

**His Excellency Vladimir Putin**

Chair, Asia-Pacific Economic Cooperation &
President of the Russian Federation
Moscow, Russian Federation

Your Excellency:

The global economy is entering an era of greater uncertainty as it continues to struggle with the legacy of the global financial crisis and the escalating turmoil in the Euro zone. We urge APEC economies to take resolute actions to guard against financial and sovereign risks and the rise of protectionism, while pursuing trade liberalization and maintaining a robust growth trajectory.

The lack of progress in the WTO Doha Round is disappointing. We recognize, however, the immense value of the WTO legal framework that underpins world trade flows, which must be supported and preserved despite the difficulties in concluding the Doha Round.

Regional economic integration and achieving the Bogor Goals remain ABAC's top priority and require comprehensive actions to create a freer and more open market for goods, services and investment in the context of increasingly complex supply chains and value chains. ABAC calls for substantive progress to be made towards a Free Trade Area of the Asia-Pacific (FTAAP). Meanwhile, significant advances have been made on some possible pathways towards this goal, including the Trans Pacific Partnership and the Regional Comprehensive Economic Partnership. We urge the broadest possible participation in initiatives towards FTAAP, incorporating "next generation" trade and investment issues to optimize the full potential of global value chains.

ABAC applauds APEC's efforts to enhance competitiveness and facilitate trade in the region but there remains more to be done to improve the connectivity of **regional supply chains**, through a holistic and coordinated approach to addressing identified chokepoints. Greater use of global data standards and supply chain infrastructure technologies are needed to facilitate the sharing of supply chain information and best practices across the region. We also advocate harmonization of customs requirements and procedures, including the single window concept and the use of integrated satellite navigation systems (Glonass/GPS). ABAC notes the long-term benefits offered by wider use of alternative transportation routes between the Asia-Pacific region and the rest of the world, as a result of implementation of domestic and international transportation infrastructure improvement projects.

From 2010 to 2020, Asia-Pacific economies will require roughly US\$8 trillion in **infrastructure investment**, a level of demand which cannot be met without investment from the private sector. The potential to successfully leverage the role of the private sector to close the infrastructure deficit is dependent upon economies' capacity to create both a positive investment environment and robust legal frameworks for public-private partnerships. ABAC recommends that APEC adopt strong investment principles and protections such as outlined in ABAC's Investing for Growth report. There is also the need for predictable and transparent government procurement processes and more collaboration with the Asia-Pacific Infrastructure Partnership (APIP) dialogues with the private sector and multilateral agencies.

The current global situation underscores the compelling rationale for the development and integration of financial markets in the region, which has proven vulnerable to liquidity and credit constraints due to its over-reliance on a few traditional financial markets in advanced economies. The underdevelopment of the region's developing economies' financial markets will pose a very serious constraint to achieving global economic recovery. ABAC proposes the establishment of an Asia-Pacific Financial Forum (APFF) to discuss key issues and develop sound and efficient markets and urges APEC Leaders to fully support their governments' and businesses' active participation in APFF.

The issue of **food security** remains a priority for ABAC. We welcome the holding of the inaugural meeting of the APEC Policy Partnership on Food Security (PPFS) in Kazan in May this year. The long-term goal of the PPFS, with ABAC guidance, is to shape a food system structure by 2020 and provide lasting food security to APEC member economies. ABAC fully supports the strategy of the Kazan Declaration accepted at the Second APEC Ministerial Meeting on Food Security that prioritizes the key areas.

Small, medium and micro-enterprises (SMMEs) are the backbone of the modern economy based on **innovative growth**. Yet, SMMEs face numerous challenges, top of which is access to financing. We call on APEC economies to develop policies that encourage private individual investors (angel and venture capital) to get involved in funding SMMEs. ABAC recommends capacity building initiatives to raise awareness of SMMEs on cross-border opportunities, including the use of information and communications technology (ICT) tools such as e-commerce platforms and online portals to assist SMMEs in exploring and conducting cross-border transactions. ABAC urges economies to continue to address barriers that prevent women from participating more fully in the economy, in particular by implementing policies that encourage diversity and inclusion in the workplace.

Substantial actions are needed from APEC economies to alter environmentally unfriendly ways of living, and introduce new principles and innovative solutions into city planning and infrastructure development, and follow harmonized criteria for **living cities** in APEC. ABAC recommends adoption of a livable, low-carbon community and eco-city/living city approach based on the integration of social, environmental and economic principles including effective incentives for businesses. ABAC urges APEC economies to implement the Honolulu Declaration where Leaders agreed to work to develop in 2012 an APEC list of environmental goods and services in which to reduce, by the end of 2015, applied tariff rates to 5% or less.

ABAC recognizes the importance of voluntary, market-driven **dissemination of technology** and supports measures to create coherent regulation and strengthen mutually beneficial partnerships among stakeholders in the APEC technology community. Economies in the APEC region can enhance their prosperity by improving their capacity to adopt technologies by addressing barriers to trade and investment and taking steps to enhance their capacity for innovation.

ABAC believes that a **new services liberalization and facilitation agenda** is a major issue for APEC given the strong contribution of the services sector to economic growth. We call for the formation of a group of services experts from the private and public sectors and academia to make recommendations on ways to improve the global governance of services trade and investment and the launching of a new and dedicated initiative specifically aimed at liberalizing regional services trade and investment.

We look forward to discussing the above issues in greater detail during our dialogue in Vladivostok.


Yours sincerely,



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