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NEWSLETTER OF THE PACIFIC BASIN ECONOMIC COUNCIL



# Pacific Journal

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

## PBEC Covenes in Tokyo for 34<sup>th</sup> IGM

More than 800 business leaders, government officials, and international experts from throughout the Pacific Rim converged on Japan's capital city for PBEC's 34th International General Meeting. Delegates came together in Tokyo's burgeoning waterfront district of Daiba in the midst of cherry blossom season to explore the conference theme, "Regional Vitality in the 21st Century."

History was made in Tokyo as the opening session of the IGM was attended for the first time by members of Japan's Royal Family, the Crown Prince and Princess, as well as Japanese Prime Minister Yoshiro Mori.

His Imperial Highness the Crown Prince noted how things have changed since PBEC's birth in 1967. "Compared with 34 years ago, the economies of the Asia Pacific region have made amazing progress – this is beyond doubt due to the efforts of local business leaders to pool their knowledge and experience in order to solve the many problems they encountered," he said. "For this reason also, the role of the PBEC is destined to become ever more important in the economic life of this region."

One highlight of this year's meeting was the Asia Pacific Leaders Forum, in which top government officials from the Pacific Rim shared their view of the region's economy and prospects for the future. On hand was former Philippine President and advisor to

President Arroyo Special Envoy Fidel V. Ramos, Korean Deputy Prime Minister and Minister of Finance and Economy Jin Nyum, Malaysian Minister of International Trade and Industry Dato' Seri Rafidah Aziz, and Iwao Matsuda, Japan's Senior Vice Minister of Economy, Trade and Industry.

That kicked off two tightly-packed days of presentations and roundtable discussions in which more than five dozen of the top corporate executives and economic specialists from around the Asia Pacific addressed pressing issues in the business world, including: Global Economic Issues and the Pursuit of Sustainable Growth and Regional Vitality, Meeting Today's Management Challenges: Transparency, Environmentalism, and Corporate Responsibility, Electronic Commerce, Strategic Reorganization of Global Industries, and Revitalizing the Asian Economies.

Delegates were also treated to insightful presentations during the meeting's two luncheons. The Honorable Taro Aso, Japanese Minister of State for Economic and Fiscal Policy, highlighted the real economic reform taking place today in Japan, which is laying the groundwork for a future of strong growth. And Richard Koo, chief economist at the Nomura Research Institute, examined Japan's "balance-sheet recession" as he outlined the need for increased government spending and investment.

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*Their Imperial Highnesses, The Crown Prince and Princess of Japan, attended the IGM opening session.*



*The Asia Pacific Leaders Forum featured government officials from Japan, Malaysia, Korea, and the Philippines.*

# SMEs, Financial Services among issues tackled by PBEC leaders in Tokyo

**P**BEC took a number of important policy actions at its recent International General Meeting concerning developments in the Asia Pacific, the World Trade Organization (WTO), corporate responsibility, and other ongoing areas of interest and concern to the business community.

Specifically, the PBEC Board of Directors adopted the following policy statements:

**Statement on Facilitating SMEs in the Global Marketplace:** Access to the internet, and the associated elements of a sound e-business infrastructure, can greatly facilitate the participation of small and medium enterprises (SMEs) in the global marketplace. PBEC supports APEC's efforts to promote closer collaboration and cooperation on e-Commerce infrastructure development and capacity building.

PBEC therefore encourages public-sector leaders in the Asia-Pacific region to create the legal/regulatory frameworks that permit competitive offerings of enabling elements by firms, from the underlying telecom infrastructure to Web site design to small-package delivery.

**Statement on Financial Services Regulation:** The GATS Financial Services Agreement reached in the World Trade Organization (WTO) in 1997 created a framework for increased international competition in financial services. However, much broader and deeper commitments to market access and regulatory reform are necessary to spur market-driven competition, to avoid future financial crises, and to raise standards of living.

To further these goals, PBEC urges particular attention to financial services regulatory reform in the services negotiations already underway in the WTO "embedded program" pursuant to new market opening commitments.



*The PBEC Steering Committee meeting at the Tokyo IGM.*

**Statement in Support of a Balanced WTO Agenda:** PBEC has steadfastly believed that continued expansion of trade and investment through the rules-based system of the WTO provides important advantages. Rising levels of international trade and investment have been a primary engine driving world economic growth, economic development, the creation of better jobs, and rising per capita incomes throughout the world. This economic growth has generated more resources for improved health care, education and social spending. It has resulted in new opportunities for employment, higher wages and improved working conditions.

PBEC urges the commencement of a new global trade round in the WTO and that this round reflect the views, concerns, and priorities of both the developed and developing economies. As they engage in the process, contracting parties should consider the broadest possible range of input and viewpoints.

**Statement on Food Safety:** To promote the production of safe food, PBEC recommends that all PBEC economies adopt and enforce laws and regulations to ensure that the production of foodstuffs including meat be based upon the application of sound scientific practices.

Therefore, PBEC strongly recommends that each member economy ban the feeding of ruminant meat and bone meal to ruminants thus preventing the potential spread of bovine spongiform encephalopathy (BSE) that threatens the health and safety of people throughout the region.

