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NEWSLETTER OF THE PACIFIC BASIN ECONOMIC COUNCIL



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Millennium Meeting in Hawaii a Success

More than 800 senior business and government leaders from over 25 economies throughout Asia, the Americas and the Pacific Rim convened in Hawaii at PBEC's 33rd International General Meeting, held March 17-22 in Honolulu. Over 130 international journalists and more than 100 spouses were also on hand for the event.

The formal opening of PBEC's Millennium Meeting, "New Horizons: Economic and Political Implications of the Changing Global Landscape," was held at the new Hawaii Convention Center and drew a record crowd for an IGM. Delegates, joined by several hundred Honolulu business and government leaders, participated in a lively session that in part examined the sustainability of economic recovery in the Asia Pacific.

"My bottom line for the crisis economies of East Asia is that they are going to do well this year and next - and their stock markets will continue to do well," said Dr. Kenneth Courtis, Goldman Sachs' Vice Chairman for Asia. "(But) I would argue that Japan has very real and profound structural problems."

"It's only a matter of time before the Japanese authorities are forced to 'monetize' the debt," he continued. "that is, print and print and print yen to accommodate this huge expansion of government debt."

"I think he's reasonably correct on Asia, dead wrong on Japan," countered Richard Koo, Senior Economist for Japan's Nomura Research Institute. "I think Japan's recovery is sustainable, but it's not a self-sustaining one; and Asian recoveries I believe is real and sustainable."



The rich sights and sounds of Hawaii's history were woven throughout the IGM program.

The sessions only got more provocative and insightful as the meeting progressed.

More than one hundred esteemed speakers were featured at the IGM, including U.S. Trade Representative Charlene Barshefsky, millionaire publisher and former U.S. presidential candidate Steve Forbes, Lockheed Martin Chairman, CEO and President Vance Coffman, Honda Motor Company Chairman Yoshihide Munekuni, Ford Motor Company Vice Chairman Wayne Booker, Korean Minister for Trade Han Duck-soo, Australian Defense Minister John Moore, U.S. Ambassador to Japan Thomas Foley, and Team New Zealand and Cousteau Society expeditions head Sir Peter Blake.

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SECRETARY GENERAL'S LETTER

Direct from Geneva

Fruitful Talks with WTO Director General Moore

Having just wrapped up an extremely productive meeting in Geneva with World Trade Organization Director General Moore, I can report to our entire organization that PBEC is playing a vital role in the WTO process, and PBEC's views and policy recommendations are weighed very seriously in Geneva. This is a testament to the efforts of all of our member companies that participate in our working committees to give PBEC a clear and coherent voice on policy issues. Well done, and thanks to all of you.

Let me now move on to some of the specifics of my discussion with Director General Moore. I presented him with PBEC's recent policy statements, and we discussed each one. One of the issues on the top of our agenda was transparency. I presented DG Moore with a letter on behalf of PBEC

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Mark Your Calendars!

This year's Mid-term meeting will be held **November 10-12, 2000** in **Singapore**, preceded by a special, two-day E-Commerce event.

Visit the PBEC website for details:
<http://www.pbec.org/events/2000/midterm>

Historic Mexico Election Creates Opportunity for Business



JAVIER PRIETO
PBEC VICE
CHAIRMAN

The Mexican people recently elected a new political leadership that shall drive Mexican public affairs for the next several years. This election has been one of the most pivotal in the history of Mexico, because there were great expectations among the voters as a result of the intensive campaigns developed by the different party candidates and the new electoral institutions established by President Zedillo.

One of the most interesting conclusions derived from this election is that, for the first time, there were more voters from the cities than rural areas. I may say the "concrete vote" was much larger than the "green vote." Likewise there was outstanding participation from first-time voters, millions of youngsters voting for the first time. All these brought as a

result the largest numbers of votes cast in Mexican electoral history.

It has been said this process is an historic one, not only because of its result (having elected a president from a different party for the first time in 70 years), but for the maturity of the process - a process that has been rated by international observers as one of the most complete and exact in the world. Mexico enjoyed a quick and professional vote count, immediate acknowledgement by the losers, high credibility of the Federal Electoral Institute, etc. All these factors shall secure for Mexico not just economic stability at the end of President Zedillo's term, but the foundation from which the next President can improve the economic performance of the country.

It is expected that by the end of this year, inflation will be around 9.3 percent, and next year 8.5 percent. The Current Account Deficit shall be 3 percent this year and the next. Foreign Direct Investment is expected to reach US\$12.5 billion this year and at least the same amount in 2001. The Public Deficit is expected to be around 1 percent and 0.5 percent next year. And the Foreign Exchange Rate by December of this year is expected to be 11.1 pesos per US dollar. The President-elect has said the peso/dollar rate will be

around 9.2 Pesos per US dollar in 2001.

But the President-elect will have to be able to compromise in order to create the consensus needed for many reforms he promised to undertake. No single party in Mexico has the enough number of votes to enact any federal legislation by itself. There is no "carro completo" (full car) for any political party. Even in Mexico City - with around 20 million people, one of the largest cities in the world - the Democratic Revolution Party (another opposition party that retains for a second consecutive term the city's government) has to rule having no majority at the local Assembly of Representatives, or local congress.

This is the moment for the Mexican Business Sector to rise to the challenge and cultivate greater influence and impact on government issues. This is the moment to propose what we see as the measures that will foster development and the creation and distribution of wealth. It is time, surely, for greater reform.

