



15 YEARS

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ENGAGEMENT IN APEC



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"As one of the people who helped launch APEC twenty years ago, I want to congratulate the National Center for its work in supporting APEC and fostering the important public-private sector partnerships that differentiate APEC from so many other organizations. Over the years, APEC has sought to bring together countries across the Pacific to work on common interests in practical ways – whether trade agreements, trade facilitation, the environment, technology development, financing, or a host of other topics, always with an eye on building public-private cooperation. Best wishes to the National Center as we look ahead to the challenges for 2011 when APEC will again meet in the United States."

*Ambassador Robert B. Zoellick,
President of the World Bank Group
and former United States
Trade Representative*



THE WHITE HOUSE
WASHINGTON

October 15, 2009

I send my congratulations to the National Center for Asia-Pacific Economic Cooperation for its 15 outstanding years championing the priorities of American businesses in the Asia-Pacific Economic Cooperation (APEC) forum.

As you and your members know, many of our most important trading partners in Asia and the Americas are APEC members. As the global economy continues to recover, strong relationships with these partners and the region are essential to achieving sustainable growth in our own economy. Close cooperation between our government and the private sector is indispensable to ensuring our work in the APEC forum serves the needs of American businesses and workers.

Since 1994, just after APEC was first hosted by the United States, the National Center has played an integral role in bringing the public and private sectors together in this vital effort. As we prepare for APEC's return to the United States in 2011, I look forward to continuing our collaboration on this important work.

Again, congratulations on this milestone anniversary. I wish you all the best for a wonderful event.

A handwritten signature in black ink, which appears to be "Barack Obama".



Ambassador Karan K. Bhatia is Chairman of the National Center for APEC and Vice President & Senior Counsel, International Law and Policy of General Electric. He previously served as Deputy U.S. Trade Representative, Assistant Secretary of Transportation and as Assistant Secretary of Commerce.

FROM THE CHAIRMAN

In these pages you will find testimonials and recollections from leading figures in business and government who have played a key role in developing U.S. business and economic relations in APEC. Some have served on the Center's Board, some as U.S. ABAC members, some in key government positions in agencies and departments deeply involved in APEC and working closely with the Center. All have had opportunity to see first hand over the years the value of the role the National Center plays in bringing U.S. business priorities to the APEC policy process.

I became Chairman of the Center's Board last year, the latest in a long line of distinguished Chairs, many of whom have contributed elsewhere to this publication. But my appreciation for the important role it plays goes back much further, and I experienced it first-hand during my time in the Departments of Transportation and Commerce, and particularly while serving in the USTR's office.

In each of those roles, whenever my work brought me into contact with APEC, I quickly came to see that incorporating input from the private sector is an integral part of how APEC does business – and for U.S. companies, it is the National Center that is the voice of business in APEC. The Center has always been well-respected as a reliable partner by those government agencies and departments engaged in APEC, and continues to be valued today for many reasons. Among these perhaps two of the most important include providing a valuable insight for government planners on the real needs of U.S. businesses, and cooperating as a partner in mobilizing private sector support for policy initiatives.

These unique characteristics of the Center – its traditions of effective advocacy for the private sector and of productive cooperation with government – are among its greatest strengths, and the greatest value it brings to its members. They also make it uniquely suited to the task ahead as the U.S. prepares to host APEC once again in 2011.

When APEC was last held in the U.S. in 1993, the U.S. took advantage of the occasion to fundamentally transform the forum from a meeting of ministers to an international summit of heads of state. Hosting in 2011 once again affords the opportunity to transform APEC, reasserting its primacy as the principal multi-lateral forum for Asia-Pacific trade and economic cooperation. In particular, it is an opportunity to dramatically underscore and further institutionalize the role of the private sector in APEC.

With the National Center leading organization of the private sector USA APEC 2011 Host Committee, our members have an opportunity to directly impact the forum's agenda throughout the year. APEC has always maintained that one of its core objectives is remaining connected to the real priorities and concerns of business in the region.

Business has a chance to play a leading role in setting the agenda, rather than reacting to it, and the Center's members have clearly risen to that challenge.

One proposal that has interested many members has been to re-envision events such as the various sectoral Ministerial Meetings into full-scale public-private events, organized around major themes such as sustainability or energy security rather than

“Incorporating input from the private sector is an integral part of how APEC does business – and for U.S. companies, it is the National Center that is the voice of business in APEC.”

limited portfolios, and featuring major business events as well as governmental meetings. Other exciting, potentially transformative ideas are also being tabled for consideration as we move forward. I invite you all to consider being a part of this process.

Wherever APEC goes in 2011, the National Center is sure to be out in front, leading the way for the private sector as it has done since 1993. I congratulate all who have contributed to its success to date, and look forward to working with you to bring even greater success in 2011 and beyond.

Karan Bhatia



“The National Center for APEC is bipartisan. Republican and Democratic administrations alike have recognized that the Asia-Pacific region will be the engine of global growth and prosperity in the 21st Century. And the smart ones never miss a chance to meet with the Center's members in conjunction with the APEC Summit. I was always particularly impressed with the caliber of its membership and the substantive quality of our discussions.”

Ambassador Susan Schwab, Former United States Trade Representative



Monica H. Whaley has led the National Center for APEC as its President since 2008, and as its Executive Director since 2002. She has been with the Center since its founding in 1994, joining the staff team as the Deputy Director.

