



**APEC BUSINESS ADVISORY COUNCIL  
FIRST MEETING, MANILA, 20-23 JANUARY 2013  
POLICY PARTNERSHIP ON FOOD SECURITY, JAKARTA, 25-26 JANUARY 2013  
INVESTMENT EXPERTS GROUP SEMINAR, JAKARTA, 30 JANUARY 2013**

**REPORT TO NEW ZEALAND BUSINESS**

**Summary**

1. ABAC's first meeting for 2013 set the agenda and work programme leading to the annual meeting with APEC Economic Leaders, which will be held in Bali in October. From a New Zealand business perspective the principal issues of interest related to building business support for timely conclusion of the Trans Pacific Partnership (TPP) negotiations, launching new work streams on investment and services, progressing an initiative to develop global data standards to improve supply chain connectivity, ensuring an appropriate focus for a new public-private Policy Partnership on Food Security (PPFS – see further below), contributing to discussions on SMEs and women's entrepreneurship and supporting efforts to develop new thinking on the region's financial stability.
2. Following the Manila meeting ABAC New Zealand representatives participated in a meeting of the Policy Partnership on Food Security (PPFS) in Jakarta successfully overcoming procedural issues and adopting a work programme for the coming year with New Zealand taking the chair on trade issues. In Jakarta on 30 January Tony Nowell presented in a public private dialogue on investment.

**Report**

3. All three New Zealand members – Tony Nowell, Maxine Simmons and Wayne Boyd, supported by Stephen Jacobi – attended ABAC's first meeting for 2013 held in Manila. Incoming APEC Executive Director former Reserve Bank Governor Alan Bollard also attended this meeting for the first time. The meeting was well supported by the business community of the Philippines and included a meeting with the President of the Republic of the Philippines, HE Benigno Aquino III. The strong performance of the Philippines' economy – forecast by the IMF to grow at 6 percent this year – was readily apparent, fostered by the President's focus on anti-corruption and structural economic reform.
4. At this meeting also the opportunity was taken to meet in dialogue with APEC Senior Officials who overview APEC's various work streams. The dialogue was structured around the themes set for APEC by Indonesia as this year's Chair<sup>1</sup> and enabled ABAC Members to share their views with

---

<sup>1</sup> Indonesia's APEC themes are: attaining the Bogor goals; achieving sustainable growth with equity and promoting connectivity.

Senior Officials on key issues facing business, particularly at a time of continuing economic fragility.

5. ABAC's primary role is to prepare recommendations to APEC Economic Leaders. These are developed in the course of the year by ABAC's four working groups<sup>2</sup>, developed through interaction with APEC member officials and delivered both in written form and in direct dialogue at the APEC Summit in Jakarta in October. This meeting therefore sought primarily to set the agenda and accompanying work programme for the year ahead.

### **Liberalising trade and investment**

6. Freer trade and investment is at the heart of the ABAC agenda and ABAC's work in this area is led by Tony Nowell. In Manila there was considerable interest in TPP, with standing room only at a side meeting held to review progress in these negotiations among 11 economies. TPP aims to eliminate barriers to trade and investment, reduce the cost of doing business and put in place more effective regulations behind borders. TPP also seeks to provide a viable pathway to a broader Free Trade Area of the Asia Pacific (FTAAP) involving all 21 members of APEC. ABAC New Zealand was able to give a read-out on the 15<sup>th</sup> round of negotiations held in Auckland last December. There was discussion on how best to support the continuing negotiations and to encourage their conclusion this October. It was agreed to co-ordinate these efforts, to reach out to politicians and business organisations in TPP economies and to take steps to dispel the myths surrounding freer trade and investment by engaging more directly with public stakeholders including company workforces.
7. Attention was paid to the other emerging trade negotiation of significance in the region focused on ASEAN: the Regional Comprehensive Economic Partnership (RCEP), in which New Zealand is also involved and which was the subject of background briefings and discussion. ABAC believes RCEP needs to evolve in a way, which is complementary to TPP and steps are envisaged to support this negotiation in a similar way.
8. ABAC's work programme for this year will also focus on removing roadblocks to increased foreign direct investment, including in infrastructure, promoting corporate social responsibility and addressing public concerns about investment in so-called "strategic assets" including agricultural land. The significant additional foreign direct investment required each year to ensure that increased agricultural production matches rapidly expanding food needs – estimated to be around US\$83 billion each year to 2025– is evidence of the importance of this theme and the potential opportunity for New Zealand.

---

<sup>2</sup> ABAC working groups are: Regional Economic Integration (REIWG) chaired by Tony Nowell; Sustainable Development (SDWG); Small, Medium and Micro-Enterprises and Entrepreneurship (SMMEEWG) co-chaired by Maxine Simmons; and Finance and Economics (FEWG).

