In 2011, ABAC focused on regional economic integration, sustainable growth and small and medium enterprises (SMEs) (including micro-enterprises) as critical areas where the business community can contribute to ABAC’s vision of 21 economies working towards 21st Century prosperity. The following is a summary of actions which ABAC believes would help stimulate economic growth and create jobs in the short term and work towards balanced growth in the long term:

- **Strengthen the global supply chain and value chains.** Despite the best efforts of APEC to date, there remain significant barriers to the efficient flow of goods and services through the supply chains. This prevents the realization of the full economic value that can be derived from the free availability and efficient application of the value chain. ABAC urges APEC Leaders to direct their officials to intensify development of preferred pathways to a Free Trade Area of the Asia-Pacific (FTAAP) that seeks to remove these barriers. ABAC continues to support the implementation of the APEC Supply Chain Connectivity Framework Action Plan which encompasses many ABAC priorities, including mutual recognition of Authorized Economic Operators. Further, ABAC recommends that APEC enhance the Single Window Initiative by utilizing new information and communications technologies (ICTs), such as cloud-computing and the creation of an APEC Single Window Cloud. ABAC has developed an integrated supply chain and value chain framework for goods, services and investment to deal with the integrated nature of global and regional supply chains. The importance of this was underscored by the supply chain disruptions that occurred in the wake of Japan’s devastating earthquake and tsunami. There is a clear need to keep supply chains open in times of large-scale disasters. Moreover, APEC economies need to step up the level of emergency preparedness to keep supply chains open.

- **Promote regulatory coherence.** APEC has achieved significant success in removing tariffs and quantitative restrictions; however, scope remains to tackle unnecessary non-tariff barriers to free trade and investment through improved regulatory coherence. ABAC welcomes APEC’s efforts this year to advance regulatory cooperation among APEC economies. ABAC believes this will promote progress towards regulatory coherence. ABAC defines regulatory coherence as improving the process by which economies develop regulations, develop best practices, and find common standards acceptable to multiple economies. This leads to better regulation that is effective, least market-distorting and is the best way to systematically prevent and eliminate technical barriers to trade. Specifically, ABAC calls on APEC to advance both domestic and international cooperation between regulatory institutions, use international standards as a basis for domestic regulation and develop public consultation mechanisms to promote transparency. In sum, regulations should be simple, flexible, efficient, certain and applied consistently.

- **Renew focus on multilateral trade.** ABAC recognizes the primacy of a rules-based multilateral trading system and the immense value of the World Trade Organization (WTO) in advancing global prosperity and resisting protectionist measures in times of economic crisis. A successful and comprehensive conclusion of the Doha Round will stimulate global economic growth and remains a high priority for the Asia-Pacific business community. ABAC calls on WTO Members meeting at the 8th WTO Ministerial Conference in December to provide a credible way ahead for the Doha Round.

- **Address next generation trade and investment issues.** This year, ABAC identified a number of next generation issues that need to be addressed to ensure trade agreements keep pace with the increasing complexity of regional and global business models. APEC Trade Ministers selected three of these next generation issues (SME participation in global production chains; promoting effective, non-discriminatory, and market-driven innovation policy; and facilitating global supply chains) for immediate action. To ensure that APEC remains on the leading edge of trade agreements, ABAC recommends continued work on several other next generation issues, including competition policy; investment; shortages of skilled personnel; services; and government procurement. Action on these issues will put APEC in the best position to achieve a comprehensive and high quality FTAAP.


Ensure food security. ABAC recognizes that there are new challenges which make the food situation more complex, notably: the tight balance between total global food demand and supply; the worsening imbalance in the regional distribution of food; and the higher and more fragile food prices. ABAC fully supports the APEC Leaders’ call to enhance international cooperation and increase financial and technology support from developed to developing economies. ABAC urges APEC economies to set up guidelines for the balance and efficient use of food sources; enhance food production capacity and set policies to increase agricultural productivity; set and adopt international standards on food, improve food quality, identify major roadblocks and carry out good policy to ensure more efficient supply chains for food to market; and strengthen monitoring of financial instruments and reduce uncertainty in agricultural markets. ABAC applauds the creation of the APEC Policy Partnership for Food Security and asks Leaders to direct their governments to use the Partnership as the focal point for developing and coordinating food security policy in cooperation with the private sector.

