

# Executive Summary

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

**1. Support the WTO and the multilateral trading system.** The global rules-based, non-discriminatory, open and transparent multilateral trading system, as embodied in the World Trade Organization (WTO), has provided predictability and underpinned sustained growth, prosperity and stability in our region and the world. It is of particular importance to smaller economies, providing the greatest opportunity to distribute the benefits of trade more equitably, and offering a secure predictable trading environment. Its integrity is paramount and it offers all Parties the framework and tools to resolve trade disputes; accordingly, economies should pursue trade disputes and any reforms to the WTO system through the system itself. ABAC urges APEC Leaders to demonstrate their full support for and commitment to the rules-based, non-discriminatory, open and transparent multilateral trading system and its dispute settlement mechanism. ABAC further urges APEC economies to avoid taking tariff measures to address non-tariff concerns. The combined impact of such actions threatens to severely disrupt supply chains and trade, affecting jobs, growth and investment. We congratulate all APEC economies for fully ratifying the WTO Trade Facilitation Agreement (TFA) and look forward to the swift implementation of the commitments therein.

**2. Resist protectionism and eliminate non-tariff barriers.** The risk of reverting to protectionism and closed markets for trade and investment remain very real, and jeopardizes the long-established stability and prosperity of the region. We call on Leaders to renew their support for more open markets for trade and investment by: resisting protectionism in all its forms; working to eliminate non-tariff barriers on the basis of ABAC's WTO-consistent Cross-Cutting Principles for Non-Tariff Measures (NTMs)/Non-Tariff Barriers (NTBs); championing ongoing efforts to liberalize trade through the WTO and other agreements; and engaging more actively with civil society on both the benefits of trade liberalization and the need for complementary policies to ensure that the benefits can be more broadly shared among our communities. We propose further consideration be given to the

economic, trade and other policy elements that will underpin sustained and inclusive growth, taking into account stakeholder views.

**3. Enhance regional investment flows.** A priority for APEC is the need to address the concerning slowdown in regional investment flows and to create a secure investment environment for both domestic and foreign investors. ABAC calls for more clarity and guidance on foreign investment screening. Dialogue between public agencies and the private sector could assist in finding a regulatory balance between the legitimate security interests of economies and investor needs for predictability and transparency. ABAC recommends that economies work to promote investment attraction, retention and linkages with domestic suppliers as well as broader policies to improve infrastructure, human capital and financial systems.

**4. Progress pathways towards the realization of FTAAP and the Lima Declaration.** ABAC encourages Leaders to prioritize work towards the Free Trade Area of the Asia-Pacific (FTAAP) by developing further APEC's understanding of how FTAAP might provide for a more seamless environment for trade and investment in the region and identifying priorities and concerns for business while also considering the elements that will underpin sustained and inclusive growth. We acknowledge the contribution that the timely conclusion, ratification and implementation of comprehensive, high-quality and mutually beneficial pathways such as the Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP), Regional Comprehensive Economic Partnership (RCEP) and the Pacific Alliance will make to this effort. To that end, we encourage CPTPP parties to ratify the agreement at the earliest opportunity and likewise we urge RCEP participating economies within APEC to conclude negotiations.

**5. Advance the implementation of the APEC Services Competitiveness Roadmap.** ABAC calls on APEC to make progress on the implementation of the APEC Services Competitiveness Roadmap, which was endorsed by APEC Leaders in 2016. In particular, we call for the speedy development of the

*APEC Index on Measuring the Regulatory Environment in Services Trade*, which aims to identify the common regulatory barriers to services trade at the sectoral level, and measure the progress of each economy in reducing these barriers within the region. ABAC is committed to supporting APEC in the successful implementation of the Roadmap by providing timely and relevant business inputs in collaboration with other relevant organizations.

**6. Develop the post-2020 Vision for APEC.** ABAC recognizes the value of seeking to develop a shared future vision for the region. We applaud the creation of the APEC Vision Group (AVG) and we look forward to providing input as APEC develops a post-2020 Vision. While good progress has been made on the Bogor Goals, APEC is still some way from full free and open trade and investment in the region. Efforts to meet the Bogor Goals should be intensified. The Vision should reflect the spirit of the Bogor Goals and integrate the long-term goal of achieving an FTAAP, while seeking to realize a seamless, dynamic, resilient, inclusive and sustainable region post-2020.

