Workshop Summary Report

Increasing Access to the Benefits of Trade for Indigenous Businesses and Entrepreneurs 2023

APEC Committee on Trade and Investment

September 2024





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Asia-Pacific Economic Cooperation Secretariat 35 Heng Mui Keng Terrace Singapore 119616 Tel: (65) 68919 600

Fax: (65) 68919 690 Email: info@apec.org Website: www.apec.org

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Context

The APEC Putrajaya Vision sets out the goal of fostering sustainable and inclusive growth, in which the benefits of trade are shared more broadly and equitably across and within economies. This workshop examined government, business and Indigenous-led initiatives to increase access to the benefits of trade for Indigenous businesses and entrepreneurs under three themes: networks and connectivity; intellectual property and traditional knowledge; and sustainability and climate change mitigation and adaptation.

This summary is based on discussions held in Seattle in August 2023 and provides an outline of the views expressed by workshop participants. A list of speakers is provided in the acknowledgements below.

Examples of government initiatives

Many APEC economies are making concerted efforts – through trade and domestic rules, programmes and institutional reforms – to support and enhance Indigenous trade.

For instance, Australia is committed to a trade and investment agenda that drives economic growth for all Australians, including First Nations people and communities. It has appointed an Ambassador for First Nations People, Mr. Justin Mohamed, to embed Indigenous perspectives into Australian foreign and trade policy. Australia is working across bilateral, regional and multilateral agendas to:

 promote the excellence, ideas and unique offerings of Indigenous businesses to international markets, including through programs that assist in capability building such as an APEC project on <u>Growing Indigenous Business through Trade</u>.

- support Indigenous businesses to undertake international opportunities, including delegations from Australia to other economies, such as the First Nations Landing Pad program in Singapore.
- incorporate Indigenous business interest into trade negotiations, global agreements and export growth strategies and activities. For example, the recent <u>Australia-United Kingdom FTA</u> includes commitments to implement reciprocal arrangements to ensure Indigenous artists will receive royalties when their art works are resold in the UK. Australia is also a founding participant of the Indigenous Peoples Economic and Trade Cooperation Arrangement (IPETCA) Make reasonable efforts to join the <u>Hague Agreement on Industrial Designs</u> which could help protect Indigenous cultural design.
- Attract foreign direct investment (FDI) into Indigenous businesses and communities.

As another example, Chinese Taipei has made significant strides in promoting Indigenous trade measures and policies:

- Through local laws that promote exchanges between Indigenous Peoples, as appropriate, across the region. The Economic Cooperation Agreement known as ANZTEC, signed with New Zealand in 2013, included a chapter on Indigenous cooperation. Responsible agencies, the Council of Indigenous Peoples (CIP) and Te Puni Kōkiri, have since held annual coordination meetings and initiated projects related to Indigenous rights, international trade, business development, and more. The 8th ANZTEC Chapter 19 Coordination Meeting in 2022 emphasised renewable energy policy development. Both parties decided to prioritise film and television, renewable energy, and language cooperation in 2023.
- Looking ahead, Chinese Taipei plans to continue enhancing Indigenous economic empowerment through initiatives like ANZTEC Indigenous Peoples Chapter. The goal is to strengthen economic foundations for cultural preservation and environmental sustainability.

Discussion on networks and connectivity

Workshop participants highlighted that Indigenous trade has occurred for millennia. Today, Indigenous businesses provide unique offerings in a variety of goods and service sectors and often do so sustainably and with a view to give back to local economies and communities.

Despite these strengths, Indigenous business owners face certain challenges in growing their businesses and engaging and thriving in international markets. For many small Indigenous businesses, the first step is "exporting" out of their local communities or reservations, before thinking on a global scale.

Barriers include lack of access to:

- Capital and finance
- Information about foreign markets and opportunities
- Networks and partnerships
- Infrastructure
- Technological literacy

Discussion between participants highlighted a number of initiatives that can help to address these barriers:

Public procurement policies

 Governments can include quotas for Indigenous businesses in government contracts, coupled with capacity building to ensure these are adequately filled.

