



**Asia-Pacific
Economic Cooperation**

2022/SOM2/CTI/006

Agenda Item: VI f

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

Purpose: Information
Submitted by: ABAC



**Second Committee on Trade and Investment
Meeting
Bangkok, Thailand
15-16 May 2022**



APEC Business Advisory Council

ABAC Statement on FTAAP

Presentation by

ABAC Singapore

Recap - ABAC-SOM Dialogue and CTI Dedicated Session on FTAAP

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.



ABAC-SOM Dialogue during ABAC I Meeting for 2022, 16 February, Singapore

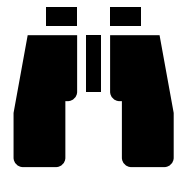


APEC Committee of Trade and Investment (CTI) Dedicated Session on FTAAP, 15 March, Virtual

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.



ABAC Statement on FTAAP

- 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:

A

ABAC 2022
Recommendations on
FTAAP as a **Destination**
(as established at ABAC I)

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

B

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.

Substance

- Digitalisation
- Inclusion
- Sustainability
- Trade and Investment
- Trade response to the pandemic

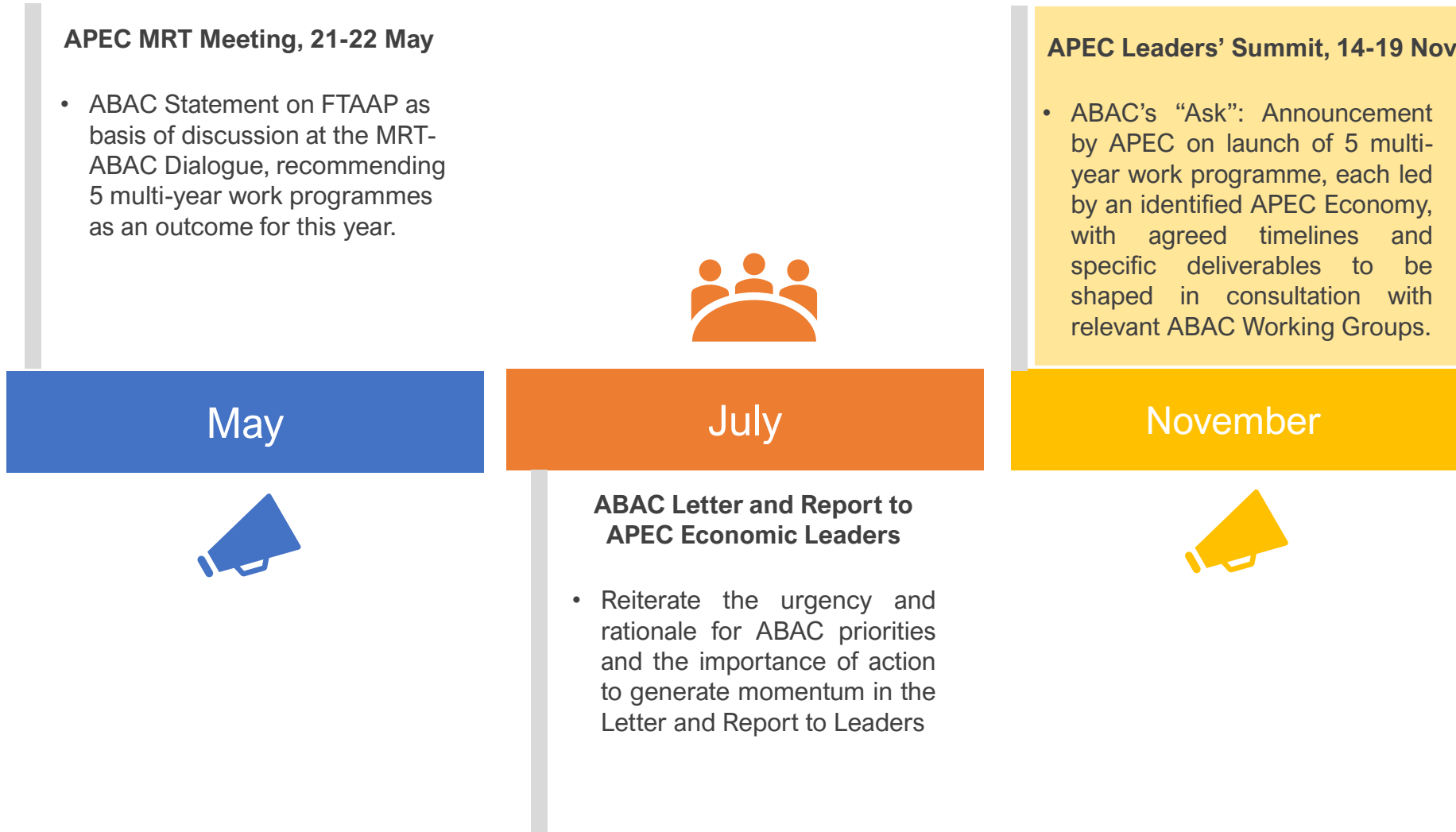
We propose for five multi-year work programmes to be formed, each to be led by an APEC Economy, with ABAC's inputs sought. The work programmes should:

- 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



Thank you