

# ABAC, APEC and Exporters: New opportunities for Businesses



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**Loreto Leyton**  
**Executive Director**  
**Chile Pacific Foundation and**  
**ABAC 2019**

# I. ABAC



# What does ABAC do?



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APEC Business Advisory Council



- ABAC was created in 1995, six years after the foundation of APEC in 1989
- It makes recommendations from private sector representatives to the leaders of the 21 APEC economies.
  - Over the years, ABAC's agenda has included new topics related to modern-day priorities (e.g., digital economy, SME's and sustainability)
- Contacts between ABAC members and Leaders are regular throughout the year by using institutional channels.

# ABAC Working groups



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**Regional Economic  
Integration**

**Sustainable  
Development**

**MSME &  
Entrepreneurship**

**Finance and  
Economics**

**Digital &  
Innovation**



ABAC's 2019 main topic:  
Inclusive and Collaborative Growth in the  
Digital Era by...

- Facilitating MSMEs' market access
- Reaffirming regional economic integration
- Building sustainable communities through social innovation and green growth
- Encouraging financial inclusion through innovation
- Promoting smart regulations, security and skills for the future

# ABAC Working groups



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## Regional Economic Integration

Further promotion, liberalization and facilitation of trade and investment

Advancing towards the Free Trade of the Asia Pacific (FTAAP)

Strengthening the services agenda and progress in the implementation of the APEC Services Competitiveness Roadmap

## Sustainable Development

Fostering sustainable food systems

Energy, innovation and circular economy

Ensuring sustainability of, and cohesion around, extractive industries

## MSME & Entrepreneurship

Promoting MSME success in GVCs

Strengthening the participation of women in the economy

Best practices for MSMEs and regulations that foster their business

## Finance and Economics

Enabling technology to drive increased economic and financial inclusion

Promoting MSME access to finance

Advancing financial integration within APEC

## Digital and Innovation

Facilitating human capital digitalization

Guidelines for a regulatory framework that facilitates business

Enhancing cyber security and resilience

# Technology



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# Regulatory issues



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# SME's



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# Chile's ABAC- APEC Week November 2019

Great opportunity for the host country to set the agenda

11-13: ABAC 4

14: SME's and  
Entrepreneurs  
Summit

15-16: CEO's  
Summit

16: APEC  
Leaders -  
ABAC Dialogue

17: Leaders  
Summit

# APEC CEO Summit 2019

## 15-16 Nov



- ✓ **Number of Attendees: 800 high level attendees, representing APEC members equitably**
- ✓ **Assistant Profile: Chairmen, CEOs and APEC Leaders of the 21 APEC economies, renowned speakers and thought leaders**

For more details and regular updates, visit [www.apecceosummit.cl](http://www.apecceosummit.cl)

# APEC MSMEE's Summit

## 14 Nov



APEC  
S M E  
SUMMIT  
2 0 1 9

- ✓ **Two concrete deliverables:**
- **Launch of APEC MondeB2B platform**
  - **APEC Start-UP Challenge**

For more details and regular updates, you may download:  
**Cumbre Pymes y emprendedores**

# APEC MondeB2B APPLICATION



For more information you may download the application:  
“Cumbre Pymes y Emprendedor”

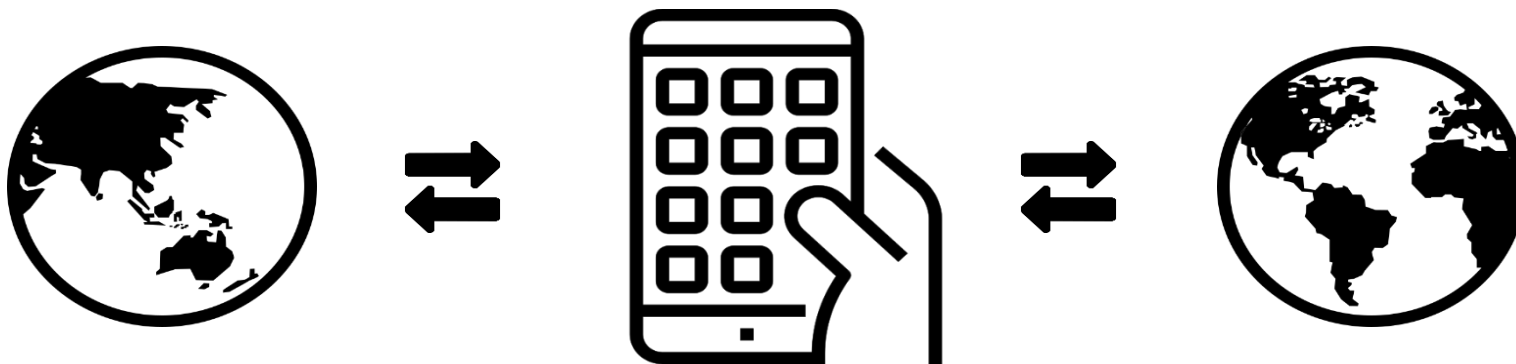


# APEC MONDE B2B PLATFORM



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- ▶ Support Producers with Technology to export their products to different parts of the world, which without a Global B2B Marketplace would be much harder to achieve.



# APEC MONDE B2B PLATFORM

## Why is it hard for SMEs to globalize?



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### NO VISIBILITY

Only a small percentage of companies that could export, actually do! And it's because they don't know what economy they could sell their products to, they have no visibility!



### FRAGMENTED

It takes many companies to work together to successfully export products around the world and without technology exporting products is very difficult.



### INEFFICIENT

Companies are still using outdated methods to communicate, negotiate and buy, making it hard to manage relationships around the world.



### NO TRUST

Since many online e-commerce platforms have not focused on security, many companies have been part of fraudulent orders when doing business online.

# Every company will be validated by the Organizations that hosts the MondeB2B Marketplace



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**Each economy must**  
validate their Exporters,  
Importers and Business  
Partners

By validating each company,  
we'll ensure **TRUST** inside  
the Marketplace!





# Launch Phases



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**Phase 1: BIMP (Brunei – Indonesia- Malaysia – Philippines)**



**Phase 2: BIMP + Pacific Alliance (México – Colombia – Perú and Chile)**



**Phase 3: BIMP + Pacific Alliance + ASEAN (Singapore, Tailand, Vietnam, Cambodia, Laos and Myanmar)**



**Phase 4: BIMP + Pacific Alliance + ASEAN + others APEC (EE.UU., Canada, China, South Korea, Australia, New Zealand, Japan, PNG)**



# APEC STARTUP CHALLENGE



APEC Business Advisory Council



APEC  
S M E  
SUMMIT  
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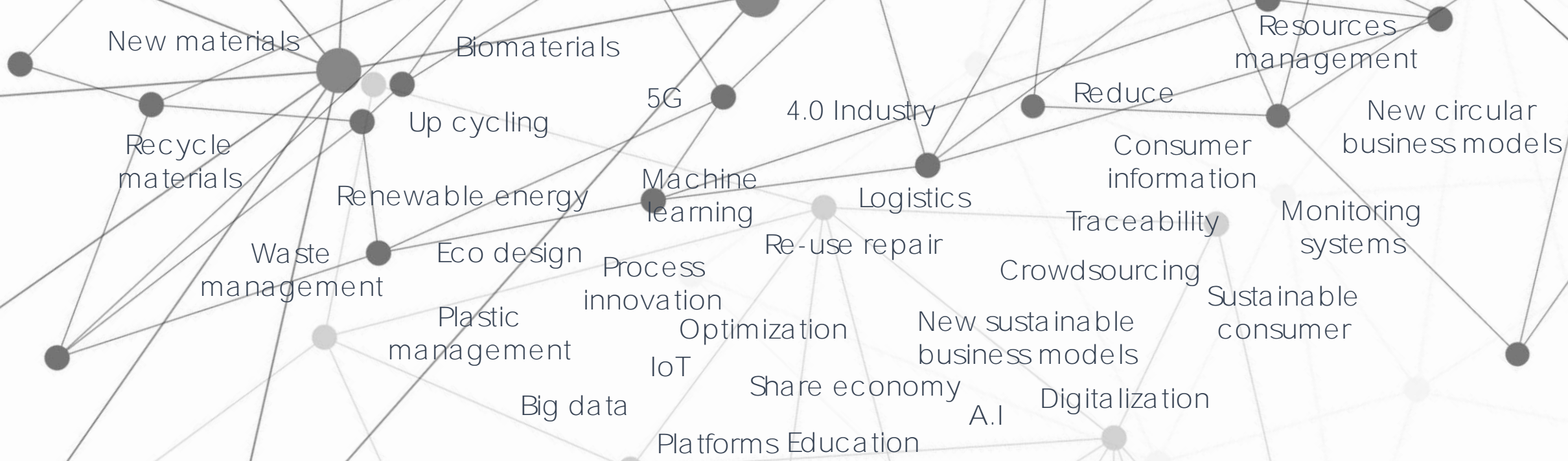
Inven(s)ting the Future 2019

