

**55th Session of the APO Governing Body
21–23 May 2013, Tokyo, Japan**

Opening Address

**APO Chair and APO Director for Malaysia
Tan Sri Azman Hashim**

Distinguished APO Directors,
APO Secretary-General Ryuichiro Yamazaki,
Advisers,
Observers, and
Ladies and Gentlemen:

Assalamualaikum and good afternoon. On behalf of the APO and the Government of Malaysia, as the current Chair of the APO it gives me great pleasure to welcome you to this inaugural session of the 55th Governing Body Meeting (GBM). We are deeply honored to have with us this morning Parliamentary Senior Vice-Minister Masaji Matsuyama, Ministry of Foreign Affairs of Japan. I thank him and you for taking valuable time from your busy schedules to grace our meeting with your presence. We are also very grateful to the Government of Japan for hosting this important meeting in Tokyo.

It is indeed an honor to be participating in this GBM after serving my second term as APO Chair. The APO and I share a long history. I have been involved in promoting this organization for the past three decades, since 1988. When Malaysia became a member back in 1983 there were only 14 member countries. It is a pity that the APO did not push the enrollment of new membership much harder because at present it has only 20 member economies.

As was discussed at the previous GBM, the APO must be seen by potential member countries as a prime mover of the productivity movement in Asia and the Pacific by undertaking result-oriented productivity improvement activities with continuous support and leadership from the Government of Japan. The governments of potential members that I have been in touch with, either directly or indirectly, are emphasizing productivity as a driver of sustainable economic growth, particularly in the current environment of a borderless world and stiff competition. Therefore we have an excellent chance to expand our membership base, especially if the Government of Japan, the host country of this GBM and of the Secretariat, continues to show its proactive support for the APO and its work. While stronger funding support from Japan is critical to the further progress of the APO, increasing the number of members will help greatly in not only improving the funding situation but also enabling the organization to maximize its capabilities and expertise in helping more economies to benefit from its services. The APO should target increasing its membership from the current 20 to perhaps 40 or 50 countries within five to 10 years.

The APO could also consider other avenues of raising funds; one example is by providing consultancy services to nonmember economies and to member and nonmember private-sector enterprises where market rates could be charged. For this, the APO has to build and strengthen its consultancy capacity and skills resources.

Since its founding in 1961, the APO has made significant contributions to the expansion of opportunities for cooperation among and greater socioeconomic development of countries in the Asia-Pacific region. It has remained true to its fundamental mandate and functioned effectively amid decades of change in the socioeconomic and political milieu in the region and elsewhere. It is my hope that the APO will continue to expand while following its three

strategic directions, one of which is to strengthen NPOs and promote the development of SMEs and communities; the Parliamentary Senior Vice-Minister reminded us of SMEs. SMEs and small businesses are now the focus of almost all economies. They comprise more than 90% of all businesses, even in Japan. They require substantial assistance in terms of productivity. Japan is well equipped to do so as it is highly skilled and technologically advanced in these areas. The second strategic direction is to catalyze innovation-led productivity growth, and the third is to promote Green Productivity for the benefit of all in current and potential member countries.

However, I regret to note that over the last few years because of the continuing economic problems of Japan, its annual contributions to the APO have been reduced. So instead of being able to expand and extend its operations, with reduced budget funding the APO has had to downsize its activities and ambitions and even shift its office to a cheaper location and space that is 50% smaller. The APO depends a lot on its captain, main contributor, and driver, i.e., Japan, and unless Japan returns to its previous levels of strong funding support, the APO will not be able to grow and extend its influence and reach. It will not even be static: it will decline. I was looking at the statistics, and Japan now contributes 54% of total membership contributions. In 2008 it was 66%, and in 2003, almost 70%. The drop is quite substantial, and I hope that Japan could look into this.

Throughout the years, the APO has been able to resolve issues by agreement and consensus among all members. There is always a strong spirit of mutual cooperation among us. After all, we are doing noble service to improve people's lives and economies. With the membership contribution issue yet to be resolved, I would like to take this opportunity to urge delegates to this GBM to continue in that spirit of cooperation when making difficult decisions such as on the membership contribution formula which will be presented at this meeting. We are proposing to extend this to three months to come to a resolution, and I sincerely hope that this GBM can reach an amicable consensus on this crucial issue that has been unresolved since 2008, a long time span of five years. We have other important issues to deal with such as the APO's plans for the future, its activities, and so on.

Since the APO is substantially funded by Japan, it is therefore Japanese led and its secretary-general has always been a nominee of the Japanese Government. Thus, in the APO, the secretary-general's position is the most important and critical. The secretary-general needs a sufficient length of service time to get into the scheme of things, be able to offer appropriate advice, and design strategies and changes for the Governing Body to consider for the APO to become more effective and successful. Therefore, the secretary-general needs enough time and exposure to implement his role effectively. There is always an initial period of learning about an organization. Thus, in my opinion, one term of three years is not long enough to ensure that new ideas and strategies can be thought through and implemented. I would strongly recommend to the Japanese government that the secretary-general be eligible for two terms subject to the satisfactory assessment of performance in the first term.

With due respect to our current Secretary-General Ryuichiro Yamazaki, who has done a wonderful job and rightfully, in my opinion, should be considered for a second term, the Japanese government has always, since the APO's inception, nominated retiring ambassadors from its foreign service to the post of secretary-general of the APO. While this is the current practice, I would like to suggest that the Japanese government also consider, perhaps sometime in future, the possibility of nominating someone from the private sector. Japan is internationally famous for its industries, and it should not be too difficult to nominate someone who has good exposure and varied experience, particularly relating to productivity, innovation, and competition. An injection of private-sector strategies, competitiveness, and entrepreneurship may be a catalyst to the APO in lifting itself to another level of success in its efforts to contribute to the economic well-being and progress of its members. At present, the

APO is run by “business as usual.” In fact, because of the reduction in funding, it is “business less than usual” these days.

I would also like to take this opportunity to express my gratitude to APO Secretary-General Yamazaki for his performance, support, and commitment during my tenure of office as APO Chair and his contributions that will end in mid-September. Secretary-General Yamazaki has had to face the challenges of a declining economy, reduced funding, and so on. And yet, despite these constraints, he was able to sustain the APO’s performance even while reducing costs by 30%. The bulk of that was from cutting salaries, which is demoralizing for staff, especially when they are needed to do more. He still performed and produced results for us. Thank you, Secretary-General Yamazaki.

I will be passing the baton to a new Chair, the APO Director for Mongolia, later today. It has been a great honor for Malaysia and me, for the second time, to serve as the APO Chair during the past year. In welcoming you to this meeting, I would also like to thank you for the honor and support you have rendered to me. I would also like to take this opportunity to express again my gratitude to APO Secretary-General Yamazaki for his contributions to the organization throughout his tenure.

I hope that we all have a productive, successful GBM and a memorable stay in Tokyo. Once again, I would like to thank the Japanese government and colleagues for hosting this event and making our experience here wonderful.

Thank you.