

# Proactive Release

Date: 19 February 2021

The following Cabinet paper and related Cabinet minutes have been proactively released by the Minister of Foreign Affairs:

***Title of paper:***

APEC 2021: Policy Priorities, High-Level Meetings, and Additional Activities  
CBC-20-SUB-0073

***Title of minutes:***

CAB-20-MIN-0489 refers  
CBC-20-MIN-0073 refers

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to redaction codes:

- 6(a): to avoid prejudicing the international relations of the New Zealand Government;
- 9(2)(i): to avoid prejudice to commercial activities;
- 9(2)(j): to avoid prejudice to negotiations.

Office of the Minister of Foreign Affairs  
Office of the Minister for Trade and Export Growth  
Cabinet Business Committee

## **APEC 2021: Policy Priorities, High-Level Meetings, and Additional Activities**

### **Proposal**

- 1 This paper:
  - proposes policy priorities and a theme for New Zealand's chairing of APEC in 2021;
  - provides a draft calendar for APEC meetings in 2021 and seeks approval for the hosting of specific Leaders' and Ministerial level meetings; and
  - seeks approval for additional activities to increase Māori and Indigenous participation, profile New Zealand, and extend Leaders Week.

### **Executive Summary**

- 2 Our chairing of Asia-Pacific Economic Cooperation (APEC) provides an important opportunity to raise New Zealand's standing in general and that of Ministers in particular throughout the region. As the host, our profile and mana in the region will be further reinforced and we expect this to help us prosecute our regional trade and economic interests not only next year but beyond. Other non-APEC economies will also have an interest in what we will be doing in a way that is not normally a feature of our diplomacy. In short, Ministerial investment in the APEC process this coming year will stand us in good stead for our entire term in office, COVID-19 travel restrictions notwithstanding.
- 3 In terms of our chairing role, other members will be interested primarily in how well we can galvanise APEC to embark on an economic recovery path in the face of the COVID-19 pandemic. Beyond this, New Zealand is chairing at a critical point of APEC's long-term development. APEC Leaders should have endorsed a new vision at the culmination of Malaysia's host year leaving New Zealand to broker an instrument to implement the vision in 2021.
- 4 The policy priorities we are proposing New Zealand adopt as APEC chair are designed to provide a backdrop to how APEC might respond to these challenges.  
They are:

#### **4.1 Economic and Trade Policies to Strengthen Recovery**

APEC21-102-247

## 4.2 Increasing Inclusion and Sustainability for Recovery

## 4.3 Pursuing Innovation and a Digitally Enabled Recovery

- 5 Our virtual hosting of APEC, <sup>s6(a)</sup> will impose limitations on the outcomes we can seek to deliver as APEC chair. Within these limitations we would argue that New Zealand should be ambitious in seeking to deliver such outcomes. As well as seeking outcomes which will protect our economies in the face of COVID-19, promote a recovery path that improves inclusion and sustainability, New Zealand has the opportunity to put indigenous economic empowerment issues on APEC's agenda as well as promote an indigenous cooperation arrangement on the edges of APEC.
- 6 We propose adoption of a host theme for 2021, which is designed to inspire our domestic audience as much as the APEC region. It is:
- Join, Work, Grow. Together.  
Haumi ē, Hui ē, Tāiki ē.
- 7 This paper proposes a 2021 meetings calendar with a focus on the high-level meetings New Zealand will be chairing. As well as chairing regular meetings of Leaders, Foreign Affairs and Trade Ministers, Finance Ministers, Ministers Responsible for Trade, and Women and the Economy Forum, we are proposing we host additional Leaders' and Finance Ministers meetings (specifically to discuss responses to COVID-19). We are also proposing to host Structural Reform, Food Security, and Small and Medium Enterprises (SME) Ministerial Meetings.
- 8 Having reviewed further information from officials, we are recommending that we undertake additional activities designed to increase Māori and Indigenous participation in APEC, to profile New Zealand's leadership of APEC, and to extend Leaders' Week to include New Zealand businesses and youth. We believe these will contribute materially to our hosting objectives by engaging New Zealanders in the APEC process and by communicating New Zealand as a smart, diverse, and inclusive country to an international audience.

**Background and Context**

- 9 On 29 June 2020 Cabinet agreed that New Zealand would deliver a largely virtual APEC host year in 2021 [ERS-20-MIN-006 refers]. On 3 August 2020 Cabinet approved a budget for hosting APEC in terms of *Option 3: Credible Minimum* hosting with consideration also being given to the possibility of *Option 4: Additional Options*. Cabinet also endorsed reshaped APEC hosting objectives which were to (i) lead a collaborative regional response to COVID-19, (ii) demonstrate the relevance of APEC, and (iii) position New Zealand as an enabler of digital diplomacy. [ERS-20-MIN-022 refers].

10 s6(a)

11 With the passage of time and the continued impracticality of holding in-person international meetings.  
s6(a)

New Zealand is well positioned to achieve its APEC year objectives if we can rise to the challenges of hosting in current circumstances.

12 APEC members will look to New Zealand to lead the forum forward at a time of crisis. Our standing will be enhanced if we are to meet this expectation. Three quarters of our trade is with the region and 18 of our 20 current free trade agreements are with economies from the region. The world's three largest economies and nine members of the Group of 20 (G20) are APEC members. Hosting puts us firmly on the world stage for a year. We have the opportunity to influence the shape of future regional cooperation at a time when there is likely to be an appetite for change.

### ***APEC Faced Significant Challenges Prior to COVID-19***

13 APEC has a broad economic remit. As well as working on trade issues, its work covers general macro- and micro-economic issues (the latter known as "structural reform") as well as work on specific issues such as health, education, transport, and telecommunications (amongst many others). APEC has been successful in instilling a range of norms and principles which have influenced the economic strategies employed by its members, particularly its developing members. Between 1994 and 2018 APEC's collective real Gross Domestic Product (GDP) grew at 4.0% per annum, faster than the rest of the world which grew at 3.5% per annum. The number of people classified as "poor" in APEC dropped from 1.4 billion in 1990 to 340 million in 2015, reducing the incidence of poverty in the population from 63.2% to 12.2%. This is unparalleled in human history.

14 In recent years, APEC has faced new challenges. Even before COVID-19, the Asia-Pacific region was under significant strain. This was evident in the trade and technology tensions that were playing out between APEC's major powers. Achieving agreement between APEC members became increasingly difficult, culminating in failure to agree on a Leaders' Statement in Port Moresby in 2018. It was particularly unfortunate for the organisation that domestic tensions in Chile led to the cancellation of APEC Leaders' Week in 2019 and that COVID-19 has led to severe disruption of Malaysia's APEC host year.

