The Osaka Action Plan: Roadmap to Realising the APEC Vision


Asia-Pacific Economic Cooperation
September 22, 1995

His Excellency Tomiichi Murayama  
Prime Minister of Japan  
Chairman, Asia-Pacific Economic Cooperation  
Tokyo, Japan

Your Excellency:

At their Bogor meeting last year, the APEC Economic Leaders agreed on the need to continue the integration of the business sector in the APEC work programme and directed that a permanent business advisory group be established for that purpose. The Leaders asked the Pacific Business Forum (PBF), which was created in 1994 at their request, to continue its work. The PBF was asked to assess the progress of APEC, to provide further recommendations for increasing cooperation, and to review the interrelationships between APEC and the existing subregional economic arrangements. This report focuses on the first two areas, while the third has been addressed by the Eminent Persons Group.

At their Blake Island meeting in 1993, the Leaders declared their vision of a community of Asia Pacific economies. At Bogor in 1994, they adopted the specific goals of free and open trade and investment in the region by 2010 for industrialised economies and by 2020 for developing economies. At their meeting in Osaka, the Leaders will decide how to implement the Bogor Declaration. We hope that our recommendations, representing the business perspective, will assist the Leaders in their deliberations in making APEC more relevant to the business community.

The PBF has drawn up a roadmap from now to 2010/2020 with a set of guiding principles. We have suggested specific timelines with start and end dates for each major programme. In addition, we have recommended a set of “Osaka Deliverables” that will be the litmus test for the member economies’ commitment and will be essential to achieving the Leaders’ goal. There are also concrete proposals regarding the integration of the business sector in the APEC work programme as well as for the successor to the PBF.

We met three times this year and have reached consensus on our recommendations. We were able to do so despite our diversity because, as business people, we share the same objective of doing business better, faster and more effectively. It is our hope that the APEC Economic Leaders will agree at Osaka on an action plan to ensure that APEC is more relevant to business. Even more importantly, such a plan will give a sense to all the peoples of the Asia Pacific that APEC is moving forward with its vision and its goal.

As we conclude our deliberations, we want to thank you and the other Leaders for giving us the honour and the unique opportunity to represent the APEC business community.
Co-Chairs

Mr Bustani Ariffin
President
PT PP Berdikari
Indonesia

Mr Minoru Murofushi
President and Chief Executive Officer
ITOCHU Corporation
Japan

Mr Les McCraw
Chairman and Chief Executive Officer
Fleur Corporation
USA

Members

Mr Philip Brass
Managing Director
Pacific Dunlop Limited
Australia

Mrs Imelda Roche
Managing Director/President International,
Nutri-Metics International Holdings
Pty Ltd Group
Australia

Mr Haji Hamdillah H A Wahab, SNB
General Manager and
Alternate Director of
Brunei LNG Board
Brunei Darussalam

Mr Sulaiman Haji Aham
Chairman
The Brunei Darussalam International
Chamber of Commerce and Industry
Brunei Darussalam

Mr Timothy Reid
President
Canada

Mr Mario Andrade
Director
Daewoo Electronica, SK Group
Chile

Mr Ian B Taylor
Chairman
Ian Taylor Y Cia S.A.
Chile

Dr Sarah Sau Tung Liao JP
Managing Director
EHS Consultants Limited
Hong Kong

Mr Yao Jinrong
Director Group Assistant President
China International Trust and
Investment Corporation (CITIC)
People's Republic of China

Mr Zheng Dunxun
Chief Executive Officer and President
China National Chemicals Import
and Export Corporation (SINOCHEM)
People's Republic of China

Mr Abdul Rachman Ramly
Chairman
PT Astra International
Indonesia
Mr Nobuo Tateisi  
Vice Chairman and  
Representative Director  
OMRON Corporation  
Japan

Mr Alfonso Pandal  
President  
Procesos Industriales Forestales S.A.  
Mexico

Mr Wayne Golding  
Executive Director  
Tamilana Dairy Products Pty Ltd  
Chairman, PNG Chamber of  
Manufacturers  
Papua New Guinea

Dr Hong Hai  
President and Chief Executive Officer  
Haw Par Brothers International Ltd  
Singapore

Mrs Vilai Kiatrlichart  
Director  
Board of Trade of Thailand  
Thailand

Mr Suck-Rai Cho  
Chaiman  
Hyosung Group  
Korea

Mr Ernesto Rubio Del Cueto  
Director  
Grupo Cementos Mexicanos  
Mexico

Mr Henry Kila  
Chairman  
Kila Bowling Insurance Pty Ltd  
Papua New Guinea

BG Lee Hsien Yang  
President and Chief Executive Officer  
Singapore Telecommunications Ltd  
Singapore

Dr Vachara Phanchet  
Hon. Deputy Secretary General  
Thai Chamber of Commerce  
Executive Vice President  
MMC Sitpol Co Ltd  
Thailand

Mr Young-Ju Park  
Chairman and Chief Executive Officer  
Eagon Industrial Co Ltd  
Korea

Mr William Falconer  
Chairman  
Hedaryl Holdings Ltd  
New Zealand

Dr Amelia H C Ylagan  
Vice President  
Philippine Airlines  
Philippines

Mr Henry CS Kao  
President  
I-Mei Foods Co Ltd  
Chinese Taipei

Mr John Hendricks  
Chairman and Chief Executive Officer  
The Discovery Channel  
Discovery Communications, Inc.  
USA

Dato Haji Mohd Ramli Kushairi  
Executive Chairman  
South Malaysia Industries Bhd  
Malaysia

Mr Don Solitt  
Executive Chairman and  
Chief Executive Officer  
PDL Holdings  
New Zealand

Mr Jose Luis U Yulo, Jr  
President  
Philippine Chamber of Commerce  
and Industry  
Philippines

Dr Jeffrey Len-Song Koo  
Chairman and Chief Executive Officer  
Chinamtrust Commercial Bank  
Chinese Taipei
Contents

Executive Summary 1
Setting the Stage 5
Making APEC More Relevant to Business 7
Roadmap to 2010/2020 9
Guiding Principles 9
Timelines for Trade and Investment Liberalisation 12
Progress Reviews 13
The Osaka Deliverables 14
Progressing Beyond the Uruguay Round: Building on Our Commitments 15
Investment Liberalisation: Encouraging Growth Through Foreign Investment 18

Business Travel and Business Residency Visas: Easing the Time Burden 20
Customs Harmonisation: Speeding the Flow of Goods Throughout the Region 21
Standards and Conformance: Saving Money, Time, and Effort 22
Intellectual Property Rights, Technology Transfer, and Science Cooperation 23
A Trade and Investment Ombudsman 24
Infrastructure Development: Providing for Long-Term Growth 25
Development of Small and Medium Enterprises: Encouraging Economic Growth 27
Human Resources Development 30
Business Participation in APEC:
Working in Tandem 31
The APEC Business Council (ABC) 31
Business Participation in the APEC Work Process 34
Conclusion 35

Appendices
1. Timelines 37
2. List of Recommendations 40
3. Biographies of Members of the Pacific Business Forum 44
4. Staff of the Pacific Business Forum 51
Executive Summary

In 1993, at their meeting on Blake Island, Asia-Pacific Economic Cooperation (APEC) Economic Leaders provided the political impetus for developing initiatives which will move the Asia Pacific region towards a more integrated trade and investment environment. At their 1994 Bogor meeting, Economic Leaders adopted the goal of free and open trade and investment in the region by the year 2010 for industrialised economies and 2020 for developing economies. The stage has been set for action this year.

The Pacific Business Forum (PBF) has met three times this year and has agreed that the underlying theme of our 1995 report is making APEC more relevant to business. In 1994, the Leaders set the policy goals for stimulating the region’s economic growth. This year we suggest 15 specific measures to generate concrete and pragmatic results. These measures will help achieve the Leaders’ goal of increased economic growth, job creation, and enhanced prosperity for all. In addition, they will provide the business community with tangible evidence of APEC’s ability to deliver.

Decisions made by the Leaders at Osaka on the speed and nature of implementation will be closely scrutinised by the business community. Initiatives taken must be action-oriented. To help advance the Leaders’ goal of increased economic growth, the PBF has divided its 15 recommendations into three broad areas: 1) a roadmap to 2010/2020 with three components – guiding principles, agreement on timelines, and regular progress reviews; 2) ten Osaka deliverables; and 3) two recommendations for business participation in APEC.

Finally, although this report has treated many subjects, the PBF realises that there are other important issues, such as energy and the environment, equally deserving of attention. These, along with issues such as the quantification of the economic impact of APEC’s actions and possible youth participation in the APEC process, should be addressed by the PBF’s proposed successor organisation, the APEC Business Council (ABC).
A consensus on how to proceed from now until 2010/2020 must be achieved by the APEC Leaders this year. Implementation must begin immediately thereafter. There are three key components of the roadmap which should be incorporated into the action plan. These are: a set of guiding principles, timelines for every item of work on the action agenda which are critical to APEC’s success, and a procedure for regular progress reviews.

**Recommendations**

- **Guiding Principles.** APEC measures must adhere to the following ten guiding principles: (1) WTO consistency; (2) comprehensive coverage, eventually including all sectors; (3) flexible consensus; (4) comparability, general equivalency among action plans of all member economies; (5) balance between collective and individual action; (6) open regionalism with a view to enhancing the multilateral trading system; (7) nondiscrimination; (8) transparency; (9) benchmarking upwards to achieve highest possible standards and procedures; and (10) regulatory reform to prevent administrative rules from becoming hidden forms of protection.

- **Timelines.** Clear and agreed timelines are critical components of the action agenda, thus the PBF has provided specific timelines – with common starting dates – for specific actions from now to 2020. The PBF has concentrated on actions during the first four years (1996-2000). Unless the groundwork is laid in those first four years, the APEC process could stagnate.

- **Progress Reviews.** There should be periodic reviews of all activities aimed at implementing the Bogor Declaration. The review mechanism should be three-track, consisting of the following: annual Ministerial reviews comparing implementation against commitments; independent reviews every two years by the permanent business sector advisory group; and reviews by the Leaders concurrent with the advisory group reviews.

---

**THE OSAKA DELIVERABLES**

For business to remain competitive it has to operate within short timeframes, as well as develop long-term plans. At Osaka, therefore, the Leaders must make decisions to achieve not only long-term goals but also short-term measures which are of immediate relevance to business. The PBF has identified ten areas where short-term outcomes are needed. They are:

1. **Progressing Beyond the Uruguay Round.** This year at the Osaka meeting, the Leaders should bring concrete plans to progress beyond the Uruguay Round. These plans should include: (a) acceleration of commitments; (b) deepening of commitments; (c) broadening of commitments; (d) prevention of the abuse of anti-dumping; (e) renewal of commitments to a standstill; (f) continuation of work on post Uruguay Round issues; and (g) support of membership in the WTO for non-members.

2. **Investment Liberalisation.** Investment liberalisation is of critical importance. Thus, at Osaka, APEC should announce its intention to strengthen the APEC Non-Binding Investment Principles by the 1996 meeting in the Philippines. The strengthened set of investment principles should be made legally enforceable and binding by incorporating them into the domestic laws of each economy, no later than the year 2000 for industrialised economies and 2005 for developing economies.

3. **Business Travel and Business Residency Visas.** The PBF urges the Leaders to establish visa-free business travel throughout the region by 1999 and, as an interim measure, introduce an APEC business visa by 1996. In addition, the PBF asks that business residency visas be approved within one month, starting in 1996.
4. **Customs Harmonisation.** The PBF welcomes the substantial progress made by the Customs Subcommittee of the Committee on Trade and Investment (CTI), and urges APEC to implement that work in all areas no later than 2000.