FROM THE PRESIDENT

The National Center for APEC was founded in 1994 based on a single compelling principle: that business should have a voice in APEC. Since then the Center has continued to find opportunities for business participation and make those known to U.S. companies. Our role as the U.S.-ABAC Secretariat follows naturally from that mission, as does our newest responsibility, that of coordinating the USA APEC 2011 Host Committee. But in reviewing those initiatives which are considered APEC's most successful, it is abundantly clear that it is the leadership of National Center for APEC Board Members which has moved the ball forward in every single one of these successful efforts.

In preparing this publication we have drawn from an extensive list of distinguished companies and individuals, inviting them to share with us their stories of involvement with APEC and with the National Center. In addition to highlighting the Center's beginnings and achievements of the past 15 years, they also look to the future, especially to the next U.S. APEC hosting in 2011.

In addition to the U.S. ABAC members, dozens of the Center's Board Members have made a measurable impact on the APEC process, and have been consistent champions of key business priorities. Some of these include:

- Doug Worth of IBM, whose dedicated pursuit of a vision for an Information Technology Agreement in APEC has resonated globally as an APEC success story, providing momentum toward a global WTO agreement. Our current IBM Board Member, Theo Fletcher, has traveled to every APEC economy and beyond to advocate for secure supply chain management and to advance facilitation measures that enhance security;
- Cyril Murphy of United Airlines, who conceived of the notion of a ground-breaking plurilateral air services agreement in APEC and explored that concept with every APEC working group, ABAC task force or other fora that would listen. Cyril drove that initiative to successful completion in 2000 at the Brunei APEC Summit, and that agreement paved the way for later liberalizing transportation agreements for cargo and other air services;



"APEC's members include many of our largest and most important trading partners, and it is the most important multi-lateral economic forum in the Asia-Pacific region where the U.S. engages as an equal partner. The Center has been a consistent voice on behalf of the U.S. private sector in the APEC process, and I am certain it will continue to be so for the foreseeable future."

*Senator Max Baucus, Chairman,
Senate Finance Committee*

- Scott Miller of Procter & Gamble, whose conversation with the then-newly named Senior Advisor to the National Center for APEC (and now U.S. Ambassador) Michael Michalak in 1997 sparked the idea for the Shanghai Model Port Project, a major accomplishment of China's APEC hosting in 2001;
- Lisa Barry, Laura Hudson and the entire team at Chevron who have galvanized support for looking at the Asia-Pacific's energy future in broad, strategic and holistic ways, focusing on securing the region's capacity to grow and flourish by having access to diverse, competitive, and sustainable sources of energy supply. The launch last year of the Strategic Framework for Energy Security in APEC owes much to their leadership;
- Founding Board Member Microsoft, which has maintained a high level of engagement in the Center from its earliest days. Craig Mundie, has attended every APEC CEO Summit, and Pamela Passman served many years on our Executive Committee, as does our current Microsoft Board Member, Dorothy Dwoskin. They have been stalwart supporters of APEC's agenda in trade liberalization and facilitation as well as APEC's efforts on the full range of technology-related issues. Microsoft has also led in capacity building efforts in APEC, focusing on workforce training and on bringing technology's strengths to bear on education, health care delivery and emergency preparedness;
- Hugh Stephens of Time Warner, who has been an integral fixture of APEC-related meetings on intellectual property rights and digital piracy, and passionately articulates the importance of protection, enforcement and implementation of IPR policies and agreements;
- Joe Alhadef of Oracle, who has clocked innumerable hours in airplanes, airports and hotels throughout APEC, attending meetings, speaking at events and meeting with government officials and business leaders in pursuit of policies that recognize and facilitate the role that Information Communications Technology (ICT) plays in enabling growth and innovation;
- Craig Kramer of Johnson & Johnson and Marjorie Searing from Pfizer, who have led their industry in efforts to develop and sustain the Life Sciences Innovation Forum, a unique APEC body that includes government and the private sector as well as leading lights from the scientific community.

Other members of our Board too numerous to mention have left their imprint on APEC and on the National Center, and they are all united by a common thread: they have seen the opportunity that APEC presents for their companies and the issues that are important to them, and they have dedicated themselves personally to dogged pursuit of success on those issues. We look forward to working closely with these companies and the rest of the U.S. business community as we prepare for the U.S. APEC hosting in 2011; we can seize the opportunity that it represents to promote lasting, meaningful outcomes for many years to come.

Monica H. Whaley

Monica H. Whaley



Frank A. Shrontz is CEO (retired), The Boeing Company. In 1993 he chaired the Seattle Host Committee for APEC. He was one of the first three U.S. executives named to serve on the APEC Business Advisory Council.



Raymond J. Waldmann is Vice President, (retired), The Boeing Company and was Director of the Seattle Host Committee for the 1993 Leaders Meeting as well as the first Director, U.S. National Center for APEC.

ORIGINS OF THE NATIONAL CENTER FOR APEC

The 1993 Meeting of the APEC Leaders in Seattle was important for several reasons. It was the first time the APEC Leaders met face to face to set the course for APEC. It established the notion that incorporating business input to the policy process was central to the success of APEC's mission. And closer to home, it provided the impetus and seed money for the establishment of the U.S. National Center for APEC.

When the U.S. assumed the Chair of APEC in 1993, APEC had been meeting annually at the Ministerial level since 1989. After many months of preparation for the ministerial meetings to be held in Seattle, President Clinton extended an invitation to the 17 other APEC Presidents, Premiers and Leaders to meet on Blake Island, just outside Seattle for the first ever APEC Leaders' Meeting.

