Executive Summary

The following is a summary of the key messages contained in this report:

1. **Support the multilateral trading system.** ABAC reaffirms its commitment to the World Trade Organization (WTO). We recognize that the rules-based and non-discriminatory multilateral trading system remains the strongest bulwark against protectionism and the best avenue for sustained and inclusive economic growth. ABAC welcomes the reaffirmation in the Chair’s Statement from the Meeting of APEC Ministers Responsible for Trade of their commitment to the WTO and to keeping markets open. We commend the extension until 2020 of the pledge against protectionism through a standstill commitment and the rolling back of protectionist and trade-distorting measures. Looking ahead to the 11th WTO Ministerial Conference in Buenos Aires in December, ABAC urges all WTO Members to work constructively, creatively and with determination towards securing robust and meaningful outcomes. ABAC further urges action to implement the Trade Facilitation Agreement (TFA) by those WTO Members which have not yet done so, as well as encourage more APEC economies to join the expansion of the Information Technology Agreement (ITA) and for those APEC economies participating in the plurilateral Trade in Services Agreement (TiSA) and Environmental Goods Agreement (EGA) negotiations, to press ahead with renewed vigor towards successful outcomes in these negotiations, as an affirmation of APEC economies’ continuing support for the WTO system.

2. **Enable a Free Trade Area of the Asia-Pacific (FTAAP).** ABAC remains committed to achieving economic integration of the Asia-Pacific region, as the best way to deliver prosperity to all our communities, despite current global uncertainty in relation to free and open trade. ABAC recognizes that regional trade agreements (RTAs)/free trade agreements (FTAs) can contribute to the achievement of FTAAP, and is encouraged by the progress that has been made on the pathways, namely the Trans Pacific Partnership (TPP), Regional Comprehensive Economic Partnership (RCEP), and Pacific Alliance. We hope to see the TPP parties implement the ambitious and high-quality outcomes of the TPP at the earliest possible opportunity. To that end, we commend the parties on efforts to examine options for a way forward. We urge the RCEP parties to complete the negotiations by the end of the year, ensuring the agreement is comprehensive, high quality and mutually beneficial. ABAC also considers it important to adopt a flexible and inclusive approach that enables access for other economies, which may wish to participate in these agreements in the future. We likewise appreciate the work undertaken to implement the Lima Declaration on the FTAAP and urge APEC economies to deliver concrete work programs in the agreed areas of tariffs, non-tariff measures (NTMs), services, investment and rules of origin by the APEC Economic Leaders’ Meeting in 2017.

3. **Pursue the new services agenda.** ABAC firmly believes in the growing importance of services to the growth and development of all APEC economies. We regard the APEC Services Competitiveness Roadmap (ASCR) as a key means for APEC to advance the services agenda. ABAC stands ready to work with APEC on the detailed implementation plans of the ASCR to ensure that they are ambitious, practical and relevant. This includes working with APEC to organize relevant Public-Private Dialogues (PPDs) to support the continued development and implementation of the ASCR. ABAC also calls on APEC to prioritize and expedite the development of services data and statistics, including the early completion of an APEC index on the services regulatory environment which has been proposed to serve as an indicator for other action areas in the ASCR Implementation Plan. ABAC also calls on APEC to adopt relevant and ambitious indicators for all the 14 action areas identified in the ASCR.

4. **Address non-tariff barriers (NTBs).** ABAC highlights the importance of identifying and addressing the growing challenge of non-tariff barriers to trade. While some measures may be put in place for legitimate reasons, they can sometimes be more trade-restrictive than necessary to meet a legitimate objective, or they can be discriminatory, or can be designed to limit access to markets. This works against stable and inclusive growth
in our region. Business representatives from a range of sectors, including food, wood and forest products, and manufacturing industries, indicate that they must increasingly contend with standards or regulations that create unreasonable barriers such as inconsistent or unjustified sanitary and phytosanitary requirements for both food and wood/forest products; onerous technical requirements relating to labelling, standards and certification; and excessively bureaucratic, unpredictable and slow customs processing and other administrative measures that act as procedural obstacles to trade. ABAC urges APEC economies to lead the way globally in developing approaches for addressing NTBs more effectively, including by finding practical ways to engage and empower business to play an active role in these efforts, and by adopting ABAC’s recommended set of WTO-consistent cross-cutting principles as the basis for the review, development and application of regulatory measures and procedures around trade. These principles would enable a best practice approach.