5. **Standards and Conformance.** The PBF welcomes the substantial progress made by the Standards and Conformance Subcommittee of the CTI, but believes that in key areas the work programme could be substantially expanded and accomplished over a shorter period of time.

6. **Intellectual Property Rights, Technology Transfer, and Science Cooperation.** Protection of intellectual property rights (IPR) must remain a priority issue for APEC. The PBF thus recommends a series of steps which APEC can take to ensure adequate enforcement of existing IPR laws. APEC should formulate a set of principles for technology transfer, and a set of guidelines for strengthening APEC science cooperation.

7. **Trade and Investment Ombudsman.** Each APEC economy should study the merits of the institution of the Trade and Investment Ombudsman and consider the desirability of adopting such an institution.

8. **Infrastructure Development.** In order to meet the growing regional infrastructure needs in an efficient and cost-effective manner, the PBF recommends the establishment of an APEC Infrastructure Task Force (AITF) to review infrastructure development in APEC.

9. **Small and Medium Enterprises.** Small and medium enterprises (SMEs) form the backbone of supporting industries upon which large companies, both local and foreign, depend. Last year, the PBF addressed the issue of access to capital for SMEs. This year we focused on the development of basic policies, benchmark policies, and methods of nurturing the entrepreneurial spirit in SMEs. Ideas include: (a) the establishment of an APEC SME training centre, for example, the proposed Philippines' APEC Centre for Technology Exchange and Training for SMEs (ACTETSME); (b) the development of cooperatives where appropriate; (c) the establishment of business networks for the development of local supporting industries; and (d) examples of programmes which provide funding for SMEs.

10. **Human Resources Development.** The PBF wishes to stress the importance of developing the skills and abilities of the peoples of the Asia Pacific region. In particular, we recommend that APEC examine ways to implement worker training programmes, transfer of management skills and expertise, and the use of computers and telecommunication technologies.
BUSINESS PARTICIPATION IN APEC

APEC's goal should be to pave the way for "business to do business." Therefore it is important for APEC officials to obtain timely and sound inputs from the business community on how best to create a user-friendly business environment in the Asia Pacific region.

There are two main ways in which business input can be achieved to reflect the Leaders' 1994 goal: the establishment of an APEC Business Council (ABC) and business participation in the actual APEC work programme.

The PBF believes that the establishment of a permanent business advisory forum is key to a successful partnership between APEC and the business community. Therefore, the PBF has recommended the creation of the APEC Business Council (ABC), comprising two members from each APEC member economy representing large, and small and medium enterprises, respectively. Members should be appointed by their Leaders to ensure that the ABC has direct access to the highest levels and that its advice is carefully considered.

Finally, the PBF encourages active and continuous participation by the business sector in the APEC working groups. Through such participation, the business community can help both to formulate policies relevant to business and translate those policies into meaningful results.

The Leaders' meeting in Osaka offers a crucial opportunity for APEC to convince the business community of its value and practical significance. It can do so by announcing measures which will make an immediate difference to businesses in the region. For its part, the PBF has provided a roadmap towards implementing such measures and stands ready to support the Leaders' Osaka action plan in realising the APEC vision.
Setting the Stage

The Asia-Pacific Economic Cooperation’s (APEC’s) drive toward free and open trade and investment began in 1993 on Blake Island in the United States at the historic first meeting of the Economic Leaders. At that meeting, the Leaders articulated their vision of the region and provided the political impetus both for moving the Asia Pacific region towards a more integrated and open trade and investment environment and for development of the tremendous human resources potential in order to sustain economic growth and encourage job creation.

At their 1994 meeting in Bogor, under the leadership of Indonesia’s President Soeharto, the Leaders sharpened the focus of that vision. The Bogor Declaration set a clear goal of achieving free and open trade and investment in the region by 2010 for industrialised economies and 2020 for developing ones. The Leaders also emphasised the importance of intensifying APEC development cooperation. The Pacific Business Forum (PBF) had proposed an earlier timetable of 2002/2010 in its 1994 report but, nevertheless, welcomes the Bogor Declaration.

The stage has been set, the vision articulated, and the goal agreed upon. It is now up to the Leaders, at their 1995 meeting in Osaka, to formulate a plan that will achieve the promise of Bogor. The PBF looks to APEC’s Leaders to chart a clear, unwavering and speedy course for APEC as it moves toward the fulfillment of their vision. The Leaders must give the business community – and all the peoples of the Asia Pacific region – a sense that APEC is moving forward with its vision, its goal, and its plan.

This is the beginning of a new era for APEC. This is the challenge for the Leaders. This is the future of the Asia Pacific region.
The Bogor Declaration gave explicit recognition to the critical role of the business sector in the economic dynamism of the Asia Pacific region. The Leaders agreed on the need to integrate the business sector in the APEC work programme, and to create an ongoing mechanism for that purpose. In the interim, the Leaders requested that the PBF continue, with the specific mandate to provide them with the following:

- Assessments of the progress of APEC
- Further recommendations for stepping up cooperation
- Review of the interrelationships between APEC and the existing subregional arrangements (AFTA, ANZCERTA, and NAFTA).

The PBF is honoured that the Leaders believe that its 1994 report provides valuable points of reference in formulating APEC policies, and that the Leaders had asked ministers and officials to give serious consideration to our recommendations. The PBF met again three times this year – in Singapore in May, Japan in July, and the United States in September – and has prepared this report for the Leaders for consideration at their third meeting in Osaka in November 1995. This year’s report focuses on the first two items stated above where the PBF believes it can make the greatest contribution, that is the assessment of APEC’s progress and recommendations for stepping up cooperation. The PBF understands that the Eminent Persons Group (EPG) will be discussing the important issue of the interrelationships between APEC and the subregional arrangements.
Making APEC More Relevant to Business

In its report last year, the PBF stated that APEC must “prove its value by making substantive and practical progress towards a predictable trade and investment environment in the Asia Pacific region.... Business will go where bureaucracy is minimal and procedures straightforward and transparent. Therefore, APEC must achieve pragmatic results.” This remains the essence of the business community’s support for and interest in the APEC process.

Building on this concept, the thrust of the PBF report this year is that APEC must make itself more relevant to business. It must address issues which will improve the commercial climate in the region in the near term. In short, it must achieve concrete and pragmatic results this year, in accordance with the fundamental APEC principle of mutual benefit to all. It has been six years since its formation: if APEC does not provide tangible results which have real world implications for the business sector, it will risk losing credibility in the eyes of the business community.

The outcome of the Osaka meeting is critically important for the Asia Pacific region and its business community. It will define APEC’s role in building a prosperous and stable Asia Pacific. APEC’s policy makers will reveal the extent to which they are prepared to take APEC from a consultative forum to an action-oriented one. This will demonstrate APEC’s dedication to producing practical outcomes for business at every step along the path to free and open trade and investment. If the business community is to continue to play its role in the economic growth and expansion of the region, APEC must start to deliver the goods now – at the Osaka Leaders’ meeting.

The Leaders have articulated their historic vision of an Asia Pacific region which is free and open to trade and investment. It is now important that this vision be translated into bold and determined action with a clear set of priorities from a business perspective. The Leaders’ meetings this year at Osaka, and next year in the Philippines, are therefore of vital importance in providing direction to implement the Bogor Declaration.
The PBF recommends that the Leaders agree on a roadmap for implementation from now to 2010/2020. This roadmap will lay out a course with milestones to measure progress. The implementation process should incorporate regular internal and external progress reviews, as well as adjustments to allow for shortfalls. The PBF has two central recommendations with respect to the timing of the implementation of the roadmap. These are:

- **Osaka Deliverables.** The Leaders must take decisions which achieve not only long-term goals, but also short-term, tangible measures that are of immediate relevance to business. As noted, six years have passed since APEC's inception and business is anxiously waiting for practical, real world results. To assist the Leaders, the PBF has identified a series of steps which could be announced at Osaka.

- **Need for Timelines.** Every action in the APEC work agenda should be thought through in terms of timelines with start-dates, end-dates and intermediate progress markers. Both declarations of intent and final target dates are no longer sufficient to move the APEC process forward. The timeline approach will oblige APEC member economies to produce a detailed and comprehensive programme by which they will achieve their APEC commitments. Further, it will facilitate periodic progress reviews and allow APEC to compare results against clearly defined goals. The timelines should be widely publicised so that all the people of Asia Pacific are aware and assured of progress. Such public commitment will also encourage every APEC economy to adhere to the timetable. In support of this approach, the PBF has included timelines in its recommendations (a complete list of timelines can be found in Appendix 1).
Roadmap to 2010/2020

The PBF realises that forging a consensus on how to achieve free and open trade and investment by 2010/2020 will not be an easy task. However, the PBF is convinced that if the APEC Economic Leaders focus on our numerous commonalities—while taking into account the region’s diversity—it will be possible. To accomplish this goal of free and open trade and investment, it is essential that the APEC Leaders agree to a roadmap at Osaka, with implementation to begin immediately after.

The three key components of the roadmap, detailed in the following paragraphs, are:

- Guiding Principles
- Timelines
- Progress Reviews.

GUIDING PRINCIPLES

The first component of the roadmap should be a set of guiding principles that will support the entire process of reaching the goal of free and open trade and investment. Many of these guiding principles are not new, having been stated in the Bogor Declaration. Nonetheless, we believe it is important that they be reiterated here. They are:

1. **WTO Consistency.** The liberalisation and facilitation measures undertaken by APEC should be consistent with the principles of the World Trade Organisation (WTO). APEC as a regional grouping should strengthen, not weaken, the open multilateral trading system. APEC members should refrain from adopting unilateral actions against other members which are not consistent with the WTO.

2. **Comprehensive Coverage.** APEC’s liberalisation measures in trade and investment should be comprehensive in nature; i.e., coverage should eventually include all sectors of manufactured goods, agriculture, services, intellectual property rights, investment, etc.
3. **Flexible Consensus.** APEC should undertake its activities based upon a flexible consensus. This will allow those economies that are ready to move forward to do so and to allow other economies, which are not yet ready, to join later. The mutual respect implied in the flexible consensus approach should not, however, be used as an escape clause for any inaction.

4. **Comparability.** There should be broad comparability among the trade and investment liberalisation programmes undertaken by APEC economies. This will ensure that all APEC economies move together towards the Bogor goal, while taking into account differing levels of economic development among them and providing developing economies ten years more than industrialised economies to achieve this goal.

5. **Collective/Individual Action.** APEC’s trade and investment liberalisation can occur either with individual action by each APEC member economy, or by collective action with all member economies acting in concert. The PBF urges member economies to adopt a course of action which would allow for progress in the most effective, cost-efficient, and timely manner. The PBF would caution that whatever the course, obstacles should not become an excuse for deadlock and lack of progress.

6. **Open Regionalism.** The PBF supports the objective, as stated in the Bogor Declaration, that APEC should enhance the open multilateral trading system, and that APEC liberalisation should reduce barriers not only among APEC economies, but also between APEC economies and non-APEC economies.

7. **Nondiscrimination.** The benefits of APEC’s trade and investment liberalisation and facilitation programmes should be enjoyed by all APEC member economies on a nondiscriminatory basis.

---

**Administrative Impediments to Trade**

Example 1: The requirements of some economies can preclude, or at least delay, certain products from entering the market by many months. For example, in the case of food additives, the reformulation costs and the sourcing of suitable chemical alternatives, which may not be available in the exporting APEC economy, can add to the delay and cost of entry.

Example 2: Lack of knowledge about a new product can also lead to imports being delayed as relevant authorities struggle to classify the product according to their own standards.

Example 3: Slow information dissemination and official response can impede or block certain products from entering the market. In November 1994, for example, quarantine restrictions were placed on the export of chicken parts from Economy A because of disease. After investigation, these restrictions were lifted in December. But the flow of information abroad was such that Economy B imposed a ban on Economy A's chicken exports in March 1995, months after Economy A had lifted its quarantine restrictions.