- 15 Even before the emergence of these tensions, APEC faced questions about maintaining high rates of growth. The 1994 Bogor Goals<sup>1</sup> had served the region well by galvanising reductions in tariffs and non-tariff measures for manufactured products, driving rates of trade and economic growth that were significantly above those of the rest of the world. In recent years it had become clear that this process had run its course and that a new model based on the growth of services and digital industries was needed. APEC as a whole is not strong in these areas. It is perhaps fortuitous that the Bogor Goals are due to expire in 2020, and that Malaysia has steered through a new APEC vision statement to replace them.

### ***The Implications of COVID-19***

- 16 Given COVID-19 and the economic restrictions required to manage the pandemic, the region is facing the most serious economic crisis in modern history. APEC's Policy Support Unit is predicting that the region as a whole will contract by 2.5% in 2020, although this figure could become higher as the year continues without a significant rebound in economic activity. While it is hoped that a rebound will be possible following development of a vaccine and other treatments, significant uncertainty continues to beset the regional outlook.
- 17 This situation presents a number of opportunities for improved APEC cooperation in areas such as:
- sharing experiences on how to manage the monetary and fiscal dimensions of the crisis especially as low interest rates imply limited effectiveness for some traditional monetary policy instruments and high indebtedness in some APEC economies offers only limited potential for future government expenditure to manage the crisis;
  - discussing the role that micro-economic reform will play in APEC economies as the limits of macro-economic policies become apparent and as members seek to adjust to new growth models;
  - evaluating how to maintain supply chain resilience in the face of severe trade tensions. This applies in particular to supply chains for essential goods and services including medical goods and food. Central to these issues is the future role of the World Trade Organisation, and how APEC can return to its traditional role of building support for regional economic integration;
  - considering how to deal with questions around the future movement of people, which is so critical to the functioning of many APEC economies;

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<sup>1</sup> The Bogor Goals committed APEC members to free and open trade and investment by 2010 for developed economies and 2020 for developing economies.

- seeking to ensure that sustainability challenges are not deprioritised in the face of the crisis and that the substantial fiscal resources currently being employed to rebuild economies can be deployed in a manner that ensures a more sustainable future;
  - comparing approaches to ensuring that the interests of the region's most vulnerable populations are addressed, particularly groups such as women and Indigenous peoples; and
  - assessing how digital technologies can contribute to these new growth models and the role that APEC can play in helping its members to adopt infrastructure, skills development, and trade and regulatory policies that help capture the potential productivity benefits from digital technologies.
- 18 If New Zealand is to succeed as APEC chair in 2021, we will need to lead APEC in a manner that shows that it is capable of responding effectively to these challenges. This will require significant engagement from the Prime Minister and relevant Ministers at key points in seeking to create a meaningful high level dialogue on how to address key issues.
- 19 We believe that it is very much in New Zealand's own interests that Cabinet collectively and Ministers in their respective portfolios accord our APEC chairing role a high priority. An effective APEC response is a key means of ensuring that the region returns to growth and remains open and dynamic to the benefit of our exporters as well as our tourism and education industries. To achieve this on a virtual platform will position New Zealand as a pioneer of digital diplomacy with spin-off benefits for New Zealand business including our rapidly growing technology sector.
- 20 To be effective however, we will need to work collectively to ensure improved engagement in the virtual environment, particularly at Ministerial level. Otherwise there is a risk that discussions will be stilted, consisting largely of the reading out of set-piece statements. We need to ensure that as meeting chairs, New Zealand Ministers have put in the work before their meetings to ensure a dynamic and engaging discussion. Options include persuading Ministers from other APEC members to submit "member economy statements", leaving them to focus only on core points of strong personal interest when they speak. We could also look to employ stimulating lead speakers or a panel approach to ensure a more dynamic discussion.

### **Proposed Policy Priorities for APEC 2021**

- 21 Each APEC host is expected to put forward a set of policy priorities to guide the work of its host year. Other members of APEC pay close attention to these priorities and seek to support them where possible. Proposed priorities are summarised in Annex 1: APEC 2021 Policy Priority on a Page.
- 22 In developing these, officials have been mindful of the Government's economic and COVID-19 response priorities. They have sought to be

responsive to the challenges posed by COVID-19 in the different areas of APEC's work. They have also sought to provide some continuity with the priorities of previous host economies as a means of gaining broad support.

- 23 We are proposing that New Zealand adopt three policy priorities as APEC host:
- 23.1 *Economic and Trade Policies to Strengthen Recovery* – this priority seeks to address APEC's traditional work on trade and investment liberalisation, structural reform, and macro-economic issues, and to recalibrate this work in a manner that addresses the challenges posed by COVID-19. In particular, it stresses facilitating movement of essential goods and services, supply chain resilience, adoption of well-being approaches to economic strategy, and building back confidence in the World Trade Organisation;
- 23.2 *Increasing Inclusion and Sustainability for Recovery* – this priority seeks to show how in future, strategies to promote sustainability and inclusion can become mutually supportive with strategies to promote growth in APEC economies. It puts particular emphasis on the development of market instruments to encourage sustainability in such areas as environmentally harmful subsidies, renewable energy, and environmental goods and services. New Zealand's agricultural trade interests are closely related to the proposed priority on "productive and sustainable food systems". In the area of inclusion, it is looking to emphasise APEC's existing work on women's empowerment, as well as to expand this emphasis to encompass indigenous economic empowerment;
- 23.3 *Pursuing Innovation and a Digitally Enabled Recovery* – this priority stresses the importance of innovation and digital policies for economic recovery. It includes work on infrastructure, skill and industry policies where there is good agreement in APEC as well as work on trade, regulatory, and competition policies where the organisation is much more divided.
- 24 The policy priorities have undergone broad-ranging consultation with Iwi and stakeholders from various sectors including: business, primary industry, digital, non-governmental organisations (NGO), academic, and local government. Consultation in 2019 culminated in endorsement by the then Ministers of Foreign Affairs, Trade and Export Growth, and Finance. Post the arrival of COVID-19 a further round of engagement led to further substantive improvements. This process has built a supportive domestic cohort.

### **How Can We Deliver on our Policy Priorities?**

- 25 The Policy Priorities communicate to other APEC members the issues and trends that are of greatest importance to New Zealand as host. They also act as an "organising framework" for the work taken forward during 2021. They

should not be seen as an agenda to reform APEC, nor should they be read as a list of deliverables for 2021.

