

REPORT OF THE PACIFIC BUSINESS FORUM

A Business Blueprint for APEC

Strategies for Growth and Common Prosperity

October 1994

Asia-Pacific Economic Cooperation

15 October 1994

His Excellency President Soeharto
Chairman
Asia Pacific Economic Cooperation
Jakarta, Indonesia

Your Excellency,

The APEC Economic Leaders at the Blake Island meeting on November 20, 1993, asked that a Pacific Business Forum be established "to identify issues APEC should address to facilitate regional trade and investment and encourage the further development of business networks throughout the region". Accordingly, the Pacific Business Forum was established in June 1994, consisting of representatives from each APEC economy, personally nominated by Leaders.

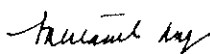
The Pacific Business Forum recognised the historic opportunity to provide our Leaders with the business community's own independent views on what is needed to continue the dynamic growth experienced in the Asia Pacific region over the last decade. We met three times to deliberate on the various issues affecting business in the Asia Pacific region. Although our thirty-three members come from economies with very diverse levels of economic development, we share the same philosophy - of doing business better, faster and more effectively. This allowed us to reach consensus in such a short time.

We are therefore honoured to present to you, and to the other APEC Economic Leaders, the attached report. It outlines important areas of action that we believe are required to make progress towards improving the business and economic environment in the Asia Pacific region and, thus, the well-being of all its people. Of all our recommendations, free trade and investment liberalisation is the key to achieving this goal and is the central theme of our report. However, there are critical needs in the areas of business facilitation, small and medium enterprises, human resources and infrastructure development and in furthering government/business sector partnerships which must be addressed to support free trade and investment liberalisation.

We respectfully submit our recommendations for your consideration. Our region has a tremendous future and your business communities want to continue to work with you to make this future a reality for this generation as well as those to come.

We thank you for giving us this unique opportunity to serve on the Pacific Business Forum.

Co-Chairs

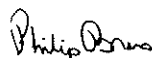


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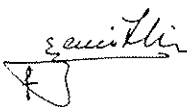


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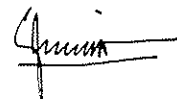
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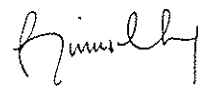
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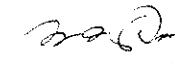
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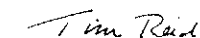
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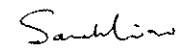
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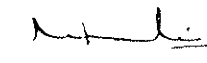
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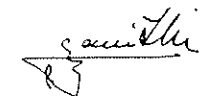
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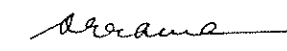
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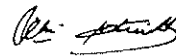
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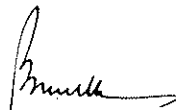
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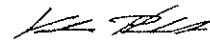
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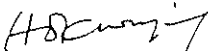
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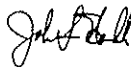
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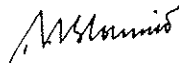
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Executive Summary

The Economic Leaders of the Asia Pacific Economic Cooperation (APEC), at their Blake Island meeting in November 1993, asked business leaders to establish a Pacific Business Forum (PBF) to "identify issues APEC should address to facilitate regional trade and investment and encourage the further development of business networks throughout the region". The Pacific Business Forum has met three times since its establishment and agreed on the following vision and recommendations. These offer a blueprint for the direction of APEC in the 21st century towards a community where the removal of barriers to the free flow of goods, services and capital, without discrimination among APEC member economies, and the development of human resources, will lead to the ultimate goal of economic growth and common prosperity. Thus our underlying theme is rapid movement towards free trade and investment liberalisation in the region, based on APEC's cardinal principle of open regionalism.

The Vision

Our vision for the Asia Pacific region is one where dynamic growth will continue for decades in a manner that benefits all sectors in all member economies and contributes to an increase in the standard of living of all the peoples of the Asia Pacific region. In order to achieve this, the APEC business/private sector's needs are fourfold: further trade and investment liberalisation and deregulation; the facilitation of existing and future business; the development of business and human resources support mechanisms such as infrastructure and technology, information exchange, structural adjustment programmes, education and training and the strengthening of small and medium enterprises in the region; and a partnership between business and government. Along with the efforts to achieve regional growth, increasing incomes and job opportunities, the need to protect and improve the environment is equally important.

The increasing globalisation of business means that the APEC community must develop region-wide practices and policies to facilitate the free flow of goods, services and capital within the region. APEC member economies also must successfully compete for scarce investment dollars from outside the region with the emerging economies in the rest of the world. Thus, the harmonisation of policies and practices, and the establishment of region-wide standards are a necessary complement to trade and investment liberalisation. The implementation of such liberalisation must be GATT/WTO consistent.

Liberalisation of the economic and business environment needs to be structured so that all APEC member economies benefit from increased growth and sustainable development, leading to greater economic parity among member economies. To realise this, partnerships between the business sector and the APEC economies should be developed with corporate and governmental roles clearly defined and

mutually accepted. APEC could take the lead role in developing and promoting these partnerships.

Finally, as APEC enters its sixth year, it must prove its value by making substantive and practical progress towards a predictable trade and investment environment in the Asia Pacific region. Businesses in the Asia Pacific region - indeed the world - are moving faster than the rules of international economic relations, and are bringing about an acceleration in market-induced movement towards free trade. As a result, businesses will not, and cannot, wait for governments. Businesses will go where bureaucracy is minimal and procedures straightforward and transparent. Therefore, APEC must achieve pragmatic results.

Recommendations

The Pacific Business Forum asks that APEC Leaders at their meeting in Bogor, Indonesia, endorse the following recommendations.

FREE TRADE AND INVESTMENT LIBERALISATION

APEC economies should achieve free trade and investment liberalisation in the region by the year 2002 for developed economies and no later than 2010 for all APEC economies. This goal should be adopted this year, 1994.

APEC Economic Leaders, as a matter of priority, should adopt immediately a policy of standstill on the introduction of new trade and investment barriers and incorporate the principles of a non-binding Asia Pacific Investment Code into domestic laws, where appropriate. The goal must be to adopt a binding investment code as soon as possible. The principles must include transparency, non-discrimination, national treatment, right of establishment, reporting requirements, investment incentives and dispute settlement.

APEC economies should implement the Uruguay Round commitments, accelerate the fulfilment of these commitments and undertake further market opening measures beyond those of the Uruguay Round. APEC Economic Leaders should support the wish of all APEC member economies to become members of the GATT/WTO.

BUSINESS FACILITATION

Transparency in administrative systems, rules and regulations should be a priority operating procedure for APEC member economies.

Adoption of a common APEC customs code should be an important goal. Customs processing should be accelerated through such measures as the simplification of documentation; the development of an electronic tariff database and the use of electronic documentation; the harmonisation of classifications; the establishment of a carnet system; and the establishment of education and training programmes for customs officers.

Visa requirements for intra-APEC business travel should be improved immediately through such measures as visa-free entry requirements for short stays; multiple-entry visas or "smart cards" with an expedited entry and exit facility for frequent business travellers; and work permits for temporary professional visits and for instructors and participants in overseas vocational training programmes.

Government practices and product standards that affect cross-border trade and investment should be harmonised. With respect to standards, mutual recognition agreements should be encouraged as an interim step towards full harmonisation.

APEC should examine ways of improving intellectual property protection in the region to foster the exchange of technology and information. Rapid implementation of the TRIPs agreement, encouraging all APEC members to adhere to the provisions of the Berne Convention, public education and awareness campaigns and effective enforcement of intellectual property laws are among the recommended actions.

APEC should examine existing government restrictions on technology transfer, with a view to eventually formulating a set of APEC-wide principles on technology transfer.

APEC should establish dispute settlement mechanisms within the APEC framework. These mechanisms could be used to settle intergovernmental and intercompany disputes.

The cost of capital in APEC member economies should be reduced through the further liberalisation and internationalisation of financial and capital markets in APEC economies; improving the regulatory environment of borrowing economies; improving and reinforcing the funding of international banks, as well as other development financing institutions; and examining the feasibility of establishing a new financial institution to increase the availability of long-term financing to the business sector in developing economies.

APEC economies should not engage in measures which would destabilise exchange rates, particularly between major currencies.

APEC should encourage the development of mechanisms to promote good business ethics and practices to eliminate corruption and anti-competitive practices.

HUMAN RESOURCES AND BUSINESS DEVELOPMENT POLICIES

APEC should continue to give priority to human resources development with business and the government sectors taking responsibility individually and jointly for training programmes such as entrepreneurial development programmes, manager exchange and development programmes, cultural exchanges, job retraining and so forth. APEC should encourage more intensive efforts in the regional transfer of skills technology and personnel.

With respect to cultural exchange programmes, the PBF recommends strengthening and expanding exchange, training and scholarship programmes.

APEC should emphasise the importance of small and medium enterprises (SMEs) and promote them in international markets through the provision of seed capital, tax incentives, start up schemes, improved access to finance, and enhancing their organisational and managerial capabilities. In this regard, special priority should be given to the development of local supporting industries and SME networking, including technological cooperation.

APEC should develop a comprehensive plan for region-wide infrastructure development which avoids the wasteful duplication of effort and includes a schedule of all major planned infrastructure projects. To this end, APEC should establish a joint public and business sector task force on region-wide infrastructure development. The group would assist in the preparation of the region-wide infrastructure development plan and articulate APEC's long-term vision for developing region-wide public and industrial infrastructure.

APEC should support the creation of regional and global communication networks with an open architecture, harmonised standards and system interoperability. This would allow technological advances to be incorporated quickly and efficiently into the global information superhighway. A meeting of ministers responsible for telecommunications policies should be convened in 1995 to address these issues.

APEC should encourage policies that promote structural adjustment and labour mobility in order to assist business owners and workers in declining industries to adapt their business activities and skills to changing economic conditions.

APEC should establish systematically best-practice benchmark models for key aspects of regional trade and investment.

GOVERNMENT/BUSINESS SECTOR PARTNERSHIP AND BUSINESS NETWORKING

APEC should improve the government/business sector partnership through the formation of joint committees on infrastructure development, information superhighways, SME development programmes, and human resources training programmes.

APEC should continue to encourage further privatisation efforts throughout the region, as they have enabled the business sector to play a more active and successful role in economic development and liberalisation.

APEC Economic Leaders should continue the dialogue with the business community and establish an APEC Business Advisory Forum, appointed by and reporting to them, to help achieve APEC's objectives. The Forum would complement, not replace, existing business organisations.

APEC should establish databanks which are accessible at low cost to a wide range of businesses to assist networking and the development of strategic alliances. APEC should also encourage the further development of region-wide business networking organisations.

The Vision

Business: The Prime Mover in the Asia Pacific Region

Over the past two decades, the Asia Pacific region has become the most dynamic in the world economy. With a combined gross domestic product of US\$12 trillion, APEC comprises the world's largest and fastest-growing group of economies. So extensive and rapid has been the growth of the region and so profound its consequences, that it has been described aptly as the most important global development in the second half of the twentieth century.

