



Teng Theng Dar
ABAC Chair 2009

15 May 2009

H. E. Lee Hsien Loong
APEC Chair and Prime Minister
Singapore

Your Excellency:

We are writing to you against the backdrop of a world economy faced with a deep and possibly prolonged recession to urge action which could be taken in the short term to promote economic recovery in the Asia-Pacific region.

Our main concern is that world trade is expected to contract by 9% this year, the largest decline since World War II. We, the members of the APEC Business Advisory Council (ABAC), therefore place great importance on the need to promote the recovery of world trade as a key component of efforts to restore global economic growth.

In light of the continuing fragility of financial markets, coordinated efforts at the global level to bring about the full restoration of their functioning remain of prime importance. In this regard, the G20 Leaders' meeting process – through which the views of APEC can be conveyed through the nine APEC members who are part of the process - has been an effective mechanism for policy coordination in response to the crisis and for restoring market confidence. We realize that in these difficult times domestic pressures pose a formidable impediment to turning pledges against protectionism made at such meetings into action. We urge Leaders not to lose sight of what is beneficial and sustainable in the long term for all APEC members and the majority of their population rather than just to certain sectors.

We believe APEC Leaders should now take the opportunity to show leadership in the region and to non-APEC members by taking the following actions which reinforce their commitment to achieving the Bogor Goals and the vision of the Free Trade Area of the Asia Pacific (FTAAP):

First, APEC Leaders must abide by their commitment to standstill on the implementation of any new barriers to trade. Our own observation reveals a disturbing trend towards increased protectionism in the form of new barriers to trade and increasing trade remedies. While it appears that many of these actions may be consistent with WTO provisions, we strongly believe they are against the spirit of the G20 and APEC Leaders' commitments. To be effective, the standstill commitments must apply to any measure, including fiscal stimulus, impacting negatively on trade and investment. For such protectionist measures that are already in place, we urge that they be withdrawn.

Second, Trade Ministers should be instructed to accelerate work on initiatives aimed at promoting immediate steps to enhance regional economic integration, regulatory reforms and physical connectivity. Priority should be given to accelerating the implementation of trade facilitation measures identified by the World Bank as having the potential to lead to an increase of \$280 billion in intra-APEC trade. APEC member economies should aim for a measurable reduction in transaction costs of 5% by the end of 2009 instead of the current target of 2010. APEC should implement elements of the trade facilitation package in the Doha Development Agenda (DDA).

Third, APEC members who implement fiscal stimulus measures should do so in a way which enhances global demand - not only domestic demand - with a clear vision toward facilitating structural reforms which will prevent future occurrence of problems currently experienced and promote sustained economic growth. In addition, such fiscal measures should enhance SME finance since the activities of SMEs contribute significantly to job creation. One important way to accelerate the rebuilding of consumer confidence in the immediate term is for business and governments to join forces and partner in the development of programs that stimulate consumption and at the same time are aligned with the promotion of other government policy priorities such as health, hygiene and sustainability. APEC provides a unique platform for public private partnership that should be leveraged to promote and facilitate deployment of these programs.

Finally, given that the WTO Doha Round - much to our concern - is unlikely to be completed before the end of 2009, APEC Leaders should instruct their Trade Ministers to take responsibility for efforts to reach agreement on modalities for the negotiations before the northern summer break and to set a deadline for conclusion of the Round in early 2010, building on the progress already made. It is a source of considerable frustration to us as business leaders that, after eight years of negotiations and countless calls for urgency, the Doha Round remains uncompleted.

We stand ready to discuss the above recommendations with you in further detail and we look forward to our annual dialogue later in the year.

Sincerely,



Teng Theng Dar
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