

**APEC BUSINESS ADVISORY COUNCIL
FIRST MEETING, SAN FRANCISCO, 25-29 FEBRUARY 2016**

REPORT TO NEW ZEALAND BUSINESS

SUMMARY

The first meeting of the APEC Business Advisory Council (ABAC) for 2016 took place in San Francisco from 25 to 28 February. ABAC Members discussed a wide range of trade and economic issues including services trade; free trade agreements; small and medium enterprises; structural reform, and food security issues. There was also a constructive Dialogue with APEC Senior Officials. A major theme for the week was the “digital economy”, reflecting the location of the meeting in the Bay Area. ABAC New Zealand (Rich, Nowell and Jacobi) were active throughout the week. On food issues, ABAC New Zealand convened a well-attended meeting of the Asia Pacific Food Industry Forum, made presentations on the reform of food security architecture in APEC and secured ABAC endorsement of a research project on non-tariff barriers in food trade in the Asia-Pacific region. ABAC New Zealand also made presentations on the potential for private standards to act as non-tariff barriers, on global data standards, on the WTO and on the structural reform agenda, as well as contributing during discussions on a range of other topics. In the margins of the meeting, ABAC New Zealand also coordinated a press release from TPP economies urging early ratification of the TPP.

REPORT

2 ABAC New Zealand members Tony Nowell, Katherine Rich and alternate member Stephen Jacobi (supported by staffer Stephanie Honey) attended ABAC’s first meeting for 2016 in San Francisco. The meeting was hosted by ABAC US and chaired by ABAC Peru as APEC host economy for 2016. The usual wide-ranging discussions took place in the five themed working groups (Finance and Economics; Regional Economic Integration; Sustainable Development; Connectivity (co-chaired by ABAC New Zealand Member Katherine Rich), and Micro, Small and Medium Enterprises). The meeting also saw the annual Dialogue with APEC Senior Officials.

3 A major theme for the week was the “digital economy”. The organisers took advantage of the meeting’s location to arrange an outstanding programme of field trips, the APEC Executive Forum and presentations on digital economy issues. Key stakeholders involved in the programme included senior representatives from Microsoft, Google, Dolby, Paypal, Facebook, Uber, REA, academic thought-leaders and commentators. This helped vividly to illustrate the increasing prominence of the digital economy in every aspect of economic (and other) activity.

Regional economic integration: liberalising trade and investment

4 The Free Trade Area of the Asia-Pacific (FTAAP), the Regional Comprehensive Economic Partnership (RCEP) and the recently-signed TPP Agreement all featured in discussions through the week. A key message was the role of RCEP, TPP and other regional initiatives as building blocks to FTAAP. On specifics:

- ABAC Japan gave a presentation on RCEP emphasising the need for comprehensive coverage and high quality. Business involvement would be essential to keep ambition high; the next business dialogue was scheduled for 27 April in Perth.

- On FTAAP, ABAC Japan emphasised that the eventual outcome should be a “living” agreement that evolved in response to the changing business environment. The Chair agreed with ABAC New Zealand’s contention that ABAC would ideally do more to keep up momentum on FTAAP, but argued that time was too short to bring anything substantive to the table.
- On TPP, ABAC New Zealand coordinated a press release signed off by 11 of the 12 TPP member economies’ ABAC representatives (except Brunei, which was not in San Francisco). Speaking through Tony Nowell, the group urged early ratification of the TPP and advocated for the clear benefits it would deliver to business, consumers and economies. A copy of the media statement is available on the NZIBF website, www.tradeworks.org.nz.

5 Building on her well-received 2015 presentations on non-tariff barriers (NTBs), Katherine Rich spoke on the theme of private standards as NTBs. She noted that private standards could both help to drive better regulatory approaches but also act as disguised barriers to trade, and argued that new rules were needed for future trade agreements (such as FTAAP) and perhaps in the meanwhile also a code of conduct for the robust development of private standards.

6 Stephen Jacobi gave a brief update on the dispiriting state of global trade following the WTO Ministerial Meeting in Nairobi in December last year. The Chair observed that the WTO was an important institution that all members should continue to support. ABAC Australia reported that it was working with the WTO to organise a meeting in Paris on 31 May to allow business to express its concerns about the trading environment.