**Statement on Environmental Issues:** PBEC reaffirms the importance of environmental protection and improvement as a means towards sustainable development, and declares our resolution to take voluntary actions in support of these goals.

*The full text of each of these and previous PBEC policy statements is available on our website at [www.pbec.org](http://www.pbec.org).*

# Race To The Top: Recipients of the 3rd PBEC Environmental Award

The PBEC Environmental Award showcases projects of members who achieve excellence in environmental stewardship within a sustainable business model. This year, eight finalists were evaluated for the 3rd PBEC Environmental Award and the top finalists were recognized at the Tokyo IGM held last month.

Beyond their nominated projects, the member companies from PBEC Korea, U.S., Japan, New Zealand, and Canada (Samsung Electronics, General Motors, Ford, Osaka Gas, Honda, New Zealand Dairy Board, and Placer Dome, respectively) evidence that globalization is not a race to the bottom. Their achievements prove that globalization can and should be a race to the top – in best environmental practices, community-based stewardship and economic development, and in long-term corporate citizenship.

Here is a snapshot of the corporate commitment of the three PBEC Environmental Award recipient companies.

## **OSAKA GAS** – Gold Award Recipient

In addition to innovations in alternative energy, one of the latest New Environmental Technologies being developed by Osaka Gas is an afforestation technique using VAM fungi, an environmentally sound method of regenerating tropical forests in areas with depleted soil. The project is being conducted in conjunction with the Research Institute of Innovative Technology for the Earth and with the Indonesian Science Institute (LIPI), leading to large-scale cultivation this year. Osaka Gas has also begun large-scale development of reuses of melted sludge in asphalt and metal recovery from melted sludge fly ash. The water-permeable construction blocks produced in this method are safe and low-cost building materials that render the sludge ash as nonhazardous. The company's production of methane gas using industrial wastewater is another example of the development of new technology to preserve the environment and create affordable alternative sources of energy.



*Akio Nomura of Osaka Gas, Dennis Schultze of Ford Motor Company, PBEC Chairman Kosaku Inaba, Hiroyuki Yoshino of Honda Motor Company, and Tadahiko Ohashi, Chairman of the PBEC Working Committee on the Environment.*

"We are greatly honored to have been awarded the Gold Level Award, and we take special pride in this achievement. It is an official recognition of the environmental friendliness of natural gas and the commitment of Osaka Gas for its environmental activities," stated Osaka Gas President Akio Nomura, "We will continue our efforts to further the position of natural gas in the energy market and to contribute to improving the environment through our R & D activities in environmental technologies."

## **FORD MOTOR COMPANY** – Silver Award Recipient

Ford is perhaps best known for its environmental stewardship through its Chairman William Clay Ford, Jr. who redesigned the landmark River Rouge facility into a sustainable plant, reduced greenhouse gas emissions and benchmarked corporate practices in climate change. Last year, Ford Motor Company released its first Corporate Citizenship Report, highlighting corporate standards of conduct in transparency, environmental stewardship, climate change, human rights, and merging measurements in these areas with established measurements of corporate finance.

As stated by Chairman William Clay Ford, Jr., "We are honored to receive the Pacific Basin Economic Council's Silver

Environmental Award for our development of advanced technologies which are being used to reduce emissions on new and used vehicles in Asia. I believe the distinction between a good company and a great company is that a good company delivers excellent products and services and a great company delivers excellent products and services and strives to make the world a better place. We look forward to working with the PBEC to help make the world a better place."

Added Dennis Schultze, Director of Research and Technology and lead on Ford's Rare Earth Oxide Catalyst program nominated for the Award, "The Environmental [Statement], developed by the PBEC member companies at the Tokyo Annual Meeting, is aligned with the objectives of Ford Motor Company to support environmental stewardship and the technical, social and economic development of our international community. This prestigious recognition by the PBEC helps confirm that our company is moving in the right direction."

## **HONDA MOTOR CO., LTD.** – Bronze Award Recipient

The PBEC Bronze Level Environmental Award went to the Honda *Insight* hybrid

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# CHAIRMAN'S LETTER

**D**ear PBEC colleagues, ladies and gentlemen.

I would like to express my sincere appreciation to all PBEC colleagues, distinguished guests, excellent sponsors and all the participants and staff members, whose kind support made the 34th International General Meeting in Tokyo more successful than ever before. Under the theme of "Regional Vitality in the 21st Century," more than 800 delegates from throughout the Asia-Pacific gathered and participated in a series of plenary sessions and roundtable discussions with the region's top government and business leaders.

On the occasion of the 34th International General Meeting of the Pacific Basin Economic Council, we had many valuable experiences and would like especially look back on the following three 'first' achievements in the history of PBEC IGMs.

First, we were extremely honored by the presence of Their Imperial Highnesses: the Crown Prince and the Crown Princess. This was the first time that members of the Royal Family have honored PBEC by their presence. His Imperial Highness, the Crown Prince, expressed that the role of PBEC is destined to become even more important in the economic life of the region.