5. Facilitate trade and investment flows. Given the fundamental links between investment and economic growth, APEC economies should take urgent action to reduce the barriers and risks that impede much needed investment flows. ABAC recommends actions aimed at improving the attractiveness of investment policies to both domestic and foreign investors. ABAC notes in particular the relationship between investment and the digital economy, the impact of digital technologies on international production trends and the need for policy responses to that impact in this region. ABAC also calls on APEC economies to intensify work to enhance trade connectivity in the region, including through actions identified in the Suggested Framework for Phase Two of the Supply Chain Connectivity Framework Action Plan (SCFAP) 2017-2020 and useful pathfinders. ABAC recommends that APEC economies continue to improve the APEC Business Travel Card (ABTC) scheme by exploring the harmonization, simplification and digitalization of procedures to increase and facilitate the use of this tool by business travelers.

6. Develop the APEC post-2020 vision. While acknowledging the need to accelerate efforts to achieve the Bogor Goals of free and open trade and investment in the region, ABAC believes it is timely and pertinent for APEC to develop a post-2020 vision. We welcome the outcomes and recommendations of the Multi-Stakeholder Dialogue on APEC towards 2020 and Beyond held in Ha Noi, Viet Nam in May. ABAC will continue to actively contribute to this process.

7. Support APEC’s Connectivity Agenda. ABAC continues to call on Leaders to build upon the valuable template created by the APEC Connectivity Blueprint as a primary means of strengthening region-wide economic integration and inclusion, both within and between APEC economies. This Blueprint contains a wide range of initiatives grouped broadly around the three pillars of Institutional, People-to-People, and Physical connectivity, the ingredients of which are being pursued by ABAC and its working groups in many areas. These range from integration of financial systems to helping micro, small and medium enterprises (MSMEs) to enter and compete in international markets, from reducing behind-the-border barriers to trade and investment to cooperation on developing Global Data Standards, from building robust and interconnected digital infrastructures to facilitating development of quality infrastructure such as water, energy, road, rail, aviation, port and urban transport systems. ABAC keenly supports APEC efforts to facilitate institutional and physical connectivity through structural reform measures that reduce behind-the-border barriers to trade and investment flows.

8. Improve internet and digital connectivity. As a pivotal part of APEC’s connectivity agenda and efforts to strengthen the region’s physical infrastructure, it is clear that access to the internet for all is critical to sustainable, inclusive growth in the digital economy. Prioritizing development and investment in digital infrastructure has been a key tool for those economies with frontrunner advantage, and must be facilitated for emerging economies in the region. Core infrastructure for the digital economy is a key enabler to innovation,
developing entrepreneurs and enabling access to global markets. Preparing for growth also requires acquisition of skills and training for future jobs. International cooperation and consistent regulatory policies that support digital trade, including movement of data and information across borders and throughout the region, are critical to maximize this growth potential. They would bring benefits to our communities at all stages of development, but with particularly transformative impact for emerging markets, women and MSMEs.

9. Facilitate the mobility of skilled workers and promote quality workforces. ABAC is increasingly concerned about labor shortages and mismatches arising across the region, which if unaddressed will powerfully impede economic progress in many of our economies. Demographic changes lend urgency to the need to improve cooperation in reducing shortages and mismatches. So too is rapid technology change linked with development of the digital economy raising concerns that the region’s education systems are failing to equip future workers to fill future jobs. ABAC applauds work being done by APEC to address these challenges, in part by development of the successful ABTC, but calls for a number of urgent additional concrete steps. Most important, ABAC calls on APEC economies to improve information sharing on the emergence of acute skills shortages, and to build upon ABAC’s “Earn, Learn, Return” initiative as a means of improving management of the movement of an estimated 30 million international workers across the region. ABAC calls on APEC Leaders to consider the creation of a region-wide collaboration initiative comprising educators, government officials and business leaders to drive education reforms within and between our economies that will equip graduates with the skills they will need to contribute to and benefit from our fast-evolving and digitally-empowered working world.

