

Gearing-Up for the 2002 IGM in Kuala Lumpur

May 3rd marks the beginning of the Pacific Basin Economic Council's 35th Annual International General Meeting (IGM) held this year in Kuala Lumpur, Malaysia. This important annual forum gives business leaders and key government policy-makers the opportunity to share views and take a stand on issues affecting business, trade and investment.

An ambitious agenda has been developed for the Kuala Lumpur IGM. Key government officials from the region, including Malaysian Prime Minister Mahathir, Philippine President Arroyo, Philippine Trade Secretary Roxas, as well as leading business executives, governmental ministers and other heads of government throughout the Pacific Basin will speak at this year's conference.

The theme of this year's conference, "Striving for Growth in a Challenging Environment", will bring issues such as the security dimension of economic growth and new developments in trade and investment liberalization; as well as sectoral overviews including the biotechnology and financial markets to the forefront of discussion. The Honorable Dato' Seri Mahathir bin Mohamad, Prime Minister of Malaysia, will deliver the opening keynote on May 6th. Dr. Mahathir has built a solid reputation as one of the world's most provocative and

insightful speakers on globalization and the international trading system. As Malaysia's national leader for more than 20 years, he is credited for implementing the policies and programs that underlie the country's economic success.



On Tuesday, May 7th, Her Excellency Gloria Macapagal Arroyo will speak on foreign direct investment in the Pacific Basin. President Arroyo has been in office since January 20, 2001, after previously serving as Vice President. With an extensive government career with positions including Assistant Secretary of the Department of Trade and Industry, Undersecretary of Trade and Investment, and Senator, Her Excellency's experience in facilitating foreign investment will help business executives gain insight on the challenges and benefits of direct investment in the Pacific Basin.

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Mexico Sets APEC Priorities at First Meeting of Senior Officials

The First Senior Officials Meeting (SOM I) for the Fourteenth APEC Ministerial Meeting was convened in Mexico City, Mexico on 27-28 February 2002.

Minister of the Economy Ernesto Derbez, officially inaugurated SOM I and set out three priorities for Mexico's year as APEC Chair:

Promote the implementation of appropriate trade, investment and financial policies that foster growth and take advantage of the new economy;

Continue building capacities to reap the benefits of development, placing special emphasis on the promotion of small and medium enterprises and micro-enterprises; and

Continue making of APEC a relevant forum for people by fostering greater participation from youth and women, by stepping up our efforts in communicating the benefits of globalization; and by continuing the improvement of the functioning of APEC.

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Board of Directors Meeting

Chairman's View

One of the challenges of the business world is responding to rapidly changing market conditions without losing sight of long-term objectives. We face the same sort of challenge this year in the Asia Pacific region. In the wake of the September 11 attacks, protecting our homelands has become a new imperative. At the same time, expanding trade and investment to spur continued economic growth is the long-term objective we must hold in sight.

The market in the Asia Pacific region, which had been substantially altered by the 1997-98 financial crisis, met with another unexpected change on September 11. In the wake of the heightened awareness of the security threats that nations in the region face, the private sector needs to respond quickly to a new set of concerns without losing sight of our long-term commercial objectives.

PBEC-US examined the new security concerns at its Annual Policy Conference in Washington recently. Leaders from business, government and academia discussed the complex issues involved in ensuring that the movement of goods, services, people and capital proceeds efficiently, but proceeds without providing international terrorists with opportunities for violence. In addition, the conference examined some of the structures which underpin regional trade and investment, such as finance and insurance.

We saw a further example of the need to ensure physical safety while maintaining growth recently in Mexico, where Presidents

Bush and Fox announced a 22-point agreement to build a 21st century border. Their aim was to meet the challenge of security without sacrificing the long-term objective of economic integration of the North American continent.

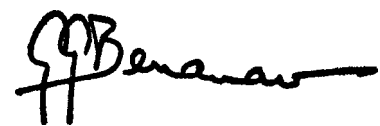
I believe that in the coming year we will see more activities like this, and that more countries will become involved. Moreover, the effort to maintain high levels of security without undermining economic growth will preoccupy most, if not all, governments in the Asia Pacific region, and will not be seen as a primarily US concern.

Although the desire for security and growth is regional, progress will require continued US leadership. Clearly the US Government has demonstrated its resolve to press forward to achieve its security objectives in the Asia Pacific region. We see this in actions in countries including the Philippines, Indonesia, Japan and China. But there is also a need for US business to provide regional leadership on commercial security questions.

Providing leadership begins with setting an example. It entails cooperating with programs being developed in governmental areas ranging from Customs procedures for goods to anti-money laundering programs for capital. It also means encouraging other firms operating in the region to cooperate with the US government and with their own national governments. In some cases, it will mean urging foreign governments to take measures to enhance security.

The next opportunity for the regional business community to examine these issues will occur this May at PBEC's International General Meeting (IGM) in Kuala Lumpur, Malaysia. This issue of *Pacific Current* contains more information about the IGM. The PBEC-US staff in Washington can supply details and facilitate participation by PBEC-US members' firms. For companies, which understand the business implications of public policy, the IGM presents a world-class opportunity to influence decisions that help shape the regional economy.