A major theme of the 1993 meetings was the important role the private sector could play in APEC, and this theme was fully evident in the public-private partnership that was assembled to support the historic Leaders Meeting. The year marked the first time that

APEC experienced the capabilities of business to further its policies and agenda, and it would not be the last.

In 1995 APEC Leaders took the next step to formalize the partnership with business by establishing a permanent APEC Business Advisory Council, known as the ABAC. This Council is composed of three senior business leaders from each of APEC's participating economies, with all members being appointed by their respective heads of government. By making this organization an official part of APEC's institutional structure, the Leaders made it clear that APEC governments and business would henceforth work in tandem.

Since then firms both large and small from all APEC member economies have played significant parts in guiding APEC's work in key areas such as trade and investment facilitation, energy and food security, intellectual property rights protection and finance.

In the years since those first ABAC discussions, we have seen it mature into an extremely influential voice for business in APEC,

*Left to right:
Former President Bill Clinton with APEC Leaders on Blake Island, 1993
Former President Bill Clinton addressing the media during the 1993 Leaders Meeting
The 1993 Summit was the first APEC Leaders Meeting*





responsible for some of the forum's most visible achievements, such as establishment of the APEC Business Travel Card, the APEC Food System and last year's "Strategic Framework for Energy Security in APEC". Certainly ABAC's work on regional financial architecture developed during the 1997 financial crisis has continuing resonance in discussions on the current crisis and recovery. Clearly ABAC has remained relevant and dynamic, and has been crucial to ensuring APEC remains responsive to the changing needs of business in this region.

A third outcome of the 1993 Leaders Meeting, and the event commemorated by this publication, was the establishment of the National Center for APEC. When all of the delegates had left Seattle and the bills were all paid, the city's Host Committee was embarrassed to report it had a surplus of unspent contributions. After consulting with financial contributors, local leadership and interested federal officials, it was decided to establish a national business association, headquartered in Seattle, with a mandate to continue the work of advancing U.S. business engagement in APEC.

When the ABAC was established two years later, the National Center became the permanent secretariat for the U.S. ABAC members, and continues to serve in that capacity to this day.

For 15 years the National Center has maintained the history of Seattle's prominent role in the development of APEC, and has tirelessly pursued the U.S. business agenda in APEC through its involvement in the ABAC, in various APEC subgroups and ministerial meetings, and in the annual APEC CEO Summits. We are proud of the role that Boeing and ourselves as individuals have been privileged to play in its establishment and ongoing success over the years. We look forward to continuing this participation through the next U.S. APEC hosting in 2011 and for many years to come.





Ambassador
Sandra J. Kristoff (ret.)



Michael L. Ducker



Dr. C. Fred Bergsten

WHY THE U.S. NEEDS APEC: A PANEL DISCUSSION

The National Center for APEC gathered a distinguished panel for an informal, no-holds barred conversation about APEC, lessons learned from its past, and opportunities the U.S. hosting in 2011 presents to the Obama Administration. Our panel chair was Ambassador Sandra J. Kristoff (ret.), who was U.S. Senior Official for APEC when the U.S. last hosted in 1993. In her private sector career she has served as one of the Center's Board Members from New York Life and as Chairman of the National Center in 2008, and as an Alternate ABAC Member. Sandy was joined by Michael L. Ducker, President of FedEx International, former U.S. ABAC Member, and founding Board Member of NCAPEC, and Dr. C. Fred Bergsten, Director of the Peterson Institute for International Economics, and former Chair of the APEC Eminent Persons Group. Few people know APEC and the National Center quite like these three; their common enthusiasm for the opportunity that the U.S. APEC year in 2011 represents was evident, as was their shared conviction of the importance of on-going U.S. engagement and leadership in APEC.

KRISTOFF: Fred and Mike, I'd like you to imagine that you have been invited to brief President Obama in the Roosevelt Room as he prepares to attend his first APEC Summit this November in Singapore. What would you tell him are the lessons learned from past APEC successes and failures?

BERGSTEN: Sandy, APEC's biggest successes in the past were realized in its early years and have for the most part, been trade related: the ITA (Information Technology Agreement), EVSL (Early Voluntary Sectoral Liberalization), and of course the role that the first Leaders meeting had in 1993 in spurring final closure on the Uruguay Round. I would say it has not fulfilled its promise to slow a movement toward Asia-only groupings, and you'll remember that then-Secretary of State James Baker cited the need to create APEC in order to ensure that there would not be a "line down the middle of the Pacific." But it has had a disappointing performance in slowing the Asia-only momentum in the last decade and has done less in the area of trade and economics – where APEC first found success. One would hope that the Obama Administration will use APEC and the U.S. 2011 hosting as instruments of a constructive U.S. trade policy, which so far has yet to be articulated.

DUCKER: I would add that APEC's greatest advantage is that it is a unique forum to discuss broad trade, business, security and political issues with a highly diverse group of participants – diverse geographically, politically and economically. Sure, its attention is focused on economic issues, but it also provides the opportunity for bilateral and regional discussions on a wide range of important issues. It is an opportunity to advance trade policy, and provides a model to move forward in the multilateral trading system. The President's participation in Singapore is very important – it will underscore our commitment to open trade, and highlight the importance of this trade to the global economic recovery.

