

## **Asia-Pacific Economic Cooperation**

You may be one of those wondering why there is all the fuss about the November APEC meeting in Honolulu. Here's the bottom line – it's the bottom line. Improving the conditions and processes for making business flow and increase within the Asian-Pacific Rim region is the basic purpose of APEC. Stakeholders and government officials discuss, negotiate, and formulate policies to reduce the time, cost, and uncertainty of moving goods and services throughout the Asia-Pacific region. By fostering economic stability and prosperity, APEC's members seek to raise living standards and educational levels for its citizens.

Small and medium-sized companies constitute 90% of businesses throughout the region and employ more than half the workforce for most APEC members. The sheer collective size means that collaborating to make trade and investment easier across borders can stimulate healthier, more vibrant economies. Small and medium-sized companies, however, aren't large enough to have staff whose job descriptions focus solely on taking care of cross-boundary matters or be able to produce 18-21 variants of the same product to be able to sell it in different countries.

Trade ministers for APEC members work on facilitating global production chains and expanding international markets and including small and medium sized businesses in these efforts. The costs of international trade, lack of access to reliable information on government regulations and tariffs, and protecting intellectual property are some of the hindrances to doing business across borders.

Another challenge is product standards that vary from country to country. To ease the burden on production and expand transnational trade, APEC ministers are trying to establish common standards. Differing standards is a real barrier for small and medium-sized companies that cannot afford to make several variants of a product to satisfy nation-specific requirements. Aligning standards to maintain quality while remaining business-friendly is an extensive balancing act. Government officials working in this area must ensure good regulatory practices that protect public health and welfare while reducing technical barriers to trade. The standards must address a wide range of products – food and toy safety, commercial green building standards, and medical devices, for example.

Companies need clear, consistent, and easy to understand information on trade regulations and the tariffs that must be paid. To help on this point, APEC created a website for up-to-date information for each of its members.

The APEC Business Travel Card (ABTC) clears another hurdle for international trade. Being able to negotiate and conduct transactions face to face is often crucial for success, even in this day of internet communications. This pre-cleared, multiple-entry travel document for visa-free business travel within the region resembles a credit card and is valid for three years. The ABTC enables businessmen to travel without visas for short stays up to 60 – 90 days. Cardholders also enjoy expedited border crossing in member economies by being fast-tracked through

immigration lanes. Nearly 90,000 cardholders enjoy the ability to hop on a plane at a moment's notice and travel clear across the Asian-Pacific region to conduct business.

An important APEC reform is reducing the costs of business transactions. The APEC Trade Facilitation Action Plan reduced these by 6% across the region between 2002-2006, with a goal of cutting an additional 5% in expenses for 2007-2010.

### About APEC

The Asia-Pacific Economic Cooperation is an economic bloc that strives to facilitate free trade and economic collaboration. Headquartered in Singapore, APEC is much like the European Union and the North American Free Trade Area. Forty-four per cent of world trade occurs within the Asia-Pacific rim, and 40% of the world's population lives in this region. Its 21 member economies account for 54% of the world's GDP, which is more than twice that of Europe (21%). APEC is comprised of Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, South Korea, Taiwan, Thailand, U.S., and Vietnam.

At the second summit held in 1994 in Bogor, Indonesia, APEC leaders set a goal of establishing regional free trade by 2010 for industrialized nations and 2020 for developing nations. To meet these Bogor goals, APEC worked on economic and technical cooperation, facilitating business, and liberalizing trade and investment.

Honolulu is the fortunate host site of the 23<sup>rd</sup> annual meeting of the Asia-Pacific Economic Cooperation (APEC) this November 12-20 at the Hawaii Convention Center. Selected by President Barack Obama, this is the second time the United States has hosted the meeting. President Bill Clinton chose Blake Island, Washington for the inaugural 1993 APEC Economic Leaders' Meeting. As one of the world's most ethnically diverse Asia-Pacific communities, as well as the home state of President Obama, Hawaii is an ideal location for this large meeting of world leaders. The November 2011 APEC meeting in Waikiki, then, is an exciting and crucial event toward continuing efforts to enhance trade and investment in our part of the globe.