**CIRCULAR  
ECONOMY**

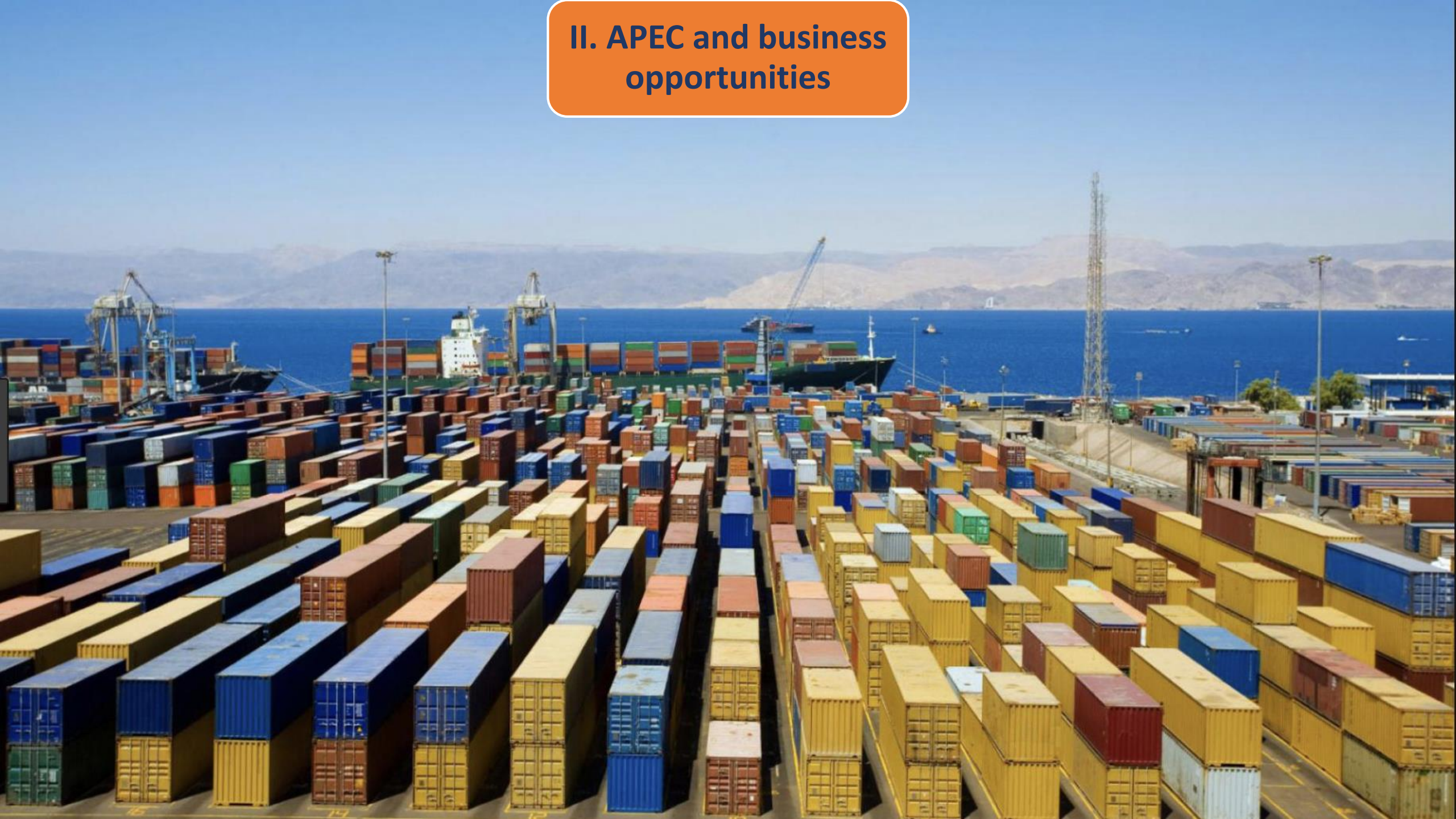


**WHAT WE ARE  
LOOKING FOR?**

**DIGITALIZATION**



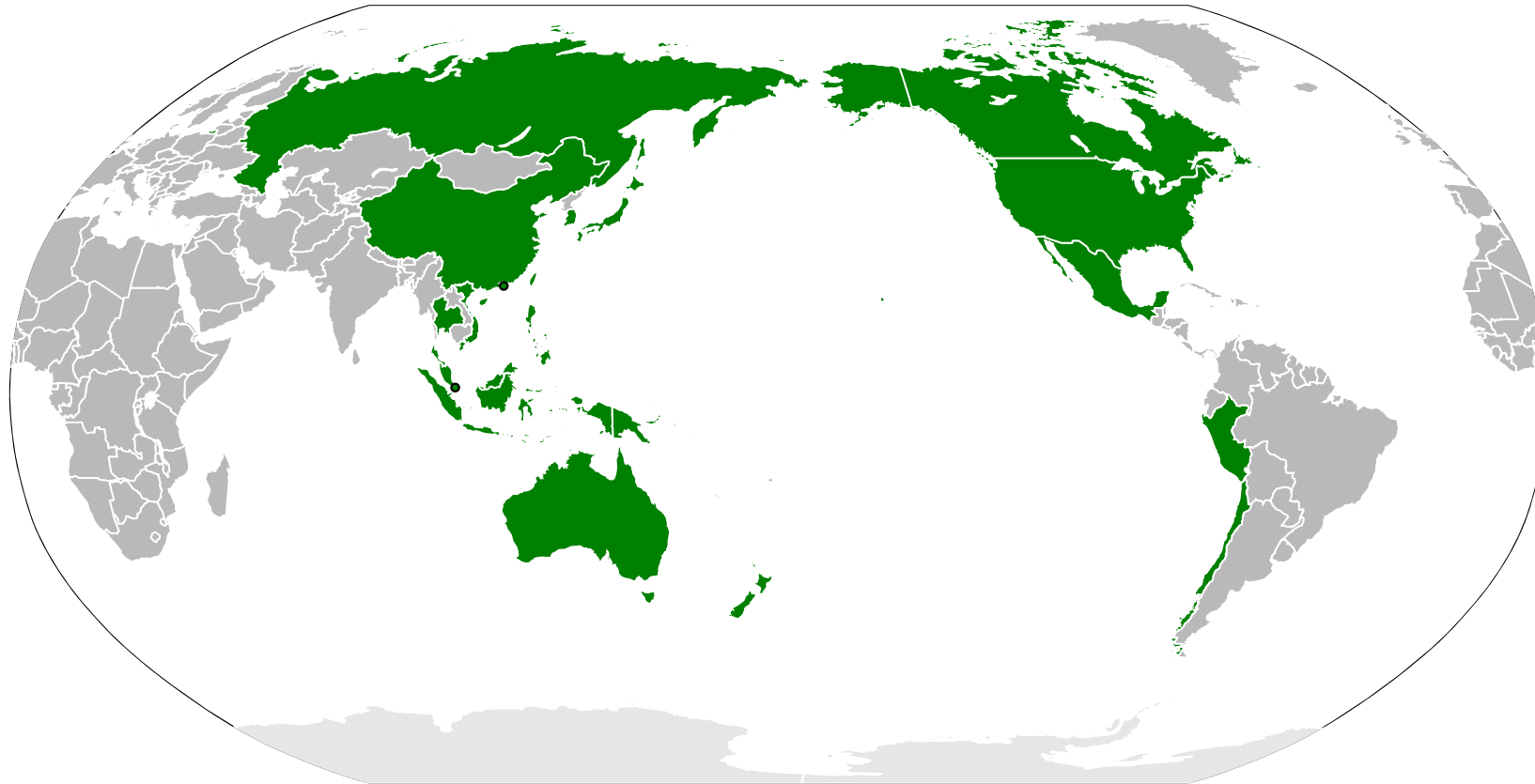
## II. APEC and business opportunities



# The Asia Pacific Economic Cooperation region (APEC)



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As of today, there are 21 member APEC economies

# Opportunities for Exporters

- APEC is at the core of 21st Century free trade development
- Asia Pacific has become the **most dynamic region** of 21st Century



- Asia Pacific region will host **60% of global middle class** by 2040 (ECLA)
- APEC favors integration into **global value chains**

# Opportunities for Exporters



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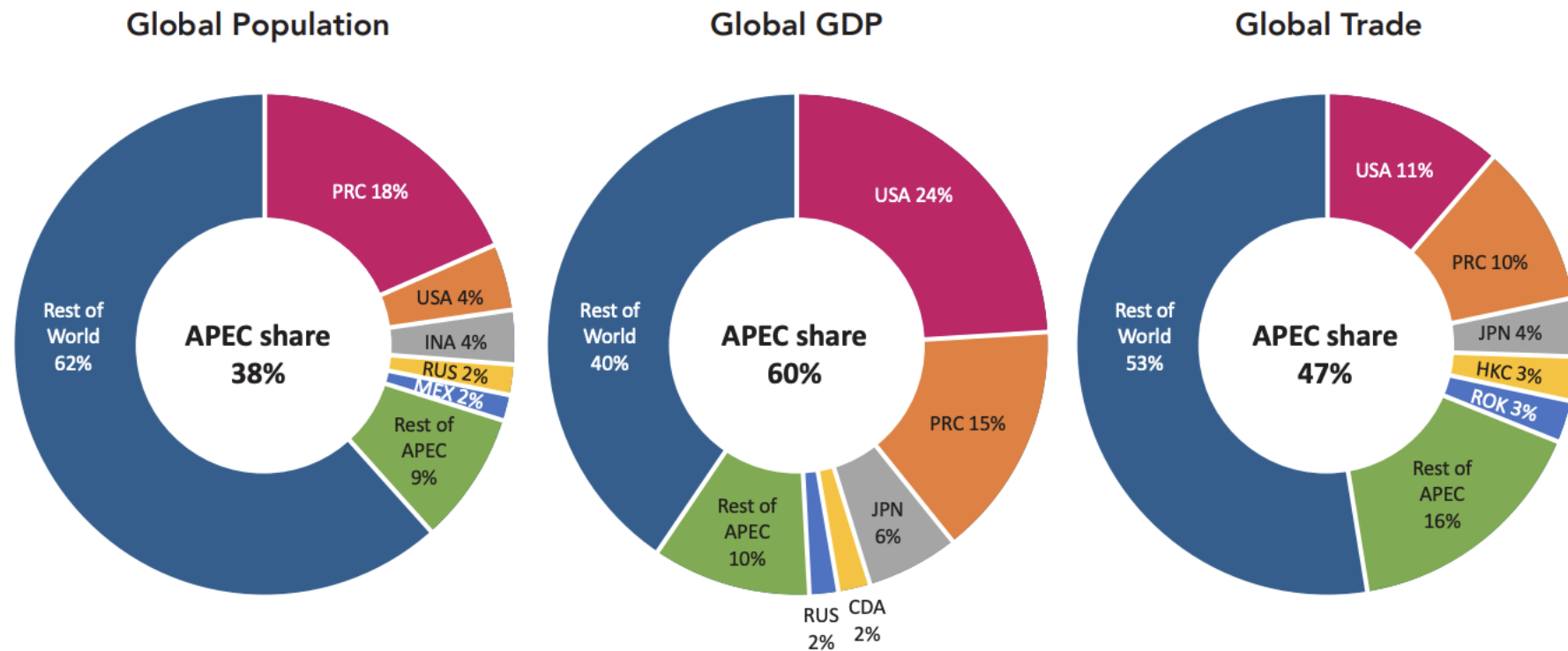
- **Topics 21<sup>st</sup> Century:**
  - Digital economy
  - Free trade of services
- **Public Private interaction favors an acute understanding of businesses concerns among government officials**



