

19 July 2012

Mr. Anton Siluanov

Chair, APEC Finance Ministers' Meeting &
Minister of Finance
Russian Federation

Dear Minister Siluanov:

On behalf of the APEC Business Advisory Council (ABAC), we are honored to share with APEC Finance Ministers our views on the key challenges facing our region today.

A year on since our last report, the global economy is entering an era of greater uncertainty as it continues to struggle with the legacy of the Global Financial Crisis and the escalating turmoil in the Eurozone. Economies in the region have proven vulnerable to liquidity and credit constraints. Coupled with these financial constraints, the region's emerging markets remain significantly dependent on trade and, thus, stand to suffer heavily from the consequences of another serious downturn in Europe and North America and further consumption contractions in our region. It is imperative that all economies continue with the process of monitoring excessive market volatility to ensure stable capital flows.

We believe that collaboration between the public and private sectors is a key element that can ensure the success of the following initiatives. The formation of the Asia-Pacific Financial Forum (APFF) provides a forum through which we can design, build, connect and maintain sound, effective and efficient financial systems in our region.

Asia-Pacific Financial Forum. ABAC proposes convening an Asia-Pacific Financial Forum as a framework for enhanced regional public-private collaboration that can complement ongoing initiatives to help the region develop its financial markets. Considering that further discussions are needed on the concrete way forward, especially on how the APFF can add value, complement and not unnecessarily duplicate other ongoing regional initiatives, ABAC recommends that discussions be held at a symposium in early 2013. This symposium will seek to develop an agenda for enhanced public-private sector collaboration to promote the development, convergence and connectivity of markets in the region and promote the development of global financial regulatory standards that are compatible with the region's needs. It is proposed that the symposium provide the foundation including a working agenda supporting the objectives of the Finance Ministers' Process. This agenda would support, enhance and assist in the development of the region's ideas and ideals, without duplicating the work of other institutions.

Promoting financial inclusion. With growing constraints on public resources, mobilizing private resources to serve financial needs of low income households and small enterprises has become ever more important. ABAC urges Finance Ministers to develop a multi-year agenda for financial inclusion linked with ongoing efforts by the G20 and international financial institutions, focused on assisting member economies build their capabilities in providing a favorable

environment for expanding access to finance for households and small businesses. We recommend that this multi-year agenda include public-private collaboration in developing robust and sustainable frameworks for financial literacy, financial identity, consumer protection and cross-border microfinance, as well as intensive capacity building for policy makers and financial regulators and supervisors to help them develop and implement effective and proportionate regulatory frameworks for financial inclusion, including legal architecture for secured lending.

Active participation in the Asia-Pacific Infrastructure Partnership (APIP). Structures that enable parties to frankly and objectively discuss complex matters facing each economy can contribute to better understanding of the issues and risks they face and conducive environments for private financing of infrastructure. In 2010, ABAC initiated the Asia-Pacific Infrastructure Partnership (APIP) dialogues to bring together high-level officials and private sector experts from a wide range of relevant fields. ABAC calls on Finance Ministers to continue supporting the APIP Dialogues and encourages all member economies and the private sector to continue and further expand these dialogues in 2013.

Catalyzing angel and venture capital. ABAC recommends effective programs to support angel and venture capital. ABAC urges Finance Ministers to help provide an enabling legal and regulatory environment for the entire chain of financial activities that support companies across various stages of innovation, including angel investors in the early stages, venture capital in the middle, and private equity, commercial and investment banks and institutional investors such as pension funds in the latter stages, as well as exit mechanisms.

Expanded use of emerging market currencies. With emerging markets' growing economic importance, their currencies will play more important roles in global and regional markets. Promoting the internationalization of their currencies could help accelerate financial and economic development in the region, reduce foreign exchange risks, and contribute to economic growth and recovery. ABAC recommends that APEC promote the expanded role of emerging markets' currencies in trade and investment flows, in view of their potential to become anchors in times of global financial and economic turmoil.

Promoting high-quality financial information. The outbreaks of global financial crisis and the European sovereign debt crisis have highlighted the problems in the current international credit rating system. This crisis exposed limitations in credit ratings and financial information. To efficiently allocate capital, sound decision making is based on the availability of quality financial information. Credit rating systems are an important component of the capital markets, and a useful tool to accelerate financial market development. Financial reporting standards are also a crucial element of financial systems. Such standards need to be formulated in a way that avoids unnecessarily adverse impacts on certain sectors of the economy.

