

ABAC Meeting Overview

Opening Plenary Session Overview

Date: 08 July 2013

Time: 0800-0930

Venue: Level 4 GYOUN, Kyoto Hotel Okura

Opening Remarks

After ABAC Japan Member Hidetoshi Kamezaki delivers his welcoming remarks, ABAC Chair Wishnu Wardhana of ABAC Indonesia will introduce newly appointed ABAC members and alternate members.

Newly Appointed Members

ABAC Russia

Mr. Kirill Dmitriev

Chief Executive Officer

Russian Direct Investment Fund

Important Agenda Items

Report on SOM Activities

- Mr. Arto Suryodipuro, Indonesia's Deputy APEC Senior Official, will present the outcomes of the Second APEC Senior Officials' Meeting (SOM II) held in Surabaya, Indonesia in April as well as the Third APEC Senior Officials' Meeting (SOM III) held in Medan, Indonesia in June and July. He will also preview the sectoral Ministerial Meetings to be held in September 2013, which include
 - Transportation Ministerial Meeting – September 4-6, Tokyo, Japan
 - SME Ministerial Meeting – September 7, Bali, Indonesia
 - Finance Ministerial Meeting – September 20, Bali, Indonesia

Discussion on the Letter to Leaders and Draft ABAC 2013 Report to APEC Economic Leaders

- The Council will discuss and agree on issues to be included in the Letter to Leaders and review the draft 2013 Report to APEC Economic Leaders.
- The National Center for APEC has incorporated language that reflects the priorities of the U.S. business community. NCAPEC staffers will participate in the drafting sessions on July 10 to ensure that this language is included in the final letter and report.

Update on the ABAC Dialogue with Leaders and APEC CEO Summit

- ABAC Chair Wishnu Wardhana is also the Chair of the 2013 APEC CEO Summit. The ABAC Chair will brief members on the latest developments relating to the program of the ABAC Dialogue to be held in Bali, Indonesia on 7 October 2013. In his capacity as APEC CEO Summit Chair, he will also provide an update on the APEC CEO Summit, also scheduled in Bali, Indonesia on 5-7 October 2013.

NCAPEC is a strategic partner of Indonesians organizers in the development of the CEO Summit

ABAC Meeting Overview

Opening Plenary Session Agenda

Chair: Mr. Wishnu Wardhana, ABAC Chair 2013

Venue: Level 4 GYOUN, Kyoto Hotel Okura

Attire: Business Casual

Agenda

- Opening

The ABAC Chair will formally open the Third ABAC Meeting for 2013.

- Welcome Remarks by ABAC Japan

Mr. Hidetoshi Kamezaki of ABAC Japan will be invited to deliver the welcome remarks.

- Welcome of Newly-Appointed Members

The ABAC Chair will welcome/introduce any new members/alternate members attending the meeting for the first time.

- Approval of the Conference Report for the Second ABAC Meeting in 2013

The Council will consider, for approval, the Conference Report for the Second ABAC Meeting held in Singapore on 3-6 April 2013.

- Report on SOM and Related Activities

Mr. Arto Suryodipuro, Deputy APEC Senior Official of Indonesia, will be invited to report on the outcomes of SOM2 and Meeting of APEC Ministers Responsible for Trade held in Surabaya in April and SOM3 held in Medan in June/July as well as to preview the sectoral ministerial meetings to be held in September 2013.

- Discussion on the draft Letter to Leaders and draft ABAC 2013 Report to APEC Economic Leaders

The Council will discuss and agree on issues to be included in the Letter to Leaders and review the draft 2013 Report to APEC Economic Leaders.

- Presentation by PricewaterhouseCoopers

PricewaterhouseCoopers will be invited to brief members on plans to interview ABAC members for a study to be presented at the APEC CEO Summit in Bali in October as well as present, on behalf of ABAC Indonesia, a study on infrastructure, connectivity, investment and services development.

- Review of the Economic Outlook

ABAC Meeting Overview

Ms. Cher Wang, FEWG Chair, will be invited to comment on the current economic outlook.

- Japan's New Economic Policy

Mr. Yoshihiro Watanabe of ABAC Japan will be invited to share with members the new economic policy being promoted by Prime Minister Abe.

- Other matters

ABAC members will be invited to raise any other matters they wish to discuss.

ABAC Member (Beginning March 2013)



Kirill Dmitriev is CEO of the Russian Direct Investment Fund, a \$10 billion fund established by the Russian government to make equity investments. In all of its investments, the fund is mandated to co-invest alongside leading and most sophisticated investors globally – thus acting as a catalyst for direct investment in Russia.