# APEC in the global economy



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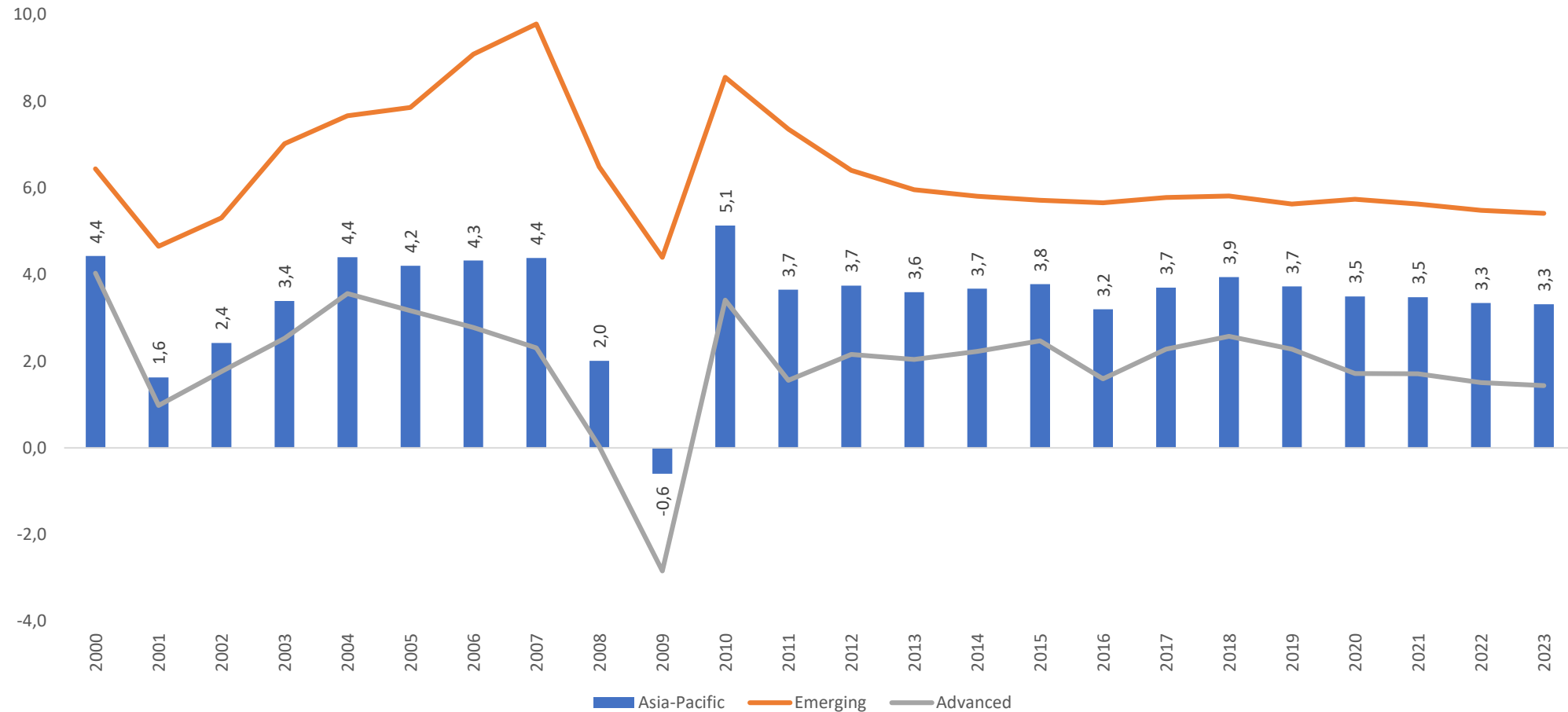




# Asia Pacific: GDP Growth



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Source: data from IMF WEO April 2018 database, analysis by PECC International Secretariat

# Opportunities for Exporters



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- Free trade integration among APEC economies invigorates exports by opening up new markets

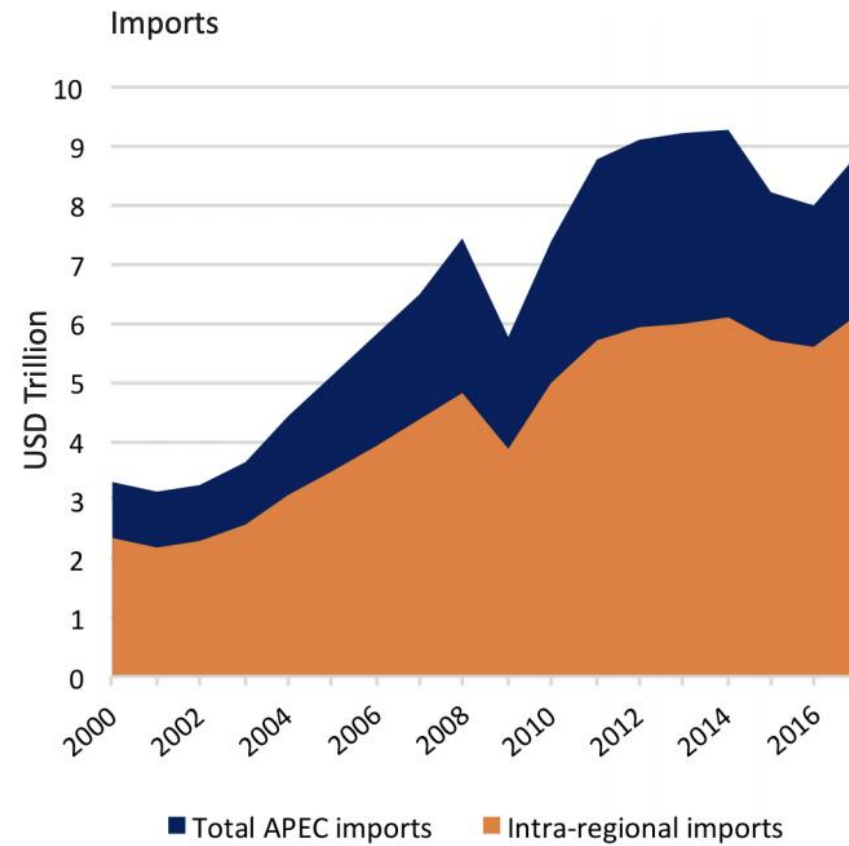
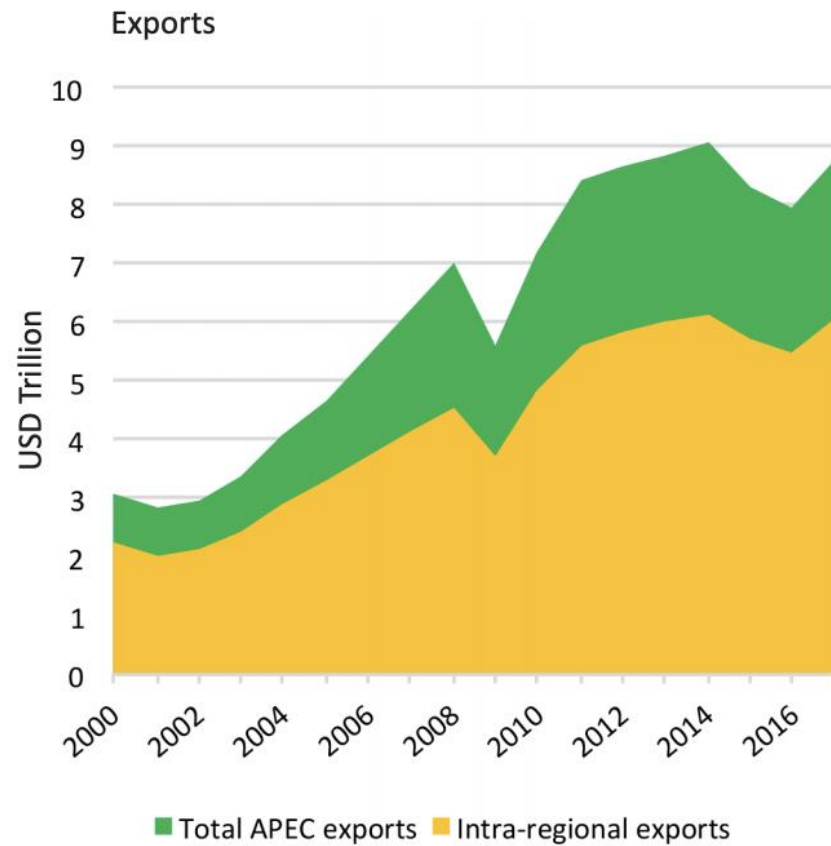
- Non-binding nature of APEC facilitates free trade negotiations and a regular best-practices sharing process



