



**APEC BUSINESS ADVISORY COUNCIL  
FOURTH MEETING, BALI, 1-4 OCTOBER 2013**

**REPORT TO NEW ZEALAND BUSINESS**

**SUMMARY**

1. ABAC's final meeting for 2013 was held in Bali, 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 2013 work programme and set the priorities for 2014 under ABAC China's chairmanship. Among the key deliverables from the ABAC meeting was the presentation of a major research report on Foreign Direct Investment across APEC, which identified numerous barriers to FDI and opportunities for improvement. A high level New Zealand business delegation attended the APEC CEO Summit.

**REPORT**

2. ABAC New Zealand members Wayne Boyd, Tony Nowell and Maxine Simmons, supported by Stephen Jacobi (Alternate Member) and Fiona Cooper Clarke (Lead Staffer), attended ABAC's final meeting for 2013 at the Ayana Resort in Bali, hosted by ABAC Indonesia. At the same time APEC Leaders, Ministers and officials met nearby at Nusa Dua. In addition to the ABAC-Leader's Dialogue meeting, there were a number of other significant events including meetings of TPP Ministers and Leaders (the latter chaired by Rt Hon John Key), an Invest Indonesia Summit, an APEC SME Summit and the APEC CEO Summit, the latter attended by a sizeable New Zealand delegation. During the meeting it was announced that Katherine Rich will become an ABAC NZ Member when Maxine Simmons' term expires at the end of February.

***Liberalizing trade and investment***

3. ABAC wrote (successfully as it turned out) to APEC Leaders urging them to take the lead in garnering global support for achieving an "early harvest" of deliverables at the 9th WTO Ministerial Conference in Bali in December. ABAC also encouraged participating governments in the Trans Pacific Partnership negotiations to resolve outstanding issues and bring the first phase of TPP to a successful conclusion, including in face to face meetings with the Trade Ministers of New Zealand and Peru.
4. A comprehensive report prepared for ABAC on "Foreign Direct Investment Across APEC: Impediments and Opportunities for Improvement" by the USC Marshall School of Business showed there are significant impediments to FDI inflows within the APEC region, and the associated benefits of FDI inflows are being lost. The research findings strongly suggest that the most important impediments to FDI take place "behind the border". It was recommended that APEC collect and publish an annual APEC FDI benchmark report to track how open APEC economies are to FDI; improve FDI data collection; further accelerate and coordinate the initiative for online information and processing; establish and recognize international commercial arbitration standards; and promote international talent mobility. FDI issues will remain a key theme for ABAC in 2014.

5. ABAC also remains committed to seeking the removal of barriers to trade and investment in services, improved labour mobility in the APEC region and the continued pursuit of supply chain improvements, including by promoting the adoption of global data standards. Next year ABAC will lead the development of a visual roadmap to aid the adoption of global data standards and assist the creation of a deployment kit with templates, guides and best practices.

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

6. ABAC remains committed to making a success of the APEC Policy Partnership on Food Security. ABAC will seek to strengthen the voice of the private sector in the PPFS including by facilitating a meeting of business participants before the main PPFS meeting in 2014. ABAC endorsed the appointment of Ms. Anna Buduls of ABAC Australia as the PPFS Vice-Chair from the private sector in 2014 replacing Mr. Ning Gaoning of ABAC China. ABAC agreed that the business community also has a role to play in addressing water security issues in the areas of innovation, conservation and efficiency, awareness-raising, and developing innovative market frameworks.
7. Infrastructure development has been a key ABAC theme this year. ABAC has created an “Enablers of Infrastructure Investment Checklist” and a complementary report entitled “Attracting and Harnessing Infrastructure FDI to Secure Lasting Economic Growth”. The Checklist is designed to serve as a self-evaluation tool that economies can use to assess the extent to which existing policies promote the participation of the private sector in infrastructure investment. ABAC will promote these outputs to APEC in 2014.
8. ABAC agreed to support the creation of an APEC Open Innovation Platform to facilitate cutting-edge technology development and dissemination for SMMEs throughout the region. ABAC also agreed to develop a dedicated health initiative in 2014 to highlight the connection between health and sustainable economic growth. ABAC NZ will keep a close eye on this project as it develops.