Prior to his appointment to lead RDIF, Mr. Dmitriev was President of Icon Private Equity, a major private equity fund with over \$1 billion under management. Prior to establishing Icon, Mr. Dmitriev was co-managing partner and CEO of Delta Private Equity Partners, a leading private equity fund in Russia with over \$500 million under management. Previously, he was an investment banker at Goldman Sachs in New York and a consultant at McKinsey & Co.

Mr. Dmitriev has completed a number of landmark investments and exits, including the sale of Delta Bank to General Electric, Delta Credit Bank to Societe Generale, CTC Media shares to Fidelity Investments, TV3 to Prof-media, National Cable Network to National Media Group.

Mr. Dmitriev is Chairman of the B20's Investments and Infrastructure Taskforce. He has been appointed as Deputy Chairman of the Investment Council under Chairman of the State Duma; Member of the Board and Vice-President of Russian Union of Industrialists and Entrepreneurs (RSPP); and Member of the BRICS Business Council. He is a Young Global Leader of the World Economic Forum and past Chairman of the Russian Venture Capital and Private Equity Association. In 2011, he was the only Russian national to be named one of 100 most influential private equity professionals of the decade by Private Equity International magazine.

Mr. Dmitriev holds a B.A. from Stanford University and an M.B.A. from Harvard Business School.

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CONFERENCE REPORT
SECOND ABAC MEETING FOR 2013
3-6 April 2013
SINGAPORE

The Second Meeting of the APEC Business Advisory Council for 2013 was held at the Marina Bay Sands Singapore on 3-6 April 2013, with 40 members and 10 alternate members in attendance. The meeting was preceded by an APEC SME Summit which, under the theme “Driving ‘Heartware’ for Innovation-Oriented Growth”, gathered around 170 participants from ABAC and Singapore.

The meeting was formally opened by Mr. Lee Yi Shyan, Singapore’s Senior Minister of State for Trade & Industry. Mr. Teo Chee Hean, Acting Prime Minister of Singapore, hosted the gala on 4 April on behalf of H.E. Prime Minister Lee Hsien Loong. The meeting provided ABAC members and staffers an opportunity to see and experience the new developments and attractions in Singapore.

Opening Plenary

1. *Call to Order*

The meeting was called to order at 3:05 p.m. on Wednesday, 3 April, by the ABAC Chair, Mr. Wishnu Wardhana (ABAC Indonesia). Mr. Ning Gaoning (ABAC China) sat as co-chair.

2. *Welcome Remarks by ABAC Singapore*

On behalf of ABAC Singapore, Mr. Gautam Banerjee welcomed all delegates to Singapore.

3. *Welcome of Newly-Appointed Members*

The ABAC Chair welcomed the following new members and alternate members attending the meeting for the first time:

Mr. Bart Peterson
Senior Vice President
Corporate Affairs and Communications
Eli Lilly and Company
USA

Mr. Douglas Woo (Alternate Member)
Managing Director
Wheelock Properties (HK) Ltd.
Hong Kong, China

4. *Approval of the Conference Report for the First ABAC Meeting in 2013*

The Council approved the Conference Report for the First ABAC Meeting held in Manila, Philippines on 20-23 January 2013. [Document: Conf. Report 33-001, *first draft*]

Substantive Matters

5. *Report on SOM Activities*

Mr. Arto Suryodipuro, Indonesia's Deputy APEC Senior Official, briefed members on the outcomes of the First APEC Senior Officials' Meeting (SOM I) and related meetings held in Jakarta, Indonesia on 25 January – 7 February 2013 and previewed the SOM II and related meetings and Meeting of APEC Ministers Responsible for Trade to be held in Surabaya, Indonesia on 7-19 and 20-21 April 2013, respectively. He highlighted in particular Indonesia's proposal to develop an APEC Framework on Connectivity consisting of physical, institutional and people-to-people connectivity and the planned symposium on the margins of SOM II to gather inputs from senior officials, ABAC members, relevant institutions and multilateral development banks and a number of experts. As part of physical connectivity, an APEC Dialogue on Infrastructure Development and Investment will also be held in Surabaya to identify common concerns on infrastructure development and investment, find synergy avoid duplication and add value to other regional and global initiatives. Two possible outcomes include: Workstreams on Infrastructure Development and Investment for Connectivity, which identify impediments in the region; and APEC Guidelines on Delivering Bankable Projects to be discussed with the private sector.