There are four fundamental features of Asia Pacific economic dynamism. The first is that it has been achieved mainly by the efforts of a multitude of business enterprises throughout the region. Growth has been led predominantly by the business sector. It is the business sector in APEC which has played, and will continue to play, a major role in transferring capital, technology and managerial know-how throughout the Asia Pacific. In doing so, it has contributed significantly to the economic development and prosperity of the region.

The second is that this remarkable performance would have been impossible without the facilitating role of governments. Governments, by lowering barriers to trade and investment, have enabled a progressively freer flow of goods, services and capital in the Asia Pacific region, particularly since the mid-1980s. The progressive liberalisation in foreign investment regulations, the lowering of tariff and non-tariff barriers, the reduction of corporate and personal income taxes, and reductions in bureaucratic red-tape have enabled businesses to expand their operations in the region. They have thus spurred growth and created employment in both host and home economies. The establishment of a stable macroeconomic environment reduces uncertainty for businesses and encourages investment and long-term planning. Governments certainly have played a critical role by creating the conditions for business activity to flourish, and thereby increasing the prosperity of the peoples of their respective economies.

The third feature is the rate of change. There is not only change in the Asia Pacific region, but an acceleration of change that is unprecedented and almost overwhelming. Businesses have to respond quickly to these changes. There is no longer the luxury of slow response. The growing need for energy, roads and telecommunications; the demands for a higher standard of living; the fast-changing technologies and shorter product life-cycles - all these have combined to make speed and flexibility the essence of economic success, both for business as well as economies as a whole.

The fourth feature is that the Asia Pacific region has been characterised by the diversity of its ethnic groups, religions, traditions, cultures and stages of economic development. The region has drawn on that diversity for the strength to achieve

its current level of economic development. We hope that the Asia Pacific region will continue to take advantage of its diversity in positive ways and keep the region open towards further growth, contributing to the stability and development of the world economy.

It is with these four factors in mind that the Pacific Business Forum presents a vision for the Asia Pacific region.

Growth and Common Prosperity

The Pacific Business Forum's vision for the Asia Pacific region is one where dynamic growth will continue for decades in a manner that benefits all sectors in all member economies and contributes to an increase in the standard of living of all the peoples of the Asia Pacific region.

This vision also includes the nurturing and development of the region's human potential and the bridging of the enormous diversity in the levels of economic development and in social systems, based on the principles of equality, justice and mutual benefit, in order to build a thriving and prosperous community of Asia Pacific economies.

Every sector of society should benefit from this growth. Small and medium enterprises (SMEs) should be strengthened to be effectively functional and to participate fully in the process of economic development, and to create more stable and harmonious societies in the region.

While the creation of jobs and the raising of living standards is important, it is equally important that all APEC member economies build a common awareness of the need for environmental protection and improvement, and the need for ensuring stability of the world energy supply. Considering the importance of balancing the use of energy resources and environmental protection and improvement, both the business and public sectors must promote further discussion on the most efficient use of energy resources and the sharing of modern environmental technologies.

Free Trade and Investment Liberalisation

In order to achieve rapid and sustained growth, the PBF is convinced that barriers to business must come down. The benefits of freer trade and investment are already manifestly evident in the Asia Pacific region. Progressive liberalisation in economy after economy in the Asia Pacific region has stimulated growth by enabling businesses to expand their activities across borders.

Free trade and investment liberalisation among the APEC economies on a non-discriminatory basis, as a vital and integral component of the PBF vision, must be a goal that APEC Economic Leaders adopt immediately. It is important for government-determined rules and regulations to keep pace with the fast-changing business environment. It is time for APEC Economic Leaders to take bold action - there is no time for delay in the adoption of this goal.

Supporting Measures

Free trade alone, however, will not sustain the dynamism of the region. Supporting measures relating to business facilitation, developmental policies and networking are needed to ensure that the removal of barriers will result in business expansion. There are three broad categories of facilitation and supporting measures that the PBF would like to highlight.

The first is a category of business facilitation measures. This category includes transparency in administrative systems, rules and regulations; the establishment of common and simplified customs procedures and codes; the relaxation of visa restrictions; the harmonisation of standards; the relaxation of restrictions on technology transfer; the protection of intellectual property rights; the establishment of dispute settlement mechanisms; the formulation of appropriate macroeconomic policies to keep costs of capital low, exchange rates stable and inflation rates low; and the promotion of sound business ethics.

The second category comprises human resources and business development policies that have a significant impact on trade and investment. Included in this category are human resources development; the development of small and medium enterprises (SMEs); the development of infrastructure; structural adjustment policies; and the adoption of best-practice benchmark models.

Government/business partnership and networking constitute the third category of supporting measures. Public/business sector cooperation already exists in many APEC economies. However, the PBF is of the view that the current level of cooperation is insufficient to meet the increased demands of further enhancing regional trade and investment. There is much synergy to be gained from increased cooperation, as both the government and business sectors play complementary roles.

APEC cooperation with regard to these facilitation and supporting measures is as important as trade and investment liberalisation. For example, while tariffs can be at zero level, complicated customs procedures can serve as a major restriction to imports. Similarly, the absence of a network of viable supporting industries is often a major difficulty for a foreign investor. Foreign investors should also be willing to play a role in developing local supporting industries.

At a practical level, work on many of these facilitation and supporting measures is already included in the APEC work programme. However, the PBF notes that the APEC work programme has become excessively broad and is in danger of losing its focus and failing to produce practical results that make it easier to do business. Only pragmatic results which manifestly move APEC towards a predictable trade and investment environment will encourage the continued involvement in APEC by the business sector - and indeed by our economies' leaders. To this end, APEC should identify immediate as well as medium term goals in priority areas.

As APEC enters its sixth year, it must prove its value by making clear and substantive progress toward improving the business and economic climate within APEC.

Free Trade and Investment Liberalisation

Framework for Free Trade and Investment Liberalisation

The PBF recommends that APEC Economic Leaders decide in 1994 to adopt the goal of free trade and investment liberalisation in the region.

In adopting this goal, APEC Economic Leaders should also make a decision as to the year when free trade will be achieved throughout the region. This date should allow sufficient time to enable economies, particularly developing economies, to make the structural adjustments necessary to cope with the increased competition that freer trade entails, and to find socially acceptable solutions to these difficulties. However, it should not be so distant that it will be irrelevant to the current agenda of the business community.

The PBF recommends as a goal that the implementation of free trade and investment liberalisation in the region be completed by the year 2002 by the developed economies, and no later than the year 2010 by the developing economies. The implementation of this programme must be GATT/WTO consistent and pursued in parallel with multilateral action.

Consistent with the above requirements, *the PBF believes that APEC member economies should proceed towards free trade by such measures as the full implementation of the existing Uruguay Round commitments, further unilateral liberalisation, liberalisation within the existing sub-regional free trade areas in APEC, and an APEC-wide negotiation covering all goods and services. The PBF also recommends that APEC supports the wish of all member economies to become members of the GATT/WTO.*

The PBF urges APEC Economic Leaders to make a commitment to an immediate standstill on all new measures which hinder trade among APEC economies.

On the question of anti-dumping, the PBF recommends that APEC member economies adhere faithfully to the rules adopted by the Uruguay Round, to refrain from using dumping as a predatory pricing measure and to refrain from using anti-dumping trade actions as a protectionist measure.

Investment Initiatives

The PBF recognises that APEC economies are all competing for a limited number of foreign investment dollars - not just among themselves, but among the emerging economies of the world. Thus, it is incumbent upon APEC Economic Leaders to create an environment which is conducive to foreign investment and in which business can feel confident that its investment will be secure, profitable and not beset by unnecessary and excessively restrictive or discriminatory rules and regulations.

Foreign direct investment is a win-win proposition. It can benefit both the investing economy and the host economy. Increased exports from the investing economy to the host economy, which often follow investment, improve the balance of trade and create jobs in the investing economy. The host economy receives a source of capital and frequently technology transfers; employment is created and the skill level of the host economy population rises; and often the finished product is exported to third economies, which improves the host economy's balance of trade.

Notwithstanding the benefits of investment, foreign investors regularly face difficulties in establishing and operating their businesses in host economies. Other than bilateral agreements whose effectiveness can vary in scope and application, and the limited agreement in the Uruguay Round on Trade-Related Investment Measures (TRIMs), there are few international mechanisms to address and remedy restrictions on foreign investments.

BARRIERS TO FOREIGN INVESTMENT

Central to these difficulties is a host of barriers described below.

- (1) **CONDITIONS ON INVESTMENT IMPOSED BY GOVERNMENT:** These include problems with right of establishment such as excessive approval requirements; minimum investment level requirements; limits on the share of ownership; commitments to manufacturing in the host economy; a set level of employment; requirements for the transfer of specific technologies and the establishment of R&D facilities; mandatory partnering; mandatory export requirements; local content requirements and various other performance requirements, some of which are addressed under the new TRIMs chapter of the GATT. These requirements raise costs, inhibit flexibility of action and ultimately discourage investment.
- (2) **LICENCING OR SCREENING OF INVESTMENT TO PREVENT ACCESS TO CERTAIN SECTORS AND MARKETS:** Examples of these include restrictions on access to important natural resources such as petroleum; culturally significant activities, mass media and telecommunications; and banking, finance, life insurance and other financial services. These attempts to protect domestic industry render them less competitive, undercutting longer term economic gain for the economy.
- (3) **PRIVATE AND PUBLIC MONOPOLIES AND CONCESSIONS:** These are a continuation of past practices and often lead to inefficiencies and higher costs to the consumer. Unless the procurement or bidding process is transparent and non-discriminatory, foreign investment will be discouraged.
- (4) **POLICY APPROACHES THAT INCIDENTALLY DISCOURAGE INVESTMENT:** These include low standards for the protection of intellectual property; tax policies that impose a high rate on earnings, on the return of royalties and dividends, or on the import or export of services; lack of, or outmoded, double taxation treaties; limits on the transfer of funds; building codes and supply quotas; and subsidies for both public and private enterprises.
- (5) **PRIVATE PRACTICES THAT EXCLUDE NEW ENTRANTS:** These include cartels and trade associations that impede access to distribution networks and other

necessary business infrastructure, and corporate governance practices that block participation by foreigners. When sanctioned or condoned by government, these are especially difficult to penetrate.

- (6) LACK OF FULL COMMITMENT TO NATIONAL TREATMENT: This would apply to both individuals and capital. If a company is not accorded full national treatment when it enters a market, it is put at a disadvantage.
- (7) LACK OF INFORMATION: Information concerning local companies which have the potential to become local partners for foreign investors is often incomplete in coverage, inaccurate and unreliable. This increases the search costs for foreign investors desiring to enter into joint ventures with local partners.

