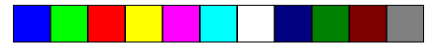


## Executive Summary







## Executive Summary

ABAC continues to believe in APEC as the regional institution that:

- can bring about the realization of the business vision of an Asia-Pacific community where goods, services, finance and people move freely;
- ensures that the prosperity resulting from this integration is enjoyed by all economies and societies within those economies; and,
- provides a sound framework for responding to regional crisis.

However, having reached the midpoint of the deadline to the Bogor Goals, questions are being raised whether APEC can achieve these goals. This comes at a time when the multilateral trading system is in danger of weakening and being supplanted by bilateral trading arrangements.

At the same time, while the world economy enjoyed one of its strongest years of growth last year and robust growth is expected to continue this year - albeit at a more moderate pace - there are risks to this outlook which include:

- the increasingly unbalanced nature of the expansion and rising imbalances between major economies;
- a tightening of financial market conditions which are leading to a rise in interest rates; and
- volatile and higher oil prices.

These risks and challenges notwithstanding, ABAC believes that the world economic conditions present APEC economies an opportunity to undertake reforms needed to bolster medium-term economic growth prospects. Against this backdrop, ABAC has put forward the following recommendations calling on APEC to:

- 1. Lead in the successful conclusion of the Doha Round.** ABAC strongly believes there is no issue more urgent or more deserving of greater attention in the APEC region and urge APEC Leaders to demonstrate leadership within the WTO negotiations, and redouble their efforts in the following areas:

- Agriculture – Major liberalization of trade in agricultural products including a major reduction in tariffs, a significant increase in minimum market access obligations and the elimination of export subsidies within five years.
  - NAMA – Elimination or substantial reduction of barriers for non-agricultural products.
  - Trade Facilitation – Enhance transparency, simplicity, standardization and expeditious movement of goods and WTO capacity building in this area.
  - Services – Improve the quality of services offers. (APEC negotiators should be encouraged to use the ABAC checklists as benchmarks for the removal of investment impediments and to assess and improve the quality of offers in financial sectors.)
- 2. Respond to the Santiago Initiative.** ABAC has responded to the invitation of APEC Leaders to provide its views on emerging trade facilitation issues as well as the benefits and challenges that arise for business from the increasing number of RTAs/FTAs in the region and ways that these can be addressed with the following recommendations:
    - Launch the Trans-Pacific Business Agenda as a more structured and concerted approach to trade and investment facilitation within APEC in priority areas such as customs processing, standards and conformance, professional qualifications, intellectual property and regulations;
    - Establish a high level task force to examine the feasibility of a Free Trade Area of the Asia-Pacific; and
    - Develop a more comprehensive work plan focusing on developing model measures to encourage free and open trade and convergence across the region in the design and content of regional and bilateral free trade agreements.





**3. Keep APEC on Track to Achieve the Bogor Goals.** ABAC regards the mid-term stocktake as a critical milestone to the Bogor Goals and have recommended that APEC take the following suite of bold actions if it is to achieve these goals:

- Reaffirm their commitment to the Bogor Goals;
- Strive to be WTO plus by going beyond WTO commitments or coverage particularly in trade and investment facilitation;
- Establish more effective mechanisms for planning and executing ECOTECH programs to support the TILF agenda with the participation of the business sector and international financial institutions;
- Take concerted steps to strengthen financial systems and develop robust capital markets which underpin economic growth; and
- Reform the way it operates:
  - It should review whether it would make more effective progress by moving towards more binding commitments including examining the feasibility of a "Free Trade Area of the Asia-Pacific".
  - The IAP Review process should be made more robust and should focus on what needs to be done by each economy to achieve the Bogor Goals.
  - Accord the APEC Secretariat the authority and commensurate resources to undertake policy review, advocacy, and research and analysis.

**4. Adapt to the new security environment.** The lack of sufficient financial and technical resources to achieve higher levels of security in the trading system may render the region's entire supply chain vulnerable. It is for this reason that ABAC has undertaken an assessment of the impacts businesses face that are directly related to the new security environment so that appropriate responses may be developed. ABAC also urges the adoption of an APEC Framework for Security and Facilitation of Global Trade by member economies.

**5. Create an Environment Conducive for Business.** Promoting good business ethics and eliminating corruption in the region complement the number of initiatives taken towards improving the business environment.

To promote good business ethics, ABAC recommends that APEC:

- Continue regulatory reform and enhance the clarity of laws and regulations to remove fundamental sources of corruption;
- Enforce laws and regulations objectively and fairly when dealing with corporate disputes;
- Support measures which encourage businesses to voluntarily practice ethics in management; and
- Implement incentives to ensure compliance with laws, rules and regulations as they impact on business.

On corruption, ABAC urges Leaders to:

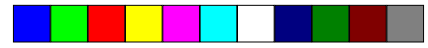
- Expedite implementation of their commitments to become signatories to the United Nations Convention Against Corruption;
- Deny safe haven to corrupt officials and individuals; and
- Develop innovative and effective training programs and technical assistance for those in the field.

ABAC hopes to work in partnership with governments to create and implement anti-corruption measures more widely in each of the APEC economies.

**6. Strengthen Financial Systems.** Recognizing the need to address financial system weakness in vulnerable economies as well as region-wide concerns posed by corporate governance failures, ABAC continues to build on work developed in recent years to strengthen and deepen the region's financial systems and develop robust capital markets. ABAC recommends that APEC:







- Adopt measures to assist in making economies more resilient to the impact of volatile capital flows;
- Support joint public/private sector capacity building initiatives to strengthen and deepen financial systems and markets;
- Enable expanded private sector activity in the regional bond markets;
- Implement Basel 2;
- Adopt international accounting standards;
- Promote good corporate governance and business ethics;
- Strengthen security in financial systems and encourage remittance flows through formal financial sectors;
- Review policy frameworks relating to ageing and strengthen budgets going forward by promoting private pensions and savings and provide for generational equity in meeting obligations in public pensions; and
- Mobilize private funding to meet the growing infrastructure financing needs of the region.

**7. Develop Emergency Preparedness.** In recent years, the APEC region has experienced a number of man-made and natural crises and disasters including terrorist attacks, the SARS outbreak, and most recently, the Indian Ocean tsunami. ABAC calls upon APEC to create a Regional Disaster Response Network to coordinate

emergency preparedness efforts on a regional basis – building capacity to resist and respond to future crises.

**8. Cope with Volatile Energy Situation.** Growing pressure on **Energy** sources and volatile prices highlights the need for APEC economies to give priority in long-term planning to ways of increasing energy supply, diversifying their sources, exploiting alternative and renewable options, and encouraging conservation and responsible energy use.

**9. Encourage Innovation.** To encourage innovation, ABAC recommends that in 2005 APEC Leaders launch an initiative on **patent cooperation and harmonization; technology choice; and concrete measures on intellectual property rights enforcement**, including endorsement of a set of model principles to control online piracy.

In 2005, ABAC will also initiate steps to identify the likely content and possible far-reaching implications for the region of a **2010 Information Society Strategic Vision** which is an important step to realize the potential benefits that more ubiquitous based computing concepts could provide to APEC economies.

**10. Environmental and Life Sciences-related Technologies.** ABAC has under consideration a range of **environmental and life sciences-related technologies** and initiatives. ABAC confirmed its endorsement of the APEC Life Sciences Innovation Strategic Plan and IT-based collaborative work underway in areas such as border control and biosecurity, environmental conservation and monitoring, food traceability and healthcare management.