Example 4: Sales of foreign motorcycles into economy A have been limited by regulations that place an 80-kilometer speed limit on motorcycles compared to the 100-kilometer limit set for cars and trucks. These regulations also prevent motorcyclists from carrying riders on highways. These regulations have had the effect of limiting sales of larger foreign motorcycles.
8. **Transparency.** Whatever APEC does, it should be governed by transparency. Programmes, rules, regulations, guidelines—all these must be clearly documented and easily accessible to all concerned. Guesswork, discretion, and double-standards should be eliminated. The transparency principle should also be applied within individual economies.

9. **Benchmarking.** APEC should always seek to harmonise its standards and procedures upwards towards those which most enhance trade and investment, not downward towards the lowest common denominator.

10. **Regulatory Reform.** The goal of free and open trade and investment requires the dismantling not only of border measures, but also of nonborder measures, in particular rules and regulations whose primary purpose is to hinder the free flow of trade and investment. Where it is weak, the regulatory/legal framework should be strengthened. Regulatory regimes in APEC economies should be designed to achieve legitimate public goals (e.g., protection of public health) and should be consistent with the relevant international regulatory standards. In short, administrative regulations should not be a hidden form of protection.

---

**New Zealand: Case Study on the Benefits of Liberalisation**

Since 1984, New Zealand has implemented a comprehensive programme of economic reform designed to create a stable macro-economic environment, open up the economy to competition, and allow market signals to guide investment, production, and consumption decisions. Substantial deregulation has occurred in virtually all sectors of the economy, reducing barriers to market entry and exit, and providing a framework for business conduct which encourages greater efficiency and innovation. All export and agricultural producer subsidies have been removed and a comprehensive tariff reduction programme implemented. Foreign participation in New Zealand's economic development has been facilitated by easing restrictions on capital flows and creating an "investor friendly" business policy environment. New Zealand has begun to reap the benefits of its extensive reform process. Since 1991 the economy has grown by more than 17% with growth exceeding 5% in each of the last two years (6.2% in 1994). Non-traditional exports have grown rapidly, unemployment levels have fallen, and inflation has remained low. The fiscal position moved into surplus in 1994.

It must be emphasised that the philosophy underlying these guiding principles is, as stated in paragraph four of the Bogor Declaration, one of "equal partnership, shared responsibility, mutual respect, common interest, and common benefit."
TIMELINES FOR TRADE AND INVESTMENT LIBERALISATION

The second component of the roadmap is the need for clear, well defined timelines. When establishing timelines for APEC, the PBF recommends that the broad concepts outlined in the following paragraphs be incorporated into the action plan.

1. **Common Starting Dates.** The implementation of each liberalisation and facilitation measure should begin simultaneously. Although different sectors may begin at different times, there should be a common starting date for each measure. Also, even if some measures only begin after 1995, all start and end dates should be announced at Osaka this year to make it understood that the process is comprehensive.

2. **Continuous and Measurable Progress.** While recognising that different levels of development require different speeds, there should be continuous and measurable progress towards the goal of free and open trade and investment. Such continuous progress could encourage even faster implementation, as the benefits become clearer. It would be undesirable to hold back all major liberalisation and facilitation measures until the tail end, so that little progress is made during the initial years.

3. **Intermediate Milestones.** To assure progress and prevent delays, short-term, intermediate milestones should be established for every liberalisation and facilitation measure. In addition, an overall intermediate milestone should be established for trade and investment liberalisation: at a minimum half-way by half-time, in all sectors. Specifically, this means at least half of all liberalisation measures would be accomplished by the year 2002 for industrialised economies, and 2008 for developing economies. This is to convey a sense of urgency and to encourage economies to undertake early implementation of their liberalisation programmes.

Mexico: Case Study on the Benefits of Liberalisation

Since 1982 Mexico has carried out a comprehensive programme of economic reform with a view to eliminating the macroeconomic imbalances that affected the Mexican economy. The substantial reduction of tariff barriers, the modernisation of customs procedures, and greater transparency to importers and exporters in non tariff barriers and standards has facilitated the entry of imports to the Mexican market. The import regime has been liberalised with a weighted average tariff now being only 11.3% and with restrictions remaining only on 1.3% of total tariff items.

Mexico is bringing its sanitary and phytosanitary measures into conformity with WTO disciplines. Additionally, the services sector has been liberalised extensively within the framework of the services negotiations in the GATS. The privatisation of public enterprises has been a key policy in reducing state intervention, freeing up resources, increasing efficiency and developing more competitive markets. Between December 1982 to December 1994, 1011 state enterprises were privatised. The intention is to privatisate industries such as railroads, satellite communications, and petrochemicals in 1995. The liberalisation of the Mexican foreign investment regime, since 1984, has eliminated the main obstacles and created a favourable environment to foreign investment.
The third indispensable component of the roadmap is the establishment of progress reviews. The PBF recommends that there should be periodic reviews for all activities aimed at implementing the Bogor Declaration. These reviews will help to ensure that timelines are met and obligations fulfilled.

These reviews should be undertaken using a three-track review mechanism as described below.

1. **Ministerial Review.** Annual Ministerial meetings should include a progress review in which actual implementation is compared to stated commitments, and peer pressure is applied where progress is lacking.

2. **Independent Review.** There should be a further independent review to provide an objective perspective on the implementation process. This independent review could be conducted less frequently than the ministerial review, for example, every two years. The review is best done by business through such groups as the permanent business advisory forum, the successor organization to the PBF. This review should be submitted to the Leaders.

3. **The Leaders’ Review.** The Leaders themselves should periodically review progress, perhaps during the years when the independent review is presented to them.
The Osaka Deliverables

A second key idea for making APEC more relevant to business is for it to deliver tangible achievements in the short-term. The business community would like to see results from the APEC work process, not only in 2010 or 2020, but as soon as possible, starting in Osaka.

The PBF has identified ten priority areas for action and urges that the Leaders begin the process of implementation in these areas at Osaka. We also note that many of these areas were addressed in our report last year. This year we have recommended specific actions and dates for their accomplishment.

Although the PBF articulates these ten issues as primary concerns, there are myriad other issues which, though important, have not yet been discussed in detail. The environment and energy security are two conspicuous cases in point. As important as APEC’s economic objectives are, they cannot be sustained in the long run without addressing the issues of environmental degradation and energy security. By ensuring that the Asia Pacific region will use environmentally sound technologies, practices, and products, which incorporate in their performance specifications criteria such as energy efficiency and pollution control, APEC can address environmental degradation, raise living standards, and sustain the region’s long-term economic growth.

For example, the region’s emission of carbon dioxide from fossil fuels is predicted to rise at the same time as its absorptive capacity declines. In many large cities, water supplies are increasingly strained and water quality is deteriorating. At present, the need in Asia for oil will nearly double between 1993 and 2010, while the region’s own production of oil will decline.

The Asia Pacific region’s own economic dynamism provides some of the solution. For instance, the World Bank calculates that within ten years, 85% of Asia’s industrial base will be new and so will some 70% of the installed energy-producing capacity.
The PBF is hopeful that its successor organisation will place a high priority on examining these issues.

Although our report is not structured around the traditional areas of liberalisation, facilitation, and development cooperation, we have categorized our priority areas to illustrate how our report fits into the APEC structure. The priority issues are:

**Trade and Investment Liberalisation**
1. Progressing Beyond Uruguay Round Commitments
2. Investment Liberalisation

**Business Facilitation**
3. Business Travel and Business Residency Visas
4. Customs Harmonisation
5. Standards and Conformance
6. Intellectual Property Rights, Technology Transfer and Science Cooperation
7. Trade and Investment Ombudsman

**Development Cooperation**
8. Infrastructure Development
9. Small and Medium Enterprises
10. Human Resources Development

The PBF believes that a good way to start the liberalisation process is to build on the foundation of the Uruguay Round. The Bogor Declaration, in paragraph 5, has already endorsed this approach, stating that:

“To strengthen the open multilateral trading system, we decide to accelerate the implementation of our Uruguay Round commitments and to undertake the work aimed at deepening and broadening the outcome of the Uruguay Round. We also agree to commit ourselves to our continuing process of unilateral trade and investment liberalisation. As evidence of our commitment to the open multilateral trading system we further agree to a standstill under which we will endeavor to refrain from using measures which would have the effect of increasing levels of protection.”

**Indonesia: Beyond the Uruguay Round**

In its continuing drive to liberalise and make its business sector more competitive, Indonesia announced a new deregulation package on 23 May 1995 which covers five main sectors: (1) lowering import duties and surcharges; (2) reducing import restrictions; (3) opening up investment in previously closed sectors; (4) reducing business licensing procedures and business restructuring; and (5) trading of goods in export processing zones. By the year 2003, Indonesia will have a maximum tariff of 10% and most tariffs will be in the 0.5% range. For the first time, a time-bound schedule for further reduction in tariffs has been included in the deregulation package.

**Thailand: Beyond the Uruguay Round**

Thailand has committed itself to deepening the Uruguay Round and further tariff reductions as a measure to reduce impediments to free trade and investment in order to enhance Thai global competitiveness. Actively urged by the Thai business sector, the Tariff Rate Restructuring Scheme was aimed at reducing tariff rates and simplifying customs classifications. The first stage (1990-1994) and second stage (beginning in 1995) will result in more than 91% of the total Thai commodity list undergoing a tariff reduction.
To implement this commitment, the PBF recommends that the Leaders bring to the Osaka meeting firm plans to progress beyond the Uruguay Round. Such plans should include:

1. **Acceleration of Uruguay Round Commitments.** The time-frame for the implementation of Uruguay Round commitments should be shortened. This acceleration could be achieved in the areas of tariff reductions in all sectors; implementation of WTO rules/disciplines (including those on TRIMs, TRIPs, subsidies, agriculture, customs valuation, sanitary and phytosanitary measures, and technical barriers to trade); and services.

2. **Deepening of Uruguay Round Commitments.** The commitments made in specific sectors should be deepened. For example, APEC economies could effect tariff reductions beyond the Uruguay Round agreement. In particular, while there was agreement to lower the binding on tariffs, bound rates are above actual, applied rates in many sectors in many economies. APEC economies could agree to eliminate the gap between their bound and applied tariff rates within a specified time schedule. In other sectors, while tariffication of quantitative restrictions is a laudable achievement, these tariff rates are still very high. There is tremendous scope for tariff reductions in these sectors. In the area of services too, APEC economies could improve the depth of commitments in existing sectors covered by the agreement.

3. **Broadening of Uruguay Round Commitments.** While the Uruguay Round achieved substantial results in many sectors, in others the results are weak. In addition, economy-specific commitments in certain sectors leave much to be desired. APEC economies should broaden their Uruguay Round commitments to cover new sectors, and to reduce or eliminate exceptions. These include TRIMs, TRIPs, government procurement, and services. Non-WTO member should be encouraged to join WTO members in these efforts.

### Abuse of Anti-Dumping Measures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Report on Anti-Dumping Abuse</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standstill on Protectionist Measures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Immediate Standstill</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Review</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. **Preventing Abuse of Anti-Dumping.** Anti-dumping measures have been authorised by the WTO to counter the use of predatory pricing measures designed solely to gain market share. Nonetheless, the business community views with concern the potential for abuse in the proliferation of anti-dumping actions worldwide. With visible trade barriers coming down, protectionism could assume other, more invidious guises. One such action that has significant effect on the business community is the misuse of anti-dumping practices. The abuse of anti-dumping practices constitutes a form of protectionism. Companies which are subject to anti-dumping investigations often have to bear huge costs in terms of time, effort, and money.

It is to be noted that three of the four principal users of anti-dumping actions are APEC member economies, and that three-quarters of all anti-dumping actions involve an APEC member economy.

