



The Hon. John Howard MP

Prime Minister of Australia
Chair, Asia-Pacific Economic Cooperation
Australia

Dear Prime Minister Howard:

Business in the Asia Pacific is benefiting from robust economic growth in the region; however APEC economies cannot afford to become complacent. We request that APEC Leaders continue to strive for improved international competitiveness by adopting further measures to liberalise trade and eliminate investment barriers. Failure to address these issues will adversely affect sustainable growth and prosperity in the region.

Climate change is a fundamental issue for the APEC region, as part of the global concern over the potential impact of climate change on our communities and businesses. ABAC welcomes the initiative of the 2007 APEC Chair to put clean development and climate change at the forefront of the APEC Leaders Meeting in Sydney in September.

Business recognises its key role in efforts to address the challenges posed by climate change, particularly through innovation, research and development and the application of more energy efficient business practices. To facilitate progress on climate change and energy security, APEC Leaders should aim to set transparent and consistent policy frameworks, particularly in relation to government incentives, during their deliberation on climate change and energy security. This will give business the certainty necessary to encourage investment in low emissions and energy efficient technology.

ABAC believes **energy security** and climate change are inextricably linked. APEC's priorities should include adopting measures to improve energy efficiency; establishing of reliable supplies of conventional energy resources; developing a diversified energy portfolio; easing regulatory impediments; and setting goals and formulating individual voluntary action plans for energy efficiency and conservation. These should also include providing technological assistance to developing economies.

ABAC continues to be frustrated with the inability of members of the **WTO** to secure a practical outcome from the **Doha trade negotiations**. ABAC has regularly demonstrated its support for a successful outcome; however the recent developments indicate that Doha negotiations have once again surrendered to hibernation. Alternative ideas to drive market liberalisation in the region are required.

ABAC members reiterate their belief that options for the future, such as a Free Trade Area of the Asia Pacific (FTAAP), would offer opportunities to advance the trade and investment liberalisation and facilitation agenda envisaged in the Bogor Goals. An FTAAP could serve both the objectives of addressing the proliferation of free trade agreements (FTAs) in the Asia Pacific region as well as promoting a higher level of convergence and consolidation of FTAs in a comprehensive and WTO-plus manner. In this context, ABAC looks forward to the Report of APEC Senior Officials to Leaders on regional economic integration, acknowledging the trans-Pacific nature of APEC.

In pursuit of these objectives, a priority for ABAC will be steps to enhance the **convergence** of regional trade agreements in Asia Pacific. ABAC calls for increased effort by APEC to develop business-oriented model measures chapters for any new regional trade agreements and to encourage compliance by

economies currently negotiating or intending to negotiate RTA/FTAs. Within this effort, conditions to improve **services trade** within APEC are particularly important.

Reductions in tariffs and improvements in market access are important to business, but the emergence of global production networks and the increasing integration of regional markets highlights the importance of addressing '**behind the border**' issues. Whether related to economic structural reform or market barriers, these issues impact significantly on costs, risks and competitiveness of doing business in the region, and inhibit efforts to achieve genuine regional market integration.

During 2007, ABAC has given priority to issues surrounding the promotion of **investment**, as a key factor underpinning regional economic growth. ABAC welcomes steps by APEC to complement its trade facilitation work program with a targeted action plan to foster greater investment liberalisation and facilitation, including work with the OECD and its Policy Framework for Investment and utilisation of intensive public-private dialogues.

Facilitating the movement of goods within APEC is of paramount importance to ABAC and the regional business community. We urge accelerated work on the development of an APEC 'Single Window', allowing for the single submission of all documentation associated with importing, exporting and transit-related regulatory requirements. In addition, ABAC urges APEC economies to engage with the private sector in the development of **trade security** initiatives to promote efficient security regimes for the movement of goods in the region.

To support **business mobility**, ABAC urges the continued expansion of the APEC Business Travel Card (ABTC). ABAC is encouraged by the steps taken during 2007 by the United States and Mexico to participate in the travel scheme, in particular their recognition of the ABTC at all major airports. We urge both economies, along with Canada and Russia to work towards full membership in the ABTC and encourage all participating economies to facilitate the transition program as soon as is practicable.

Mobility of labour is emerging as a significant issue with implications for business. Recent demographic studies signal increasing vulnerability of business across the region to a tightening of labour supply and changes in market demands. ABAC is developing a work program to assess the economic implications of this issue, including consideration of the development and adoption of standards or good practices on labour mobility. Recommendations arising from the work program will be presented to Leaders in 2008.

ABAC has consistently campaigned for undertakings to achieve **harmonisation of standards** as a means of facilitating trade agreements. Efforts by ABAC have now secured wide support from regional standards bodies to work towards this goal as well as recognition that capacity building support on standards is required in APEC economies. Recently ABAC has initiated work for the development of a unique and APEC-wide project to provide a framework for standards on management of critical infrastructure in emergencies.

Protection of **Intellectual Property Rights** (IPR) remains a priority for ABAC in 2007. Strong IPR is needed to foster innovation and attract investment in APEC economies. ABAC has identified public awareness as a major focus and is sponsoring a publication and workshop to highlight best practices in educating the public on the benefits of robust IPR protection. ABAC also recommends work be undertaken by APEC to standardise the patent application formats in the region.

Small and Medium Enterprises are a key part of ABAC's agenda. Through ABAC participation in the SME Ministerial process, as well as the ABAC SME Summit in Melbourne in August 2007, efforts are being made to identify ways of enhancing the competitiveness of small businesses throughout the region. ABAC is working on best practice exchanges between APEC economies to support SME participation in global value chains to promote SME growth, create employment, and build an integrated APEC business community.

ABAC has agreed on a multi-year strategic framework aimed at wealth creation and market stability in the region by strengthening and deepening **financial markets**. Enhancing the investment environment, capacity building, structural reform and appropriate regulation will all play critical enabling roles to meet these objectives. Developed markets will enhance social security and retirement income safety, increase the range of policy choices for governments, and lead the private sector to invest, compete, innovate, and improve efficiency.

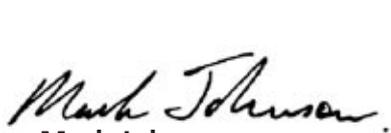
ABAC tabled recommendations to **counter corruption** in 2004 and welcomes APEC's commitment to a voluntary Code of Conduct. ABAC is committed to support further work with APEC against corruption in the region.

The United Nations Systems Coordinator for Influenza has stated that there is a high probability of a **disease pandemic** occurring within the region in coming years. ABAC reiterates the critical requirement of adequate emergency preparation by business and supports APEC's work on public health concerns and development of life sciences sector, as it bolsters the region's ability to respond to pandemic events.

ABAC believes APEC's ability to deliver robust outcomes for the region, such as sustainable growth, integrated markets and increased opportunities in all economies will be improved through capacity building within APEC. ABAC strongly endorses proposals for **reform within APEC**, with the aim of strengthening its resource-base and giving it policy research capabilities.

Finally, **interaction between APEC and ABAC** continues to deliver important outcomes for businesses in the region. ABAC will continue to deepen this productive relationship as part of its efforts to deliver outcomes which add value for business and the broader APEC community.

Yours sincerely,



Mark Johnson
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