

Annex I: IAPs - Letter to the Rt. Hon. Jenny Shipley

8 June 1999

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Rt Hon Jenny Shipley

Prime Minister
APEC Chair 1999
Parliament Buildings
Wellington
New Zealand

Dear Prime Minister

At its recent meeting in Tokyo, the APEC Business Advisory Council, as mandated by Leaders, assessed the 1998 Action Plans. ABAC recognizes the Action Plans are the principal way for APEC economies to identify how they will achieve free and open trade and investment by 2010 and 2020. It is imperative that all APEC member economies – large and small – continue to take concerted and comprehensive action to liberalize their economies through the IAPs. These are the measures by which APEC's effectiveness will be judged. Having reviewed the 1998 Action Plans, ABAC notes that many of their previous concerns remain valid. These include:

Transparency – Information in the Action Plans needs to be presented in a format accessible to business. The sheer volume of information and the way it is presented seriously limits the ability of companies to use IAPs as a business tool.

Specificity – Action plans need to contain clear objectives, measures taken and measures planned, and timetables for implementation. Only then can commitments made in the Action Plans be used by the private sector in taking business decisions.

Comprehensiveness – All liberalization measures by member economies must be contained in the IAPs, including those taken in response to the recent economic crisis. Without this, the credibility of the IAPs is compromised.

In addition to general comments on the IAP's, the ABAC wishes to draw the following three priority areas to your attention for immediate action:

Investment

There is a window of opportunity for APEC members to further liberalize investment. Foreign direct investment has dropped in 1998, particularly in developing economies. Attracting investment back to the region is crucial to recovery. To achieve this, business needs a transparent and stable investment environment. ABAC endorses the menu of options developed by the Investment Expert Group (IEG) and strongly urges APEC members to include as many of these options as possible in their 1999 IAPs, and to bind themselves to implementing them.

Goods

Although APEC is taking steps to reduce tariffs, business still sees them as a significant impediment to trade. APEC needs to further reduce tariffs, including in the areas of agriculture and automobiles.

ABAC considers non-tariff measures an even more significant barrier to trade. Despite continued efforts in the areas of customs procedures, business continues to tell us there are still serious barriers in this area. Further steps to eliminate NTMs in the areas of standards and conformance, and efforts to improve transparency in government procurement, are also business priorities.

Services

ABAC notes the efforts of some APEC economies to liberalize their services markets but considerable impediments to trade in services remain. To be able to compete effectively on a global basis, services providers or partnerships must be free to establish themselves in other economies and compete on a level playing field. An important step would therefore be to extend the principle of national treatment to all service sectors. This would allow companies in previously restricted domestic services sectors to be subject to global competition and thereby improve their competitiveness. Liberalization in trade in services must be accompanied by capacity building in the local economy so proper competition policy can be implemented.

We look forward to your favourable response to these proposals.

Yours sincerely

HON PHILIP BURDON

ABAC Chair 1999

cc.: APEC Trade Ministers
ABAC Members