*The PBF recommends that, at Osaka, the APEC Leaders commission a report by their officials on the proper use of anti-dumping measures. The report should include recommendations to eliminate the abuse of anti-dumping practices. The report should also include recommendations to eliminate the use of dumping as a predatory pricing measure. The report should be submitted to the Ministerial meeting in 1996.*

5. **Standstill Commitments.** The APEC Leaders agreed, in 1994 at Bogor, to a standstill on introducing measures that would increase levels of protection. The PBF welcomes this decision, and reiterates its recommendation, made in last year’s report, that APEC economies strictly adhere to an immediate standstill on all new measures which hinder trade among members.

*The PBF further recommends that this standstill commitment be subject to an annual review. The APEC Secretariat should publish an annual report of violations of the standstill agreement, including names of economies and the specific protectionist measures undertaken. Such a report will help improve the accountability of member economies.*

6. **Continued Work on Post-Uruguay Round Issues.** The PBF firmly believes that APEC liberalisation should support and promote further global multilateral liberalisation which is the essence of open regionalism. The PBF recognises the achievements of the Uruguay Round, however, it recommends that the APEC Leaders, at Osaka, encourage the WTO to continue its work on issues which were not fully covered by the Round.

7. **Membership of the WTO.** The PBF notes that some members of APEC are still not members of the WTO. The PBF again recommends that APEC strongly support the accession of these economies to WTO membership, and that these economies commit to the due obligations of membership.
1. **Investment Principles.** One of the highlights of the APEC Ministerial meeting in Jakarta last year was the adoption of the APEC Non-Binding Investment Principles. These twelve principles pertain to transparency, nondiscrimination, national treatment, investment incentives, performance requirements, expropriation and compensation, repatriation and convertibility, settlement of disputes, entry and sojourn of personnel, avoidance of double taxation, investor behaviour, and removal of barriers to capital exports.

PBF members note that the adoption of the Investment Principles is a path-breaking event in APEC. The coverage is comprehensive, and it is certainly a good first step towards the process of investment liberalisation.

However, PBF members also note that the Investment Principles are weak, with each principle including a phrase which constitutes a major loophole for economies to continue with restrictive investment practices. For example, the important principle of national treatment, which means that foreign investors are treated no differently than local investors, states:

"With exceptions as provided for in domestic laws, regulations and policies, member economies will accord to foreign investors in relation to the establishment, expansion, operation and protection of their investments, treatment no less favorable than that accorded in like situations to domestic investors."

Hong Kong: **One-Stop Investment Agency**

Hong Kong maintains an open investment regime and actively welcomes foreign investments. The procedure for setting up a business is by registration rather than by prior approval, whether local or foreign. A company can in fact be set up within 24 hours by filing the relevant documents with the Registrar of Companies. To facilitate foreign investment, a "one-stop unit" (OSU) has been set up in the Industry Department. This unit distributes valuable information, arranges site visits, introduces relevant public sector departments and business sector contacts, and even provides "after sales" service to those already established.

In addition, the investment principles are non-binding. While they do set some general guidelines for APEC member economies in terms of their practices towards foreign investment, these principles currently have no weight of law and member economies have no legal obligations to implement them.

The PBF wishes to convey to the Leaders the critical importance of investment liberalisation. Today, investment flows have joined trade flows to become the driving forces behind regional growth. Yet, restrictive barriers to foreign investment continue to inhibit regional growth and cooperation. Lack of clearly defined and enforceable laws and regulations governing foreign investment – in short, lack of transparency – is still prevalent in a number of APEC economies. Coordination difficulties among relevant agencies involved in the granting of approvals and licenses to foreign investors create confusion, waste time, and increase costs. Equity restrictions and local performance requirements inhibit investment and efficiency. All these add up to considerable frustration for the business community.
The PBF believes that investment issues should not lag behind other liberalisation and facilitation issues in the APEC work programme. The goal of free and open trade and investment in the Asia Pacific region incorporates not just trade liberalisation and facilitation, but also the free flow of foreign investment into every APEC member economy, uninhibited by any restrictive practice that local investors do not face.

The PBF recommends that the Leaders commit to the strengthening of the APEC Non-Binding Investment Principles as a tangible deliverable at Osaka. Such work should begin immediately after Osaka, and a strengthened set of investment principles should be adopted at the Ministerial meeting in the Philippines in 1996.

In addition, the PBF urges that the strengthened set of investment principles be made legally enforceable and binding by incorporation into the domestic law of each APEC member.

The process of incorporation into domestic law should begin immediately after the adoption of the investment principles in 1996, and should be completed no later than the year 2000 for industrialised economies, and 2005 for developing economies.

2. One-stop Investment Agency. In order to facilitate foreign investment, some APEC economies have established a one-stop investment agency in their respective economies. A number of these agencies are highly effective and have proved to be very valuable to foreign investors. The PBF recommends that the establishment of one-stop investment agencies be the norm in APEC, and that successful examples be highlighted as benchmarks for other APEC economies to emulate.
1. **Business Travel.** The PBF, in its 1994 report, highlighted the difficulties in travelling within the APEC region, and recommended the immediate implementation of various procedures to facilitate business travel.

The PBF notes, however, that to date, APEC has taken no concrete steps to facilitate business travel. It views with concern the lack of progress in this relatively simple area.

The PBF urges the Leaders to introduce the following steps by 1998:

- An APEC business visa allowing accredited business travellers multiple entry to all 18 APEC economies for short stays to conduct business; issued in any one APEC economy, this visa should be acceptable to all member economies.
- Special immigration procedures at major ports of entry for accredited business travellers with APEC business visas.
- A set of accreditation criteria to identify eligible business persons in each APEC member economy.

As an intermediate step, the PBF recommends that the Leaders instruct immigration authorities to accelerate business visa processing to no more than two days.

The PBF further recommends that complete visa-free business travel within APEC should be introduced by the year 1999.

2. **Business Residency Visas.** Foreign direct investment often requires business representatives to reside in the host economy. However, businesses encounter many difficulties in obtaining and extending business residency visas. The application process for obtaining a visa is often tedious and time-consuming and can often take many months. Once granted, the visa is often valid for only one year, with the extension process often as difficult as obtaining the original visa. This constitutes an unnecessary and often highly expensive cost to business.
The PBF notes that one of the APEC Non-Binding Investment Principles adopted by Ministers in Jakarta in 1994 recognises the concerns of business regarding the entry and sojourn of personnel:

"Member economies will permit the temporary entry and sojourn of key foreign technical and managerial personnel for the purpose of engaging in activities connected with foreign investment, subject to relevant laws and regulations."

The PBF recommends to the Leaders that by 1996 they implement the following:

- Processing of applications for new business residency visas should take no more than one month
- Extension of business residency visas should either be processed within one week or be granted automatically for a period of up to three years.

The simplification and harmonisation of customs procedures is, likewise, another key priority area of immediate relevance to the APEC business community. As it stands, the average international transaction involves 27-30 different parties, 40 documents, 200 data elements (30 of which are repeated at least 30 times), and the re-keying of 60 to 70 percent of all data at least once.

The PBF welcomes the substantial progress made in this area by the Customs Sub-committee of the Committee on Trade and Investment (CTI). The PBF further recommends the following:

- Complete implementation of all customs facilitation, harmonisation, and standardisation by the year 2000 and the establishment of intermediate timelines in each specific area; for example, adhering to the Harmonised System (HS) and the WTO Valuation agreement no later than 1997
- Full implementation of APEC-wide electronic customs processing by 2000
- Provision of training and assistance for those economies which require them.
In its report last year, the PBF noted the high business cost of widely divergent product standards throughout the APEC region. The PBF recommended the harmonisation of practices and standards that affect cross-border trade and the establishment of mutual recognition agreements (MRAs). The standards and conformance area is among the business facilitation issues which hold the most promise of concrete improvement in the near term.

The PBF welcomes the substantive progress made in these areas by the Standards and Conformance Subcommittee of the CTI. However, it believes that the work programme in these areas could be substantially expanded and accomplished over a shorter period of time.

The PBF recommends the following:

- Identification, in consultation with the business sector, of six priority areas by the 1996 Ministerial meeting
- Alignment of each member economy's standards with international standards in these priority areas by 1998
- Adoption of MRAs in the priority areas by 1998.
1. **Intellectual Property Rights.**
   In its report last year, the PBF noted that it was “vital that mechanisms and procedures are developed and implemented to ensure that intellectual property rights are preserved.” Technology transfer, the development of high technology industries, and investment are all affected by inadequate intellectual property rights (IPR) regimes. The PBF urged APEC member economies, among other things, to implement TRIPs (or equivalent obligations in the case of non-WTO signatories) in “the shortest time possible”, undertake credible enforcement, and conduct public education and awareness campaigns.

   This year, the PBF urges APEC member economies to accord accelerated implementation of the Uruguay Round TRIPs agreement a high priority in terms of deliverables at Osaka. To enable this to happen and to ensure that the TRIPs commitments are implemented effectively and efficiently and that effective enforcement regimes are established, the PBF recommends the establishment of a programme, by the Ministerial meeting in 1996, of comprehensive cooperation in IPR matters with the following components:

   - Regular exchange of information on border enforcement, and internal measures to combat the sale and distribution of violative material
   - Identification of member economies’ resource needs to fully implement the Uruguay Round TRIPs agreement or equivalent obligations

2. **Technology Transfer, and Science Cooperation.** All APEC member economies, especially those with new and high technology, should encourage technology transfer to promote economic development and prosperity. They should reduce restrictions and allow businesses to transfer technology according to commercial interests while still taking into account national security concerns.

   The PBF believes that enhancing and intensifying science and technology cooperation within APEC can improve levels of scientific knowledge and technological sophistication in the business community, thus promoting economic growth and protection of the environment.

   In addition, the PBF recognises the need for more collaborative activities in science and technology cooperation, particularly for and by the business sector, to encourage technology transfer.
A TRADE AND INVESTMENT OMBUDSMAN

The PBF recommends that APEC Leaders:

- Examine existing restrictions on technology transfer in 1996
- Formulate a set of principles on technology transfer by 1997
- Adopt a set of guidelines for strengthening science cooperation at their meeting in 1996.

APEC’s political and economic diversity suggests that progress towards binding dispute settlement procedures will be a lengthy process. Although some economies are undertaking extensive legal reforms to sustain economic growth, much work remains. Laws and regulations are sometimes unavailable to foreign companies or are interpreted in an arbitrary manner.

To help address such problems and improve the commercial environment, Japan has established an office of a Trade and Investment Ombudsman service (OTO). The office’s purpose is to bolster commercial certainty and spur the pace of trade and investment liberalisation. Issues addressed by the OTO include the following:

- Requests for clarification of domestic laws, regulations, and administrative guidance
- Complaints concerning non-enforcement, or misuse of domestic laws and regulations

Japan: Office of Trade and Investment Ombudsman

The Office of Trade and Investment Ombudsman (OTO) was established for the purpose of opening the Japanese market and of improving market access to Japan, through processing complaints concerning market opening problems. These problems include procedures for import of goods and services, direct investments in Japan, and government procurement. The OTO has two components: (1) the Office of Market Access, an organisation composed of the Prime Minister and 16 ministers, and (2) the Market Access Ombudsman Council, a distinguished group of scholars, business leaders, and others. It plays a key role in the OTO process to ensure rapid resolution of complaints by reflecting impartial opinions outside the government.

- Complaints regarding market access issues, including procedures surrounding the import of goods and services, direct investment, and government procurement policies.

The Trade and Investment Ombudsman is not a court of law. It is an administrative remedy. A complainant’s legal interests and rights to seek redress under the laws of each APEC member economy and the WTO will not be compromised. The OTO is an institution which has worked well in Japan.