9. Tony Nowell was able to speak to ABAC's interest in promoting investment at a public private dialogue held in Jakarta on 30 January in the margins of the APEC Senior Officials meeting. A World Bank expert provided a useful summary of the context and benefits for foreign direct investment and the discussion focused on a number of case studies of successful investments highlighting the positive role played by corporate social responsibility.
10. Services will likewise be a major focus given that services contribute at least 50 percent of GDP in all APEC economies and in some of the developed economies it is more than 90 percent. ABAC discussed how to encourage governments to continue liberalizing services trade and investment and how best to support negotiations underway in Geneva to conclude an International Services Agreement. In the services context ABAC Philippines continues to champion labour mobility. An APEC tool to map skills with business requirements around the region is nearing completion.
11. Lastly under this heading ABAC is exploring practical ways to improve supply chain connectivity and to reduce cost, wastage and time delays. A major improvement in the operation of supply chains would be achieved by adopting global data standards and using technology to capture product information, promote "green channels" through customs and ensure product security. With the help of the international non-profit organization GS1, ABAC has proposed such an initiative to APEC, which is currently under active discussion. GS1 is dedicated to the design and implementation of global standards and solutions to improve the efficiency and visibility of supply and demand chains globally and across sectors. The GS1 system of standards is the most widely used supply chain standards system in the world.

### **Ensuring food security**

12. ABAC has been successful in establishing a new public private dialogue on food security issues within APEC, bringing together governments, business, international organisations and non-governmental bodies. Global demand for food is growing much faster than production, which will have to expand by 60 percent by 2025 to keep up. The inaugural meeting of the Policy Partnership on Food Security (PPFS) was held in Kazan, Russia, last May, attended for the New Zealand private sector by Tony Nowell, Sir Graeme Harrison (Anzco Foods), Malcolm Bailey (Fonterra) and Pierre van Heerden (Sanitarium). Results from this first meeting were disappointing and in Manila ABAC discussed ways of making this year's PPFS meetings more focused and meaningful.
13. Tony Nowell and Stephen Jacobi travelled on from Manila to Jakarta to join Fiona Duncan (Ministry of Primary Industries) participate in the second meeting for PPFS held 24-25 January. In two days of sometimes difficult discussion, the meeting was able to finalise the process and priorities for PPFS 2013. Led by Tony, the New Zealand team played a prominent role at the meeting and our key interest in a focus on non tariff barriers to trade and supply chain connectivity was retained. As a result the PPFS is better positioned to continue its work at the second meeting for 2013, which is scheduled for Medan 2-3 July. This meeting will

incorporate a Farmers' Day at which it is hoped New Zealand farming representatives will participate.

### **Promoting SMEs and women's entrepreneurship**

14. Maxine Simmons has been instrumental in encouraging ABAC to focus on recommendations that will achieve greater participation of women in the APEC economy and fostering entrepreneurship. While access to capital is often cited as the main issue faced by SMEs in seeking to internationalise, these difficulties can be partially offset by sharing best practice and encouraging positive government policies. Maxine participated in a well attended SME Summit held in Manila on the eve of the ABAC meeting which brought together from a number of successful entrepreneurs drawn from amongst ABAC's membership. Making better use of new technologies and IT platforms fostered by the use of global data standards was also showcased at the ABAC meeting.
15. Maxine has also been encouraging ABAC to focus on the particular needs of women entrepreneurs. The ABAC Women's Forum met in Manila to share experiences and develop ideas, which could be advanced to APEC governments.
16. Steps are being taken by ABAC to create a Policy Partnership in Science, Technology and Innovation (PPSTI) – Paul Matthews, Executive Director of IT Professionals NZ, has agreed to participate in this new forum, which will meet for the first time later this year.

### **Ensuring the region's financial stability**

17. A review of economic developments in the region reveals an improving situation led by developing economies. Some risks remain however and ABAC encourages governments to maintain sound fiscal policies and continue to take steps to improve the region's financial health. Specific challenges include developing deeper capital markets, improving prudential supervision and closer co-ordination between officials and regulators. Developing economies face unique challenges and require greater development assistance and capacity building
18. Wayne Boyd maintains an overview of ABAC's work in this area and will attend a meeting in Sydney 10-11 April at which an initiative to establish an Asia Pacific Financial Forum (APFF) will be further discussed. Like other policy dialogues APFF will seek to bring together a wide range of stakeholders including governments, business and regulators to consider how to develop the region's financial markets.

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

19. ABAC will meet for the second time in Singapore 2-6 April. A principal outcome of that meeting will be a letter outlining ABAC's views to Ministers Responsible for Trade who meet later in the month.
20. Further information including ABAC's press statement from the Manila meeting is available at [www.nzibf.co.nz](http://www.nzibf.co.nz) and [www.abaonline.org](http://www.abaonline.org). Copies of reports and studies mentioned in this report are available on request from Fiona Cooper Clarke on 021 934 466 or [fionacc@clear.net.nz](mailto:fionacc@clear.net.nz)

**ABAC New Zealand  
January 2013**