6. *Regional Economic Integration Working Group*

Mr. Tony Nowell, REIWG Chair, reported on the outcomes of the REIWG meeting held on 4 April. [Document: REIWG 33-025, *first draft*]

The Council was informed that REIWG had considered progress on some of the possible pathways to regional economic integration including the Trans Pacific Partnership (TPP), the Regional Comprehensive Economic Partnership (RCEP) and the recently established Pacific Alliance. Formal negotiations for RCEP will commence in May, following several rounds of scoping talks. TPP Leaders are aspiring to complete negotiations by the APEC Summit in October. The Pacific Alliance, which is less extensive in scope than TPP, was established in response to a competing trade bloc led by Venezuela. The Council noted that the REIWG Chair will investigate the protocol around Colombia's interest in obtaining an observer status in REIWG with a view to presenting a proposal at ABAC III.

The Council noted that the ABAC for TPP group met on 3 April on the margins of ABAC II in Singapore. The group agreed to send letters about TPP to leading business organizations in TPP member economies and also to the Leaders of TPP economies. It was agreed that the letter to TPP Leaders be copied to all APEC Leaders as well as to TPP Trade Ministers.

Following a suggestion at ABAC I that REIWG should discuss how to dispel myths about free trade agreements such as TPP and how to build support amongst public stakeholders, ABAC Peru presented a document at ABAC II which identified four myths about free trade currently prevailing in Peru (relating to public health, the environment, employment and consumer impacts) and set out counter arguments. Members were encouraged to identify the key myths in

their economies with a view to building a pool of hard data that ABAC can use to counter such fears and to review Peru's presentation as a useful template for analyzing and addressing the issue in their own economies.

The Council took note of the update provided on the USC Marshall School of Business' research project on barriers to foreign direct investment (FDI). It was suggested that the research team: (a) look at an upcoming study by the Peterson Institute on the potentially harmful effects of local content requirements, including global contract requirements for investment in some economies; (b) investigate the extent to which there is a correlation between openness to FDI and levels of economic growth; and (c) focus on services where significant barriers to FDI still exist. Members in economies which the research team will visit to undertake field research from May onwards were encouraged to provide assistance in identifying at least 20 key executives involved in FDI decision making for the researchers to interview face to face. The interviews are crucial to enable the researchers to find out more about the real impediments to FDI from the business perspective and to get feedback about trends in FDI.

The Council took note of the information shared by Viet Nam's Ministry of Planning and Investment on the "Viet Nam-Japan Joint Initiative" as an example of best practice for improving the local environment for FDI and attracting more FDI that other economies can emulate.

The Council noted that REIWG had discussed a series of next steps in pursuit of ABAC's agenda on improving regulatory coherence within APEC. It was agreed that: (a) ABAC continue to collaborate with APEC officials in identifying the next three "good regulatory practices" that will be implemented post-2013; (b) ABAC will develop a 2013 NCAPEC Policy Publication on Regulatory Coherence; (c) private sector participation be sought for the 7th APEC Conference on Good Regulatory Practice be held in Medan, Indonesia on 26-28 June 2013; and (d) ABAC will support the efforts of the APEC Life Sciences Innovation Forum as a sectoral model for sustained and coordinated development and implementation of good regulatory practices.

The Council took note of the APEC Bogor Goals Dashboard tabled by the APEC Secretariat which seeks to measure the performance of individual APEC economies against a range of economic indicators, as recommended by ABAC to APEC Leaders in 2010. It was suggested that the report be strengthened by the addition of some comparison date. The APEC Secretariat noted that it had not been an easy undertaking in view of sensitivities in some economies as well as variability between national data sets, although it was possible that it could be made broader in the future. At this stage, the report will be repeated in 2014 but is not yet an annual publication. It was suggested that if ABAC wanted to see the report produced on an ongoing basis, this should be recommended to Leaders.

The Council noted that REIWG had received an update from ABAC Hong Kong, China on the Public-Private Dialogue on Services scheduled in Surabaya, Indonesia on 17 April. The dialogue will contribute to ABAC's development of recommendations to Leaders. This year, ABAC will also continue to monitor plurilateral and regional initiatives to liberalize services; build case studies to illustrate the benefits of services liberalization, leverage the Marshall School's findings on FDI, and seek other fora in which to leverage discussion on the benefits of services trade and investment liberalization.

The Council was informed that REIWG had endorsed a proposal by ABAC Japan for interested ABAC delegations to undertake a survey of officials in APEC economies to better determine chokepoints in the issuance and renewal process of the APEC Business Travel Card (ABTC).

The Council took note of the update provided by the Australian Department of Education, Employment and Workplace Relations on the skills mapping project. ABAC delegations were asked to encourage their HRD/labor departments to supply the data that has been asked for, where possible, to go into the skills mapping tool. To date, seven economies have confirmed participation. Additional participation is desirable to make the tool as comprehensive as possible. ABAC was invited to give a presentation during the Skills Mapping session at the APEC HRDWG meeting in Medan, Indonesia in late June. A suggestion was made that it would be useful to prepare a straw-man to show the business community what the output from the skills mapping tool will look like.