AN ASIA PACIFIC INVESTMENT CODE

A first step to approaching these barriers to foreign investment is the establishment of an Asia Pacific Investment Code. This Code will assist in reducing uncertainties and transaction costs of investment and investment-related trade, as well as encouraging the development of informal, cooperative approaches to resolving investment-related disputes. The PBF notes that the Code should maintain a balance among:

- (1) the need for strong, clear principles which can become legally enforceable; and
- (2) the varying degrees of difficulty that member economies would face in meeting these principles, mainly because of the different levels of economic development.

Foreign Investment: Indonesia Further Deregulates ¹

A number of APEC member economies have undertaken significant deregulation measures regarding restrictions on foreign investment. One of the most recent examples is that of Indonesia.

On 2 June 1994, the Indonesian Government announced a comprehensive set of foreign investment deregulations to accelerate economic development. The new policy offers more opportunities for foreign investors by:

- (1) allowing them to invest in businesses which were previously closed to foreign investors, such as telecommunications, ports, shipping and aviation;
- (2) abolishing minimum investment requirements;
- (3) allowing up to 100% share ownership by foreign investors; and
- (4) abolishing the divestment policy in which 51% of the share must be owned by the Indonesian partner(s) within 20 years.

¹ Throughout this Report, several examples are highlighted in boxes to illustrate points in the text. In each case, a number of examples were provided by PBF members. For reasons of brevity only a few are included in the Report.

The PBF welcomes the APEC Economic Leaders initiative, agreed in Seattle in November 1993, to develop a non-binding code of principles covering investment issues. *The PBF urges that the APEC Economic Leaders adopt the Asia Pacific Investment Code at their meeting in Bogor, Indonesia in November.* The PBF believes that the Asia Pacific Investment Code should include principles on:

- (1) transparency of regulations;
- (2) non-discrimination among investor economies;
- (3) national treatment;
- (4) right of establishment;
- (5) reporting requirements;
- (6) investment incentives;
- (7) host government performance requirements;
- (8) expropriation with compensation;
- (9) repatriation and currency convertibility;
- (10) settlement of disputes;
- (11) entry and sojourn of personnel;
- (12) avoidance of double taxation;
- (13) relaxation of restrictions on technology transfer (except in cases governed by national security considerations);
- (14) counterfeiting, transfer pricing and tax evasion;
- (15) environmental protection and improvement;
- (16) responsibilities of investors; and
- (17) responsibilities of host economies.

In developing the Investment Code, APEC Economic Leaders should be careful not to endorse a programme which would allow current standards to be lowered. Parallel efforts by other organisations should be taken into account. APEC Economic Leaders should also make clear that the adoption of a model investment code does not preempt the future adoption of a more rigorous standard.

The PBF urges APEC Economic Leaders to:

- (1) *make a commitment to an immediate standstill on all new measures which hinder investment flows between members;*
- (2) *incorporate elements of the non-binding investment principles into their domestic investment laws where appropriate; and*
- (3) *develop a legally enforceable and binding code of investment principles as soon as possible.*

Business Facilitation

Transparency

Businesses investing, operating or trading in APEC member economies are often confronted by a lack of transparency, both with regards to information concerning the existing rules and regulations as well as the nature of enforcement of these rules and regulations. In some economies, finding out what the rules and regulations are is often a time-consuming and cumbersome process as rules and regulations are poorly documented, or even unavailable in written form. Inconsistency in the regulatory framework makes compliance difficult for businesses. Applications for approvals may also involve lengthy, complex and costly legal procedures. These obstacles make business projections uncertain, investment decisions difficult, and the overall cost of doing business very high.

The PBF recommends that APEC Economic Leaders make transparency a priority in their regulatory and administrative regimes and in the standard operating procedure in their economies, particularly in the case of the many rules and regulations affecting business. The following are some suggested measures:

- (1) making information on a member economy's laws, administrative systems and regulations easily available in a common language, to be published at least annually by member economies and to be submitted to the APEC Secretariat;
- (2) making "administrative guidance", which is often vague and obscure, explicit and easily understood; and
- (3) establishing information and support service centres to promote trade in goods and services as well as direct foreign investment. Such information could also be supplied through an APEC electronic-based network.

Border Restrictions

Border restrictions are a major impediment to the conduct of international business, affecting the cross-border movement of goods, services, capital and people. These restrictions are not confined merely to tariffs and quotas. Lack of transparency and complex customs procedures which can and do lead to corrupt practices, and inefficiencies relating to customs, make customs clearance a burden on business. So too with visa procedures, rules and regulations. Customs and immigration controls in each port of entry or exit should not be an obstacle course for the foreign investor or the exporter, but in many APEC member economies they are. This situation not only discourages the would be investor but it can add unbearable costs to existing businesses as well.

CUSTOMS PROCESSING

The movement of goods and services across borders has grown phenomenally in the last few decades. This has placed tremendous pressure on out-moded and ill-equipped customs practices. While business ought to pay for fair and due

customs clearance, it should not be penalised for systemic inefficiencies. Such penalties add unreasonable costs to doing business. Technological developments, such as the electronic processing of entry documents, can help overcome the burden. Governments, for their part, must overhaul the standard operating procedures and move quickly towards simplification and harmonisation of customs procedures.

The PBF welcomes the ongoing work in APEC in the customs area. However, the PBF is not convinced that concrete results are likely to be achieved rapidly without clear direction from APEC Economic Leaders.

Delays in customs processing means time and money lost to business. While customs systems vary from economy to economy and harmonisation of

Customs Problems

Example # 1

An exporter from an APEC member economy recently faced a problem with the customs of another APEC member economy. His products were classified differently from that of two other exporters of the same product who were from two other economies. As a result of this difference in classification, the exporter faced a much higher tariff rate compared to his competitors, which resulted in a loss of sales.

Example # 2

The International Anti-Counterfeiting Coalition reports that the customs authorities in some APEC member economies often "look the other way" at the activities of counterfeiters, either because they are paid to ignore enforcement, or because they do not know how to determine counterfeits. This is particularly true in the sound recording and video industry.

Example # 3

A few APEC member economies do not appear to use a standard system for determining customs value. As a result, some exporters complain that products which are exported from a different economy enter at "values" much less than the actual value, and therefore pay less duty.

Eliminate Customs Delays - Carry a Carnet

A carnet is a simple customs document designed to facilitate customs processing for commercial samples. Used by all types of business people from exhibitors participating in foreign trade fairs to architects with valuable drawings, it allows the business traveller to use a single carnet for goods which will pass through the customs of several economies in one trip; make customs arrangements in advance for the economies to be visited, quickly, at a predetermined cost; and make any number of trips within the one-year validity of the carnet.

Carnets are issued and managed by chambers of commerce around the world. For example, the Carnet Canada division of the Canadian Chamber of Commerce processes applications within four business days.

procedures could take some time, the PBF believes the adoption of a common APEC customs code should be an important goal. In addition, the PBF notes that rules of origin have the potential to become the next technical barrier to trade. *The PBF urges all APEC member economies to participate actively in the GATT 1994 three-year work programme on the harmonisation of rules of origin.*

In view of the importance of customs clearance to the business community, *the PBF recommends that measures to accelerate customs processing be implemented expeditiously. These include:*

- (1) the simplification of customs documentation, such as reducing the length and number of forms that need to be completed;*
- (2) education and training of customs officers to upgrade standards of proper and prompt implementation of customs processing;*
- (3) the use of electronic means of customs documentation and processing;*
- (4) the development of an APEC electronic tariff database;*
- (5) the harmonisation of customs classifications, to reduce search time in determining the correct customs code for a specific product to be exported to or imported from different economies; and*
- (6) the establishment of a carnet system, involving an acceleration of customs clearance for goods destined for promotional use.*

VISA PROCESSING

Travel within the Asia Pacific region has increased substantially in recent years. Not only has continued economic growth brought about a significant increase in business opportunities, but advances in transportation have also reduced the cost and time of travelling. As a result, travel for both business and pleasure has multiplied throughout the region. This is conducive to promoting regional trade and investment, and therefore contributes directly or indirectly to economic growth.

However, the PBF notes that difficulties still exist in travel procedures which increase the time and cost of travelling. Visa requirements are a serious impediment, particularly for short business trips.

We recognise that pre-entry control in the form of visa requirements may be necessary in certain circumstances, and it may therefore not be practicable to abolish visa requirements altogether.

Visa-free Entry Within ASEAN

ASEAN has done away with visa requirements for citizens from other ASEAN economies. An ASEAN citizen is free to travel to other ASEAN economies at short notice, without first having to apply for a visa. This is particularly convenient for business travel. The short travel time among ASEAN economies often means that meetings can be conducted within a day. It is common, for example, to take the morning flight from Singapore to Jakarta, and to return by the same evening.

However, considering the speed and efficiency required for the conduct of business today, the PBF is of the view that much can be done to relax visa requirements.

The PBF recommends the immediate implementation of:

- (1) the relaxation of visa requirements and acceleration of visa processing wherever possible;*
- (2) visa free entry for the citizens of other APEC member economies for short stays of, for example, up to seven days, which would cover a large percentage of business travel;*
- (3) the granting of multiple entry visas or special documentation, such as a "smart card", for frequent business travellers; holders of such documents should be entitled to use special immigration facilities which would expedite their entry and exit;*
- (4) temporary work permits for professional visits and short term residencies; and*
- (5) temporary visas for instructors and participants in overseas vocational training and apprenticeship programmes.*

Standards and Conformance

Product standards differ widely among APEC member economies, creating barriers to the free flow of goods and services. This variation also increases business costs as product runs have to be adjusted to meet individual economy requirements. The PBF recognises that governments may need to have differing requirements for a number of legitimate reasons - for example plant, animal or human health, conservation or environment requirements - but believes that much work still remains to be done towards the harmonisation of international product standards.

The PBF takes note of the ongoing work within APEC on the issues of harmonisation of standards and mutual recognition of testing and certification arrangements. *The PBF recommends that APEC member economies make every effort to move as quickly as possible towards the harmonisation of domestic product standards with international standards.* In so doing, APEC can help reduce the cost of transactions and facilitate the exchange of useful information. As APEC moves towards harmonisation of standards, *the PBF recommends that APEC encourage the negotiation among its member economies of mutual recognition arrangements, covering a wide range of standards above a prescribed minimum threshold.* *The PBF urges APEC to accelerate its work currently underway aimed at broadening mutual recognition of testing and certification arrangements in the region.*

Intellectual Property Rights

Intellectual property takes many forms including, but not limited to, patents and trademarks, literary works, films, paintings, manufacturing techniques, computer programming, pharmaceutical and chemical processes, trade secrets, integrated circuit design, software, symbols, and inventions with utility. As we now live in a globalised economy, it is vital that mechanisms and procedures are developed and implemented to ensure that intellectual property rights are preserved. Investment

capital will not flow towards those providers of products or services which can be duplicated easily by a competitor. Providers of capital funding seek companies that have an extra edge in the competitive marketplace. This extra edge is often patents or other forms of designated intellectual property.