The PBF recommends that each APEC economy should study the merits and desirability of establishing a Trade and Investment Ombudsman institution in each of the APEC member economies based possibly on the Japanese model, with appropriate modifications to suit local circumstances.
1. An APEC Infrastructure Task Force. As the region’s developing economies have transformed themselves into the world’s industrial growth locomotives, they are confronted with the urgent task of establishing more and more vital roads, ports, telephone lines, and power plants. The direct and indirect economic consequences of Asia’s infrastructure requirements stretch well beyond the border of individual APEC economies. Infrastructure bottlenecks impede the flow of goods and services throughout the region. Inadequate port facilities hinder import growth and brake the capacity of neighbouring economies to participate fully in the regional and global growth. In contrast, improved cross-border transportation systems facilitate the movement of goods and people and lower transportation and business costs. In short, there is a clear nexus between the quantity, quality, and performance of APEC’s infrastructure and the capacity of APEC economies to sustain their impressive growth.

Responding to these needs, the APEC work programme has expanded to incorporate working groups dealing with transportation, telecommunications, energy, and industrial science and technology. Work has also commenced on an overall review of infrastructure development in the region. Ministerial meetings have been held in 1995 in the areas of transportation, telecommunications, and information, as well as regional science and technology cooperation, signaling attention by the highest levels.

PBF members commend these efforts in the APEC work process. In particular, they welcome the emphasis given to the two key issues of region-wide cooperation and business sector participation.

PBF members, however, are of the view that these initiatives can be carried further. First, while the various working groups deal with specific areas of infrastructure, there is urgent need for an overall review of infrastructure development in the region. Utilisation and mobilisation of scarce resources are best considered at the macroeconomic level for individual economies and the region as a whole.

Second, guidelines concerning business sector participation in infrastructure development, as well as the role of regulatory agencies which take into account public concerns regarding price, quality, environment, and safety, are in their early phases of evolution. In addition, business prefers to see greater transparency in the awarding of infrastructure contracts as well as more extensive privatisation of public sector infrastructure providers.

These twin considerations call for the establishment of an overarching public/business sector body to review infrastructure development in APEC. The PBF recommends that an APEC Infrastructure Task Force be established by APEC Economic Leaders at Osaka, and that the task force’s report be submitted to the APEC Ministerial/Leaders meetings in 1996. The PBF further recommends that the public and business sector representatives of the AITF be appointed by APEC Ministers and the permanent business advisory body in APEC respectively.
Need for Investment Guidelines

During the 1980’s, Company A sought for over three years to obtain a so-called letter of comfort from an APEC member economy. A letter of comfort often acknowledges the project and the foreign company’s participation in that project. Such letters sometimes provide for international arbitration in a neutral jurisdiction.

The terms of reference of the APEC Infrastructure Task Force (AITF) include:

- Identifying infrastructure requirements for developing APEC economies between 1996 and 2000
- Examining the respective roles of the public and business sectors, including guidelines for business sector participation in infrastructure projects and the compilation of successful case studies to serve as benchmarks
- Developing a set of infrastructure investment protection guidelines (see below)

- Recommending how regional infrastructure needs can be met.

The AITF is encouraged to work closely with international organisations, such as the World Bank and the Asian Development Bank, which house considerable expertise and resources in infrastructure development. The AITF should also draw heavily on the ongoing work in APEC and unnecessary duplication should be avoided.

2. Infrastructure Investment Protection Guidelines. Many APEC economies have a major stake in encouraging infrastructure development by, among other means, providing a more reassuring and inviting commercial climate for companies to make long-term infrastructure investments.

First, host economies retain the power to cancel projects or expropriate facilities owned and/or operated by foreign investors. Second, these economies have the capacity and the willingness to change their regulations, taxation, or pricing in the middle of construction or operation, despite a previously agreed-to revenue sharing scheme. Third, there are some risks which are either not insurable or not insurable at a reasonable cost. Most of the international investment guarantee agencies cannot provide, or provide insufficient, guarantees for large-scale and long-term infrastructure projects.
Against this background, both recipient economies and the home economies of infrastructure investment companies need to take joint action to create a more secure investment environment for companies. Where public sector authorities are the customer of infrastructure projects, they should provide explicit commercial/legal guarantees to companies engaging in infrastructure projects that the full terms of the contract will be honoured. Infrastructure guidelines are necessary since even letters of comfort – which are generally inadequate protection – can take years to obtain.

The PBF recommends that APEC develop a set of infrastructure investment protection guidelines. This should be undertaken by the AITF and completed, together with the AITF report, by 1996. These guidelines should be consistent with the APEC Non-Binding Investment Principles.

The vital role that small and medium enterprises (SMEs) play in economic development is often overshadowed by the performance of the large enterprises. SMEs not only generate employment and create wealth, but are the source of much entrepreneurial activity. What is not so widely recognised is the fact that they form the backbone of supporting industries on which large companies, both local and foreign, depend. If the SMEs in each economy are not sufficiently strong to provide that support, investment flows will ultimately dwindle.

In comparison with larger enterprises, SMEs are often at a commercial disadvantage in terms of finance, technology, human resources development, and networking. The PBF therefore recommended, in its 1994 report, that programmes be established to provide seed capital to SMEs through networks of investors and venture capital companies, assist SMEs to develop high-technology products and processes, establish business incubators for business start-ups, link large enterprises with SMEs, and facilitate networks among SMEs within economies.
This year, the PBF’s recommendations focus on the following areas:

1. **Development of Basic SME Policies.** In those economies that do not yet have a specific blueprint for the development of SMEs, some basic policies for SME development should first be put in place, within a short period, preferably by 1998. The broader, economy-wide economic development policies may not be adequate to deal with the specific problems of SMEs.

2. **Successful SME Policies as APEC Benchmarks.** A number of APEC economies have implemented policies to help SMEs which have a proven track record of success. The **PBF recommends that APEC economies establish benchmarks for SME policies, which can be studied, emulated, and adapted.** The time frame for benchmarking is to begin immediately. There is no end date in this case as this should be an ongoing process. Such benchmarks could be disseminated through workshops conducted by the economy from which the benchmark originated. Some illustrative examples are described in the boxes below.

---

**Chinese Taipei: Small and Medium Business Credit Guarantee Fund**

SMEs have contributed significantly to the economic development of Chinese Taipei. One institution which has facilitated SME development is the Small and Medium Business Credit Guarantee Fund (SMBCGF). A nonprofit organisation, SMBCGF was established in 1974 to provide credit guarantees for SMEs which are small in scale, inadequate in paid-up capital, and short of external financing and collateral. Since its establishment, the SMBCGF has provided credit guarantees for over 87,000 enterprises. The SMBCGF receives donations from official sources as well as from financial institutions.

**Japan: Public Listing for SMEs**

In general, SMEs do not enjoy as much credibility as large enterprises when it comes to raising funds through the stock exchange. To meet this need, Japan has recently launched a new stock exchange specifically designed to raise funds for fast-growing SMEs which have traditionally been shunned by big banks and brokerage firms. The new over-the-counter market exempts SMEs from existing stock-listing rules and, therefore, will enable SMEs with little earnings history to sell shares to the public. This new stock exchange will open the way for investors who have been denied access to some of Japan’s hottest – albeit riskiest – investments.

---

**SME Policies**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
</tr>
</tbody>
</table>

**Development of Basic Policies**

**Establishment of ACTETSME**
3. **Development of Entrepreneurial Culture.** Although entrepreneurship is a common factor in business regardless of size, SMEs tend to create a culture conducive to entrepreneurship. **All APEC economies should seek to ensure that the entrepreneurial culture is nurtured within the SME community on a continuous basis.**

4. **Development of Cooperatives.** The cooperative is a form of business organisation which is widely used as a vehicle for SME development, particularly in the agricultural sector. Agricultural cooperatives have played a vital role in generating food supplies for the increasing population. **The PBF recommends that APEC member economies encourage the development of cooperatives where appropriate, particularly in the agricultural sector.**

5. **Business Networks for the Development of Local Supporting Industries.** The PBF sees a need to promote tie-ups between foreign companies making direct investments in economies in the region and local SMEs. This will contribute to both the development of local industries and the ability of foreign companies to make local procurements.

**Therefore, the PBF recommends that APEC member economies develop business networks to provide necessary information to foreign direct investors and as a means of matching foreign direct investors with local SMEs for joint ventures and partnerships.**

---

**Assistance for SMEs in Overseas Ventures**

Two SMEs, a press die manufacturer and a resin molding die maker, will expand overseas to a developing APEC economy for the first time. They will be receiving generous support from their customer, Company A, which already has an established plant in the developing economy, but is facing difficulties in procuring precision parts locally. Company A will assist its subcontractors by the leasing of land and buildings, and extending technological assistance and financing.

**Hong Kong: Financing for SMEs**

In its efforts to encourage and assist SMEs in research and development in high tech industries, Hong Kong set up the Applied Research and Development Scheme (AR&D) in February 1993, with a start-up capital of HK$200 million. The primary objective of the scheme is to increase R&D activities and to foster an R&D culture in Hong Kong with public funding as a catalyst. The Applied Research Council Company Ltd. (the “Council”) was established to administer the scheme.

In addition, a new scheme, Cooperative Applied Research and Development Scheme (CARDS), was launched in June 1995, with HK$15 million. It is operated by the same council. The objective of CARDS is to enhance technological capability and competitiveness of the local manufacturing industry by enabling manufacturers to leverage the vast pool of research expertise in tertiary institutions and research bodies in Hong Kong and China. The funding criteria and the forms of funding under CARDS are comparable to those governing the AR&D, except that applicants need to assemble a research team with researchers from both Hong Kong and China.
6. An APEC SME Training Centre. The PBF recommends the establishment of an APEC SME training centre which would foster the development of managerial and technical expertise in SME priority areas, preferably by 1996. The training centre will coordinate APEC-wide demand and supply for managerial and technical training. It will serve as a registration centre for managers and technical experts, “techno-brokers” as some of them are called, who are willing to serve as advisors to foreign firms. It will also act as a forum for managers and techno-brokers to exchange views and techniques in teaching. The centre is especially useful in areas of environment and energy conservation where developed economies can play an important role in transferring sound technologies. Furthermore, the training centre could work closely with the APEC Business Volunteer Programme (BVP). Likewise, the training centre could also be the coordinator of the network of techno-brokers throughout the Asia-Pacific region.

The PBF understands that the Philippines intends to establish the Asia-Pacific Economic Cooperation Center for Technology Exchange and Training for Small and Medium Enterprises (ACTETSME) at the Science Park at Los Banos, Laguna, the Philippines by September 1996. The PBF commends this effort and supports its early implementation.

7. Training in SME Administration. Civil servants involved in formulating and implementing SME policies need to sharpen their skills in SME administration. A special training programme could be devised for that purpose and adapted by various APEC economies to suit local conditions. The PBF recommends that the SME administration training programme be introduced by 1996.

HUMAN RESOURCES DEVELOPMENT

As recommended in the 1994 PBF report, Human Resources Development is a basic and critical priority area for the effective implementation of trade and investment liberalisation and growth strategies.

Specific projects requiring immediate implementation include:

1. Training Programmes
   - Cross border training, apprentice, and management programmes
   - Creation of educational and training institutes, both regional and in APEC economies
   - Systematic use of satellites, computer, and telecommunications technologies to support the delivery of training and educational information to students, trainees, local and regional managers, and entrepreneurs to encourage domestic employment creation, and enhance managerial and technical capabilities.

2. Systematic Transfer of Managerial Skills
   - Transfer of managerial skills by business and public sector entities in production, sales, technology, and regulatory oversight to local staff in host economies
   - Local subcontracting and procurement policies by large enterprises to assist SMEs to upgrade technology, managerial capabilities standards, and local entrepreneurship
   - Creation of business incubators, manager exchange programmes, and networks of all categories of human resource development institutions in the region.