ABAC supports a considered approach to the implementation of the International Financial Reporting Standards (IFRS) that incorporates impact analysis of certain provisions, such as for lease accounting and insurance contracts, particularly their impact on SMMEs and further dialogue among key standards-setters, regulators and the business community.

ABAC recommends the development of policy and regulatory environments that are conducive to addressing conflict of interests, appropriate regulatory use of external ratings, promotion of competition and the development of a sound domestic credit rating industry in the region.

Establishing a regional funds management passport regime. We welcome ongoing efforts made by finance officials and regulators to develop the Asia Region Funds Passport (ARFP). We welcome closer collaboration with finance officials in further developing this work, particularly in the identification of a possible time frame for implementing a pilot ARFP.

In conclusion, we recognize that the above challenges confronting our region will require long-term policy initiatives and structural reform, in addition to coordinated action by governments in addressing financial issues in our region. We look forward to our dialogue in Moscow, where we hope to discuss the issue of financial stability and the facilitation of public-private collaborative approaches to promoting balanced, inclusive, sustainable, innovative and secure growth across the Asia-Pacific region.

Yours sincerely,



Ziyavudin Magomedov
ABAC Chair 2012

ABAC Report to APEC Finance Ministers

The APEC Business Advisory Council (ABAC) is pleased to present its report and recommendations for the year 2012 to APEC Finance Ministers.

A year on since our last report, the global economy is entering an era of greater uncertainty as it continues to struggle with the legacy of the Global Financial Crisis and the escalating turmoil in the Eurozone. Economies in the region have proven vulnerable to liquidity and credit constraints. Coupled with these financial constraints, the region's emerging markets remain significantly dependent on trade and thus stand to suffer heavily from the consequences of another serious downturn in Europe and North America and further consumption contractions in our region.

The characteristics of sound, effective and efficient financial systems are generally well-known. For the region, however, ABAC identifies a number of key elements as particularly important.

- Adequate legal frameworks, policies, regulations and market infrastructure need to be put in place to support the growth of domestic and cross-border business in the region as well as more efficient intra-regional allocation of savings and investment. Steps need to be taken to ensure the availability and quality of business information, including credit ratings and financial reporting standards.
- In view of financial regulatory reforms that have an impact on Asia-Pacific financial markets, there is a need for deeper collaboration among the region's financial regulators. Key issues include achieving a balance between sound regulation and financial innovation, stronger cross-border communication and coordination among regulators, dealing with volatile cross-border capital flows and active engagement in global financial regulatory reforms reflecting each economy's level of development.
- The region can significantly benefit from stronger monetary arrangements that can minimize external shocks and facilitate cross-border trade and investment. These include the strengthening of the Chiang Mai Initiative, complementary bilateral swap agreements and enabling the expanded use of emerging market currencies in cross-border transactions within the region.
- Enabling environments for sound, effective and efficient financial intermediation are needed in many economies. In particular, such environments are crucial for greater access to finance for households and micro, small and medium enterprises such as through lending and microfinance, increased investment in commercially viable and efficient infrastructure projects, expanded financing for innovation such as through angel and venture capital, growth of the long-term institutional investor base (including pension and mutual funds and insurance), and development of social safety nets that can spur household consumption, deepen capital markets and generate funding for long-term projects.
- There is a need for an overarching regional framework to accelerate the development, convergence and connectivity of financial systems across the region and to promote greater consistency between global financial standards and regulations, on one hand, and the region's development needs, on the other.
- We believe that collaboration between the public and private sectors is a key element that can ensure the success of efforts to design, build, connect and maintain sound, effective and efficient financial systems in our region.

The list of our recommendations and report on our activities are compatible with the priorities set earlier in the year by ABAC Russia. These include:

1. Strengthening the stability of financial markets and integration of financial markets to support economic trade
2. Promote practical solutions to support the importance of inclusiveness and access to finance for SMMEs
3. Advising APEC Leaders and Finance Ministers on the implications for the Asia-Pacific region – as seen by business – of G20 recommendations on financial system reform

This report also draws from recommendations and activities of the Advisory Group on APEC Financial Systems Capacity Building. The Advisory Group is an informal organization led by ABAC that serves as a vehicle for collaboration among public and private sectors and key international institutions in promoting capacity building efforts to strengthen and develop the region's financial systems. We believe that this collaboration between the public and private sectors is a key element that can ensure the success of the following initiatives.