The Council noted that ABAC's proposal to establish a joint task force with APEC to develop a region-wide development framework for the introduction and implementation of global product data standards gained some but not sufficient support at SOM I in Jakarta. Thus, an amended approach had been developed by the REIWG Chair with input from GS1, the CTI Chair and New Zealand officials. It was agreed that members would consider this proposal and its applicability in their own economy, and support the initiative by actively informing their Senior Officials and other relevant government officials about the opportunity and proposed mechanism. More information will be made available in the next few days to assist members with these follow-up activities.

Finally, the Council took note of the update provided by Mr. John Larkin, the CTI Chair, on some of the Committee's current priorities. These priorities include: supply chain connectivity; non-tariff measures, including local content requirements; next generation trade and investment issues; investment; services; ABTC; and cross-cutting initiatives. Members were invited to table some new ideas on next generation trade and investment issues and to participate at the Conference on Innovation and Trade Implementation Practices at SOM III in Medan in June/July.

7. *Finance & Economics Working Group*

Mr. John Denton, Acting FEWG Chair, reported on the outcomes of the FEWG meeting held on 4 April. [Document: FEWG 33-025, *first draft*]

The Council welcomed the latest edition of the APEC Economic Trends Analysis report prepared by the APEC Policy Support Unit (PSU) to be released in mid-April. The report analyzes key drivers of economic growth in 2012 in order to provide an understanding of how the APEC region as a whole and individual economies have been affected by key global forces, including the ongoing concerns about the sustainability of the Euro area's sovereign and financial sectors; and large scale asset purchase programs implemented by central banks in major advanced economies. The report also provides an assessment on the APEC region's growth prospects in 2013 and 2014 and highlights some potential challenges facing the region.

The Council noted the report provided by ABAC Russia on G20 and B20 activities under the Russian chairmanship, the core objective of which was to focus efforts in developing a set of measures aimed at boosting sustainable, inclusive and balanced growth as well as job creation around the world. It was noted that G20 Finance Ministers and Central Bank Governors met in Moscow on 15-16 February 2013 to discuss the traditional G20 agenda while the B20 Finance Task Force Conference was held in Moscow on 13 March to review and agree upon the first draft recommendations to G20. A report on the outcomes of the B20 summit in June will be provided at the next meeting in Kyoto.

The Council heard ABAC Japan's perspectives on the potential unintended consequences on the financial market and the real economy of the implementation of the new financial regulations, and the necessity of basing Asia-Pacific regulations on the circumstances in the Asia-Pacific region. Concerns were expressed about the negative impact on trade finance and the potential spillover effects of financial regulations such as Basel III, Dodd-Frank Act and EU Financial Transaction Tax. It was agreed that ABAC letters be sent to relevant authorities, including APEC Finance Ministers, G20/B20, and the Basel Banking Supervision Committee.

The Council welcomed the report of ABAC Chinese Taipei on the development of offshore RMB in Chinese Taipei, including the timeline of milestone events, current status of the CNT market, implications, near-term opportunities and future challenges. It was concluded that this development is a win-win situation in terms of accelerating the globalization of RMB for China and reducing transaction costs/foreign exchange risks for Chinese Taipei, the biggest investment destination of which is China.

The Council agreed to support work envisaged under a three-year initiative aimed at encouraging the mobilization of institutional savings held in sovereign wealth funds (SWFs), superannuation, insurance and other vehicles for investments in long-term domestic and cross-border infrastructure projects. ABAC will monitor developments, participate in a symposium in Beijing in September and support the subsequent work as a contribution to and a component of a wider piece of work to mobilize savings for long term investment. It was agreed that the paper prepared in 2008 on SWFs be updated as an input to the work envisaged and that ABAC will advise APEC Finance Ministers on the outcomes and promote measures that provide greater transparency and accountability of the activities of SWFs as a means of enhancing investment flows in the region.

