

## Meeting Recaps

- APEC Business Advisory Council (ABAC) - August 3-6 - Hangzhou, China
- APEC 2009 Symposium - October 15-16 - Singapore

## Inside this issue:

- Leadership Corner p2
- Issues Updates
- Energy p3
- Food Security p3
- Finance p4

## NCAPEC Board Begins Planning for APEC 2011

During a special Board Members Retreat September 5-6 at the historic Salish Lodge in the Cascade Mountains of western Washington, representatives from 13 NCAPEC Board Member companies along with National Center staff conducted a series of in depth roundtable discussions on three key issues – developing a strategy for outreach to the new administration and Congress; identifying long-range sectoral strategies for pursuing business objectives in APEC over the long-term; and establish-

ing a vision for organizing the National Center and the U.S. private sector coalition to support U.S. hosting of APEC in 2011.

Over the course of the event the Center succeeded in establishing clear goals and objectives in each of these important areas, and laid the foundation for playing a leading role in organizing the U.S. business community to pursue long-term goals in APEC over the next two years, culminating in an active and engaged business agenda for 2011.

The retreat was preceded by a Board Members' meeting with Senator Max Baucus, Chairman of the Senate Finance Committee. Following a speech to the Washington State business community



Senator Max Baucus (D-Montana)

on the importance of APEC and Asia-Pacific trade to U.S. economic growth, Baucus met privately with the NCAPEC Board to take members' questions and discuss economic and trade policy priorities for the U.S. post-election.

## US ABAC Presents Annual Report to White House, USTR

In late September U.S. ABAC Members Spencer Kim (Chairman, CBOL Corporation), Michael Phillips (Chairman, Russell Investments), and Nick Reilly (President, General Motors Asia Pacific) presented the 2008 ABAC Report to Leaders to members of the Bush Administration. In meetings with United States Trade Representative Susan Schwab and Deputy National Security Advisor for International Economic Affairs Dan Price the US ABAC members discussed key issues of importance to the

Report. The U.S. ABAC members later discussed ABAC's recommendations to Leaders at an outreach event with approximately 60 members of the business community in Washington, D.C.

The ABAC Report to Leaders contains recommendations on a broad range of issues that will serve to guide APEC's efforts to make it easier to do business in the Asia Pacific region. ABAC specifically highlighted the following three recommendations:

- increasing transparency and activity-based regulation in financial markets
- renouncing the use of embargoes to address food security issues and;
- advancing regional efforts to address trade liberalization and facilitation in light of the impasse in the Doha talks.

The full ABAC Report to Leaders is available on the National Center's website at [www.ncapec.org/reports](http://www.ncapec.org/reports).

business community such as energy security, food security and the global financial situation in the Asia Pacific region that are highlighted in the



US ABAC Member Spencer Kim discusses the APEC Food System which features prominently in ABAC's Report



National Center for APEC's  
Annual Executive  
Roundtable  
January 8-9, 2009  
San Diego, California



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## NCAPEC Leadership Corner



As the 2008 APEC Leaders Meeting in Lima approaches, the world economy faces serious challenges. Most experts expect the current financial crisis will dampen economic growth, leading to what the Peterson Institute's Mike Mussa calls "a mild case of stagflation."

APEC can play an important role in these turbulent times, as it has in the past. Recall, during the Asia financial crisis of 1997, APEC was one of the key convening bodies. Government and business leaders used the APEC process to help address, and ultimately resolve, the crisis. Today, APEC remains focused on the best "cure" for the world economy's ailments: open trade and investment policies which can accelerate growth in the vital

Asia – Pacific region.

Looking ahead, APEC's work plan is geared to support economic recovery by focusing on the matters of greatest concern to the region's citizens. Initiatives on energy, food, health, and small business development each can contribute. The US ABAC members, the National Center, and its Board are strongly committed to constructive action during these uncertain times.

Board Chair Sandy Kristoff, Vice-Chair (Finance) Steve Farrar, and I commit to do our best to stay in a "listening mode." We welcome your ideas and comments for APEC in 2009 and beyond.

Scott Miller, Procter & Gamble  
Vice Chairman, Policy  
National Center for APEC

## NCAPEC Bolsters Congressional Outreach Efforts

In April of this year, NCAPEC began working with Monument Policy Group to help build support for APEC, the 2011 U.S. APEC meetings, and NCAPEC Board Member priorities. Monument's partners include Tim Punke, who worked in the Clinton White House and as Chief International Trade Counsel to the Senate Finance Committee, and Stewart Verdery, who served as Assistant Secretary of Homeland Security in the Bush Administration, and as Counsel to Assistant Majority Leader Don Nickles (R-OK).