A. Strengthening the stability of financial markets and integration of financial markets to support economic trade

Establishment of the Asia-Pacific Financial Forum (APFF)

In the wake of the Global Financial Crisis, many economies in the region have proven vulnerable to liquidity and credit constraints due to their overreliance on a few traditional financial markets in advanced economies. The lack of robust and liquid domestic financial markets in these economies is also bound to pose a serious constraint to continued rapid growth in the future.

At a conference convened by ABAC in March 2012, senior representatives from financial authorities, the region's financial industry and key international bodies concluded that the region would greatly benefit from an overarching framework for enhanced regional public-private collaboration that can complement various ongoing initiatives to help the region develop sound, efficient and integrated financial markets.

This collaborative framework, provisionally named the Asia-Pacific Financial Forum (APFF), is envisioned to be a platform for public-private sector collaboration in: (a) the development of robust financial markets across the region; the convergence of financial standards, regulations and practices; and connectivity for facilitating cross-border financial flows; and (b) shaping global financial regulatory reforms in support of the region's financial development goals.

Recommendation:

Considering that further discussions are needed on the concrete way forward, especially on how the APFF can add value, complement and not unnecessarily duplicate other ongoing regional initiatives, ABAC recommends that discussions be held at a symposium with active participation by finance ministries and other relevant agencies from APEC economies in early 2013. This symposium will seek to develop a roadmap for enhanced public-private sector

collaboration to promote the development, convergence and connectivity of markets in the region and to promote the development of global financial regulatory standards that are compatible with the region's needs. It is proposed that the symposium provide the foundation including a working agenda supporting the objectives of the Finance Ministers Process. This agenda would support, enhance and assist in the development of the region's ideas and ideals, without duplicating the work of other institutions.

Promoting High Quality Financial Information

The outbreaks of global financial crisis and the European sovereign debt crisis have highlighted the problems in the current international credit rating system. To efficiently allocate capital, sound decision making is based on the availability of quality financial information. Credit rating systems are important component of the capital markets, and a useful tool to accelerate financial market development. Financial reporting standards are also a crucial element of financial systems. Such standards need to be formulated in a way that avoids unnecessarily adverse impacts on certain sectors of the economy.

1. International Credit Rating System Reform

The global financial crisis and the European sovereign debt crisis triggered a world-wide debate on the need for more supervision over credit rating industry. After the financial crisis, the global community has greatly changed its regulatory standards on rating industry. Steps have been taken by international organizations and individual economies to speed up supervision structure in terms of both basic statute and regulatory schemes. We are witnessing some progress in regulation arrangement since the financial crisis, yet the restructuring of international credit rating system needs to be pushed forward on the basis of lessons drawn from the crisis, as well as the rules of development of the credit economy and credit industry.

Recommendation:

ABAC recommends the development of policy and regulatory environments that are conducive to addressing conflict of interests, appropriate regulatory use of external ratings, promotion of competition and the development of a sound domestic credit rating industry in the region.

2. Implementation of the International Financial Reporting Standards (IFRS)

The introduction of robust and common accounting standards such as IFRS has the potential to enhance development of capital markets in the APEC region, as well as to promote sustainable economic growth. In ABAC's 2010 and 2011 *Report to APEC Economic Leaders*, we expressed our strong support for adoption of IFRS throughout the APEC region, as part of APEC's goal of encouraging regulatory coherence and of promoting regional economic integration. However, ABAC has consistently voiced concerns that some of the newly-proposed accounting standards may result in potential negative business and economic impact. Though ABAC does not intend to critique the technical aspects of financial regulatory policy, it has a duty to underscore at a higher level that financial regulatory standards be implemented in a way that does not impair APEC's overarching themes of Inclusive Growth.

ABAC has noted that the improper implementation of IFRS in lease accounting will reduce the ability of businesses, particularly SMMEs, to access funding, including in many APEC economies. ABAC is also concerned that IFRS for insurance contracts will subject insurance companies in the region to possible negative impacts including non-economic volatility in earnings and shareholder equity along with a lack of transparency in the reported results of insurance companies in the region. Finally, harmonized international standards for reporting revenue are in need of improvement, and as a result regulatory bodies are attempting to clarify principles for recognizing revenue from contracts with customers. However, ABAC is concerned that replacing all of the existing industry specific guidance with a single general principle will fail to address many unique, industry-specific matters and this is a significant step away from these rules. Comprehensive impact analyses must be conducted to assess how the implementation of IFRS will impact the financial services industry.