10. Enhance MSME global presence through digital economy and e-commerce platforms. E-commerce and information communication technology (ICT)-enabled services offer MSMEs opportunities to enhance their competitiveness and innovation to further access international markets and overcome obstacles to trade. Barriers continue to hinder MSMEs from seizing these opportunities. ABAC urges the formulation of an APEC-wide forward-looking e-commerce policy framework to improve world-wide access, adoption and effective use of digital technologies for MSMEs. ABAC also urges the adoption of both online and offline capacity building programs on e-commerce for MSMEs and to facilitate their access to information to enable their participation in global markets.

11. Foster innovative business models. As grassroots innovations are community-led solutions for sustainability, they can offer promising new ideas and practices for small businesses to prosper. ABAC supports fostering more innovative business models by building on best practice business cases and supporting global grassroots movements that aim to bring about more inclusiveness through entrepreneurial means.

12. Expand MSMEs’ access to finance. MSMEs continue to face serious barriers to financing, thus limiting their economic activities, including their ability to participate in international markets. ABAC calls on APEC to encourage relevant authorities from member economies to collaborate with ABAC and key stakeholders in the Asia-Pacific Financial Forum (APFF) and the Asia-Pacific Forum on Financial Inclusion to: create modern credit information, valuation, secured transactions and insolvency systems that can expand MSMEs’ access to finance; establish a regional platform for continued dialogue on financial technology (fintech); and promote access to finance for micro-enterprises, particularly through micro and agrifinance, financial education, microinsurance, innovations in digital identity and online supply chain finance and the development of distributed ledger technology.

13. Foster women’s economic empowerment. Women throughout the APEC region face challenges relating to obtaining capital, reaching markets, developing skills and capacity, accessing networks, and achieving leadership positions. These obstacles result in untapped productivity and inhibited economic growth in the region. ABAC calls on APEC economies to promote women
entrepreneurship by focusing on skills development including Science, Technology, Engineering and Mathematics (STEM), enhancing competitiveness, innovation and facilitating entrance to global supply chains of women-led MSMEs as well as the ABAC Women Connect Program, to empower women entrepreneurship through digitalization.

14. Accelerate economic, financial and social inclusion. ABAC underscores the need for promoting economic, financial and social inclusion in the APEC region to ensure that the benefits of the development of technology and globalization can be more widely shared. We strongly support APEC’s commitment to foster cooperation in human resource development to meet the demands of work in the digital age. Our 2017 Asia-Pacific Forum on Financial Inclusion highlighted the opportunities in harnessing digital technology to expand access to finance. ABAC urges APEC economies to study the report of the Forum and adopt its recommendations, as applicable, to their respective markets.

15. Achieve food security. ABAC has long recognized the critical role that food security plays in achieving sustainable and inclusive economic growth, particularly in the context of climate change. ABAC urges APEC Leaders to address barriers that impede the flow of food and agricultural goods, and in particular to prioritize action on non-tariff barriers that affect food trade, in accordance with our WTO-consistent cross-cutting principles for non-tariff measures/non-tariff barriers. ABAC also urges APEC Leaders to promote investment and infrastructure development in the food and agriculture sector; to minimize food loss and waste; and to promote the participation of MSMEs and smallholders in food production and trade in a non-trade-distorting manner. Food security goals can most effectively be met when governments and the private sector work in partnership; accordingly revisiting the structure and operation of the APEC Policy Partnership on Food Security (PPFS), with a view to enhancing the participation of the private sector, may enable PPFS to deliver more effectively on APEC’s food security goals, including the achievement of the APEC Food System by 2020.

16. Improve energy security. Economic growth is based on a stable energy supply but sustainable economic growth cannot be achieved without environmental preservation. Faced with increased uncertainty by current energy price levels, ABAC recommends APEC economies to facilitate free trade of oil and gas in the region and to enhance multilateral energy cooperation which can improve the movement of goods, capital and information and reduce the transaction cost of oil and gas companies. The World Health Organization acknowledged the health damage from air pollution caused by the energy consumption of fossil fuel, including coal, as it still remains to be the immediate main source. ABAC continues to support the APEC Leaders’ commitment to double the share of renewables in the APEC energy mix including in power generation, from 2010 levels by 2030. ABAC encourages APEC economies to deepen the level of engagement on facilitating the adoption of renewable energy and shifting from coal to natural gas to reduce carbon dioxide (CO2) and air pollutants. ABAC recommends that APEC continue to advance the enhancement of quality energy infrastructure and support the development, dissemination and adoption of innovative technologies in the environmental field. ABAC also supports the APEC initiative for enhancing the quality of electric power infrastructure.