The Mexican people have decided that greater improvement and deeper reform can and should be achieved, and that the status quo is no longer an option.

Secretary General Travels to Geneva



Secretary General Robert Lees was invited to participate in a round table meeting on the Democratic People's Republic of Korea (DPRK) co-organized by the United Nations Development Programme (UNDP) and the DPRK Foreign Ministry (left) at the UN's Palace of Nations in Geneva. There he shared comments with Vice Minister of Foreign Affairs Choe Su Hon (right) about the recent South-North leaders summit that took place in Pyongyang.

The North-South Korean Summit and PBEC



S.R. CHO
PBEC VICE
CHAIRMAN

The summit meeting between President Kim Dae-Jung and the North Korean leader, Kim Jong-Il, was an historic event, which could irreversibly alter the geopolitical climate of the Korean peninsula and the North Asian region. Such a change would in fact have profound effects on the entire global scene, as all of the four largest superpowers of the world are involved in the region.

Since the armistice that ended the fighting of the Korean conflict, North Korea has remained the last vestige of the East-West clash, the stand-off representing the greatest potential for armed conflict in the world. Pursuit of peaceful business cooperation seemed very much out of the realm of reasonable expectations. The summit meeting changed that perception overnight, with live

television coverage of the hitherto reclusive Kim Jong-Il as an unexpectedly gracious host beamed to the outside world.

The North now appears willing to seek an increased opening to the outside, both in diplomatic and economic fronts. In the five-point agreement reached at the Summit, both Koreas in effect recognize each other as an established governing state and call for "economic cooperation for a balanced development." This opens the door for continued dialogue between the two parties.

While it is too early to predict the future course of this new development, the mere fact that both parties agreed to talk is considerable progress from the days of constant fear of imminent fighting, and raises at least the hope of a peaceful solution. North Korea recently has been making efforts to repair its strained relations with its traditional allies, Russia and China, as well as opening new diplomatic relations with Italy, Australia and the Philippines.

These are indeed very hopeful signs. As the North increases business and cultural interaction with the outside world, the gap between it and other nations will narrow and prospects for a unified Korea will grow. If nothing else, the interaction reduces the tension and the danger for an armed conflict while promoting business opportunities for all

willing parties. The economic needs of North Korea are enormous. As it has been unable to make investment in social infrastructure, the economy of the North sags badly with its per capita income a mere one-eighth of the South.

The Korea summit portends the dawn of a new era. The world community has an opportunity to enhance peace by embracing North Korea and encourage its economic development through peaceful pursuit. PBEC and its members should take the initiative in this worthy enterprise. We should engage North Korea with open arms and encourage it to join the international community, such as through the IMF, and make the effort to participate in the global economy as a full-fledged member. The companies and the members of PBEC should develop economic ties with North Korea through investment and trade.

My fond dream is to close a circle of peace and prosperity around the entire Pacific Rim. Such a development would also open the door eventually to a unified Korea, which is destined to be one nation, as it has been through most of its history of many millenniums.

"PBEC... Has a Soul," says Former Ecuador President

PBEC was paid an especially warm compliment during the Hawaii IGM by Former Ecuador President Sixto Duran-Ballen during the featured session on Corporate Responsibility.

In this session, Duran-Ballen said, "PBEC shows it has a soul—a social soul—that we worry about the human beings, not just about making money."

What he heard at the PBEC Hawaii IGM, he emphasized, was how to make changes to improve the environment and help developing nations who are not sharing the benefits of global trade.

John Paul DeJoria emphasized that these

requirements apply locally, nationally, and internationally.

Maureen Reagan, national board member of the Alzheimer's Society and daughter of former U.S. President Ronald Reagan, outlined how corporate philanthropy improves business performance.

Delegates also heard of the impacts of failing to meet corporate environmental responsibility from Sir Peter Blake, who said, "Species are disappearing. The oceans are still being used as a dumping ground."

Dr. Nay Htun, Deputy Secretary-General of the United Nations, suggested a redefinition of

the way that corporations and society measure wealth and the inclusion of "a more human and holistic dimension" of wealth measurements.

Also at the Hawaii IGM, a Special Briefing Session with Pacific Island leaders and experts was held, and the 2nd PBEC Environmental Award was presented. Both provided specific models and suggestions in areas of sustainable development, social policy and economic development, and profitability in best environmental practices.

PBEC remains committed to promoting corporate responsibility and trade.

PBEC Honors Founding Member at 33rd IGM

Known as "Hoot" to the members of PBEC, he is, to the rest of the world, Dr. Weldon B. Gibson.

This past March, as the 33rd IGM closed in Honolulu, Robert G. Lees, PBEC Secretary General, presented Dr. Gibson with "The Broken Paddle Award" for his outstanding service and dedication to PBEC International.

The paddle played a very important role in Polynesian and Hawaiian cultures, where navigators were greatly esteemed, guiding the people through often-turbulent oceans and landing them on safe shores. It was Dr. Gibson's unwavering dedication and initiative that helped PBEC navigate its way through the turbulent and unclear waters of its earliest days.

Dr. Gibson's role in the early days of PBEC - then known as the Pacific Basin Economic Cooperation Committee - began in 1967, when the late Shigeo Nagano approached him to act as an intermediary with prospective US and Canadian companies in an effort to encourage their active participation in the new organization. Since then, Dr. Gibson has actively been involved in the development of PBEC.

