



**Asia-Pacific
Economic Cooperation**

**2012
ANNUAL REPORT TO MINISTERS**

COMMITTEE ON TRADE AND INVESTMENT

**September 2012
Vladivostok**

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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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Dear Ministers

It is with great honor that I present the APEC Committee on Trade and Investment's (CTI) 2012 Annual Report for your consideration and endorsement.

CTI's agenda aligned to contribute to achieve the goals laid out for three of the four priorities for APEC 2012, namely: i) trade and investment liberalization, regional economic integration; ii) establishing reliable supply chains; and iii) intensive cooperation to foster innovative growth, to reach the ultimate goals of free and open trade and investment in the Asia-Pacific region. The Committee has made extraordinary strides towards this end.

- CTI with the support of the Policy Support Unit (PSU) assessed and identified significant progress of all 21 APEC member economies towards achieving the overarching Bogor Goals, underscoring both unilateral and collective efforts carried out by economies. At the request of the APEC Business Advisory Council (ABAC), PSU also developed a "Dashboard" to complement this assessment, which can be found at APEC's website.
- On a collective basis, CTI contributed to one of the most significant outcomes that APEC has ever delivered to the Asia-Pacific community to both foster economic growth and boost green and sustainable development. Thanks to CTI's intensive work, it has developed a list of environmental goods that positively and directly contribute to APEC's green objectives.
- CTI continue working hard to facilitate supply chains in the APEC region. The active involvement of the private sector has allowed APEC to set the example among international organizations and has placed APEC's work in this realm way beyond them. CTI has been working for the past years to address the main chokepoints that economic operators face throughout the entire supply chains to achieve the ambitious goal to improve the performance of them in terms of time, costs and certainty by 2015.
- Leading the way towards 21 century free trade agreements, the CTI advanced its work on next generation trade and investment issues that these agreements, including the possible Free Trade Area of the Asia-Pacific (FTAAP) should contain. CTI's work this year included advancing on those issues identified in 2011: facilitating global supply chains (GSCs); enhancing small and medium-sized enterprises (SMEs) participation in global production chains and promoting effective, non-discriminatory, and market-driven innovation policy, as well as to commencing work on an additional issue: transparency in free trade agreement.
- SMEs remained at the center of CTI's work; Committee member continued working to advance in the list of barriers that SMEs face in trading in the region, which was endorsed at the first Joint MRT-SME Ministers Meeting in Big Sky Montana last May 2011.

All these deliverables have not been possible to be reached without the outstanding contribution of CTI's sub-fora, Industry Dialogues, APEC's working groups, ABAC, APEC Secretariat, Policy Support Unit, along with the always encouraging guidance from our Senior Officials. I express my deepest appreciation to every person in

APEC for the warmest support provided to me over this past two years during my tenure as CTI Chair. Particularly, let me express special thanks to Catherine Wong, who is one of the most valuable and beloved persons in the CTI, as well as to Roberto Zapata, Mexico's Senior Official, for allowing me to learn from him over the last seven years.

Yours sincerely,

A handwritten signature in black ink that reads "Mónica l.". The signature is written in a cursive style with a large initial 'M' and a small 'l.' at the end.

Mónica Contreras Rosales
Chair, APEC Committee on Trade and Investment

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Recommendations

CTI recommends that Ministers **endorse**:

- CTI's 2012 Annual Report, including the Collective Action Plans in *Appendix 8*.
- Bogor Goals Progress Reports with key highlights on members' main achievements and remaining areas for improvements as well as the Dashboards to complement the brief reports. These reports are available on APEC webpage at www.apec.org.
- the Action Plan Framework for REI Capacity Building Needs Initiative (*Appendix 1*), including the initial workshops on Rules of origin (ROO) and FTA implementation, and on environment and Sanitary and Phytosanitary Measures (SPS).
- the APEC Environmental Goods List (*Appendix 5*) that directly and positively contribute to APEC's green growth and sustainable development objectives on which applied tariff rates will be reduce by the end of 2015 to 5 per cent or less, taking into account APEC economies' domestic circumstances without prejudice to APEC economies' positions in the WTO.
- The Innovation and Trade Implementation Practices (*Appendix 3*), to provide economies with practical guidance on implementing the innovation and trade policies agreed to by APEC Leaders in 2011.
- The "Model Chapter on Transparency for APEC" as a next generation issue that free trade agreements in the APEC region, including the Free Trade Area of the Asia-Pacific should contain. (*Appendix 2*).
- The Chemical Dialogue's 2012 Globally Harmonised System for the Classification and Labelling of Chemicals (GHS) Progress Report.
- Chemical Dialogue Regulatory Cooperation Action Plan.
- Life Sciences Innovation Forum's 2012 APEC Non-Communicable Disease (NCD) Action Plan Implementation Report.
- the Life Sciences Innovation Forum's revised Operating Procedures for the Regulatory Harmonisation Steering Committee to expand stakeholder engagement in the Committee's activities and in the development and executive of work programs.