In addition to giving NCAPEC an increased presence in Washington, DC, the Center's relationship with Monument has helped build needed momentum for APEC and the 2011 meetings. In September, Senate Finance Committee Chairman Max Baucus traveled to Seattle, where he met



Tim Punke, Partner at MPG, is assisting NCAPEC with congressional outreach efforts

with the NCAPEC Board and gave an address on Asia-Pacific trade. Baucus noted that "a reinvigorated APEC ... can set an example for the WTO and other trade forums. As the United States prepares to host APEC in 2011, now is the time to reengage it."

NCAPEC is also working with Monument to build broad Congressional support. The Center is currently working with a bipartisan group of four Members interested in starting a House APEC Caucus. A formal announcement is expected in November and a launch in early 2009. NCAPEC plans to work with this group to help communicate to Congress APEC's opportunities and importance.

Finally, NCAPEC has met with representatives of both Senator McCain and Senator Obama to encourage a strong commitment to APEC and a robust agenda for 2011. We will work with the new Administration's transition team to push a strong APEC agenda – and ensure that we "hit the ground running" in 2009.

## Singapore Sets 2009 Agenda

In anticipation of its hosting of APEC 2009, Singapore in October conducted a two-day Symposium to develop key themes and solicit input from both public and private sectors of APEC economies. Attendees included government, business and academic experts from across the region, including ABAC members and representatives.

The agenda laid out by Singapore centers on a theme of a 'connected region' building a 'stronger APEC'. Focus of efforts will be in three main areas: regional economic integration (described as 'at the border'); improving the business environment (trade facilitation, 'behind the border'); and enhancing connectivity (infrastructure, characterized as 'across the border'). In a series of panel discussions, various experts provided background information on each of these topics.

In addition, a side meeting was held among Singaporean, Japanese and U.S. ABAC delegations to discuss the A B A C agenda for the short and medium term, with an eye towards taking advantage of our sequential



Singapore Senior Official for APEC Ravi Menon addresses participants at the Symposium.

hostings to build momentum across the years 2009-2011 and pursue longer-term projects. As ABAC Chair for 2009, Singapore is still developing its proposal for the organization of working groups and agenda for the 2009 ABAC, but this is taking place in close coordination with U.S. and Japanese ABAC as well to ensure continuity and

(Continued on page 4)

### Food Sector Organizes to Advise on APEC Food System

The APEC Food System (AFS), an ambitious proposal to promote regional food supply security within APEC first proposed in 1998, has recently risen once again to a prominent place on the APEC agenda as a result of a series of price spikes and supply disruptions in regional food supplies this year.

The AFS was originally developed by the ABAC in conjunction with a consortium of U.S. and international food companies as a template for promoting a vision of a regional food market to ensure supply security and reduce barriers to trade in food and food products, in part by promoting rural development and encouraging technology development and sharing. Early this year in response to food security concerns, the ABAC Chair sent a letter to the APEC Leaders expressing ABAC's concern over the issue and encouraging them to direct officials to review and improve implementation of the AFS.

Since that time APEC Senior Officials have conducted a thorough review of actions taken to date in APEC to implement the system, and have formed a dedicated

working group under the leadership of the U.S. to continue to examine the food security issue and the AFS with a goal of ultimately providing recommendations for improving the System and its implementation.

Under the leadership of U.S. ABAC member Spencer Kim, a similar AFS 'task force' has been formed within the ABAC and will conduct a parallel review of the AFS from a business perspective, again with the goal of providing APEC Leaders with recommendations for concrete actions that can be taken to enhance implementation of the System. ABAC's effort will include outreach to experts from government, business and academia to provide input and assist ABAC in revising the AFS to ensure it remains relevant to the current challenges. Mr. Kim has already opened a dialogue with experts at the World Bank on this issue; a preliminary exchange of

information is expected to lead to better coordination of both organizations' efforts in this critical field.

In addition, under the leadership of NCAPEC board member Cargill, the Na-



tional Center has begun a program of engaging the U.S. food industry on the AFS issue. Several companies

participated in an initial discussion in Washington DC in September, and a follow up session is planned for early December. The objective of this effort will be to collect inputs from across the food and food-related industry sectors to provide to U.S. ABAC members and government officials regarding specific interests and objectives of U.S. companies in the area of food security and food trade policy.

### NCAPEC Advances Long-term Plan on Energy Security

NCAPEC is continuing to work with Dr. Kang Wu and Dr. Fereidun Fesharaki of the East-West Center to develop a Five Year Strategic Framework for Energy Security in APEC. The Framework focuses on several themes for policymakers to follow in order to achieve greater energy security, which include implementing and measuring steps that increase energy efficiency, exploring ways to effectively expand the regional energy resource portfolio, and improving the flow of energy goods and services between economies.

In Hangzhou last August, ABAC welcomed this proposal and agreed to partially fund the project. It will review the Strategic Framework during its next meeting in Lima this November.

While a projected decrease in overall product demand and subsequent regional economic slowdown has caused energy prices to fall, the fundamentals for continued economic growth in Asia will rebound, and demand for energy resources will continue to rise. The Strategic Framework will help guide policymakers in the coming years against a backdrop of resurging energy demand and renewed economic growth.

