



His Excellency

Mr. Nguyen Minh Triet

President of the Socialist Republic of Vietnam

Chair, Asia-Pacific Economic Cooperation

Hanoi, Vietnam

Your Excellency:

We have the honor to convey to you the **2006 Report to APEC Economic Leaders**, from the APEC Business Advisory Council (ABAC).

In preparing this Report to Leaders at the close of ABAC's first decade, we noted and applauded aspects of satisfactory progress made by APEC in the past ten years. APEC economies generally, are enjoying a period of impressive growth and stability; however, that positive and pleasing performance is not uniform across the region.

Moreover, there are emerging areas of disquiet about the resilience of a number of fundamental economic factors that also serve at this time to temper the mood of regional business leaders. It will not surprise you, that foremost among these is our deep unease over the possible flow-on consequences of the decision to suspend the multilateral negotiations in the **WTO Doha Development Agenda (DDA)** .

We are apprehensive that prolonged delay in the Doha Round will exacerbate the negative impact of other worrisome trends. One of these is the acute distortion between the current accounts of some major economies. Another is the sharp escalation in world oil prices. Interest rates are beginning to rise in response to inflationary pressures. Financial markets are becoming more volatile.

Against that somber background, allow us to highlight the eight key messages contained in our 2006 Report:

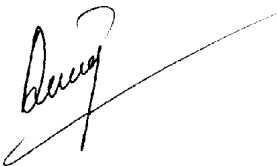
- **Reactivate the DDA Process** . We urge APEC Leaders to both individually and collectively, insist that negotiations be restarted and that you instruct your negotiators to demonstrate genuine readiness to resolve present differences on agricultural trade, non-agricultural market access, liberalization of services, trade facilitation and rules.

- **Address Critical Energy Issues.** Leadership and bold policy action is called for to counter the stark reality that no APEC economy or regional private enterprise is immune from the downside effects of rising and volatile energy prices, supply disparities, and slow progress towards developing alternative sources and responsible energy use.
- **Promote High-Quality RTAs/FTAs.** ABAC continues to have concerns that the spread of regional, sub-regional and bilateral trade agreements with little uniformity among them adds costs and complexity to doing business, and for this reason strongly supports the development of model measures for common chapters as proposed in the 2005 Busan Roadmap. As a way of achieving the Bogor Goals and avoiding the complexities arising from spaghetti bowls, we urge Leaders to promote convergence and consolidation among existing and prospective agreements. ABAC believes that a Free Trade Area of the Asia-Pacific (FTAAP) offers the highest degree of achieving such convergence and consolidation, however a study undertaken by ABAC and the Pacific Economic Cooperation Council (PECC) this year indicates practical difficulties in negotiating an FTAAP at this time.
- **Promote Trade Facilitation.** ABAC welcomes the suite of measures that APEC has identified in its latest Trade Facilitation Action Plan (2006-2010) and the collective action approach, in areas such as the APEC Framework of Standards, customs clearance and data interchange and harmonization, designed to secure and free-up regional trade flows.
- **Private Sector Development.** Consistent with the 2005 Busan Business Agenda, a successful APEC/ABAC symposium in Montreal in May 2006 identified the burden of regulations, complex taxation regimes, difficulty in accessing finance and rigid labor laws as priority areas for policy reform to improve the 'ease of doing business' in the region, especially for SMEs. ABAC recommends more dialogue between standards-setting regulatory authorities on a sector-by-sector basis.
- **Strengthen Financial Systems** . The painful lessons of the 'Asian financial crisis' remain a constant reminder to ABAC members of the need for ongoing efforts by APEC economies to enhance risk management and governance in regional financial systems, improve transparency and regulatory capacities, and encourage investment flows.
- **Foster Technological Innovation** . The current constraints on economic progress noted above, reinforce the urgent need for APEC economies to exploit the depth and sophistication and collaborative opportunities available in new innovative and technology-led growth options. To nurture technological innovation, Leaders are urged to reinforce measures taken to protect Intellectual Property Rights, including the prevention of and interdiction in the production and trade in counterfeit and pirated goods.

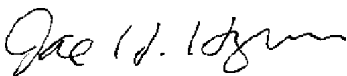
- **Relations with APEC.** We recommend that APEC Leaders consider the merits of a more explicit process throughout the APEC system for the receipt and review of ABAC input and the provision of timely feedback.

ABAC trusts that our recommendations will be helpful in your deliberations in Hanoi, and that the key messages contained in our report will find a place in the conclusions of your 2006 Summit. We look forward to receiving your response to our recommendations and to our dialogue on these critical issues. You can be assured of ABAC's readiness to assist with their implementation.

