



APEC BUSINESS ADVISORY COUNCIL

FOURTH MEETING, MANILA, NOVEMBER 2015

REPORT TO NEW ZEALAND BUSINESS

SUMMARY

1. ABAC's fourth and final meeting for 2015 was held in Manila 13-18 November, the highlight of which was the annual meeting with APEC Leaders to brief them on ABAC's key recommendations for improving the business environment in the region. The ABAC meeting wrapped up its 2015 work programme and set the priorities for 2016 under ABAC Peru's chairmanship. Among the key deliverables from the ABAC meeting was the finalisation of three major reports – one on business views on the proposed Free Trade Area of the Asia Pacific (FTAAP), another on barriers affecting SME access to e-commerce and the last a survey of the region's most livable cities (Auckland ranks 6th out of 28). A small New Zealand business delegation attended the APEC CEO Summit, which was addressed by Prime Minister Key.

REPORT

2. ABAC New Zealand members Tony Nowell and Katherine Rich, supported by Stephen Jacobi (Alternate Member) attended ABAC's final meeting for 2015 hosted by ABAC Philippines. APEC Leaders, Ministers and senior officials were meeting concurrently as part of the APEC Leaders' Week. In the course of the week the final ABAC meeting concluded the 2015 work programme and ABAC met in its annual dialogue with APEC Economic Leaders. There were a number of other significant events in Manila, including the annual Ministerial meeting attended by Trade Minister Groser, a meeting between TPP Leaders, and the APEC CEO Summit as well as the annual Leaders' Summit. ABAC's annual report to APEC Economic Leaders focused on the need to build resilient, inclusive economies against the background of significant megatrends including demographic and social change, rapid urbanisation, global economic power shifts, climate change, resource scarcity, and the impact of new technology as well as an uncertain economic outlook.

Liberalising trade and investment

3. Trade was a major focus for the ABAC NZ team. ABAC endorsed a major report on business views for FTAAP authored by Professor Peter Petri. The report constitutes ABAC's input into the collective strategic study which is being prepared by APEC and which will be presented to Leaders

at the end of 2016. Copies of this report will be available shortly. ABAC also welcomed the conclusion of the TPP negotiations in a letter to Leaders, but not without considerable debate between those disappointed by the outcome and those feeling TPP sets standards, which are too high for some economies. ABAC NZ was active in the debate that while TPP did not meet all our hopes particularly in dairy we saw an overall benefit in the final deal. We also provided an update on developments in the WTO including the need for more economies to ratify the Trade Facilitation Agreement (TFA).

4. ABAC continued its discussion on the need to address barriers to trade in services, noting the outcome of services meetings held in Cebu earlier in the year and the establishment of the APEC Coalition of Services Organisations, of which BusinessNZ is a member.
5. As it has throughout this year, ABAC NZ also continued its focus on non-tariff barriers (NTBs). A paper on private standards was submitted to this meeting and will be further discussed at ABAC I in 2016. Private standards are developed by specific companies or civil society organisations. Private standards often seek to address social, environmental, safety or 'ethical' issues – they can be seen as a response to a range of factors including new consumer demands, the globalisation of the retail sector, environmental concerns, increased competition (and hence the drive for greater product differentiation) and regulatory factors. They tend to focus on production methods or processes. They can be found at all stages of supply chains and can have a similar chilling effect on trade as government mandated NTBs. The paper will be further discussed at ABAC I in 2016.

Towards sustainable development and food security

6. ABAC NZ reported on the outcome of the meeting of the APEC Policy Partnership on Food Security (PPFS) held in Iloilo in October and the prior Asia Pacific Food Industry Forum (AP-FIF) held in Singapore. The latter meeting is an initiative of ABAC NZ, and chaired by Tony Nowell, to drive greater private sector input into APEC's food agenda. It brought together representatives from 18 major food companies in the region. AP-FIF participants are conscious of the ongoing challenges to achieving durable food security in the region, although they remain deeply convinced of the importance of food trade in achieving food security.
7. A report by PwC on its survey of the region's livable cities was presented at the meeting. Auckland ranks 6th out of 28, a positive overall result but with some poor scores in relation to affordability and connectivity.

Promoting Infrastructure investment and Connectivity

8. ABAC continues to advocate for more public private partnerships to address the funding gap in terms of the region's growing infrastructure needs.

9. ABAC NZ is the champion for the global data standards (GDS) initiative, which seeks to enhance supply chain connectivity, security and integrity. Nine pilot projects are underway by APEC economies and APEC's Policy Support Unit (PSU) will undertake an evaluation of this process in the course of next year. Katherine Rich will be a Co-Chair of ABAC's Connectivity Working Group in 2016.

Promoting SMEs and women's economic empowerment

10. The ABAC Women's Luncheon featured the Chief Justice of the Philippines, Hon Maria Lourdes Sereno who gave an inspirational address about the need to empower women to take up leadership roles in business as well as the law.
11. ABAC received a major report from the USC Marshall School of Business, which surveyed over 500 SME leaders around the region and identified a number of barriers preventing them from accessing e-commerce. The report contains an economy-specific analysis, which ABAC NZ will want to discuss further with the sector.

ABAC Dialogue with Leaders

12. At the ABAC Dialogue the annual report was presented by ABAC Chair Doris Magsaysay Ho and subsequent discussion focused on trade in goods as well as services, prospects for FTAAP now TPP has been concluded, the digital economy and SME issues, particularly related to e-commerce. All ABAC NZ members participated – Tony Nowell with Prime Minister Key and Indonesia (VP Kalla), USA (USTR Froman) and Viet Nam; Katherine Rich with Japan, Chile, PNG and Singapore; and Stephen Jacobi with Australia, Canada, Brunei and Chinese Taipei (Dr Siew).

APEC CEO Summit 2015

13. Under the theme "*Creating the Future. Better. Stronger. Together*", the CEO Summit gathered 800 business leaders, thought leaders and delegates from around the region, including 8 from New Zealand. Several Leaders from APEC economies addressed the CEO Summit including President Obama who moderated a discussion of climate change and disruptive new technologies as well as Prime Minister John Key whose remarks focused on the importance of moving ahead with TPP. The Prime Minister's remarks were well received by the CEO delegates.

Next meeting and further information

14. Peru will chair APEC and ABAC in 2016 ABAC's theme for 2016 will be "Quality growth and human development". Peru is particularly keen to promote more effective rule of law throughout the region as a means to stimulate economic development. The first ABAC meeting will be held in San Francisco in late February 2016.

15. 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 Stephen Jacobi, Stephen@jacobi.co.nz.

**ABAC New Zealand
November 2015**