

*Deb Henretta*  
*ABAC Chair 2011*

29 April 2011

The Honorable  
**Ron Kirk**  
United States Trade Representative  
600 17th Street NW  
Washington, DC 20508  
USA

Dear Ambassador Kirk:

On behalf of the APEC Business Advisory Council (ABAC), I am pleased to share with you and your fellow APEC Ministers Responsible for Trade our key recommendations aimed at promoting economic growth and recovery in the region.

Our recommendations are made in a global economic context that remains fragile. Risks lie in the divergence in growth between developed and developing economies and in the slow recovery of foreign direct investment (FDI) which remains at below pre-crisis levels. Our recommendations below and in the attachment focus on actions that APEC member economies could take to address these risks.

ABAC's priorities lie in the promotion of regional economic integration through the liberalization of goods, services and investment flows, enhanced supply chain connectivity and improved regulatory coherence between economies. We welcome the decision of APEC Economic Leaders in Yokohama last year to take concrete steps towards the creation of a Free Trade Area of the Asia-Pacific (FTAAP). FTAAP should be advanced in a manner that ensures business growth while promoting social inclusion. ABAC looks forward to receiving further details on the concrete steps to be taken and to monitoring progress in the identified pathways to FTAAP.

ABAC recommends that a key objective of steps towards FTAAP should be to enhance the operation of integrated supply and value chains which reflect the way business is now increasingly being done in the region. As an incubator for ideas, APEC has a key role to play in identifying blockages and overcoming barriers and impediments to enhance competitiveness, make business more profitable, help companies better manage inventories and lower costs for consumers.

ABAC recommends that particular attention should be focused on actions aimed at accelerating the growth of FDI. Such actions include improving the predictability, transparency and efficiency of the legal and regulatory environment for investment and providing effective mechanisms for expedited approval processes and the resolution of disputes.

ABAC is ready to work closely with APEC Ministers and officials to identify priority actions that could be taken in "next generation" areas such as behind-the-border regulation, trade in services, competitive markets, innovation, government procurement and labor mobility. The principles of

gradual improvement, mutual benefits as well as differentiated approaches should be adopted to guarantee the inclusive participation of all members, with due consideration to the varied adaptive capacities of developing economies. We will develop our ideas further in our annual recommendations to Economic Leaders.

Regional economic integration will also be served by the earliest possible conclusion of the World Trade Organization's Doha Development Agenda. The case for concluding Doha is as strong as ever. Despite progress on the global trade negotiations, the differences in Non-Agricultural Market Access are effectively blocking progress and putting into serious doubt the conclusion of the Round this year. ABAC recommends that Ministers adopt a strong statement in support of the concluding final modalities in a timeframe that allows Doha to be concluded with an ambitious and commercially meaningful outcome this year.

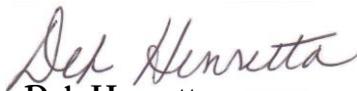
ABAC is conscious of the large-scale natural disasters that have affected people in several economies in the region in the last year. The devastation wrought most particularly in Japan has also highlighted the integrated nature of global and regional supply chains. ABAC recommends that Ministers take all necessary steps to keep critical supply chain links open at times of national emergency. Ministers should ensure that domestic actions taken to protect their citizens are based on rational and science-based decision making and accepted international standards.

The disaster in Japan, and ongoing uncertainty in the Middle East, have also amplified ABAC's concern about global energy security. ABAC recommends that officials be directed to give urgent attention to energy security, including reviewing the safety of nuclear power, developing renewable energy and taking measures to stabilize the price of oil and other fuels.

Finally, ABAC's work includes a number of other trade and investment initiatives that are relevant to improving the business environment across the region. An update on progress on these initiatives is provided in the attachment.

We look forward to participating in your meeting in Big Sky, Montana in May and to discussing these recommendations in greater detail.

Sincerely,



**Deb Henretta**  
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