Second, the 'Asia Pacific Leaders Forum,' coordinated as a unique plenary session in the PBEC IGM, led to deep discussion among the region's sage leaders. In this forum, we discussed the guiding principle of globalization and its social prescription. Former Philippine President Fidel V. Ramos suggested that globalization generally has had a positive impact, but that governments have a responsibility to protect vulnerable communities from its negative effects and to deliver social services.

Third, a new conference format was adopted. This was the first conference in the history of the PBEC IGM where a handheld computer was distributed to each participant, promoting the "Three E's" approach: electronics, efficiency and environment. It showed that the new format could both facilitate business networking among delegates and promote environmentally friendly meetings by minimizing paper use.

We believe that the Tokyo IGM added a new page to the long history of PBEC. However, we must always consider our pur-



**Kosaku Inaba**  
*PBEC Chairman*

pose and goals in order that the format and the principles of our organization spread the benefits of our membership and influence to the Asia-Pacific region. Therefore, it is necessary that our organization continue structural reforms, referred to in my closing address at last year's IGM in Hawaii.

At that time, I outlined my intention to promote the development of PBEC through a series of policies that I called the "Three I's": Identity, Influence and Integration. While we have made progress, there is still much work for us to do. I will dedicate my attention during the upcoming year to pushing PBEC ahead in each of these areas.

The "Identity" of PBEC is one of our most valuable assets and I sometimes think that we lose sight of the incredible treasure we have in our members. PBEC's membership includes some of the most influential business leaders in the entire world. Many of our members are figures of truly historical proportions: responsible for building our region into one of the strongest economic engines in the world. We need to do a better job of building upon – and projecting – this proud identity. It is not an exaggeration to say that no other organization in the world has what PBEC has.

The "Influence" of PBEC continues to grow. More and more government ministers and leading international organizations are recognizing and acknowledging the work that PBEC has done in the area of policy. Our recommendations and statements are seriously considered in all the key capitals in the Asia Pacific region. This is a testament to the quality and preeminence of our members, as well as the hard work of our working committees. Although we should not overlook our significant accomplishments, we must work harder to further distinguish PBEC in this area.

The third and final "I" stands for "Integration." Perhaps, this is the area where the most work remains yet to be done. One of PBEC's greatest strengths is the diversity of our membership. Our membership repre-

sents both the developed and developing world. Our members are based in every corner of our far-flung region, the Canadian Rockies, the warm climates of Latin America, and the booming metropolises of Asia. Our companies range from resource extraction to high technology, and everything in between. However, it is this diversity of which we are so rightfully proud, that can make it challenging for PBEC to be as cohesive as it should. We must endeavor to achieve integration within PBEC by building a sense of belonging and a sense of solidarity. As all parts of PBEC build closer cooperative relationships, I know that the best days of PBEC lie ahead.

Moreover, as His Excellency Yoshiro Mori, Prime Minister of Japan, told us at the last IGM, there is great value in the strong personal relationships and mutual understanding built through "the human network" PBEC had developed in the business community. These will form the foundation of the region's future prosperity and the fundamental philosophy for building up our organization. This is just as important today as it was 34 years ago when PBEC began.

We have been convening our IGMs in various places in the region during a critical period in the world economy. The challenges facing all of us today as business leaders and community leaders are among the greatest of any during our long history. We have been and will be fortunate to be joined by many notable speakers and specialists who share their insights and expertise on meeting these challenges. These IGMs lay the groundwork for regional vitality and unification in the 21st century.

Last, I would like to thank you all once again for joining us in Tokyo for the 34th International General Meeting. I would like to express my hope that PBEC will continue to provide opportunities for the economies in Asia-Pacific region to make dramatic leaps forward and that it will provide meaningful and ground breaking opportunities to further strengthen relationships and business networks among the various economies in the region. I look forward to working with all of you to build a more valuable PBEC.

Thank you.

It was a pleasure to see so many of you at our recent International General Meeting (IGM) in Tokyo. Thanks to the host committee in Japan, all the speakers, sponsors, and participants who made the event such a great success. For those of you who were unable to join us, other articles in this newsletter will provide you with all the details. The IGM Executive Summary, graciously sponsored by KPMG Consulting, will be on its way to you shortly.

In this letter, I'd like to talk a bit about a developing issue in our Asia Pacific business environment, something which came up in a number of conversations I had with our members at the IGM, and during my travels throughout the region.

The failure to launch a new round of World Trade Organization (WTO) negotiations at the Seattle ministerial in 1999, compounded by ongoing concerns about the pace of liberalization taking place in the Asia Pacific Economic Cooperation (APEC) forum, seems to have given rise to an interesting phenomenon. There seems to be an increased interest in bilateral or smaller regional trade groupings and free trade areas. This should serve as an important wake-up call. Given how important the multilateral trading system is to PBEC, this is a development which we all must watch very closely. PBEC has been a longstanding advocate on behalf of both the WTO and APEC.

New Zealand, Singapore, Japan, Canada, Chile, the U.S., and many others as well are all considering or pursuing bilateral arrangements. The U.S. administration seems to be more focused on the Western Hemisphere rather than the WTO or APEC. This probably reflects a number of factors, but undeniably, frustration with the slow pace of multilateral trade liberalization is one of the most compelling motivators.



