



28 July 2014

**H. E. Li Bin**

Minister, National Health and Family Planning Commission  
People's Republic of China

Dear Minister Li:

The APEC Business Advisory Council (ABAC) is the formal private sector advisory group of the Asia-Pacific Economic Cooperation (APEC) Forum. Representing the business communities of all 21 APEC member economies, ABAC is tasked with supporting the success of APEC by providing private sector insights on how best to achieve APEC's goals, both through APEC's own initiatives and in dialogue with other international organizations. Our direct dialogue with Leaders during the annual APEC Leaders' week events in November will be an opportunity to articulate business challenges in the APEC region.

As representatives of the international business community, ABAC applauds China's decision to host a High-Level Meeting on Health and the Economy in Beijing in August 2014. In its annual Report to APEC Leaders in 2011, ABAC commended the foresight of the APEC Health Working Group (HWG) and the APEC Life Sciences Innovation Forum (LSIF) in holding the first high-level Health Systems Innovation Dialogue in San Francisco to discuss ways of establishing multi-sectoral partnerships to address non-communicable disease challenges in the region. The decision to build on the successful High-Level Meetings that were subsequently organized during Russia's and Indonesia's respective host years in 2012 and 2013 will help ensure that APEC's important work to bridge the gap between health and the economy continues to receive the attention of senior government officials. We encourage APEC to continue its leadership role by gathering diverse health stakeholders such as private sector experts, representatives of professional not-for-profit associations and agencies responsible for finance and economic development to explore how health can be factored into plans for long-term sustainable economic growth.

In my capacity as ABAC Chair, I would like to submit the following recommendations from ABAC for review by you and your peers in the region.

Thank you for your consideration.

Yours sincerely,

**Ning Gaoning**  
ABAC Chair 2014

## Health Recommendations from ABAC

Given the significant contribution of health to the economy and to business competitiveness, ABAC strongly supports APEC's health agenda and its work to create better health outcomes in the region. In addition to promoting quality of life, we recognize that healthy populations are inextricably tied to APEC's prospects for long-term economic growth. Professor Ken Arrow, who presented his findings from a recent study at the 3<sup>rd</sup> High-Level Meeting in Bali, effectively captured this important relationship when he stated that "the *per capita* value of health capital in economies dwarfs the *per capita* value of all other forms of capital."<sup>[1]</sup>

In particular, our colleagues in the business community are keen to see robust action to address the rising rates of non-communicable diseases (NCDs) in the Asia-Pacific region. As populations age, NCDs will create vastly increased care costs as well as decreases in workforce attendance and productivity. To raise awareness of this important trend and create a resource for policymakers, this year, ABAC is working jointly with the LSIF to develop a study designed to measure the impact of NCDs on workforce productivity in a representative group of APEC economies. Results from this study will be used to help inform APEC's discussions on health this August and will provide an important contribution to existing initiatives.

The private sector also understands that health systems are reinforced by the safe and efficient delivery of medical products. As regional supply chains become increasingly long and complex, measures to ensure regulatory consistency across borders become increasingly important. Inconsistent regulations not only create inefficiencies but also result in added costs as industry complies with diverse requirements. To address this challenge, ABAC has championed the use of common international data standards for trade in products produced by a wide range of industry sectors. Common standards can aid in the verification and tracking of products when they are traded internationally as well as facilitate product recalls when needed, creating more efficient supply chains and promoting safety. For example, more widespread use of common data standards for medical products would help prevent counterfeit or substandard products, such as medicines, from reaching distribution and potentially harming patients and customers.

To build on existing knowledge, ABAC is jointly partnering with the LSIF Regulatory Harmonization Steering Committee (RHSC) and the University of Tennessee Health Science Center (UTHSC) to launch an initiative that will measure how the use of common data standards can affect the costs and efficiencies associated with international trade in medical products. Work will begin with a feasibility study that will lay the foundation for a pilot project through a review of existing literature and interviews with supply chain stakeholders. Once designed and implemented, the pilot project will gather transaction data from participating distributors engaged in cross-border trade of pharmaceutical goods that is facilitated by a common international data standard. The resulting data, which will focus on trade between at least three APEC economies, will be made publicly available, creating a valuable resource for policymakers seeking to understand the value of adopting common data standards. ABAC has received expressions of support from several regulatory authorities and looks forward to moving forward with this important work in close cooperation with your colleagues in the region.

Thank you for your leadership on the health care discussion this year. Continued partnership between the public and private sector will be vital as APEC's member economies seek solutions

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<sup>[1]</sup> Arrow *et al*: Environment and Development Economics 17: 317–353 © Cambridge University Press 2012  
doi:10.1017/S1355770X12000137

to the health challenges facing the region. ABAC looks forward to supporting outcomes from the High-Level Meeting on Health and the Economy in Beijing this August and identifying opportunities for collaboration in the future.