Recommendations:

APEC establish a task force to study smooth introduction of IFRS to ensure appropriate communication among IASB, FASB, APEC and ABAC and undertake an impact study on certain provisions, such as those related to lease financing and insurance contracts, and make suitable adjustments, to avoid negative business and economic impact.

APEC should continue to encourage a dialogue between business groups and IASB/FASB on ways that would align IFRS principles with the interests of SMMEs and other business groups, such as insurance companies, that will be affected. Furthermore adoption by economies of IFRS should take into account ways of satisfactorily dealing with the concerns raised by business groups.

Financial Stability Policy

ABAC understands the importance of sound financial regulation in maintaining sustainable growth and stable financial systems. ABAC acknowledges that given the high level of connectivity in global financial markets, the impact of financial regulations extends beyond jurisdictional borders. In this regard, there is the risk that new financial regulations being introduced in some jurisdictions may have unintended and unpredictable consequences affecting other markets that could impede the healthy growth of APEC member economies, while the resilience of the financial system is required.

ABAC has sent a letter highlighting the following issues to APEC Finance Ministers, Federal Reserve Board, the International Monetary Fund and the Basel Committee on Banking Supervision in April 2012 : first, that due account be taken of the cross-border and extra-territorial effects of financial regulations and that the relevant authorities collaborate with each other in addressing those concerns. Second, account is taken of the unintended consequences for market makers across the region and the real economy of new regulations that unduly constrain market liquidity, hinder pricing mechanisms and distort markets. Third, avoiding pro-cyclical effect on APEC economies and ensuring the region's continued growth are paid attention to in the new financial regulations.

Recommendation:

ABAC calls on APEC Ministers to affirm commitment to financial stability and macro-prudential policies designed to strengthen member economies' financial systems and architecture with the aim of preventing financial systemic risk. ABAC further encourages APEC Ministers to undertake a regular global dialogue with regard to the debate on financial regulatory and supervisory policy and support a global minimum regulatory standard which allows national authorities in the region flexibility in dealing with particular national circumstances.

Financial Regulatory Reform in the APEC Region

APEC economies should enhance efforts to monitor the influence of domestic financial regulatory reform on economic and financial development to mitigate extraterritorial effects that may lead to unintended negative consequences. Domestic financial regulation can have profound impacts and potential risks on the financial markets and banking development in the Asia-Pacific region. Strengthened cooperation, communication, and monitoring of the effects of these reforms as well as the sharing of experiences and implementation would be beneficial. ABAC is well positioned to provide input on the financial and commercial impact of regulatory reform and APEC should continue to strengthen exchanges with the business community to ensure that regulations do not hinder the sustainable development of economy and finance.

Recommendation:

ABAC calls on APEC economies to encourage regulatory bodies to balance the needs of strengthening financial regulation with that of promoting financial innovation. In doing so, APEC economies should reflect the needs and priorities of the Asia-Pacific region's financial sector, actively engage in reasonable international financial regulatory reform and recognize each economy's level of development in international financial regulatory reform. Finally, APEC has a role in monitoring and identifying with national and transnational regulators the impact of regulatory reforms on economic and financial development, particularly on the developing economies and critical drivers of growth such as SMMEs.

Internationalization of Emerging Economies' Currencies

With the rise of emerging economies, it is natural to expect their currencies to play more important roles in the region and global markets, particularly for trade settlement and investment, and as anchor currencies to stabilize the regional financial markets/economies in times of turmoil in other regions.

Today, APEC economies face another crisis emerging outside the APEC region, which could potentially hinder them from attaining well-balanced and sustainable economic growth. Therefore, the promotion of emerging economies currencies should be of immediate importance, as well as regional financial integration and regional market development.

Promoting the internationalization of emerging economies' currencies could bring advantages such as faster development of regional financial markets/economies and reduction of foreign exchange risks and could contribute to economic growth and recovery in the region but, at the same time, requires monitoring of excessive volatility to ensure stable capital flows.