26 s9(2)(j)

s6(a), s9(2)(j)



s6(a), s9(2)(j)

- 27 Given the opportunities that hosting APEC presents to pursue the government's COVID-19 recovery strategy, we propose that we choose the high ambition option outlined above. We believe we can attain significant returns to New Zealand by embedding future APEC work on some key issues for several years to come. At the same time, this is a stretch set of ambitions, it will be demanding on Ministers and officials to deliver these outcomes. During 2021, we will need to reassess whether we are on track to achieve the outcomes sought.

#### **Theme for APEC 2021**

- 28 It has become a tradition that every APEC host provides a theme for its host year. The theme is intended to express overarching aspirations and is often designed to inspire the host's domestic audience as much as the rest of APEC.
- 29 APEC New Zealand has already developed an APEC 2021 logo (approved by the then Minister of Foreign Affairs in September 2018), a narrative and a brand "look and feel" (endorsed by the then Minister of Foreign Affairs in September 2020). These will serve as the basis for all communications as well as physical and digital collateral for our host year.
- 30 Both the narrative and corresponding visual representation draw on the connection New Zealand has with the Asia-Pacific region, united by the Pacific Ocean. Developed by Māori artist, Karl Johnstone, the concepts represent universal principles of unity applicable to an international audience. They involved extensive consultations with over 50 stakeholder interviews and workshops with a Māori narrative group.
- 31 Annex 2 contains the narrative which can be distilled down to a shorter core expression of:
- Join, Work, Grow. Together.  
Haumi ē, Hui ē, Tāiki ē.
- 32 We propose that we use this short form of the narrative as our host year theme.

## **APEC 2021 Meeting Calendar and High Level Meetings**

- 33 In 2021, the need to meet virtually across 11 different time zones (encompassing a 17 hour difference) requires us to rethink how an APEC year is scheduled. Officials have redesigned a calendar of officials' level events which has been consulted with the APEC membership. In order to facilitate quality participation, events will need to start at specific times and run for no longer than three hours. We are determined to provide a stable and predictable schedule as part of demonstrating successful virtual hosting and as a way of ensuring our focus remains on substantive outcomes.
- 34 New Zealand has committed to hosting the annual Leaders' and Ministerial meetings that are 'hard-wired' into the APEC calendar. These are the APEC Economic Leaders' Retreat and the APEC Ministerial Meeting in November; the Finance Ministers' Meeting in October; the Women and the Economy Forum in September; and the Ministers Responsible for Trade Meeting in the second quarter of the year. Cabinet has also committed to hosting one additional Ministerial meeting but has left the theme of that meeting to future decisions [ERS-18MIN-0001].
- 35 In order to create the kind of high level dialogue that is urgently required in APEC to promote a regional response to the challenges posed by COVID-19, we are proposing we explore with APEC members two new options:
- a second Leaders' Retreat as a short, standalone event around July (it would be difficult to coordinate an earlier meeting), focused on bringing APEC leaders together to 'reset' the environment for regional cooperation on economic recovery. This would demonstrate New Zealand's commitment to the region, reflect the extraordinary circumstances of our hosting, and could add significantly to our host year legacy; and
  - a second informal Finance Ministers' Meeting that could take place in March and would be designed to generate ministerial discussion on a macro-economic response to COVID-19 recovery, including deeper integration between finance themes and other areas of APEC's agenda such as structural reform. The regular Finance Ministers Meeting would still take place in October 2021.
- 36 We are also proposing that an additional ministerial meeting New Zealand hosts is the APEC Structural Reform Ministerial Meeting. This was scheduled to meet in 2020 but has been postponed to 2021. The Structural Reform Ministerial Meeting will launch a new APEC agreement which will set the agenda for the organisation's micro-economic reform work for the next five years. From the Chair, New Zealand will be in a position to significantly influence how APEC approaches its activities on such issues as labour force participation, market instruments to improve sustainability, reducing restrictions into key services markets and competition in digital markets. As well as being of significant benefit to other APEC members, this work has the

potential to improve access for innovative New Zealand businesses seeking to expand in the region. It is proposed the Structural Reform Ministerial Meeting takes place in June 2021. Policy preparations for this meeting are well advanced. There are two further ministerial meetings that have become common events in recent years and both subject areas are important to our domestic policy agenda. They are:

- the APEC Food Security Ministers' Meeting - Ministerial endorsement of a new APEC Food Security Roadmap post 2020 would be a significant deliverable and contribute into a valuable input into the UN Food Systems Summit. It would provide an opportunity for stronger international engagement on sustainable food systems for New Zealand to champion.
- the APEC SME Ministerial - While this meeting has not been particularly dynamic in the past with limited Ministerial attendance, hosting it would give New Zealand the opportunity to highlight the important role that SMEs will play in policies for post COVID-19 recovery as well as to take forward important projects in such areas as digital payments.

- 37 Neither of these meetings is currently included in the calendar but provision could be made for them in consultation with Ministers and other APEC economies. s6(a)
- 38 A draft high level calendar for APEC meetings in 2021 is attached as Annex 3. For High Level Meetings involving Ministers or the Prime Minister, specific arrangements, including timing for the meetings, will be subject to separate consultation between relevant line agencies and their Ministers.
- 39 When we had been planning an in-person APEC Leaders' Week, our intention had been to invite Pacific Island Leaders to come to Auckland to participate in a range of activities with APEC Leaders. While this will not now be possible, our intention is to develop alternative means to engage Pacific Leaders, particularly through the Pacific Islands Forum (which has observer status in APEC). We could engage Pacific Island countries in areas of specific interest to them in such areas as fisheries, oceans, agriculture/food security, forestry, labour mobility, and tourism. We could also explore possible activities during Leaders Week such as a panel discussion between invited APEC and Pacific Island Leaders. Officials will hold discussions with the Forum Secretariat and seek to develop practical options for Pacific Island participation that are of real interest to Pacific Island countries themselves.

## **Additional Activities**

- 40 In approving the budget for the virtual hosting of APEC 2021, Cabinet sought further information about proposed additional activities designed to connect Māori and Indigenous Peoples to the work of APEC, profile New Zealand's leadership of APEC, and to extend Leaders' Week to live New Zealand business and youth participation. (\$4.16M has been included in the appropriation for these.)

