



**APEC BUSINESS ADVISORY COUNCIL
THIRD MEETING, KYOTO, 8-11 JULY 2013**

**POLICY PARTNERSHIP ON FOOD SECURITY MANAGEMENT COUNCIL
KYOTO 11 JULY 2013**

REPORT TO NEW ZEALAND BUSINESS

SUMMARY

1. ABAC's third meeting for 2013 finalised key messages for sharing with APEC Leaders at the Bali Summit in October. New Zealand's focus was on ensuring clear messages are communicated on the need for further trade and investment liberalisation and other key themes. Other achievements included defining next steps in the push for a region-wide framework for global data standards to improve supply chain connectivity and approving a draft research paper on the benefits of economic empowerment of women in APEC economies. ABAC NZ also participated in the Policy Partnership on Food Security (PPFS) Management Council, following up the PPFS conference in June.

REPORT

2. ABAC New Zealand members Maxine Simmons, Tony Nowell and Wayne Boyd, supported by Stephen Jacobi (Alternate Member) and Fiona Cooper Clarke, attended ABAC's third meeting for 2013 in Kyoto. In addition to signing off the annual letter and report to APEC Leaders, the meeting also finalized letters and/or reports to APEC Ministers of Finance, SMEs, Health and Transportation.
3. A range of interactions with Japanese Vice-Ministers and business leaders reinforced the impression of public optimism about Japan's economic prospects based on Prime Minister Abe's commitment to "three arrows": an easing of monetary policy, higher fiscal spending and structural reforms to boost competitiveness and economic growth. Our Japanese interlocutors were excited about Japan's imminent entry into the Trans Pacific Partnership (TPP) negotiations. They see mainly upside from TPP given its potential to drive domestic policy changes and stimulate GDP growth.

Liberalizing trade and investment

4. The TPP was the main focus of discussion about regional economic integration (REI) from a trade perspective, led by Tony Nowell. The spotlight on TPP reflected the increasingly intensive negotiations leading up to the 2013 APEC Summit (set by President Obama in 2011 as the target date for TPP's completion) and the looming admission of Japan into the negotiations (23 July). The Free Trade Area of the Asia Pacific (FTAAP) concept is central to ABAC's vision for REI. ABAC is therefore monitoring progress in other regional trade negotiations, such as the launch of the Regional Comprehensive Economic Partnership (RCEP) negotiations¹ in May and progress in the

¹ RCEP comprises ASEAN plus six FTA partners (New Zealand, Australia, China, Japan, Korea and India).

Pacific Alliance², which is nearing completion. ABAC discussed the value of Individual Action Plans by each APEC economy as tools for monitoring progress towards the 2020 Bogor Goals, and identified areas for improvement in the IAPs. ABAC agreed to grant Colombia observer status at the REI Working Group.

5. ABAC continues to pursue the liberalisation of services trade and investment through a range of outreach activities. ABAC identified a number of potential improvements to be sought in relation to the APEC Business Travel Card to make it easier for business leaders to travel around the region. ABAC welcomed progress being made in conjunction with APEC on the proposal to improve regional supply chain connectivity by more deeply embedding global data standards and strategized on next steps. A research project on barriers to FDI in the APEC region, being undertaken by the Marshall Business School on behalf of ABAC, is on track for delivery at ABAC IV. PwC has prepared a separate report for ABAC on barriers to investment in the infrastructure sector.
6. ABAC approved a letter to APEC Transportation Ministers in advance of their September meeting, briefing them on the need for greater infrastructure investment including from the private sector, and the need to improve the regulatory environment for transport and logistics services. ABAC also wrote to APEC Health Ministers reminding them of the importance of regulatory coherence, global data standards and the need for measures to improve FDI environments.

Promoting SMEs and women's economic empowerment

7. ABAC reviewed a draft report being prepared on the business case for the economic empowerment and inclusion of women in APEC economies, which is being co-championed by Maxine Simmons. Bank of New Zealand's Diversity Manager Debbie Teale presented a compelling case study about the business benefits of BNZ's gender balance agenda, which has been recognised by the UN Women and Global Compact Women's Empowerment Principles initiative. The ABAC report is on track for release at the APEC CEO Summit. ABAC also agreed further advocacy targets in relation to the need for APEC to address barriers to access to SME finance.

Ensuring the region's financial stability

8. ABAC approved a comprehensive report and covering letter for sharing with APEC Finance Ministers in advance of their September meeting. ABAC is developing work programmes on a range of issues under the auspices of the Asia Pacific Financial Forum (APFF)³, which is shaping up to be one of ABAC's main deliverables this year. ABAC also resolved to take steps to facilitate the internationalization of emerging economies' currencies in light of RMB cross-border usage trends. The RMB is now number 13 in the list of world payment currencies and is expected to surpass the HKD in 2014. Work is underway in relation to the legal architecture required to facilitate finance, and to promote a proposal to create a sustainable angel and venture capital ecosystem in the APEC region. ABAC approved a letter supporting convergence to IFRS standards of accounting reporting and creation of a dialogue between business and regulators on how to align IFRS principles with the interests of business particularly SMEs. ABAC is

² **Pacific Alliance** comprises Colombia, Chile, Mexico, and Peru, with observers from Australia, Canada, Costa Rica, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Honduras, Japan, New Zealand, Panama, Paraguay, Portugal, Spain and Uruguay.

³ APFF will seek to bring together a wide range of stakeholders including governments, business and regulators to consider how to accelerate the development of integrated financial markets.

also working on a guidebook to identify minimum standards and greater transparency for the credit rating process in the Asia Pacific region.

Towards sustainable development and food security

9. The progress made at the Policy Partnership on Food Security (PPFS)⁴ meeting in Medan Indonesia, 22-24 June was welcomed. At that meeting PPFS had adopted a strategic “Roadmap to 2020” listing numerous areas to be addressed to reach the PPFS goal of a food system structure by 2020 sufficient to provide lasting food security in the APEC region. The PPFS Management Council met back to back with ABAC in Kyoto, and was attended by Stephen Jacobi and Tony Nowell. It was agreed that PPFS working groups would develop operational plans geared towards addressing the issues identified in the roadmap. The Enhancing Trade and Markets Working Group, chaired by Tony Nowell, is already well advanced in its planning. Discussions about how to further invigorate private sector participation in the PPFS will continue.
10. In stark contrast with PPFS, ABAC decided to withdraw its support for APEC’s Policy Partnership on Science, Technology and Innovation on the grounds that it lacked clear objectives and was not well set up to engage with business. Instead ABAC will seek a mechanism for engaging direct with PPSTI. Other aspects of sustainable development discussed included the Blue Economy, and in particular marine challenges facing the APEC region; the promotion of energy market integration in the Asia Pacific and smart solutions to water security challenges.

Next meeting and further information

11. ABAC will meet for the fourth time in Bali, Indonesia from 2-5 October. The highlight of that meeting will be the annual ABAC-APEC Leaders Dialogue.
12. Further information including ABAC’s press statement from the Kyoto meeting 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 Fiona Cooper Clarke, at email fionacc@clear.net.nz.

**ABAC New Zealand
July 2013**

⁴ The Policy Partnership for Food Security (PPFS) is a public private dialogue on food security issues within APEC, bringing together governments, business, international organizations and NGOs.