welcome:

- the progress in advancing the next generation trade and investment issues agenda, notably, the outcomes of the APEC Conference on Innovation and Trade: Policy Considerations Related to Generating and Absorbing Innovation, the Trade Policy Dialogue on Facilitating Global Supply Chains, the seminar on the Participation of SMEs in Global Production Chains and the intention to request the PSU to undertake a research project, on a case study approach building on the outcomes of the TPD.
- the progress made in implementing the action plans under the Supply-Chain Connectivity Framework Action Plan (SCFAP), including, amongst others, the proposal to Advance the Action Plan for Chokepoint 1 and the capacity building program for the APEC Pathfinder to Enhance Supply Chain Connectivity by Establishing a Baseline De Minimis Value; and

outcomes of the Symposium on Supply-Chain Connectivity Measurement Framework. (*Appendix 6*).

- the self-assessment survey prepared by the PSU to complement the internal indicators on measuring supply chain improvement. (*Appendix 7*).
- the Progress Report on the implementation of the Investment Facilitation Action Plan (IFAP) and review of APEC completed projects that are related to the IFAP.
- the Best Practices Guide/Guidebook on (i) Capacity Building to Ensure Appropriate and Prompt Consideration of Investors Complaints to Improve the Investment Climate within APEC and (ii) Improving Business Regulation in APEC Member Economies.

