

ABAC Meeting Overview

ABAC-SOM Dialogue 21 January 2013, Manila, Philippines

Overview

The ABAC – SOM dialogue is held annually during the first ABAC meeting of the year. The dialogue provides an opportunity for Senior Officials to provide their economy's input on initiatives for the current APEC year and for ABAC Members to discuss ABAC's agenda. The objective of the ABAC-SOM Dialogue in Manila will be for ABAC to obtain input from APEC's Senior Officials on proposed key priorities for each of ABAC's working groups.

Format

The ABAC-SOM Dialogue will start with a plenary session among ABAC members and Senior Officials. During this session, the Dialogue Moderator will outline the objectives, format, topics/chairs, groupings and time allocation for the Dialogue as follows.

1330 – 1430	Plenary Session
1430 – 1600	Breakout Groups
1600 – 1615	Break/preparation of notes/reports
1615 – 1715	Report back to the Plenary Session

The ABAC Chair will then deliver his presentation on the ABAC 2013 priorities, followed by a report on the ISOM from Mr. Arto Suryodipuro, Director of Asia Pacific and African Intra Regional Cooperation of the Indonesian Ministry of Foreign Affairs, and the presentation and discussion of the USC Marshall School of Business study on "Trade in Services in the APEC Region". After the discussion, ABAC members and Senior Officials will be asked to proceed to their assigned Breakout Groups.

The format for the Dialogue will be three small groups, with each group consisting of ABAC members and Senior Officials and assigned one APEC priority for discussion. An ABAC member will be assigned to moderate the discussions in the breakout group and to report back to the plenary session after the discussions.

ABAC members and Senior Officials will reconvene for the plenary session at 1615 where they will hear the reports of the individual breakout groups. After the report back from each breakout group chair, the Dialogue Moderator will open the floor for comments/discussion from members and Senior Officials, particularly to those not earlier part of the individual group discussions.

Objectives:

The objectives of the ABAC-SOM Dialogue in Manila are to provide a venue for a full discussion of ABAC recommendations in key areas, identify additional work which needs to be done and which might be carried out in 2013 to achieve common objectives in these areas, and identify opportunities for collaboration between ABAC members and Senior Officials.

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 21 January 2013, Manila, Philippines**