KRISTOFF: APEC was established to anchor the United States in Asia and I think that has been its greatest success. I'd say that one disappointment is that APEC has not been able to follow through in a practical way in creating a more cohesive Asia-Pacific. But in preventing the "line down the Pacific" it has anchored the U.S. to the

region. President Obama has a tremendous opportunity to inspire and reinvigorate U.S. relations in APEC economies and set the stage for 2011; under his leadership, there is a real chance to reenergize APEC.

BERGSTEN: I hope you're both right!

KRISTOFF: Do you see U.S. goals for APEC limited to the trade and economic sphere, or are there ways U.S. engagement in APEC can advance the strategic and political objectives of the United States? Perhaps, Fred, you can take the first crack at this one.

BERGSTEN: Sure, Sandy. APEC is a way for the Administration to use economic instruments for security and foreign policy objectives. The U.S. needed and still needs to forge that strong trans-Pacific link for the same reasons that European countries came together in the post-war period to create the E.U. Strengthening the trade links between these economies does indeed help achieve U.S. security and foreign policy objectives. APEC's effect on foreign policy has been direct and indirect. APEC's direct effect can be seen in the annual Leaders' Meeting in which bilateral conversations can occur. A good example of this direct effect was in 2003 when the APEC meetings created the opportunity



Former President George W. Bush with
ABAC Members Bob Prieto, Michael
Ducker, and Gary Benanav at the 2003
APEC Summit in Thailand

for foreign ministers to meet on the margins of APEC in Thailand and build a consensus on the crisis happening in East Timor at that time.

APEC's indirect impact on foreign policy comes in the form of "functional integration," or the pursuit of broader goals through specific policy applications. This "functional integration" is also behind the evolution of the European Union, which originally formed as a means to prevent the members from going to war with one another. So security and foreign policy objectives are central to the mission of APEC, even if they aren't specifically articulated that way.

This is more important now even than it was 15 years ago. America's relative power has diminished as Asian countries have gained strength. That is one of the reasons I have advocated locking in the trans-Pacific relationships, even while Asia continues pursuing Asia-focused possibilities. Without the trans-Pacific relationship, the U.S. risks facing trade discrimination from an Asia-only trading bloc, and puts us in the position of having to join an Asian trade bloc after the fact with reduced influence, or worse still, to answer that trade discrimination with retaliation. APEC is the only institutional opportunity to cement that trans-Pacific relationship, starting this year in Singapore, and drawing a line directly through Japan's hosting and the U.S. year in 2011



with initiatives that build each year upon the last. Obviously the government needs to work quickly to put this in motion right away.

DUCKER: You know, if you think about it, there are not that many world events that create the setting for so many bilaterals and policy discussions with government, business and academics. Attendance at APEC has been good, with participation by virtually all of the Leaders every year. It is a very powerful forum, and we have perhaps not maximized APEC's potential.

In recent years, you see more groupings springing up in Asia that don't include the United States, in part I think because in the past, administrations in some of the economies did not give APEC adequate weight. It is one of the most important areas this Administration needs to address, not least because of the weighting of the Asian economies in the world economic structure – these economies represent more than half of world output, and that share is growing! There is no doubt that policies established in APEC contribute importantly to preventing that line down the Pacific. APEC is a great platform to create policy initiatives from a diverse geographic background and perspectives to feed into the policy process.

I see two events which will be critical inflection points for the Obama Administration: first, the President's first APEC meeting in Singapore, where the President will get a "feel" for APEC, and no doubt will develop his own vision for the potential of the U.S. hosting APEC in 2011. The second is hosting 2011 itself, where there is a real opportunity to advance the trade agenda. APEC is of course a continuum, and progress should be made each year toward the longer-term goals, but each year is a milestone to check against that progress.

KRISTOFF: I agree, Mike. Foreign policy and economic policy have always been two sides of the same coin. APEC was always envisioned as a policy tool; a way for the U.S. to shape solutions for problems where we need broader geographic participation to address certain challenges. The truth is, if APEC didn't exist today, we'd need to create it. The devolution of APEC in recent years to "talk shop" status reflects a lack of vision on the part of the U.S.. It has not been treated as importantly as other fora and that has been a lost opportunity for the last 8-10 years.

Moving away for a minute from the foreign policy aspects, I'd like to consider another unique aspect of APEC: its incorporation of private sector input to the official process through the ABAC. In your view, how effective has ABAC been in pursuing business concerns in APEC? Mike, why don't you take the first shot at this one.

DUCKER: I'd be happy to, Sandy. I think the ABAC has been very effective at highlighting business concerns. Important issues have been brought forward by the ABAC such as regulatory matters, new ideas, disaster relief, capacity building. Relationships forged have also been very effective in removing some barriers. Many of ABAC's initiatives have been taken up by the Administration for real results and benefits. My only wish is that ABAC would rebuild the momentum so that business decision makers can continue to have valuable and impactful input to the policy process. ABAC as a mechanism provides provide strong leadership, and we need that momentum to reinvigorate the global economy.

BERGSTEN: I agree, Mike. ABAC has been a driver – look at the FTAAP (Free Trade Area of the Asia Pacific). ABAC started the ball rolling on that idea, and it went back and forth between the private sector and the government for a long time. I think there's a real opportunity for a "virtuous circle," where the private sector pushes to get government moving on the kinds of trade achievements APEC enjoyed in its earlier years. This will set in motion positive game-changing effects for 2011.