Government-led accelerator programmes

 Cheekbone Beauty, an Indigenous-owned cosmetics brand, credits its initial success to government-run Indigenous accelerator programmes in Canada, some specifically for Indigenous women in business. These also helped the CEO, Jenn Harper, make the relationships that were so essential to growing the business.

Removing red tape

 Some examples were shared of where red tape could be removed (including requirements for applicants to be 100 per cent employed) in order to make it easier for early-stage entrepreneurs to access programmes.

Export centres

- These provide one-on-one business development training and workshops.
- The National Center for American Indian Enterprise Development (NCAIED) is the first Indigenous trade organisation to receive funding from the Department of Commerce to set up an export centre. It runs the Arizona Export Center that serves small businesses across the US.

Networking events and trade missions

- Government and Indigenous-led networking events and trade missions can help Indigenous entrepreneurs make the connections they need to expand and tap into international markets.
- For instance, the NCAIED's annual Reservation Economic Summit (RES), with 4000+ participants, offers indigenous businesses networking opportunities, international business matchmaking, training and business development sessions, an American Indian Art Market (with artisan training beforehand)

and access to Indigenous leaders, members of Congress and government agency representatives.

Indigenous chambers of commerce

O The Noongar Chamber of Commerce & Industry in Western Australia is an example of a chamber of commerce with Indigenous businesses as members. It is a business advocacy group for Aboriginal-owned businesses in the region, which aims to build the economic capacity and wealth of the Noongar people. It helps build a bridge between Indigenous businesses and larger corporate actors and government. Launched in 2017, it now has over 530 members. There are plans now with other regional chambers of commerce to set up a First Nation Chamber of Commerce and Industry at the federal level.

Databases of Indigenous suppliers and partners

 Examples of these include the Indigenous Business Directory in Canada and Supply Nation in Australia, which maintains a database of Aboriginal and Torres Strait Islander businesses to help non-Indigenous businesses and governments find Indigenous suppliers and partners.

Indigenous-led funding

 At a time when a traditional financial institution was unlikely to fund her, Jenn Harper was supported by Raven Capital, an Indigenous-led Social Impact Investment Fund.

Private investment and partnerships

- Partnerships with major organisations, including e-commerce platforms that feature Indigenous producers and their stories are valuable. For instance, Shopify's Build Native programme supports Indigenous entrepreneurs to sell on its platform to reach international markets. Training, mentorship and networking opportunities that allows Indigenous entrepreneurs to grow in line with their cultural values and traditional knowledge.
- SkyEye, a company owned and run by Pacific Islanders to provide e-commerce solutions in the Pacific built partnerships with companies and sought grant funding from associations (such as GSMA, a mobile network operators' association), in the absence of government funding.
- Fifteen Percent Pledge, a US organisation asks businesses to dedicate 15 per cent of their shelf space to Black-owned businesses (reflecting the fact that Black people comprise 15 per cent of the US population). An equivalent global initiative for Indigenous-owned businesses could be powerful.
- Partnering with investment promotion agencies (IPAs) can help Indigenous business associations gain better access to FDI.
 NCAIED is part of SelectUSA, for instance.

 Facilitating travel and engagement of non-Indigenous business leaders to understand Indigenous perspectives and customs and develop relationships is a powerful way to make partnerships, which is very different from meeting in a corporate boardroom setting.

Box 1: Making e-commerce work in the Pacific

In remote parts of the world, such as the Pacific Islands, the challenges described above are compounded. <u>SkyEye Pacific</u>, a company owned and run by Pacific Islanders, has worked to find innovative solutions to these context-specific challenges.

For instance, many of the fundamentals for e-commerce do not exist, including basic access to e-commerce platforms like Amazon and Alibaba. Websites and apps require users to have email, but 95 per cent of rural populations in Samoa don't have one, making it impossible for them to authenticate themselves on these platforms. Remembering passwords was also a challenge for many users. In addition. SkyEye used mobile numbers to authenticate users, instead of email addresses and passwords. However, the one-time password (OTP) SMS platform that they had to use cost 10 times more to send an OTP to Samoa that most other parts of the world.