I hope that all the members of PBEC-US will strongly support the IGM and take advantage of this opportunity to address issues of both immediate and long-term commercial interest of our companies and the Asia Pacific region.



Gary Benanav
Chairman, PBEC US Member Committee

ABOUT THE CHAIRMAN



Gary G. Benanav is the Chairman and CEO of New York Life International. Benanav has over 25 years of experience in the insurance industry, most recently as the Executive Vice President of a major insurance and financial services company. He has also served on the Governor of New York's Executive Advisory Commission on Insurance Industry Regulatory Reform.

(2002 IGM..., cont'd from page 1)

Secretary Manuel A. Roxas II will be speaking in the plenary "Facilitating Growth in the Pacific," which will focus on growth and stability in the struggle to adapt to globalization. Secretary Roxas was named by Asiaweek as one of "the young leaders in politics and business who will bring Asia and the Pacific to the forefront of world affairs." He has also been recognized as "one of the Global Leaders of Tomorrow who are expected to shape the future." Secretary Roxas' experience as a representative in the Philippine Congress and his work in the private sector provide him an important perspective on adapting to globalization.

The IGM continues to be the region's foremost opportunity for corporate executives to gather with other international leaders to frankly discuss the key issues in the regional economy, and to provide business input and advice to government decision-makers and multilateral organizations like APEC and the WTO.



Menara Kuala Lumpur

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To register for the conference, visit the website at www.pbec2002.org.

PBEC Program and Policy Priorities: an IGM Preview

AGRICULTURE: PBEC Working Committee on Food and Agriculture will consider partnering with World Agriculture Forum to bring together Agriculture Ministers from the region to discuss agriculture trade and biotech issues.

BIOTECH: PBEC Working Committee on Food and Agriculture will discuss further work with the APEC Research, Development and Extension of Agricultural Biotechnology Working Group and further collaboration with the APEC High-Level Dialogue on Agricultural Biotechnology.

PRIVACY: The e-Business Working Committee will discuss a plan to develop a privacy analysis from an Asia-Pacific perspective and present this paper to a conference with regional data protection-related officials in the region on the fringes of an APEC meeting.

TRADE AND SECURITY: PBEC will discuss the possibility of creating a new Expert Group on the issue of international trade and security, which will consider developing policy positions, as well as workshops in conjunction with APEC Transportation Working Group and a model port project in connection with the 2002 APEC meetings.

TRADE LIBERALIZATION: Continued work will be undertaken to support APEC's liberalization activities in the region at both the technical and policy levels.

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The Pacific Basin Economic Council is an association of senior business leaders from throughout the Pacific Rim dedicated to expanding trade and investment through fostering open markets.

PBEC member committees are located in Australia, Canada, Chile, China, Columbia, Ecuador, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Peru, Philippines, Russia, Chinese Taipei, Thailand, Singapore, and the United States.

Annual Policy Conference 2002

Getting Back to Business: Pacific Rim Growth and Security

PBEC US's 2002 Annual Policy Conference, designed to highlight the emerging challenges and opportunities facing trade in the Pacific Rim in light of the September 11th attacks, proved a solid success according to participants. The forum allowed members of business, academic and government communities — foreign as well as domestic — to weigh in on issues important to business.

Gary **Benanav**, Chairman of PBEC-US, kicked off the conference by introducing His Excellency Dato A.K. **Ghazzali**, Malaysian Ambassador to the U.S., who provided a Southeast Asian perspective on the challenges of eradicating terrorism and restoring economic growth. In his remarks, Ambassador Ghazzali emphasized his government's policy of "zero tolerance for terrorism", and highlighted the close cooperation between the U.S. and Malaysia in combating it. This firm stance is based on Malaysia's experience in defeating terrorist insurgency in the 1950s and 1960s, and the desire of the vast majority of Malaysians to preserve the nation's multi-religious, multi-ethnic and multi-cultural society and the spirit of ethnic tolerance that underlies it. Malaysians said the ambassador, "want to preserve our commitment to modernization, development, and openness to the outside world, which have played such an important role in our unprecedented economic growth and prosperity over the past two decades."

It was the opinion of experts participating in the



Ambassador Ghazzali

morning panel discussion, moderated by Jack **Wadsworth** of Morgan Stanley Asia, Ltd., that assuming there is not another attack, economic growth in the U.S. will pick up in 2002, leading growth in the Asia-Pacific more generally. Japan's economic situation remains a national problem and continues to be major source of concern and potential economic instability in the region.

Sandy **Kristoff** of New York Life International moderated a panel of experts focused on business sectors most affected by security concerns such as transportation, the lynch pin for trade. These constraints have also been seen in information security, as well as in the significant tightening that has occurred in insurance and particularly re-insurance markets. Less significant impacts, particularly in the long-term, have been felt in capital markets. Participants also learned how to get ahead of security concerns from the example of the food industry, which has undertaken a proactive effort to increase consumer protection from theoretical terrorist attacks, thereby bolstering confidence in food safety.

