



APEC Business Advisory Council



**His Excellency**

**Mr. Roh Moo-hyun**

President of the Republic of Korea  
Chair, Asia-Pacific Economic Cooperation  
Seoul, Korea

Your Excellency:

I have the honor to convey to you the 2005 'Report and Recommendations to Leaders', from the APEC Business Advisory Council (ABAC).

APEC has reached the midpoint of the deadline to the Bogor Goals and questions are being raised whether APEC can achieve these goals.

ABAC has put forward recommendations, based on the results of its own mid-term stocktake, in what it believes are areas of priority concern to the region.

Key messages from our report include:

- **Nothing will do more to expand trade in the region than the successful completion of the Doha Development Agenda Negotiations.** This offers an opportunity for a major breakthrough in global trade liberalization and is the best opportunity available to APEC member economies, to significantly advance progress towards their achievement of the Bogor Goals. This opportunity must be taken.

The recent visit to Geneva, by a delegation of ABAC Members, leaves us concerned that negotiations may not be sufficiently advanced to ensure a successful outcome from the WTO Ministerial Conference in Hong Kong, China in December. We believe that the negotiations require an injection from political leaders, of commitment and determination to achieve a successful outcome. In this regard, we consider helpful, the recent Declaration by G8 Leaders, that free trade is the best way to assist the world's poorer nations.

We urge APEC Leaders to exert their collective will in ways that cannot be denied. APEC Leaders should consider adopting a concerted APEC position, and instruct their negotiators to speedily resolve outstanding issues to enable the delivery of full modalities by the WTO Ministerial Conference in Hong Kong and bring the Round to a successful conclusion next year. It is our strongly held belief that nothing is more important than this.

- **We believe that APEC should strive to be WTO plus.** The recent proliferation of bilateral and sub-regional trade agreements in the region, demonstrates a desire by APEC member economies for further trade and investment liberalization, which goes beyond what might reasonably be expected to be achieved at this time within the WTO. While we welcome the liberalization arising from these agreements, as we pointed out to Leaders in our 2004 report, a proliferation of them can have perverse effects of creating distortions and increasing the cost of doing business.





We see the need to broaden and deepen the liberalization resulting from bilateral and sub-regional agreements within the region, by rapidly consolidating it into APEC-wide liberalization. We suggest that a Free Trade Area of the Asia-Pacific may be a useful way of doing this and recommend that Leaders establish a high level task force to examine its feasibility.

**Trade facilitation is of crucial importance to the development of trade within the region.** Our recommendation to implement a Trans-Pacific Business Agenda, a comprehensive and structured trade facilitation initiative, should stimulate business activity, and assist APEC to achieve its trade facilitation goals.

**ABAC believes that APEC must reform the way it operates.** In our consideration of the Mid-Term Review, ABAC was not content to undertake a mere stocktake of progress. Our analysis went beyond that and identified a series of reforms which we believe will help invigorate APEC, its role within the region, and its relevance to business. Our specific recommendations are appended to our report.

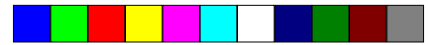
**Investment continues to be central to growth.** Continued liberalization of financial services markets and the strengthening of financial systems, require sound governance, improved transparency, and financial system capacity building, particularly in emerging economies.

Our report also contains:

- Recommendations to address the impact on business of the more stringent security environment now existing.
- A series of initiatives to strengthen regional emergency preparedness.

Finally, I return to the subject of most immediate concern to ABAC. After several years of work and negotiation, the world has reached the time for decision on the Doha Development Agenda. A substantial Doha Agreement will bring huge benefits to global prosperity and will significantly advance APEC economies toward the Bogor Goals of “Free and Open Trade and Investment in the Asia-Pacific by 2010/2020”.

At Blake Island in November 1993, a bold decision by APEC Leaders created APEC, based upon the principles of economic cooperation and trade liberalization. That bold leadership we believe, contributed to the Uruguay Round Agreement being concluded one month later.



**A Time for bold leadership by APEC.** The timing of the 2005 Leaders' Summit is again propitious. ABAC believes that a similarly bold display of leadership by APEC could again be the factor needed to break the impasse and persuade WTO Members to reach agreement. An agreement by APEC Economic Leaders to instruct their negotiators to work cohesively to reach agreement would be a powerful signal to WTO Members of APEC's commitment to free trade.

Finally, I acknowledge with appreciation, the high level of cooperation and communication ABAC has had with APEC Senior Officials. This has made a significant contribution to our deliberations.

ABAC trusts that our recommendations will be helpful to Leaders and will find a place in the conclusions which emerge from your 2005 Summit. We look forward to receiving your response to our recommendations. Leaders may be assured of our willingness to assist with their implementation.

Yours faithfully,

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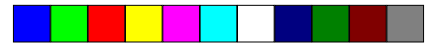
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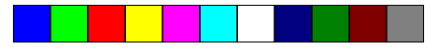
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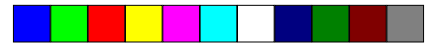
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