APEC Business Advisory Council Statement on Free Trade Area of the Asia-Pacific - Presentation

Purpose: Information
Submitted by: ABAC
ABAC Statement on FTAAP

Presentation by

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Key Takeaways from ABAC-SOM Dialogue (16 Feb) and CTI Dedicated Session on FTAAP (15 Mar)

i. There is a need for a **refreshed conversation** to generate more momentum.

ii. We have a **well-established basis for progress** (the 2016 Lima Declaration, the Putrajaya Vision, and the Aotearoa Plan of Action).

iii. Progress towards FTAAP should achieve **concrete benefits for business**.

iv. Economies are supportive of action across a range of priority areas, but FTAAP needs to be broadened beyond traditional market access issues to **include next generation trade and investment issues**.

v. Preference to avoid discussions around legally-binding agreements.
What businesses want from FTAAP

“The Destination”

a) The long-term highly ambitious vision of FTAAP as a destination: Core ideas were set out by ABAC Japan at ABAC I (building on many years of previous ABAC work including the 2021 Report to Leaders).

“The Journey”

a) FTAAP as a journey with concrete progress in the near future that ABAC also wants to see. We can be flexible about how progress is achieved, potentially alongside principles such as:

• Flexibility on how economies reach the end-point (e.g. “21 minus X” approach, flexible timelines within a coherent overall approach).

• Incorporating valuable elements from pathway agreements (including recent digital agreements), recognising that much of the analytical work has been done already.

• Recognising sensitivities about “FTAs” in how we describe/approach issues.
The Council endorsed the ABAC Statement on FTAAP at the ABAC II Meeting which is annexed to the ABAC Letter to APEC MRT. The Statement consists of:

**ABAC 2022 Recommendations on FTAAP as a **

**Destination**

(as established at ABAC I)

- i. Maintaining and improving the quality of existing agreements
- ii. Encourage interested economies as new entrants
- iii. Higher quality standard rules and standards in e-commerce chapters
- iv. Globalize women and MSMEs
- v. Reduce government restrictions on trade of medical products
- vi. Appropriate measures to deal with climate changes issues

**ABAC 2022 Recommendations on FTAAP as a Journey**

(as endorsed at ABAC II)

Structure

Multi-year work programmes to develop tangible outcomes on identified business priorities, each led by an APEC Economy in consultation with ABAC.

- i. Digitalisation
- ii. Inclusion
- iii. Sustainability
- iv. Trade and Investment
- v. Trade response to the pandemic

Substance
We propose for five multi-year work programmes to be formed, each to be led by an APEC Economy, with ABAC’s inputs sought. The work programmes should:

i. Commence in 2023 with a review of progress in 2026 and of outcomes in 2031, in line with the Aotearoa Plan of Action (APA);

ii. Develop concrete outcomes that result in tangible benefits for businesses and can be implemented. The outcomes should serve as building blocks for an eventual high standard and ambitious FTAAP;

iii. Be coherent across the region’s economies while acknowledging that not every economy will be in a position to (or choose) to implement every element in the same timeframe.
We propose for APEC to look into the following 5 priority areas for concrete outcomes while we progress towards an ambitious eventual realisation of FTAAP. These issues can be further developed in consultation with respective ABAC Working Groups:

i. **Digitalisation**: Work on greater interoperability in digital trade including safe and secure cross-border data flows, digital identities, e-invoicing and e-payments, and reduce restrictions on services that support e-Commerce.

ii. **Inclusion**: Development of capability-building programmes for women, MSME, Indigenous communities and other groups with untapped economic potential for greater participation in cross-border trade and investment.

iii. **Sustainability**: Facilitate trade in environmental goods and services by building on and expanding APEC’s current list to include services; and to develop a framework for trade and investment in renewable energy.

iv. **Trade and investment**: Identify harmful non-tariff measures (NTMs) and develop mechanisms to address them, with reference to relevant high-quality elements of pathway agreements as well as the APEC Cross-Cutting Principles on Non-Tariff Measures.

v. **Trade response to the pandemic**: Work on increasing resilience of supply chains, ensuring trade in essential goods, and improving trade facilitation.
Proposed Next Steps – Timeline

APEC MRT Meeting, 21-22 May
- ABAC Statement on FTAAP as basis of discussion at the MRT-ABAC Dialogue, recommending 5 multi-year work programmes as an outcome for this year.

May

APEC Leaders’ Summit, 14-19 Nov
- ABAC’s “Ask”: Announcement by APEC on launch of 5 multi-year work programme, each led by an identified APEC Economy, with agreed timelines and specific deliverables to be shaped in consultation with relevant ABAC Working Groups.

July

ABAC Letter and Report to APEC Economic Leaders
- Reiterate the urgency and rationale for ABAC priorities and the importance of action to generate momentum in the Letter and Report to Leaders

November
Thank you