The Council took note of the following outcomes of the Advisory Group on APEC Financial System Capacity Building:

- Asia-Pacific Financial Forum (APFF): endorsed the agenda of the APFF Symposium to be held in Sydney on 10-11 April 2013 and the inclusion of the issue of valuation standards in future discussions;
- Asia-Pacific Infrastructure Partnership (APIP): endorsed the reports of the dialogues with the Philippines and Thailand in January/February 2013 as well as plans for future dialogues and the paper on tax incentives for PPPs;
- Legal architecture to facilitate finance: endorsed the agenda for the workshop to be held in Kyoto, Japan during ABAC3 as well as the preparation of two documents, namely: (a) regional guidelines and model agreement on informal workouts; and (b) Model Elements for a Code of Security Interest Creation, Perfection and Enforcement and Model Treatment of Floating Charges and Accounts Receivable Financing;
- Financial inclusion: endorsed the agenda for the 2013 Asia-Pacific Financial Inclusion Forum to be held in Batam Island in June as well as work being undertaken by various collaborating institutions;
- Regional credit rating system: consider ideas from the report of the research project on Credit Rating Agencies in the process of developing recommendations for approval in Kyoto; and
- Angel and venture capital: finalize recommendations on this subject in Kyoto.

The Council endorsed the reallocation of A\$5,000 for the research project on Tax Incentives for Public-Private Partnerships which was approved for funding in 2012 but only completed this year.

The Council took note of the update provided on the study on further economic linkage and enhancing regional financial integration between Asia and Latin America. It was agreed that ADB would make a presentation focusing on trade finance for Asia-Latin America from the Asian perspective at ABAC III in Kyoto.

The Council was briefed on the outcomes of the side session on integrated reporting. Concerns were raised about the regulatory risks the reporting system could subject companies to when releasing potentially sensitive information into the public domain and the costs implied by the reporting standards for SMMEs in the region. It was suggested that strict safeguards be put in place. FEWG will monitor the issue from time to time as necessary.

The Council noted that a letter has been sent to the Chair of the APEC Economic Committee asking for support in coordinating a second IFRS Roundtable on the margins of SOM III in 2013. A letter will be drafted intersessionally before ABAC3 to the IASB/FASB supporting: (a) convergence to IFRS standards of reporting; and (b) a dialogue between business groups and the IASB/FASB on ways to align IFRS principles with the interests of business, particularly for SMMEs.

The Council was informed of the outcome of the second Roundtable on Cross-Border Data Flows held in Singapore on 3 April 2013. Topics covered included financial inclusion, internationalization of SMMEs and privacy implications. It was agreed that ABAC USA will present, for information, a best practices paper at the next ABAC meeting in Kyoto.

8. *SMME & Entrepreneurship Working Group*

Mr. Juan Francisco Raffo, SMMEEWG Chair, briefed the Council on the outcomes of the SMMEEWG Meeting held on 4 April. [Document: SMMEEWG 33-027, *first draft*]

The Council noted that SMMEEWG had heard a presentation from ABAC Philippines on social enterprises as a way of promoting new business models. It was suggested that businesses support or partner with social enterprises to assist the poor overcome challenges to become effective players in various supply chains by: (a) serving as social investors to scale up the reach and impact of social enterprises that provide employment, economic and social services to marginalized sectors; (b) partnering with non-government organizations to develop self-sustaining organizations that are donor dependent and create opportunities for sustainable livelihoods; and (c) ABAC supporting the advocacy of social enterprises for governments in the Asia-Pacific region to provide support and incentives to this important segment of SMEs as major partners in poverty reduction and sustainable development.

The Council took note of ABAC Malaysia's presentation on Malaysia's efforts and initiatives to increase the growth of angel investors to complement the government's initiatives to assist early stage financing in new ventures. The presentation was aimed at helping governments and private sector to develop ideas to catalyze angel and venture capital through effective support programs which in turn help accelerate the growth of SMMEs.

The Council took note of the proposal from ABAC Canada on a public-private partnership mechanism to help governments seed and nurture a meaningful and sustainable venture capital

industry. Specifically, it was proposed that ABAC develop recommendations for an APEC oriented Fund of Funds to be established within APEC to act as a catalyst in the development of a sustainable venture capital ecosystem. The recommendations to be presented at the next meeting in Kyoto will likely include: government funding, along with ADB and IMFL; and incentives to encourage private enterprise, institutions and banks to participate.

The Council noted that ABAC Canada had proposed the development of a framework that would include a range of mechanisms to improve SMME access to finance. This framework would establish a strong argument for adequate government attention and support for policies to improve SMME access to finance. It would include recommendations and examples of policies and programs that improve SMME access to bank financing, encourage private and institutional investors to invest in SMMEs, and empower SMMEs to help themselves. The findings of the project could be used to inform ABAC's recommendations and the report disseminated as an advocacy tool to raise awareness about options for governments to improve SMME access to financing.

The Council took note of the presentation by ABAC Hong Kong, China on the use of e-commerce and HKTDC's joint initiative with Google in creating an e-marketplace. The joint initiative with Google is part of a strategy to make use not only of B2B search engine marketing but also B2C outreach to new potential customers via social media.