Dr. Gibson was instrumental in having the International Secretariat housed at

Stanford Research Institute for its first twenty years, during which he also became the first Director General (1974 - 1983). His foresight led to the numerous ground-breaking initiatives, including the Pacific Basin Charter on International Investment.

Dr. Gibson also recognized early on that if PBEC was to survive and play an integral role in the Pacific, it was critical to encourage the participation of all the economies in the region. He assisted in creating the regional Member Committees, including both developed and developing economies.

In 1983, PBEC awarded the special honor of Founder - Lifetime Member to Dr. Gibson at the 16th International General meeting in Santiago, Chile. At this same meeting a resolution of appreciation was



Dr. "Hoot" Gibson (center) is presented with a canoe paddle, symbolic of his work in helping guide PBEC through its early years.

recorded acknowledging Dr. Gibson's long and dedicated service to PBEC. Washington State University presented him with the Distinguished Alumnus Award. And Stanford University named their highest award after him, the Weldon B. Gibson Award, in honor of his outstanding contributions to its Stanford Research Institute (SRI).

Biotechnology: Roadmap to the Future



Hoping to separate myth from fact in the thriving but contentious field of biotechnology, the PBEC Working Committee on Food Products - in cooperation with the PECC Food & Agriculture Forum and the APEC Studies Centre Consortium - hosted a special conference March 16-17 in Honolulu, preceding the IGM.

The two-day session, "Biotechnology: Roadmap to the Future," aimed to develop guidelines for each of the 20 PBEC member economies throughout the Pacific Basin to use in addressing biotechnology issues. Conference recommendations will now be presented to governments throughout the region and to APEC, the APEC Business Advisory Council (ABAC), APEC Ministers, and the WTO.

Leading experts - including executives from major food companies in the region and technology scientists - spoke on the current state of scientific and economic analysis and how biotechnology impacts on various stages of the food chain, from producers to consumers. Key conference outcomes and

recommendations include:

- Recognition that biotechnology is an important tool to achieve regional food security in a safe manner;
- A recommendation that governments in the region seek to adopt regulatory structures to ensure food safety that are consistent with WTO regulations, and that make determinations on the safety of food solely on the product itself; and
- A recommendation that APEC and governments in the region promote biotechnology education and communication of the benefits of biotechnology.

The conference was made possible through the vision of PBEC Food Committee Chairman Ray Cesca, President of GAEA International.

The Executive Summary and Recommendations from the conference are now available at the PBEC website at www.pbec.org as a PDF download, or in hardcopy from the International Secretariat or the PBEC U.S. Member Committee at (202) 293-5730.

Sony Magnetic Products (Thailand) Recognized for Environmental Excellence

PBEC held its 2nd Environmental Award presentation at the Hawaii IGM, recognizing this year's recipient Sony Magnetic Products (Thailand) and eight finalists. After enjoying a welcoming performance by a children's hula troupe, the formal program began with Chairman Ichiro Kagiya of the Environmental Working Committee outlining the new criteria established for this year's Award, and the nomination, selection, and award process.

Chairman Helmut Sohmen then presented the 2nd PBEC Environmental Award to Mr. Kiyoshi Yamakawa, Corporate Advisor of Sony Corporation, and Mr. Hideaki Yuki, President of Sony Magnetic Products (Thailand).

Sony Magnetic Products (Thailand) was recognized for its comprehensive environmental program that included reducing corporate waste and increasing recycling to raising the local community's environmental awareness. Most notable was the company's success in building the local community's role as stewards of ecosystems through environmental projects that the company and the community incorporated into existing traditional local practices.

Corporate results included the elimination of mercury in alkaline batteries, a dramatic reduction in energy consumption, waste and water usage, elimination of chemical dust and wastewater discharge, and dramatic business benefits in cost-reduction through recycling and elimination of waste products.

Community results were even more far-reaching, beginning with a countrywide battery collection and education program; renovation of a seaside ecosystem that went far beyond normal reforestation procedures in its scope; a community-wide tree-planting program integrated with traditional local celebrations; environmental education for local youth and financial support of environmental studies at a local school; and clean-up-plus-reforestation projects throughout the community, beginning with culturally and historically significant sites.

The company also acted as lead supporters of several national and local sustainability initiatives such as the nation's only hazardous waste treatment company, the "Green Building Project," which nationally analyzes electricity consumption and establishes energy conservation measures;



Hideaki Yuki, President of Sony Magnetic Products (Thailand) Co., Ltd., Kiyoshi Yamakawa, Corporate Advisor of Sony Corporation, and Ichiro Kagiya, Chairman of PBEC's Environmental Working Committee.

the Paper for Trees paper recycling program; and the Safety & Environment Week.

The award itself focused on the importance of the environment in a region that is the world's most populous and fastest-growing. The Asia-Pacific region is also home to the world's last great marine and terrestrial frontiers where there is still opportunity to conserve significant wetlands, coastal areas, and mountain environments. It is an outgrowth of PBEC's long history of environmental activism, its Charter on the Environment and the Environmental Working Committee, supporting sound environmental practices that benefit businesses and communities throughout the region.