KRISTOFF: I think the ABAC has been especially useful in galvanizing governments to home in on issues that are important to business. ABAC plays a valuable role in surfacing issues that businesses believe governments need to address, so businesses can go about doing what they do the best. ABAC performs a valuable service in allowing business-to-business conversations, and in raising business issues. I'd say my only disappointment in ABAC comes from the inability of some members to act independently of their governments. The ABAC should be more aggressive, independent.

DUCKER: We've proven over the course of time that hesitation and slow reactions do not achieve desired results. Time waits for no one. Other countries are establishing new trading relationships at an astonishing rate and the U.S. – by standing still – will end up in a trailing position. The United States has a unique opportunity in APEC and ABAC to provide leadership. But this administration – like others before it – has a tendency to kill the snake closest to them. APEC in 2011 gives us the opportunity to take a longer view and position the United States strategically as a partner in Asia.

KRISTOFF: As you all know, The National Center for APEC will mark its 15th Anniversary this November in Singapore. All of us have been involved in the Center in various ways over the years; how do you think the Center's work has contributed to U.S. engagement – particularly from the private sector – in APEC?

DUCKER: The Center's board has a unique opportunity to be a voice in APEC and to be a catalyst of change to the nature of the discussions. They are positioned very well to outline business issues and establish a dialogue with key policy makers to move forward in the APEC process. That's the role that the National Center should play and I think they have a great responsibility in fulfilling that.

BERGSTEN: I agree with that – I have met with the Center's Board on a number of occasions – as recently as last month I took part in the Center's Board Retreat. I think the Center does a terrific job pulling the different parts of the country and different industries together in supporting these APEC strategies. The Center's ability to amalgamate the constituent elements into unified calls for action is critically important.

KRISTOFF: I agree, I think the National Center's role in supporting the U.S. ABAC members and taking U.S. business positions through to the various ABAC committees is critical. I also think its other role, which is serving as a place where non-ABAC members can push their business agendas forward – is equally critical. I think we should applaud the National Center for creating a platform for all U.S. businesses to access APEC and address their business issues in this regional forum.

Thanks guys! This was fun. Now onward to Singapore and to 2011.



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2003

First APEC Business Roundtable

Bogor Goals Established

Osaka Action Agenda

ABAC Established

Asian Financial Crisis - ABAC and APEC Respond

Early Voluntary Sectoral Liberalization

Leaders Endorse ABAC "APEC Food System" Initiative; Auto Dialogue Established

Air Services Agreement

Shanghai Model Port Project

APEC Life Science



2001



2002



2003



2004

1997



1998



1999



2000



2004
2005
2006
2007
2008
2009
2010
2011

STAR Bangkok-Laem Chabang Project; ABAC launches Financial Services Checklist

ABAC proposes FTAAP - Free Trade Area of the Asia Pacific; U.S. announces mid-term stocktake on APEC's progress toward the Bogor Goals.

U.S. announces intention to join APEC Business Modernization Project completed

Australia focuses on Climate Change; Structural Reform; President Bush announces U.S. will host APEC in 2011

Peru focuses on Corporate Social Responsibility; ABAC endorses Framework for Energy Security in APEC

APEC Services Initiative; ABAC builds on its previous work in the APEC Food System to renew focus on regional food security

2005



2006



2007



2008



NCAPEC Chairmen

Stanley D. Savage, Seafirst Bank 1994-1995

Lawrence W. Clarkson, The Boeing Company 1996-1998

Wayne Booker, Ford Motor Company 1999-2000

Rudy Schlais, General Motors Corporation 2001

Victor Menezes, Citigroup 2002-2004

M.R. Dinsmore, Port of Seattle 2005 (co-Chair); 2006 (Chairman)

Troy Clarke, GM Asia-Pacific 2005 (co-Chair)

Nick Reilly, General Motors Corporation 2007

Sandra J. Kristoff, New York Life Insurance Co. 2008

Karan Bhatia, General Electric 2009



Ernest S. Micek, Chairman Retired, Cargill Inc., represented the US on ABAC from 2000 through 2002.



Spencer H. Kim, Chairman, CBOL Corporation, represented the US on ABAC from 2006 through 2008.

ABAC: FORESIGHT AND PERSISTENCE

Sometimes ideas, no matter how good they are, are difficult for governments to deal with. Whether they are too complex, too “sensitive,” or too political, governments often hope they will just kind of go away. Not so with businesspersons. One of the strong points of the APEC Business Advisory Council (ABAC) is that good ideas don’t need to die, ABAC can keep them alive in APEC.

For example, during our tours on ABAC, separated by four years, we served as “shepherds” of the APEC Food System, which is an ABAC recommendation that APEC create a “robust regional food system that efficiently links together food producers, processors and consumers to ensure the long term availability of food, at affordable

in getting a special chapter on the food system in each member economy’s Individual Action Plan. When I left ABAC, Henry Kao of Chinese Taipei took my place and APEC initiated a continuing High Level Policy Dialogue on Biotechnology.

During his time representing the U.S. on the ABAC from 2006 to 2008, Spencer Kim became the shepherd. ABAC again reiterated its interest in the food system and pledged to put special emphasis on a thorough review of the issue in 2009 – including an analysis of climate change and biofuels as well as the fundamental need to become ecologically sustainable. When the dramatic food price spikes of early 2008 – which an efficient food system would have



Left to right:

Ernest Micek speaks with Alan P. Larson, former Under Secretary of State for Economic, Business, and Agricultural Affairs, during the NCAPEC 10th Anniversary luncheon in 2004.

