

**APEC BUSINESS ADVISORY COUNCIL  
SECOND MEETING, PORT MORESBY, APRIL 2016**

**REPORT TO NEW ZEALAND BUSINESS**

**SUMMARY**

The second meeting of the APEC Business Advisory Council (ABAC) for 2016, held in Port Moresby marked only the second time this had taken place in Papua New Guinea. Our PNG hosts made special efforts to ensure the security and comfort of all delegates and the logistics by and large ran smoothly. This second meeting was the opportunity for ABAC's work programme to get underway in earnest – ABAC New Zealand gave presentations on food security, our research project into non tariff barriers (NTBs) in the food sector, structural economic reform and global data standards. A particular focus of discussion was the ABAC input into APEC's draft "collective strategic study" which aims to chart a course for a future Free Trade Area of the Asia Pacific (FTAAP). The draft report is lengthy and lacks cohesion: Members were concerned that, with the exception of two chapters (those in fact into which New Zealand had extensive input) insufficient account had been taken of ABAC's views conveyed in a substantive report commissioned from Professor Peter Petri at the end of last year. Members also finalised a letter and report to Trade Ministers who will be meeting in Arequipa Peru in a few weeks' time. As well as providing an update on ABAC's work programme the letter makes a strong case for increasing momentum with FTAAP, ratifying TPP and concluding RCEP as well as expanding efforts at structural economic reform.

**REPORT**

2 The meeting was generously hosted by ABAC PNG 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, and Micro, Small and Medium Enterprises). Regretfully other business prevented New Zealand Members Tony Nowell and Katherine Rich attending the Port Moresby meeting but Stephen Jacobi attended as Alternate Member and filled in respective Acting Co-Chair roles. We were fortunate also that Rory McLeod who chairs the APEC Economic Committee could also attend as our guest. Former Alternate Member Brian Lynch also attended as Adviser to the ABAC Chair.

3 ABAC PNG took the opportunity of the meeting to draw the attention of the PNG business community to APEC, which PNG will chair in 2018. A well-attended SME Summit with a focus on e-commerce was held prior to the ABAC meeting and a number of PNG business representatives participated in the working groups. Several women business leaders also presented a compelling case for women's empowerment in PNG's extractive industries. Two of the women presenting had degrees from New Zealand universities. ABAC PNG was also keen to showcase the country's remarkable economic growth (at around 9 percent annually) and the progress made in developing the extractive sector as well as new industries. The PNG Finance Minister attended the opening plenary.

***Regional economic integration: liberalising trade and investment***

4 FTAAP was a major focus of discussion. Members were conscious of the efforts of officials to complete the first draft of the collective strategic study, which aims to help inform progress towards FTAAP, but were rather unimpressed with the

final result, which lacks cohesion and except in two chapters fails to take ABAC's views fully into account. These views were set out in a comprehensive report prepared by Professor Peter Petri at the end of last year. Members conveyed their views directly to the Chair of the Committee of Trade and Investment (CTI) and have given further feedback on the draft in a letter to the SOM Chair. In their annual letter to Trade Ministers Members have called for increasing the momentum towards FTAAP including through completing or implementing the pathway agreements (TPP, RCEP and the Pacific Alliance). ABAC Japan also brought members up to date with the RCEP negotiations, the latest round of which took place at the same time as ABAC: there is concern at the lack of ambition with these negotiations.

5 The APEC services agenda was also the subject of discussion with a number of recommendations finalised in relation to the proposed APEC Services Competitiveness Roadmap currently under elaboration. ABAC will continue its focus on services through the APEC Coalition of Services Organisations of which Business New Zealand/ Export New Zealand are members.

### ***Towards sustainable development and food security***

6 Stephen Jacobi brought members up to date with planning for this year's meetings of the APEC Policy Partnership for Food Security (PPFS), which is co-chaired by Tony Nowell. Proposals for reforming PPFS to enhance effectiveness and expand the role of business will be further discussed at the first meeting to be held in Arequipa, Peru 5-7 May. The second meeting of PPFS will take place in Piura, Peru 23-26 September and will be the occasion for a dialogue between Ministers and CEOs. We are hopeful of New Zealand attendance at senior level at this meeting.

7 Stephen also encouraged Members to ensure industry leaders from their economies participated in the Asia Pacific Food Industry Forum (AP-FIF) which is designed as an opportunity for the private sector to develop views to inform both PPFS and ABAC. AP-FIF last met on the margins of the San Francisco meeting and will meet again at ABAC III in Shenzhen in August. Stephen shared with Members the key messages arising from this meeting, which will be presented at PPFS I and further elaborated during the year. The key messages were shared with New Zealand industry in a meeting in Wellington on 15 April.

8 Stephen briefed Members on research underway by the USC Marshall School of Business into NTBs in food trade. (ABAC New Zealand instigated this project.) Rachel Bitter from the Marshall School will be visiting New Zealand to undertake interviews with stakeholders in the week of 23 May. ABAC New Zealand is in the process of organising Rachel's programme of interviews.

### ***Promoting connectivity in the region***

9 ABAC New Zealand is championing ABAC's work programme to enhance institutional connectivity through structural economic reform. While progress needs to continue to be made with trade liberalisation, the gains to economic growth and openness from economies, which unilaterally decide to undertake reform processes can exceed the gains from freer trade. Rory McLeod, the Chair of the APEC Economic Committee joined our meeting to provide an update on APEC's structural reform agenda. That agenda focuses on developing strong competition frameworks, well-designed domestic regulatory systems and good governance structures. It links also to the rule of law theme that is being promoted in Peru's APEC year. ABAC's role is to provide a business perspective on these issues and we have opted to focus

on good regulation in the services sector. Frank Kramer, Chairman of Kramer Ausenco, joined our meeting to provide a view from the engineering and consulting sector in PNG. Mr Kramer stressed the need for effective implementation of regulations which meet local conditions, the importance of professional standards and the need to ensure cross border movement of personnel through mutual recognition of qualifications.

10 Stephen Jacobi also gave an update on ABAC's global data standards (GDS) initiative, intended to promote supply-chain optimisation, security and integrity. Nine pilot projects are now proceeding amongst interested APEC economies. This was an initiative originally sponsored by ABAC New Zealand in association with GS1.

### **Letter to APEC Trade Ministers**

11 APEC Trade Ministers will meet in Arequipa in mid May. ABAC's annual letter of advice to Ministers covers the range of initiatives under development by ABAC with a particular focus on the trade issues (FTAAP, TPP, RCEP) as well as structural reform. The latter is a topic gaining currency within ABAC as Members observe a regional economy, which continues to show signs of weakness and difficulty in moving ahead with ambitious trade liberalisation.

### **Next meeting and further information**

12 ABAC III will be held in Shenzhen, China, 1-4 August 2016.

13 ABAC Peru again 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 include 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](http://www.tradeworks.org.nz) and [www.abaconline.org](http://www.abaconline.org). Copies of reports and studies mentioned in this report are available on request from Stephen Jacobi – [Stephen@jacobi.co.nz](mailto:Stephen@jacobi.co.nz).

**ABAC New Zealand  
April 2016**