### *Connecting Māori and Indigenous Peoples to the Work of APEC*

- 41 Officials have undertaken a comprehensive engagement programme with Māori across Iwi, government, industry, and business over the last two years. As a result of that engagement, officials have concluded that four core areas of work would enable us to address Māori stakeholder preferences in relation to APEC hosting, while simultaneously contributing to New Zealand's strategic hosting objectives. These are:
- Indigenous policy inclusion: recognising the value of Indigenous Peoples knowledge, values and solutions in addressing the region's trade and economic recovery as part of APEC 2021 and beyond;
  - Māori Virtual Experience: elevating Māori voices to recognise their status as Tangata Whenua and to honour the Treaty partnership;
  - Indigenous Connections: enabling Māori to actively and substantively participate in specific areas of interest and priority to New Zealand across the APEC 2021 agenda;
  - Māori communications and outreach: sharing the unique value proposition of Māori economic activity through a Māori lens;
- 42 To support the delivery of these core work areas, we propose to allocate \$0.96M of funding to:
- enable us to support Māori and Indigenous Peoples from other APEC economies to connect with each other on the edges of APEC before reaching out to APEC governments and businesses on issues of mutual interest. A deliverable from this could be the indigenous cooperation arrangements mentioned under the "high ambition" option for policy priorities above;
  - create a more impactful virtual Māori experience for delegates by enhancing the digital content that is created, profiling Māori stories, and case studies;
  - develop a programme of activities in partnership with Māori to improve the visibility of Māori economic contributions to New Zealand and demonstrate Māori digital and creative capabilities.

*Profiling New Zealand's Leadership of APEC*

- 43 In the physical hosting scenario, the presence of world leaders, and international media in New Zealand would have provided a significant opportunity to profile New Zealand internationally and our leadership of APEC to a domestic audience. With the move to virtual hosting, the opportunity is to leverage our leadership of APEC to reinforce NZ Inc partners' international work programme for the COVID-19 recovery; and to communicate the value of our leadership role in APEC to New Zealanders.
- 44 To support this, we propose to allocate \$1.64M of funding to:
- enable building a partnership with an international media company to expand our audience reach;
  - build more content beyond core APEC coverage to profile New Zealand as a trading nation;
  - build a platform to provide raw material and packages to the 3,500 journalists on the APEC Secretariat database with content that is easy to use; and
  - extend domestic stakeholder engagement, including holding an APEC host year launch event in New Zealand.

*Extending Leaders' Week to Live New Zealand Business and Youth Participation*

- 45 The APEC host year would normally culminate in Leaders' Week, where the presence of Leaders and the business community for the Chief Executive Officer (CEO) Summit create a sense of occasion and pride for the host economy and provide showcasing and networking benefits for New Zealand business.
- 46 In order to generate some of those benefits in a virtual hosting environment, we propose to allocate \$1.56M of funding so that the virtual CEO and Voices of the Future (youth) conferences can include live domestic components for New Zealand participants at s9(2)(j). Alongside the hybrid live/virtual summit plenary sessions, a series of peripheral events would be developed including service and product demonstrations. Through the host broadcaster and international media partner, these live experiences would be shared with the virtual delegates and world media, allowing a showcase for New Zealand business.
- 47 We believe that the all three proposed additional activities outlined above would contribute materially to the Government's APEC hosting objectives of demonstrating the relevance of APEC and positioning New Zealand as an enabler of digital diplomacy. There would be significant additional gains by engaging New Zealand stakeholders in the APEC process and by communicating New Zealand as a smart, diverse, and inclusive country to an

international audience. More detailed proposed costings are attached as Annex 4.

### **Financial Implications**

- 48 All proposals in this paper can be funded from within the existing appropriation for APEC hosting.
- 49 There will be costs associated with holding the proposed Additional Leaders' Retreat and Ministers for Finance meeting and additional Food Security and SME Ministerials that were not taken into account as part of Cabinet's decision on the revised APEC hosting appropriation. Officials, however, assess that it will be possible to hold these within the total appropriation (including contingency).
- 50 Were there to be proposals for further additional high-level meetings, funding requirements would need to be further assessed.
- 51 The cost of the additional activities proposed in paras 41-47 was included in the appropriation Cabinet confirmed in August [ERS-20-MIN-022 refers].

### **Legislative Implications**

- 52 There are no legislative implications from this paper.

### **Impact Analysis**

- 53 A Regulatory Impact Statement is not required.

### **Population Implications**

- 54 Indigenous inclusion will be incorporated in New Zealand's approach to host year policy priorities. Māori have been an engaged partner for APEC hosting and had been working collaboratively with officials to achieve a genuine involvement in all aspects of our hosting.
- 55 New Zealand as the 2021-22 Chair of the Policy Partnership on Women and the Economy and the Ministerial Women and the Economy Forum will be well placed to promote a gendered approach for New Zealand's three proposed policy priorities. The Ministry for Women, which will lead this work stream, has supported APEC's development of the Implementation Plan for the La Serena Roadmap for Women and Inclusive Growth and considers the regular reporting requirements, including in 2021, will provide useful avenues of cross-cutting influence with APEC fora and sub-fora including APEC Business Advisory Council (ABAC) and in areas of Māori/Indigenous economic inclusion.

## Human Rights

- 56 The proposals in this paper are not inconsistent with the Human Rights Act 1993 or the New Zealand Bill of Rights Act 1990.

## Consultation

- 57 The following agencies have been consulted and concur with the paper: Department of Prime Minister and Cabinet, Ministry for Business, Innovation and Employment, Ministry of Education, Ministry for Primary Industries, Ministry for Women, New Zealand Customs Service, Te Puni Kokiri, and Treasury.
- 58 Two rounds of engagement have taken place in 2019 and 2020 with Māori, NGO, business, and academic stakeholders for the purposes of formulating advice of New Zealand's policy priorities for APEC 2021.

## Communications

- 59 It will be important throughout the year for Ministers to demonstrate to our APEC partners and the public our high-level commitment to the successful virtual hosting of APEC. Key messaging will be provided to Ministers in due course together with options for engagement with major stakeholder constituencies. Should Cabinet agree to support it, New Zealand's host theme and policy priorities could be announced at the domestic launch event to be held early in 2021 (see para 45 above).

## Proactive Release

- 60 Once other APEC member economies and domestic stakeholders have been informed of New Zealand's host theme and policy priorities, we recommend that this paper be proactively released with redactions as required (likely in order to prevent damage to international relations and avoid prejudicing commercial negotiations) and consistent with the Official Information Act 1982.