Former President George W. Bush talks with Spencer H. Kim during dialogue with the ABAC Leaders at the 2008 Summit in Lima, Peru

prices, through cooperative action in rural infrastructure, technological advances and trade promotion.”

Recognizing that burgeoning regional food demand, finite land and water resources, and the current inefficient food delivery system would eventually put price pressures on food, with negative consequences for all businesses, ABAC made a set of detailed recommendations to the APEC Leaders in 1998 and 1999 advocating an APEC Food System. Philip Burdon of New Zealand shepherded this effort for ABAC and in 1999 APEC’s Leaders approved it. But rigorous implementation of this comprehensive, but politically sensitive, proposal proved to be difficult for APEC.

During my tour from 2000 to 2002 I became the shepherd on the food system proposal. ABAC kept the heat on APEC and succeeded

ameliorated – created a sense of food insecurity for many in the region, APEC got the message. It has put food policy, and creating food security, high up on its 2010 agenda. John Denton of Australia is shepherding ABAC’s review and update of its APEC Food System proposal to put it center stage.

It’s important to remember that ABAC is a place where everything can be, and is, discussed. It is usually ahead of the APEC governments in talking about sensitive and emerging issues. And when an idea is a good one, ABAC can doggedly pursue it. ABAC is a place where, through foresight and persistence, good ideas can be realized.



“For 15 years the Center has been the voice of U.S. business in APEC. Backed by a long and distinguished list of Board Members including many of America’s most dynamic and innovative companies, the future looks bright for the Center and for U.S. business in the Asia-Pacific.”

Representative Kevin Brady (R-TX), Ranking Member of the House Ways & Means Subcommittee on Trade, and Co-Chair of the House APEC Caucus



Nick Reilly is President of General Motors International Operations and the Executive Vice President of General Motors. He was Chairman of the National Center for APEC from 2006-2007, and has served as a U.S. ABAC representative since 2007.

A LEGACY OF PARTNERSHIP AND TRUST

Free trade breaks down more than just economic barriers. It also breaks down social barriers and brings governments, businesses, and people closer together both within and across borders. Through free and open trade and investment, and promoting and accelerating regional economic integration, APEC is improving lives. Free trade is enabling economies, businesses and even individuals to do what they do best and meet their other needs efficiently and at lower prices through others that do those things well. More recently, APEC and the APEC business Advisory Council are also championing several new and important issues such as climate change, energy security, and temporary worker mobility which will further improve lives.



Former President Bill Clinton with U.S. ABAC Members John F. Smith Jr., J. Gary Burkhead, and Paul Song at the 1998 Summit in Malaysia

At General Motors, we believe that APEC initiatives in each of these areas will have significant impact on businesses as well in the region. GM has a long history of active involvement in APEC and ABAC. GM's engagement in APEC was motivated by the recognition that world economic leadership was shifting to the APEC economies and their roadmap to leadership was through regional economic integration. APEC was also appealing because, unlike other political or economic forums, APEC wisely established a consultative role for the private sector with the creation of the ABAC, which serves as the voice of the business community.

Early on, we saw a promising opportunity to improve the climate for trade in automotive products among APEC economies. GM, along with other global auto companies, proposed the establishment of the APEC Automotive Dialogue in 1999. The Auto Dialogue provides a forum for policymakers and the private sector to interact on a regular basis on a variety of policy issues. Among the Automotive Dialogue's successes are model rules of origin for future free trade agreements, development of customs best practices, support for the APEC Customs Model Port Project, and promotion of road traffic safety programs in several APEC economies. It has also become a model for other industry-government dialogues in the region.

For GM to stay so engaged in APEC over the years we needed to see results, and APEC has delivered. The APEC initiative to liberalize

trade in information technology products and telecommunications equipment is widely credited with providing the impetus to complete the Uruguay Round of world trade negotiations. APEC and the ABAC continue to support multilateral trade liberalization by relentlessly beating the drum for completing the Doha Round negotiations. This year's ABAC chairman, Teng Theng Dar, visited Geneva in October to meet with Permanent Representatives to the WTO from APEC and key non-APEC members, as well as WTO Director-General Pascal Lamy. Teng Theng Dar and his able predecessors – Hernan Sommerville of Chile, Jae Hyun of Korea, Hoang Van Dung of Vietnam, Mark Johnson of Australia, and Juan Raffo of Peru – deserve the business community's gratitude for their advocacy in support of completing the Round, which is critical for future growth and prosperity of the region.

It is important to note that APEC and the ABAC have not been content to rely solely on the WTO process. I believe that the ABAC is playing a critically important role as a vocal advocate of regional economic integration through the FTAAP concept. At this point in history, as the world economy recovers from a major recession, the APEC economies are leading the way. APEC and the ABAC must reinforce the view that a robust trading climate and policies that enable innovation and entrepreneurship are essential to sustaining the recovery.

General Motors commends APEC and the ABAC for their many accomplishments. I believe that APEC's greatest achievement thus far has been to serve as a vital channel for dialogue between its member economies and between businesses and governments. The trust engendered by these dialogues was instrumental in addressing the challenges following the 1997 financial crisis in many of the emerging APEC economies. This trust has been even more important in addressing the challenges resulting from the current economic crisis. Without this, it is possible that the recession could have been much worse through the institution of new protectionist measures.