**Robert G. Lees**  
*PBEC Secretary  
General*

blocks that work against the goal of global free trade. From my point of view, bilateral arrangements are a bit of a double-edged sword.

They are useful to the extent they allow progressive economies to reap further benefits of rationalization through trade agreements. They are useful to the extent that they provide impetus to the multilateral process to get moving. As an example, many of the ground breaking elements of the U.S.-Canada Free Trade Agreement served as a model for the subsequently concluded Uruguay round of GATT trade negotiations. In this particular instance, a bilateral arrangement clearly benefited the multilateral process.

But bilateral arrangements could potentially be problematic if they undercut enthusiasm for multilateralism. They are dangerous if they create preferential trading blocks which ultimately end up being exclusionary in nature. Bilateral or regional agreements provide free trade for members, but the flip side of this, some would argue, is that it then creates relative discrimination against non-members, who are on the outside looking in.

Bilateral arrangements could be problematic if they proliferate too widely, and create an administratively impossible web of tangled regulations. There are currently 119 free trade areas or customs unions that

Some view this as a healthy sign that governments desire to move faster with its neighbors to remove obstacles and impediments to cross border trade. But others see a trend towards a world of rigid trade

have been notified to the WTO. If each WTO country entered into a bilateral with the others members, there would be over 8,000. With all the different rules of origin for different free trade areas it would become virtually impossible for all but the largest companies to untangle this "spaghetti bowl" of regulations.

This growing interest in bilateral groupings is something that will affect all PBEC members. For our part, PBEC will continue its long history of supporting trade and investment liberalization. Whether on a global, regional or bilateral basis, open markets provide the greatest opportunity to raise the quality of life for all citizens. Now is the time for PBEC to redouble its support for the WTO and for APEC.

Thank you once again for your support of PBEC. We will have an interesting road ahead of us leading towards our Mid-term Meeting and CEO Summit this October in Shanghai. Please keep in close contact, and visit our website frequently for all the updates and new activities taking place in PBEC.

# Elements for Economic Success in the 21st Century

*The following is an excerpt from remarks presented at PBEC's 34th International General Meeting, held April 6-10 in Tokyo. For the full transcript, please visit the PBEC website at [www.pbec.org](http://www.pbec.org).*

One of the key themes that this region needs to keep sharply in focus if it is to continue to improve the quality of life for its peoples is the quality of government that ultimately determines economic success. I see four key ingredients for economic success in the 21st century. And all four are ultimately dependent on quality of government.

First, human capital. In terms of human capital, Asia is, and remains very clearly, a success story. Educational standards in many countries surpass those of OECD countries. For Asia, education will remain a key competitive strength. The investments made in primary and secondary education have produced great economic benefits for many Asian countries. And as Asian economies continue to develop, we will see the increasing importance of tertiary education to the region, particularly in engineering and science.

The second factor is access to capital. Societies need capital to improve standards of living. In terms of international investment, we are not just talking about the availability of capital through the international capital markets; we need to consider the infrastructure - the markets, banks and institutions - that determine whether that capital is allocated efficiently. In the long term, savings provide funds for investment but governments are responsible for a framework to allocate funds successfully.

In terms of efficient access to capital, we have seen a number of Asian economies taking steps to improve their regulatory environments. Few would argue that there is not still room for improvement. The speed of the economic recovery after the downturn has left the suspicion that structural reforms of the banking and corporate sectors have slipped as a priority. Economic



**Sir John Bond**  
Group Chairman  
HSBC Holdings Plc.

reform is, in many cases, a major undertaking and that process will inevitably take time. It is important that it remains a priority in good times as well as bad.

Foreign companies can play a constructive role in bringing capital to the region. Foreign Direct Investment is perhaps the best form of investment bringing a long-term commitment as well as expertise and know-how along with capital. Those governments that encourage FDI will benefit their economies.

In terms of other investment, the international capital markets will slowly evolve to take advantage of Asia's structural advantages. With some of the highest savings rates in the world, there exists the potential to create financial markets within Asia without needing to recycle the savings through New York or London and have them lent back.

It was noticeable during the Asian downturn that the money needed to support those economies in difficulty was present in Asia. Because the world's top five foreign exchange reserve positions are held in Asia. What wasn't in place was the mechanism to recycle those savings, nor the political acceptance of such remedies. The IMF did it because no Asian supranational institution yet exists.

The third factor is quality of life. As work becomes ever more mobile, many workers will have the ability to choose where they live. So, quality of life issues in the form of education, the environment, security, taxation, art and access to recreation will become ever more important.

I would point to the environment as one area where many Asian countries have room to improve. Certainly Japan has taken a lead here and perhaps others could learn from

Japan's example. Japan has recognised its responsibility to improve the environmental impact of its industrial base and Japanese cities are noticeably cleaner than those of many Asian countries.

On a global level, capitalism's role in the 21st century will be to get capital into the hands of those who desperately need it. You cannot have more than half the world living on less than two dollars a day and the rest with significant income. This is not sustainable. The same advances in communication and transport that make globalisation possible mean that, ultimately, if people see no chance, they will move and we will face mass migration.