The PBF recommends that APEC examine ways to implement worker training programmes, transfer of management skills and expertise, and the use of telecommunications and computer technologies.
Business Participation in APEC: Working in Tandem

There is a consensus that business has been the primary force in the economic dynamism of the Asia Pacific region. It is therefore important that APEC officials obtain timely, sound input from the business community regarding how best to create a user-friendly business environment in the Asia Pacific region. At this stage of implementation of the Bogor vision, the PBF believes that it is time for greater business participation in the APEC work process.

Business inputs into the APEC process can be achieved in two major ways:

- Establishment of an APEC Business Council
- Business participation in the APEC work process.

THE APEC BUSINESS COUNCIL (ABC)

Last year, both the Leaders and the Ministers agreed to establish a permanent business advisory body in APEC.

“Recognising the role of the business sector in the economic development, we agree to integrate the business sector in our programs and to create an ongoing mechanism for that purpose.” – Bogor Declaration, Paragraph 8

“Ministers reaffirmed the critical role of the private sector APEC. They endorsed the U.S. proposal to create an ongoing business/private sector advisory body as recommended unanimously by the PBF.” – Joint Statement, Ministerial meeting, Jakarta 1994, Paragraph 13

As it did in its 1994 report, the PBF again endorses the establishment of an APEC Business Council (ABC) as an independent voice of the business community. As the term of the PBF will expire by the Osaka Economic Leaders meeting this year, it is important that the ABC is up and running as soon as possible after the Osaka meeting.
The structure, funding, and functioning of the ABC are outlined in the sections below.

The functions of the ABC would include the following:

- Provide direct input on business issues to the APEC Economic Leaders
- Interface with APEC working groups on matters of business interest
- Review APEC’s progress and advise the Leaders on ways to improve the APEC business environment.

In particular, the PBF recommends that the ABC examine the following issues: energy and the environment; inclusion of youth in APEC programmes; and an analysis of the quantitative impact on economic growth and employment of the proposed liberalisation, facilitation, and development cooperation measures.

The structure of the ABC would be as follows:

1. **Independent Advisory Body.** The primary aim of the ABC should be to provide direct, uncensored views from the business sector in the APEC region to the Leaders. Thus, the ABC should report directly to the APEC Economic Leaders.

2. **Appointment by the Leaders.** ABC members should be appointed by the Leaders of each APEC economy. This will ensure that the ABC has adequate access to the highest levels and that its advice is carefully considered.

3. **Small in Size.** The ABC should be kept small to facilitate intensive and open discussion in order to achieve a meaningful consensus. Thus, the ABC should comprise two representatives from each economy.

4. **Business Representation.** The two members should represent large, and small and medium enterprises, respectively. It is important that members of the ABC adequately represent the views of the business communities in their respective economies, and not narrow, sectoral interests. We recommend that their terms should be regularly alternated to allow for broader input.

Since business structures and organisations vary from economy to economy within APEC, the internal processes of providing business inputs to the ABC members should be left to each individual economy. Some economies might wish to establish more formal structures, such as economy-wide APEC business committees, while others might prefer an informal process of dialogue and consultation with key business organisations and individuals.

The ABC should establish close linkages with existing regional business organisations in order to maximise synergies and resources, and to create a sense of shared purpose. To this end, the Leaders may wish to invite representation on the ABC from those regional organisations whose activities impact the APEC process, namely PBEC, PECC, CACCI, and APB Net. If the Leaders decide that these organisations should have representation, then the PBF recommends that the chair of these organisations (or the chair’s nominee, who should be an active business executive from one of the APEC member economies) be invited to participate in the ABC.
The secretariat functions of the Pacific Business Forum have, in the two years of its existence, been performed by a group comprising the PBF Secretariat (the Institute of Policy Studies [IPS], Singapore), the APEC Secretariat, as well as the staff of companies of the co-chairs, the U.S. and Indonesia in 1994, and the U.S., Indonesia, and Japan in 1995. There were about ten to twelve staff members who contributed towards the report writing, the administration and the organisation of the meetings, the last of which also drew upon additional support staff from the respective host organisations. Much of the cost of the secretariat group has been borne by individual organisations.

The ABC will need to develop a small, independent secretariat to support its efforts. The PBF recognises that 1996 will be a transitional year during which the ABC can create an appropriate secretariat. In this transitional year, IPS has agreed, for one more year only, to serve as secretariat. In order to assure continuity and an orderly transition to the permanent ABC secretariat, IPS should be given the responsibility for organising, recruiting, and phasing in the permanent ABC secretariat. The PBF would like to thank IPS for its willingness to do so.

The permanent ABC secretariat must be in place during the first half of 1996. It should ideally be located in Singapore in order to take advantage of the resources and expertise of the APEC Secretariat, the PECC Secretariat, and the PBF Secretariat.

However, Manila should also be considered as a venue for the ABC's permanent secretariat. The PBF hopes that the Philippines would consider providing appropriate support for the proposed secretariat, were it to be located in Manila.

### FUNDING

The primary funding for the ABC would be provided by the APEC Central Fund. The PBF recommends that a specific line item be included for the ABC in the APEC budget of US$500,000 annually or that a trust fund be established which would generate annually an equal amount. These funds would be placed in a segregated account to be managed by the ABC Secretariat.

The PBF would also recommend that ABC member companies continue to defray their individual costs and those of their staff associated with the ABC. Further, IPS should be reimbursed for its costs in acting as the PBF Secretariat.

The structure and funding of the ABC should undergo a full self-review no later than the year 2000.
The PBF understands that, at present, there is active business sector participation in the APEC working groups, and in their approximately 100 APEC projects. Some member economy delegations to the APEC working group meetings include business sector representatives. Ministerial meetings, such as the telecommunications and transport meetings held this year, often have a business symposium the day before, which provides an opportunity for dialogue between business representatives and ministers/senior officials. Business sector views are therefore taken into account, and do affect the outcome of policy decisions in APEC.

The PBF commends APEC members for giving explicit recognition to the useful role that the business sector should play in the APEC work process. The PBF believes that such business participation should continue. However, in view of the movement of APEC towards the actual implementation of trade and investment liberalisation and facilitation and in economic and technical cooperation, the PBF recommends that business participation in the APEC work process be strengthened. In particular, each member economy delegation to an APEC working group should include business sector representation. However, these business members should represent the views of the relevant business sector as a whole and not just their own business interests.
The Leaders meeting in Osaka offers an important opportunity for APEC to convince the business community of its value and practical significance. At Osaka, APEC must demonstrate its resolve to improve the business environment, announce measures which will make an immediate difference to business in the region, and lay out a plan of continuing action for achieving the Bogor goal. If business is to continue to regard APEC as a viable forum for advancing economic growth and creating jobs in the region, it is essential that we see short-term outcomes, as well as continued and measurable progress towards the final goal.

Our region is dynamic. Business conditions are ever-changing. It is essential that APEC continually review and revise its action plan to keep pace with regional and global developments. In a few years APEC member economies may find that they can move more quickly in certain areas than is envisaged in the action plan. We encourage them to do so.

The business and public sectors will continue to do their parts in driving economic growth and job creation. But, we can maximise our results if we work in partnership. To make the APEC process a true public/business sector partnership, the business community must actively participate in the APEC work programme and in the review process.

The PBF believes that the establishment of a permanent business advisory forum is key to this partnership. Therefore, the PBF has recommended the creation of the APEC Business Council (ABC), comprising two members from each APEC member economy representing large, and small and medium enterprises respectively. They should be appointed by their Leaders to ensure that the ABC has direct access to the highest levels and that its advice is carefully considered.

The Asia Pacific region has seen the most dynamic economic growth in the world over the last 30 years. APEC’s task is to sustain and expand the conditions which have made this growth possible. The achievements of APEC have been broader and deeper than APEC’s creators could have envisaged. It is the responsibility of all to build on this foundation for the mutual benefit and common prosperity of all the peoples of the Asia Pacific region.
Appendices
Appendix 1: Timelines

Establishment of ABC
Establishment of Infrastructure Task Force
Standstill on Protectionist Measures
Strengthening of Non-Binding Investment Principles
Adoption of Strengthened Non-Binding Investment Principles
Anti-Dumping Report
Establishment of IPR Cooperation Programme
Identification of Standards & Conformance Priority Areas
Infrastructure Investment Guidelines
Infrastructure Task Force Report
Examination of Restrictions on Technology Transfer
Adoption of Guidelines for Science Cooperation
Speedier Business Residency Visa Processing
Introduction of APEC Business Visa
Introduction of Special Immigration Procedures
Introduction of Visa Accreditation Criteria
Establishment of ACTETSME
Formulation of Principles for Technology Transfer
Adoption of Basic SME Policies
Adoption of MRAs in Priority Project Sectors
Alignment with International Standards in Priority Areas

Complete Visa-Free Business Travel within APEC

APEC-Wide Electronic Customs Processing

Completion of Customs Facilitation, Harmonisation and Standardisation

Incorporation of Non-Binding Investment Principles into Domestic Law:
  - Industrialised Economies
  - Meeting IPR Commitment
  - Developing Economies

Free Trade and Investment:
  - Industrialised Economies
  - Developing Economies

Annual Review of Standstill

▼ Halfway Progress Marker
Appendix 2: List of Recommendations

**Roadmap.** The PBF recommends that the Leaders agree on a roadmap from now to 2010/2020.

**Guiding Principles.** The roadmap should be based on the following ten guiding principles:

- APEC measures should be WTO consistent
- APEC should provide comprehensive coverage
- Flexible consensus should be applied if there is no unanimity of views
- There should be broad comparability among economies
- The choice between collective or individual action must be based on efficiency and effectiveness
- APEC must adhere to the concept of open regionalism
- The benefits of APEC measures should be enjoyed by all on a nondiscriminatory basis
- All actions should be transparent
- Measures should always be benchmarked upwards not downwards
- Regulatory reforms should not only dismantle barriers but also strengthen weak legal frameworks, and should not become a hidden form of protection.

**Timelines.** The implementation of each liberalisation and facilitation measure should begin simultaneously. All start and end dates should be announced at Osaka this year to make it explicit that the process is comprehensive.

There should be continuous and measurable progress.

An overall intermediate milestone should be established for trade and investment liberalisation: at least halfway by half-time, in all sectors.
Progress Reviews. There should be periodic reviews for all activities aimed at implementing the Bogor Declaration. The PBF further recommends a three-track progress review mechanism, including a Ministerial review, an independent review by the business community, and finally, a review by the Leaders themselves.

Progressing Beyond the Uruguay Round. The PBF recommends that this year, at Osaka, the Leaders bring to their meeting concrete plans to progress beyond the Uruguay Round. These plans should include the following elements:

- The timeframe for the implementation of Uruguay Round commitments should be shortened.
- The commitments made in specific sectors should be deepened.
- The commitments should be broadened to cover new sectors and to reduce or eliminate exceptions.

The Leaders should commission, at Osaka, a report by their officials on the proper use of anti-dumping measures. The report should be submitted to the Ministerial meeting in 1996.

The PBF reiterates its recommendation, made in its report last year, that APEC economies strictly adhere to an immediate standstill on all new measures which hinder trade among members. The PBF further recommends that this standstill commitment be subject to an annual review.

The Leaders, at Osaka, should encourage the WTO to continue its work on issues not fully covered by the Uruguay Round.

The PBF again recommends that APEC strongly support the accession of those APEC economies not yet members of WTO to membership, and that these economies commit to the obligations necessary to become members.

Investment Liberalisation. The Leaders should commit to the strengthening of the APEC Non-Binding Investment Principles as a concrete deliverable at Osaka. Such work should begin immediately after Osaka, and a strengthened set of investment principles should be adopted at the Ministerial meeting in the Philippines in 1996. In addition, the strengthened set of investment principles should be incorporated into the domestic law of each APEC member. The process of incorporation into domestic law should begin immediately after the adoption of the investment principles in 1996, and should be completed no later than the year 2000 for industrialised economies, and 2005 for developing economies.

