

## ASIA-PACIFIC ECONOMIC COOPERATION (APEC)

### What is APEC?

APEC is a group of 21 economies, which work together to promote trade and investment within the Asia-Pacific region and seek, as a group, to influence broader international developments such as the WTO negotiations. In more recent years APEC has also become involved in security issues - such as terrorism, SARS, avian influenza - which could threaten the region's economic health and well-being.

The 21 countries are: Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong-China, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Chinese Taipei, Thailand, the United States and Viet Nam.

APEC economies meet on an ongoing basis throughout the year to advance their work - most intensively at the level of government officials but also at ministerial level. Each year one APEC economy acts as host for that year's meetings/activities with the year culminating in the annual meeting of Prime Ministers and Presidents.

Viet Nam is hosting APEC this year. Next year Australia will be host followed by Peru (2008), Singapore (2009) and Japan (2010).

### Why is APEC important to New Zealand?

APEC's 21 members include the three largest economies in the world - the United States, Japan and China. The members collectively account for around 45 percent of the world's population, 46 percent of world trade and 60 percent of the world's gross domestic product (GDP). Many of the world's largest seaports and busiest airports are within the APEC region. Specific to New Zealand:

- 14 of New Zealand's top 20 export markets are APEC economies.
- 71 percent of New Zealand's exports go to APEC economies.
- 72 percent of New Zealand's imports come from the region.
- more than 60 percent of foreign direct investment (FDI) in New Zealand is sourced out of the region.

Given the above, New Zealand attaches significant importance to APEC. It provides a mechanism to both protect and promote

the general health and security of the region on which we so depend. It also provides opportunities - outside the formal APEC context - to conduct New Zealand's business one-to-one with many of our most important trade partners.

### APEC achievements

In 2005, APEC members reviewed their progress towards the Bogor Goals of 'free and open trade and investment' in the region - agreed by members when they met at Bogor, Indonesia in 1994. Among the achievements noted were:

- The reduction of average applied tariffs in APEC economies from 16.9 percent when APEC was formed in 1989 to 5.5 percent in 2004.
- Trade in goods and services more than tripled in dollar terms in the same period.
- The APEC region has become much more open to foreign investment, with lower income economies benefiting in particular.
- APEC economies increased their per capita GDP by 26 percent between 1989 and 2003, compared to 8 percent for non-APEC economies.
- The proportion of the APEC population in poverty has more than halved.

The stock-take noted that these gains were largely the result of each economy's policy choices. However, it also recognises that APEC's work had made a significant contribution to this process by promoting multilateralism, openness, dialogue and cooperation.

### What are New Zealand's current APEC priorities?

- The WTO 'Doha Development Round' (DDA) Negotiations: New Zealand's future economic prosperity will be best enhanced if good outcomes are secured from the DDA. Member economies, including New Zealand, are keen for APEC to exert its influence in helping ensure the DDA negotiations succeed.
- Free Trade Agreements/Regional Trade Agreements (FTAs/RTAs): Parallel to the WTO, many economies are actively pursuing FTAs/RTAs - including New Zealand. There is some concern in the business community about the proliferation of these FTAs and the added complexity the sheer number of FTAs might impose on exporters.

Reflecting this concern, APEC is looking to develop FTA guidelines and model chapters aimed at making FTAs of a high standard and more alike - and thus easier for business to deal with.

- APEC is continuing its efforts to reduce business costs for goods and services crossing borders (termed 'trade facilitation'). Last November Leaders committed, on top of their earlier commitment to reduce transaction costs in the region by five percent by 2006, to reduce costs by a further five percent by 2010.
- APEC is also giving priority to 'behind-the-border' reforms. Structural reform and reform aimed at easing the regulatory and administrative burden on businesses has a direct impact on economic growth. New Zealand and Canada are this year jointly organising a symposium directed at the 'enabling environment' for private sector development.
- Security: Neither New Zealand's economic prosperity nor that of the region takes place in a vacuum. Economic security can be threatened by terrorism, threats to health or potential disruptions to energy supplies. New Zealand places a high priority on working with its APEC partners on these broader issues, which we see as a complementary mission to APEC's core trade and economic work.

### Business involvement in APEC

The APEC Business Advisory Council (ABAC) provides a link between APEC and the business community. ABAC representatives are appointed by Leaders and prepare the annual report to Leaders containing recommendations to improve the business and investment environment.

New Zealand's ABAC representatives are Sir Dryden Spring, Chairman, WEL Energy Group Ltd, Wendy Pye, Managing Director, Wendy Pye Group and Phil Lewin, Chief Executive, Positively Wellington Business. ABAC can be contacted at [abac@asianz.org.nz](mailto:abac@asianz.org.nz)

### APEC business tools

- APEC business travel card: this allows visa-free travel between 17 APEC economies. The New Zealand Immigration Service processes applications. For further details see [www.immigration.govt.nz/apec](http://www.immigration.govt.nz/apec)
- Trade and economic data: The APEC Tariff Database ([www.apectariff.org](http://www.apectariff.org)) provides comprehensive tariff data for APEC economies. APEC Individual Action Plans ([www.apec-iap.org](http://www.apec-iap.org)) provide up-to-date information on trade/investment policy in individual economies. APEC's Economic Outlook analyses economic trends in the region while the APEC FTA database keeps track of the spread of free trade agreements in the region(see: [www.apec.org](http://www.apec.org))

For a glossary of trade associated words please go to:  
[http://www.wto.org/english/thewto\\_e/glossary\\_e/glossary\\_e.htm](http://www.wto.org/english/thewto_e/glossary_e/glossary_e.htm)



To keep up to date with developments, and for more on APEC visit [www.mfat.govt.nz/foreign/eco/apec/apecswork.html](http://www.mfat.govt.nz/foreign/eco/apec/apecswork.html)

For any other enquiries, please contact the Trade Policy Liaison Unit at [tplu@mfat.govt.nz](mailto:tplu@mfat.govt.nz)