The Council noted that SMMEEWG had discussed a study proposal by ABAC Mexico that would review past initiatives designed to foster SME access to international markets through the use of IT, launch a survey aimed at identifying best practices as well as assess the current situation on the use of internet among SMEs in the region, and elaborate action proposals in line with the objectives of the working group. It was agreed that the proposed study would be need to be further clarified before it could proceed.

The Council was advised that the ABAC Women's Forum (AWF) had identified three focus issues for 2013, namely: increasing women's participation in STEM, promote mobile learning for women's capacity building, and harness more women leaders in the corporate pipeline. Key objectives for 2013 include: development of an ABAC report on Women and Economy for distribution at the APEC CEO Summit in Bali; convening of a task force and developing key indicators to measure progress in APEC economies; and delivering recommendations at the APEC Policy Partnership on Women and the Economy. The Council endorsed the allocation of US\$15,000 from the research budget for the preparation of an ABAC Report on Women and the Economy – Driving Economic Growth and Business Performance through the Economic Empowerment and Inclusion of Women in APEC Economies. [Document: SMMEEWG 33-027A]

Finally, the Council took note of the updates and reports provided relating to the APEC Young Entrepreneurs' Summit (China, May 2013), the APEC Workshop-Symposium on Developing the Overseas Expansion Capabilities of MSME Franchises in the Asia-Pacific Region (Philippines, July 2013) and the APEC SME Summits (Singapore, April 2013; and Peru, August 2013).

9. Sustainable Development Working Group

Mr. Ning Gaoning, SDWG Chair, presented the results of the SDWG meeting held on 5 April. [Document: SDWG 33-024, *first draft*]

The Council noted that ABAC USA is developing an “Enablers of Infrastructure Investment Checklist” and a report on Infrastructure Investment to serve as a companion piece. The Checklist will serve as a self-evaluation tool that economies can use to assess the extent to which existing policies promote the participation of the private sector in infrastructure investment. The content of the Checklist and supplemental report will be based on existing infrastructure recommendations as well as input from other experts. There was a suggestion to include land acquisition in the Checklist and to explore how the Marshall School’s work on FDI could be incorporated into the Checklist project. It was agreed that members will continue to provide feedback into the Checklist and report.

The Council took note of the presentation from ABAC Japan on leakage prevention measures and water saving equipment widely used in Japan and recommendations derived from such practices. Mention was made that leakage detection does not require expensive advanced technology is more labor-intensive, and can easily be adopted by any economy. The importance of energy related to water was highlighted as was the importance of having an APEC venue to address water security.

The Council noted that ABAC Chinese Taipei had completed the first phase of its research study which is aimed at investigating the feasibility of creating an APEC Open Innovation Platform to facilitate cutting-edge technology development and dissemination for SMMEs throughout the region. Based on the findings of the initial case study, it was proposed that additional research be undertaken in the following topics: (a) comprehensive survey of key platform stakeholder requirements in Chinese Taipei and other APEC economies to clarify their practical IP dissemination and engagement needs; and (b) comparative case studies in minimum of three APEC economies in order to build up a more detailed understanding of overall APEC requirements. The project was strongly supported by a number of economies.

The Council took note of the update provided on the APEC living cities survey. Based on these findings, it was recommended to: promote living cities via public campaigns, educational programs, testing green technologies, business and social innovations and state regulations; increase the level of awareness of business and public about the living cities advantages; follow harmonized criteria for living cities in APEC; and take measures to make business communities engage in the living city concept implementation. It was suggested that a distinction be made between urban settlements with large populations and settlements with small populations. The point was made that building a living city from scratch and trying to put an already existing city on the track of sustainability are two different issues. Ways of promoting the living cities concept in cities that are not lucky enough to host major international events like the Olympic Games were discussed.

The Council took note of the proposal from ABAC Indonesia on promoting energy market integration in the Asia-Pacific. In particular, it was proposed that ABAC explore in more detail areas where APEC can be effective in addressing energy market integration and develop recommendations for presentation at ABAC III. It was agreed that ABAC Indonesia would develop the concrete plan which will be circulated to ABAC members for their examination in early June, with a view to having it considered at the next meeting in Kyoto.

The Council was informed that SDWG heard a presentation from ABAC Korea on Smart Grids: Future of Sustainable Energy. It was noted that while APEC has been discussing standardization and testing and certification of smart grids, smart micro grids have not been discussed in APEC. The presentation demonstrated that smart micro grid can be a good solution to energy security and good business model for both developed and developing economies. It was suggested that

the wording in the relevant section of the MRT letter be amended to cover the trade of energy through transmission.

