

**Remarks by NC-APEC President Monica Whaley for the Hawaii Chambers of Commerce Luncheon on 12.8.10 (As prepared)**

APEC, or Asia-Pacific Economic Cooperation, is the premier forum for discussing economic issues in the region and is devoted to fostering sustainable economic growth based on free and open trade between the member countries. It was established in 1989 and includes some of the most dynamic and important U.S. trading partners such as China, Korea and Japan. Nearly 50% of world trade emanates from APEC countries, and four out of the top five U.S. export markets are members.

Since its creation APEC has made significant progress in reducing tariffs and other barriers to free trade in the region, and has proven itself as an organization that can help push the its agenda forward. There are still a number of obstacles to trade in the region, many of which were addressed during the meetings in Yokohama this year.

APEC is unique in that it is the only economic policy forum which has reserved a place for the private sector at the table. It is the only place where foreign leaders, policy makers and business representatives can sit down and work to ensure that both the public and private sector understand each other's priorities and together work towards the creation of a business environment that will encourage freer trade, economic integration and growth across the region.

The business community is represented in part by the APEC Business Advisory Council, or ABAC, which advocates for its members at APEC meetings which occur throughout the year. ABAC members, who are limited to three from each APEC country, also meet on a quarterly basis to take the temperature of the region's business environment and to develop their input into the APEC process. My organization, the National Center for APEC, acts as the Secretariat for the U.S. members which this year include representatives from Procter & Gamble, Caterpillar and JPMorgan Chase.

The National Center is also responsible for facilitating engagement between the U.S. business community and APEC leaders and decision makers in order to ensure that the U.S. private sector perspective is properly represented within ongoing APEC discussions.

As part of this effort the National Center and its Host Committee will be responsible for the organization of the CEO summit which will be held here in Honolulu next year. The Host Committee includes executives from a number of top U.S. companies and is being led by Craig Mundie, the Chief Research and Strategy Officer at Microsoft. We are working hard with members of the committee to come up with new and creative ways for members of the private and public sectors to meet and discuss the future of trade in the region.

Overall the business community was pleased with the progress made at the APEC meetings in Yokohama. We were encouraged to see movement on a number of issues, including the Japanese government's announcement that they would enter discussions aimed at eventual membership in the Trans Pacific Partnership or TPP. We are hopeful that over the next year in

the run-up to the APEC meetings here in Honolulu that further progress can be made on this and other initiatives including the Korean Free Trade agreement or KORUS.

Although the business community was disappointed that KORUS was not finalized while President Obama and President Lee were at the bargaining table in Seoul we remain hopeful that a deal can be reached in the coming weeks as the President and the U.S. Trade Representative Ron Kirk have stated. It is critical that the KORUS agreement is finalized in order to show the dynamic Asia-Pacific region that the United States is serious about free trade and will act as a stepping stone to the creation of the Trans Pacific Partnership and eventually to FTAAP.

These trade agreements are important to the U.S. business community but so are the economic underpinnings which make trade work from day to day throughout the world. The National Center is working with its board members to ensure that their priorities in this area are part of the ongoing discussion as well.

We are very interested in seeing the eventual creation of a common business environment which will make trade easier, faster and less expensive across the region which will help promote the growth that we all want to see. The U.S. business community believes that harmonizing trade and transportation regulations is a critical step in the direction, a step that would help streamline the global supply chains which feed regional businesses that are the engines of growth and job creation. Greater protection of intellectual property also fits in this category, and both the National Center and the ABAC as a whole have publicly recommended that member countries create a better framework for encouraging and protecting innovation across business sectors.

On a broader scale we are encouraging APEC members to resist the drift toward protectionism which has a negative effect on trade and investment in the region. Along with this we would like to see the member economies to ramp up their efforts in fighting corruption in both the public and private sectors. Greater transparency, possibly through mandated public reporting, is one way in which governments can encourage this.