However, protection of intellectual property is grossly inadequate in some APEC member economies. Piracy and counterfeiting of computer software, music, brand name products and manufacturing techniques occur blatantly and contribute to billions of dollars in lost sales. This harms the patent holder and inhibits, or even prevents, the development of related industries and potential spin-off opportunities and technology transfer in these markets, and ultimately discourages the development of high technology industries.

The PBF recommends that all APEC member economies:

- (1) should begin implementation of the Trade Related Aspects of Intellectual Property Rights (TRIPs) agreement in the shortest time possible, if they are signatories. Those economies that are not yet signatories should comply with the provisions of TRIPs as fully as possible. APEC should also encourage all members to adhere to the provisions of the Berne Convention;*
- (2) undertake to develop credible enforcement, with penalties that effectively deter intellectual property violations;*
- (3) conduct public education and awareness campaigns as a way of improving intellectual property protection;*
- (4) agree to address within APEC the following intellectual property issues: copyrights, patents, trademarks, industrial design and trade secrets.*

Technology Transfer

Some APEC members need special support in technology transfer to speed up economic development. All APEC member economies, and especially those with advanced technology, should actively encourage technology transfer in the interest of mutual prosperity. On the one hand, business should be given greater freedom to transfer technology according to their own commercial judgement. On the other hand, while taking into account national security concerns, government restrictions should be minimised.

The PBF recommends that APEC should examine existing government restrictions on technology transfer, with a view to eventually formulating a set of APEC-wide principles on technology transfer.

Dispute Settlement Mechanisms

In recent years, trade-related disputes between APEC member economies have occurred with greater frequency. By threatening to disrupt good relations between economies, these also have posed a threat to the continuing prosperity and success of business in the entire Asia Pacific region. PBF members are deeply concerned about these trade-related disputes between member economies.

At the same time, PBF members are also concerned about commercial disputes between businesses in different member economies. The legal framework for dispute resolution is very often unclear and commercial disputes are frequently taken outside the region for resolution.

There are existing dispute settlement procedures within the GATT, which will be strengthened with the establishment of the World Trade Organisation (WTO). However, the existing and future GATT processes do not address commercial disputes, as the GATT, properly, addresses disputes between governments. The PBF believes that the resolution of both intergovernment trade disputes and corporate commercial disputes will be considerably enhanced if disputes can at least be reconciled initially within an APEC regional framework. The recommendations which follow are therefore intended to complement rather than replace the WTO dispute settlement procedures.

The PBF recommends that APEC Economic Leaders adopt a proposal to establish an agreed panel of third party APEC member economies on an ad hoc basis to assist in dispute settlement between APEC members prior to taking the dispute to the GATT/WTO where appropriate, and undertake to give serious consideration to any guidance or recommendations offered by the third party panel.

The PBF further recommends that APEC Economic Leaders agree to establish separate regional mechanisms for the settlement through mediation, arbitration, etc of commercial disputes between businesses in APEC economies, where the present procedures are unclear.

Macroeconomic Policies

THE COST OF CAPITAL

The PBF notes that the cost of capital which an individual business faces is a function both of that individual business's financial performance as well as that of the overall political and economic environment. The PBF wishes specifically to address the latter.

PBF members note that the cost of capital in some APEC economies is much higher than international rates. For example, a high economy-risk rating could result in lending rates which are as much as 10 percent above LIBOR (London Interbank Offered Rate). A solution to lower lending rates would be to achieve political and macroeconomic stability in the economy, and thereby to lower the risk rating of the economy. However, companies might still want to do business in such high risk economies. The problem is that organised capital markets do not exist, or exist in a fledging state, in such economies, and this constitutes a serious constraint in raising capital. Thus, there is a strong need for government to minimise the political and economic risks in order to lower an economy's overall risk rating as well as interest rates in general. This requires political stability, steady economic growth with low inflation and the improvement of the balance of payments by the implementation of sound financial and monetary policies.

Measures which will reduce the cost of financing include:

- (1) improving the financial and economic regulatory environment of borrowing economies, which requires a reinforced rating system, corporate performance disclosure procedures, and improved commercial laws and accounting regulations;
- (2) further liberalisation and internationalisation of financial and capital markets in member economies;
- (3) improving and reinforcing the funding of international financial institutions, bilateral development funding agencies and export credit agencies; and
- (4) examining the feasibility of establishing a new financial institution to increase the availability of long-term financing to the business sector in developing economies, to promote trade and investment in the region.

STABILITY OF EXCHANGE RATES

In addition to the cost of capital, volatility of exchange rates is another financial factor that adds to business costs. Large fluctuations in exchange rates, particularly that of the major currencies, increase uncertainty in pricing and are disruptive to the flow of international business transactions. The PBF is of the view that governments should avoid destabilising measures which tempt excessive speculation.

The cost of capital and volatility of exchange rates illustrate the importance of the overall macroeconomic environment to the business/private sector. Sound macroeconomic policies, in particular prudent budgetary policies, have significant influence on the cost of doing business in an economy. High rates of inflation increase the level of uncertainty and channel resources into unproductive and speculative activities, and have a detrimental effect on productivity and growth in the long run. The PBF urges APEC member economies to maintain sound monetary and fiscal policies to encourage steady growth with low inflation.

Business Ethics

An obstacle which businesses often face in some APEC member economies is a business environment where there is discretionary and discriminatory application of regulations, sometimes influenced by the granting of favours. This is a non-tariff barrier that directly increases the cost of doing business.

To promote regional trade and investment, it is important to develop a transparent business environment in APEC member economies so that business may be conducted on a fair and non-discriminatory basis. This sense of fair play is crucial to investor confidence. Furthermore, good business ethics lowers the cost of doing business. It is important for member economies to fight corruption and promote good business ethics.

At the same time the PBF, as a business group, recognises that business ethics is a two-way street: just as business demands that governments act ethically, so too must business. Investing corporations have an obligation to act as socially responsible corporate citizens in the host economy. Such responsibilities include respect for the host's laws and regulations, labour practices and environmental protection codes. Business should not seek to undermine the integrity of the system by inducing corruption. Business should strive to be seen as fair, transparent and trustworthy.

We believe that the APEC member economies' determination to promote and establish good business ethics and practices will help create a clean, fair and efficient business environment in the Asia Pacific region.

To promote good business ethics, the PBF recommends that:

Government should:

- (1) adopt a transparent, open style of government in order to reduce opportunities for discretionary and discriminatory behaviour. For example, government authorities could draw up clear licencing procedures;*
- (2) institute tough legal sanctions against corrupt practices. Corrupt practices and the associated penalties should be clearly defined in the relevant laws. Enforcement of these laws should be pursued vigorously and relentlessly. The enforcement agency should be independent and made accountable to the legislature or a public body to maintain its credibility;*
- (3) launch public education campaigns to raise public awareness of the desirability of sound business ethics; and*
- (4) include good business ethics and practices in school curricula and business/management programmes of tertiary institutions.*

Business should:

- (1) recommend, through chambers of commerce and trade and professional organisations, best business practices for their members to follow;*
- (2) identify and promote better accounting and auditing methods which make it more difficult to hide corrupt practices; and*
- (3) encourage individual businesses to publish a corporate ethics statement emphasising the company's commitment and that of its employees to proper business practices.*

Human Resources and Business Development Policies

Human Resources Development

Human resources development is central to achieving sustained economic growth in any economy. It also is a key developmental policy in enhancing continued flows of regional trade and investment.

There is much that can be done by both governments and businesses in cross-border training and management programmes. Businesses in the developed economies in APEC could do more in terms of the systematic transfer of production, sales and managerial skills and scientific technologies to local staff in their overseas companies by on-the-job-training programmes (OJT) and employment.

At the same time, government and business could also cooperate in the area of human resources development including:

- (1) the provision of training programmes in the developed home economies of businesses, and the despatch of skilled technicians and experts to developing host economies;

Training Programmes

Example #1

The Japan International Cooperation Agency (JICA) directly provides training in such fields as business administration, quality control and environmental conservation. It also despatches experts to developing countries to transfer technical expertise as needed.

Example #2

Malaysia has set up the Human Resources Development Fund (HRDF) to provide financial assistance for companies to retrain their employees or upgrade their skills. HRDF subsidises up to 80 per cent of the allowable costs of training.

Example #3

The Canadian Forum for International Training (FITT) caters to Canadians who want to be effective in the global marketplace. It focuses on a variety of skills needed by both large and small and medium enterprises. It provides practical, hands-on training using leading-edge approaches.

- (2) the provision by companies from developed economies of management training for personnel from developing economies to prepare them for middle and senior positions in such companies;
- (3) the provision of programmes related to human resources development, such as an entrepreneurial development programme, manager exchange programme for SMEs, cultural exchange programmes, job retraining, training of trainers, and women's entrepreneurial development programmes;
- (4) the establishment of a network of all categories of human resources development institutions for the benefit of the region as a whole. There is often synergy to be gained by linking institutions of education and training; institutions of science and technology; and institutions of business and industry, within and among economies; and
- (5) the systematic establishment of best-practice benchmarks in human resources development.

The PBF endorses the priority accorded to human resources development in APEC and notes the progress made in ongoing efforts. In addition, *the PBF recommends more intensive efforts in the regional transfer of skills, technology and personnel. It urges both government and business to explore regularly new ways and means to continue and enhance cooperation in human resources development.*

CULTURAL EXCHANGE

The Asia Pacific is a region of diverse cultures, languages and peoples. Differences in value systems can easily lead to misunderstanding and miscommunication at both the business and governmental levels. It should not be taken for granted that these differences can be easily bridged. The active promotion of mutual understanding of the languages, cultures and customs in the Asia Pacific region is needed. This will help in the forging of business relations and the understanding of overseas business environments - two critical components of regional trade and investment.

The PBF therefore considers cultural exchange in the Asia Pacific region to be an important facilitator of regional business.

The PBF recommends:

- (1) *introducing or strengthening home-stay programmes among APEC member economies;*
- (2) *enhancing and expanding student exchange and training programmes; and*
- (3) *enhancing and expanding scholarship programmes for universities and business apprenticeships.*

In recognition of the importance of cultural exchanges, the PBF urges the business/private sector in APEC to play a greater role in this area. In particular, *the PBF recommends that the business sector in APEC member economies undertake some financial commitment to support cultural exchange.* This would be one way in which businesses can share their gains with the societies where they are located, and contribute to the region's common prosperity.

Small and Medium Enterprises (SMEs)

In initiating the establishment of the Pacific Business Forum, the APEC Economic Leaders, at their Blake Island meeting, specifically mentioned that participation from each economy should comprise one member representing big business and one representing SMEs. The Leaders, in their Vision Statement, also recognised the need to strengthen the policy dialogue on SMEs within APEC.

APEC Economic Leaders have recognised the strategic role that SMEs play in the areas of employment creation, entrepreneurship development, technological change and wealth creation. In terms of numbers, SMEs constitute the majority of the business/private sector in the developed as well as developing APEC economies.