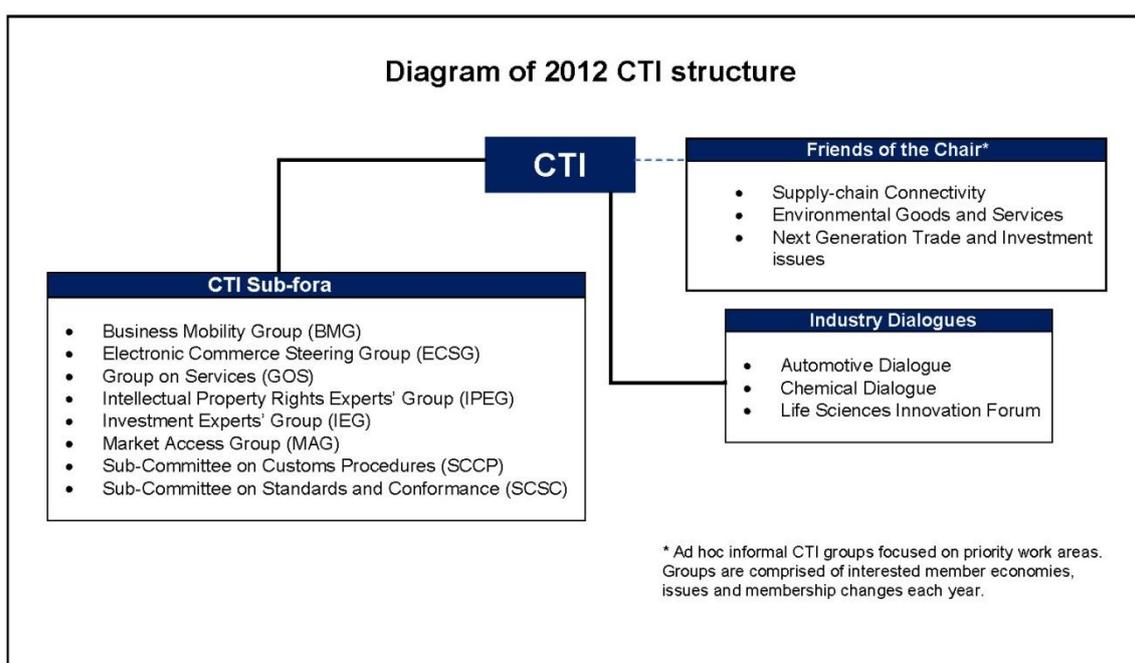
and **note:**

- updates made to the Environmental Goods and Services Work Program Mapping Matrix to reflect all EGS-related work underway in various APEC fora and sub-fora. (*Appendices 4*)
- the agreement to continue discussions on local content requirements, creation and dissemination of creative content in the digital economy, and promoting and facilitating trade of renewable and clean energy through dialogue as part of the CTI's overall work program on trade and investment.
- the preparations to advance work on self-regulation in advertising, under the 2nd APEC Regulatory Cooperation Advancement Mechanism (ARCAM) Dialogue.
- the progress of the study conducted by the PSU on the economic impact of the submarine telecommunications cable disruption.
- the progress on the implementation of the initiatives to address the top barriers (identified in 2011) facing SMEs in trading in the region.
- the work of CTI's subfora regarding APEC playing a leadership role in launching the WTO Information and Technology Agreement (ITA) expansion negotiations.

Introduction

The APEC Committee on Trade and Investment (CTI) is the key body responsible for delivery of APEC's work on trade and investment. CTI encourages APEC member economies to undertake individual and collective actions to liberalize and facilitate trade and investment within the APEC region, in order to achieve the Bogor Goals. This work is supported by economic and technical cooperation (ECOTECH) initiatives, aimed at building capacity in member economies to assist them in undertaking trade and investment liberalization and facilitation.

The CTI oversees eight sub-groups and three industry dialogues (see diagram below). CTI also works closely with other specialist APEC Committees, Task Forces and Working Groups to ensure that Leaders' and Ministers' instructions on trade and investment issues are implemented in a coordinated manner.



The CTI Annual Report to Ministers for 2012 outlines the Committee's accomplishments and recommendations in the key priority areas of APEC's Trade and Investment Liberalization and Facilitation (TILF) agenda in support of APEC's 2012 priorities under the theme of "integrate to grow, innovate to prosper". Collective Action Plans (CAPs) in various *Osaka Action Agenda* (OAA) issues areas, which were first reported in 1996, continued to be the Committee's main vehicle for advancing APEC's trade and investment agenda.

The key elements of CTI's work program for 2012 were aligned to three of the four APEC 2012 Priorities of (i) Trade and Investment Liberalisation, Regional Economic Integration; (ii) Establishing Reliable Supply Chains; and (iii) Intensive Cooperation to Foster Innovative Growth as well as the APEC 2011 priority of "Expanding Regulatory Cooperation and Advancing Regulatory Coherence. This work included taking forward next generation trade and investment issues endorsed in 2011 and to identify and address further issues that 21st century agreements in the region, including the Free-Trade Area of the Asia-Pacific (FTAAP) should include; taking steps to reduce the time, cost and uncertainty of moving goods and services through the supply chain; accelerating efforts to address barriers to trade, particularly for Small and Medium Size Enterprises (SMEs); improving the quality of the regulatory environment; and implementing the

2010 APEC Leaders' Growth Strategy. The three "Friends of the Chair (FOTC)" groups established in 2011 were retained to advance work and/or develop work plans with time frames, objectives and deliverables in three key areas: Next Generation Trade and Investment Issues; Supply-Chain Connectivity Initiative (SCI); and Environmental Goods and Services (EGS). The additional eight focus groups, comprising 4-10 members that were created in 2010 were also retained to oversee the implementation of the action plans to address the designated chokepoints identified in the Supply-chain Connectivity (SC) Framework adopted in 2009.

CTI has continued to collaborate closely with the Economic Committee (EC) to ensure that their respective work programs on business facilitation, ease of doing business (EoDB) initiative, and regulatory reform are complementary. CTI also worked with the Telecommunications and Information Working Group (TEL) and Transportation Working Group (TPTWG) to advance the implementation of the action plans to address the SC chokepoints identified in connection with the logistic industry; and with the Small and Medium Enterprises Working Group (SMEWG) to address the 2011 identified list of top barriers facing SMEs in trading in the region in addition to collaboration on the SC action plans.

CTI also continued to work closely with the APEC Business Advisory Council (ABAC) throughout 2012, ensuring that its work plans and deliverables took into account the needs of the business community. Representatives of both CTI and ABAC participated in each others' meetings, maintaining consistent and constructive dialogue on key issues, such as next generation trade and investment issues, public-private partnerships, investment liberalization, and trade facilitation.