The Award recognized seven outstanding corporate finalists in addition to the Award Recipient Sony Magnetic Products (Thailand). These finalists are PBEC companies who have built competitive advantage through environmental protection projects, management policies, and innovative technologies. The finalists are (in alphabetical order):

- CLP Power Hong Kong Limited
- EBARA Corporation
- I-MEI Foods Company Limited
- JUSCO Co., Ltd.
- NEC Corporation
- Shiseido Co., Ltd.
- Weyerhaeuser Company

The award selection was made by nine outstanding judges from eight economies -

all leaders in their fields, widely published, and renowned in their economies for leading sustainability programs with the public and private sectors and academia: Dr. Kamaruddin Abdullah of Indonesia; Dr. Cary Bloyd of the United States; Dr. Woncheol Cho of the Republic of Korea; Dr. Ali Bin Hamsa of Malaysia; Dr. Shang-Lien Lo of Chinese Taipei; Dr. Pongvipa Lohsomboon of Thailand; Dr. Dennis Mileti of the United States; Dr. Kelly Swing of Ecuador; and Dr. Ryoichi Yamamoto of Japan. Representing this very important group of scientists at the Award Ceremony was Dr. Kamaruddin, Director of the Center of Research for Engineering Application in Tropical Agriculture, Indonesia.

PBEC is very proud of this unique award because it recognizes that environmental protection can be integral to corporate competitiveness. Long-term corporate profitability can and should result from best practices in human resources, operations, technology, and management. Environmental protection and conservation continue to be priorities for PBEC member companies.

The nomination process for the 3rd PBEC Environmental Award will soon open. All PBEC member companies with progressive environmental policies are encouraged to apply. Contact the International Secretariat for details.

Honolulu Shows PBEC Aloha

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Also, WTO Director General Micheal Moore addressed IGM attendees via video, as did Japanese Prime Minister Keizo Obuchi and Korean President Kim Dae-jung.

Speakers, panelists and delegates addressed a number of important issues during the meeting, including Financial Sector Reform, Rethinking Multinational Corporations, Getting the WTO Back on Track, The Link Between Military Security and Economic Development, Information Technology, Corporate Responsibility, and The Role and Evolution of Government.

At the IGM, PBEC stressed the critical role globalization and trade liberalization plays in building jobs, growth, higher standards of living, and opportunities for all. PBEC also highlighted the central role electronic commerce will play in changing the way business is conducted, and in creating greater economic opportunity throughout the entire world.

One highlight of the meeting was the presentation of the Second Annual PBEC Environmental Award (see article, page 5). The presentation further establishes PBEC's commitment to advancing corporate practices that respect and preserve the planet's valuable resources. This year's winner was Sony Magnetic Products (Thailand), Co., Ltd.

Another high point was the two golf tournaments, which took advantage of Hawaii's famous golf courses and bookended the meeting's formal proceedings. The traditional Chairman's Cup Golf Tournament was held March 16 at the nationally-ranked Ko Olina Golf Club, a picturesque and elaborate 18-hole course that opened in 1990. And after the gavel fell, delegates were invited by Hawaii business leaders as guests to play at the exclusive Wailae Golf Course.

Unforgettable entertainment was also a hallmark of the Hawaii IGM, which featured the history and culture of both the islands as well as other Pacific regions.

The Byuk Sa dance troupe - Korea's national dance team - gave a lavish and dazzling costume, drum and dance performance at Korea Night, which followed a session exploring "New Business Opportunities in Korea." And celebrated Japanese violinist Ikko Kawai enchanted delegates at the PBEC 2001 Japan IGM Luncheon, the official invitation to next year's meeting in Tokyo.

Hawaii showed its colors throughout the meeting as well, through several hula performances by both professionals and children and live music at various functions. At the



Charlene Barshefsky, U.S. Trade Representative, addresses "Getting the WTO Back on Track."



Steve Forbes, President & CEO of Forbes Inc. and Editor-in-Chief of Forbes Magazine, gives a special keynote address.



The traditional Chairman's Cup golf tournament was held at the renowned Ko'olina Golf Club.

Welcoming Reception, for example, attendees were treated to the sounds of The Makaha Sons, one of Hawaii's most popular local groups. And a youth string quartet from Punahou Schools, one of Hawaii's most prestigious private schools, set the mood at the International Officers' Reception, held at the Honolulu Academy of Arts.

In his inaugural address as incoming PBEC Chairman, Kosaku Inaba - Chairman & CEO of Ishikawajima-Harima Heavy Industries in Japan - said, "I am sure that all of us who participated in these discussions feel very strongly that, as individual and cor-

porate members of the global society, we have an extremely important role to play in such areas as the environment, food and energy resources and the aging society."

"Likewise, I believe our discussions have left us with a very strong sense of the inevitability of societies led by the private sector and by consumers," he continued.

Noting that PBEC has been advocating free trade, investment, and open competition in the Pacific Rim for more than a quarter century, Inaba said, "We are ready to play a leadership role in the new millennium."

PBEC Policy Actions at Hawaii IGM

PBEC's Steering Committee and Board of Directors adopted several important policy statements and resolutions at this year's International General Meeting, held in Honolulu, Hawaii during March 17-22.

PBEC adopted a Resolution on the New Multilateral Round of WTO Negotiations, reaffirming the active role the organization continues to play on world trade issues. PBEC recognizes globalization as an inevitable reality and encourages individual economies, as well as regional organizations like ASEAN, APEC and the EU, to act as catalysts to encourage a new global round of WTO discussions. Also it formally recognizes the advantages of the kind of rules-based system WTO can provide, especially with regard to corporate responsibility. Furthermore, PBEC expressed disappointment in the outcome of the Seattle meeting.