Senator Chuck **Hagel**, ranking member on the Senate Foreign Relations Committee's Asia Pacific Subcommittee, provided an in-depth Congressional perspective on the impacts of 9/11. Senator Hagel underscored the importance of trade to meet security needs, arguing that the only way to meet security challenges and other budgetary demands such as social security is not through cutting spending but through increasing trade and economic growth. Hagel called on the President to provide vigorous leadership to win congressional approval of trade promotion authority (TPA) this year.

Steve **Roberts**, noted political commentator and syndicated columnist, highlighted the domestic political context in which these economic and security policy decisions will be made. Mr. Roberts noted the impact of trade on achieving security needs, and underscored the necessity for various interests in the US who have been against trade to look forward and recognize the national interest in free trade. He also offered suggestions on ways the U.S. could further strengthen international public support for the struggle against terrorism and for expanded international trade and investment.



**PBEC US Thanks the Sponsors of
our 2002 Policy Conference**

New Program Manager Joins PBEC US

Samantha Roe joined PBEC US on January 1st to become the new Program Manager for the organization. Samantha worked and studied in Japan while pursuing a degree in Asian studies and business.

INTERNATIONAL FOOD PRODUCTS COMMITTEE HOSTS SUCCESSFUL BIOTECHNOLOGY CONFERENCE IN MEXICO CITY

The Pacific Basin Economic Council's conference on February 23, 2002, "APEC and Biotech: Communication and Cooperation- an international conference on best practices in biotechnology" brought 71 participants from 10 countries together to share regional perspectives on biotechnology and to support the first APEC High Level Dialogue on Agricultural Biotechnology that occurred the following day. PBEC represented business at this dialogue, presenting a summary of the PBEC conference. PBEC also brought together a wide range of experts from the region to help focus discussions on key biotech issues. PBEC Mexico's Francisco **Gutierrez** and Jose **Vez** moderated the day's proceedings.

Jose Luis **Solliero**, Executive Director of AgroBio Mexico, provided participants with an understanding of how biotechnology is a necessary response to the increasing population's needs, including food supply, health, cleaner environment, a basis for a competitive economic environment, and opportunities for employment. This growth will require an additional 8 millions of tons of grain, \$1,500 million of dollars in purchases of grain and four million hectares of land. He also discussed the decision-making process of adoption of biotechnology. Alvaro **Gaitan**, a coffee researcher from Colombia, proposed that biotechnology promised potential solutions to the food supply problem, with expected gains in yield, nutritional values; better resistance to diseases, improved adaptation to the environment, and better protection of biodiversity. Coffee research has focused on crop protection, yield, growing under stresses, post-harvest traits, supplemental nutritional values, and

improved flavor and aroma. Mr. Gaitan concluded that more research must be undertaken to fully meet the goals established 15 years ago. Don **Hutchens**, a farmer from the US state of Nebraska, provided his views as a user of biotechnology. Mr. Hutchens explained that farmers in the US like farmers across the APEC region are responsible people, they live of the land and they live off of what they produce on that land. No farmer wants to spend more money on a crop than what he actually needs to. Biotechnology use will be an economic, agronomic, environmental and socially conscious decision making process.

The four panels helped participants to identify the benefits of biotechnology, as well as understand the future and potential roles of APEC in the area of biotech. One of the panels provided participants with case studies in communications that are effective in expanding public understanding of biotechnology.

The main ideas that came out of the conference included:

- The need to maximize efficiency through open markets.

- The need for APEC to unify its position in Codex and other fora.

- The importance of continuing dialogue to expand understanding of biotechnology.

- Continued support for public/private partnerships.

PBEC US Welcomes New Members to Board of Directors

The PBEC US Board of Directors convened on February 13, 2002 for its annual winter meeting to review PBEC institutional issues and discuss policy priorities for the year. The Directors meeting also included a special off-the-record briefing and discussion with Dr. Glenn Hubbard, Chairman of the President's Council of Economic Advisers, who discussed the U.S. economic outlook and the President's priorities in his trip to Asia.

At their annual meeting the following day, PBEC US members re-elected John S. Wadsworth, Jr. of Morgan Stanley Dean Witter Asia Ltd. and Derek Williams of the Oracle Corporation to new two year terms and elected three new members to the board.



David K. Wang
Executive Vice President
Applied Materials, Inc.

Applied Materials is the largest supplier of products and services to the global semiconductor industry and is one of the world's leading information infrastructure providers. Applied Materials enables Information for Everyone by helping semiconductor manufacturers produce more powerful, portable and affordable chips.

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Thomas R. Pickering
Senior Vice President
The Boeing Company



Martin Zimmerman
Group Vice President
Ford Motor Company

Ford Motor Company is the world's second largest automaker, with approximately 335,000 employees in 200 markets on six continents. Its automotive brands include Aston Martin, Ford, Jaguar, Land Rover, Lincoln, Mazda, Mercury and Volvo. Its automotive-related services include Ford Credit, Quality Care, Kwik-Fit and Hertz. Ford Motor Company will officially observe its 100th anniversary on June 16, 2003.

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