



His Excellency Peter O’Neill

Chair, Asia-Pacific Economic Cooperation
Prime Minister of Papua New Guinea

Your Excellency:

We are honored to present our recommendations to achieve our shared goals of deeper regional integration, sustained economic growth and rising living standards for all in the Asia-Pacific region. Our accompanying report for 2018 contains detailed recommendations.

We believe there are three issues of greatest importance to our region.

First is the rising trade tensions and the critical need to head them off before they descend into a debilitating round of protectionism that jeopardizes the basis on which economies and their businesses have flourished for decades. They disregard the experience of the last thirty years that closer economic integration and adherence to rules derived from international structures, preeminently the World Trade Organization (WTO), as well as plurilateral agreements governing trade of goods and services and investment flows, are key to shared prosperity.

Additionally, economies must do more to fulfill their trade commitments individually and through the WTO. Economies should pursue remedies and any reforms to the system through the WTO system itself. Such steps are far more effective than taking tariff measures to address non-tariff concerns, which are likely to lead to counter-measures by others. The combined impact threatens growth, jobs and prosperity for all in the region and globally.

In order to sustain and deepen regional economic integration, trade agreements among APEC economies must uphold openness, high standards and inclusiveness that represent progress towards the realization of a Free Trade Area of the Asia-Pacific (FTAAP). To meet the future needs of business, we urge Leaders to pursue regional arrangements covering trade, services, investment and next generation trade and investment issues that can lay the ground work for a comprehensive, high-quality, and mutually beneficial FTAAP.

ABAC welcomes progress on regional economic arrangements, in particular the ongoing process towards the full ratification of the Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP), and positive developments relating to the Regional Comprehensive Economic Partnership (RCEP) and the Pacific Alliance. These pathways towards the eventual FTAAP underscore Leaders’ confidence in the principles that underpin the Bogor Goals and the benefits to be derived from them.

ABAC stands ready to engage in detail on the work of the APEC Vision Group and to give our voice to the priorities and concerns of business as outlined in this letter and in the attachment, and in particular to see the realization of a seamless, dynamic, resilient, inclusive and sustainable region post-2020.

ABAC recommends that APEC Leaders continue support for the integrity and purpose of the international trading system, avoid reliance on tariff actions and instead work within the WTO framework to seek redress of perceived damages and, as necessary, seek reforms to the system to achieve outcomes that do not inhibit trade and investment growth. Leaders should also commit to actions that lead to the eventual realization of the Free Trade Area of the Asia-Pacific and to an ambitious vision for a seamless, dynamic, resilient, inclusive and sustainable region post-2020.

Second is the growing need for broader distribution of the benefits of globalization throughout all economies by actively fostering inclusive growth and ensuring that underserved populations can fully engage in the global economy.

While APEC seeks increased economic integration to create inclusive growth, we have had only partial success. In developed and developing APEC economies, income growth has stagnated for far too long, contributing, alongside other factors, to a sense of exclusion from the benefits of global trade and investment and growing opposition to the concept of globalization. Economies and business have complementary roles in addressing these deep-seated issues.

ABAC recommends that economies more actively engage with civil society and business on explaining the benefits of trade liberalization and the need for complementary policies to ensure that the benefits are more widely shared by our communities. There should be focus on the implementation of initiatives 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.

Third is tackling ways that APEC economies can benefit from and adjust to the digital and innovative revolution now impacting all aspects of human activity. The digital economy offers numerous possibilities to advance the common good, in terms of sharing the benefits and providing greater opportunities for women-owned businesses and micro, small and medium-sized enterprises (MSMEs).

While there have been concerns about the digital economy's effect on traditional business and societal practices, ABAC encourages economies to work closely with the private sector to address these challenges. All of society should have the ability to harness and leverage digitization and innovation, and economies should, through policy and regulatory means and together with industry, enable such technologies to flourish and avoid overregulation. In addition, for APEC to stay relevant as the digital economy speeds forward, it is imperative that Leaders encourage APEC to move substantive work forward on the internet and digital economy through the implementation of the APEC Internet and Digital Economy Roadmap, and not get mired down in process.

To allow the benefits of the digital economy to reach all APEC citizens, economies should ensure that the infrastructure needed to facilitate the internet and the free and secure flow of data and information across borders is sufficient in both access and price. We see this as a priority requirement for all economies and particularly for developing members of APEC. In this respect, we urge the full implementation of the APEC Connectivity Blueprint for 2015-2025. Access to broadband is key.

ABAC believes more must be done to ensure that citizens are equipped to adapt to the digital revolution. This involves addressing challenges, in partnership with the private sector and the education sector, including on matters such as worker re-skilling and re-training, and pipelines of a Science, Technology, Engineering, and Mathematics (STEM) workforce and education curricula.

ABAC recommends that economies adopt a policy environment that enables their businesses and communities to meet any challenges and operate successfully in the digital age, ensure adequate investment in effective infrastructure to deliver efficient, reliable and affordable broadband internet access and review educational systems to adapt to the challenges of the digital revolution.

We look forward to discussing these matters with you in our Dialogue in November.

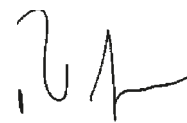
Yours sincerely,



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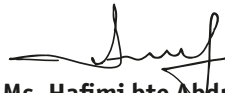


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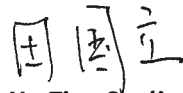


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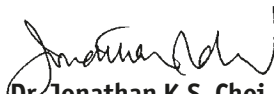


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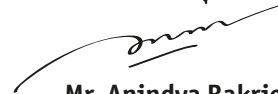


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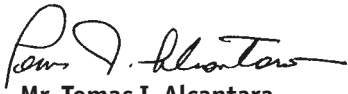
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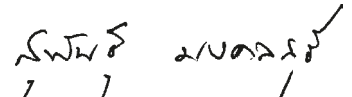
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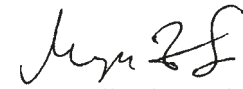
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