

THE PRESIDENT'S EXPORT COUNCIL

WASHINGTON, D.C. 20230

August 23, 2007

The President of the United States
The White House
Washington, D.C.

Dear Mr. President:

As you prepare for your trip to Sydney in September for the Asia Pacific Economic Cooperation (APEC) Leaders' Meeting, the President's Export Council (PEC) offers a number of suggestions of areas where we believe the United States could promote initiatives that would help improve the trade and investment climate in the Asia-Pacific region.

The PEC is deeply disappointed that the WTO Doha Development Round is foundering, but we appreciate the efforts your Administration has made to look for ways to engage our trading partners to advance the global trade agenda. We are convinced that the APEC meetings in Sydney will provide a forum for Asia-Pacific leaders to renew their call for leading participants to return to the negotiating table to conclude a multilateral agreement that will benefit all of our economies.

We are also convinced that an active U.S. role in such regional forums as APEC contributes significantly to enhancing trade and investment. We believe the United States can play a helpful role in guiding regional economies as they integrate into the global economy to follow rules-based trading principles, become more transparent, and remain open to foreign investment. Strong engagement with the leaders of these countries will counter protectionist sentiments that continue to be propagated in this region.

The United States can play a significant leadership role within APEC this year to encourage increased opportunities for American companies in the region. APEC should be a forum for enhancing the environment for global economic growth and prosperity. In particular, the APEC Leaders' Meeting should address the protection of intellectual property rights, the liberalization of financial services and capital markets, and capacity building efforts to promote predictable investment and regulatory regimes. The PEC has identified a number of specific actions that could contribute to these goals:

- Enhance APEC's capacity to implement the initiatives agreed to by the leaders, including an expanded Secretariat and continued funding for APEC capacity building.
- Call on APEC economies to avoid adoption of national technical standards, patent rules, and competition policies that are different from internationally accepted standards. Divergent standards and competition policies create barriers to market entry for foreign companies and undermine innovation.
- Request APEC member countries that have not joined the WTO government procurement accord to do so in a manner that fosters and encourages healthy competition.
- Stress the importance of protecting intellectual property rights. APEC should take action to bolster the capacity of government agencies, enforcement officers, and judges to combat piracy and counterfeiting. Intellectual property theft threatens public safety,

hampers innovation, and robs government revenues. Digital piracy, including illegal transfer of materials and the blatant use of the Internet to advertise and sell counterfeit products, is a growing problem in the Asia-Pacific economies.

- Call on APEC economies to do more to promote the liberalization of financial services and capital markets. Services liberalization would bolster innovation, increase competition, and cut costs, all leading to more efficient services for consumers. The United States should urge that APEC partners open their markets to international financial service firms and grant them the rights and benefits of national companies.
- Recommend that APEC economies do more to provide predictable investment regimes to encourage investors to pursue operations in those countries. This would help those economies to attract and retain foreign investment. APEC could consider developing a capacity-building program to enhance the investment environment in the region. One specific area that deserves attention is the adoption of reliable and enforceable third party dispute resolution mechanisms.
- Encourage APEC governments to make greater effort to establish transparent and market-friendly regulatory regimes. APEC could draft a model statement on corporate governance for its member economies to adopt as a common framework.
- Explore negotiations for a Free Trade Agreement of the Asia Pacific (FTAAP). With the Doha Round stalled, the FTAAP would provide the much needed impetus to trade liberalization within APEC.
- Encourage APEC member countries to negotiate FTAs with high standards and that are comprehensive in including all sectors and products. Some FTAs that have been negotiated in the APEC region have created artificial trade preferences that result in selective trade liberalization and discriminate against U.S. companies.

Mr. President, thank you in advance for considering our suggestions and for your support to American businesses trading and investing abroad. We wish you all the best during the upcoming APEC Leader's Meeting.

Sincerely,

A handwritten signature in black ink that reads "Bill Marston". The signature is written in a cursive style with a long horizontal flourish extending to the right.