## Recommendations

The Minister of Foreign Affairs and the Minister for Trade and Export Growth recommend that the Committee:

- 1 **Note** that New Zealand has a significant opportunity to lead a coherent regional response to the economic challenges posed by COVID-19 when it hosts APEC in 2021;
- 2 **Note** that the government is also in a position to achieve its other objectives for APEC in terms of demonstrating the relevance of APEC and positioning New Zealand as an enabler of digital diplomacy;
- 3 **Agree** that Cabinet and Ministers in their respective portfolios should accord a high priority to achieving New Zealand's objectives for APEC hosting;
- 4 **Agree** that New Zealand's APEC 2021 host priorities should be:
  - 4.1 Economic and Trade Policies to Strengthen Recovery;
  - 4.2 Increasing Inclusion and Sustainability for Recovery;
  - 4.3 Pursuing Innovation and a Digitally Enabled Recovery.
- 5 s6(a), s9(2)(j)
- 6 **Agree** to adopt the "high ambition" approach listed in 5 above as a feasible means to seek to leverage significant policy benefits for New Zealand from our APEC hosting year;
- 7 **Endorse** New Zealand's APEC 2021 host theme as:

Join, Work, Grow. Together.  
Haumi ē, Hui ē, Tāiki ē.
- 8 **Note** that a calendar of virtual meetings has been explored with other APEC members that includes meetings held each year of APEC Ministers



Responsible for Trade, Finance Ministers, Foreign and Trade Ministers and Leaders;

- 9 **Agree** that additional short virtual meetings of APEC Leaders and of Finance Ministers should be explored with other APEC members as a means of promoting a regional response on the economic challenges posed by COVID-19;
- 10 **Agree** that New Zealand should host a virtual APEC Structural Reform Ministers, Food Security Ministers, and SME Ministers Meetings in 2021 as additional ministerial meetings;
- 11 **Note** that the cost of additional ministerial meetings can be met from the appropriation for virtual APEC hosting agreed by Cabinet in August (including contingency) [ERS-20-MIN-022];
- 12 **Note** the benefits that will be achieved through activities to connect Māori and Indigenous Peoples to the work of APEC, profile New Zealand's leadership of APEC and extend Leaders' Week to include live New Zealand business and youth participation;
- 13 **Agree** that officials should proceed to plan for delivery of these additional activities;
- 14 **Note** that funding for additional activities was included in the appropriation for virtual APEC hosting agreed by Cabinet in August [ERS-20-MIN-022].

Authorised for lodgement

Hon Nanaia Mahuta  
Minister of Foreign Affairs

Hon Damien O'Connor  
Minister for Trade and Export Growth



# Cabinet

## Minute of Decision

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### **Report of the Cabinet Business Committee: Period Ended 27 November 2020**

On 30 November 2020, Cabinet made the following decisions on the work of the Cabinet Business Committee for the period ended 27 November 2020:

CBC-20-MIN-0073	<b>APEC 2021: Policy Priorities, High-Level Meetings, and Additional Activities</b> Portfolios: Foreign Affairs / Trade and Export Growth	CONFIRMED
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Michael Webster  
Secretary of the Cabinet



# Cabinet Business Committee

## Minute of Decision

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### APEC 2021: Policy Priorities, High-Level Meetings, and Additional Activities

**Portfolios**                      **Foreign Affairs / Trade and Export Growth**

On 25 November 2020, the Cabinet Business Committee:

#### Background

- 1        **noted** that New Zealand has a significant opportunity to lead a coherent regional response to the economic challenges posed by COVID-19 when it hosts APEC in 2021;
- 2        **noted** that the government is also in a position to achieve its other objectives for APEC in terms of demonstrating the relevance of APEC and positioning New Zealand as an enabler of digital diplomacy;

#### Policy priorities and theme

- 3        **agreed** that Cabinet and Ministers in their respective portfolios should accord a high priority to achieving New Zealand's objectives for APEC hosting;
- 4        **agreed** that New Zealand's APEC 2021 host priorities be:
  - 4.1      Economic and Trade Policies to Strengthen Recovery;
  - 4.2      Increasing Inclusion and Sustainability for Recovery;
  - 4.3      Pursuing Innovation and a Digitally Enabled Recovery;

5        s6(a), s9(2)(j)

- 6 **agreed** to adopt the ‘high ambition’ approach listed in paragraph 5.3 above as a feasible means to seek to leverage significant policy benefits for New Zealand from the APEC hosting year;
- 7 **endorsed** New Zealand’s APEC 2021 host theme as:  
Join, Work, Grow. Together.  
Haumi ē, Hui ē, Tāiki ē.

### **Proposed calendar for APEC meetings in 2021**

- 8 **noted** that a calendar of virtual meetings has been explored with other APEC members that includes meetings held each year of APEC Ministers Responsible for Trade, Finance Ministers, Foreign and Trade Ministers and Leaders;
- 8 **agreed** that additional short virtual meetings of APEC Leaders and of Finance Ministers be explored with other APEC members as a means of promoting a regional response on the economic challenges posed by COVID-19;
- 9 **agreed** that New Zealand should host a virtual APEC Structural Reform Ministers, Food Security Ministers, and Small and Medium Enterprises Ministers Meetings in 2021 as additional ministerial meetings;
- 10 **noted** that the cost of additional ministerial meetings can be met from the appropriation for virtual APEC hosting agreed by Cabinet in August 2020 (including contingency) [ERS-20-MIN-0022];

### **Additional activities**

- 11 **noted** that benefits will be achieved through activities to connect Māori and Indigenous Peoples to the work of APEC, profile New Zealand’s leadership of APEC, and extend Leaders’ Week to include live New Zealand business and youth participation;
- 12 **agreed** that officials proceed to plan for delivery of these additional activities;
- 13 **noted** that funding for additional activities was included in the appropriation for virtual APEC hosting previously agreed by Cabinet [ERS-20-MIN-0022].

Janine Harvey  
Committee Secretary

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**Present: (see over)**

**Present:**

Rt Hon Jacinda Ardern (Chair)  
Hon Grant Robertson  
Hon Kelvin Davis  
Hon Dr Megan Woods  
Hon Chris Hipkins  
Hon Carmel Sepuloni  
Hon Andrew Little  
Hon David Parker  
Hon Nanaia Mahuta  
Hon Poto Williams  
Hon Damien O'Connor  
Hon Stuart Nash  
Hon Willie Jackson  
Hon Michael Wood  
Hon Dr David Clark  
Hon Meka Whaitiri

**Officials present from:**

Office of the Prime Minister  
Department of the Prime Minister and Cabinet



# Cabinet Business Committee

## Summary

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### APEC 2021: Policy Priorities, High-Level Meetings, and Additional Activities

**Portfolios** Foreign Affairs / Trade and Export Growth

**Purpose** This paper seeks agreement to:

- the policy priorities and a theme for New Zealand's chairing of APEC in 2021;
- a draft calendar for APEC meetings in 2021 and to the hosting of specific Leaders' and Ministerial level meetings;
- additional activities to increase Māori and Indigenous participation, profile New Zealand, and extend Leaders Week.