SMEs IN REGIONAL BUSINESS ACTIVITIES

Although SMEs are important in terms of numbers and domestic employment creation, currently they play only a minor role in terms of regional trade and investment. The Asia Pacific region's export markets and foreign investment flows are dominated by large companies. The PBF is of the view that there needs to be an explicit effort to promote and assist SMEs as regional players.

SMEs face a number of constraints in the regional market, including limited access to market intelligence relating to business opportunities; limited access to production inputs, such as finance; difficulty in meeting product standard specifications; inadequate track records and experience; and social and cultural mores which discourage the participation of certain groups, for example women, in business activities.

Programmes to assist and develop SMEs should therefore aim to:

- (1) reduce, and as far as possible eliminate, administrative and unfair competitive barriers to market accessibility and distribution channels;
- (2) improve accessibility to financial institutions providing credit, venture capital, leasing and insurance;
- (3) promote and assist in technology upgrading;
- (4) enhance their organisational and managerial capability;
- (5) reduce red-tape in government agencies; and
- (6) foster business partnerships and strategic alliances.

The basic orientation of these programmes should be to upgrade the productivity of SMEs and to develop their competitiveness. SMEs need to be given a headstart, but always with a view to establishing companies which will be viable in the long-term.

The PBF recognises that assisting the development of SMEs is a responsibility which should be undertaken both by the public and the business/private sectors. In particular, large enterprises can, through subcontracts and procurements, assist SMEs to upgrade their technological and managerial capabilities, such as standards and quality control. With their vast marketing network, large enterprises can also be of valuable assistance to SMEs in their search for new

business opportunities. Strategic alliances including franchising and new forms of dealerships benefit both large enterprises and SMEs alike. Linkages between large and small enterprises can occur not only within an economy, but also between economies, such as between a large enterprise from a developed economy and an SME from a developing economy.

The PBF recommends that APEC Economic Leaders institute programmes that:

- (1) provide seed capital to SMEs through networks of private and corporate investors and venture capital companies in order to link SMEs to risk capital, and tax incentives to encourage such linkage;*
- (2) assist SMEs to develop high-technology products and processes through R&D, for example by the commercialisation of academic research and sponsorship of applied research;*
- (3) establish business incubators for start-up companies to nurture them through their initial and vulnerable stages of development;*
- (4) create linkages between large enterprises and SMEs within economies and across borders through, inter alia, subcontracts and procurements; and*
- (5) facilitate networks among SMEs within economies to reduce costs and share market intelligence.*

DEVELOPING LOCAL SUPPORTING INDUSTRIES

One area where SME development is clearly beneficial is the development of a thriving local supporting industry. A flourishing local supporting industry network would increase the share of local procurement, increase local manufacturing and service sector capacity and enhance the future competitiveness of developing economies. It is thus a win-win situation for all concerned. From the economy's point of view, it serves to attract foreign direct investment; reduce imports of intermediate goods; conserve foreign exchange and hence improve the balance of payments; and assist in employment creation and general economic development. From the point of view of the foreign investor, the existence of a flourishing local supporting industry network is definitely an advantage in their foreign operations.

Local Vendor Development Programmes

Some developed economies have programmes to assist the development of local supporting industries in developing economies. One example of such a programme is the Asia Supporting Industry Action (ASIA) Program, established by the Government of Japan in partnership with the business sector.

The partner economy identifies model enterprises in priority industrial sectors. Private and public institutions in Japan then provide information as well as oversee the effective implementation of assistance measures. Such measures include capital investment assistance, expansion of sales outlets, human resources development through training of industrial engineers and promotion of R&D.

Multinational companies (MNCs) generally procure, particularly at the initial stage, the larger amount of their parts and components from their home economies. While this is understandable when the local supporting industry base is underdeveloped, the PBF urges foreign investors to give special consideration to the local procurement of parts and components. MNCs, by doing so, can assist in the upgrading of product standards and overall organisational capability, and thereby contribute significantly to the development of local supporting industries.

The PBF also urges APEC member economies, in their effort to help SMEs, to emphasise the development of local supporting industries. In addition, they should formulate clear and supportive policies to encourage large enterprises to participate in this endeavour.

Technological Cooperation Among SMEs

In addition to the vertical large enterprise/SME relationship discussed above, technological cooperation among SMEs in the Asia Pacific region which are involved in the same line of business but located in economies with different levels of development, would also be beneficial. Close cooperation of this kind would enable SMEs in developing economies to benefit from the training in new technologies which SMEs in developed economies can offer, while at the same time SMEs in developed economies can benefit from the additional manpower that such cooperation offers. *The PBF recommends that APEC member economies encourage technological cooperation among SMEs by offering administrative and fiscal incentives.*

Infrastructure Development

REGION-WIDE INFRASTRUCTURE DEVELOPMENT

Infrastructure development in the Asia Pacific region has not kept pace with the region's rapid growth. Specifically, rapid industrialisation has highlighted shortcomings in power generation and distribution, running water, roads, harbours, telecommunications and other aspects of public and industrial infrastructure. Unless specific and immediate measures are taken to implement improvements in infrastructure, this will become a serious impediment to sustained rapid economic growth.

The PBF draws attention to the urgent need for infrastructure development on a region-wide basis. There are a large number of projects which should be undertaken as cooperative efforts beyond national borders, for example, transport and communications. Existing national highway networks can be expanded and cross-border linkages developed to build international highways which connect a number of APEC economies. Such cross-border transportation systems facilitate the movement of goods and people, lower transportation costs and thereby reduce the cost of doing business. Similarly, electrical power systems could sometimes most efficiently be constructed on a multi-economy basis by covering geographically proximate subregions in a number of economies.

For region-wide infrastructure development to proceed efficiently and smoothly, further regional dialogue is needed to determine the current state of each economy's resource utilisation and to harmonise individual economies' infrastructure development plans. *The PBF recommends that a comprehensive plan for region-wide infrastructure development in key sectors be drawn up for the APEC region.* The key sectors include telecommunications, transportation, tourism and energy. The plan should be published and should include a schedule of all major planned infrastructure projects. APEC Economic Leaders should instruct their relevant ministers to avoid wasteful duplication of effort and remedy any failure to coordinate infrastructure links among APEC economies. Such a plan would also help determine the priority level of suggested projects.

Infrastructure development is one key area where the business/private sector can make a significant and useful contribution. Direct participation of the business/private sector via such schemes as Build, Operate and Transfer (BOT) and Build, Own and Operate (BOO) not only helps relieve governments from the burden of financing, but also can lead to the transfer of technologies and design skills which are essential to modernising infrastructure throughout the region. Business/private sector banks and financial institutions can provide access to long-term financing, and can supplement institutional funding from governments and international development banks.

The PBF advocates more extensive involvement of the business/private sector in the conception and implementation of these projects. An essential ingredient in this process is effective dialogue between the public sector and business/private sectors. *The PBF recommends that a joint public and business/private sector task force on region-wide infrastructure development be established.* This group could articulate APEC's long-term vision for developing region-wide public and industrial infrastructure, and assist in the development of the region-wide infrastructure development plan.

THE APEC INFORMATION INFRASTRUCTURE

The communications technologies of telecommunications, television and computers are all converging to create what is commonly referred to as "information highways" for rapid and efficient delivery of voice, video and data services. The domestic information infrastructure being developed today in the Asia Pacific region will have a profound effect on the emerging global information highway. It is therefore important that while industry is working to realise domestic information infrastructure objectives, governments must work to facilitate and not frustrate their progress. APEC, as a regional organisation, is an ideal forum in which to frame the critical issues surrounding the global information highway.

To realise the benefits of a global information infrastructure, there are a number of critical issues and challenges that must be addressed, including:

- (1) standards, interoperability and open architecture;

- (2) security and privacy of information;
- (3) intellectual property;
- (4) universal access and service;
- (5) flexible regulatory environments; and
- (6) financing.

The PBF recommends that, while plans for the global information infrastructure are in their infancy, there should be consultations between the public and business sectors on issues related to information infrastructure. Recognising the on-going work in this area by the APEC Telecommunications Working Group with its business sector involvement, the PBF urges that a meeting of ministers responsible for telecommunications policies be convened in 1995 to address these issues.

SUSTAINABLE DEVELOPMENT

In considering the development of infrastructure, the PBF notes the importance of a number of issues which confront the development of the region now and will do so in the future. The PBF has not addressed these in detail in this report, because of the need for focus and the fact that they fall outside the specific issues referred to the PBF by APEC Economic Leaders.

These include:

- (1) THE ENVIRONMENT: the need for economic development in the region to occur on an environmentally sustainable basis, taking into account the different resource endowments and stages of development of the economies within the region. However, environmental protection should not be taken as an excuse for creating new barriers to trade;
- (2) ENERGY: the need for the conservation of severely limited energy resources. It is a special challenge to balance between the need to conserve and the equally legitimate need to meet the demands of developing economies for which energy is a critical input for economic growth. A balance also needs to be maintained between the increased use of energy (and other primary resources), and the potentially negative impact on the environment. Also, energy management needs to be viewed both from the domestic and regional perspectives as cooperation among economies could help cut down energy wastage. It is particularly important that all APEC members build a common awareness of the trends in supply and demand of primary resources. The APEC business sector can add further to regional cooperation by mutual transfer of technologies and expertise regarding energy efficiency.

The PBF notes that attention is being directed to these matters in a variety of international fora as well as within APEC, and that they are global as much as regional issues. It is also noted that international discussions on environmental and energy issues are still in the evolutionary phase.

However, the PBF is wary that these are all areas where domestic policies could be formulated or administered to create barriers to international trade and the flow of investment capital. Therefore, the PBF urges close cooperation between the public sector and the business sector to ensure that policies enhance rather than inhibit economic development.

Structural Adjustment Policies

The promotion of free trade and investment liberalisation requires a weakening of the protectionist forces in member economies which oppose this process. Some business owners and workers in declining industries support protectionism because they feel that liberalisation threatens their interests. In order to assist them in adapting their business activities and skills to changing economic conditions, *the PBF recommends that APEC member economies should promote both structural adjustment policies and policies to increase labour mobility.*

Structural adjustment policies include:

- (1) government-provided advisory and consultation services on business diversification, especially for SMEs;
- (2) tax exemption, tax credit and other preferential tax treatment for R&D, facility automation and replacement of old equipment; and
- (3) governmental low interest loans, credit guarantees and venture capital provisions to assist companies in declining industries in their diversification effort.

Measures to promote labour mobility include:

- (1) expanding worker re-education programmes at public and private institutions of learning at all levels;
- (2) establishing or strengthening a nationwide re-employment and relocation database, and public and private relocation agencies; and
- (3) adjustments in taxation and pension systems to facilitate job changes.