# Value of APEC Merchandise Trade in APEC (USD trillion), 2000 – 2017



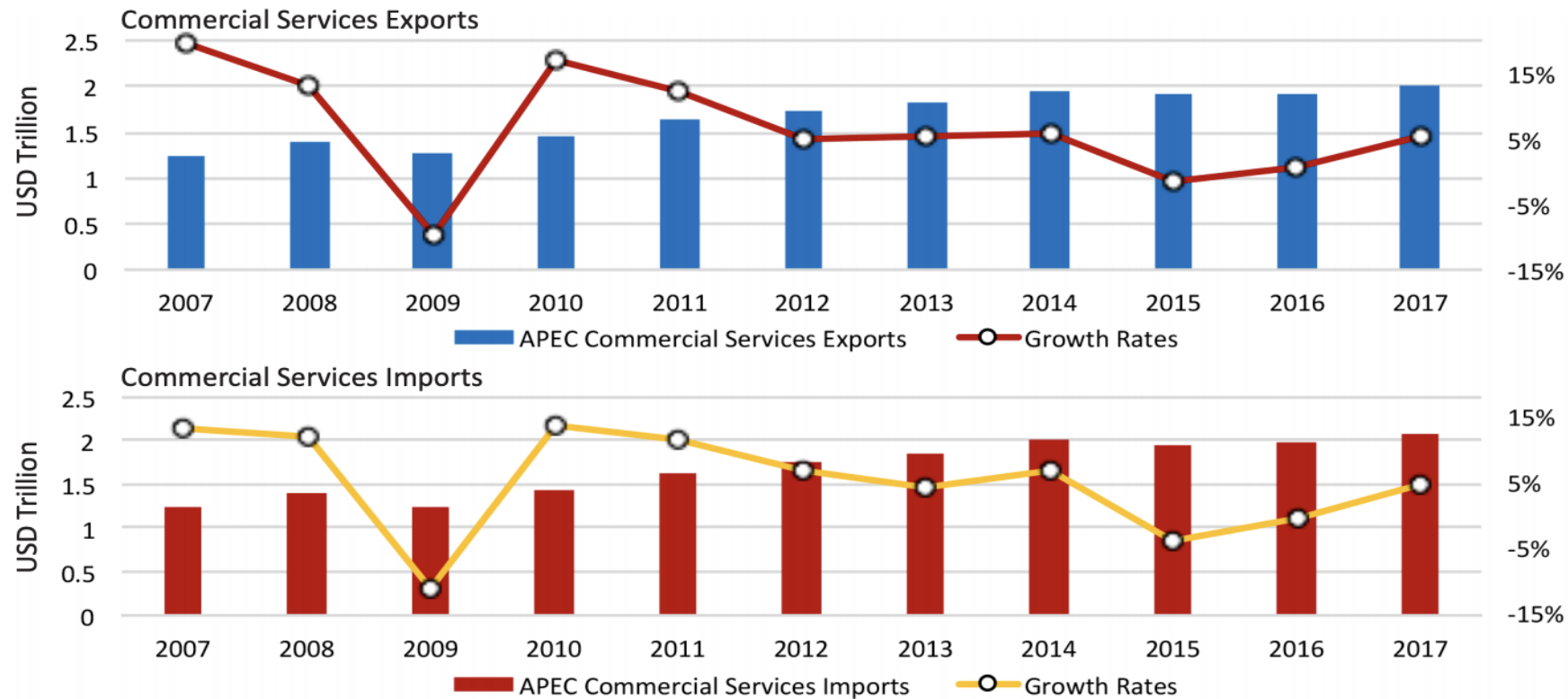
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# Value and Growth of APEC Commercial Services Trade, 2007 – 2017



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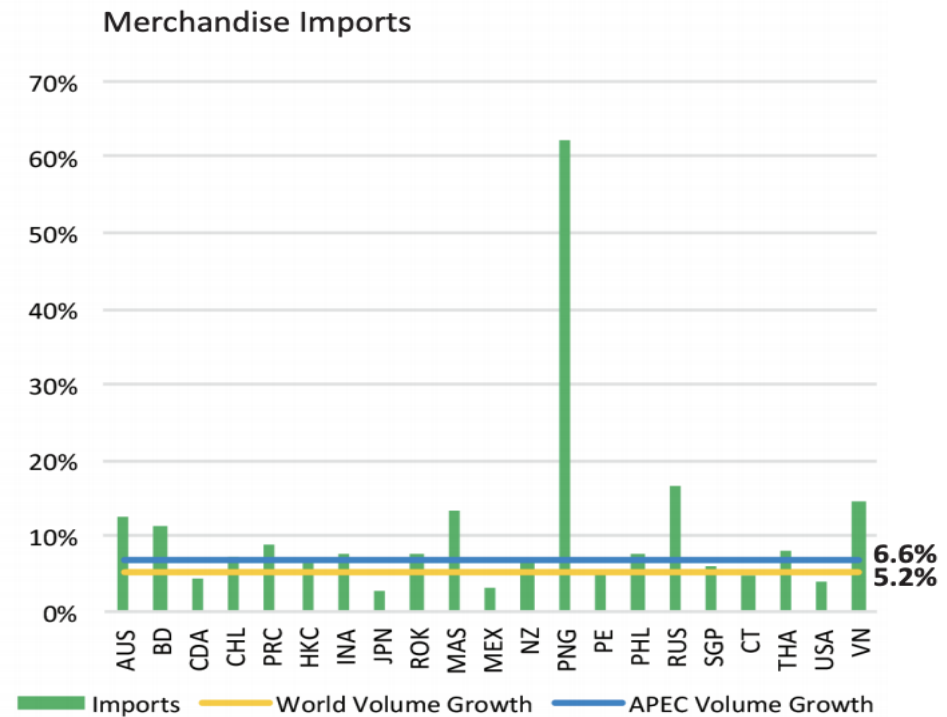
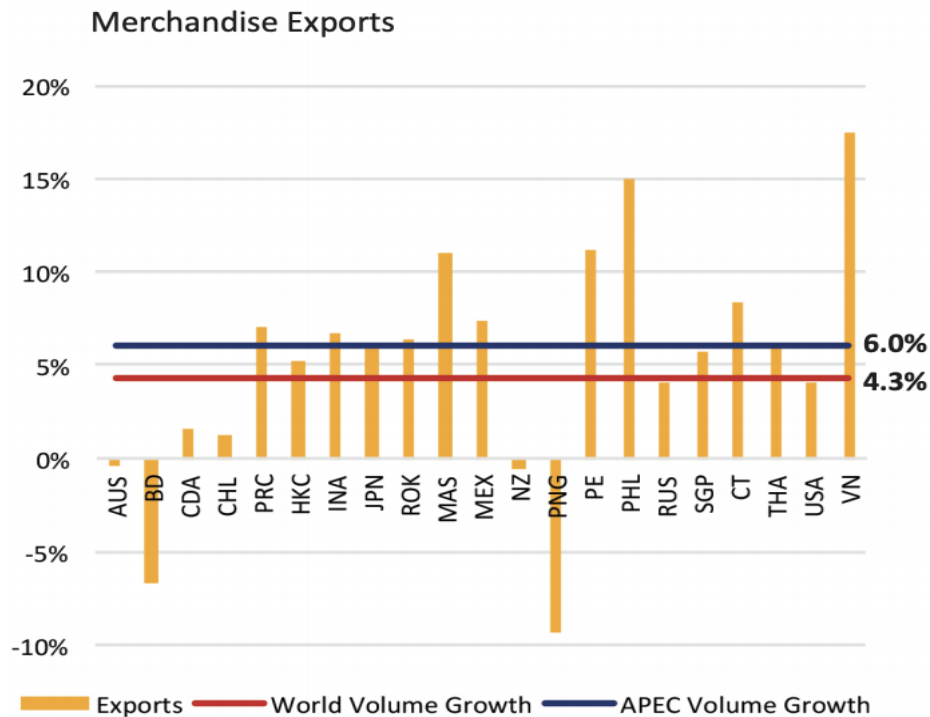


In 2017, APEC's commercial services exports and imports recovered from previous years and reached USD 2.0 trillion and USD 2.1 trillion, respectively. The region's commercial services exports grew 5.5% in 2017 while imports grew 5.9%.

# Trade Volume Growth in APEC (annual percent change), 2017



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Most economies in the region experienced positive export and import trade volume growth in 2017. Moreover, APEC's trade volume growth in exports (6.0%) and in imports (6.6%) outperformed the world's trade volume growth.

