



**APEC BUSINESS ADVISORY COUNCIL
SECOND MEETING, SINGAPORE, 3-6 APRIL 2013**

**POLICY PARTNERSHIP ON FOOD SECURITY MANAGEMENT COUNCIL
SINGAPORE 6 APRIL 2013**

**ASIA PACIFIC FINANCIAL MARKET DEVELOPMENT SYMPOSIUM
SYDNEY, 10-11 APRIL 2013**

REPORT TO NEW ZEALAND BUSINESS

Summary

1. ABAC's second meeting for 2013 saw progress on the work programme leading to the annual meeting with APEC Leaders to be held in Bali in October. New Zealand's key goals were to continue exploring pathways to a possible Free Trade Area of the Asia Pacific (FTAAP); to further develop the proposal for a region-wide framework for global data standards, and to support a proposed research project on the benefits of economic empowerment and inclusion of women in APEC economies.
2. ABAC NZ also participated in the Policy Partnership on Food Security (PPFS) Management Council meeting to plan for the second PPFS plenary meeting to be held in Indonesia in late June, which will have a particular focus on the role of farmers.
3. ABAC NZ also took part in the Asia Pacific Financial Market Development symposium in Sydney for the purposes of developing ABAC's proposed Asia Pacific Financial Forum.

Report

4. ABAC New Zealand members Tony Nowell and Maxine Simmons, supported by Fiona Cooper Clarke, attended ABAC's second meeting for 2013 in Singapore. The meeting included engagement with Singaporean business leaders during a dinner at the Istana with the Acting Prime Minister of Singapore Mr Teo Chee Hean. The group also met the New Zealand High Commission team to discuss the bilateral relationship.
5. The broad goals of this ABAC meeting were to continue to progress the agendas of ABAC's working groups¹ with a view to preparing recommendations to APEC Leaders later this year, and to finalize a letter to APEC Ministers Responsible for Trade. That letter put in a plug for the WTO Doha Round and urged Ministers to pursue a package of measures for delivery by the WTO Ministerial Meeting in December. It also urged Ministers to ensure that regional trade negotiations such as TPP and RCEP remain compatible with the ultimate goal of an FTAAP. It addressed the need for further liberalisation of services trade, the removal of barriers to foreign direct investment (FDI) and the need for policies to improve regional supply chains, in particular by a coordinated approach to global data standards.

¹ ABAC working groups are: Regional Economic Integration (REIWG) chaired by Tony Nowell; Small, Medium and Micro-Enterprises and Entrepreneurship (SMMEEWG) co-chaired by Maxine Simmons; Sustainable Development (SDWG); Finance and Economics (FEWG) and Action Planning and Advocacy (APAWG).

Liberalizing trade and investment

6. Regional economic integration was the central theme of two meetings chaired by Tony Nowell and attended by APEC Executive Director Dr Alan Bollard, who described ABAC as APEC's "point of difference". The Trans Pacific Partnership (TPP) received a lot of attention in light of Japan's announcement in March that it would seek to join TPP. ABAC Japan spoke positively about the benefits of TPP for Japan's economy despite the challenges this may pose for agriculture. The "ABAC for TPP" group finalized letters to TPP political leaders encouraging them to deliver an ambitious TPP outcome by October and to business organizations in TPP economies, urging support for TPP.
7. The Regional Comprehensive Economic Partnership (RCEP), comprising ASEAN plus six FTA partners (New Zealand, Australia, China, Japan, Korea and India) was another focus of attention, given that the first substantive negotiating round will get underway in May. One of RCEP's goals is to deliver substantial improvements on the existing ASEAN + 1 trade agreements. However, given the varying levels of development amongst member economies and their different approaches to FTAs, our Singaporean interlocutors cautioned against expecting too much from RCEP. The emerging Pacific Alliance was also discussed as a possible pathway to FTAAP but, as it is still confined to economies within Latin America, it has some way to go before it could be considered a serious contender for a wider Asia-Pacific agreement.
8. ABAC discussed some of the common myths about free trade and considered some counter-arguments in the areas of public health, the environment, employment and consumer impacts. ABAC New Zealand will pursue this theme at the next meeting by presenting some of the tools used here to promote the case for freer trade and investment. Attitudes towards foreign direct investment in APEC are also the focus of an in-depth ABAC research study this year, to be presented at ABAC IV in October.
9. ABAC continues to advocate for the liberalisation of services trade and investment, and used this meeting to consolidate planning for a Public Private Dialogue on services to be held during the APEC Senior Officials Meeting (SOM) on 17th April. That very successful event, jointly hosted by ABAC and PECC, emphasized the importance of services trade and investment as a lubricant for competitiveness, efficiency and economic growth.
10. ABAC agreed on a reformulation of the proposal to create a framework for global data standards in the region with a view to improving supply chain connectivity, starting with 6 pilot projects that can be rolled out on a voluntary basis. This approach will be discussed again at SOM3 in June. ABAC agreed to continue to lobby for improvements in the administration of the APEC Business Travel Card. ABAC also resolved to investigate the protocol around Colombia's request for observer status at the Regional Economic Integration Working Group.

