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APEC-NEWS-TARIFF

TARIFF CUTS IN STAGES BETTER THAN OPTING OUT OF EVSL

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KUALA LUMPUR, Nov 7 (Bernama) -- Apec economies having difficulties in reducing tariffs for products under its free market plan should consider dismantling tariffs in stages rather than opting out of sectors or product coverage.

Referring to it as tariff staging, the Apec Business Advisory Council (Abac), said such an alternative should be exercised when concessions and flexibilities are needed.

Tan Sri Tajudin Ramli, who holds the Abac chair, said in the report which he presented to Prime Minister Datuk Seri Dr Mahathir Mohamad on Friday, the EVSL was a vital and effective part to sustain growth and recovery in the region.

Dr Mahathir, who holds the Apec chair, would in turn present the report to the economic leaders when they converge here for their informal summit on Nov 17 and 18.

Tajudin, who is Malaysia Airlines executive chairman, said economic leaders identified 15 sectors for EVSL with nine for fast track tariff reduction during the summit in Vancouver.

At the Kuala Lumpur summit, the leaders are expected to endorse the nine sectors for EVSL and thereafter, the plan could be implemented, thus paving the way for Apec's free market plan to become a reality.

In spite of the severe economic downturn in Asia, he said Abac reaffirmed its commitment to liberalise goods and services markets through the elimination of tariff and non-tariff measures.

Abac said the EVSL initiative should be inclusive with the sectors moving through the process together so that there is a spreading of benefits among Apec economies.

Besides this, the scheme should be comprehensive with Abac recommending that coverage be as broad as possible, as well as being credible, ideally with all Apec member economies endorsing each of the work plans.

The council also stressed that the Apec economic leaders committed to EVSL and economic growth in the region had a collective obligation to see the initiative succeed.

"This requires economies to demonstrate a willingness to end protection of the targeted sectors, even though most economies will face stiff challenges in some sectors," said Tajudin.

Turning to the Economic and Technical Cooperation (Ecotech), he said Abac has proposed to establish the Partnership for Equitable Growth (Peg).

The latter is a nucleus corporation which acts as a catalyst and engages governments in a business/private sector driven approach to capacity-building needed to push forward Apec's liberalisation agenda.

Tajudin said that at the summit here, Abac presents the leaders with the imminent establishment of PEG, which carries its own distinct legal and independent personality as a non-government and market-driven vehicle.

In particular, PEG could commence work in the following areas identified as early flagship projects such as the Asian Gas Grid (AGG) and the Apec Information Technology (IT) Education Initiative.

The AGG project builds on the initiative of the Apec energy working group which calls for removal of impediments through policy changes within Apec economies to foster a favourable investment environment.

The AGG takes this further through the setting up of the Apec Resource Corporation to coordinate the development of an Asia-Pacific gas network.

This network would link existing and proposed gas networks in Indonesia, Malaysia and Thailand, with major demand centres in China with possible expansion to Chinese Taipei, Japan and South Korea.

As for the IT Education Initiative first recommended in the 1997 Abac report, he said it aims at drawing on the region's strengths to provide education and training in areas critical to IT development.

Abac believes that PEG could provide a valuable start by supporting two essential projects, namely, assisting small and medium scale enterprises in reaping potential benefits from e-commerce and developing IT technicians critical to the region.

"With this in mind, Abac strongly recommends to the leaders that immediate action be taken to encourage all member economies to invest through Ecotech initiatives to prevent a further breakdown in our global economic system," he said.

Tajudin said that "in so doing, Apec would help preserve the platform upon which we do business and set in motion a capacity-building effort towards a more level and sustainable playied field."

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