# Opportunities for Exporters

- **Number of RTA (Regional Trade Agreements) and FTA (Free Trade Agreements) has steadily increased :**
  - **175 RTA/FTA signed by at least one APEC economy (Dec, 2017)**
- **Almost 50% of APEC's bilateral trade was under the umbrella of an RTA and/or FTA (Dec, 2017)**



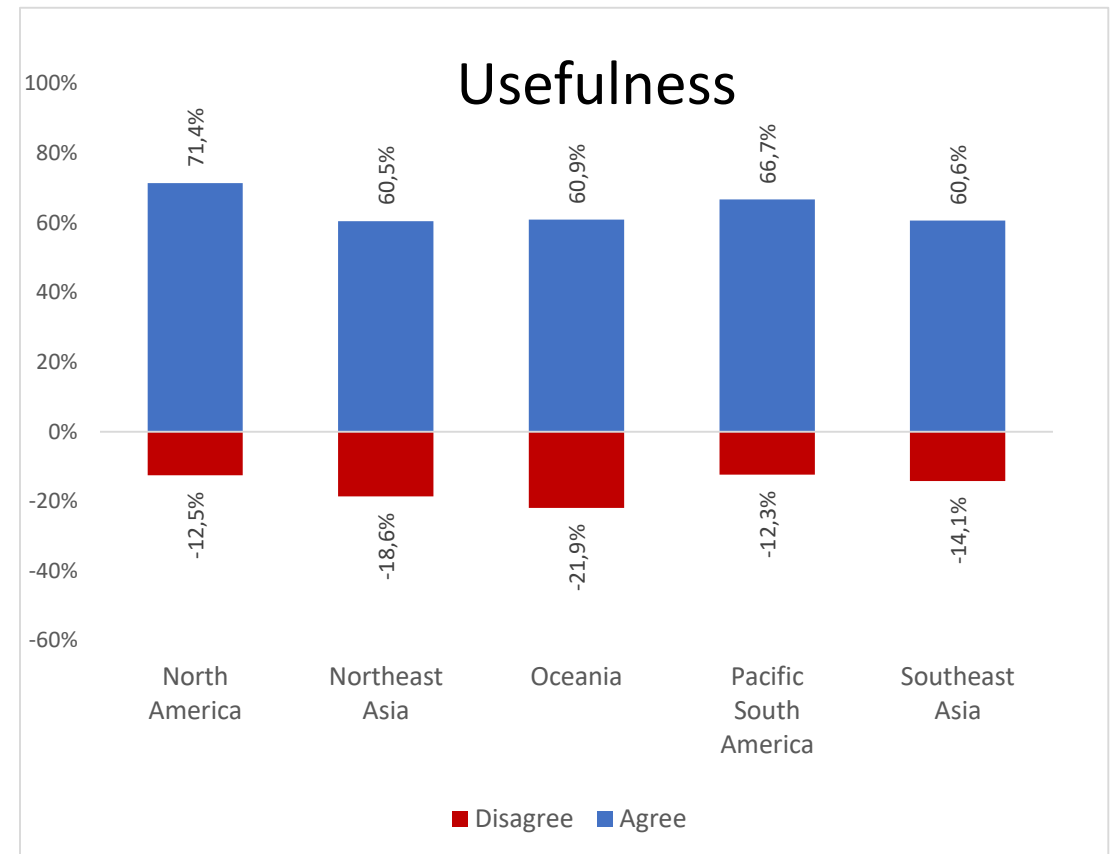
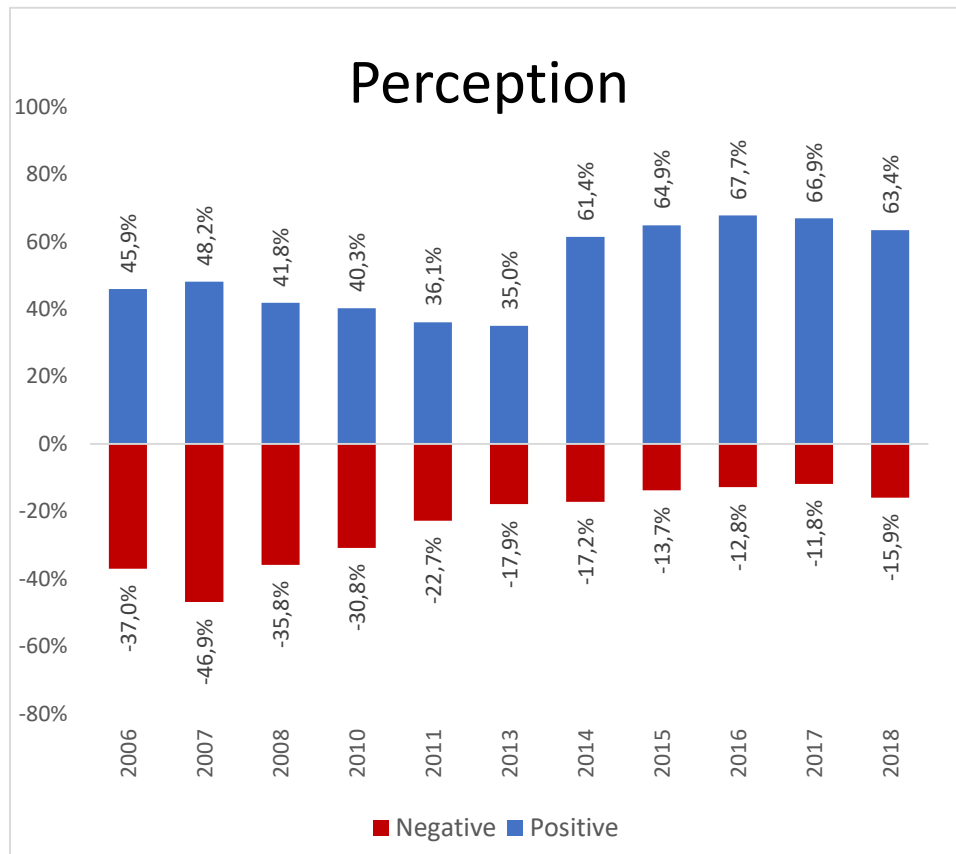
# Opportunities for Exporters



- **2016-2017: tariffs went down from 5,5% to 5,3% on average (heavy reduction on tariffs to agriculture products)**
- **Number of tariff-free products in the APEC region grew to almost 50% in the same period**
- **Exporting and importing are becoming increasingly faster processes**

# Perceptions of APEC

APEC is widely seen as a relevant and effective



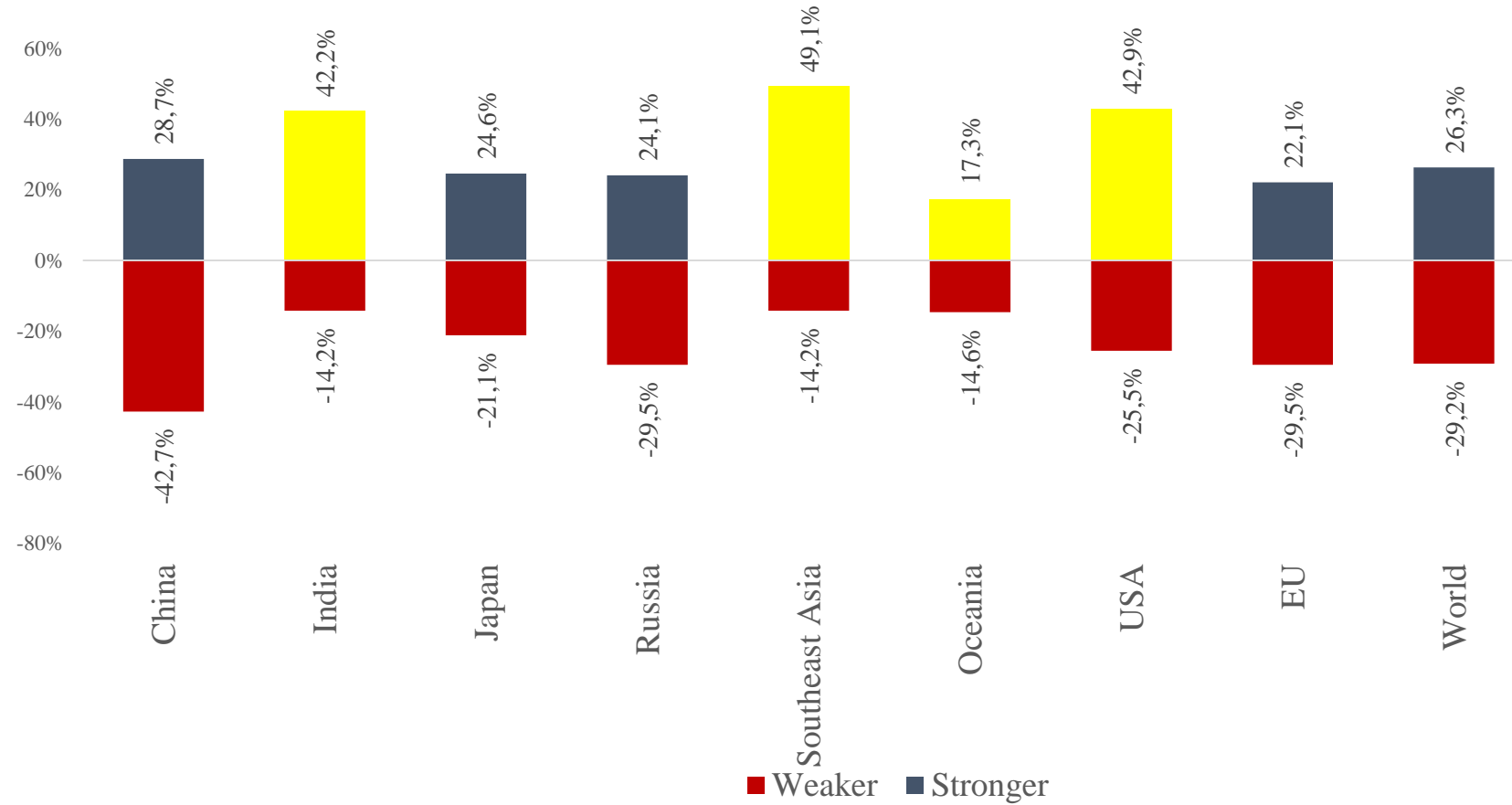
Source: State of the Region 2018-2019 Survey, Pacific Economic Cooperation Council