The establishment of one-stop investment agencies should be the norm in APEC, and successful examples should be highlighted as benchmarks for other APEC economies to emulate.

Business Travel and Residency Visas. The PBF urges the Leaders to introduce, by 1996, the following:

- An APEC Business Visa allowing accredited business travellers multiple entry to all 18 APEC economies for short stays to conduct business; issued in any one APEC economy, this visa should be acceptable to all member economies.
- Special immigration procedures at major ports of entry for accredited business travellers with APEC Business Visas.
- A set of accreditation criteria to identify eligible business persons in each APEC member economy.
As an intermediate step, the Leaders should instruct immigration authorities to accelerate business visa processing to no more than two days.

The PBF further recommends that complete visa-free business travel within APEC economies should be introduced by the year 1999.

On business residency visas, the PBF recommends that by 1996 the Leaders implement the following:

- Processing of applications for new business residency visas should take no more than one month
- Extension of business residency visas should be processed within one week; or extension of business residency visas should be granted automatically for a period of up to three years.

**Customs Harmonisation.** The PBF recommends the following:

- Complete implementation of all customs facilitation, harmonisation, and standardisation by the year 2000 and the establishment of intermediate timelines in each specific area; for example, adhering to the Harmonised System (HS) and the WTO Valuation agreement no later than 1997
- Full implementation of APEC-wide electronic customs processing by 2000
- Provision of technical training for those economies which require assistance.

**Standards and Conformance.** The PBF recommends the following:

- Identification, in consultation with the business sector, of six priority areas by the 1996 Ministerial meeting
- Alignment of each member economy’s standards with international standards in these priority sectors by 1998
- Adoption of MRAs in the priority areas by 1998.

**Intellectual Property Rights.** The PBF recommends the establishment of a programme, by the Ministerial meeting in 1996, of comprehensive cooperation in IPR matters with the following components:

- Regular exchange of information on border enforcement, and internal measures to combat the sale and distribution of violative material
- Identification of member economies’ resource needs to fully implement the Uruguay Round TRIPs agreement or equivalent obligations
- The provision of technical assistance and training where necessary.

The year 2000 should be the target date for meeting this commitment.

**Technology Transfer and Science Cooperation.** The PBF recommends that APEC Leaders:

- Examine existing restrictions on technology transfer in 1996
- Formulate a set of principles on technology transfer by 1997
- Adopt a set of guidelines for strengthening science cooperation at their meeting in 1996.
Trade and Investment Ombudsman. The PBF recommends that each APEC economy should study the merits and desirability of the institution of a Trade and Investment Ombudsman, based possibly on the Japanese model, with appropriate modifications to suit local circumstances in each APEC economy.

Infrastructure Development. The PBF recommends that an APEC Infrastructure Task Force (AITF) be established by the Leaders at Osaka, and that the task force’s report be submitted to the APEC Ministerial/Leaders meetings in 1996. The PBF further recommends that the public and business sector representatives of the AITF be appointed by APEC Ministers and the permanent business advisory body in APEC respectively.

APEC should also develop a set of infrastructure investment protection guidelines. This should be undertaken by the AITF and completed, together with the AITF report, by 1996.

Development of SMEs. The PBF recommends that basic policies for SME development should first be put in place, within a short period, preferably by 1998.

APEC should also establish benchmarks for SME policies, which can be studied, emulated, and adapted. The timeframe for benchmarking is to begin immediately.

All APEC economies should seek to ensure that the entrepreneurial culture is nurtured within the SME community on a continuous basis.

APEC economies should encourage the development of cooperatives, where appropriate particularly in the agricultural sector.

APEC economies should develop business networks to provide necessary information to foreign direct investors with local SMEs for joint ventures and partnerships.

The PBF also recommends the establishment of an APEC SME Training Centre preferably by 1996.

An SME administration training programme should be introduced by 1996.

Human Resources Development. The PBF recommends that APEC examine ways to implement worker training programmes, transfer of management skills and expertise, and the use of telecommunications and computer technologies.

BUSINESS PARTICIPATION IN APEC

APEC Business Council. As it did in its 1994 report, the PBF again endorses the establishment of an APEC Business Council (ABC). As the term of the PBF will expire by the Osaka Leader’s meeting this year, it is important that the ABC is up and running as soon after the Osaka meeting as possible.

Business Participation in APEC Work Process. The PBF recommends that business participation in the APEC work process be strengthened. In particular, each member economy delegation to an APEC working group should include business sector representation.
Appendix 3:
Biographies of Members of the Pacific Business Forum

AUSTRALIA

Philip Brass is Managing Director of Pacific Dunlop, one of Australia’s largest companies with global marketing, distribution, and manufacturing operations. Mr. Brass was appointed to the Board of Directors of Pacific Dunlop in 1980. He became General Manager in 1985, and Managing Director in December 1987. Mr. Brass has been an active member of various industry associations and of committees advising government on industry policy. He is also a member of the International Business Leaders’ Advisory Council for the Mayor of Shanghai.

Imelda Roche, AO is Managing Director of Nutri-Metics International Australia Pty Limited and President of Nutri-Metics International Holdings Pty Limited, an Australian skin care company spanning 20 countries. Mrs. Roche serves on many committees and boards including the Trade Policy Advisory Council (TPAC), AirServices Australia, Australian International Education Foundation Council, Business/Higher Education Round Table, IDP Education Australia, Macquarie University Management School, and Bond University Business School.

BRUNEI DARUSSALAM

Awang Sulaiman Haji Aha’i is the owner and Chief Executive Officer of Sulaiman Development Services, Komputer Wisman Sdn Bhd. His other business activities include the provision of technical support and information technology services to the government and the oil and gas industry of Brunei Darussalam. His company has joint ventures with major international companies with varied business interests. Mr. Sulaiman also serves as Honorary Consul of Sweden in Brunei Darussalam and as Chairman of the Brunei International Chamber of Commerce and Industry.

Haji Hamdillah H A Wahab, SNB is General Manager of Brunei LNG and Alternate Director of BLNG Board. He also serves as a Trustee of Brunei Shell Provident and Retirement Benefit Fund and Tender Board, and as a Member of the Government Municipal Board, National Committee on Environment, Human Resources and is a recipient of the Civil Service Excellence Award. Haji Hamdillah was awarded the honorary title “Most Blessed Order of Setia Negara Brunei,” SNB, by His Majesty The Sultan of Brunei in 1994.
CANADA

Timothy Reid is President of the Canadian Chamber of Commerce, Canada's largest and most representative national business association. He is also the business co-chair of the Board of Directors of the Canadian Labour Market and Productivity Centre. Mr Reid served as Chair of the Steering Committee, Forum for International Trade Training, and was a Commissioner of the Ontario Securities Commission. He is a member of the Canadian Government's International Trade Advisory Committee.

CHILE

Mario A Andrade De Amestl is General Manager of Daewoo Electronics Chile S. A. He is also a member of the board of several Chilean corporations. Prior to his current appointment at Daewoo, Mr Andrade had served in many senior positions in the private sector, including as Managing Director of VTR Telecommunicaciones S A and Executive Director of Megavisión (Channel 9). Mr Andrade is the Chairman of PBEC - Chile, and member of the Board of S.E.F. (Chile).

Ian B Taylor is founder of Ian Taylor y Cía S.A. and served other companies. He is also Vice Chairman of PBEC - Chile Member Committee. In 1990, Mr Taylor received the New Zealand Commemoration Medal for services rendered to that country and in 1993 the Comandory Cross of the Order of Merit by the Polish Government.

PEOPLE'S REPUBLIC OF CHINA

Yao Jinrong is Director and Group Assistant President of China International Trust and Investment Corporation (CITIC). He is also President of China International Economic Consultants Co Ltd (CIEC), a wholly-owned subsidiary of CITIC. Before he was appointed as President of CIEC, Mr Yao had been General Director of CITIC's General Office and executive secretary to Mr Rong Yiren, the founder and Chairman of CITIC and now the Vice President of the People's Republic of China.

Zheng Dunxun is President and Chief Executive Officer of Sinochem (China National Chemicals Import and Export Corporation) and Chairman of China Chemicals and Petroleum Import and Export Enterprises Group. Mr Zheng also serves as a member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC); member of CPPCC Economics Commission; Vice Chairman of the Chinese Association of Market; Vice Chairman of International Chamber of Commerce, China (ICCC); member of China Council for the Promotion of International Trade; and Executive Director of the Chinese Association of International Trade.

HONGKONG

Linus W L Cheung, JP is Chief Executive and an Executive Director of Hongkong Telecom. In January 1998, he was appointed as a Director of the Board of Cable and Wireless plc, Hongkong Telecom's largest shareholder. Prior to joining Hongkong Telecom, Mr Cheung was Deputy Managing Director of Cathay Pacific Airways Ltd. He was seconded to the Central Policy Unit, commonly called the “Think Tank” of the Hong Kong Government during the period 1989-91. He is a Justice of the Peace and sits on several public service committees.
Sarah Sau-Tung Liao, JP is the founder and Managing Director of EHS Consultants Limited providing consulting services on environmental protection, health, and safety for Hong Kong business and institutions. Joint ventures are set up in the Asia Pacific region specialising in environmental impact assessment and the development of environmental related computer expert systems. Dr Liao serves on many advisory committees and councils, including the Consumer Council, the Technology Committee, and the Building Committee.

INDONESIA

Bustanil Arifin is President of PT PP Berdikari, a state-owned company, and also Chairman of the Board of several private companies operating in agribusiness, trading and services. Previously, he served for 20 years as Minister of Cooperatives and Head of National Foods Agency of the Republic of Indonesia. He has developed cooperatives and has been actively involved in the rice self-sufficiency and the economic stabilisation programmes. Mr Arifin is the founder of the Indonesian Institute of Management Development, Indonesia’s premier graduate management school. He is also the founder of the Indonesian Institute of Cooperatives, and chairman and treasurer of several social foundations. In his diplomatic career, he has served as Consul General of Indonesia in New York.

Abdul Rachman Ramly is Chairman of PT Astra International, a diversified public company with automotive, financial services and agro-industry as its core businesses. Previously, he was President and Chief Executive Officer, Indonesian National Oil Company (PT Pertamina) and President and Chief Executive Officer, State Tin Corporation (PT Timah). In his diplomatic career, Mr Ramly served as the Indonesian Ambassador to the United States, Consul General in New York and Hong Kong, and Deputy Chief of Mission of the Indonesian Embassy in Singapore. In his military career, prior to retiring as Major General, he served in numerous army commands.

JAPAN

Minoru Murofushi is President and Chief Executive Officer of ITOCHU Corporation, one of Japan’s largest general trading companies. (Prior to October 1992, ITOCHU was known outside of Japan as C Itoh & Co Ltd). He also serves as Member, Executive Committee of the Trilateral Commission; Special Advisor and Chairman, Policy Planning and Coordination Committee of the Japan Chamber of Commerce and Industry; Chairman of the Japan-Australia Business Forum; Non-Executive Director, HSBC Holdings plc; Chairman, Committee on North America-Japan Relations of the Keizai Doyukai; Chairman, North African committee of the Keidanren; and Vice-Chairman, Japan Foreign Trade Council, among others.