The U.S. business community is also mindful of global issues which affect trade in the region. Food and energy security have the potential to have a major impact on APEC countries in the years to come and leaders from both the public and private sectors are seeking to preempt potential problems by encouraging governments to consider ways to either streamline trade in these sectors or to consider sustainable alternatives which promote innovation.

Many of these issues will be addressed when the leaders of the 21 APEC nations meet here in Honolulu next November, but the groundwork will be laid long before they get off the plane. The U.S. host year is in fact a year of engagement that began this week during the Informal Senior Officials Meeting here in Hawaii.

The first Senior Officials Meeting, or SOM, will take place in Washington, DC in late February and is the first major event of the year. The first SOM plays an important role helping to shape the agenda for the November meetings and all the issues that APEC is considering for this year will be on the table. The Host Committee will be working to create opportunities on the margins

of the SOM to ensure that U.S. business priorities are included in the discussions such as “behind the border” obstacles to trade and the issues I previously mentioned.

The first SOM can be seen as an opportunity for policy makers from APEC economies to both review progress in areas such as the Bogor Goals, and to map out the steps they think will be needed to push their agenda forward in the coming year. The Bogor Goals, made during the 1994 APEC meetings in Bogor, Indonesia, essentially call for free and open trade and investment among developed countries in the region by this year, and for the developing economies by 2020. Although the idea of free and open trade has not achieved by the target year significant progress has been made and we believe that the Bogor goals remain a solid target to shoot for in the future.

The second SOM will be held in Big Sky, Montana this year and will focus on the larger trade issues which affect commerce in the region as well as Small and Medium Enterprises which, as all of you know, are increasingly important in the U.S. and abroad both in terms of supporting global supply chains and in creating jobs for our local economies. Both trade and SME ministers from the member economies will travel to Montana for these meetings and the Host Committee expects that we will have a number of opportunities to speak directly with the group on the margins of their meetings.

The third and final Ministerial meeting will be held in San Francisco in September. This is where the rubber meets the road in a sense, and many of the final action items and results for APEC 2011 USA will be detailed at this meeting. The meetings here are representative of the way that the APEC economies and the private sector are working together to address current obstacles to trade, and potential issues that may not have been considered. The economies of the Asia-Pacific region rely on constant innovation and development to grow, and as new technologies are brought to market organizations such as APEC need to plan for ways to integrate these new products into the existing trade structure in order to foster continued sustainable growth in member economies.

The centerpiece of the San Francisco engagement is the Ministerial Conference on Transport and Energy which will address some of the most pressing problems of trade and security in the Asia-Pacific Region. High level representatives from APEC economies will be working towards a common regulatory environment to help streamline the supply chains which feed many U.S. businesses as well as the development of green energy alternatives and other ways to ensure greater energy security in the 21st century. Private sector companies will have input into the development of these meetings and are also planning several events of their own focusing on innovation in the health care and information technology sectors, appropriate topics considering the location of the host city.

Our blue sky scenario for this year of economic engagement could take many forms. Obviously we would like to see the KORUS agreement and the Trans-Pacific Partnership finalized by the end of this year, as both agreements would lay a solid foundation on which APEC could build the Free Trade Area for the Asia-Pacific, an agreement which would help foster trade, growth and job creation both in the U.S. and throughout the region. We would also like to see the member economies make investment easier in the region and begin to ease some of the

restrictions and barriers to free trade. But most of all the business community would like the U.S. to use its host year to prepare for the future and to bolster APEC's standing as a leading, results oriented economic forum for the 21st century.

APEC is one of the few avenues through which the U.S. can directly engage with this dynamic region, and this year we believe we have presented with an enormous opportunity to claim our seat at the table. In many ways our country's growth, both in terms of our economy and jobs, can and will be linked to the Asia-Pacific as the market for our goods increases along with the growth of the middle class in the APEC member economies. We believe that the series of meetings that the U.S. has planned for the year, along with private sector efforts, will result in a renewed commitment to free and unfettered trade in the region which, in the end, will benefit all of the members by allowing investment to increase and businesses to grow