



**APEC BUSINESS ADVISORY COUNCIL
FIRST MEETING, HONG KONG, 27-30 JANUARY 2015**

REPORT TO NEW ZEALAND BUSINESS

SUMMARY

1. ABAC's first meeting for 2015, with The Philippines in the chair, was held in Hong Kong 27-30 January. As well as kicking off the year's work programme, the meeting incorporated a dialogue with APEC Senior Officials focusing on key issues related to the APEC agenda. ABAC New Zealand's interests at this meeting related to the Free Trade Area of the Asia Pacific (FTAAP), progress in the World Trade Organisation (WTO), food security, global data standards for supply chain optimization, the role of women as well as ABAC's financial reform agenda.

REPORT

2. ABAC New Zealand members Wayne Boyd, Tony Nowell and Katherine Rich, supported by Stephen Jacobi (Alternate Member) attended ABAC's first meeting for 2015 hosted by ABAC Hong Kong. APEC Senior Official Alison Mann joined this meeting and attended a number of working group sessions and the annual dialogue with senior officials. The first meeting was an opportunity for the Philippines Chair to outline its objectives for the coming year. This year these mirror closely the official APEC agenda and focus on developing a more inclusive economy in the APEC region. ABAC's theme for 2015 is "Resilient, inclusive Growth – a fair deal for all". All ABAC working groups have been charged with considering how their work programmes can reflect this central theme of inclusiveness.

Liberalizing trade and investment

3. In a change this year New Zealand has relinquished the Chair of ABAC's Regional Economic Integration Working Group (REIWG), although Katherine Rich has assumed the role of Co-Chair working alongside the Chair, Sir Rod Eddington from ABAC Australia.
4. The central issue is making progress towards FTAAP. ABAC considered how to make an input into APEC's "collective strategic study" which will be presented to Leaders by the end of 2016. A project outline was adopted which will see ABAC, with the help of an external consultant, undertake some analysis of existing FTAs and the reasons why they are not fully utilised by business. That should help focus attention on gaps in coverage, which can be addressed in the context of FTAAP. This project will roll out over coming months and an update will be provided at ABAC II in Mexico City. ABAC New Zealand will follow this work closely. Progress towards FTAAP will also be determined by developments with the Trans Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP), which ABAC continues to monitor.
5. Katherine Rich gave a presentation focusing on the current status in the WTO and proposed developing a work programme on WTO now that there were tentative signs that the impasse in the Doha round may have been unblocked. There were mixed views about devoting too much attention to WTO in the light of past disappointments but it

was agreed that WTO would remain on the ABAC agenda. ABAC New Zealand proposes to follow up with another presentation on issues that are not currently well addressed by FTAs and which can only be addressed in the WTO – these included non-tariff barriers, standards – including private standards - and subsidies which remain a problem for business.

6. ABAC continues its work to encourage liberalisation and facilitation of services issues. Reports commissioned by ABAC point to the magnitude of potential economic gains from addressing barriers to trade in services and the extent of existing restrictions. The Philippines' APEC chair intends to increase the focus this year by holding a number of regional services dialogues – ABAC New Zealand has proposed to MFAT to undertake some further consultation with the New Zealand services sector to identify concerns and priorities.

Towards sustainable development and food security

7. Tony Nowell has been appointed Co-Chair of the APEC Policy Partnership on Food Security (PPFS). As Co-Chair of the Sustainable Development Working Group (SDWG) Tony is also seeking to strengthen the voice of the private sector in APEC food discussions. Proposals are under development and in discussion with the APEC Chair.

Promoting connectivity in the region

8. ABAC New Zealand continues to champion the global data standards (GDS) initiative to promote supply chain optimisation and integrity. In Hong Kong our partner GS1 provided an update on APEC's work programme in respect of GDS and ABAC New Zealand drew attention to the outcome of its consultation with industry stakeholders held last December. A number of GDS pilot projects are now under development including in the pharmaceutical sector. New Zealand and Hong Kong agencies are working on a pilot project in the area of deer velvet. Other pilot projects are encouraged.

Promoting women's economic empowerment

9. The ABAC Women's Forum held a dialogue in Hong Kong with the 30 Percent Club, an organisation focusing on increasing the number of women in Board governance positions. New Zealand's Consul General in Hong Kong, Gabrielle Rush, joined this event.

Ensuring the region's financial stability

10. Wayne Boyd attended a meeting of the Asia Pacific Financial Forum, which brought together regulators, officials and business representatives to exchange views on improving the health of the financial system. ABAC's review of the global economy revealed concern with the impacts of deflation in a number of key markets.

ABAC Dialogue with Senior Officials

11. ABAC's annual dialogue with senior officials, including Alison Mann from New Zealand, focused on the theme of inclusiveness and how it might be applied to the APEC work programme. Alison stressed the need to ensure coherence across the APEC agenda.

Next meeting and further information

12. ABAC II will be held in Mexico City 20-23 April.
13. Further information is available at www.nzibf.co.nz and www.abaconline.org. Copies of reports and studies mentioned in this report are available on request from Stephen Jacobi, Stephen@jacobi.co.nz.

ABAC New Zealand
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