Nobuo Tateisi is Vice Chairman and Representative Director of Omron Corporation, a multinational manufacturer of electronic systems and components. He also serves as Co-Chairman, Asia Committee in Keidanren’s (Japan Federation of Economic Organisations) Committee on International Industrial Cooperation; Vice Chairman, Nipponkin’s (Japan Federation of Employers Associations) International Committee; Vice Chairman, Keizai Doyukai’s (Japan Association of Corporate Executives) Committee on North America-Japan Relations; and Advisory Professor, Nankai University (Tianjin, People’s Republic of China).
KOREA

Suck-Rai Cho has been Chairman of Hyosung Group since 1981. Mr Cho is also Vice Chairman of the Federation of Korea Industries, President of Korea Economic Research Institute, Vice Chairman of the Korea-U.S. Business Council, Vice Chairman of Korea-Japan Economic Council, and Chairman of PBEC Korea Committee. He was conferred the President's Award for his contribution to trade promotion and the Gold Tower Order for his contribution to the development of science and technology.

Young-Ju Park is Chairman and Chief Executive Officer of Eagon Industrial Co Ltd (EIC). EIC is a holding company with a number of national and worldwide affiliated companies. He serves as Chairman of World Forestry Center and Korea Plywood Industries Association, Vice Chairman of Asia Pacific Tropical Timber Organisation, and a member of international organisations including United Nations International Drug Control Program and Asia Pacific Tropical Timber Organisation. Mr Park has received several Korean national awards including the Presidential Prize for the Man of Merit for Export, and the Grand Prize for Industry Peace.

MALAYSIA

Dato' Haji Mohd Ramli Bin Kushairi, DPMP, JMN, KMN is Chairman of South Malaysia Industries Berhad (SMI) and of Petro-technical Inspection (M) Sendirian Berhad. He is also Deputy Chairman of Sin Kean Boon Group Berhad and Director of DMB Berhad, Malaysian South-South Corporation Berhad (MASSCORP) and KCB Finance Berhad. Dato' Mohd Ramli also serves as Secretary-General of the National Chamber of Commerce and Industry and as a member of the Malaysian Business Council. Previously, he was Secretary General of the ASEAN-CCI, and also Managing Director of Kumpulan Fima Berhad, a wholly-owned government corporation. Dato' Mohd Ramli began his career in the government and served Bank Negara Malaysia, the Tariff Advisory Board, and the Federal Agriculture Marketing Authority in various capacities.

MEXICO

Alfonso Pandal is Group President of Procesos Industriales Forestals S.A. de C.V. since 1982. He has also served as President of National Confederation of Chambers of Industries of Mexico, President of National Publicity Council of Mexico, and President of National Chamber of Forestry Industries. Mr Pandal is currently Chairman of the Pacific Basin Economic Council Mexico Member Committee. He is also President of the Association for Forestry Plantations of Mexico.

Ernesto Rubio Del Cueto is Director of Grupo Cementos Mexicanos and Senior Partner and Founder of Carral, Rubio Del Cueto, SC. He is also the Chairman of the Board of Fondo Optimizacion De Capitales, S.A. De C.V. (Venture Capital). He serves on many other company boards as well. Mr Rubio has been active in the Mexican business associations and has served as President in the National Chamber of Cement Manufacturers, the Confederation of Industrial Chamber of Mexico, and the U.S.-Mexico Chamber of Commerce. He is a member of the Editorial Board of the Reforma News Paper and is the author of the book Mexico's Foreign Trade.
NEW ZEALAND

Bill Falconer is a company director with interests in petroleum, manufacturing and distribution, banking and insurance, and retail property. He is Chairman of Hellaby Holdings Limited, the Accident Compensation and Rehabilitation Insurance Corporation, and Southern Petroleum NL. His directorships include Trust Bank New Zealand Limited and St Lukes Group Limited. Mr Falconer is currently New Zealand Chairman of the Pacific Basin Economic Council and a Trustee of the Asia 2000 Foundation.

Donald Sollett commenced employment with PDL Group in 1969. He has an electrical engineering background and after holding the position of Managing Director for a number of years has recently been appointed Executive Chairman and Chief Executive Officer of PDL Holdings Ltd. PDL manufactures electrical accessories, heating products, AC variable speed drivers, and plastics packaging products. He is also Deputy Chairman of Master Trade Group Ltd, a publicly listed plumbing and electrical wholesaler group with 48 wholesale branches throughout New Zealand. In 1993, Mr Sollett was appointed Chairperson of the Crown Research Institute, NIWA for a three-year term.

PAPUA NEW GUINEA

Wayne Kenneth Golding is Chairman and Chief Executive Officer of Tanubada Dairy Products Pty Ltd, Pacific Products Pty Ltd, Hohola Soft Drinks Pty Ltd, and Abadn Mining Pty Ltd. The group is involved in agriculture, food production, and mining. Mr Golding is the Chairman (founding) of the PNG Chamber of Manufacturers, National Press Club of Papua New Guinea (Director and Founding Chairman), and holds public office positions in the Food and Vegetable Advisory Board (Chairman), the Fresh Produce Development Co-operation Pty Ltd (Deputy Chairman), and is a member of various committees, including World Trade Organisation and the National Economic Development Forum. Mr Golding was recently appointed a Commissioner in the National Capital District Provincial Government.

Henry Kila is Chairman of Kila Bowring Insurances Pty Ltd. He has been in the PNG Insurance Industry for over 25 years. He also serves as Executive Member and Past President of the Port Moresby Chamber of Commerce and Industry, Deputy Chairman of PNG National Events Council, Senior Vice President of PNG Sports Federation, and Director of PNG Stock Exchange.

THE PHILIPPINES

Amelia H C Ylagan is Vice President for Business Development and Special Projects at Philippine Airlines and newly-appointed Officer-in-Charge for Corporate Planning. Previously, she held the position of Vice President-Treasurer. She holds a doctorate degree in Business Administration from the University of the Philippines and is a member of the faculty of the University of the Philippines, College of Business Administration (MBA Program). Concurrent with her official responsibilities at Philippine Airlines, Dr Ylagan is Vice Chair for the Philippine Pacific Economic Cooperation Council (PPECC) and holds the position of Treasurer for the Orient Airlines Association. She was also elected as Board Secretary of the Financial Executives Institute of the Philippines (FINEX), the finance industry trade association.
Jose Luis U Yulo, Jr is President of the Philippine Chamber of Commerce and Industry. He also serves as Chairman of Unitrust Development Bank, Chairman of Pacific Union Insurance Co, Chairman of Philippine Exhibits and Theme Parks Corporation, President of the Philippine International Trading Corporation, and Chairman of International Association of Trading Organisations (ASTRO) for a developing world (based in Slovenia and Geneva). Mr Yulo has served as volunteer Secretary-General of ASEAN Chambers of Commerce and Industry (Asean-CCI) and Honorary Treasurer of the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI).

SINGAPORE

Hong Hai is President and Chief Executive Officer of Haw Par Brothers International Ltd. He is also Non-Executive Chairman of Pidemco Land Ltd and a Board Member of Singapore Telecommunications Limited and the Institute of Molecular and Cell Biology. Dr Hong has previously served in the Singapore Parliament and was Chairman of the Government Parliamentary Committee on Communication and Information.

Lee Hsien Yang is President and Chief Executive Officer of Singapore Telecom, the dominant telecommunications and postal operator in Singapore. He joined Singapore Telecom in April 1994, as the Executive Vice President for Local Services and was promoted to President and Chief Executive Officer in May 1995. Prior to joining Singapore Telecom, BG Lee served in the Singapore Armed Forces in a variety of command and staff appointments both in the field and in the Singapore Armed Forces Headquarters. In addition to his responsibilities in Singapore Telecom, BG Lee is also a member of the Board of Governors of the Civil Service College of Singapore and a member of the National Computer Board.

CHINESE TAIPEI

Henry C S Kao is President of I-Mei Foods Co Ltd and Fu Mei Co Ltd. He also serves as Executive Supervisor of Importers and Exporters Association of Taipei, Director of Marketing Communications Executives International; Executive Director of Taiwan Confectionery, Biscuit and Flour Food Industry Association; and Executive Director of Taiwan Chainstore Association.

Jeffrey Len-Song Koo is Chairman and Chief Executive Officer of Chinatrust Commercial Bank in Chinese Taipei, New York, and California. Together with his uncle, Dr C. F. Koo, he is co-founder of the Koos Group, a diversified holding company whose businesses span the petrochemical, high technology, telecommunication, resort, and financial services industries. Dr Jeffrey Koo is Chairman of the Chinese Taipei Member Committee both in the Pacific Economic Cooperation Council and in the Pacific Basin Economic Council. Dr Koo is Chairman of Visa International Ltd and Chairman of the Chinese Taipei's Association of Industry and Commerce. He also has been serving as a Senior Advisor to the Prime Minister of Chinese Taipei for more than 20 years.

THAILAND

Vilai Kiatsrichart is Managing Director of Pan Asia (1981) Co. Ltd, a leading food processor, exporter, and importer. Mrs Vilai has been President of the Thai Food Processors' Association for three consecutive terms since 1991. She also serves as a director of the Board of Trade of Thailand, as a director of the National YWCA of Thailand, and as a member of several government advisory and working groups for the promotion of agro-industry and agro-industrial product exports.
**Vachara Phanchet** is Executive Vice President of MMC Sittipol Co Ltd, a joint venture with Mitsubishi Motors Corporation of Japan, manufacturing, distributing, and exporting automobiles in Thailand. He also serves as Honorary Deputy Secretary-General Director of Thai Chamber of Commerce (TCC); Chairman of Committee on Transportation and Communication, TCC; Chairman of Thailand Chapter Working Group on Transportation, Communication, and Tourism, ASEAN-CCI; Director of Joint Standing Committee on Commerce, Industry, and Banking; and Advisor to the Ministry of Science Technology and Environment.

**UNITED STATES OF AMERICA**

**Les McCraw** is Chairman and Chief Executive Officer of Fluor Corporation, an international engineering, construction, and technical services company with more than 50 permanent offices around the world, including 18 in the Asia Pacific region. Mr McCraw was named Chairman of Fluor in 1991 after 16 years with the company. Among other organisations, Mr McCraw serves on the Board of the U.S.-China Business Council, on the Policy Committee of the Business Roundtable, and the President’s Export Council.

**John Hendricks** is founder, Chairman of the Board and Chief Executive Officer of Discovery Communications, Inc (DCI). DCI owns and operates cable television’s The Discovery Channel and The Learning Channel as well as ancillary businesses in home video, print, and CD-ROM publishing, merchandising, and international program sales and distribution. Recently, the company formed a wholly-owned subsidiary, Your Choice TV, Inc, of which Mr Hendricks serves as chairman. Mr Hendricks also serves as Chairman of Board of Governors, National Academy of Cable Programming; Member of James Madison Council, Library of Congress; Member of National Council, National Museum of Natural History, Smithsonian Institution; and Member of Advisory Board, Lowell Observatory.
Appendix 4:
Staff of the Pacific Business Forum

PACIFIC BUSINESS FORUM SECRETARIAT
Professor Tommy T B Koh, Executive Secretary, PBF
Director, The Institute of Policy Studies (Singapore)

Staff of the Institute of Policy Studies
Dr Lee Tsao Yuan    Ms Cynthia Lin
Mr Arun Mahizhnan    Ms Janey Ngow
Ms Cecilia Kuek    Ms Jenny Tan
Ms Shirley Lim    Ms Angeline Yee
Mr Gwee Wee Chen

APEC Secretariat
Ambassador Shojiro Imanishi, Executive Director
Mr Brian Wilson
Mr Douglas Ryan
Ms Lena Er
Ms Anna Lim

Staff of the Co-Chairs

Indonesia
Ambassador Saodah Syahruddin
Mr Hidayat
Mr Palgunadi T Setyawan
Mr Ibrahim Wiradisastra
Mr Triansyah Djani
Ms Vera Simanjuntak

Japan
Mr Takeshi Kondo
Mr Bart Boaden
Ms Akiko Taguchi

U.S.A.
Mr Richard D Carano
Mr Philip M Vaughn