
APEC BUSINESS LEADERS FOCUS ON SOLIDIFYING LONG TERM GROWTH

Against the background of improved economies and financial markets, APEC and the global economy should avoid the mistakes of the past in order for this nascent recovery to be solidified, says the APEC Business Advisory Council (ABAC).

“Although we began the year with a more favourable economic environment, compared to where we were last year, significant challenges remain. We need to work hand in hand with our governments to ensure that our economies continue to move on the path of growth and that growth will not be derailed” said ABAC Chair Gempachiro Aihara. “We need to be careful not to recreate the same conditions that led to the recent crisis which was characterized by lax regulatory environment and unbalanced growth policies.”

With this in mind, ABAC will undertake a work program for 2010 to develop recommendations to APEC Leaders and policy makers aimed at achieving long term growth underpinned by strong commitments to regional economic integration, to balanced and inclusive growth and to sustainable development.

At its first meeting for 2010 held in Melbourne, ABAC members reaffirmed the need to remain vigilant in preventing the recurrence of the financial crisis. They stressed the importance of ensuring open markets as well as facilitating the ease of movement of goods, services and people around the region, particularly since the threat of protectionism remains.

ABAC emphasized the importance of putting in place sensible financial regulation and prudential supervision. In this regard comments were sent to the IMF Managing Director in response to a proposal to impose a global tax on financial transaction which ABAC considers as potentially counterproductive. They also cautioned that managing the reduction of fiscal stimulus in a way that does not destabilise markets is critical in the short term. Convinced that the deepening of financial markets is the key to drive growth, help close the gap between economies, and foster economic integration. ABAC will push for APEC to examine the impediments towards achieving this objective, both from regulatory or capacity-related angles.

“To realise long term growth there is no substitute for expanding trade and investment. Making concrete progress towards the Free Trade Area of the Asia Pacific therefore is a major step in that direction. There needs to be a new generation agreement that go beyond market access but address market integration issues including regulatory reform, standards harmonisation, investment flows, trade in services, and matching skills sets and needs in the region”, said Aihara.

ABAC also took the first steps towards a review of the implementation of APEC’s Bogor vision for free and open trade and investment in the region by 2010 by APEC’s industrialised economies. A final assessment on progress towards the Bogor vision will be issued at ABAC’s next meeting in Chinese Taipei in May. Other issues that ABAC will be focusing on this year include achieving food security in the region, enhancing trade in environmental goods and services, promoting efficient use of energy, and SMEs development.

“ABAC supports on-going efforts to tackle climate change. But we are concerned that potential gains in energy efficiency are being held hostage to the failure in the WTO Doha negotiations to take action on measures on environment goods and services. Food security is a priority for ABAC and we will be proposing steps to be taken to address key issues on food in the region,” said John Denton, Australian ABAC Member and Chairman of the Sustainable Development Working Group.

“The development of SMEs remains a priority for ABAC. This year’s work will focus on developing best practices in two critical areas of SME related relief policies and Knowledge Based Growth (KBG) and use of ICTs. There will be four SME Summits this year – in China, Peru, and Japan – and one important item to be tackled is on financial inclusion for micro-enterprises,” according to Fauziah Talib, ABAC Brunei Representative and Chairperson of the Capacity Building and Action Plan Working Group.

ABAC was created by APEC Leaders to provide them the business perspective on regional economic integration. Its members are appointed by the Leaders of each APEC member economies. Gempachiro Aihara of Japan is the current chair of ABAC.

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