The Council took note of the presentation from ABAC Australia on the role of aquaculture in the Blue Economy: innovation to enhance the economic benefits to small farmers whilst conserving marine ecosystems of the region. It recommended further development of how to achieve disease free species in aquaculture industries and to continue work on moving away from using scarce wild fish resources for fishmeal and fish oil for aquaculture and moving instead to various forms of agricultural products and waste products.

The Council noted that ABAC China had provided SDWG an overview of future trends in global food markets in 2020. Based on this, it was suggested that the PPFS roadmap for 2020 (Version 2013) should focus on two main tasks: (a) sustainable development of agriculture to produce enough; and (b) facilitation of investment, trade and markets to share enough. In addition, the following specific guidelines on the PPFS roadmap for 2020 (Version 2013) were proposed:

- WG1 should carry out stock takes and outreach to APEC for a as well as governments, the private sector, multilateral organizations, farmer organizations, research and academic institutions and NGOs to identify policy obstacles and opportunities for cooperation.
- WG1 should call for PPFS members and the entities contacted above to suggest workable plans of action.
- The suggested actions should consist of public-private collaboration and parallel cooperation action plans including both plans to improve trade and investment environment and government policies, and proposed plans in which the private sector is directly involved.
- The roadmap should be relevant to business interests and to all APEC member economies, both developed and developing.
- The roadmap should be relevant to the participation of multilateral financial institutions such as the World Bank, etc.

The Council took note of the presentation from ABAC Australia on Feeding the Future: An Australia-China Case Study, a joint study agreed by the Chinese Minister for Commerce and the Australian Minister for Trade and Competitiveness and endorsed by both economies' Ministers for Agriculture. The study examined how strengthening bilateral cooperation on investment and technology in agriculture and agribusiness could contribute to addressing global food security. The study also established a best practice approach to bilateral agricultural cooperation as well as a best model to public-private agricultural collaboration.

10. Action Plan & Advocacy Working Group

Mr. Anthony Nightingale, APAWG Chair, provided a report on the outcomes of the APAWG meeting held on 5 April. [Document: APAWG 33-011, *first draft*]

The Council noted that the ABAC working group chairs had endorsed the ABAC Advocacy Action Plan for 2013 – which identified the priority issues and champions for advocacy efforts – to be coordinated with the ABAC Chair and ABAC Executive Director, working with APAWG and the ABAC Secretariat. The Action Plan will remain a “living document” that would be updated continuously in light of developments and would provide the basic template in guiding and prioritizing advocacy activity in 2013.

The Council was informed that APAWG had discussed the importance of identifying key APEC meetings over 2013 requiring high-level input by ABAC and of ensuring timely input and availability of appropriate supporting papers and materials. It was agreed that APAWG will work with the ABAC Secretariat and ABAC Indonesia as ABAC Chair for 2013 to identify such meetings and agree on needed input. Going forward, it was agreed that the working group chairs would seek champions for all high-priority issues.

The Council took note of the challenges posed by the steady broadening of ABAC activity, the need to develop stronger links with officials in non-trade related areas of government (as well as more local business organizations) and to generate relevant materials for use in briefings. It was suggested that members consider recommending heads of business organizations as ABAC members or alternates in order to develop stronger links with the business community.

The Council was informed that APAWG discussed how information about APEC developments might be channeled into ABAC working group and members. It was noted that it was impossible for ABAC representatives to attend all Senior Official meetings and ministerials and that ABAC does not have an arrangement in place to ensure that APEC positions on issues of importance to ABAC are relayed from APEC meetings to ABAC members ahead of relevant ABAC meetings. It was agreed that, on a short term basis, efforts would be made manually to ensure that SOM documents relevant to key ABAC working groups are sent to WG chairs and co-chairs during and after SOM clusters. Over the longer term, the issue of improving ABAC member/staff access to information in the APEC document database will be examined.

The Council noted that APAWG had discussed the management of media outreach – both at the press conference at the end of each ABAC meeting and intersessionally. There was broad agreement that media relations needed to be improved. A small working group, coordinated by the APAWG lead staffer, would be created to consider specific proposals for improvement and provide a report to ABAC3 in Kyoto.

11. Review of the Economic Outlook

Mr. John Denton (ABAC Australia), Acting FEWG Chair, commented on current economic outlook. He noted that political headwinds are again buffeting the world economy, prompting downward revision to global growth forecasts. Despite a weak external environment, economic growth in most parts of the world, particularly in developing Asia, is expected to accelerate in 2013. The economic outlook for the region is subject to three major risks: an economic slowdown in the US from missed fiscal deadlines; a worsening Eurozone debt crisis; and the consequential destabilization of capital flows. He stated that global policy action is required to secure the fragile global recovery.