In the Statement on the Application of Biotechnology to Food and Agriculture in the Asia Pacific, PBEC has committed itself to supporting the WTO science and rules-based approach to address the issues of new technologies in agriculture and food production. Specifically, PBEC calls for expanded con-

sumer information to separate myth from scientific fact and to improve public confidence in food technology. An effort to create an "Ag Tech" network in the region and a commitment to develop workshops in biotech in future meetings has been made by PBEC.

The Resolution on Streamlining of Patent Procedures states the organization's recommendation to simplify patent procedures, which will expand the ability of an applicant to represent himself with respect to the formal requirements associated with patent applications in different economies. PBEC recognizes the value of expanding technology, and therefore supports the proposals suggested by the World Intellectual Property Organization in Geneva, and urges governments of the Pacific Rim to support such changes.

The board also approved a new policy Statement with Outlines on an Ambitious E-Commerce Agenda, which foresees the key role of the public sector in ensuring a favorable regulatory environment in which E-Commerce can flourish. The long-term objective is to actively offer input to APEC based on its members' experience in IT and E-Commerce. PBEC also encouraged

sub-regional initiatives in the region's economies and stated that special attention should be paid to human resources training in IT and E-Commerce throughout the region.

Finally, the board passed a Statement on E-Transformation: A Cornerstone of PBEC Agenda 2000. PBEC members recognized how technology, wireless communication, the Internet, and E-Commerce are revolutionizing the way world does business in virtually every industrial sector, contributing effectively to accelerate pace of globalization. PBEC will therefore refocus priorities to support building an information society in the Pacific Basin. This will be achieved not only by the engagement of business counterparts and governments in the Asia-Pacific Economic Cooperation (APEC) forum, but also by the examination of infrastructure and the legal, regulatory and policy best practices that allow all communities to take the best possible advantage of this new technology.

The full text of each of these statements is available on the PBEC website at www.pbec.org, or via e-mail by request to info@pbec.org.

PBEC's New Leadership

Kosaku Inaba, Chairman & CEO of Ishikawajima-Harima Heavy Industries (Japan) and Chairman of the PBEC Japan Member Committee, was elected Chairman of PBEC during its 33rd International General Meeting in Honolulu, Hawaii. Inaba takes the helm from Dr. Helmut Sohmen, Chairman of World-Wide Shipping Agency, Ltd. (Hong Kong, China).

At the same meeting, Javier Prieto - Chairman of the PBEC Mexico Member Committee and Vice President - Trading of Cementos Mexicanos, S.A. de C.V. (Mexico) - was elected as PBEC Co-Vice Chairman, joining Hyosung Group (Korea) and PBEC Korea Member Committee chairman S.R. Cho as part of PBEC's leadership team.

Additionally, Kenneth Matchett, Director of the Advisory Committee for XCAN Grain Pool, Ltd. (Canada), was named incoming PBEC Treasurer. Matchett succeeds H. Howard Stephenson, Chairman of the Executive Committee for the Pacific Century Financial Corporation, who stepped down after several years of service.

In his first remarks as Chairman Emeritus, Sohmen said he knew PBEC was in capable



Kosaku Inaba



S.R. Cho



Javier Prieto



Helmut Sohmen

hands, calling its new leadership a "formidable team."

"It was an honour and a privilege to serve as your chairman for the past 20 months," Sohmen said. "Falling as it did into a period of economic uncertainty and ongoing anxiety in East Asia, it was not an altogether easy position to hold, since the crisis did affect also many of the PBEC members.

"I am glad to say that most of the affected Asian economies now seem to be well on the way to recovery," he continued. "There certainly is a better mood prevailing."

In his inaugural chairman's address, Inaba looked back over PBEC's 33 year history, then ahead at the new century. He outlined

his leadership strategy with what he called the "Three I's" - identity, influence, and integration. He said he would continue work to further improve PBEC's standing and authority around the Pacific, and examine how to restructure the organization and how to bolster its finances.

"PBEC has been professing its support for the cause of 'private sector-led society' for more than a quarter of a century," Inaba said. "During the intervening years, APEC was created and WTO was established.

"I believe that PBEC can stand very proudly today as the only association of senior business leaders from through the Asia-Pacific region," he said.

CHAIRMAN'S LETTER



KOSAKU INABA
PBEC CHAIRMAN

During the past two years, under the leadership of Dr. Helmut Sohmen, PBEC has consulted very earnestly on what it can do to heighten its international presence and what roles it should pursue in the future. Throughout this process, many ideas and opinions were received from our member committees, and all PBEC members came to share a sense of urgency and a vision for the future. However, there are many specific issues which we still must be resolved before PBEC can be recognized as a true representative of the region. These include such questions as how to further improve PBEC's standing and authority, how to restructure our organization and how to bolster our finances.

As I assume the chairmanship of PBEC, I intend to promote the development and rein-

forcement of PBEC through a series of policies that I call the "three Is."

The first "I" stands for "Identity." As I mentioned earlier, we boast the longest history of any organization of our kind in the Asia-Pacific region. We count among our members more than 1,100 companies with combined revenues of \$4 trillion and eleven million employees. However, there are other organizations in this region, such as ABAC and PECC. As a purely private organization of business leaders, it will be very important for us to emphasize our unique features and our autonomy. PBEC is not the only organization making statements and presenting proposals to APEC, as ABAC and PECC are involved in the same kind of activities. As such, it is essential that we develop our uniqueness and differentiate ourselves from the others in our statements. The same applies to how we organize and conduct our international general meetings.