Deepening economic integration <i>Moderator: Tony Nowell (ABAC New Zealand)</i> <i>Rapporteur: Stephen Jacobi</i> <i>Venue: Pasay B, Level 3, Shangri-La Hotel</i>	Promoting sustainable growth with equity <i>Moderator: V. Paul Lee (ABAC Canada)</i> <i>Rapporteur: Alex Ho</i> <i>Venue: Parañaque A, Level 3, Shangri-La Hotel</i>	Promoting connectivity <i>Moderator: Anthony Nightingale (ABAC Hong Kong, China)</i> <i>Rapporteur: Henry Lau</i> <i>Venue: Parañaque B, Level 3, Shangri-La Hotel</i>
Joanne Loundes (Australia - APEC Official) Tan Jian (China - Senior Official) Shigehiro Tanaka (Japan - Senior Official) Juan Carlos Capunay (Peru - Senior Official) Chutintorn Gongsakdi (Thailand - Senior Official) Atul Keshap (USA - Senior Official)	Yasushi Takase (Japan - Senior Official) Chang Soo Ryu (Korea - APEC Official) N. Vasudevan (Malaysia - Senior Official) Kelly Wu-Chiao Hsieh (Chinese Taipei - Senior Official) Hong Dong Bui (Viet Nam - APEC Official) Alan Bollard (APEC Secretariat Executive Director)	Christopher Thornley (Canada – Acting Senior Official) Kenneth Mak (Hong Kong, China - Senior Official) Arto Suryodipuro (Indonesia - APEC Official) Laura del Rosario (Philippines - Senior Official) Rossman Ithnain (Singapore – Acting Senior Official) Gennady Ovechko (Russian Federation - Senior Official)
Haslina Taib (ABAC Brunei Darussalam) Richard Li (ABAC Hong Kong, China) Wishnu Wardhana (ABAC Indonesia) Hidetoshi Kamezaki (ABAC Japan) Jin Roy Ryu (ABAC Korea) Azman Hashim (ABAC Malaysia) Wayne Golding (ABAC Papua New Guinea) Enrique Gubbins (ABAC Peru) Jaime Augusto Zobel de Ayala (ABAC Philippines) <i>Ziyavudin Magomedov (ABAC Russian Federation) tbc</i> Ho Meng Kit (ABAC Singapore) Hong-Tu Tsai (ABAC Chinese Taipei) Twatchai Yongkittikul (ABAC Thailand) Hoang Van Dung (ABAC Viet Nam)	Anna Buduls (ABAC Australia) Diane Wang (ABAC China) Vincent Lo (ABAC Hong Kong, China) Yoshinori Komamura (ABAC Japan) Azman Shah Haron (ABAC Malaysia) Maxine Simmons (ABAC New Zealand) Matthew Tjoeng (ABAC Papua New Guinea) Juan Raffo (ABAC Peru) Tony Tan Caktiong (ABAC Philippines) Georgy Oganov (ABAC Russian Federation) Cher Wang (ABAC Chinese Taipei) Savaraj Sachchamarga (ABAC Thailand) Dang Thanh Tam (ABAC Viet Nam)	Hafimi Abdul Haadii (ABAC Brunei Darussalam) <i>Philip Leong (ABAC Canada)</i> <i>Francisco Garces (ABAC Chile)</i> Yang Yunsong (ABAC China) <i>Anindya Bakrie (ABAC Indonesia)</i> Yoshihiro Watanabe (ABAC Japan) Shin-Myung Son (ABAC Korea) Radzi Mansor (Malaysia) Wayne Boyd (ABAC New Zealand) Doris Ho (ABAC Philippines) <i>Vladimir Androsik (ABAC Russian Federation) tbc</i> Matthew Miao (ABAC Chinese Taipei) Vichit Tantianunanont (ABAC Thailand) Ed Rapp (ABAC USA) Nguyen Thanh Hung (ABAC Viet Nam)

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Below is background on U.S. private sector priority issues that may be touched up on in the breakout sessions during the ABAC - SOM Dialogue.

Breakout Group on Deepening Economic Integration

Regulatory Coherence/Good Regulatory Practices

Background: In 2011 and 2012 ABAC USA led efforts to enhance regulatory coherence in APEC by providing sectoral assessment of improved regulatory coherence in APEC. This sectoral assessment informed APEC officials as part of an effort to improve regulatory coherence and cultivate open and competitive markets in the region.

In 2011 APEC Leaders agreed to strengthen the implementation of Good Regulatory Practices with a target implementation date of 2013. This year, APEC will hold the 7th Conference on Good Regulatory Practice. This conference will focus on specific actions economies are taking to implement GRP to meet the goals from the Leader's Declaration. The Conference will also address future work on regulatory coherence beyond 2013. Strong participation from both the private and public sectors at the conference should be encouraged.

Breakout Group on Sustainable Growth with Equity

Technology dissemination

Background: In 2012, NCAPEC advocated for the position that trade and investment are the most effective channels for technology dissemination and that all mechanisms that promote the dissemination of technology should be market driven and voluntary. We plan to build on this position in 2013 by gathering relevant data and studies that effectively illustrate how these principles tangibly impact the innovation environment in the APEC region

Policy Partnership on Science, Technology and Innovation (PPSTI)

Background: In its role as the Secretariat for the US ABAC, NCAPEC is currently working with the business community to identify three private sector representatives to serve on the PPSTI. We anticipate that the PPSTI will be an effective forum for the business community to contribute to the innovation discussion.

