

**Update from Observers
PECC Statement to SOM III
Santiago, Chile
September 2004**

On behalf of the PECC Chair, Dr. Kim Kihwan, I would like to congratulate APEC officials on the excellent work in promoting the cause of Asia Pacific cooperation this year. We would especially like to thank Chile for strong leadership on many fronts and for the excellent arrangements at SOM III. In this statement, we would like to highlight some key outcomes of our work program that we believe will be of interest to Senior Officials.

PECC has just concluded its 2nd Forum on Ecotourism in Diqing Prefecture, Yunnan Province China. The subject of this meeting was “Eco-tourism and Ethnic Cultural Heritage Protection”. We would like to note that participants emphasized the need for regional cooperation in the preservation of cultural identity. Eco-tourism which respects cultural diversity and promotes understanding through people to people exchanges can be a valuable developmental tool. Participants in the Forum highlighted the positive role that governments can play in establishing policies that attract investment and public-private sector partnerships that seek the protection of ecological and cultural heritage. They also highlighted the need for regional information exchange on best practices in eco-tourism. A more detailed report will be given to APEC Tourism Ministers when they meet this October and we hope that APEC will join us in advancing this work.

We would like to add our support to the progress being made in strengthening economic and technical cooperation in APEC. This is an important theme in the work of PECC’s Community Building Forum, which is seeking to develop frameworks for communities to participate in the benefits of international trade. We believe that public-private sector partnerships are essential in the development of such frameworks.

Participation in the global economy is another major theme of work that PECC members are undertaking for SOM in the monitoring of the e-APEC strategy. APEC Leaders have set important goals in the Brunei Declaration for trebling access to the services of the Internet by 2005 and to create the conditions for community-based access APEC-wide by 2010. We hope that this work will help to highlight areas where Asia Pacific cooperation can help to accelerate connectivity in the region.

We congratulate SOM on its decision to incorporate work on RTAs/FTAs into its work programme, with a focus on how RTAs/FTAs can contribute to the achievement of APEC’s Bogor goals. The PECC Trade Forum’s work programme on RTAs/FTAs is also now focused on the practical issues involved in ensuring that these initiatives contribute to achievement of the Bogor goals, and we look forward to continuing to work cooperatively with APEC on these issues. SOM’s work on identifying “best practices” in RTA/FTA design will provide an especially useful reference point for future work in this area, and we likewise hope that the points we raised in our proposed “Common Understanding on RTAs” will continue to receive consideration in this context. We are also particularly pleased to note that details of RTAs will be included in IAPs and hope that this will contribute to a better understanding of how RTAs are affecting progress towards the Bogor Goals.

As we mentioned at SOM II, the PECC Trade Forum proposes to contribute to APEC’s mid-term review by undertaking a study of progress in trade and investment liberalization in the

APEC region, in the spirit of the work we did on impediments to trade and investment for APEC in 1995, but with greater analytical depth and policy focus. The scope of this study will depend on the extent of the resources we are able to mobilize. At this stage we have commitments to support for one major element of the study (relating to trade in goods) and are continuing to seek support for the remaining elements

The coordinator of the PECC Trade Forum was recently commissioned by ABAC to provide an “issues paper” to assist ABAC’s deliberations in its proposal for a Free Trade Area of the Asia-Pacific. The paper benefited from insights contributed by many experts within the PECC Trade Forum network. It addressed the issues from the perspective of business concerns over the rate of progress towards achievement of APEC’s Bogor goals and the consequences of uncoordinated RTA proliferation, and also highlighted the importance of considering the issues in the context of ongoing support by APEC for the WTO process and a successful conclusion to the Doha Development Agenda. It is clear that the issues raised by ABAC’s proposal are complex and will give rise to a lively and, we trust, healthy debate. The PECC Trade Forum’s region-wide network of experts has the capacity to make a substantive contribution to this debate.

We congratulate CTI for the progress they have made in deepening the involvement of the business community through ABAC in the APEC process. The recent Expanded Dialogue on Trade Facilitation chaired by ABAC was a landmark meeting that demonstrates the unique contribution that APEC can make on trade facilitation issues. In the context of the recent agreement in Geneva to include trade facilitation in the WTO Doha Work Programme, we strongly encourage APEC to take the initiative in expanding and deepening its Trade Facilitation Action Plan, and to leverage the Action Plan in support of the WTO trade facilitation talks.

Members of PECC have also just completed a study for the Committee on Trade and Investment on the Mutually Supportive Advancement of APEC’S Trade Facilitation and Secure Trade Goals post September 11. We hope that this work will add further momentum to the achievement of the Shanghai targets.

PECC also notes the important work on structural reform that was highlighted at the recent high-level conference on this subject, in which PECC representatives participated. The conference showed both the importance of structural reform for the achievement of APEC objectives and the unique contribution that APEC can make in this area through its emphasis in capacity-building and sharing of experiences. This contribution will undoubtedly be enhanced by the proposed steps to sharpen the focus of APEC’s work programme on structural reform.

The PECC Chair attended the APEC Finance Ministers meeting where he highlighted some of the key recommendations from PECC’s work on financial policy. The PECC Chair noted some of PECC’s concerns on the current state of financial cooperation in the region including the need to strengthen international architecture and the current imbalance in capital flows in the region, of particular note to APEC SOM is the need for continuing domestic financial reform. PECC recommends that similar to the IAP Peer Review Process that APEC consider peer discussion on reform efforts in corporate governance as well as regional mechanisms for bolstering international financial architecture. PECC and ABAC jointly organized the Conference on Developing Bond Markets in the APEC Region, we believe that working together with ABAC will help raise the profile of Asia Pacific cooperation by bringing key stakeholders together and informing the wider public of the ongoing work in important areas.

Finally, the next PECC Standing Committee meeting will be held in Guayaquil, Ecuador. While Ecuador is not an APEC member they are making efforts to integrate into the Asia Pacific economy. We draw your attention to a meeting being held just before our Standing Committee meeting on air transportation in the Asia Pacific. As APEC officials start their journeys back to their respective capitals, you may have noted air transportation links between our economies still needs much improvement. This conference will address what regional cooperation can do to facilitate travel between Pacific Rim economies.

Thank you for your kind attention.

Presented on behalf of the PECC Chair
by Yuen Pau WOO, Chair of the Canadian Committee for Pacific Economic Cooperation
3 October 2004