Best-Practice Benchmarking

Best-practice benchmarking is the process of identifying, studying and learning from organisations or economies that set standards of excellence in accomplishing a given task, process or function. The process involves four steps:

- (1) IDENTIFICATION: this phase requires identification of areas to benchmark, such as SME development and a one stop agency for investment facilitation;
- (2) ANALYSIS: this involves the study of areas such as the policy, structure and system which facilitate the achievement of excellence;

- (3) LEARNING: the third phase involves learning how to improve and set realistic targets and create a system allowing continuous improvement;
- (4) IMPROVEMENT: long-term best-practice targets could be set, but it is important as well to set short term targets, perhaps annually, to benefit from incremental gains, develop confidence and set more challenging targets which will move towards the eventual achievement of best-practice.

These models would serve as the best-practice ideal towards which all APEC economies should strive. These benchmark models would not be static but would have to be updated and modified periodically. There could also be best-practice models appropriate for economies at different stages of development.

Businesses often adopt best-practice benchmarking in their goal-setting at various levels of the organisation, such as a minimum defect rate in production, promptness in customer service and achievable sales targets. The PBF suggests that best-practice benchmarking can also be a useful tool for APEC member economies in the institutional framework affecting regional trade and investment.

This approach to the problem has numerous advantages. As best-practice models, these benchmarks would not be in any sense mandatory for APEC members. If the principle of establishing best-practice benchmarks is to be adopted prior to establishing the specific models to be endorsed by APEC, the process could be made nonthreatening and potential opposition to specific benchmark models could be overcome.

In addition, benchmarking could prove an effective and relatively low cost vehicle to achieve both consensus and movement on defining recommendations acceptable to all APEC members.

The PBF recommends to APEC Economic Leaders that APEC systematically establish a set of best-practice benchmark models for major aspects of regional trade and investment. These benchmark models should include key performance indicators similar to those widely used by the business sector.

Government/Business Partnership & Business Networking

Government/Business Sector Partnership

Government/business sector cooperation exists in many APEC economies. There are formal and informal channels for feedback and communications from the business community to governments and vice versa. Overseas investment promotion trips by government leaders often include business sector members. Business joint ventures between government or semi-government agencies and corporations are quite common.

Unlike many international organisations in which the business sector participates peripherally, from its inception APEC has encouraged the active involvement of the business sector. For example, business sector representatives participate in many APEC working groups as part of member economy delegations. The degree of participation depends on the area of discussion with, for example, active involvement of the business sector in the Telecommunications Working Group.

However, the PBF is of the view that the current level of direct participation by the business sector in APEC Working Groups is insufficient in helping to set their agendas and indeed in leading certain APEC Working Groups. There is much synergy to be gained from increased cooperation between the government and business sectors.

JOINT GOVERNMENT/BUSINESS SECTOR COMMITTEES

There are two main areas where the public and business sectors can work together. The first area is the establishment of committees/working groups comprising representation from both sectors. Governments and businesses bring different perspectives to the discussion table, both legitimate, though sometimes conflicting. What is required therefore, is an ongoing dialogue which would generate mutual understanding of concerns and appropriate policy outcomes.

Earlier in this report, the PBF has proposed the following:

- (1) joint public/business sector cooperation in human resources development, including more intensive efforts in the regional transfer of skills, technology and personnel;
- (2) the joint establishment of a vendor development programme to help nurture SMEs;

- (3) a joint public/business sector task force on region-wide infrastructure development; and
- (4) public and business sector consultation on the development of an APEC information infrastructure.

A NEW APPROACH TO FINANCING INFRASTRUCTURE DEVELOPMENT

The second area of cooperation is the financing of infrastructure projects, and other projects requiring large up-front financial commitments with long gestation periods. While governments may not have the capacity to engage in these projects due to a shortage of public sector funds, some of these projects may not be sufficiently attractive to the business sector because of difficulties in commercial viability. The problem is usually one of time, with payback periods, based on commercial calculations, being too long to justify the necessary investment.

Governments and business can form new, mixed public/business sector companies to engage in infrastructure projects. For example, these companies could be established to provide infrastructure services, such as water treatment, waste disposal and energy savings for industrial estates or for industry segments in the developing world. Financial arrangements such as Build, Own and Operate (BOO) and Build, Own and Transfer (BOT) could involve both business and government equity participation, with business taking the majority, and government, the minority, share ownership.

PRIVATISATION

The benefits of privatisation are now well recognised in the Asia Pacific region. The transfer of management and ownership from the public to the business sector has enabled the former public sector companies to become more efficient, competitive and profitable.

Privatisation has enabled the business sector to play a more active and successful role in economic development and liberalisation. Such direct participation by the business sector is beneficial not only in the development of infrastructure but also in other business activities. *The PBF believes that APEC should continue to encourage further privatisation efforts throughout the region.*

AN APEC BUSINESS ADVISORY FORUM

In calling for the establishment of the Pacific Business Forum, APEC Economic Leaders recognised the need for direct, unfiltered and uncensored views from the business sector in the region, representative of large, and small and medium enterprises.

The members of the PBF have found it to be an effective forum. It has been able to address the breadth of APEC issues in an objective and independent manner. Its members believe that a continuing input from the business sector will be valuable to APEC Economic Leaders.

The PBF recommends the continuation of the dialogue between the APEC Economic Leaders and the business community, and the establishment of an APEC Business Advisory Forum, appointed by and reporting to the Leaders, to help achieve APEC's objectives. Among its roles, the Forum should:

- (1) act as an independent voice of the APEC business community;
- (2) provide direct input on business issues to APEC Economic Leaders;
- (3) review progress towards regional free trade and investment liberalisation; and
- (4) make annual recommendations to the APEC Economic Leaders for the improvement of the business environment in APEC.

The Forum should be small and include representation from large and small businesses. The Forum is meant to complement, not replace, the existing business organisations and their valuable role in APEC.

Business Networking

REGIONAL BUSINESS NETWORKS

One of the major success factors in the Asia Pacific region's rapid economic growth is business networks. They play a catalytic role in creating, identifying and realising business opportunities. In addition, some of these organisations have provided research and analyses on regional issues that have benefited both government and business. A business network survives only if it delivers.

Regional business networks are of particular relevance and significance to the Asia Pacific business community. There are a number of organisations that emphasise business networking in the Asia Pacific region, such as industry organisations and chambers of commerce. These include the Pacific Economic Cooperation Council (PECC), a tripartite organisation comprising academic, business and public sector participation; the Pacific Basin Economic Council (PBEC), an association of business leaders; the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI), comprising chambers of commerce and industry from various Asian economies; and the recently established Asia Pacific Business Network (APB Net).

The PBF acknowledges that there may be some overlap in function among these organisations, but each can provide a unique perspective. Bearing this in mind, the PBF endorses the work of each of the regional business networks, as they play an important role in fostering closer personal and corporate relationships in the Asia Pacific region, as well as contributing to the formation of government policy.

APEC ELECTRONIC-BASED BUSINESS NETWORKS

Computer-based electronic business networks with interactive capabilities would be of direct benefit to SMEs in facilitating access to information, markets

and factor inputs. These electronic-based business networks would include the following:

- (1) procurement lists;
- (2) qualified supplier/vendor lists;
- (3) R&D databases;
- (4) capital databases; and
- (5) business/trading and strategic alliance opportunities.

In order to be useful, these electronic networks should be readily accessible to the regional business community, with low usage cost and user friendly software. These networks should become an integral part of the proposed APEC information infrastructure.

The PBF recommends the development of an APEC electronic-based business network.

Conclusion

The historic gathering of APEC Economic Leaders on Blake Island last year set the stage for a bold step forward this year towards achieving the objective of free trade and investment liberalisation in the Asia Pacific in order that the region and its peoples prosper. The Pacific Business Forum supports this goal and urges APEC Economic Leaders to endorse it at their meeting in Bogor this year. In adopting the goal of free trade and investment liberalisation in the Asia Pacific region, APEC Economic Leaders would set a course which would enable the business community to meet the regional and global challenges and provide for the prosperity of the region.

We in the PBF believe that free trade and investment liberalisation is the primary route to continued economic growth and shared prosperity. But we also agree that there are important business facilitation, human resources and business development needs and ways of strengthening the government/business sector partnership that also must be addressed promptly. The path to free trade and investment liberalisation must be one on which we mutually agree and which allows the benefits to be shared throughout the region.

The business community has played its part in driving the phenomenal economic growth in the Asia Pacific region over the last decades and will continue to do so with vigour. The PBF now looks to economies to remove barriers to further growth and development and to work with the business community to ensure that supporting measures and programmes result in an equitable spread of the benefits of this growth across all sectors of the regional economy.

In establishing the PBF, APEC Economic Leaders recognised the significant role of the business sector and provided a valuable opportunity for its representatives to help shape the policy debate on the region's future. With this Report, the business sector picks up the challenge of our Economic Leaders to work towards the ever increasing prosperity of our region. We accept this challenge and this mandate gladly and stand ready to work with our APEC Economic Leaders to make our common goals a reality - rapidly, harmoniously and to the mutual benefit of all.

List of Recommendations

FREE TRADE AND INVESTMENT LIBERALISATION

Framework for Free Trade and Investment Liberalisation

- The PBF recommends that APEC Economic Leaders decide in 1994 to adopt the goal of free trade and investment liberalisation in the region.
- The PBF recommends as a goal that the implementation of free trade and investment liberalisation in the region be completed by the year 2002 by the developed economies, and no later than the year 2010 by the developing economies. The implementation of this programme must be GATT/WTO consistent and pursued in parallel with multilateral action.
- The PBF believes that APEC member economies should proceed towards free trade by such measures as the full implementation of the existing Uruguay Round commitments, further unilateral liberalisation, liberalisation within the existing sub-regional free trade areas in APEC, and an APEC-wide negotiation covering all goods and services. The PBF also recommends that APEC supports the wish of all member economies to become members of the GATT/WTO.
- The PBF urges APEC Economic Leaders to make a commitment to an immediate standstill on all new measures which hinder trade among APEC economies. The PBF recommends that APEC member economies adhere faithfully to the rules adopted by the Uruguay Round, to refrain from using dumping as a predatory pricing measure and to refrain from using anti-dumping trade actions as a protectionist measure.

Investment Initiatives

AN ASIA PACIFIC INVESTMENT CODE

- The PBF urges that the APEC Economic Leaders adopt the Asia Pacific Investment Code at their meeting in Bogor, Indonesia in November.
- The PBF urges APEC Economic Leaders to:
 - (1) make a commitment to an immediate standstill on all new measures which hinder investment flows between members;
 - (2) incorporate elements of the non-binding investment principles into their domestic investment laws where appropriate; and

- (3) develop a legally enforceable and binding code of investment principles as soon as possible.

BUSINESS FACILITATION

Transparency

- The PBF recommends that APEC Economic Leaders make transparency a priority in their regulatory and administrative regimes and in the standard operating procedure in their economies, particularly in the case of the many rules and regulations affecting business.