Yours sincerely,



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First Vice Chairman and Executive Vice President
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Chairman
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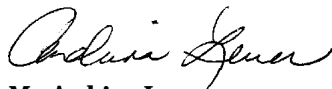


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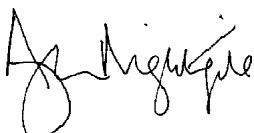
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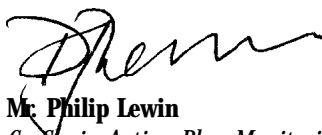
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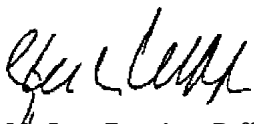
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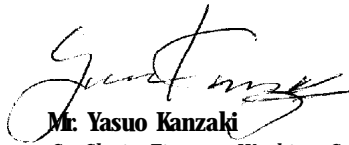


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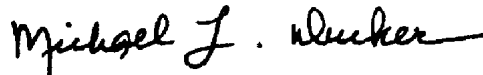
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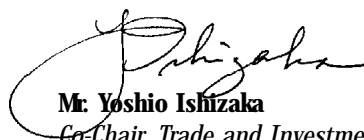
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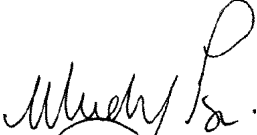


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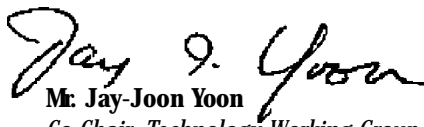
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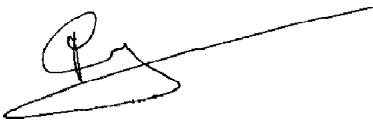
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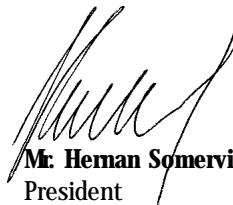
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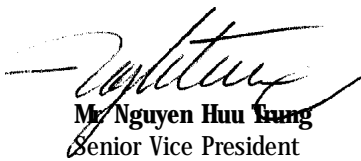
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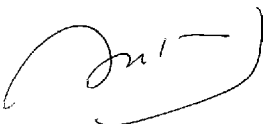
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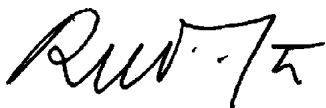


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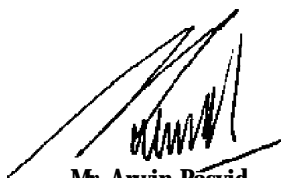
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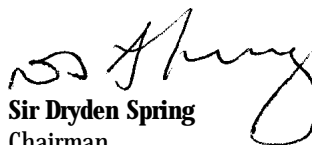
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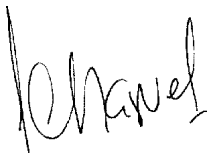
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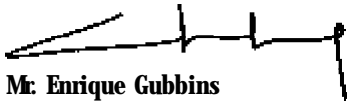


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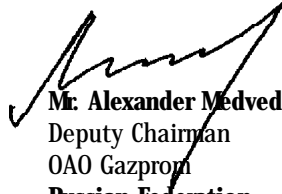


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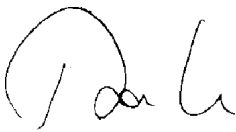
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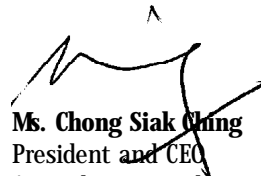
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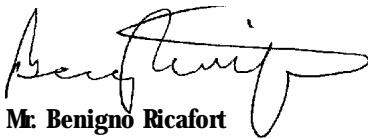
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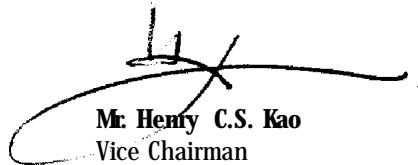
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Mr. Ng Ser Miang
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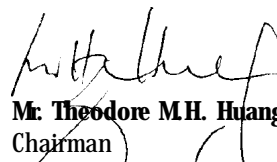
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Basic Element (OAO Bazoviy Element)
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Mr. Henry C.S. Kao
Vice Chairman
I-Mei Foods Co., Ltd.
Chinese Taipei



Mr. Andrey Kostin
Chairman and CEO
Bank of Foreign Trade (Vneshtorgbank)
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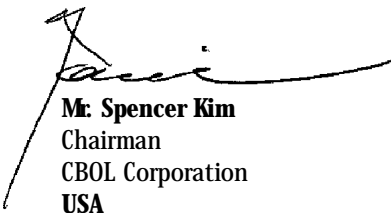
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Mr. Le Quoc An
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