Recommendations:

ABAC recommends that APEC promote the expanded role of emerging markets' currencies in trade and investment flows in view of their potential to become anchors in times of global financial and economic turmoil. An important element of this process is the monitoring of excessive volatility to ensure stable capital flows.

ABAC recommends that APEC enhance the stability of financial markets in the region by promoting expanded use of emerging economies' currencies for daily ordinary settlement for trade and investment with bilateral currency swap agreements as liquidity support by relevant authorities. Broadened emerging economies' currencies denominated deposit across APEC economies can be the base of those transactions and capital markets across APEC economies.

ABAC recommends that APEC lead further development of Asian capital markets by promoting cross-border bond issuance denominated in emerging market currencies across APEC and review how the Asian Bond Market Initiative can be developed further by emerging market currencies bond issuance across the region.

Establishing a regional funds management passport regime

We welcome ongoing efforts made by finance officials and regulators to develop the Asia Region Funds Passport (ARFP). We are supporting these efforts by ensuring that private sector perspectives and requirements are taken into account in the development of the ARFP, including the proposed model and governing arrangements that are currently being formulated. We welcome closer collaboration with finance officials in further developing this work, particularly in the identification of a possible time frame for implementing a pilot ARFP.

Recommendation:

ABAC recommends that APEC economies that are able to meaningfully participate in a regional funds management passport regime join together to advance the work of the APEC Finance Ministers' Process on this issue through a pathfinder initiative. This initiative should be pursued in conjunction with capacity building programs on cross-border recognition of equivalent regulatory regimes for issuing and trading financial products and services for developing APEC member economies, with a view to these economies joining the pathfinder initiative once they are ready to do so.

B. Promoting practical solutions to support the importance of inclusiveness and access to finance for SMMEs

Asia-Pacific Infrastructure Partnership (APIP) Dialogues

There is huge demand for infrastructure investment necessary for continued economic growth, which public sector investment alone cannot meet. Despite recent improvements in infrastructure-related policies, key constraints impeding private investment remain. Overcoming these constraints requires improved understanding and greater trust among relevant parties involved. Structures enabling parties to frankly and objectively discuss and consider complex matters facing each economy can contribute to better understanding of the issues and risks they face and create a conducive environment for private financing of infrastructure.

In 2010, ABAC proposed an Asia-Pacific Infrastructure Partnership (APIP) to bring together high-level officials, experts and private sector advisory panelists from a wide range of relevant fields to help overcome constraints impeding private sector investment in the region's infrastructure. In 2011, a number of activities have been undertaken, including dialogues with the governments of three APEC economies and the preparation of studies responding to needs identified in the dialogues. Preparations are currently underway for further dialogues with several interested governments.

Recommendation:

ABAC requests APEC Finance Ministers to continue supporting the APIP Dialogues, to collaborate in further expanding these dialogues in 2012 and 2013, and to include in their 2012 joint statement a call for intensified public-private sector collaboration in infrastructure finance, in particular through the Asia-Pacific Infrastructure Partnership. ABAC encourages interested member economies to collaborate with APIP in undertaking Dialogues and in taking steps to address challenges identified in these Dialogues.

Promoting support for venture capital

Governments need to provide an enabling environment not just for venture capital, but for a whole chain of financial activities that support companies across various stages of innovation, of which venture capital forms part. An analysis of the venture capital ecosystem indicates several crucial roles that governments need to play. The first is catalyzing angel and venture capital through support programs. Experiences of various economies, including China, Korea, Malaysia, New Zealand and Russia, as well as in economies outside the region such as Brazil, Israel, and the UK, illustrate various ways how such support could be structured.

The second is providing an enabling legal and regulatory environment that will encourage the flow of more private sector resources into venture capital. These include the legal environment (such as laws governing bankruptcy, technology transfer, foreign investment and company organization), tax policies and incentives and protection of minority investor rights, among others.

The third area where governments need to play an important role is in creating, maintaining and enhancing the fundamental conditions that encourage entrepreneurship and innovation, particularly at the incubation stage. These conditions need to provide an environment that is conducive to the growth of micro, small and medium enterprises, the development of a cadre of good fund managers and human capital, that sufficiently rewards risk-taking and innovation and promotes good corporate governance, transparency, sound risk management, research and development, tie-ups between university and industry, foreign investment and international trade and ensures equivalent conditions of competition for like market participants among others.