**Previous Consideration** On 28 July 2020, the Cabinet External Relations and Security Committee approved a number of arrangements for the hosting of APEC 2021 in a virtual environment, including funding arrangements [ERS-20-MIN-0022].

**Summary** The proposed policy priorities (summarised in **Annex 1** 'Policy Priorities on a Page') are:

- Economic and Trade Policies to Strengthen Recovery;
- Increasing Inclusion and Sustainability for Recovery;
- Pursuing Innovation and a Digitally Enabled Recovery.

A host theme for 2021 is also proposed, to inspire New Zealand's domestic audience as much as the APEC region (the proposed narrative is in **Annex 2**):

Join, Work, Grow. Together.  
Haumi ē, Hui ē, Tāiki ē.

The proposed high-level meeting calendar is in **Annex 3**. This includes the regular meetings of Leaders, Foreign Affairs and Trade Ministers, Finance Ministers, Ministers Responsible for Trade, and Women and the Economy Forum, as well as additional Leaders and Finance Ministers meetings to discuss responses to COVID-19. It is also proposed that New Zealand host additional (virtual) APEC Structural Reform Ministers, Food Security Ministers, and SME Ministers meetings in 2021.

Agreement is sought to undertake additional activities designed to increase Māori and Indigenous participation in APEC, to profile New Zealand's leadership of APEC, and to extend Leaders' Week to include New Zealand businesses and youth. **Annex 4** provides a cost breakdown of the proposed additional activities.

<b>Regulatory Impact Analysis</b>	Not required.
<b>Baseline Implications</b>	The proposals can be funded from within the existing appropriation.
<b>Legislative Implications</b>	None.
<b>Timing Issues</b>	The proposed high-level meeting calendar is in <b>Annex 3</b> .
<b>Announcement</b>	<p>New Zealand's host theme and policy priorities could be announced at the domestic launch event to be held early in 2021.</p> <p>Key messaging will be provided to Ministers, together with options for engagement with major stakeholder constituencies.</p>
<b>Proactive Release</b>	This paper will be proactively released, subject to any appropriate redactions, once other APEC member economies and domestic stakeholders have been informed.
<b>Consultation</b>	<p>Paper prepared by MFAT. DPMC, Agriculture, Women, MBIE, Education, Customs, TPK and Treasury were consulted. NGO, Māori, business and academic stakeholders have also been consulted.</p> <p>The Minister of Foreign Affairs and the Minister for Trade and Export Growth indicate that the Prime Minister, Minister of Finance, Minister of Education, Minister of Agriculture, Minister for Economic and Regional Development, Minister for Māori Development, Minister for Women and Minister of Customs were consulted.</p>

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**The Minister of Foreign Affairs and the Minister for Trade and Export Growth recommend that the Committee:**

### **Background**

- 1 note that New Zealand has a significant opportunity to lead a coherent regional response to the economic challenges posed by COVID-19 when it hosts APEC in 2021;
- 2 note that the government is also in a position to achieve its other objectives for APEC in terms of demonstrating the relevance of APEC and positioning New Zealand as an enabler of digital diplomacy;

### **Policy priorities and theme**

- 3 agree that Cabinet and Ministers in their respective portfolios should accord a high priority to achieving New Zealand's objectives for APEC hosting;



- 4 agree that New Zealand's APEC 2021 host priorities be:
- 4.1 Economic and Trade Policies to Strengthen Recovery;
  - 4.2 Increasing Inclusion and Sustainability for Recovery;
  - 4.3 Pursuing Innovation and a Digitally Enabled Recovery;

5 s6(a), s9(2)(j)

6 agree to adopt the 'high ambition' approach listed in paragraph 5.3 above as a feasible means to seek to leverage significant policy benefits for New Zealand from the APEC hosting year;

7 endorse New Zealand's APEC 2021 host theme as:

Join, Work, Grow. Together.  
Haumi ē, Hui ē, Tāiki ē.

### **Proposed calendar for APEC meetings in 2021**

- 8 note that a calendar of virtual meetings has been explored with other APEC members that includes meetings held each year of APEC Ministers Responsible for Trade, Finance Ministers, Foreign and Trade Ministers and Leaders;
- 8 agree that additional short virtual meetings of APEC Leaders and of Finance Ministers be explored with other APEC members as a means of promoting a regional response on the economic challenges posed by COVID-19;
- 9 agree that New Zealand should host a virtual APEC Structural Reform Ministers, Food Security Ministers, and Small and Medium Enterprises Ministers Meetings in 2021 as additional ministerial meetings;
- 10 note that the cost of additional ministerial meetings can be met from the appropriation for virtual APEC hosting agreed by Cabinet in August 2020 (including contingency) [ERS-20-MIN-0022];

### **Additional activities**

- 11 note that benefits will be achieved through activities to connect Māori and Indigenous Peoples to the work of APEC, profile New Zealand's leadership of APEC, and extend Leaders' Week to include live New Zealand business and youth participation;
- 12 agree that officials proceed to plan for delivery of these additional activities;

- 13 note that funding for additional activities was included in the appropriation for virtual APEC hosting previously agreed by Cabinet [ERS-20-MIN-0022].

Janine Harvey  
Committee Secretary

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**Hard-copy distribution:**

Cabinet Business Committee  
Minister for Māori Development  
Minister for Women  
Minister of Customs

# APEC 2021 Policy on a Page



## CONTEXT

- |   |  |
|---|--|
| <p>(a) Huge focus on economic recovery post COVID-19</p> <ul style="list-style-type: none"> <li>• APEC growth engine was already running out of steam</li> <li>• Significant uncertainty over growth prospects</li> <li>• Possible renewed appetite for reform</li> </ul>   | <p>(b) COVID-19 widens existing divisions</p> <ul style="list-style-type: none"> <li>• Rules, institutions and norms under pressure</li> <li>• Increase in nationalism and protectionism</li> <li>• Problems with movement of people</li> <li>• Rising inequality and vulnerability</li> </ul> |
| <p>(c) Digital transformation</p> <ul style="list-style-type: none"> <li>• Rapidly increased use in response to COVID-19</li> <li>• Challenges for infrastructure and inclusion</li> <li>• Rapid structural change for many sectors</li> <li>• Tech wars – open vs controlled internet. Lack of confidence and trust</li> </ul> | <p>(d) APEC's Bogor Goals will have expired in 2020</p> <ul style="list-style-type: none"> <li>• New APEC vision in place</li> <li>• Need to recover APEC momentum in face of setbacks and limited "bandwidth" for organisation</li> </ul>   |