There is no digital payment platform in Samoa and most of the Pacific. Only around 40 per cent of Samoans have bank accounts and only 5 per cent have credit cards. SkyEye created their own payment aggregator and integrated mobile payments, since around 90-95 per cent of the population have mobile phones and access to mobile money. They integrated this into the ecommerce platform that they created for the Pacific context.

In the Pacific, many places don't have street addresses. And so SkyEye created its own addressing system by putting a 2 by 2 meter grid on the islands to create over 8 million street addresses that can be assigned to every delivery and every verified customer and business.

The population of Samoa is only 200,000 people, of which not all have access to mobile phone and mobile money or speak the same language. SkyEye offers services in the Samoan language and in Bislama (the main language of Vanuatu). Due to the small population, the only option to be sustainable is to go global and tap into diaspora populations including in Australia and the US. They used Stripe, the digital payment company to integrate an international payment option into the platform. Every major credit card is now useable on the platform. In order to do this, they had to register a company in Australia and comply with legislation and pay taxes there. 100 per cent of sales go back to the artist or producer, and the platform charges the buyer.

Discussion on Intellectual property and traditional knowledge

Workshop participants discussed how protecting traditional knowledge and traditional cultural expressions, and enabling Indigenous producers to access international markets through trade and e-commerce, could improve prices and make traditional art and craft commercially viable. Participants further highlighted that the proportion of revenues that actually went back to Indigenous creators and producers needed to be tracked - as much of the time a large cut is taken by intermediaries. Many Indigenous arts and crafts risked disappearing, with imitations being made in other parts of the world and the next generation not seeing the commercial value in carrying on traditional practices due to low prices. Participants discussed the impact of the intellectual property (IP) system. While it was capable of being used to protect aspects of Indigenous knowledge and cultural heritage, it was not built on foundations that align with Indigenous worldviews. For instance, it did not recognise the enduring connections that Indigenous Peoples, as appropriate, have to their taonga (treasures) but was structured around limited time frames. It did not recognise collective ownership structures that enabled everyone to use that knowledge subject to certain conditions and obligations. including acknowledging, respecting and protecting that knowledge, plant, animal or language. Presenters noted the flawed idea that all knowledge that existed before colonisation fell into an abyss called 'the public domain' and that could be accessed and misappropriated at will without consequence.

One way Indigenous IP lawyers were able to get around the limitations of the IP system was to use contracts to impose obligations on parties to acknowledge, respect and protect; to obtain free, prior, and informed consent (FPIC) and access and benefit sharing agreements. Labelling and quality marks could be used to indicate authenticity and confirm that goods and services have particular characteristics. Tikanga (customary protocols) could inform and guide users on the correct use and requirements of products. While geographical indications could be used to protect some aspects of Indigenous products, they could be costly to register in New Zealand for instance, and to enforce in court. Further, industrial designs related to traditional designs belonging to Indigenous Peoples could not be protected under Peruvian IP law.

Participants referenced the WIPO "<u>International Legal Instrument</u> Relating to Intellectual Property, Genetic Resources and Traditional Knowledge Associated with Genetic Resources" being negotiated in the Intergovernmental Committee (IGC), and related <u>diplomatic conference</u> that was to be held in May 2024.

Participants also highlighted how access and benefit sharing agreements could be used to balance business and local interests. For instance, in the Philippines, the clothing company <u>Filip+Inna</u> had an agreement with the women of an Indigenous group who embroidered designs that were taken and

made into clothing by the company. A percentage went back to the community and supported livelihood and educational programmes. Another example was an agreement with local communities that supplied Elemi oil from the pili tree (*Canarium ovatum*) which was used in cosmetics.

Box 2: Laws and institutions protecting Indigenous intellectual property in The Philippines

The Philippines has 101 Indigenous groups, making up 16 per cent of the population. It has some legislation in place recognising their importance and their identity.