Recommendation:

That APEC collaborate with ABAC and the Advisory Group on APEC Financial System Capacity Building under the APEC Open Innovation Initiative to develop public-private partnership mechanisms that can help governments catalyze angel and venture capital through effective support programs, provide enabling environments for financing business activities across various stages of innovation, and ensure the fundamental conditions for entrepreneurship and innovation, particularly at the incubation stage.

Promoting Public-Private Collaboration in Advancing Financial Inclusion

Since 2008, the Advisory Group has consistently advocated the importance of financial inclusion for the region and encouraged APEC to play a more active role as a platform for policy dialogue, sharing of experiences and capacity-building in promoting greater financial access. To this end, the Advisory Group regularly brings together relevant officials, regulators, and representatives from the private sector, key international institutions and academe to discuss key issues in providing enabling environments for successful financial inclusion.

The 2012 Asia-Pacific Financial Inclusion Forum identified common basic elements of an enabling environment to promote financial inclusion - financial literacy, financial identity, proportionality of regulations and consumer protection, as well as linking microfinance to remittances. In addition, further extensive discussions were conducted on three issues that are of great importance to MSMEs: financial regulation, secured lending and credit information.

Recommendations:

ABAC urges APEC Finance Ministers to develop a multi-year agenda for financial inclusion linked with ongoing efforts by the G20 and international financial institutions, focused on assisting member economies build their capabilities in providing a favorable environment for expanding access to finance for households and small businesses. We recommend that this multi-year agenda include public-private collaboration in developing robust and sustainable frameworks for financial literacy, financial identity, consumer protection and cross-border microfinance, as well as intensive capacity building for policy makers and financial regulators

and supervisors to help them develop and implement effective and proportionate regulatory frameworks for financial inclusion.

ABAC recommends the development of model elements for an APEC code of security interest creation, perfection and enforcement. This includes creating clear perfection rules covering a broad array of collateral types, an exclusive and efficient registry system and broad licensing authority for commercial finance. We also recommend the continuation of public and private dialogue in order to validate improvements, as well as capacity-building focused on encouraging collaboration among justice and law ministries where further Civil Code reforms are needed, information ministries where central e-databases are needed, and SME ministries where it is possible to educate and build support for reforms.

ABAC recommends that policy makers and financial regulators, in partnership with the private sector, promote the development of commercial credit information in the region as a way to improve access to finance by SMMEs. Efforts should focus on key issues, including (a) availability, quality, access and reuse of public sector data; (b) disclosure and compliance; (c) regulatory framework for data sharing; (d) access to bank information (loan performance data); and (e) financial literacy of SMMEs.

Health and Pension Funds

ABAC believes that economic inclusion should cover financial and social inclusion as both are extremely important in promoting financial system stability and economic development. As such, sustainable fiscal stability in the region will be strengthened by enhancing the health and retirement systems so that they are capable of meeting community needs in an affordable way. This will mean a greater role in mobilizing private savings and less reliance on public funding. Whilst most economies have been preoccupied with the financial crisis as economies recommit to regional economic integration, these matters should receive priority. This is a critical matter for business – as a provider of health and retirement services – for financial markets - if they are to mobilize savings and investment products – and for governments with limited resources to address the changing demographics within their economies.

Recommendation:

ABAC therefore encourages all economies to ensure that development of health and retirement funding are an integral component of ongoing APEC agenda and dialogues.

C. Advising APEC Leaders and Finance Ministers on the implications for the Asia Pacific region – as seen by business – on G20 recommendations on financial system reform

Ongoing monitoring of G20 Reforms

Balanced Growth without excess volatility of currency exchange and capital flow is G20's main agenda. In this context, G20 discusses the international monetary system and the impact of developing

economies. It is a consensus that the recovery of the global economy is important within APEC's regional economic growth. From a business point of view, the crucial point is to decrease the transaction cost, excessive volatility and irregular capital flows with regard to currency. In order to decrease these obstacles, policy cooperation is necessary as a package which combines macroeconomic policies (including monetary, currency and international balance) with growth policies through liberalization of trade and investment and structural reforms of each economy.

Recommendation:

ABAC recommends that when setting domestic policy, economies avoid the unintended negative impact by regulatory reforms on all organizations across the region and the impediment to economic growth and regional economic integration. Furthermore, ABAC encourages that economies promote and establish collaborative methodologies for macroeconomic policy cooperation and coordination that consider the regional impact of economic growth regulatory reforms.