearly half of world trade. Our ranks include the world's largest and fastest-growing economies. In the past two decades, we have promoted open markets by lowering tariffs among member economies by two-thirds and expanding trade five-fold. As we meet this week in Singapore, no group is better-positioned to carry forward in the critical Asia-Pacific region the principles for rebalancing global growth that the G-20 leaders agreed to in Pittsburgh.

We already have taken important steps. Each of us has adopted fiscal and monetary policies that are helping to revive growth in our individual economies and, because the policies are being implemented in tandem, are reinforcing each others' efforts. Each of us is working to keep our markets open to each other and to the rest of the world, and to avoid retreating behind trade and financial barriers. Each of us has recognized the importance of strong financial regulation and fiscal balance, and is pursuing these goals in ways that reflect our own circumstances but complement each others' efforts.

But we know that we have more to do. APEC members' priorities have to be focused increasingly on strategies to sustain private demand growth as fiscal stimulus measures are gradually unwound. APEC must also lay the basis for a new period of economic dynamism over the medium- to long-term. Depending on individual economies' circumstances, a combination of macroeconomic policy adjustments and structural reforms will be needed. Market-oriented exchange rates in line with economic fundamentals will be essential in assuring the resource and sectoral shifts to match and foster the new patterns of demand.

To achieve durable growth, all of our economies must have flexible labor markets and an educated labor force ready to compete in global markets. Among other things, emerging economies must strengthen their social-safety nets through sustainable health and retirement-benefit schemes, thus reducing the need for high precautionary saving that contributes to global imbalances.

Regulatory frameworks conducive to competitive markets will support private enterprise, investment and innovation. Advanced economies are working hard to ensure the improvement of financial regulation to ensure that a crisis of this magnitude cannot happen again. At the same time, deeper and more efficient financial markets in the emerging economies will also enable better intermediation of savings and enhance investment productivity.

Reforms are also necessary to promote cross-border private investments, while ensuring an institutional capacity and prudent regulatory framework to enable markets to absorb capital flows that may be large and volatile. We remain committed to APEC's work to combat money laundering and terrorist financing. And as finance ministers of our respective countries, we are keenly aware that our future prosperity will be founded on a continued commitment to globalization.

The events of the last year have shown that our economies are bound together inextricably, and in more complex ways than we previously recognized. APEC members must forge a partnership of common interests to produce strong and balanced growth among our economies. We must reinvigorate the framework of cooperation to ensure that relations between our nations are as positive and mutually productive in the future as they have been in the past.

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REPORTS

- [APEC Finance Ministers' Meeting Joint Ministerial Statement](#) 