SMMEs including women, youth and financial inclusion

Background: NCAPEC and its member companies are eager to contribute to the Women and the Economy workstream and facilitate useful private sector input into events such as the Women and the Economy Forum and the PPWE. Additionally, we are exploring how best to leverage the business community to raise the profile of the issue and its fundamental connection to trade, investment and economic growth.

In 2013, we plan to propose that the ABAC follow a precedent set by the OECD Business and Industry Advisory Council (BIAC), which is roughly the ABAC's counterpart in the OECD, by developing and officially endorsing a report that demonstrates the "business case" for the issue. Functionally this would

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provide a more consolidated policy platform for the ABAC and a clear, accessible message from the business community on the issue.

SMME Code of Ethics

Background: Corruption continues to pose a significant market access barrier for SMMEs, disproportionately limiting their ability to prosper and grow. In 2011, APEC SME Ministers endorsed principles for voluntary codes of business ethics for the medical device sector (The Kuala Lumpur Principles), biopharmaceutical sector (The Mexico City Principles) and the construction and engineering sector (The Hanoi Principles).

ABAC encourages relevant professional organizations and other key stakeholders to embrace these principles as well as implement codes of ethics consistent with them. ABAC also encourages government regulatory and anti-corruption authorities to advance ethical collaborations consistent with the principles.

Health

Background: This year Indonesia has decided to make Health a pillar of its sustainable development theme and will aim to develop a model for a sustainable healthcare system. This aligns well with the ABAC - as the first healthcare executive to serve on the ABAC, Bart Peterson's appointment will be an opportunity to expand its contribution to health workstreams in APEC. In the past, the ABAC has endorsed some key health initiatives in its Annual Report to Leaders and set an excellent precedent in 2012 by conveying business support through its first official letter to APEC Health Ministers. However, much of this work has been driven by NCAPEC and currently there is not an institutional role for health in ABAC's work plan.

ABAC USA's objective is to gradually work toward an official place for health under one of the ABAC's working groups. To facilitate this, we plan build support by drawing on on-going work that is taking place in the LSIF (Enablers of Investment Checklist, Regulatory Harmonization, Anti-counterfeiting/supply chain integrity, Codes of Business Ethics) to demonstrate how the Health agenda is fundamentally connected to the ABAC's on-going work. In addition, we hope to explore how the ABAC can expand its support for the issue, such as an annual letter to APEC Health Ministers (and other stakeholders, such as the LSIF and HWG chairs) and expanded support for key deliverables.

Food Security

Main Issues:

- End export restrictions on food (APEC Leaders have pledged and re-affirmed their pledge to do this in the last two Leaders Statements, but that pledge has not yet been translated into action).
- Promote Investment in Agriculture
- Best Practice Sharing: IE, reducing post-harvest loss, food waste and increasing food safety; mutually beneficial technology dissemination.
- Establishing primacy of the Policy Partnership on Food Security (PPFS) for policy setting in APEC

Background: With ABAC as a driving force, the Policy Partnership on Food Security (PPFS) was created during the US hosting year to ensure the integration and mobilization of the private sector to work with governments to achieve a food system structure by 2020 sufficient to provide lasting food security to APEC member economies. Several ABAC members are also PPFS members. The PPFS Plenary will meet in Jakarta immediately after ABAC I.

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The US PPFS private sector members are JB Penn from John Deere, Emery Koenig from Cargill and Scott Price from WalMart. They have volunteered to chair the key working group of the PPFS - the Stock Take and Action Plan Working Group. (They have also pledged seed money to the effort should they be selected). Japan has also volunteered to chair this WG and has a very different idea of how it should operate. The private sector's role would be significantly marginalized under Japan's plan.

Goal: To get the US Team confirmed as chair of this working group. We are working with Japan in advance of the meeting to address their concerns with our work plan for the Working Group.

Energy Security

Main Issues:

- Reducing barriers to energy trade and investment;
- Facilitating investment, development, and trade in energy through good regulatory practices;
- Encouraging the development of renewable and unconventional energy sources.

