



Asia-Pacific
Economic Cooperation



PECC XVII

Regional Economic Integration - A Business Perspective

Sydney, May 2007

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APEC Trade Policy Dialogue – 22 April

- “Strengthening Regional Economic Integration”
 - Market-led and policy-led integration
 - FTAAP
 - Concrete steps



FTAAP Focus

- Point of view
 - APEC – capacity builder or negotiator?
- Analysis of barriers
 - Border
 - Beyond the border
 - Across the border



What's important – some themes

- Integration business led
- Investment and services growing faster than goods trade
- World “one big factory” – business fragmenting



What's important - continued

- IP, IT, logistics, software
- Government role – shift to domestic policy



Implications for APEC

- Role – harmonise and co-operate vs negotiate
- Separate FTAAP from APEC?
- Domestic policy interventions - not in WTO paradigm



Outcome

- “Lukewarm”, “underwhelmed”
- FTAAP not near term
- Proposition: Trade focussed policies no longer enough to engage full support of business communities

APEC – Dialogue on Policy Framework for Investment (PFI) – 26 April

- OECD Framework
- Level playing field – not FDI vs domestic
- Checklist against best practice



PFI - continued

- Ten policy domains include:
 - Investment
 - Trade
 - Competition
 - Tax
 - Governance
 - Human resources
 - Infrastructure and financial services



PFI - implications

- Self examination vs peer pressure
- Encourages policy integration
- A structure to round out the trade agenda?



Business Perspectives

- Business robust / Darwinian / Schumpeterian
- Wants more:
 - Doha – multilateral is better
 - Facilitation
 - Behind border reforms
 - Capacity building

What should APEC policy makers do for business ?

- INTEGRATED APEC MARKETS
- Domestic adjustment policies
- Reform APEC
 - Harmonise / co-operate
 - Facilitate adjustment and integration
 - Negotiate / enforce



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