Border Restrictions

CUSTOMS PROCESSING

- The PBF urges all APEC member economies to participate actively in the GATT 1994 three-year work programme on the harmonisation of rules of origin.
- The PBF recommends that measures to accelerate customs processing be implemented expeditiously. These include:
 - (1) the simplification of customs documentation, such as reducing the length and number of forms that need to be completed;
 - (2) education and training of customs officers to upgrade standards of proper and prompt implementation of customs processing;
 - (3) the use of electronic means of customs documentation and processing;
 - (4) the development of an APEC electronic tariff database;
 - (5) the harmonisation of customs classifications, to reduce search time in determining the correct customs code for a specific product to be exported to or imported from different economies; and
 - (6) the establishment of a carnet system, involving an acceleration of customs clearance for goods destined for promotional use.

VISA PROCESSING

- The PBF recommends the immediate implementation of:
 - (1) the relaxation of visa requirements and acceleration of visa processing wherever possible;

- (2) visa free entry for the citizens of other APEC member economies for short stays of, for example, up to seven days, which would cover a large percentage of business travel;
- (3) the granting of multiple entry visas or special documentation, such as a “smart card”, for frequent business travellers; holders of such documents should be entitled to use special immigration facilities which would expedite their entry and exit;
- (4) temporary work permits for professional visits and short term residencies; and
- (5) temporary visas for instructors and participants in overseas vocational training and apprenticeship programmes.

Standards and Conformance

- The PBF recommends that APEC member economies make every effort to move as quickly as possible towards the harmonisation of domestic product standards with international standards.
- The PBF recommends that APEC encourage the negotiation among its member economies of mutual recognition arrangements, covering a wide range of standards above a prescribed minimum threshold. The PBF urges APEC to accelerate its work currently underway aimed at broadening mutual recognition of testing and certification arrangements in the region.

Intellectual Property Rights

- The PBF recommends that all APEC member economies:
 - (1) should begin implementation of the Trade Related Aspects of Intellectual Property Rights (TRIPs) agreement in the shortest time possible, if they are signatories. Those economies that are not yet signatories should comply with the provisions of TRIPs as fully as possible. APEC should also encourage all members to adhere to the provisions of the Berne Convention;
 - (2) undertake to develop credible enforcement, with penalties that effectively deter intellectual property violations;
 - (3) conduct public education and awareness campaigns as a way of improving intellectual property protection;
 - (4) agree to address within APEC the following intellectual property issues: copyrights, patents, trademarks, industrial design and trade secrets.

Technology Transfer

- The PBF recommends that APEC should examine existing government restrictions on technology transfer, with a view to eventually formulating a set of APEC-wide principles on technology transfer.

Dispute Settlement Mechanisms

- The PBF recommends that APEC Economic Leaders adopt a proposal to establish an agreed panel of third party APEC member economies to assist in dispute settlement between APEC members prior to taking the dispute to the GATT/WTO where appropriate, and undertake to give serious consideration to any guidance or recommendations offered by the third party panel.
- The PBF further recommends that APEC Economic Leaders agree to establish separate regional mechanisms for the settlement through mediation, arbitration, etc of commercial disputes between businesses in APEC economies, where the present procedures are unclear.

Business Ethics

- To promote good business ethics, the PBF recommends the following measures:

Government should:

- (1) adopt a transparent, open style of government in order to reduce opportunities for discretionary and discriminatory behaviour. For example, government authorities could draw up clear licencing procedures;
- (2) institute tough legal sanctions against corrupt practices. Corrupt practices and the associated penalties should be clearly defined in the relevant laws. Enforcement of these laws should be pursued vigorously and relentlessly. The enforcement agency should be independent and made accountable to the legislature or a public body to maintain its credibility;
- (3) launch public education campaigns to raise public awareness of the desirability of sound business ethics; and
- (4) include good business ethics and practices in school curricula and business/management programmes of tertiary institutions.

Business should:

- (1) recommend, through chambers of commerce and trade and professional organisations, best business practices for members to follow;
- (2) identify and promote better accounting and auditing methods which make it more difficult to hide corrupt practices; and
- (3) encourage individual businesses to publish a corporate ethics statement emphasising the company's commitment and that of its employees to proper business practices.

HUMAN RESOURCES AND BUSINESS DEVELOPMENT POLICIES

Human Resources Development

- The PBF recommends more intensive efforts in the regional transfer of skills, technology and personnel. It urges both government and business to explore regularly new ways and means to continue and enhance cooperation in human resources development.

CULTURAL EXCHANGE

- The PBF recommends:
 - (1) introducing or strengthening home-stay programmes among APEC member economies;
 - (2) enhancing and expanding student exchange and training programmes; and
 - (3) enhancing and expanding scholarship programmes for universities and business apprenticeships.
- The PBF recommends that the business sector in respective APEC member economies undertake some financial commitment to support cultural exchange.

Small and Medium Enterprises (SMEs)

SMEs IN REGIONAL BUSINESS ACTIVITIES

- The PBF recommends that APEC Economic Leaders institute programmes that:
 - (1) provide seed capital to SMEs through networks of private and corporate investors and venture capital companies in order to link SMEs to risk capital, and tax incentives to encourage such linkage;
 - (2) assist SMEs to develop high-technology products and processes through R&D, for example by the commercialisation of academic research and sponsorship of applied research;
 - (3) establish business incubators for start-up companies to nurture them through their initial and vulnerable stages of development;
 - (4) create linkages between large enterprises and SMEs within economies and across borders through, *inter alia*, subcontracts and procurements; and
 - (5) facilitate networks among SMEs within economies to reduce costs and share market intelligence.

TECHNOLOGICAL COOPERATION AMONG SMEs

- The PBF recommends that APEC member economies encourage technological cooperation among SMEs by offering administrative and fiscal incentives.

Infrastructure Development

REGION-WIDE INFRASTRUCTURE DEVELOPMENT

- The PBF recommends that a comprehensive plan for region-wide infrastructure development in key sectors be drawn up for the APEC region.
- The PBF recommends that a joint public and business/private sector task force on region-wide infrastructure development be established.

THE APEC INFORMATION INFRASTRUCTURE

- The PBF recommends that, while plans for the global information infrastructure are in their infancy, there should be consultations between the public and business sectors on issues related to information infrastructure.
- The PBF urges that a meeting of ministers responsible for telecommunications policies be convened in 1995 to address these issues.

Structural Adjustment Policies

- The PBF recommends that APEC member economies should promote both structural adjustment policies and policies to increase labour mobility.

Best-Practice Benchmarking

- The PBF recommends to APEC Economic Leaders that APEC systematically establish a set of best-practice benchmark models for major aspects of regional trade and investment.

GOVERNMENT/BUSINESS PARTNERSHIP & BUSINESS NETWORKING

Government/Business Sector Partnership

PRIVATISATION

- The PBF believes that APEC should continue to encourage further privatisation efforts throughout the region.

AN APEC BUSINESS ADVISORY FORUM

- The PBF recommends the continuation of the dialogue between the APEC Economic Leaders and the business community, and the establishment of an APEC Business Advisory Forum, appointed by and reporting to the Leaders, to achieve APEC's objectives.

Business Networking

APEC ELECTRONIC-BASED BUSINESS NETWORKS

- The PBF recommends the development of an APEC electronic-based business network.

Biographies of Members of the Pacific Business Forum

Australia

PHILIP BRASS is Managing Director of Pacific Dunlop Limited. Prior to his appointment as Managing Director in 1987, he had been an Executive Director since 1980, and became Group General Manager in 1985. He joined the company in 1965. Mr Brass is also a Director of Rothschild Australia Ltd. In 1992, he was awarded the B'Nai B'Rith Gold Medal for outstanding service to the community and industry.

IMELDA ROCHE is President of Nutri-Metics International Holdings Pty Ltd, an Australian skin care company spanning 20 countries with worldwide sales of more than \$300 million per annum. Ms Roche serves on many committees and boards including the Sydney Organising Committee for the Olympic Games, Australian Education International Foundation Council, IDP Education Australia and the New South Wales Government's Economic Development Council.

Brunei Darussalam

HAJI HAMDILLAH H A WAHAB, SNB is General Manager of Brunei LNG and Alternate Director of BLNG Board. He also serves as a Trustee of Brunei Shell Provident and Retirement Board and Tender Board, and as a Member of the Government Municipal Board and National Committee on Environment and Human Resources. Haji Hamdillah was awarded the honorary title "Most Blessed Order of Setia Negara Brunei", SNB, by His Majesty The Sultan of Brunei in 1994.

AWANG SULAIMAN HAJI AHAI is the owner and chief executive officer of Sulaiman Development Services and Komputer Wisman. His co-business activities include the provision of technical support and information technology services to the government and the oil and gas industry of Brunei Darussalam. His company has joint ventures with major international companies with varied business interests. Mr Sulaiman also serves as Honorary Consul of Sweden in Brunei Darussalam and as Vice Chairman of the Brunei Darussalam International Chamber of Commerce and Industry.

Canada

TIMOTHY REID is President of the Canadian Chamber of Commerce, Canada's largest and most representative national business association. He is also the business co-chair of the Board of Directors of the Canadian Labour Market and

Productivity Centre. Mr Reid serves as Chair of the Steering Committee, Forum for International Trade Training and is a member of the federal government's International Trade Advisory Committee.

Chile

MARIO ANDRADE DE AMESTI is President of Daewoo Motor Chile S.A. - Sigdo Koppers Group. He is also Chairman of the Pacific Basin Economic Council Chile Member Committee.

GUILLERMO FLORES GALMEZ is Chief Executive Officer of Aster S.A. - CAP Group. He is also an Elective Counsellor of Sociedad de Fomento Fabril.

China

QIN XIAO is Director and Group Vice President of China International Trust and Investment Corporation (CITIC). He is also Chairman and Chief Executive Officer of CITIC Australia Pty Ltd. He joined CITIC in 1986 and served as President of CITIC Development Inc. and as Assistant to the President of CITIC. Before he joined CITIC, Mr Qin had served in several senior government positions including Deputy General Manager of International Department in the Ministry of Coal Industry, and Deputy Director of the International Department in the Ministry of Petroleum Industry.

ZHENG DUNXUN is President and Chief Executive Officer of Sinochem, which he joined 33 years ago. Since 1985, as President and CEO, he has led his company into becoming the largest international trade group in China and the 26th in the world. Mr Zheng is also a member of the National Committee of the Chinese People's Political Consultative Conference.

Hong Kong

LINUS WING LAM CHEUNG, JP was appointed Chief Executive and an Executive Director of Hong Kong Telecom in March 1994 with special responsibility for Hong Kong, China and Chinese Taipei. Previously he was Deputy Managing Director of Cathay Pacific Airways. In 1989, Mr Cheung was invited by the Hong Kong government to join the Central Policy Unit on a two-year secondment. He is a Justice of the Peace and sits on several public service committees.

SARAH SAU TUNG LIAO is the founder and Managing Director of EHS Consultants Limited specialising in environmental health and safety consulting services. Her firm serves largely Hong Kong businesses and in recent years has extended its activities into the Asia Pacific region including joint ventures in the People's Republic of China to produce environmental assessment computer modelling software. Dr Liao is also Chairman of the Research and Testing Committee of the Hong Kong Consumer Council and serves on a number of government committees and academic institutions.