## NZ INTERESTS & VALUES

- |  |   |
|--|---|
| <p>(a) New Zealand will be the first to host APEC virtually for a full year. We will:</p> <ul style="list-style-type: none"> <li>• Seek to be an enabler of digital diplomacy</li> <li>• Build on the strengths and compensate for the weakness of digital technologies</li> <li>• Recognise what can be achieved will be reduced</li> </ul>                         | <p>(b) As a small country, New Zealand depends on international markets along with accompanying rules, norms and institutions. Our interests lie in both defending the existing order and seeking to build on it.</p>   |
| <p>(c) We want a New Zealand economy that is recovering from the shock caused by COVID-19 while transitioning towards :</p> <ul style="list-style-type: none"> <li>• A digital future</li> <li>• A sustainable future with effective strategies to tackle challenges such as climate change</li> <li>• A more prosperous, resilient and inclusive society</li> </ul> | <p>(d) New Zealand's economy currently characterised by:</p> <ul style="list-style-type: none"> <li>• Agriculture = 60% of our merchandise exports</li> <li>• Services = 70% of NZ economy</li> <li>• A Māori economy worth \$50bn</li> </ul> <p>Questions around how COVID is changing this and on our future drivers of growth.</p> |

## ACTION AGENDA



In Malaysia's host year, APEC Economic Leaders are expected to adopt a post-2020 vision to replace that of free and open trade and investment in the Asia-Pacific by 2020. Whatever that Vision is will fall to New Zealand to broker agreement on an implementation plan, most likely through an action agenda showing collective and individual commitments of APEC economies. This will need to take account of the views of business and other stakeholders. It will also need to respond to the economic and social challenges posed by COVID-19 which are likely to be with the region for many years.

PRIORITIES

1



### ECONOMIC AND TRADE POLICIES TO STRENGTHEN RECOVERY

#### WHY

The region's economic development recovery in response to COVID-19 will depend on the appropriate macro- and micro-economic policies. Under this priority, we will also build confidence in trade rules; encourage trade and economic policies that support openness and connectivity; and reduce friction at the border.

- a** Structural reform and macro economic actions
  - Macro-economic and fiscal responses to COVID-19 including through a wellbeing lens
  - Launch new Action Agenda on Structural Reform
  - Productive and efficient services
- b** Liberalising trade and investment
  - Build back confidence in the World Trade Organisation
  - Continued progress towards regional economic integration
  - Facilitating movement of essential goods and services
- c** Trade facilitation and connectivity
  - Cooperating to reduce NTMs
  - Harmonising and simplifying customs procedures
  - Business mobility
  - Supply chain resilience

2



### INCREASING INCLUSION AND SUSTAINABILITY FOR RECOVERY

#### WHY

Through this priority we will support all APEC economies to ensure resilience, sustainability and inclusivity are part of our recovery and long-term growth strategies, to underpin the stability and well-being of communities.

- a** Policy foundations for inclusive and sustainable growth
  - Inclusive approaches to structural reform and growth
  - Productive and sustainable food systems
  - Future of work/inclusive labour market recovery
- b** Vertical inclusion opportunities
  - La Serena Roadmap on Women and Inclusive Growth
  - Indigenous economic empowerment including through dialogue between indigenous businesses
- c** Measures to incentivise sustainability, support green recovery, and tackle climate change
  - Environmentally harmful subsidies, incl. for fish and fossil fuels
  - Growth of green industries including renewable energy and environmental goods and services

3



### PURSuing INNOVATION AND A DIGITALLY ENABLED RECOVERY

#### WHY

New Zealand's ability to recover from the current crisis will depend in part on the extent to which we can make use of productivity enhancing innovations, particularly in the area of digital technologies. This will depend in turn on the extent to which all APEC members can embrace open and competitive regional markets for such technologies.

- a** Enabling innovation and the digital economy
  - Finance digital infrastructure
  - Support emerging technologies such as green technologies
  - Address digital inclusion
- b** Digital trade to support recovery
  - Providing predictability and certainty
  - Enabling data driven innovation
  - Improving business and consumer trust
- c** Good regulatory practice and structural reform to support innovation
  - Competition in digital markets
  - Good governance frameworks for new technologies
  - Regulatory cooperation

## **ANNEX 2: APEC 2021 NZ Narrative 2.0**

### **Narrative 2.0 short version**

#### **Join together**

There has never been a more important time to join together. As we plan for recovery from Covid-19, it is APEC, the most dynamic region in the world's economy, that will help us all rebuild and recover.

#### **Work together**

Like never before, the scale of the challenges the world faces today requires us all to work together in the interests of the greater good. We will create an environment where differing points of view can be expressed, debate can take place, where fairness prevails and connections can be made.

#### **Grow together**

The way we respond as a region to today's challenges will be felt for generations to come. APEC 2021 NZ will be the start of reigniting growth and setting a plan for a long-lasting recovery for the entire region.

### **Narrative 2.0 long form version**

#### **Join together**

For the many economies united by the Pacific Ocean, there has never been a more important time to join together.

As families, communities, economies, and, as a region, we are reeling from a global pandemic that has shaken the health of our people and the health of our economies.

As we each put in place plans for recovery, it is APEC, the most dynamic region in the world's economy, home to 38% of the world's population, and 47% of global GDP, that will help us all rebuild and recover. APEC 2021 NZ will be the time where we can all join together.

We were preparing to warmly welcome you to our home, Aotearoa New Zealand, to give you a taste of who we are. Instead we will meet on screens. Without doubt the bonds, connections and friendships will be harder to form, but our welcome will be no less warm and our desire to facilitate lasting connections and positive change no less diminished.

It is our commitment to lead the way in creating a digital experience that will ensure these goals are met. This is the start of a new era in digital diplomacy.

## **ANNEX 2: APEC 2021 NZ Narrative 2.0**

Page 2 of 3

### **Work together**

Whilst the medium will change, our principles won't. We are an economy that believes in bringing people together. As we have helped each other with the resources required to fight Covid-19, this conviction has only strengthened. Like never before, the scale of the challenges the world faces today requires us all to work together in the interests of the greater good.

So despite not being able to meet in person, our aims for APEC NZ 2021 remain unchanged. We seek to create an environment where differing points of view can be expressed, debate can take place, where fairness prevails and connections can be made.

The bonds established at APEC are what enables progress to be made. We will create an environment where these bonds can continue to grow, and new bonds can be formed. When the time comes that we can meet in person again, we will have those deep connections to build from.

### **Grow together**

The challenges we face are significant. Covid-19 has set all of our economies back and disrupted our trajectories. Getting back on track will only come from working together with our own interests and each other's at heart. Together we can lift each other up. We've done it before. Over a billion people have been lifted out of poverty, average incomes have more than doubled because of our collective efforts. We will grow together again.

