



# APEC for New Zealand businesses



# What is APEC?

**APEC (Asia-Pacific Economic Cooperation) promotes closer economic relationships in the Asia-Pacific region to improve the business environment and raise the living standards of its members.**

APEC began in 1989 with 12 members and has now grown to 21.

APEC members 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 spans four continents and is home to just under half of the world's population. APEC accounts for close to 50 percent of the world's trade and 57 percent of global GDP.

The focal point of APEC is its annual leaders' meeting, the largest gathering of its kind in the region. The APEC process involves ministerial and officials forums covering a wide range of issues, including trade and investment, economic cooperation and counter-terrorism.



## Striving for free trade: APEC's goals

Since its inception, APEC has been driven by three core principles:

- Promotion of sustainable economic growth
- Developing and strengthening the multilateral trading system
- Increasing the interdependence and economic prosperity of its members.

These principles underpinned the Bogor Goals, agreed by APEC leaders in 1994. The Goals sought to achieve "free and open trade and investment" in the region by 2010 for industrialised economies and 2020 for developing members.

APEC members pursue the Goals through a range of channels, including unilateral measures, APEC collective action plans, global trade talks (in the World Trade Organisation) and free trade agreements.

Progress towards the Goals by member economies is monitored through a peer review process. New Zealand has already made significant progress towards the Goals, and will undergo its next peer review in 2007.



Asia-Pacific  
Economic Cooperation

**APEC hosts  
2006 – 2010**

2006  
Viet Nam  
2007  
Australia  
2008  
Peru  
2009  
Singapore  
2010  
Japan



## Why APEC is important to New Zealand business

**APEC provides clear benefits for a small trading nation such as New Zealand.**

Fourteen of our top 20 export markets are APEC members, including the three largest economies in the world - the United States, Japan and China. The APEC region accounts for 70 percent of New Zealand's total trade and 60 percent of our inward foreign direct investment.

Close coordination with APEC economies is vital to New Zealand's future prosperity.

APEC assists New Zealand business by supporting trade liberalisation and promoting high-quality free trade agreements in the region. It has been successful in reducing costs of trading across borders, and provides a channel to improve the business environment.

Progress in these areas will continue to make it easier for New Zealanders to do business throughout the APEC region.

### New Zealand's APEC priorities

- support for multilateral trade liberalisation
- promoting high-quality free trade agreements
- lower transaction costs at the border through improved customs and standards procedures
- freer movement of people and qualifications
- higher quality regulation and governance in the region
- secure movement of people and goods.

### Which economies are members of APEC?





# What APEC does

**APEC works towards the Bogor Goals by focussing on cooperation in three specific areas:**

## **Trade and investment liberalisation**

APEC members have given strong support to negotiations in the World Trade Organisation to reduce trade barriers. APEC members have also cut tariffs unilaterally and through free trade agreements.

## **Business facilitation**

Business facilitation enables firms to trade more efficiently by reducing transaction costs caused by unnecessary procedures and red tape.

APEC's approach to business facilitation includes improved customs procedures, transparency of trade information, international alignment of standards, mutual recognition of certain qualifications, streamlined procedures for business travel, and an enhanced environment for e-commerce.

APEC members reduced trade facilitation costs by five percent between 2002 and 2006 and are aiming for another five percent cut by 2010.

Groups of APEC members break new ground with 'pathfinder' initiatives. For example, New Zealand has co-led a pathfinder project to encourage the use of electronic quarantine certificates to replace paper-based systems.

## **Economic and technical cooperation (ECOTECH)**

ECOTECH initiatives focus on training and other measures to improve policy capacity, particularly in developing members. Work is underway across a wide range of sectors, including science, energy and human resource development.

## **Human security**

In addition to these activities, APEC has recently established a cooperative security agenda, helping members respond to health risks such as SARS and avian influenza, as well as the challenges posed by terrorism and natural disasters.

For more information on APEC visit

[www.apec.org](http://www.apec.org)



# APEC's achievements

**APEC has some significant achievements to its credit.**

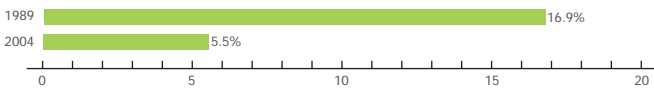
It has provided a framework for dialogue and cooperation in a diverse, widely spread region with a relatively short history of working together.

APEC has also adjusted and widened its activities in response to new needs, such as health threats and terrorism.

Trade in goods and services between APEC economies more than tripled in dollar terms between 1989 and 2003.

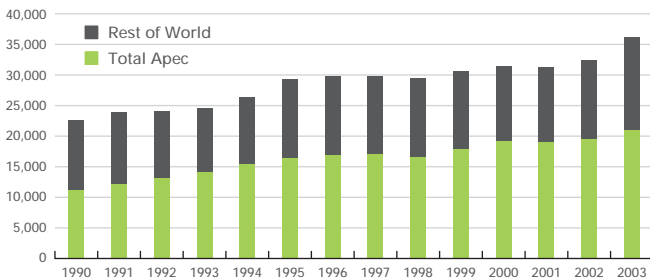
## Cooperation among APEC members has increased economic efficiency and reduced barriers to trade:

Average Applied Tariff Rates of APEC Economies 1989 – 2004 (percent)



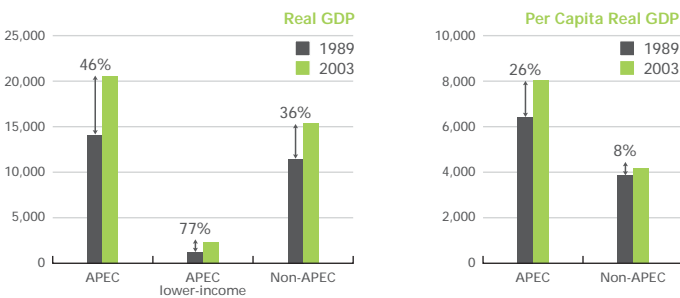
The average tariff in APEC member economies dropped from 16.9 percent in 1989 to 5.5 percent in 2004.

APEC's contribution to World GDP 1989 – 2003 (US\$ billion)



APEC economies have grown strongly since APEC was established, accounting for 61 percent of world growth from 1989 to 2003.

Real and per capita GDP growth 1989 – 2003 (US\$ billion)



Growth in APEC economies was higher than in non-APEC economies in the period 1989 – 2003. APEC's lower income economies have grown particularly strongly, with real GDP increasing by 77 percent in the same period.

**These achievements by APEC economies have helped increase job opportunities, improve living standards and reduce poverty in the region.**