"Facilitating trade and economic development are key to sustainable economic growth both at home and abroad. Since 1994 the National Center has been a strong voice on behalf of American companies in the APEC forum. Your efforts have been important as we push to break down trade barriers across the Asia-Pacific region."

*Congressman Wally Herger (R-CA),
Former Ranking Member of the House
Ways & Means Subcommittee on Trade,
and Co-Chair of the House APEC Caucus*



Deborah Henretta is Group President, Asia, Procter & Gamble, with responsibility for The Procter & Gamble Company's business in Asia. She was appointed as a U.S. ABAC representative in 2009.

TAPPING THE POTENTIAL FOR GROWTH IN THE ASIA PACIFIC

The global economic crisis struck with an overwhelming force 14 months ago. Thanks to a coordinated response of governments, led by the G20 and APEC, financial markets have now stabilized and markets are returning to growth. The depth and intensity of the downturn has led people in business and government to seriously review economic assumptions and models that existed prior to the crisis. Both business and government have concluded that over-reliance on either export-led growth or debt-driven consumption is unsustainable.

At September's G20 meeting in Pittsburgh, Leaders forged an agreement on a comprehensive framework designed to restore growth in a balanced, sustainable and inclusive manner. Numerous policy and structural reforms will need to be undertaken to ensure the successful implementation of the framework, among these will be the development of regulatory measures that support innovation and trade as key drivers of economic growth. A return to growth will also require restoring consumer confidence, which would include the development of more robust social safety nets and strong, market-based protections for consumers.

For this framework to succeed, there needs to be active participation from the private sector and regional business groups such as the APEC Business Advisory Council (ABAC). It is incumbent upon businesses to engage with governments in the region to provide advice and guidance on reforms and initiatives that will spur innovation, expand trade, rebuild consumer confidence and ultimately place businesses in a position to bring the benefits of free and open trade to consumers. A particular focus should be placed on the needs of SMEs which account for 90% of businesses and 60% of employment in the APEC region. These nimble and innovative enterprises are in an excellent position to take advantage of new business opportunities presented by regulatory reform and trade liberalization. Many SMEs are part of the supply networks of large companies, and successful SMEs often become large in their own

right. Just 30 years ago, companies like FedEx and Microsoft were SMEs.

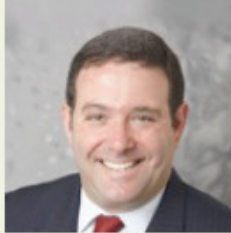
The importance of ABAC's role as a mechanism for business input to APEC has intensified given the urgent need for restoring sustainable consumption and growth. There are a number of specific roles ABAC must fulfill to remain relevant during this period of economic recovery. First, ABAC will need to continue to highlight existing barriers to business and call for immediate action on issues that will provide the most benefit to consumers and sustainable growth for business. Further, ABAC's long-term view of the economic landscape can help focus attention of governments on issues that may become impediments to growth in the coming years. For instance, ABAC put special emphasis on international labor mobility over the last two years. While urgent shortages of skilled labor have diminished as a result of the crisis, we will likely feel the effects again once economic growth returns. Finally, as the global economy recovers, it will be critical for private sector groups like ABAC to maintain pressure on economies to follow through with the commitments made in the APEC and G20 Leaders' Statements.

ABAC's recommendations will remain relevant only to the extent that we maintain a robust connection with the private sector stakeholders. The ABAC members from United States rely on the National Center for APEC to collect and communicate the private sector's input and opinions on actions APEC economies can take to improve the environment for businesses in the region. Since the establishment of the ABAC in 1996, the National Center has served the critical function of connecting the U.S. ABAC members with our private sector constituents. In 2009, it is clear that National Center's role and the input ABAC provides to APEC Leaders are more valuable than ever.



"Serving on the ABAC opened my eyes to the explosion of business opportunities within the APEC economies for the small and medium-sized business entrepreneur. As a representative of SMEs in ABAC, I relied on the National Center for APEC for solid information and their unparalleled network of relationships in the region. Congratulations to NCAPEC on 15 years of success!"

*Paul Song, CEO Noetix Corporation;
U.S. ABAC Member - 1999-2002*



Peter L. Scher is the Executive Vice President of Global Government Affairs and Public Policy for JPMorgan Chase and Co. Mr. Scher served as Chief of Staff in the Office of the USTR and in the same position at the U.S. Department of Commerce, before being nominated to serve as the U.S. Special Trade Ambassador in the Office of the USTR. He has served as a U.S. ABAC representative since 2008.

THE UNITED STATES' STAKE IN APEC

APEC's 20th annual Leaders' Meeting in Singapore will be President Obama's first formal interaction with APEC and a central part of his first visit to Asia. With the recent meeting of the G20 in Pittsburgh, Asia's role in leading the world out of recession, and the expectations for U.S. engagement in Asia, this gathering comes at what will be a pivotal time for U.S. policy in the region.

APEC economies represent nearly half of the G20, fifty-five percent of the global economy, forty-five percent of global trade and close to forty percent of the world's population. With its trans-Pacific participation, APEC provides an unique opportunity to further the process of promoting recovery and rebalancing the global economy. The 2009 meeting in Singapore couldn't come at more critical time.

However, Singapore 2009 is only one element of the opportunity APEC presents to the United States. With successive meetings in Singapore, Japan, and the U.S. over the next three years, APEC has the potential to reemerge as a leading economic and regional forum to enhance growth across both national borders and economic divides, as well as to provide leadership in expanding trade and economic activity across the globe.