There will be some eight billion people on the planet in 25 years, some two billion more than today. The pressure on cities is going to be enormous. For instance, Jakarta's population may double to nearly 25 million, and, in total, almost 400 million people will live in megacities across Asia, treble the number today.

The effects on the infrastructure will be profound, and we will need to address the problems that will result in terms of water supply, pollution, sanitation and so on. If not, we will see movement of people on a scale never seen before. And they will move to where they see a better quality of life.

The final factor is the moral dimension of capitalism, an issue for us all, including government. Capitalism is not a perfect system and we are seeing increasing concern manifesting itself in protests like those at the WTO in Seattle.

It is the duty of those who are successful whether they are individuals, companies or countries to make sure they devote some of their time and money to those who are less so. The biggest threat to the world is probably uneven development. While it is unarguable that standards of living across the globe are rising as a whole, it is also unarguable that inequality is perhaps the major issue facing us.

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# Shanghai to Host APEC CEO Summit

The APEC CEO Summit, hosted by the China Council for the Promotion of International Trade (CCPIT) and supported by PBEC, will be held from October 18 to 20 this year in Shanghai, China. This will be the first summit of its kind to be convened in China, and is expected to draw 700 CEOs of the world's leading businesses, government leaders, and experts in fields ranging from globalization strategies and the reform of economic systems in the Asia-Pacific region to the issue of a fair and equitable international economic order.

The theme of the Shanghai APEC CEO Summit is "New Century, New Economy: Developing in the Globalizing World," and is expected to include addresses by APEC leaders such as Jiang Zemin, President of the People's Republic of China; Vicente Fox, President of Mexico; George W. Bush, President of the United States; Vladamir Putin, President of Russia; John Howard, Prime Minister of Australia; and Mahathir Mohammad, Prime Minister of Malaysia.

The Summit will feature a Special Session on China, as it prepares for its entry into the World Trade Organization (WTO), which outlines China's 10th Five-Year Development Program and Market Economy, Foreign Investment Policies for Western China, and the role of Macau in the New Century. The Shanghai APEC CEO Summit will be held less than a month before the 4th Ministerial Meeting of the WTO, which is anticipated to launch a new round of negotiations, and as China's development of Western China and general development, trade, and investment liberalization initiatives are building momentum.

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## *New Century, New Economy: Developing in the Globalizing World.*

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The Pudong Shangri-La Hotel is the primary site of the Summit, located across from the famous Huangpu River Water Bund, in the Lujiazui Finance and Trade Zone of Shanghai. A landmark hotel, the Pudong Shangri-La Hotel is joined by the Grand Hyatt Shanghai – the tallest hotel in the world - and the Inter-Continental Pudong Shanghai as the 5-star designated hotels for the event. All are located within minutes of each other and feature spectacular views of the Bund, Huangpu River, and the city.

This year's event promises to be the largest and most dynamic APEC CEO Summit, given the location and host economy's dynamic annual growth rate of over 8% GNP, and given the significant questions being addressed about globalization, its impact, and the role of business in helping to meet social requirements amidst the rapid technological change. For more information on the Summit, visit the official website <http://www.apecceo2001.org>

## Member News

**Mr. Javier Prieto de la Fuente**, PBEC Vice Chair and Vice-President - External Affairs of Cementos Mexicanos, S.A. (CEMEX), was recently elected by a great majority of the Industrial Chambers of Mexico as the new Chairman of the Confederation of Industrial Chambers of Mexico. Given Mr. Prieto's involvement in PBEC as well as his upcoming responsibilities as 2002 Chair of the APEC Business Advisory Council (ABAC), this represents a great boost for Asia-Pacific issues within Mexico.

Also, **Mr. Juan Sanchez Navarro Redo**, Public Relations Director of Grupo Modelo S.A. de C.V., has been named Chairman of the PBEC Mexico Member Committee. He succeeds Mr. Prieto, who is now a Vice Chairman of PBEC International. Grupo Modelo is the leader in the production and marketing of beer in Mexico with a 60 percent domestic and export market share.

**Mr. Hyun Jae-Hyun**, Chairman of the Tong Yang Group, has been named Chairman of the PBEC Korea Member Committee. He succeeds Hyosung Corporation Chairman S.R. Cho, who is now a Vice Chairman of PBEC International. The Tong Yang Group is comprised of twenty companies in key industries including cement, confectionery, and financial services.

**Mr. Nelson An-Ping Chang**, President of Chia Hsin Cement Corporation and a long-time active member of PBEC, has been named Chairman of the PBEC Chinese Taipei Member Committee. Mr. Chang succeeds Dr. Shi H. Huang, Chairman of the Board of Chinfon Global Group. Mr. Chang is also CEO of China Securities, and CEO of Hong Kong-based KG Investments Asia Limited (KGI).