Background: Energy Ministerials are usually held every other year. Private sector interaction typically occurs at a roundtable dialogue with ministers the day before the ministerial. Although there is no Energy Ministerial this year, energy security remains of vital importance to the region. Well-functioning markets, characterized by transparent and secure frameworks for investment will encourage the development and efficient use of conventional and renewable resources.

Goal: To demonstrate how establishing good regulatory practices (GRP) is critical to increasing investment in energy development. Private sector participation, as speakers and attendees, in the SOM III conference on GRP and contributing to a policy paper on GRP are two proposed vehicles to demonstrate the importance of regulatory issues to the energy sector. This may be raised under the "Green Growth/EGS" topic.

Breakout Group on Promoting Connectivity

Supply Chain Connectivity

Background: In 2010, APEC Leaders agreed to a Supply Chain Connectivity Index (SCCI), which aimed for a 10% improvement in supply chain performance (measured in terms of time, cost and certainty) by 2015. The SCCI is comprised of eight chokepoints including:

- Lack of transparency/awareness
- Inefficient or inadequate transport infrastructure
- Lack of capacity of local/regional logistics sub-providers
- Inefficient clearance of goods at the border
- Burdensome customs documentation and other procedures
- Underdeveloped multi-modal transport capabilities
- Variations in cross-border standards and regulations
- Lack of regional cross-border customs-transit arrangements

As APEC approaches the 2015 completion date of the SCCI, the private sector continues to provide input on priorities and policies that it would like to see implemented in the APEC region.

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ABAC encourages APEC to adopt a holistic and coordinated approach to enhancing supply chain connectivity by recommending APEC conduct a gap analysis to identify policies and practices that APEC economies should have in place to address the objectives of each chokepoint. APEC and ABAC endorsed these recommendations and will commence work on this strategy in 2013. U.S. APEC Officials will be tabling an updated inventory of supply chain policies at SOM I in Jakarta.

Public-Private Cooperation on Customs

Background: As part of an effort to strengthen **public-private cooperation on customs** related issues, the APEC Sub-Committee on Customs Procedures (SCCP) launched a Virtual Customs Business Working Group which has been tasked with identifying SCCP priorities and activities of mutual interest, coordinating on the development of a more robust annual APEC Customs Business Dialogue (ACBD), as well as strengthening public-private oversight on progress of SCCP activities and work programs. The National Center for APEC is coordinating with association partners and ABAC to ensure strong private sector participation in this group.

Investment in Infrastructure

Background: ABAC USA is putting forward a proposal the development of self-assessment tool that APEC economies could use to determine the extent to which their policy and regulatory environment promotes or hinders private sector investment in infrastructure. It will generally be based in these areas:

1. **Planning** - A comprehensive infrastructure development plan that accounts for physical and temporal contexts as well as environmental, economic and social impacts on economies is a first step in addressing the infrastructure development. Given the potential benefits of coordinated planning on a regional basis, APEC should establish a forum to enable collaboration among economies in the development of infrastructure plans with the twin objectives of sharing and implement best practices as well as actual coordination in the planning process.
2. **Financing** - Overcoming the infrastructure deficit will not be possible without leveraging financing through public private partnerships (PPPs). APEC governments should continue to engage with the Asia-Pacific Infrastructure Partnership to explore best practices in developing robust contractual frameworks for PPPs.
3. **Improving the Investment Environment** - Clear, consistent and coherent regulations governing foreign direct investment are needed to maximize the potential for PPPs and effectively allocate resources for infrastructure projects. It is imperative that APEC economies maintain regulatory environments that enable investors in infrastructure projects to mitigate risks and apply the best available technologies.
4. **Reinvestment** – The extension of lifespan and maximization of capacity through the elimination of downtime are key objectives for infrastructure reinvestment measures. Disaster resilience and preparedness are two other considerations that will contribute to the maximization of investments in infrastructure.