

## **1997: PECC XII General Meeting SANTIAGO STATEMENT**

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### **Santiago de Chile 30 September - 2 October 1997**

We, the representatives of 22 Member Committees of the Pacific Economic Cooperation Council, believe it is a significant moment to have gathered for the first time in Latin America for our 12th General Meeting in Santiago de Chile. PECC, as a tripartite organization of business, academia and public officials in their personal capacity, provides important inputs into the APEC three pillar process of trade liberalization, facilitation, and economic and technical cooperation.

#### **Strengthening Transpacific Partnership**

The Latin American economies over the last decade have embarked on a determined process of economic and political reform. They have made considerable steps to open their economies to international trade and investment and they are increasingly gaining the rewards of economic growth, making the Latin American region one of the fastest growing areas in the world.

Our combined markets around the Pacific are vast and expanding. We urge business, government, and academia to take up the challenge of developing a stronger transpacific partnership so that we may derive the benefits of greater cooperation and market-led integration.

#### **Maintaining Openness**

A fundamental prerequisite for Asia Pacific growth is a continuing resolve in spirit and in policy action to openness and cooperation in the promotion of the competition process. The Asia Pacific model of open regionalism, with its clear commitment to non-discriminatory liberalization, must remain our benchmark. It not only enables regional integration, it gives support to the multilateral trading system on which we rely for our wider international linkages.

In all Asia Pacific economies, increased openness is bringing the discipline and challenge of international competition. Many businesses are thriving from the expanded opportunities and others are taking time to adjust. Asia Pacific consumers, the essential beneficiaries of competitive commerce, are already receiving the benefits of this process and will continue to do so in the future. The business environment which governments collectively and individually have a hand in framing will largely determine the way business and consumers respond to the opportunities of stronger competition.

Business and consumers will act more confidently when government policy-making processes are consistent, certain and transparent. In combination, these attributes build a climate of stability even during periods of rapid growth and structural adjustment.

## **The Need for Stability and Certainty**

We are confident about the prospects of strong and continued economic growth in the Asia Pacific region but there is at present some instability and uncertainty about many issues. Some relate to macroeconomic policy and to the disturbing volatility in financial markets and others to the resolve of governments to clarify and implement their stated commitments in trade and investment policy.

It is now an important time for governments to provide positive signals to business and the community at large and on some issues they must be urged to act decisively. They can do this individually and collectively in the APEC process and within the framework of WTO.

## **Timely Implementation of MAPA and Further Liberalization and Facilitation Measures.**

APEC is to be applauded for laying out its first steps toward achieving free and open trade and investment in the region in the Manila Action Plan for APEC (MAPA). The announcement of Individual and Collective Action Plans in Manila last year squarely placed the APEC process in the public domain. Its tangible achievements are now open to scrutiny and its resolve is being tested in domestic constituencies. To maintain a high level of credibility and to provide business with greater certainty, APEC economies should now take bolder steps to improve their Action Plans, and particularly to enhance competition.

These plans need to be much more detailed in their coverage of issues and topics and show that APEC members through concerted unilateral measures will continue to add value beyond commitments made in other forums. APEC members should provide more certainty for business by ensuring that the action plans cover a longer time frame with clear schedules of the liberalization process hopefully for the whole period leading up to the achievement of the Bogor goals. APEC members must also make their action plans more transparent and user-friendly so that economic players can react in a timely way to policy changes. Review and assessment of APEC action plans will be a vital part of the transparency process, given the unique voluntary nature of APEC liberalization. PECC has already taken initial steps to review APEC action plans and will develop these over the coming months in conjunction with business representatives particularly continuing to support the ABAC process. PECC believes that the APEC process will benefit from other groups such as PBEC carrying out similar reviews.

Business judges the effectiveness of liberalization by the level of impediments it faces. We therefore urge APEC to abide by the Osaka principles of comprehensiveness, flexibility and comparability, among others. In addition to addressing tariffs, liberalization should also include reductions of non-tariff barriers, improved facilitation measures and supporting technical and economic cooperation policies to enhance the business climate.

## **Early Implementation of the Uruguay Round**

Underpinning the APEC action plans are the many commitments made in the Uruguay Round. Early implementation of these agreed commitments including the built-in agenda is of the highest priority. At this time, consolidation is as vital as addressing the new issues before the WTO. It will enable each economy to reap the benefits at the earliest opportunity and it will add strength and credibility to the resolve of Asia Pacific economies both regionally and in the WTO.

### **Stability of the Financial System**

The WTO concern with financial services is one that deserves active support and debate by APEC members. The global financial system underpins all other international transactions and links domestic economies with international markets. The acute volatility in banking and in currency and stock markets in Asian economies and earlier in Latin American markets has illustrated this clearly. It has caused concern and significant uncertainty and the consequences are real. Despite understandable caution, now is the time to cooperate to reach global agreement on financial services to bring stability to the international financial system and to more effectively link financial, trade and investment issues.

### **Strengthening Investment Principles**

APEC's agreement on a set of Non-Binding Investment Principles in 1994 provided a positive basic framework for improving the investment climate in the region. We believe it is now time for APEC to consolidate its work on investment and to strengthen the principles. We note that in response to international competition, investment regimes in many APEC economies are being liberalized to a point which would allow a strengthening of the Non-Binding Investment Principles to reflect present regimes

### **Towards Effective Economic and Technical Cooperation**

For the economic and technical cooperation program to be successful APEC must advance the Priorities outlined in the 1996 Manila Declaration on this issue. Economic and technical cooperation is the critical and essential third pillar of APEC and must be given much higher priority in the APEC process. A breakthrough in this regard is essential. Moves to widen the process to include business as partners and representatives of relevant non-member economies and organizations are to be encouraged.

### **The Need for Global Free Trade**

Business and consumers are the life blood of Asia Pacific cooperation and an essential engine for economic growth. Together they provide the jobs and the means of higher living standards for the people of the region. Governments in the region have early seen the benefits of giving business and consumers more open and competitive markets in which to operate. APEC governments have had the foresight and courage to go further and set for their economies a clear goal - free and open trade and investment by 2010/2020. PECC believes that these kinds of ambitious commitments should be more widely spread in the quest for global free trade.

## **Pushing PECC Cooperation Forward**

PECC remains committed to bringing the wider community into the process of Asia Pacific cooperation and to articulating the gains which can be achieved. PECC's unique partnership of practising business people, public officials and academics, provides a rich network in various fields for generating new ideas and for developing a consensus on their implementation. It will continue to make these ideas available to governments and industry groups and to regional and international institutions such as APEC and the WTO.

## **A Greater Role for Latin America**

The meeting that has today come to its conclusion is a milestone in Asia Pacific developments. It represents a significant step in establishing a Transpacific Partnership relation which will enhance Latin America's role in the Asia Pacific process and serve as an effective building block towards closer ties between economies of the eastern and western rim of the Pacific Ocean.