The second "I" stands for "Influence." I have mentioned that our membership consists of more than 1,100 companies. These members cover the full range of companies from small and medium-sized businesses to major corporations. We should take full advantage of the composition of our membership to strengthen our influence on governments and international organizations. While our level of

media recognition remains low, thanks to the efforts of Dr. Sohmen, our name is being mentioned more frequently in the media now. It is vitally important to continue these efforts, and I am looking forward to working energetically with Mr. S. R. Cho and Mr. Javier Prieto, our newly appointed Vice Chairmen, to raise the level of media recognition. Today, we are very happy to have many members of the media with us, and I ask of them not to take their eyes off us.

The third and final "I" stands for "Integration." As I explained at the start of my talk, this is the first IGM that is not hosted by any single member committee. It is important for us to remember that the success of this meeting is the fruit of the cooperative effort of all our member committees. Moreover, we must remind ourselves that our international general meetings do not belong to any single group but are the shared assets of all PBEC members. I look forward to developing a sense of transnational private-sector solidarity and integration among all PBEC members, and taking effective measures to heighten our sense of belonging.

SECRETARY GENERAL'S LETTER



ROBERT G. LEES
PBEC SECRETARY
GENERAL

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calling on the WTO to continue to strive to make progress on the issue of transparency in government procurement, despite the setback at the Seattle Ministerial. DG Moore read the letter as we sat together, and expressed in no uncertain terms his complete support and his personal commitment to keeping transparency at the top of the WTO agenda. He also was well acquainted with PBEC's history of leadership on this issue, and had warm words of praise for our efforts. A special word of acknowledgement is due to Michael Davies of PBEC Canada, the chairman of PBEC's Transparency Working Committee. It is under his leadership that PBEC has been able to achieve so much on this issue.

I also presented DG Moore with a copy of the report on the PBEC Biotechnology Conference which was held just before the Hawaii IGM. Ray Cesca of PBEC US has been the driving force on this issue, and thanks to Ray's vision, PBEC has managed to bring reason and scientific fact to the debate.

Electronic commerce was another area where we had a fruitful discussion. One area that DG Moore especially stressed was the so-called Digital Divide. E-commerce needs to be viewed as something that brings benefit to both the developed and the developing world — something which can close the gap between developed and developing nations, not exacerbate it. Education and confidence building are key. Under the leadership of working committee chair Lauren Lenfest of the US, and co-chair Rohana Mahmood of Malaysia, PBEC is making significant contributions to all these issues, and working to support both APEC and the WTO. DG Moore commented that the WTO and PBEC are clearly on the "same page" on electronic

commerce.

Director General Moore shared some very interesting insights on the general state of the WTO process. While acknowledging that the setback in Seattle was a major disappointment, he hastened to point out that progress had not been stopped or slowed down. In fact, there might even be a silver lining to the dark cloud of Seattle. Ministers were now extremely focused and energized to do the work necessary to build support for a new round, and to make progress with or without a new round. There seems to be a real determination to move forward.

The events in Seattle, according to the WTO chief, should be a wake-up call for the business community to speak up with a loud voice on the benefits of globalization. I pointed out that PBEC has been extremely active in trying to "state the case" on behalf of globalization, and would continue to do so. DG Moore felt that an especially strong effort should be made to bring this message to parliamentarians of the WTO member nations.

He also had words of praise for China, which has been extremely cooperative and constructive in providing the data and other pieces of information necessary for WTO entry. I actually bumped into China's lead WTO negotiator, Vice Minister Long Yongtu, and expressed PBEC's support for China's entry into the WTO. DG Moore went on to say that he was confident that the membership of Chinese Taipei would follow China's successful ascension.

One theme that came up again and again during our discussions was the valuable role PBEC plays in supporting the WTO's efforts, and in some cases, prodding the WTO forward. One specific example DG



WTO Director General Michael Moore and PBEC Secretary General Robert Lees spent several hours discussing the WTO's future and PBEC's efforts in the Pacific Rim region.

Moore cited was PBEC's efforts on the Information Technology Agreement, and the need for PBEC to continue to play a leading role on ITA-2. He also expressed his views on the value of APEC. He pointed out that, like the WTO, APEC is a consensus-oriented organization, and it can be quite useful in catalyzing regional support for issues to be raised in the wider WTO forum.

Of course, I extended a very warm invitation to DG Moore to attend our IGM in Tokyo, and he responded with enthusiasm. DG Moore is clearly well in command of his brief, and is perhaps the ideal person to lead the WTO through its current challenges. In meeting with him, I couldn't help but think how unfortunate it is that the political compromise on WTO leadership had resulted in only a three year term for each director. The WTO and indeed the entire world trading community could have profited by having DG Moore and his successor in the post for a full term.

Our discussions were friendly, open, and candid, and served to even further strengthen the strong bonds and relationship between PBEC and the WTO, something which DG Moore strongly encourages and supports.

APEC initiatives, PBEC goals align in Darwin

APEC Trade Ministers met in Darwin, Australia, June 6 - 7 seeking increased dialogue with the private sector to maintain the dynamism and relevance of APEC.

They called on global corporate leaders - such as those represented in PBEC's Asia Pacific membership - to support: an early launch of a new WTO round to rebuild momentum of trade liberalization; numerous industry initiatives; and a more effective communication program to evidence how economic integration through trade leads to economic and social progress.

In their words: "It is no coincidence that APEC economies have achieved some of the world's most rapidly rising standards of living. They have prospered because they

have become more integrated into the world economy through more open trade and investment. This is vital to the alleviation and eradication of poverty (and offers expanding employment and the ability to address pressing social concerns of those who may be disadvantaged by economic change."