**Mr. John Fair**, chairman of the PBEC New Zealand Member Committee from 1979 to 1981, died at the age of 82 on May 4. He was also one of PBEC's International Counsellors (since 1986), and one of New Zealand's leading businessmen for more than 30 years. With BP (NZ) Ltd.—which

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# Friends of PBEC International

Although few people may be aware of it, PBEC is fortunate to have considerable help in fulfilling its sweeping mission. Given the small size of the International Secretariat office in Honolulu – run by a full-time staff of six and several interns – we depend on the significant contribution of like-minded professionals, partners and friends to help move the organization forward.

We are especially pleased with our recent partnership with KPMG Consulting, one of the world's largest and preeminent consulting firms with a team of 10,000 in offices spread around the world. Among the latest contributions they have made to PBEC is the sponsorship of our key publica-

tions, from the Pacific Journal newsletter to the annual Executive Summary and International Membership Directory.

Also providing invaluable guidance to PBEC is attorney Alex Jampel, who is well-versed in corporate and non-profit law as well as PBEC's structure, procedures, and formal bylaws. Jampel works with the Hawaii firm Chun, Kerr, Dodd, Beman & Wong.

Another vital contributor to PBEC's reach and visibility is Simon Dixon, a Washington, D.C.-based media specialist, who has arranged valuable media barter for several events. For the recent Tokyo IGM, as an example, Dixon secured display adver-

tisements in several publications – the Asia Wall Street Journal, Financial Times, Far Eastern Economic Review, Fortune, Asiaweek, Time, and Foreign Affairs – adding up to more than \$150,000 in pro bono commercial marketing that we otherwise could never afford.

And PBEC enjoys a strong relationship with Communications-Pacific, a Hill & Knowlton Associate and a leading Hawaii public relations, communications and marketing consultancy firm. The company has assisted PBEC in crafting and refining its image, from helping to build promotional pieces to assisting with local and international media relations.

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## **Race To The Top** *continued from page 3*

vehicle project, a lightweight and aerodynamic passenger vehicle that was also awarded the "Sierra Club Award for Excellence in Environmental Engineering". Honda Motor has long been developing advances in technology that make vehicles more environmentally sound, including low-fuel consumption vehicles, green factories that produce no waste products, and innovative vehicle designs with aluminum bodies that utilize recycled aluminum. Their community-based projects in environmental stewardship are characterized by capacity-building in the host community. Honda also funds multidisciplinary approaches to environmentalism, ranging from education and training programs for at-risk youth that emphasizes environmental stewardship to public aquariums and ecosystem protection projects to interactive educational centers on climate change and its causes. Its work in energy-efficiency and air quality with educational institutions and environmental

non-profit groups has been global. In Asia, Honda's air quality research with the Asian Institute of Technology's Asian Center for Transportation Studies is a benchmark program. In the U.S., their work with TampaBay Watch is being used to educate people about protecting manatees and the seagrass estuaries of Tampa Bay. "The (Honda outboard) boat is environmentally friendly," said Tampa BayWatch Director Peter Clark, "There is no propeller to hurt the manatees and the engine is 95% cleaner than conventional engines." The flat bottom also was designed to reduce danger to manatee, which are frequently killed or injured by powerboats.

Addressing their receipt of the PBEC Environmental Award, Honda CEO Hiroyuki Yoshino stated, "We are honored to receive this award. We are dedicated continuously to developing products that are environmentally friendly with ever-higher objectives."

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## **Member News**

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he joined in 1947 and where he became managing director in 1970 – Mr. Fair helped steer New Zealand's oil, gas, and investment industries through the '60s and '70s, during which time the company greatly expanded its exploration activities and resources. Mr. Fair also advocated research into alternative fuel sources, and frequently pushed the New Zealand government for trade liberalization and reform.

**Mr. J. Milton Fair** of Canada passed away May 13 at age 67. Mr. Fair chaired PBEC's 25th International General Meeting, held in Vancouver in 1992. He was a renowned figure in Canada's grain industry, whose 29-year career with the Saskatchewan Wheat Pool included 12 years as its CEO. He served as a commissioner on the Canada-U.S. Joint Commission on grains in 1995, received the 1996 Saskatchewan Co-operative Enterprise Award, and in 1999 was a facilitator with the Kroeger Grain Transportation initiative.

*Please send news to be included in this column (and possibly on our website) via e-mail to [info@pbec.org](mailto:info@pbec.org) or via fax to (808) 521-8530.*



# Regional Assessment of Climate Change Unveiled by East-West Center

This summer, the East-West Center will issue the final report of the Pacific Islands Regional Assessment of the Consequences of Climate Variability and Change (Pacific Assessment). The report is the product of an 18-month study of how and why climate matters to real people in real places in the Pacific Islands .

Charles Morrison, EWC President, said last November: "...changes in climate matter to individuals, communities, businesses and governments who call islands home. Your valuable natural resources, traditional ways of life, critical economic sectors, community support infrastructure and, to a great extent, your future depend on developing an effective response to the challenges presented by climate variability and change."

A draft of the Pacific Assessment report is now available for public comment and can

be accessed on the web at the address included at the end of this brief article.

