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## **Asia-Pacific at the crossroads: choosing prosperity**

“Our region stands at a crossroads,” said David Toua, Chair of the APEC Business Advisory Council (ABAC), at a meeting of senior Asia-Pacific leaders in Tokyo. “One road takes us towards open markets, dynamic flows of goods, services, investment and people, and inclusive growth. The other takes us backwards towards protectionism, exclusion and regional economic slowdown.”

“We should not hold back progress in the Asia-Pacific”, said Mr Toua.

Mr Toua noted ABAC had prepared a set of detailed recommendations for APEC Ministers Responsible for Trade, meeting next month in Port Moresby.

“APEC’s strength comes from the two pillars of deep economic integration within the region, and outward-looking engagement beyond the region. If we want truly inclusive growth for our communities, including for example for small business, women and those impacted by technological change, we must continue to reduce barriers to trade and investment, and not introduce new restrictions.

“While the integrity of the global rules-based WTO trading system, including its dispute settlement mechanism and economies’ concessions and obligations, must be fully respected, we are very concerned at the escalation of protectionist rhetoric and action in our region. Smaller and more vulnerable economies which play important roles in global value and supply chains must not become collateral damage,” said Mr Toua.

Mr Toua noted that the global rules-based trading system had served as the foundation of decades of economic prosperity and significant reductions in extreme poverty in the region, and its integrity needed to be maintained above all.

“We have given a strong message to Trade Ministers about our support for the WTO system and the value we place on pressing ahead towards a ‘Free Trade Area of the Asia Pacific’ as a central part of our vision for the region post-2020, particularly with the welcome finalisation last month of one of the ‘pathways’ to FTAAP, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. We call on the parties to ratify and implement the agreement as soon as possible.”

Mr Toua observed that APEC is well placed to show ambitious leadership on these issues given the positive outlook for global GDP and trade, which is forecast to grow by 4.4% this year.

“That said, we must do more both to champion and to broaden access to the opportunities that come from trade liberalisation. It is clear that the distributional impacts of trade and growth in individual economies – while primarily a matter for domestic rather than trade policy – must be addressed. And Governments and business must each play their part in restoring confidence in the contribution that trade and investment make to improving living standards and creating jobs,” said Mr Toua.

ABAC's report recommends important actions including measures to reduce or eliminate non-tariff barriers, expanding services trade and encouraging cross-border investment flows.

“Finally, we have underscored to Trade Ministers that economies must redouble their efforts on the digital economy. We need effective regulatory policies that will encourage and not inhibit data and information flows, digital trade and innovation, while also safeguarding consumer privacy and data security. We must also take great care to ensure that we minimise the digital divide and help to foster a future-ready workforce – that means investment in infrastructure, structural reform, education and skills training,” concluded Mr Toua.

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*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.*

*Under Papua New Guinea's leadership, ABAC is pursuing a work programme under the theme “Digitisation and Innovation- Advancing Social Harmony” to respond to the challenge of maintaining the economic vitality of the Asia-Pacific Region and ensure it benefits all. There will be five priorities: accelerating regional economic integration, sustaining, developing and deepening inclusive growth opportunities, creating opportunities for MSMEs to prosper, strengthening financial systems to secure stable growth, investment and inclusiveness, breaking barriers to enrich society by advancing technology.*

*ABAC 2018 co-chairs are Richard von Appen and Vu Tien Loc, with five (5) working group chairs, namely: Sir Rod Eddington, Regional Economic Integration Working Group (REIWG); Richard Cantor, Finance & Economics Working Group (FEWG); Dato Rohana Mahmood, MSME & Entrepreneurship Working Group (MSMEEWG); Ning Gaoning, Sustainable Development Working Group; and Hung-Tze Jan, Digital & Innovation Working Group (DIWG)*

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