Indonesia

BUSTANIL ARIFIN is Chairman of P.T. Berdikari, a state-owned company, and also of several private companies operating in agribusiness, trading and services. Previously, he served for twenty years as Minister of Cooperatives and Head of National Foods Agency of the Republic of Indonesia. He has developed cooperatives into small business enterprises and has been actively involved in the rice self-sufficiency and the economic stabilisation programmes. He is the founder of the Indonesian Institute for Management Development, Indonesia's premier graduate business school. He is also the founder of the Indonesian Institute of Cooperatives, and chairman and treasurer of several social foundations. In his diplomatic career, he has served as Consul General of Indonesia in New York.

ABDUL RACHMAN RAMLY is Chairman of PT Astra International, a diversified public company with automotive, financial services and agro-industry as its core businesses. Previously he was President and Chief Executive Officer, Indonesian National Oil Company (P.N. Pertamina) and President and CEO, State Tin Corporation. In his diplomatic career, he served as the Indonesian Ambassador to the United States, Consul General in New York and Hong Kong, and Deputy Chief of Mission of the Indonesian Embassy in Singapore. In his military career, prior to retiring as Major General, he had served in numerous army commands.

Japan

MINORU MUROFUSHI is President and Chief Executive Officer of Itochu Corporation. He also serves as Member, Executive Committee of the Trilateral Commission; Chairman, International Affairs Committee of the Tokyo Chamber of Commerce; Non-Executive Director, HSBC Holdings plc; and Chairman, Committee on Corporate Laws and Regulations of the Keizai Doyukai (Japan Association of Corporate Executives); Chairman, North African Committee of the Keidanren; and Vice-Chairman, Japan Foreign Trade Council, among others.

NOBUO TATEISI is Vice Chairman and Representative Director of Omron Corporation, a multinational manufacturer of electronic components and systems. He also serves as Vice Chairman, Nikkeiren's Committee on International Employment Policy; Vice Chairman, Keidanren's Council for Better Corporate Citizenship; and Vice Chairman, Keizai Doyukai's Committee of North America-Japan Relations.

Korea

SUCK-RAI CHO has been Chairman of the Hyosung Group since 1981. He began his business career as an Auditing Director in Tonyang Nylon Company in 1966 and was appointed President in 1970. Over the next few years, he became President of Tonyang Polyester Co, Hyosung Heavy Industries, and Hyosung Corporation. Mr Cho has also served as Vice Chairman of the Federation of Korea Industries, Organising Chairman of the 26th Pacific Basin Economic Council (PBEC) International General Meeting in 1993, President of Korea Economic Research Institute, Vice Chairman of the Korea-US Business Council, and Chairman of PBEC Korea Committee in 1994. He was conferred the President's Award for his contribution to trade promotion and the Gold Tower Order for his development efforts in R&D.

YOUNG-JU PARK is Chairman and Chief Executive Officer of Eagon Industrial Co Ltd (EIC). EIC is a holding company with a number of national and worldwide affiliated companies. Mr Park also serves as Chairman, Korea Plywood Industries Association; Vice Chairman, Asia Pacific Tropical Timber Organisation; and Member of Board of Directors, World Forestry Center.

Malaysia

DATO' MOHD. RAMLI BIN KUSHAIRI, DPMP, JPM, KMN is Chairman of South Malaysia Industries Berhad and of Petro-technical Inspection (M) Sendirian Berhad. He is also Deputy Chairman of Sin Kean Boon Group Berhad and a Director of DMIB Berhad. Dato' Mohd. Ramli also serves as Secretary-General of the National Chamber of Commerce and Industry and as a member of the Malaysian

Business Council. Previously, he was Secretary General of the ASEAN-CCI, and also Managing Director of Kumpulan Fima Berhad, a wholly-owned government corporation. Dato' Mohd. Ramli began his career in the government and had served Bank Negara Malaysia, the Tariff Advisory Board and the Federal Agriculture Marketing Authority in various capacities.

Mexico

ALFONSO PANDAL is Group President of Procesos Industriales Forestals S.A. de C.V. since 1982. He has also served as President, National Confederation of Chambers of Industries of Mexico; President, National Publicity Council of Mexico; President, National Chamber of Forestry Industries. Mr Pandal is currently Chairman of the Pacific Basin Economic Council Mexico Member Committee.

LORENZO ZAMBRANO is Chief Executive Officer of Cementos Mexicanos. He is Member of the Board of Directors of many companies including Alfa, S.A.; Banco Nacional de Mexico; and Cemex, S.A. He also has been Board Member of several industrial and private sector associations in Mexico including Camara Nacional del Cemento; Confederacion de Camaras Industriales de los Estados Unidos Mexicanos; Confederacion Patronal de la Republica Mexicana. Mr Zambrano is currently Member of the Advisory Board of the Stanford Business School. He has been awarded the highest Civilian Medal given by his home State for his efforts to promote economic growth and also a Medal of the Chamber of Commerce. Mr Zambrano also serves as a member on the Boards of Americas Society, Inc.; Fundacion Mexico-Estados Unidos para la Ciencia; and Pacific Basin Economic Council Mexico Member Committee.

New Zealand

BILL FALCONER is International Investment Director of Fletcher Challenge Limited. He is also Chairman of the Natural Gas Corporation Limited, Southern Petroleum NL and the government-owned Accident Rehabilitation and Compensation Insurance Corporation. He is a Director of Jennings Group Limited (Australia), St Lukes Group Limited and New Zealand Refining Company Limited. Mr Falconer also serves as Chairman of the Pacific Basin Economic Council New Zealand Member Committee.

DON SOLLITT is Managing Director and Deputy Chairman of PDL Holdings Ltd, a publicly listed electrical manufacturing group with its head office in Christchurch, New Zealand, and Chairman of a New Zealand CRI, National Institute of Water and Atmosphere (NIWA). Mr Sollitt is also Deputy Chairman of Master Trade Group Ltd, a publicly listed electrical and plumbing distribution company operating throughout New Zealand. PDL has operated in Asia through its subsidiary PDL Industries (ASA) Sendirian Berhad for the last 18 years, and operates through subsidiaries in Australia, Malaysia, Singapore, Florence, Nuremberg and UK.

Papua New Guinea

HENRY KILA is Chairman of Kila Bowring Insurances Pty Ltd, and Risk Management Consultants & Insurance Brokers. He has been in the Papua New Guinea insurance industry for 25 years. Mr Kila also serves as President, Port Moresby Chamber of Commerce

and Industry; Director, PNG Holdings Corporation, a government body charged with the privatisation of Papua New Guinea commercial statutory bodies; Senior Vice President, PNG Sports Federation; and Vice President, PNG Institute of Management.

The Philippines

RENATO A FLORENCIO is President and General Manager of Connell Bros. Co. Pilipinas, Inc. He is also Vice President of the Philippine Chamber of Commerce and Industry. Previously he has worked with IBM Philippines Inc and Jardine Davies. Mr Florencio is also National President of the Philippines Jaycee Senate.

AMELIA H C YLAGAN is Vice President and Special Assistant to the Chairman and CEO of the Philippine Airlines, in charge of Business Development and Special Projects. She was formerly Vice President - Treasurer of Philippine Airlines. Dr Ylagan also serves as Treasurer, Orient Airlines Association; and Board Secretary, Financial Executives Institute of the Philippines. She concurrently teaches in the MBA programme at the University of the Philippines.

Singapore

BERNARD CHEN is Chief Executive Officer of Intraco Limited. His previous work experience includes his service in the Singapore Economic Development Board, the Ministry of Finance and the Prime Minister's Office, and later as Group General Manager and Director of Fraser & Neave Group. Mr Chen has been a Member of Parliament since 1977 and was a Minister of State in the Ministry of Defence. He is currently Chairman of the Government Parliamentary committee on Defence and Foreign Affairs and Chairman of the Public Accounts Committee.

HO KWON PING is President of the Wah-Chang Group and Executive Vice Chairman of Thai Wah Group. He is also the Deputy Chairman of the Public Utilities Board (PUB) and Chairman-designate of the electricity and gas company to be privatised from the PUB next year. Mr Ho is also the Co-Chairman of the Thailand-Singapore Business Council.

Chinese Taipei

HENRY C S KAO is President of I-Mei Foods Co Ltd and Fu Mei Co Ltd. He also serves as Executive Supervisor, Importers & Exporters Association of Taipei; Director, Marketing Communications Executives International; Executive Director, Taiwan Confectionery, Biscuit and Flour Food Industry Association; and Executive Director, Taiwan Chainstore Association.

JEFFREY LEN-SONG KOO is Chairman and Chief Executive Officer of Chinatrust Commercial Bank in Chinese Taipei and China Trust Bank in New York. Together with his uncle, Dr C F Koo, he is co-founder of the Koos Group, a diversified holding company whose businesses span the petrochemical, high technology, telecommunication, resort and financial services industries. Dr Koo is Chairman of the Chinese Taipei Member Committee both in the Pacific Economic Cooperation Council and in the Pacific Basin Economic Council. Dr Koo was recently elected Chairman of the Chinese National Association of Industry and Commerce. He also has been serving as a Senior Adviser to the Prime Minister for more than 20 years.

Thailand

VILAI KIATSRICHART is Managing Director of Pan Asia Co Ltd, a seafood products processor and exporter. Mrs Kiatsrichart also serves as a director of the Board of Trade of Thailand and as a member of several government advisory and working groups for the promotion of agro-industry and agro-industrial product exports. She is currently President of the Thai Food Processors' Association.

VACHARA PHANCHET is Executive Vice President of MMC Sittipol Co Ltd, a joint-venture with Mitsubishi Motors Corporation of Japan, manufacturing, distributing and exporting automobiles in Thailand. He also serves as Director, Thai Chamber of Commerce (TCC); Chairman, Committee on Transportation and Communication, TCC; Chairman, Thailand Chapter Working Group on Transportation, Communication and Tourism, ASEAN-CCI; and Advisor to the Ministry of Science Technology and Environment.

United States of America

JOHN S HENDRICKS is founder, Chairman and Chief Executive Officer of Discovery Communications, Inc. (DCI). DCI owns and operates cable television's The Discovery Channel and The Learning Channel, as well as ancillary businesses in home entertainment, interactive multimedia, publishing, merchandising, and international programme sales and distribution. Mr Hendricks is Chairman of the Board of Governors of the National Academy of Cable Programming.

Les McCraw is Chairman and Chief Executive Officer of Fluor Corporation, an international engineering, construction and technical services company with over fifty permanent offices around the world, including thirteen in Asia. He was named Chairman of Fluor in 1991, after sixteen years with the company. Among other organisations, Mr McCraw serves as Chairman of the Construction Industry President's Forum, on the Board of the US-China Business Council, and on the Policy Committee of the Business Roundtable.

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