The draft report covers: general background on the Assessment and report; an overview of socioeconomic, environmental and climate conditions in areas addressed by the Pacific Assessment along with a summary of results of the model-based climate change scenarios used during the Pacific Assessment; a summary of Pacific Assessment discussions on climate-related vulnerability in six key areas: providing access to freshwater, protecting human health, ensuring public safety in extreme events and protecting community infrastructure, sustaining subsistence and commercial agriculture, sustaining tourism, and promoting wise use of coastal and marine resources; and a section on planning for the 21st century, focusing on the development of effective response options, the identification of critical information gaps and research

needs and the development of innovative new partnerships to improve the use of climate information to support decision-making.

The Pacific Assessment represents a regional contribution of many agencies. The Assessment was coordinated by the East-West Center in Honolulu, Hawaii, in collaboration with scientific partners active in climate research and education in the Pacific. Eileen L. Shea, Climate Project Coordinator at the East-West Center, served as Principal Investigator for the Pacific Assessment.

For further information, please contact Eileen Shea, via e-mail at [sheae@eastwestcenter.org](mailto:sheae@eastwestcenter.org) or by phone in Hawaii at (808) 944-7253. The draft report is posted on the web at: <http://www2.eastwestcenter.org/climate/assessment>

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# Dr. Gibson: PBEC loses a founder, friend

**D**r. Weldon B. "Hoot" Gibson, a founding member of PBEC, passed away on May 6 in his home on the Stanford University campus.

Dr. Gibson was an integral member of the PBEC family. His career spanned more than six decades of tireless effort, and success, in improving relations and fostering greater business contacts between the nations of the world. Dr. Gibson has been an outstanding member of PBEC and indeed the world community as a whole. His long list of accomplishments shows his unyielding desire to bring the people of the world together through free trade and mutual cooperation.

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 U.S. and Canadian companies in an effort to encourage their active participation in the new organization. Since that initial contact, Dr. Gibson has actively been involved in the development of PBEC from its initial origins in the 1960s to the force that it is today in the Pacific region.

Dr. Gibson was instrumental in having the International Secretariat housed at SRI for its first twenty years, and it was during this period that Dr. Gibson became the first Director General from 1974 - 1983. Along the way, Dr. Gibson's foresight and critical understanding of the issues of the day were vital to the formation of numerous groundbreaking initiatives.

One of these, the Pacific Basin Charter on International Investment, was so far ahead of its time that only in today's climate of rapid globalization are the necessities of such an initiative being understood by the leaders of many countries. Then-Prime Minister of Indonesia Suharto was even noted as saying that he used the charter as a blueprint for opening his country to the world.



*His career spanned more than six decades of tireless effort, and success, in improving relations and fostering greater business contacts between the nations of the world.*

Gibson at the 16th International General Meeting in Santiago, Chile. At this same meeting a resolution of appreciation was recorded acknowledging Dr. Gibson's long and dedicated service to PBEC.

At our Millennium Meeting - the 33rd International General Meeting held in Honolulu in March 2000 - Dr. Gibson was presented with a Hawaiian paddle for his outstanding service and dedication to PBEC International. Ocean navigation was a focal point of Hawaiian society, and it was in this same manner that Dr. Gibson's unwavering dedication and initiative helped all of us navigate our way through the turbulent and unclear waters that were the early days of PBEC.

Dr. Gibson was 84 years old and is survived by his wife Helen, son David and grandson Ruben. The memorial service is scheduled for July 10 at the Stanford Memorial Church. For more information, contact Kathy Piper at [kathy@compfin.com](mailto:kathy@compfin.com).

Contributions in his memory may be sent to:

The Dr. Weldon B. Gibson Memorial Fund  
Peninsula Community Foundation  
1700 South El Camino Real, Suite 300  
San Mateo, California 94402-3049

Dr. Gibson was also the first to recognize 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, not just the five original members. To further this end, he assisted in the creation of PBEC's "6th" member, the Regional Member Committees, consisting of the Pacific Basin's developing and least developed economies. This committee had the dual effect of ending the perception that PBEC was "a rich nations' club" and also allowed the developing countries of the world to have a voice in matters that would directly effect them.

In 1983, PBEC awarded the special honor of Founder - Lifetime Member to Dr.

## **PBEC Convenes in Tokyo**

*continued from page 1*

All of the sessions were preceded by three days of productive internal meetings, where PBEC's international leadership attended to the policy actions and administrative business of the organization. PBEC's Steering Committee and Board of Directors ultimately adopted policy statements on a number of key areas, including the environment, e-business, financial services, the WTO, and food safety. (See related article, page 2.)

The third annual PBEC Environmental Awards were also presented during the IGM. This year's winners were Osaka Gas Co. Ltd. (Gold), Ford Motor Company (Silver), Honda Motor (Bronze), and Samsung Electronics (Honorable Mention). Finalists included General Motors China, New Zealand Dairy Board, Hansol Paper, and Placer Dome, Inc.

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## **Element for Economic Success**

*continued from page 6*

Between 1960 and 1990, the nine most successful Asian economies - Japan, China, Hong Kong, Taiwan, Republic of Korea, Singapore, Indonesia, Malaysia and Thailand - grew three times faster than Latin America, three times faster than South Asia and five times faster than sub-Saharan Africa.