# Growth expectations by region

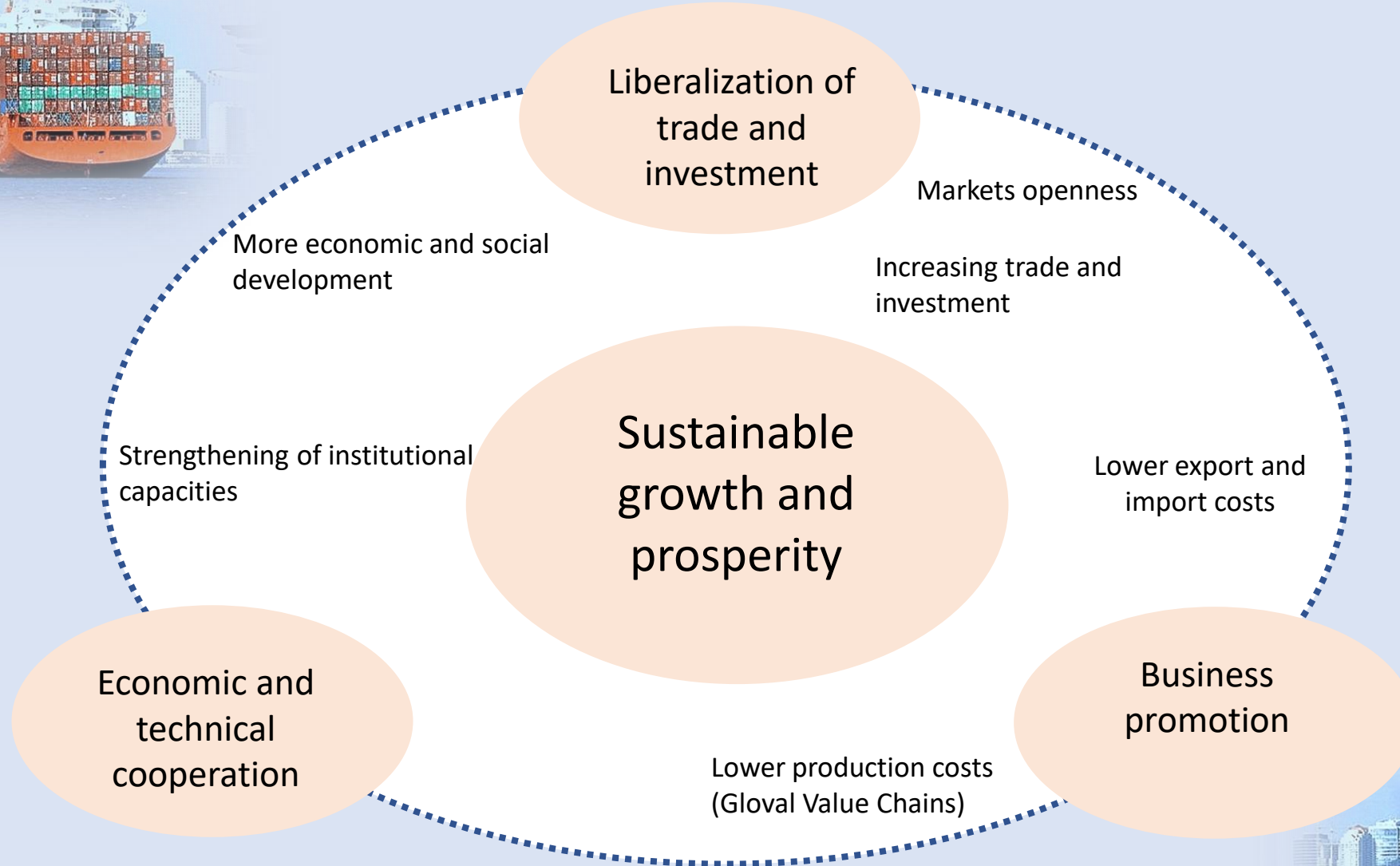


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Source: Pacific Economic Cooperation Council State of the Region Survey 2018

# APEC



# Digital Economy Partnership Agreement (DEPA)

- **New Zealand, Chile and Singapore announced formal negotiations in April, during APEC meeting**
- **Take advantage of the Digital Economy's potential (more opportunities for MSMEs)**
- **Considers all aspects of the digital economy that might support digital trade policy in the digital era, such as:**
  - **Free data flows**
  - **Non-discrimination of digital products**
  - **No forced localization requirements for computers equipment**





Subsecretaría de  
Telecomunicaciones

Gobierno de Chile

**CHILE LO  
HACEMOS  
TODOS**

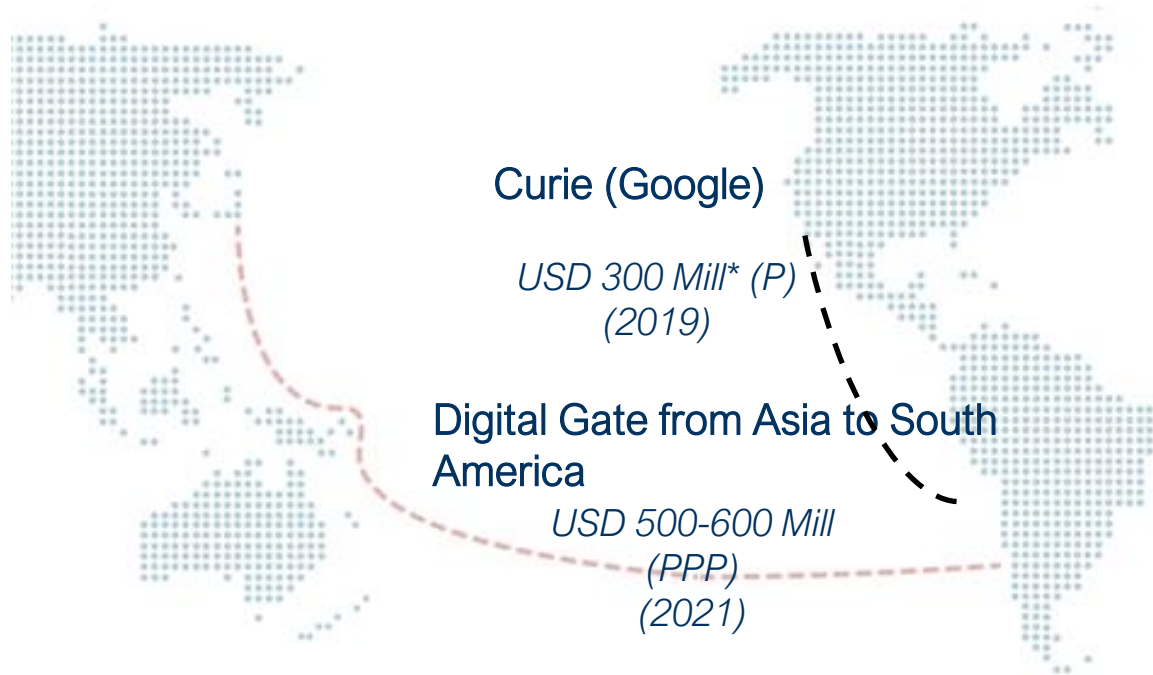
# South Pacific Undersea Cable

A new digital bridge connecting Asia and South America



# One of Main macro projects in Chile's telecom infrastructure 2018-2021

## Enhanced International connectivity



25 fold increment in Chile's  
International connectivity  
*Capacity: from 6 to 160 Tbps*

# South Pacific Undersea Cable

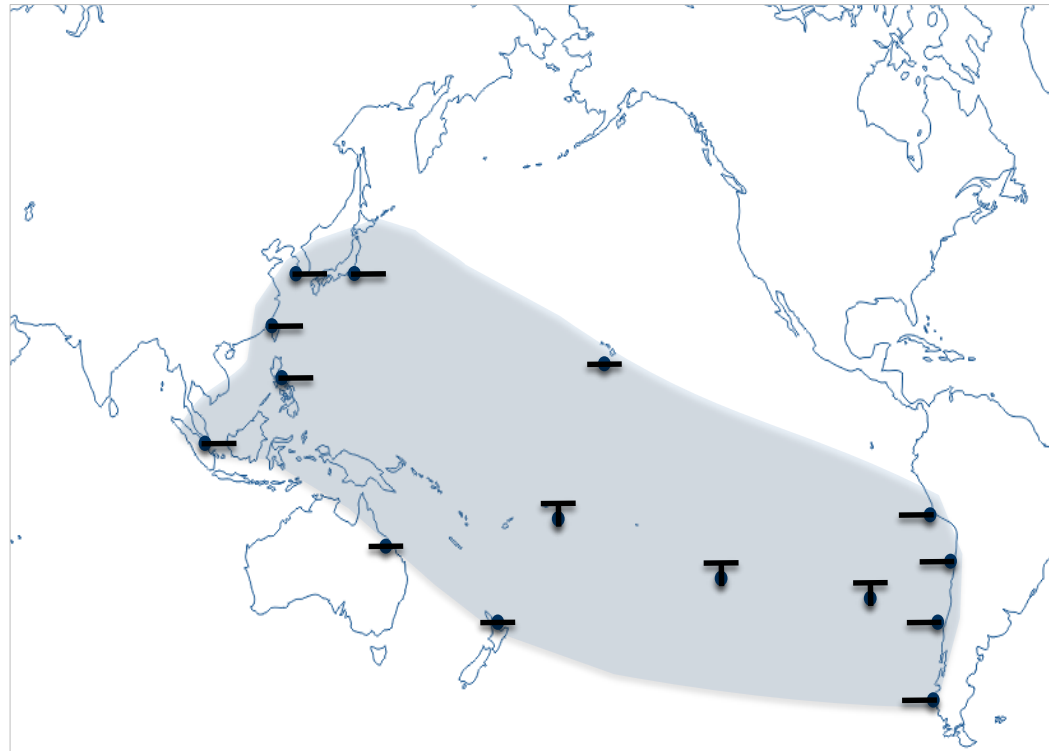
- A new digital bridge connecting Asia to South America, that is set to reconfigure digital possibilities in the Pacific Area.
  - A high capacity route to allow datacenters on both sides of the Pacific to interact with minimum delays.
  - A new source of redundancy for Internet Traffic.
- A landing point for digital distribution to: Brazil, Argentina, Peru and the countries in the South American region, through an extensive network of fiber optic cables (AMX1, MONET, ELLA, PCCS, SACS).
- Prime access to a wealth of astronomical data generated in Chile (the country hosts nearly 60% of the world's astronomical infrastructure).