Support from the private sector is vital to increase public awareness of the overall benefits of trade when combined with corporate responsibility and best practices.

Ministers called for support of several key industry initiatives that parallel PBEC's own identified objectives, such as:

- Mandated negotiations on agriculture and services at the next meeting in Geneva;
- Support of e-commerce through a moratorium on the imposition of customs duties on electronic transmissions until the next WTO Ministerial Conference;
- Seminars on foreign direct investment and

competition and investment, with results also to be reported to Ministers in November;

- Creating a transparent and consistent legal and regulatory environment;
- Implementation of an environmentally benign and efficient energy policy that encourages, for example, the expanded use of natural gas and best practices.
- Support of agricultural biotechnology, recognizing the importance of transparent and science-based approaches to the introduction and use of biotechnology products, of technical cooperation and information exchange on new technology, and of consumers' interest in food safety and environmental quality.

The ministers also identified several regional negotiations that would benefit private-sector support, including the rapid completion of WTO accession negotiations for China and Chinese Taipei and the advancement of the accession processes for Russia and Vietnam.

Participating were ministers from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Republic of the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States of America; and Vietnam. The APEC Secretariat was also present, and the Association of Southeast Asian Nations (ASEAN) Secretariat, the Pacific Economic Cooperation Council (PECC) and the South Pacific Forum attended as observers.

APEC CEO Summit

PBEC is co-sponsoring the 3rd APEC CEO Summit to be held in Brunei Darussalam on November 13th-15th. This event which attracts more than 400 senior business leaders will be held at the magnificent Jerudong Park Hotel, now renamed The Empire Hotel & Country Club overlooking the ocean, which is being opened especially for the CEO Summit.

The Summit's theme is "Getting Back to Basics - Revitalising and Refocusing

APEC's Business Agenda." In the wake of the WTO meeting in Seattle, it is APEC's objective to try to get the organization back on track with its original goals - market liberalization and capacity building for the companies and the economies that shall be operating in and around the world's fastest growing region of the 21st Century.

For more information on the APEC CEO Summit, visit our webpage at www.pbec.org.

Tokyo Preps for 2001 IGM

Mark your calendars now and plan to be in Tokyo, the venue for PBEC's 34th International General Meeting. Scheduled for April 6-10, 2001, the peak of the cherry blossom season, delegates will not only participate in an engaging meeting, but will also see the new buds of spring.

The theme of the Tokyo IGM is "Regional Vitality in the 21st Century." Topics that will be addressed include e-commerce, corporate responsibility, transparency, biotechnology, and information technology, to name a few.

In addition to the informative meeting sessions, valuable business exchanges and intellectual stimulation, fun-filled social events are being planned that will exhibit Japan's incredible culture and natural beauty. The venues of the meeting will be the state-of-the-art Tokyo Big Sight and the world-renowned Hotel Nikko Tokyo and Le Meridien Grand Pacific Tokyo.

Our PBEC friends in Tokyo are very busy at work in ensuring that the Tokyo IGM is a great success. Their Organizing Committee, headed by Mr. Minoru Murofushi, Chairman of the Itochu Corporation, is deeply committed to host a truly extraordinary event. Members of the Organizing Committee include respected individuals from very prestigious organizations.

For more information on the Tokyo IGM, visit our webpage at www.pbec.org. We look forward to seeing you in April in "the land of the morning sun"!

Sir James Vernon dies at 90

PBEC is saddened to report the recent passing of Sir James Vernon AC CBE, one of the founding members of PBEC, a Lifetime Member, and a past International Chairman. He was 90 years old.

Sir Vernon was a prominent and respected Australian businessman with a long and distinguished career in the agricultural, science, and engineering fields. On his passing, the Sydney Morning Herald said he was one of a "few Australians whose names are indelibly attached to the milestones of the nation's modern economic history."

Born in 1910, Sir Vernon got his start as a junior chemist at Colonial Sugar Refining Company (now CSR) in 1928. He acquired a BSc at the Berlin Sugar Institute and obtained a PhD from London University in 1938. He ascended to the position of General Manager, which he held from 1958-1972. After retiring in 1972 to serve on the board as a non-executive director, he served as chairman from 1978 to 1980.

PBEC Australia officer wins national honor



Peter Jollie AM, PBEC Australia Vice Chairman, greets Li Lanqing, Vice Premier of the People's Republic of China, at the 1997 IGM.

Peter Jollie, Vice Chairman and past Chairman of the PBEC Australia Member Committee, recently received a national award for his work in advancing Australian and Asia Pacific trade.

He is now Peter Jollie AM, with "AM" standing for "Member in the General Division of the Order of Australia."

The Order of Australia is an Australian society of honour instituted by Her Majesty Queen Elizabeth in 1975 for the purpose of "according recognition to Australian citizens and other persons for achievement or for meritorious service." Peter Jollie was named June 12 in the Queen's Birthday Honours list.

Jollie was recognized "for service to the accounting profession, particularly through the

Institute of Chartered Accountants in Australia, to the promotion of Australian trade in the Asia-Pacific region, and to the community."

Nominations of Australian citizens to be awarded are made to the Australian Honours Secretariat at Government House, Canberra, according to PBEC Australia Director General James Short, who shared the news with Pacific Journal. The Council for the Order of Australia then makes recommendations from the Secretariat's list to the Governor General, for final submission to the Queen.