- The Indigenous Peoples Rights Act creates a National Committee on Indigenous Peoples (NCIP). The Act recognises "community intellectual rights" and the idea that Indigenous Peoples create IP and should have agency over these rights. The NCIP acts as a bridge between different government agencies and Indigenous Peoples and ensures that interactions are legal, valid, follow FPIC principles and benefit sharing. For instance, before Vogue Philippines was able to approach for their cover Apo Whang-Od the 106-year old Indigenous tattoo artist keeping the 1000-year old batch tattooing practice alive the contract and terms of reference needed to be submitted to NCIP for their approval and clearance. A discussion with community elders helped establish what could and could not be disclosed.
- The Intellectual Property Office of the Philippines has had a joint administrative order with the NCIP since 2016 which requires mandatory disclosure of genetic resources, traditional knowledge and traditional cultural expressions that are used in IP applications. The IP Office checks if the GR/TK/TCE used was obtained with FPIC and then report this to NCIP for validation.
- An amendment to the Act is being considered to impose stricter liabilities on infringements, misappropriation and misuse of collective intellectual rights.
- In 2022, The Philippines published rules and regulations on geographical indications. These recognise Indigenous Peoples "full ownership and control of their cultural and intellectual rights and the protection thereof". The products can only be referred to as Indigenous Peoples' products if they actually come from the local community that the application says they do and are created in a way that is recognised by the local community. Much awareness raising has been around Philippines done the with, for instance, traditional dreamweavers making T'nalak cloth usina traditional dveing techniques.
- Under the Philippines <u>Technology Transfer Act</u> of 2009 (Republic Act No. 10055), research and development institutions must disclose to government funding agencies in their applications for IP protection "any

- biodiversity and genetic resource, traditional knowledge, and Indigenous knowledge, systems and practices".
- The Department of Trade and Industry has the One Town One Product program that enables local communities to develop and market their products.

Box 3: Peruvian law to protect the traditional knowledge of Indigenous People related to biological resources

Law 27811, enacted in Peru on 10 August 2002, safeguards the traditional knowledge of Indigenous Peoples regarding biological resources. This law grants Indigenous Peoples the rights to control and utilise their accumulated generational wisdom, recognised as Traditional Knowledge, concerning the attributes and applications of biological resources. The Peruvian State acknowledges the authority of Indigenous groups to make decisions regarding their collective knowledge, considering it an integral part of their cultural heritage, thus making these rights non-transferable and perpetual.

This law has unique characteristics. It emphasises that collective knowledge belongs to the entire Indigenous community, not an individual. Registration is unnecessary for Indigenous groups to assert their rights. Confidentiality of the registry is protected, and these rights are not time-bound, lasting indefinitely.

Key provisions of Law 27811 include the requirement of prior informed consent for any third-party use of collective knowledge, ensuring fair treatment. It also mandates the equitable distribution of benefits arising from such knowledge's utilisation, facilitated through mutually agreed terms and mechanisms like licensing agreements and a fund for Indigenous development. Additionally, the law establishes registries to document collective knowledge and outlines procedures for addressing infringements on Indigenous rights regarding their collective knowledge.

Discussion on sustainability and climate change mitigation and adaptation

"Humankind has not woven the web of life. We are but one thread within it. Whatever we do to the web, we do to ourselves. All things are bound together. All things connect." – Chief Si'ahl, after whom the City of Seattle is named (1780-2966).

Participants highlighted how tribal nations in the United States, given their legal standing, had been working to engage internationally with other economies and the private sector, but it had been a challenge. With the

climate crisis and the understanding that Indigenous Peoples had about the natural world, tribal nations had been directly engaging with the US at COP sessions to talk about climate policy and their economic agenda, and bringing Indigenous leaders from around the world to do so. Participants emphasised the power of Indigenous knowledge from around the world— with many common interests, histories and opportunities, as well as diverse, unique experiences. Eighty per cent of the world's biodiversity was under the Indigenous management and governance.

Tribal nations were also on the frontlines of the climate crisis, witnessing sea level rise, disappearing glaciers, decreases in fishing stock and food insecurity. They were disproportionately impacted and under-resourced. For instance, in the US, through the Inflation Reduction Act to support climate action, half a billion dollars was dedicated to tribal nations, however this was to be shared across the 574 recognised tribes.