**22,000 Km**

**10 TBps**

**USD 600 mill**

# Undersea Cable: “Asia - South America Digital Gateway”



Route Alternatives (preliminary):

Origin	Intermediate	Branches	Landing point
China, Japan, Korea & Singapore	New Zealand, Australia & Hawaii	Rapa Nui, J. Fernández & French Polynesia	Valparaíso, Arica, Punta Arenas, branch to Lima

## Key aspects

1. Conceived to boost Chile as Hub Digital of the Southern Cone, adding demand for data transport with South American countries, with the confirmation of Brazil and Argentina.
2. Other interested countries: China, Japan, French Polynesia, New Zealand and Singapore.
3. Main potential gains (positive externality) associated to world class *datacenter* deployment and transit to other countries in the Southern Cone.
4. Increased availability (offer) of international connectivity and redundancy for routes through the South Pacific
5. Investment: USD 500-600 million
6. First stage: Feasibility study (USD 3 MM, CAF Funding)



### III. Chile's experience



# | THE NUMBERS BEHIND CHILE'S FREE TRADE POLICY |

28

FREE TRADE  
AGREEMENTS

64

ECONOMIES

86%

GLOBAL GDP

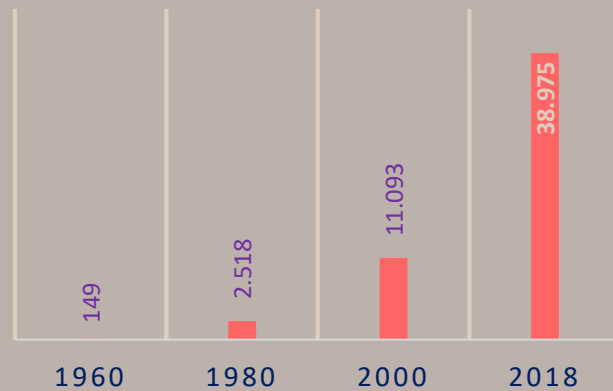
63%

GLOBAL POPULATION

57%

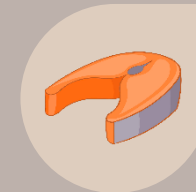
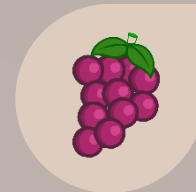
OF THE COUNTRY'S GDP IS  
EXPLAINED BY TRADE

Record of non-copper exports  
USD Millions



1<sup>st</sup>

GLOBAL EXPORTER  
2018



| Fresh Cherries | Fresh Grapes | Fresh Blueberries | Salmon Fillet |

8.080

COMPANIES EXPORTED DURING 2018,  
INCLUDING 3.378 SME'S

1,2 MILLIONS

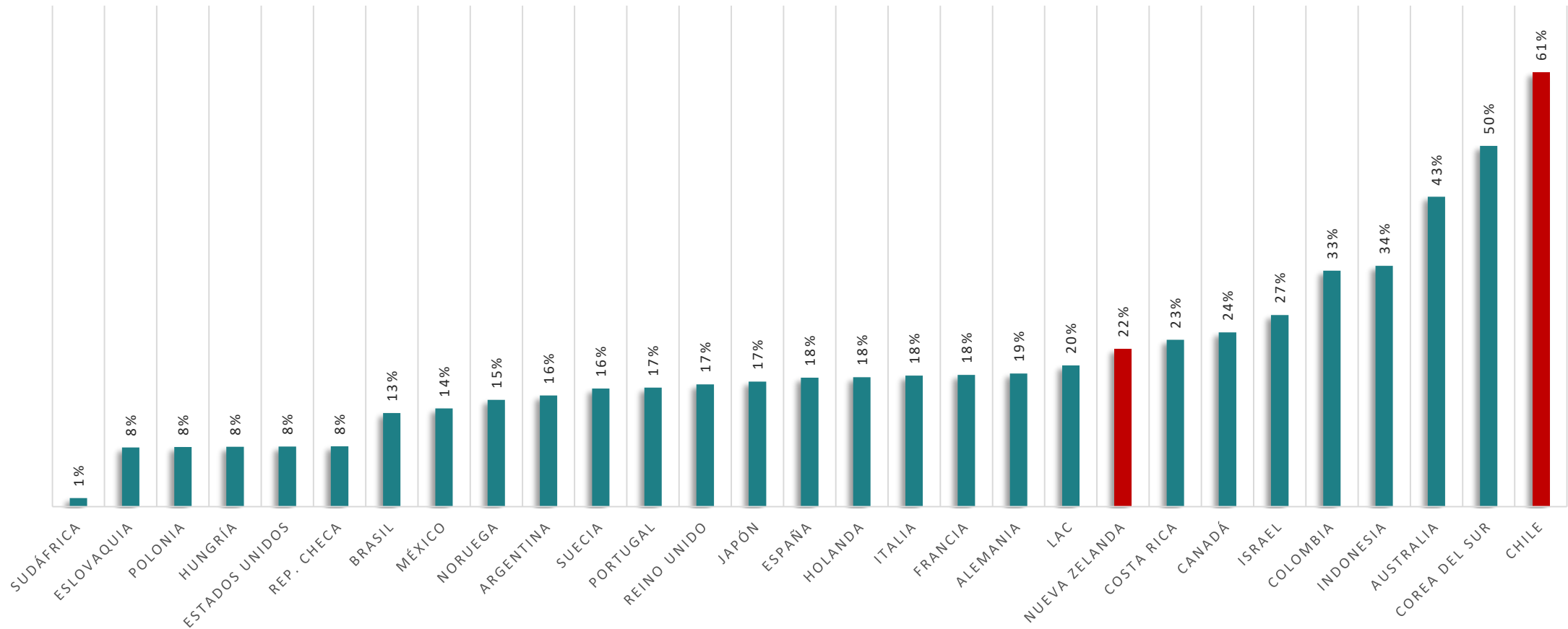
OF JOBS CREATED BY EXPORT  
COMPANIES

95%

OF EXPORTS GO TO COUNTRIES WITH  
WHICH CHILE HAS AN FTA (2018)

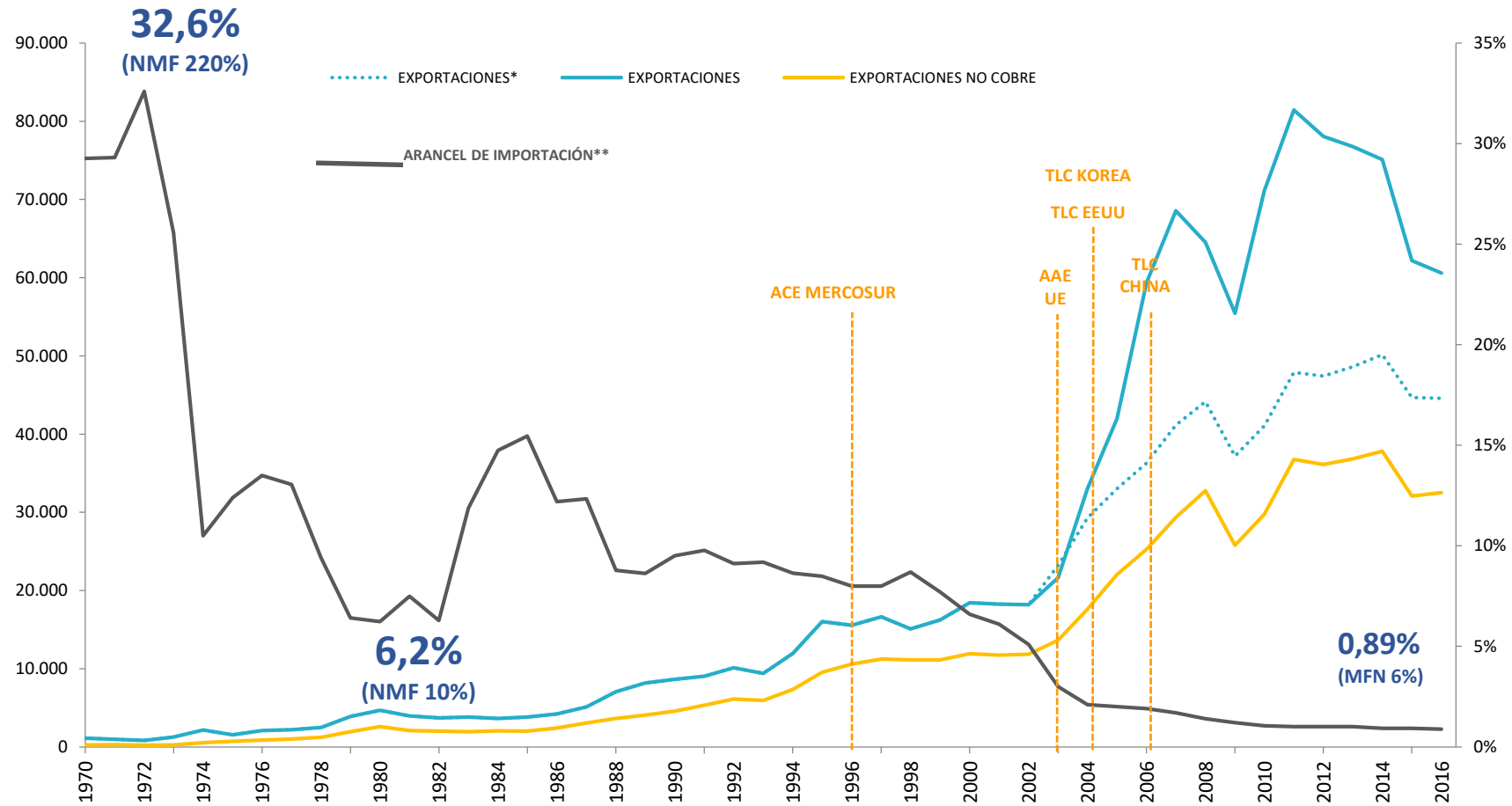
CHINA (35%)  
UNITES STATES (14%)  
JAPAN (10%)  
SOUTH KOREA (6%)  
BRAZIL (5%)