12. Consideration of the Draft Letter to MRT

The Council endorsed the draft letter to APEC Ministers Responsible for Trade. [Document: Program 33-012]

13. Approval of the Press Statement for the Meeting

The Council approved the press statement for the meeting. [Document: MR 33-002]

Organizational Matters

14. Presentation of the Financial Performance for January-March 2013

The Council took note of the report on the financial performance of the ABAC Secretariat for the period ended March 2013. [Document: Financials 33-002]

15. Briefing on the APEC Voices of the Future Program

Mr. Tan Pengru, a representative from the APEC Voices Leadership, shared with ABAC members his experience with the APEC Voices of the Future Program and their plans for 2013.

16. Briefing on 'Invest Indonesia'

Mr. Rizar Indomo, Director of Indonesia's Regional Cooperation Investment Coordinating Board, briefed members on 'Invest Indonesia', a pre-APEC CEO Summit event, which will be held in Bali, Indonesia on 5 October 2013.

17. Update on the APEC CEO Summit 2013 and ABAC Dialogue with Leaders

In his capacity as APEC CEO Summit Chairman, Mr. Wishnu Wardhana provided an update on preparations for the APEC CEO Summit which will be held in Bali, Indonesia on 5-7 October 2013. Mr. Amin Subekti, ABAC Executive Director 2013, shared with members initial discussions relating to the format of the ABAC Dialogue with Leaders. The Dialogue is scheduled to take place in Bali on 7 October 2013.

18. Invitation to the Third ABAC Meeting for 2013

Mr. Hidetoshi Kamezaki (ABAC Japan) presented the formal invitation to the Third ABAC Meeting to be held in Kyoto, Japan on 8-11 July 2013.

Closing Plenary

19. Expression of Thanks to ABAC Singapore

On behalf of the Council, the ABAC Chair expressed his sincere thanks and appreciation to ABAC Singapore for their warm hospitality and the excellent arrangements made for the meeting.

20. Closing Remarks by ABAC Singapore

Mr. Ho Meng Kit (ABAC Singapore) thanked all ABAC members and staffers for coming to Singapore.

21. Adjournment

There being no other matters to discuss, the meeting was adjourned on Saturday, 6 April, at 10:20 a.m. by the ABAC Chair, with the concurrence of the Council.

ATTENDANCE

Chair

Mr. Wishnu Wardhana, Indonesia

Co-Chair

Mr. Ning Gaoning, China

Members in Attendance:

Australia – Ms. Anna Buduls, Mr. John Denton, Mr. Mark Johnson

Brunei Darussalam – Mr. Javed Ahmad, Ms. Hafimi bte Abdul Haadi

Canada – Mr. V. Paul Lee, Mr. Philip Leong

Chile – Mr. Gerardo Jofre, Mr. Francisco Garces*

China – Ms. Wang Lili, Dr. Yang Yunsong, Ms. Diane Wang*

Hong Kong, China – Mr. Anthony Nightingale, Mr. Vincent Lo, Mr. Douglas Woo*

Indonesia – Mr. Anindya Bakrie

Japan – Mr. Hidetoshi Kamezaki, Mr. Yoshinori Komamura, Mr. Yoshihiro Watanabe

Korea – Mr. Jin Roy Ryu, Mr. Shin-Myung Son*

Malaysia – Tan Sri Azman Hashim, Tan Sri Dato' Ir. Md. Radzi Mansor, Tan Sri Dr. Ahmad Tajuddin Ali, Dato' Azman Shah*

Mexico –

New Zealand – Mr. Tony Nowell, Ms. Maxine Simmons

Papua New Guinea – Mr. Wayne Golding, Mr. Matthew Tjoeng

Peru – Mr. Juan Francisco Raffo, Mr. Enrique Gubbins

Philippines – Mr. Tony Tan Caktiong, Mr. Guillermo Luz*

Russia – Mr. Georgy Oganov*

Singapore – Mr. Gautam Banerjee, Mr. Ho Meng Kit, Mr. Jackson Yap

Chinese Taipei – Mr. Matthew Miao, Dr. Steven Lee*, Mr. David Sun*

Thailand – Dr. Savaraj Sachchamarga, Mr. Vichit Tantianunanont, Dr. Twatchai Yongkittikul

United States – Mr. Ed Rapp, Mr. Bart Peterson, Ms. Monica Whaley*

Vietnam – Mr. Hoang Van Dung, Dr. Nguyen Thanh Hung

* Alternate Member