
**Press Statement by
ABAC 2015 Chair Doris Ho
On the occasion of the conclusion of ABAC IV and
The Preparations for the ABAC Dialogue with Leaders**

I am pleased to report that we, the APEC business leaders, have wrapped our final meeting for 2015 as we prepare to meet with APEC Leaders for our annual dialogue. As always, the goal of our dialogue is to provide the business perspective on what we believe needs to be done to sustain economic growth and generate jobs in our region.

Our recommendations this year address the current challenges shared by both policy makers and business. We see them as two-fold. The first is generating new drivers of growth. The traditional drivers of growth are running out of steam. Export-led growth is no longer sufficient to drive economic prosperity. The major economies in the region are undergoing structural transformation toward domestic demand led growth. The second is that while millions have been lifted out of poverty as a result of the prosperity created by the integration of the APEC region, income inequality has been rising. At the same time, we faced challenges to the sustainability of growth with dwindling natural resources, the rising demand for food and energy and ever-present threat of natural disasters.

We have proposed as a response to these challenges recommendations aimed at developing opportunities in new sectors of the economy principally services, expanding the participation of micro, small and medium industries (MSMEs) in the global market, increasing productivity and sustainable use of resources through innovation, enhancing connectivity, strengthening financial markets and making our economies resilient to shocks. Particularly important is to encourage innovation through the development of the digital/ internet agenda and its ecosystem. Our recommendations are in our Report to Leaders with this year's theme of "Resilient Inclusive Growth: A Fair Deal for All". I will just highlight some of the key recommendations.

We have changed the conversation about services through the proper appreciation of its significant contribution to economic growth and in promoting inclusiveness. Services account for 66 percent of the combined GDP of APEC and accounts for 52 percent of employment. They also account for an average of 40 percent of the value of physical goods with inputs ranging from design, fabrication, financing, logistics, retail, advertising, and after-sales service – all key activities that support the global value chain. The key to unlocking the potential of services as an engine for growth lies in promoting its provision across borders thus spurring efficiency and increasing availability. Most of the impediments to services trade are not at the border but beyond the border in the form of regulation. Until recently, APEC has not paid much attention to these impediments. We held three public-private sector dialogues on services to encourage an understanding of the importance of services and why barriers need to be dismantled. To generate momentum for the interest that this has awakened, we have supported the creation of an APEC Coalition of Services Organization to provide effective advocacy for the development of trade in services.

MSMEs make up more than 97 percent of business and employ over 60 percent of the region's workforce. Yet they account for less than 35 percent of exports. We have found through research and dialogues that the reasons for such low participation in exports include complex customs requirements, access to foreign markets and financing. Many of these impediments can be addressed by a robust cross-border e-commerce infrastructure and e-payment systems and so we have urged governments to take action to create a supportive ecosystem as a major step towards empowering MSMEs to go international.

This year we have also intensified and broadened the interaction between the public and private sector in an effort to encourage the adoption of the right policies to address impediments to growth in vital sectors. We have pursued reforms to strengthen financial markets through the Asia-Pacific Financial Forum, the Asia-Pacific Infrastructure Partnership and the Asia Pacific Forum on Financial Inclusion and our strong participation in the Finance Ministers Process which contributed in a significant way to the adoption of the Cebu Action Plan. We organized free flowing dialogue between CEOs and Ministers on trade, energy, and mining. We worked with APEC senior officials to organize dialogues on sustainable cities, on persons with disabilities, on the participation of women in the economy and preparing the youth for an economically integrated region.

We will carry on the momentum we have generated on through the succeeding ABAC chairs beginning with Peru. who have adopted the theme "Quality Growth and Human Development." One of the major effort next year to be spearheaded by Peru is in enhancing rule of law across economies. We recognize that an optimal business environment that fosters investments require open and transparent government, legal certainty, absence of corruption, regulatory enforcement, and order and security.

Our work through the years have been underpinned by our firm conviction that an open, predictable and transparent environment for the free flow of goods, services and investments is a necessary condition to generating new growth opportunities and in responding to this changing dynamics of the global economy. A Free Trade Area of the Asia Pacific provides the comprehensive framework for achieving this enabling environment and so we welcome developments towards its realization including the APEC Collective Strategic Study to which we have contributed the business sector's perspective. The completion of the TPP negotiations is also a significant step as we build pathways to the FTAAP and encourage the RCEP negotiations to come to a successful conclusion soon.