Indigenous Peoples as appropriate had a wealth of multigenerational knowledge and nature-centred worldviews that could add real value to trade and climate discussions. Indigenous youth had also been actively involved in climate action campaigns and at forums like the UN Permanent Forum on Indigenous Issues.

In the State of Washington, the Quinault tribe launched a citizens' initiative to price carbon to ensure that those directly responsible for emissions paid a price so that revenues could be invested in climate action (<u>Initiative 1631</u>). The <u>Climate Commitment Act</u> was passed, with 10 per cent of revenues dedicated to tribal nations.

Participants discussed how Indigenous knowledge was is often undervalued, dismissed as folklore and lacking scientific recognition. This knowledge was not merely historical but continuously evolving, managed and maintained by tribal structures and economies. Indigenous knowledge of local flora and fauna and agricultural techniques could help replenish the soil and ecosystem – for instance by planting a kind of bush that pulled salt out of the soil and helped with salinisation.

Relevant APEC economies and decision-makers were encouraged to recognise nature-centered perspectives in climate and trade discussions. Such perspectives had influenced domestic legislation, for instance in Ecuador and Bolivia (where the rights of nature are recognised in the constitution), in New Zealand (where legal personhood was conferred on Te Urewera National Park and to the Whanganui River) and India (where rivers Ganga and Yamuna were held to be legal persons).

Liberalising environmental services and regulating them without considering Indigenous viewpoints could lead to various harms. Prioritising Indigenous input benefited not only Indigenous communities but also the global community and the environment. This requires three Rs in relevant economies: authentic respect (to ensure views are faithfully represented),

direct relationships (with negotiators), and adequate resources for Indigenous voices in trade and climate deliberations.

The Noongar Chamber of Commerce in Australia was developing software to help non-Indigenous businesses assess their ESG performance by metrics that Indigenous Peoples had developed. This encompassed elements like adhering to Indigenous protocols, land management, carbon emissions, biodiversity protection, etc. Training Indigenous youth to be ESG auditors could provide employment opportunities.

There was a mismatch between the timeline of Indigenous economies and societies that thought in intergenerational terms – past and future, and that of the average CEO who may be in their position for around 5 years. This needed to be reconciled. Indigenous Peoples as appropriate brought a very different approach to international trade – more collective, intergenerational, interconnected with land and nature.

Box 4: Tidal Moon revives ancient sea cucumber trade and tackles climate change

Tidal Moon was created with two main objectives: to revive an ancient trade in sea cucumbers between aboriginal Australian and the Makassans in Asia and to address the environmental impact of climate change. Tidal Moon is now exporting to Singapore and have recreated the catch, processing and export of the product. A benefit sharing agreement ensures that they get a percentage of the profits made from the Singaporean company selling the product on to another buyer – protecting the Tidal Moon brand and IP.

In 2011, a severe heatwave led to the loss of significant seagrass in places like Shark Bay, Australia, releasing 9 million tons of carbon into the atmosphere. While scientists concentrated on the seagrass, local Indigenous Peoples recognised the surge in the sea cucumber population as nature's response to climate change. Tidal Moon combines traditional knowledge with modern science to establish a sustainable model that safeguards against future environmental crises. Its mission extends beyond a sea cucumber business, aiming to inspire global efforts in preserving natural resources.

Tidal Moon has secured philanthropic funding from a large mining company for a blue carbon project to abate carbon emissions. The company trains and employs Indigenous youth, providing them opportunities in their local communities.

Box 5: Cheekbone Beauty's approach to sustainability, community development and innovation

Cheekbone Beauty started in 2016 as a direct-to-consumer brand and now sells through Sephora Canada and JC Penney in the US. It is a B.Corp, providing representation for an under-represented community, using Indigenous ways of knowing and being to ensure people and planet are put

above profits. Rare for a beauty company of its size, it started its own Indigenous Innovation Lab in 2020, employing scientists to come up with original, sustainable formulations that are shelf-stable, while made with natural and safe ingredients. In addition, the company has given back over CAD 350,000 to organisations supporting Indigenous youth and set up a Scholarship Fund.

Through the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP), the company is extracting active ingredients in the Niagara region, the largest wine region in Canada, to explore how these can be used in future cosmetic formulations.

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