

Lima, November 16, 2016 – A retreat into protectionism and inward looking policies is not a solution to the economic problems the region faces, business leaders meeting in Lima for the APEC Business Advisory Council said yesterday.

“Regional economic integration can be made to work better and its benefits more obvious. If governments adopt policies which enhance the capacity of economies, their communities and people will be better able to take advantage of more open and competitive markets.”

“In the face of growing public disquiet about the impact of freer trade and investment, business leaders are concerned that many governments are looking to impose new tariff and non tariff barriers,” said Juan Raffo, ABAC Chair for 2016: “Protectionist actions make it harder for business to play its part in creating employment and raising living standards across the region”, said Raffo.

“Brexit and recent election results in both developed and developing economies seem to have served as a referendum on the merits of economic integration. They have created an unprecedented uncertainty about the direction of the global economy. They appear to call into question the successful model of economic integration that has been responsible for rapid growth and the spread of prosperity around the world,” Raffo added.

“We accept the need to do more to help convince our citizens that economic integration is directly linked to expanding prosperity and that open markets - enhanced by new technologies and ways of doing business - have lifted millions out of poverty. Yet we also know not everyone has shared equally in this dividend and many feel left behind. While social safety nets can provide temporary relief and assistance in adapting to the new circumstances, it is structural economic reform that can address any negative consequences on a longer term and permanent basis.

“Sound policy and regulatory quality will enhance the ability of business – both large and small - to make the most of opportunities for all that more open trade and investment generate. This will also spur new sources of growth such as in the services sector, raise productivity and promote innovation benefitting all sectors of our society,” said Raffo.

“Since 2004 we have been promoting a high quality, comprehensive and ambitious Free Trade Area of the Asia Pacific (FTAAP) as a means to achieve reforms both within economies and beyond borders. We are disappointed that progress of the pathways towards FTAAP - ratification in the case of the Trans-Pacific Partnership (TPP) and completion of the Regional Comprehensive Economic Partnership (RCEP) – has slowed,” said Raffo. “We are, however, encouraged by the completion of the APEC Collective Strategy Study. It will position APEC to set some ambitious targets for FTAAP with a future timetable and further concrete actions.”

ABAC has always placed great importance on the role of smaller businesses in driving entrepreneurship and employment in all APEC economies. Expanding the participation of micro, small and medium enterprises in global markets will help achieve quality growth, more jobs and highlight the benefits of globalization. ABAC will put to Leaders a number of initiatives to promote MSME access to global markets, new technologies and finance, as well as empowering women and young people.

The services sector is the single biggest contributor to employment (46%) and output (70%) in the APEC region as well as enabling significant participation by MSMEs and women. ABAC will discuss with Leaders the importance of more coherent, transparent and efficient regulatory environments which support the growth of the services sector and that keep pace with the dramatic changes in the way that business is conducted.

ABAC will engage Leaders in a discussion about connectivity, in particular the transformative effects of the digital economy and its contribution to GDP growth around the region. ABAC recognizes that as economies adopt digital strategies, there is an opportunity to contribute to inclusive growth. However, efforts must also be taken to address infrastructure needs, capacity building and skills development.

ABAC members will also discuss with Leaders their detailed recommendations on promoting sustainable development, food security and building larger, robust and inclusive financial markets – all of which are fundamental to sustained and inclusive regional growth, concluded Raffo.

.....
ABAC was created by APEC Leaders in 1995 to be the primary voice of business in APEC. Each economy has three members who are appointed by their respective Leaders. They meet four times a year in preparation for the presentation of their recommendations to the Leaders in a dialogue that is a key event in the annual Leaders Meeting. ABAC was created by APEC Leaders in 1995 to be the primary voice of business in APEC. In 2016, Under Peru's leadership ABAC is pursuing a work program under the theme "Quality Growth and Human Development" to respond to the challenge of maintaining the economic vitality of the Asia-Pacific Region and ensure it benefits all. There will be four tracks: consolidating progress towards the Free Trade Area of the Asia-Pacific; facilitating MSME development through access to global markets and new technologies; promoting economic growth, diversification and sustainability; and strengthening the rule of law and economic and social sustainability.

ABAC 2016 co-chairs are Hoang Van Dung and Doris Ho, with five (5) working group chairs, namely: Sir Rod Eddington, Regional Economic Integration Working Group (REIWG); Hiroyuki Suzuki, Finance & Economics Working Group (FEWG); Dato Rohana Mahmood, MSME & Entrepreneurship Working Group (MSMEEWG); Bart Peterson, Sustainable Development Working Group (SDWG); and Anthony Nightingale, Connectivity Working Group (CWG).

For further information please contact:

*Ms. Jessica Luna, ABAC Executive Director 2016, Tel: (511) 625 7700, Email: jluna@comexperu.org.pe
Mr. Antonio Basilio, Director, ABAC Secretariat, Tel: (63 2) 845 4564, Email: abacsec@pfgc.ph*