PBEC extends its heartiest congratulations to Peter Jollie AM and conveys its thanks for his many years of supporting business in the Pacific.

PBEC-APEC Joint Workshop on Corporate Governance

A special workshop was jointly offered at the Hawaii IGM by PBEC and the Asia Pacific Economic Cooperation (APEC) forum, and provided participants with practical advice on meeting the organizational and human resources challenges of implementing better governance practices and processes in their firms.

In a highly interactive, "hands-on" format, PBEC member companies, APEC leaders, and invited experts shared their "best practice" experiences and proven approaches in the implementation of principles of good governance in the areas of shareholder rights and equitable treatment of shareholders; disclosure and transparency; and the responsibilities of boards

The two-part workshop was jointly introduced by Dr. David McClain, Dean of the University of Hawaii College of Business Administration, The First Hawaiian Bank Professor of Leadership and Management, and APEC HRD Business Management Network Chairman Emeritus; and Michael Davies, Chairman of the PBEC Working Committee on Transparency, and the Vice President, General Counsel & Secretary of General Electric Canada, Inc. The PBEC Working Committee is the primary vehicle through which PBEC members further explore ways to fight corruption on the national and international level and adopt corporate

best practices in transparency.

In the first session, Ambassador Serbini Ali, Executive Director, Asia-Pacific Economic Cooperation Secretariat outlined a regional roadmap to best practices in corporate governance, addressing ways in which APEC can work effectively with the private sector to establish better corporate governance throughout the region.

Dr. Han-Soo Yu, Secretary General, Federation of Korean Industries then examined the experiences of Korea's private sector in adapting to national anti-corruption reforms. He outlined specific challenges faced by many companies in the region as they institutionalize better corporate governance practices in response to global and regional realities as well as to national reform policies mandated by government.

Interactive Session Leader Alex Duperouzel of Kroll Associates provided numerous case studies and self-assessment tools to assist companies to determine the level of Business Risk and vulnerability exhibited by their own corporations. The scenarios were real and applicable to firms throughout the region.

Session II, moderated by Michael Davies, reviewed in-depth "Anti-Corruption Programs and Innovative Corporate Initiatives." Leading off the session was Ambassador L. Craig Johnstone, Senior Vice

President, International, Economic and National Security Affairs, of the U.S. Chamber of Commerce.

Robert Clarke, President & CEO, Hawaiian Electric Industries, Inc. reviewed his firm's innovative corporate programs and initiatives based on his direct experience with diversifying energy services geographically throughout China and Southeast Asia.

The session was concluded with an insightful and timely analysis of financial the dramatic changes in the role of auditors by Stuart Deming, Partner of Inman Deming LLP. Mr. Deming reviewed the new expectations placed on auditors to design audits that identify fraud, to report improprieties and manage communications with regulatory officials. His assessment concluded with an outline of financial transparency and corporate practices that require that auditors and corporate planners to redefine areas of responsibility as well as internal corporate practices to limit corporate exposure.

The workshop concluded with a summary of the specific recommendations and a facilitated discussion of next steps to continue exchange of information and best practices in Corporate Governance throughout the region. The workshop established a platform for further collaboration between PBEC and APEC on this key global management issue.



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To submit items for the Pacific Journal Calendar of Events or for listing on the PBEC website, fax all pertinent information to (808) 521-8530 or e-mail it to info@pbec.org.

Calendar of Events

August 2	PBEC Japan Working Group on the Environment Meeting
August 3	PBEC New Zealand Informal Roundtable with Hon. Jim Sutton, Minister for Trade Negotiations
August 24	PBEC Indonesia Members' Luncheon Meeting
August 24-27	ABAC: 3rd ABAC Meeting (Lima, Peru)
September 5-8	APEC 2000 SME and New Business Support Workshop (Tokyo, Japan)
September 6-7	ADB 5th Meeting of Donors on the Replenishment of the Asian Development Fund (Okinawa, Japan)
September 6-10	APEC Finance Ministers Meeting (Bandar Seri Begawan, Brunei Darussalam)
Sept. 13-14	APEC Workshop on Trade Facilitation (APEC Secretariat, Singapore)
September 18-20	The 17th Joint Conference of the Korea-Canada Business Council (Canada)
September 26-28	IMF and World Bank Group Annual Meeting (Prague, Czech Republic)
October TBA	PBEC Australia Annual General Meeting & Luncheon
October 18-22	APEC 2000 International Trade Fair (Jakarta, Indonesia)
October 26-27	The 17th Korea-Japan Business Summit (Tokyo, Japan)
October 19	PBEC Indonesia Luncheon Forum for Members & Guests
November 8-9	PBEC E-Commerce Conference (Singapore)
November 9-10	The 22nd Joint Conference of the Korea-Australia Business Council (Seoul, Korea)
November 10-12	PBEC 2000 Mid-term Meeting (Singapore)
November 13-15	APEC CEO Summit (Bandar Seri Begawan, Brunei Darussalam)
November 13-15	ABAC: 4th ABAC Meeting (Bandar Seri Begawan, Brunei Darussalam)
January 21-23	Korea-US Business Council 14th Joint Steering Committee Meeting (Hawaii, USA)
February 12-13	PBEC US Annual Policy Conference
April 6-10	PBEC 2001 International General Meeting (Tokyo, Japan)
May 9-11	ADB 2001 Board of Governors Meeting (Honolulu, Hawaii, USA)



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