A core element of APEC's Bogor Goals is to remove all barriers to trade and investment by 2020. This is a daunting task given the diverse and complex makeup of countries within the Asia-Pacific region, but much has already been accomplished. Average applied tariffs in APEC economies were reduced from 16.9% in 1989, when APEC was established, to 5.5% in 2004. APEC's total trade increased from U.S.\$3 trillion in 1989 to U.S.\$15 trillion in 2007. In addition, APEC has proven its utility as a regional catalyst to global initiatives. The Information Technology Agreement, an APEC initiative adopted by the WTO in 1997, now includes 70 economies, representing about 97% of world trade in information technology products and provides for elimination of tariffs and duties on all covered IT products.

However, future effectiveness or relevance does not necessarily follow past achievement, and the consecutive chairmanships of Singapore, Japan, and the U.S. will prove vital in recalibrating APEC to the challenges of the years ahead. A renewed commitment to APEC by the United States can be an important factor contributing to the region's economic growth in a sustainable and balanced manner.

The APEC meetings in Singapore in November, combined with Presidential visits to Japan, China, and Korea together comprise the first major trip to the region for President Obama. Key partners across Asia in both government and the private sector have high hopes for the Administration's engagement in the region, and all eyes will be on President Obama's appearance at the Singapore Summit, and the message that he will bring. This will be an opportunity not just to set out goals and outcomes for the Singapore meeting, but to set in motion the objectives and deliverables for the U.S. chairmanship of 2011, such as reinvigorating the Trans-Pacific Partnership and concrete steps towards a Free Trade Area of the Asia Pacific (FTAAP) or perhaps some other new and innovative approach. APEC's potential is only limited by the commitment and ambition of the APEC economies, and APEC has proven we can achieve much when ambition and commitment run high. How the President chooses to use this platform will undoubtedly set the tone of regional dynamics on trade and economic growth and the U.S.'s place in Asia going forward.



"If APEC didn't exist, we would be calling for its creation at every meeting of regional business leaders. But APEC does indeed exist - and business has a direct voice in it through ABAC. As one of the former U.S. ABAC members, I counted on the National Center to help us navigate the APEC waters and find ways to ensure APEC's continuing relevance to business."

Gary G. Benanav, Chief Executive Officer, and the Vice Chairman and a Director of New York Life Insurance Company (Retired); U.S. ABAC Member 2003-2005



"Over the past 15 years the National Center has played a critical role in U.S. engagement and success within the APEC process. As we move toward hosting in 2011, NCAPEC will continue to be a valuable partner in pursuing the ambitious economic and political agenda of the U.S. and American business."

Ambassador Charlene Barshefsky, former U.S. Trade Representative

ABOUT THE NATIONAL CENTER FOR APEC

The National Center for Asia-Pacific Economic Cooperation (APEC) is the only U.S. business association focused exclusively on facilitating American private sector input to the APEC process. Representatives of the Center often serve on official U.S. delegations to APEC meetings, capitalizing on the Center's excellent working relationships with U.S. government agencies as well as with business and government representatives from APEC's 21 member economies. Our programs are characterized by robust, candid discussions between business, government and academia on key trade and economic policy topics in the Asia-Pacific region. The National Center also functions as a conduit for U.S. businesses into APEC by serving as the Secretariat for the three U.S. executives who are appointed members of the APEC Business Advisory Council (ABAC). The Center is Coordinator of the USA APEC 2011 Host Committee. National Center membership is limited to U.S. corporations.



"The National Center has been instrumental in forging the kinds of partnerships between business and government that are necessary in achieving positive objectives that are well-designed, adequately explained to all participants, and implemented in ways that ensure success. The Center has become a shining example of how to coordinate both public and private sector financial and human resources in order to advance and spread new technologies and to put in place mechanisms which better the lives of their citizens throughout APEC."

Victor Menezes, Retired Senior Vice Chairman, Citigroup and Chairman, National Center for APEC, 2002-2004



"I was fortunate to be at the APEC meetings in 1993 in Seattle, and supported the establishment of the National Center for APEC (NCAPEC) as a legacy of those meetings. APEC is especially important now as we look to expand our trade and investment opportunities, particularly with our partners in the Asia-Pacific region, to drive economic recovery, create new jobs, and open new markets for American business. Congratulations to NCAPEC on its 15th anniversary serving as a voice for our private sector priorities in APEC at home and abroad. All of us at the U.S. Department of Commerce look forward to working with you and welcoming you to the APEC meetings the Commerce Department will host in 2011."

*U.S. Secretary of Commerce
Gary Locke*



AHEAD TO 2011: A CALL TO ACTION

The National Center for APEC will lead the private sector “USA APEC 2011 Host Committee”

The Committee will be responsible for planning, organizing and executing the 2011 APEC CEO Summit as well as business events organized in conjunction with ministerial-level meetings held in the United States throughout 2011.

The Committee will also oversee a public education campaign to inform U.S. citizens about APEC and raise awareness regarding the opportunities for individuals and companies presented by the U.S. hosting of APEC.

The Committee will be launched in January 2010.

Become a part of the USA APEC 2011 Host Committee
and be a key member of the team that will shape the
business agenda and activities for 2011.

Contact the National Center for more details or visit our
website at www.ncapec.org

Coming soon you can also visit: www.usa-apec2011.org

2011

THE NATIONAL CENTER FOR APEC: ADVANCING AMERICAN BUSINESS VIEWS IN APEC