Promoting SMEs and women's entrepreneurship

11. Maxine Simmons tabled a research proposal focused on driving economic growth and business performance through the economic empowerment and inclusion of women in APEC economies. This proposal was endorsed by both the ABAC Women's Forum and ABAC as a whole, and will lead to a research paper that articulates the business case for the active engagement of women in APEC economies. This report will be released during the APEC CEO Summit in October. ABAC also resolved to work towards setting up a Fund within APEC to encourage the development of a sustainable venture capital ecosystem and, separately, to develop a strategic framework for SMME financing.

Ensuring the region's financial stability

12. The latest APEC Economic Trends Report shows that APEC is expected to remain a major growth engine for the world economy, contributing almost 70% of global growth in the coming two years. Potential risks include a continued intensification of the Euro crisis, excessive fiscal austerity in developed economies and asset bubble concerns as a result of volatile capital inflows.
13. ABAC discussed the unintended consequences of new financial regulations such as Basel III, Dodd-Frank Act and the EU Financial Transaction Tax, which can have a negative impact on trade finance and spillover effects on APEC economies. ABAC resolved to write to APEC Finance Ministers and international regulators about these concerns. There was much debate, but little agreement, about a range of other topics including integrated reporting standards and cross-border data flows.
14. ABAC New Zealand Member Wayne Boyd attended the Asia Pacific Financial Market Development Symposium in Sydney on 10-11 April which discussed planning for the proposed inaugural Asia Pacific Financial Forum (APFF). 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. The insights gained from the symposium will lead to recommendations on next steps for discussion with APEC Finance Ministers.

Towards sustainable development and food security

15. Over the last 18 months ABAC has devoted considerable attention to the role of the private sector in infrastructure investment. For example, ABAC is developing a checklist to help APEC economies assess the extent to which existing policies promote the participation of the private sector in infrastructure investment. ABAC is also considering ways to promote energy market integration in the Asia Pacific.
16. The PPFS Management Council² met back to back with ABAC in Singapore, and was attended by Tony Nowell and Fiona Cooper Clarke. The meeting endorsed a deal, brokered by Tony Nowell, between the USA and Japan as co-chairs of the PPFS working group responsible for a stock take of existing food security initiatives and the development of an action plan until 2020. This was a significant agreement as it set the scene for some specific deliverables to emerge from the next PPFS plenary meeting to be held in Medan Indonesia in late June. That meeting will incorporate a Farmers' Day in which it is hoped New Zealand farming representatives will participate.

Next meeting and further information

17. ABAC will meet for the third time in Kyoto, Japan from 8-11 July. A principal goal of that meeting will be to finalize ABAC's annual letter and report to APEC Leaders.
18. Further information including ABAC's press statement from the Singapore 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 on 021 934 466 or fionacc@clear.net.nz

ABAC New Zealand April 2013

² 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.