On a global level the problem is this: how do you produce wealth if your government will not create the preconditions necessary? If capital rewards those with virtuous policies, does this mean abandoning those people who, through no fault of their own, are victims of their own governments? This will be one of the major debates of the next generation. And there are no simple answers. Debt forgiveness may be important - vital in some cases - but it deals with

The PBEC Environmental Award honors PBEC member companies that have made particularly outstanding contributions to global environmental protection, and reflects PBEC's commitment to promoting environmentally responsible business practices. (See related article, page 3.)

Of course, the IGM offered much more than speeches and PowerPoint slides. Networking and socializing are a central part of PBEC, and in Tokyo old friendships were renewed and new relationships were forged. Interaction was facilitated by handheld computers (manufactured by NEC and NTT DoCoMo) provided as gifts to all participants, allowing them to exchange e-mail as well as read meeting updates and surf the web.

Delegates were treated to both traditional and contemporary Japanese culture and entertainment, including noted Japanese violinist

Ikko Kawai, an awa odori dance troupe, koto players, and a Cherry Blossom River Boat cruise. There was even a surprise appearance (and short dance) by ASIMO, Honda's advanced humanoid robot.

"This has been an exciting and productive meeting for all those involved," said Conference Chairman Minoru Murofushi, chairman of Japan's ITOCHU Corporation. "We have listened to many excellent presentations, advanced the PBEC agenda through various internal committees, and further strengthened our mutual beneficial business relationships.

"Looking ahead in the 21st century, the private sector will undoubtedly play an increasingly important role as a driving force for sustained growth in Asia Pacific," he added. "PBEC's role in promoting regional business relationships will expand accordingly."

the past. In the future it will mean nothing unless developing nations can gain access to international capital by establishing a sound institutional framework in their own countries.

Other parts of the world may be more affected by this debate than Asia Pacific, but the issue of inequality will be a major one for the region if growth rates falter or become uneven. Richer countries have an obligation to help the poorer and Japan should be applauded for the scale of its contribution of overseas aid.

What are my conclusions?

That Asia Pacific has the potential to be a powerful engine of world growth. It has already been a great success story. But there is more to come. Yes, there are challenges but there is also a great opportunity.

There is not an economy in the world that is not dependent on private consumption. And private consumption depends on confidence. People will not spend unless they have confidence in their future.

So it is up to government to provide confidence, by putting in place a framework for success. For that success to be enduring, government must be consistent and it must put into place the conditions that allow people to create wealth and a better life for themselves.

In the final analysis, good government is about offering a vision of what the future holds. One that people are willing to invest in and build towards. Those governments that succeed in doing this will reward their peoples with a better life. And those that fail will punish them. With good government, the prospects for Asia-Pacific economic vitality are very good indeed.



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website, fax all pertinent information to  
(808) 521-8530 or e-mail it to [info@pbec.org](mailto:info@pbec.org)*

## CALENDAR OF EVENTS

June 1-3	APEC Senior Officials Meeting (Shenzhen, China)
June 6-7	APEC Trade Ministers Meeting (Shanghai, China)
June 7-8	Poultry Mission Conference – PBEC Working Committee on Food Products (Bogota, Colombia)
June 14-15	17th ASEAN-Japan Forum (Tokyo, Japan)
July	6th Asian Neighbors Forum (Seoul, Korea)
July 10	Services for Dr. Weldon B. "Hoot" Gibson (Stanford, California, U.S.)
July 20-22	G8 Summit (Genoa, Italy)
July 23-24	34th ASEAN Ministerial Meeting (Ha Noi, Vietnam)
July 25	Forum with The Hon. Dr. Michael Cullen, Minister of Finance – PBEC New Zealand (Wellington)
August 16-24	APEC Senior Officials Meeting (Dalian, China)
August 27-29	3rd Meeting of ABAC 2001 (Singapore)
September 6-9	APEC Finance Ministers Meeting (Suzhou, China)
September 11-12	Financial Cooperation & Regionalism in East Asia – World Bank/PECC/HKMF (Hong Kong, China)
October 2-4	WorldBank/IMF Annual Meetings (Washington, D.C., U.S.)
October 7-11	10th International Anti-Corruption Conference – Transparency International (Prague, Czech Republic)
October 15	Roadmap to the Future: Advancements in Agricultural Technology – PBEC Working Committee on Food Products (Shanghai, China)
October 16-18	PBEC Mid-term Meeting (Shanghai, China)
October 17-18	APEC Ministerial Meeting (Shanghai, China)
October 18-20	APEC APEC CEO Summit (Shanghai, China)
October 18-21	4th Meeting of ABAC 2001 (Shanghai, China)
October 20	E-Business Dialogue – PBEC Working Committee on E-Business (Shanghai, China)
October 28-30	2nd Asia Pacific Conference on E-Commerce – East West Center (Honolulu, Hawaii, U.S.)
November 5-6	7th ASEAN Summit (Bandar Seri Begawan, Brunei Darussalam)
November 9-13	4th WTO Ministerial Conference (Doha, Qatar)
November 16	7th ASEAN-U.S. Dialogue
November 28-30	14th PECC General Meeting (Hong Kong, China)



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