There is no escaping that our Covid-19 response will dominate APEC 2021, but as we work to rebuild, we need to bear in mind other enduring benefits that economic cooperation can create. These include progress on sustainability, ensuring widespread adoption of digital tools to drive productivity, and creating inclusive plans that create opportunities for indigenous people and women.

The way we respond as a region to today's challenges will be felt for generations to come. APEC 2021 NZ will be the start of reigniting growth and setting a plan for a long-lasting recovery for the entire region.

## ANNEX 2: APEC 2021 NZ Narrative 2.0

Page 3 of 3

### Narrative 2.0 one-liner

Join, Work, Grow. Together.

Haumi ē, Hui ē, Tāiki ē

**APEC 2021 NZ**

### Haumi ē, hui ē, taiki ē

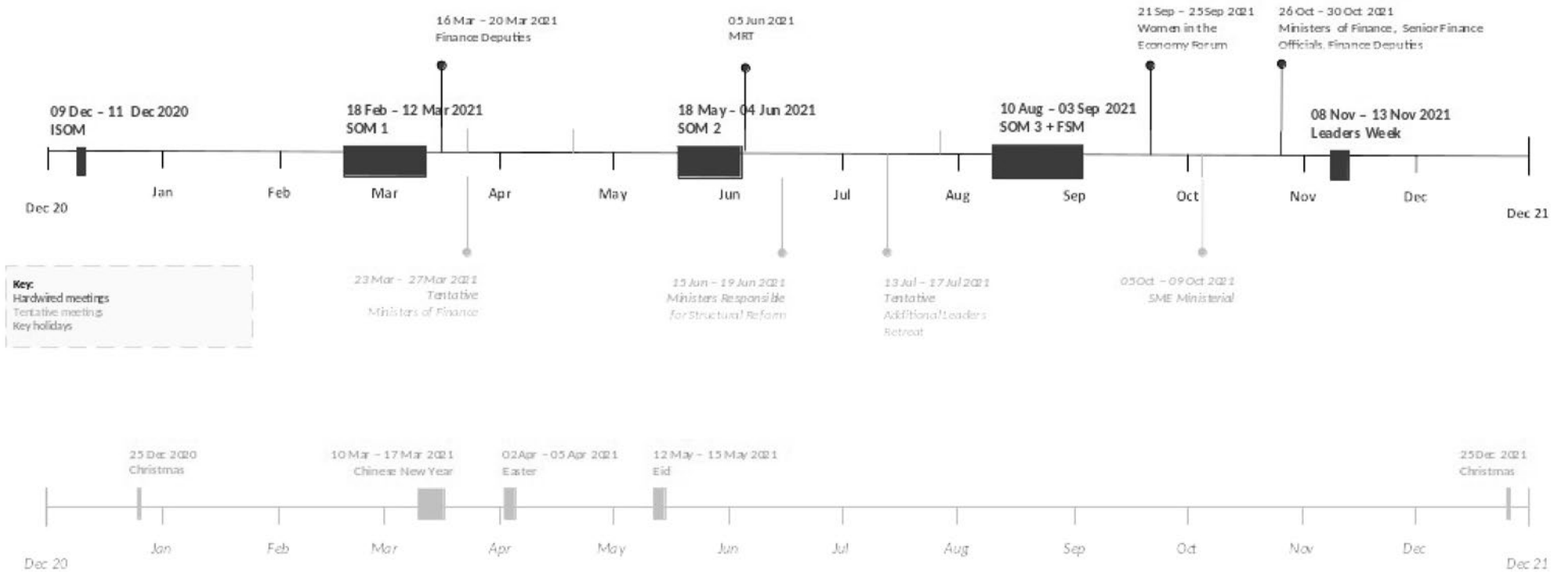
*Join, work, grow. Together.*

*Traditionally, building a waka (canoe) involved entire Maori communities working in harmony toward a common goal. These waka enabled Maori to traverse vast expanses of ocean.*

*Throughout APEC 2021 NZ we will reference the teamwork and collaboration required in building waka. The words haumi ē, hui ē, taiki ē describe the collaborative effort required to reach a common goal – join, work, grow – together.*

## Virtual APEC 2021 (proposed) High Level Meeting Calendar

Meeting	APEC 2.0 Dates	Duration
Informal Senior Officials Meeting (ISOM)	09 December – 11 December 2020	3 days
Senior Officials Meeting 1 (SOM 1)	18 February – 12 March 2021	23 days
Finance Deputies	16 March – 20 March 2021	5 days
<i>Tbc Ministers of Finance</i>	<i>(tbc) 23 March – 27 March 2021</i>	<i>~5 days</i>
<i>TBC Ministers Responsible for Structural Reform</i>	<i>(tbc) 20 April – 24 April 2021</i>	<i>~5 days</i>
Senior Officials Meeting 2 (SOM 2)	18 May – 4 June 2021	18 days
Ministers' Responsible for Trade (MRT)	5 June 2021	1 day
Senior Finance Officials (SFO)	22 June – 26 June 2021	5 days
<i>Tentative Additional Leaders Retreat</i>	<i>(tbc) 13 July – 17 July 2021</i>	<i>~5 days</i>
Senior Officials Meeting 3 and Food Security Ministerial (SOM 3 + FSM)	10 August – 03 September 2021	25 days
<i>Small and medium enterprises Ministerial (SME)</i>	<i>(tbc) 05 Oct – 09 Oct 2021</i>	<i>~5 days</i>
Women in the Economy Forum (WEF)	21 September – 25 September 2021	5 days
Ministers of Finance, Senior Finance Officials, Finance Deputies	26 October – 30 October 2021	5 days
Leaders' Week	08 November – 13 November 2021	6 days





## ANNEX 4: Additional activities cost breakdown

### 1. Connecting Māori and Indigenous Peoples to the work of APEC

Digital content	s9(2)(i)
Online webinar series	
Live domestic event	
International Outreach	
<b>TOTAL</b>	<b>\$0.96 M</b>

### 2. Profiling New Zealand's leadership of APEC

Media partnership and social media	s9(2)(i)
Platform for hosting content	
Upgraded digital content and rights	
Domestic launch event	
Surge communication support	
New Zealand product promotion	
<b>TOTAL</b>	<b>\$1.64 M</b>

### 3. Extending Leaders' Week to live New Zealand business and youth participation

Event management	s9(2)(i)
Venue	
Production	
Communication and registration	
MC and speakers	
Surge team and travel	
Revenue	
<b>TOTAL</b>	<b>\$1.56 M</b>