In a separate development, the APEC Energy Working Group (EWG) sponsored an Energy Trade and Investment Roundtable in Cairns, Australia on September 30 - October 2. The Group reviewed a study which identified barriers to investment in energy projects and technologies and ta-

bled an Action Plan to guide future work. NCAPEC attended the Roundtable and provided participants with a list of principles developed by the U.S. private sector that APEC economies should follow in investment of energy projects. The objective of the Action Plan is to ultimately identify and work to remove barriers to trade for those goods and services which would expedite the diversification of energy supply sources.

NCAPEC, with energy industry representatives, is currently reviewing and revising the APEC EWG draft Action Plan. The Action Plan will be discussed at the next EWG meeting, which is scheduled for Manila in December.

## ABAC Statement on Financial Crisis

Since the ABAC meeting in Hangzhou last August, the U.S. economy has suffered bank failures, government takeovers of financial intermediaries, frozen credit markets, and vast losses in the equities markets. The crisis has spread globally and efforts have been and are continuing to be made to stabilize markets. Immediately after the U.S. Congress passed the Emergency Economic Stabilization Act, ABAC Chair Juan Raffo requested U.S. ABAC member Michael Phillips to draft a letter to Finance Ministers and Leaders that recommended regulatory policies which would help reinforce the region's capital markets.

This letter from the ABAC Chair echoes similar recommendations made in greater detail to Finance Ministers written back in May. Mr. Phillips recommended that Leaders, Finance Ministers and central bankers collaborate to take steps incrementally, using existing securities and market surveillance and enforcement mechanisms to reestablish confidence in financial markets by investors.

APEC Finance Ministers will meet in Trujillo, Peru on November 5 and 6 to discuss the global financial crisis and continued efforts to develop capital markets in the region. ABAC will engage with Ministers to help identify the necessary changes to regulatory and institutional frameworks which will help restore confidence in financial markets.

The full text of ABAC's letter addressing the financial crisis can be found at [www.ncapec.org/reports](http://www.ncapec.org/reports).

## Singapore Symposium (Continued from page 2)

synchronization.

General discussion throughout the event focused on the need for APEC to 'rise to the occasion' of the current global eco-

## Calendar of Upcoming Events

November 5 - 6	Finance Ministers' Meeting	Trujillo
November 16 - 17	Concluding Senior Officials Meeting	Lima
November 18 - 20	ABAC Meeting IV	Lima
November 20	NCAPEC Annual Luncheon	Lima
November 19 - 20	Joint Ministerial Meeting	Lima
November 21 - 23	APEC CEO Summit	Lima
November 22 - 23	APEC Leaders' Meeting	Lima
December 1 - 5	Energy Working Group	Manila
2009		
January 8 - 9	NCAPEC Executive Roundtable	San Diego
February 10 - 13	ABAC Meeting I	Wellington
February 13 - 22	Senior Officials' Meeting I	Singapore

nomics situation by demonstrating its relevance, focusing on delivering measurable progress on core issues, and maintaining momentum for trade and investment liberalization and facilitation in the face of a potential rise in protectionist sentiment in the region and the world.

Based on these discussions, from our preliminary assessment the 2009 APEC agenda will initially be focused along the following lines:

**REI** – Expect an increased focus on exploring regional trade liberalization mechanisms, including FTAAP as a long term prospect. Given Singapore's hosting, the fact that 3 ABAC meetings will be in P4-member countries, and the recent announcement of U.S. participation in expanded P4 negotiations (including redesignation of the P4 agreement as a 'Trans Pacific Partnership' or TPP agreement), expect a renewed emphasis on the TPP as 'one possible example' of a potential future Asia-Pacific REI solution.

**Trade Facilitation** – Emphasis on structural and regulatory reform as a means of addressing 'behind the border' issues will continue to be the main focus of APEC's trade facilitation efforts. There is general consensus that this area is well suited to APEC, of immediate concern to business, and has the potential to provide substantial measurable benefits to all APEC econo-

mies. In addition, it may be an area more open to pursuing in an environment where domestic protectionist sentiments prevent pursuit of more traditional trade liberalization efforts.

**Connectivity** – Singapore's emphasis is on physical connectivity, to enhance supply chains and linkages between economies. Much business input during the discussion urged a focus instead on 'soft' connectivity, including IT, MRAs, standards, and other areas more amenable to being addressed in a multilateral APEC-style forum. Expect a bit of both, with an emphasis on a 'best practices' approach as well as an effort to promote public-private partnerships to enhance connectivity in developing economies.

In all these areas, it is very clear that under Singapore's leadership both the governments and the ABAC will be actively seeking input from the private sector, especially in identifying impediments to business. The National Center is confident that next year will provide a wide range of opportunities for companies throughout the U.S. private sector to participate actively in informing, shaping and driving the APEC agenda to advance U.S. business and policy interests in the region.