7 The services agenda was a significant focus, including the APEC Services Competitiveness Roadmap and the new APEC Coalition of Services Organisations. On the latter, following sectoral consultations organised by ABAC New Zealand, Business New Zealand had attended the launch of the Coalition last September. Other Coalition members include Australia, Canada, China, Chinese Taipei, Hong Kong China, Indonesia, the Philippines, Singapore, the US and Europe, and more are expected to join by the time of the next scheduled meeting in May in China. ABAC New Zealand and Business New Zealand will undertake further consultations around the time of that meeting.

Towards sustainable development and food security

8 Tony Nowell was very active on food trade and food security issues throughout the week – a leadership role for which he was commended publicly by Peru’s APEC Senior Official. On specifics:

- Speaking as ABAC Co-Chair of the APEC Policy Partnership for Food Security (PPFS), Nowell gave a presentation on reform of PPFS and looked ahead to 2016 meetings including PPFS meetings in May (Arequipa, Peru) and September (Piura, Peru), a Food Ministerial meeting in September (Piura) and a possible further food industry meeting in the margins of ABAC III in China. Nowell urged ABAC Members to encourage their food industries to take part in these gatherings;
- ABAC New Zealand, with the logistical support of PwC, convened a well-received meeting of the Asia Pacific Food Industry Forum (AP-FIF). Around 55 participants, including a number from New Zealand, participated in a two-hour session. The agenda included discussions on the evolution of the APEC

food security architecture; the USC Marshall School research project on NTBs in food trade (see below); developments in the APEC Food Safety Cooperation Forum, and APEC Chair Peru's 'food markets' theme for 2016. A further meeting is likely to be scheduled in early August in Shenzhen, China.

- Nowell also secured formal ABAC approval for the Marshall School to undertake its 2016 research study into NTBs in food trade. (ABAC New Zealand instigated this project.) The Marshall School emphasised that the quality of the report would be directly correlated to the level of input and help that was given by the Asia-Pacific food sector, and urged all ABAC Members to assist wherever possible. (*Comment*: We will now need to identify and connect New Zealand food industry stakeholders with the Marshall School researchers, one of whom, Rachel Bitter, is planning a research visit to New Zealand in May of this year.)

Promoting connectivity in the region

9 ABAC New Zealand (Katherine Rich, serving as Connectivity Working Group co-Chair; and Stephen Jacobi) made presentations on structural reform. A key message was how best to give concrete effect to the ideas that ABAC had been developing as priorities on structural reform from the point of view of business. We proposed to identify key sectors (probably in services) and ask them to share their experiences regarding structural reform at future ABAC meetings. ABAC New Zealand also gave an update on the global data standards (GDS) initiative, intended to promote supply-chain optimisation.

Enhancing MSME development

10 There was a discussion on the USC Marshall School project on the involvement of MSMEs in e-commerce. The study made a range of final recommendations about how governments could support MSMEs including in both the domestic sphere (e.g. undertaking capacity-building and simplifying domestic policies) and regionally (including an APEC-wide action plan to create forward-looking e-commerce policy frameworks and covering the same in FTAs). A number of New Zealand companies had been interviewed for the study last year.

Dialogue with APEC Senior Officials

11 In the ABAC-APEC Dialogue, APEC Senior Officials commended the value of ABAC's work. A number of specific aspects were highlighted, including the need to privilege "drivers for growth" (such as the digital economy; services; FTAAP; infrastructure; SMEs; structural reform; and the food trade agenda); and the fact that policy leadership was needed to put agreed recommendations and initiatives into practice in concrete terms. The New Zealand Senior Official emphasised the mix of issues around non-tariff measures, good regulatory practice and structural reform would be an important set of issues as FTAAP evolved, and that officials needed to bear in mind what were the optimal *business* outcomes in negotiating that agreement; the value and importance of food markets; and also the need for consistency in APEC and ABAC workstreams.

Next meeting and further information

12 ABAC II will be held in Port Moresby, Papua New Guinea from 25 to 28 April.

13 ABAC Peru reminded Members of the scheduled APEC CEO Summit, due to take place 18-19 November in Lima; more than 1,200 delegates were expected to attend. Other opportunities for business engagement included the various Executive Dialogues that were scheduled for this year, including on Trade (Arequipa, Peru, 17-18 May) and on Food Security (Piura, Peru, 28 September).

14 Further information is available at www.tradeworks.org.nz and www.abaconline.org. Copies of reports and studies mentioned in this report are available on request from Stephanie Honey, stephanie@honeyconsulting.co.nz.

**ABAC New Zealand
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