17. Accelerate green growth. ABAC applauds APEC’s efforts to address barriers to trade in environmental goods and services, including through the APEC Environmental Services Action Plan, and promote green, sustainable and innovative MSMEs. In order to reduce the region’s environmental footprint, it will become even more important to continue working on the active adoption of renewable energy, energy conservation and effective use of energy. APEC should enhance cooperation and promote innovation in renewable energy technologies to reduce costs and improve the competitiveness and sustainability of renewable energy in the energy market. ABAC also continues to propose that the concept of renewable energy for CO2 emission reduction should incorporate all technology innovations. This approach encourages
the creation of new industries and jobs. ABAC continues to support the Paris Climate Agreement and proposes APEC should actively contribute to finding solutions to global warming and climate change and their negative impact.

18. **Strengthen the inclusive development of the mining sector.** The mining sector plays a vital role in the economic success of all of APEC economies by providing essential resources to businesses and consumers. The mining sector can also create significant benefits for local populations, including the poorest and most marginalized, driven by active community engagement and a focus on sustainability. Within APEC, the Mining Task Force (MTF) has proven to be a valuable platform for private sector representatives to engage with APEC mining officials and consult on top mining-related priorities in the region. To continue this valuable work, ABAC calls on Leaders to extend the MTF’s mandate through 2020 and to re-commit to fully implementing the 10 APEC Mining Policy Principles, agreed to in 2007. In addition, ABAC has considered/endorsed a White Paper on ‘Creating Inclusive Growth through the Extractive Industry.’ This White Paper demonstrates the potential to build non-mine dependent economies that result in economic empowerment across the APEC region. Extractive companies, government agencies, communities, and civil society can work together to foster development in the MSME and agricultural sectors in non-trade distorting ways and drive inclusive growth that reduces poverty, generates income, and creates sustainable development for the region’s poor.

19. **Promote healthy workforces.** The healthcare challenges facing the APEC region threaten economic development. ABAC supports APEC’s focus on a healthy workforce as being a critical requirement for inclusive growth. APEC and ABAC studies conducted in 2014 and 2015 showed significant predicted GDP losses through 2030 in APEC economies due to ill-health and early retirement due to disability. In 2015, APEC Leaders acknowledged the inherent linkage between good health and fiscal stability. ABAC continues to support the efforts of the APEC Life Sciences Innovation Forum (LSIF) and the APEC Health Working Group (HWG) to work to facilitate cross-sectoral coordination in the policy dialogue between health, finance and economic ministers, to achieve the common goal of proactive investment in healthy workforces by improving the use of government financing and expenditure tools that can lead to more equitable financing of and access to healthcare.

20. **Strengthen public-private sector collaboration under the Cebu Action Plan to accelerate financial market development.** In 2017, ABAC undertook activities in pursuit of various deliverables under the Cebu Action Plan. APEC Finance Ministers have entrusted several of these deliverables to three policy initiatives led by ABAC – the Asia-Pacific Financial Forum, the Asia-Pacific Infrastructure Partnership and the Asia-Pacific Forum on Financial Inclusion. These activities focused on developing deep and liquid capital markets, expanding the private sector’s contribution to financial resilience, accelerating the development of a regional pipeline of bankable public-private partnership projects, expanding long-term investors’ role in financing infrastructure, expanding MSMEs’ access to finance, and promoting financial innovation. Details of these activities, their outcomes and recommended next steps are contained in the 2017 APFF Progress Report to the APEC Finance Ministers, the 2017 Report on Capacity Building Measures to Strengthen and Develop Financial Systems and the Report of the 2017 Asia-Pacific Forum on Financial Inclusion. ABAC calls on relevant officials and regulators in APEC economies to closely collaborate with the private sector and international organizations to advance these initiatives.