### ***Promoting SMEs and women’s economic empowerment***

9. ABAC welcomed the completion of the ABAC Report on Women and the Economy. The report seeks to contribute to policy directions for women in business for the APEC region. The report was distributed at the APEC CEO Summit in and will be discussed with Global Women in the margins of ABAC1 in Auckland in February.
10. ABAC agreed to contribute research funding for the development of the APEC Framework for SMME Financing. ABAC is continuing to work with the APEC Start-up Accelerator Initiative which has been implemented to enhance the development of start-ups in the APEC region. In August 2014, an APEC Accelerator Network Forum will be held in Chinese Taipei to enable business development activities and fundraising opportunities for start-ups.

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

11. ABAC welcomed the outcomes of the ABAC-APEC Finance Ministers Dialogue held in Bali on 20 September 2013. APEC Finance Ministers agreed to a number of ABAC recommendations, including the establishment of a regional mechanism for infrastructure PPP capacity building with the active participation of ABAC; endorsement of the Asia-Pacific Financial Forum (APFF); ABAC’s report and recommendations on infrastructure, financial inclusion and strategies to achieve balanced and innovative growth and stronger financial integration; support for continued the Asia-Pacific Infrastructure Partnership (APIP) dialogues; and launch of the Asia Regional Funds Passport, with Australia, Korea, New Zealand and Singapore as initial participants.

12. ABAC is supporting a three year programme to encourage the mobilization of savings for long term investment. A seminar on this theme in Beijing in September highlighted the importance of public-private dialogue to improve understanding of the role of Sovereign Wealth Funds and capital-exporting SOEs in investment flows; and the role of the APFF in facilitating the deepening of the region's capital markets.
13. ABAC has taken a close interest in the development of RMB settlements by China in 2013, including progress made in the pilot project of RMB settlement for cross-border trade; breakthroughs achieved for RMB business under capital account; widening of the channels for the backflow of offshore RMB funds; further strengthening of bilateral currency cooperation; steady progress in developing Hong Kong, China and other regions as offshore RMB centers; the establishment of direct trading mechanisms with the world's major currencies; and further expansion of RMB trading band. Initiatives to strengthen the offshore RMB market will continue in 2014.
14. ABAC has written to the IASB/FASB relating to proposed changes to IFRS Lease Accounting. ABAC supports convergence to IFRS standards of reporting and encourages a dialogue between business groups and IASB on ways to align IFRS principles with the interests of SMMEs and other business groups. ABAC has also written to the IASB/FASB regarding IFRS on insurance contracts.

#### ***APEC CEO Summit***

15. Under the theme "Towards Resilience and Growth: Reshaping Priorities for Global Economy", the CEO Summit gathered over 1200 global business leaders, thought leaders and delegates from around the region, including 11 from New Zealand. 13 Leaders from APEC economies addressed the CEO Summit including Prime Minister John Key whose remarks focused on the importance of the multilateral trading system and the need to achieve a package of outcomes from the 9th WTO Ministerial Conference in Bali in early December.

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

16. China will chair APEC and ABAC in 2014. At China's invitation, New Zealand will host the first ABAC meeting in 2014, to be held in Auckland from 11-14 February. It will set the ABAC work programme for the year and will feature a Dialogue Meeting between ABAC and APEC Senior Officials from around the region. ABAC's theme for 2014 will be "Building Asia Pacific Community, Mapping Long Term Prosperity".
17. Further information 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, at email [fionacc@clear.net.nz](mailto:fionacc@clear.net.nz). Please also contact Fiona if you would like more information about the forthcoming ABAC1 meeting in Auckland.