Address energy security. APEC must hedge against volatility and supply disruptions in the short and medium term, and ease supply and demand tensions in the long term by decreasing energy intensity and developing new and diversified sources of energy. While APEC economies are already working on the components of a more secure energy future, these efforts must be further consolidated, enhanced and accelerated through: the creation of a regulatory, investment and legal environment that encourages investment and action by the private sector; and the establishment of an annual dialogue between APEC Energy Ministers and the private sector. ABAC recommends the reduction of barriers to energy investment and trade; the phase-out of inefficient power generation systems; and the elimination of inefficient fossil fuel subsidies that distort demand and run contrary to policies to reduce energy consumption.

Encourage SME cross-border trade. ABAC welcomes APEC’s efforts to identify and address the nine top barriers to SME (including micro-enterprises) cross-border trade. ABAC has prioritized these impediments and provided detailed recommendations on actions to APEC SME Ministers in their meeting this year. ABAC feels the successful implementation of these efforts will enhance the ability of SMEs to compete and cooperate with larger enterprises. Full implementation of the APEC Transparency Standards as well as the development and adoption of voluntary sectoral codes of conduct for SMEs are concrete steps that will further improve the regulatory environment for SMEs. This will level the playing field with larger enterprises, which, in many cases, have the resources to navigate uncertain and opaque regulatory environments.

Promote regional integration of financial markets. Regional integration of financial markets and the efficiencies it brings is seen by ABAC as integral for enhancing financial support to economic growth across the APEC region. To this end, ABAC decided at its meeting in Lima to commence work to develop a proposal to be put to Leaders for improving the regional financial system. ABAC recognizes the importance of working collaboratively to improve the regional financial system, including strengthening monitoring of cross-border capital flows, and supporting the efficient allocation of resources through ongoing review of international credit rating systems, so as to promote the stable development of financial markets.

Enhance SME access to finance. ABAC has identified the lack of access to financing as the top barrier to SME (including micro-enterprises) cross-border trade. ABAC calls on APEC to support concrete capacity building activities to help economies improve the legal infrastructure for lending, develop full-file and comprehensive credit reporting systems that are underpinned by sound frameworks for privacy and data protection. ABAC further urges APEC to mobilize support for needed legal and regulatory reforms that can expand sources of financing for SMEs, including support for venture and start-up capital initiatives, public-private partnership approaches such as government-backed loan guarantees, and greater access to information concerning financing programs through traditional financial institutions. ABAC also welcomes the launch of the APEC Financial Inclusion Initiative under the Finance Ministers’ Process, which ABAC has
recommended to assist economies in providing a favorable environment for expanding financial services to micro-enterprises and low-income households.

- **Support green growth.** ABAC also supports both of APEC’s environmental strategies, namely: lowering carbon output and encouraging the domestic and cross-border growth of environmental goods and services (EGS). Reducing tariffs and non-tariff barriers and facilitating the dissemination of EGS technologies are effective ways to help this growing sector. APEC can, by providing better access to these technologies and products, raise energy efficiency, conserve resources and create quality jobs. APEC should also explore other voluntary market-based initiatives to encourage wider use of green technology in collaboration with the private sector. SMEs have a valuable role to play in APEC’s environmental strategies. In addition to helping SMEs to develop their potential in EGS, APEC should support the “Green Initiative” recognized this May by APEC officials who met in Big Sky, Montana. This initiative provides APEC economies with criteria for describing and measuring the achievements of SMEs in the environmental field.

- **Promote economic inclusion for women.** With many women entrepreneurs in the region still lacking access to capital, markets, technology, skills and information to enable them to start or grow their business, ABAC recognized a clear need for action to promote greater economic inclusion for women. ABAC established the ABAC Women’s Forum this year to promote opportunities for women in business and inspire the next generation of women leaders in the APEC region. With a focus on capacity building, collaboration and conversation, the ABAC Women’s Forum has identified key policy areas, including improving access to resources, eliminating discrimination in markets and the workplace, promoting greater awareness of gender issues, encouraging participation in APEC events focused on women’s issues, and promoting the appointment of more women executives to ABAC, with a view to making it a role model for other international bodies. Sophisticated ICT tools have been created to act as a platform for information sharing with women entrepreneurs and as a nexus for women’s groups.