**7. Enhance MSMEs' participation across borders and in global value chains.** The low levels of engagement of micro, small and medium enterprises (MSMEs) and women-owned enterprises in cross-border activity and global value chains need to be increased to achieve sustained economic growth of the region. ABAC urges Leaders to adopt approaches that assist MSMEs to overcome structural impediments to greater cross-border participation, including through enhancing access to finance, information and digital economy channels; by investing in more accessible communications infrastructure, by helping to build business skills and trade readiness, including capacity building to meet trade requirements and to protect against the dangers linked with cross-border business disputes; by raising awareness of trade opportunities under trade agreements; and by seeking to remove other barriers, such as tariffs and non-tariff barriers to trade and barriers to trade in services, including services that support goods trade. ABAC also recommends increasing reliable and affordable access to broadband, leveraging digital

technologies to promote access to finance and to value chains, and updating education systems and skills training through collaboration between the public and private sectors. ABAC calls on Leaders to put in place the five pillars identified in the APEC Cross-Border E-Commerce Facilitation Framework, and work with the private sector to address the emerging and cross-cutting issues identified by ABAC, looking at principles and recommendations on e-payments, border management, taxation, competition, the sharing economy, and digital security.

**8. Enhance energy security and tackle climate change.** To achieve a balance between sustainable development and economic growth and competitiveness, ABAC recommends that economies leverage low-carbon energy sources, which diversify energy supplies and enhance energy security. We urge APEC economies to expand the use of renewable fuel sources while addressing the need to achieve economic growth. ABAC strongly encourages investment in high-quality energy infrastructure. To move steadily towards a low-carbon society, consideration should be given to introducing policies and institutions that transform not only energy supplies but also ways in which society as a whole consumes energy.

**9. Enhance food security.** ABAC encourages strategies that promote long-term revenue flows and investment into the primary sectors, encourages the productive use of land, fisheries and their effective management, including through supply chains, as vital renewable resources, through the utilization of technology, digitization and innovation, and encourages – for fisheries – downstream value add and effective monitoring of fisheries stocks. 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 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.

**10. Promote sustainable development of the mining and energy sectors.** ABAC calls for measures that promote the continuous flow of investment into resources exploration and use, recognizing risks and returns to investors and to economies and communities, the use of best innovative practices, technology and infrastructure and the need to deepen participation in global markets and the widening of benefits from MSME inclusiveness in the resources sectors. Further, we encourage APEC to continue dialogue with the private sector on inclusiveness in the resources sector, such as through the Mining Task Force and other APEC channels.

**11. Grow real income of low/middle income group.** ABAC encourages the implementation of initiatives focused on productivity growth aimed at achieving sustained real income growth of low and middle income groups in order to achieve durable improvements in consumption and investment, recognizing that these will contribute to achieving sustained higher living standards and prosperity for all.

**12. Strengthen financial systems.** ABAC recommends that economies give thought to the impact of fiscal policies on the business environment with a particular focus on policies that encourage private sector innovation and development.

**13. Expand infrastructure financing.** The infrastructure needs in APEC economies are as vast as they are critical to advancing economic growth. Of particular importance to many economies is the need for telecommunications infrastructure investments, including efforts suggested in the APEC Connectivity Blueprint for 2015-2025. ABAC calls on relevant officials and regulators in APEC economies to develop bankable infrastructure projects by reducing red tape, establishing greater regulatory certainty, and fostering green finance markets. ABAC also calls for the encouragement of infrastructure financing by supporting the work of multilateral development banks – both global and regional – and by supporting private sector co-financing by institutional investors such as insurance firms, pension funds, and Islamic financial institutions.