# Access to global GDP through FTA's

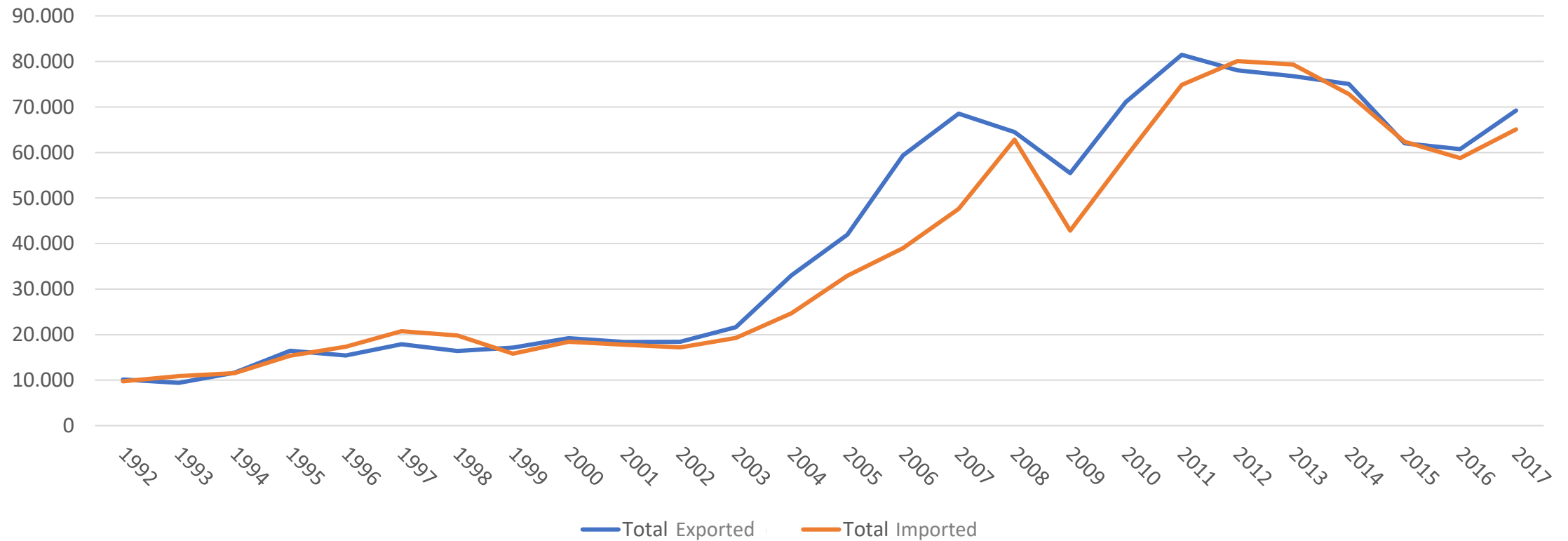


Source: Chile's General Directorate of International Economic Relations

# Tariffs and exports

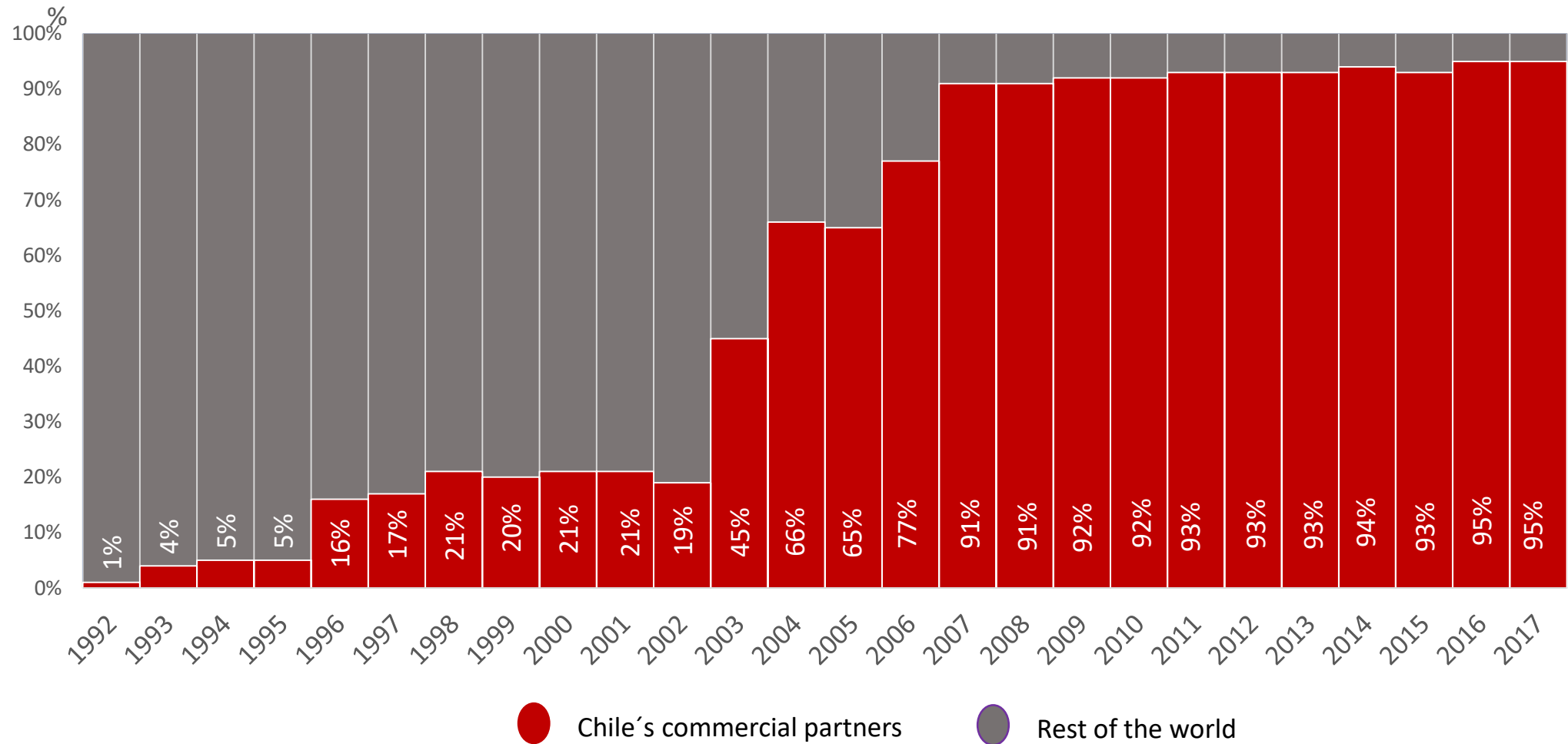


# Chile's trade balance since implementation of growth strategy based on trade openness



Source: Chile's General Directorate of International Economic Relations

# Chile's exports destinations

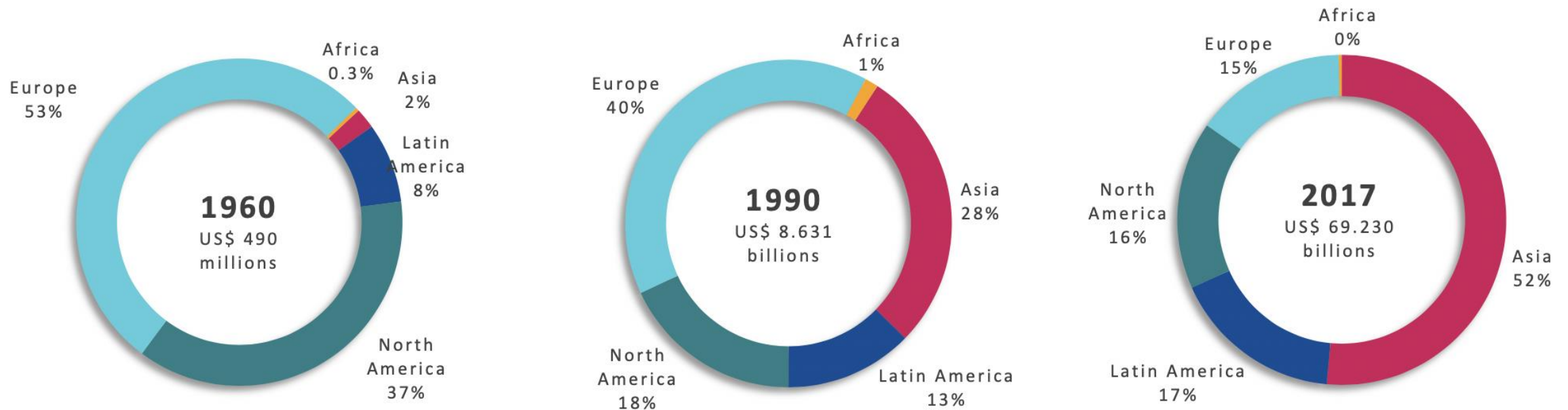


# APEC and Chile

- **69%** of Chilean exports go to the APEC region
- **59%** of Chile's imports come from APEC
- **58%** of investments in Chile come from the APEC region

Source: Chile at a Glance ([www.apecchile2019.cl](http://www.apecchile2019.cl))

# Evolution of Chile's exports by destination



Source: Chile's General Directorate of International Economic Relations



# Chile - World versus Chile – World without APEC

