

Welcome Remarks by Mr. Nobuhiko Kawamoto, ABAC Member
at the APEC High Level Conference on Structural Reform

8 September 2004

Good morning, Excellencies, Distinguished Guests, Ladies and Gentlemen.

On behalf of the Japanese APEC Business Advisory Council, I would like to say a few words of welcome to the APEC High Level Conference on Structural Reform.

First of all, let me express my heartfelt gratitude for your participation in the conference.

During this conference, you will share the experience and intelligence obtained through your involvements in the task of structural reform, corporate restructuring, agricultural reform and even building investor's confidence. I have learned with pleasure that the outcome of such discussion on the structural reform would be submitted as a proposal to the APEC Leader's Summit which will be held in San Chiago, Chile this November. Believing such follow-up action will further progress the reform, we, business sectors, are concerned to see what the outcome will be.

The APEC Business Travel Card is a tangible asset of such outcome. It is a card which enables qualified businessperson to travel around most of the APEC economies without obtaining entry visas. By the support of our Prime Minister Junichiro Koizumi, Japan joined the scheme in 2003 in order for the APEC businessperson to enjoy the benefits every time they make business trips around the APEC economies. Although it will be a minor case of the structural reform, it had a tangible effect, and that is what we are longing for.

However, there are the areas where such tangible effect is needed.

Firstly, stimulated by the 1997 Asian Financial Crisis, we, APEC Business Advisory Council, advocated in the very early stage that the APEC leaders should work on the structural reform of the Asian financial markets. We were well aware that, without a sound financial infrastructure, trade and investment can hardly be promoted in the APEC region.

Secondly, when we think about the Doha Development Agenda, we are afraid that the delay in the reform of agricultural sector has been preventing the WTO negotiation from clinching.

Thirdly, I would like to mention that, since the ‘September Eleven’, achievement of the ‘Dual Goals’ of trade facilitation and trade security has been one of our serious concerns. By forcing cargo inspections at pre-loading stage, the newly-introduced trade rules overturned the traditional concept of international trading. While improving trade security, such rules, I assume, could hinder the trade facilitation efforts by business sector. It is thus not optimum that, under such new environment, the relevant trade systems including customs procedures remain unchanged.

Lastly, investment is another area where we urgently need transparent and fair economic legal infrastructure. Particularly our strong concern is on strengthening the legal system by certain reforms in the areas of commercial, insolvency and competition laws.

These particular concerns may be an indication that such areas require the structural reform. And without it, we presume that even our efforts to achieve the APEC’s Bogor Goal may not produce a tangible result.

Our business environments, symbolized by such phrases as globalization of economy, progress of information technology and diversification of consumer needs, have never been precedent and they will not be the same in the future. It

is our common belief that failing to respond to such continuous changes means that the company will be hardly able to satisfy the needs of her customers.

But whatever efforts the company makes to respond, her survival will still be so far unless at least relevant legal and economic infrastructures are reformed accordingly. It is therefore public sectors that are hoped to grasp the changes of environments and react properly. I would also like to add that, under such situation, collaboration of public and private sectors are indispensable and that capacity building should not be forgotten when required.

As I have stated, there is a good example of the structural reform such as the APEC Business Travel Card, however there are the areas that need attention of public sectors. Financial system, agriculture, trade security and overseas investment are the good examples.

Finally, bearing these thoughts in mind, I hope that this conference will stimulate wide-ranging discussions on the structural reform, and that the outcome could bear a tangible result. We, APEC Business Advisory Council, are expecting that such discussions and their outcome will be of use for the future structural reform of APEC itself.

Let me wish the two days from this morning will become constructive days for all of you.

Thank you very much.

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