**14. Encourage financial technology.** Financial technology provides broad benefits to both developed and developing economies, ranging from financial inclusion, diversified financial services, and enabling digital societies. Innovative financial technologies require the free and secure flow of data and information while continuing to protect individual privacy and promote cyber resilience, which in turn require coordinated legal, policy, regulatory and institutional reforms within and across economies. ABAC calls on relevant officials and policymakers to create a level playing field among financial service providers by applying activity-based regulation, promoting digital authentication and use of digital documents, introducing open banking and application programming interfaces (APIs) and encouraging regional public-private platforms and regulatory sandboxes, as an example the ASEAN Financial Innovation Network (AFIN), for financial innovation that are coordinated across jurisdictions. ABAC also calls for the development of open, interoperable and efficient financial market infrastructure, including electronic payment systems that leverage and enable utilization of technological developments, strengthen data security, and review cyber resilience frameworks and industry best practices in each jurisdiction. ABAC invites economies to use our *Roadmap for a New Financial Services Data Ecosystem*<sup>1</sup> as a tool to enable the wider use of data within and across jurisdictions and our *Strategy for the Digitalization of Trade and Supply Chain Finance*<sup>2</sup> as a guide in promoting efficient digital access to working capital especially for MSME exporters.

**15. Promote inclusive finance.** Sustained and strong economic growth requires a broad consumer base, which in many economies requires broadly shared income growth and access to finance. ABAC calls for the expansion of financial inclusivity by implementing structural reforms that enable low-income households and individuals to access a broad range of financial instruments. To expand the access of MSMEs to finance, ABAC encourages economies to continue improving their credit information and secured transactions ecosystems, as well as to review and, where needed,

reform their personal insolvency frameworks using as tool our *Essential Elements of an Effective Personal Insolvency Regime*.<sup>3</sup> Further, ABAC recommends cost effective financial services delivery and the reduction of transaction costs.

**16. Harness the benefits of digitization and innovation for all.** The number of restrictions to cross-border data flow and data storage is growing rapidly which impact on highly integrated global value chains. To benefit from the present and emerging digital and innovative opportunities, ABAC urges APEC Leaders to commit to a policy framework of openness and the exploration of opportunities arising from digitization and innovation; foster the implementation of technological advances; ensure a consistent regulatory and policy environment through the elimination of barriers that impede the adoption

of digital technologies; broaden affordable access to all communities to the internet and broadband communications through competition and investment in facilitating infrastructure; enhance human resources adaptation to modern digital technology on inter- and intra-economy basis; and ensure the free and secure flow of data and information throughout the region, while continuing to protect individual privacy and promote cyber resilience. ABAC recognizes the importance of the APEC Cross-Border Privacy Rules Framework (CBPR), a voluntary mechanism whose participants seek to expand participation. These recommendations were discussed at the ABAC-organized Digital Innovation Forum and APEC China CEO Forum 2018 in July.

1. [https://www2.abaonline.org/assets/2018/AGFSCB\\_Key\\_Documents/Attachment\\_A\\_An\\_APEC\\_Roadmap\\_for\\_a\\_New\\_Financial\\_Services\\_Data\\_Ecosystem.pdf](https://www2.abaonline.org/assets/2018/AGFSCB_Key_Documents/Attachment_A_An_APEC_Roadmap_for_a_New_Financial_Services_Data_Ecosystem.pdf)
2. [https://www2.abaonline.org/assets/2018/AGFSCB\\_Key\\_Documents/Attachment\\_B\\_A\\_Strategy\\_for\\_the\\_Digitalization\\_of\\_Trade\\_and\\_Supply\\_Chain\\_Finance.pdf](https://www2.abaonline.org/assets/2018/AGFSCB_Key_Documents/Attachment_B_A_Strategy_for_the_Digitalization_of_Trade_and_Supply_Chain_Finance.pdf)
3. [https://www2.abaonline.org/assets/2018/AGFSCB\\_Key\\_Documents/Attachment\\_C\\_Essential\\_Elements\\_of\\_an\\_Effective\\_Personal\\_Insolvency\\_Regime.pdf](https://www2.abaonline.org/assets/2018/AGFSCB_Key_Documents/Attachment_C_Essential_Elements_of_an_Effective_Personal_Insolvency_Regime.pdf)