The Policy Support Unit (PSU) continued to provide invaluable support to the CTI by undertaking assessment/analytical work relating to CTI's key priorities. The PSU assisted with the organisation as well as the content of three CTI events: (i) Trade Policy Dialogue on Measuring Progress – Development of a Dashboard for the Individual Action Plan 2012, Moscow, Russia, 12 February 2012; (ii) Symposium on Supply-chain Connectivity Measurement Framework, Singapore, 31 March-1 April 2012; and (iii) Trade Policy Dialogue on Facilitating Global Supply Chains, Kazan, Russia, 27 May 2012. With regards to the CTI's supply-chain connectivity work, the PSU will undertake an assessment of the progress of the Supply Chain Connectivity Framework Action Plan (SCFAP) through the design and analysis of the assessment survey and internal/external indicators for the interim assessment of the SCFAP due in 2013. It will also be finalising intersessionally before the year-end, the study about the economic impact of submarine cable disruptions on trade and investment within APEC economies. With respect to CTI's work relating to next generation trade and investment (NGeTI) issues, the PSU will in the upcoming months undertake a research project on the issue of "Facilitating Global Supply Chains", on a case-study approach, building on the outcomes of the TPD as well as prepare an issues paper on "SMEs Participation in Global Production Chains" to facilitate the Committee's further discussions on the two 2011 NGeTI issues. The PSU also supported and contributed substantively to the coordinating role played by the CTI with respect to the preparation of 2012 Bogor Goals progress reports. The PSU completed an evaluation of Individual Action Plans (IAPs) submitted by APEC economies and developed a dashboard with key indicators to assess progress towards the Bogor Goals.

Section I: Bogor Goals Review Process

In endorsing the Bogor Goals Progress Report Guidelines to give direction to the process of reviewing APEC economies' progress towards achieving the Bogor Goals by 2020 at their meeting in Honolulu in November 2011, APEC Ministers called on economies to provide in their 2012 Individual Action Plans (IAP) information about their progress towards achieving the Bogor Goals. They also instructed officials to continue developing a "dashboard" of easy-to-understand figures to summarise advances in areas critical to promoting greater regional economic integration. CTI worked closely with the Policy Support Unit (PSU) on the preparation of the brief reports and development of the "dashboard" for Senior Officials' discussion and consideration.

Using the 2012 IAP updates (describing, in brief points, significant new developments to get closer to the Bogor Goals) submitted by economies, as a basis, the Policy Support Unit (PSU) prepared "Bogor Goals Progress Reports" with key highlights on members' main achievements and remaining areas for improvements.

Highlights:

- At CTI1, the Committee assisted by the PSU, convened a Trade Policy Dialogue on Dashboard, entitled "Measuring Progress – Development of a Dashboard for the IAP" with international organisations on 12 February to enable economies to have a better understanding of the indicators to be suggested for inclusion in the IAP Dashboard. Experts from the World Trade Organization (WTO), World Economic Forum, World Bank and Turku School of Economics were invited to present on databases and indicators developed by their respective institutions in the areas of non-tariff measures, investment and trade facilitation. The discussions at the TPD were very fruitful and provided valuable information for PSU to continue its efforts in developing the dashboard.
- At CTI2 and CTI3, the Committee had extensive discussions on the proposed Dashboard developed by the PSU to complement the brief Bogor Goals Progress Reports, focusing the indicators to be included in the areas of goods trade, services and investment as well as how the Dashboard is to be disseminated. CTI eventually agreed on the indicators to be included as well as to make them publicly available on the internet. CTI also agreed that the Dashboard remains as a living document and for economies' information.
- At CTI3, the Committee received a presentation from the PSU on the Bogor Goals Progress Reports. PSU reported that in general, the analysis of the information showed that APEC member economies are moving in the right direction as progress has been achieved in all areas since the previous assessment conducted in 2010. Nevertheless, there is room for improvement as more work can be done. Efforts in trade liberalization have been significant, but uneven across sectors and non-tariff measures still remain. Trade facilitation, services and investment are becoming more relevant areas in the pursuit to improve business conditions.
- The Bogor Goals Progress Reports and Dashboards are available on the APEC website, www.apec.org. Some of the key achievements and areas for improvement highlighted in these reports were:
 - Tariffs are continuing their downward trend. In 2010, APEC's MFN average tariff was equal to 5.8 per cent. However, average tariffs in agriculture remain higher in comparison with other sectors (11.9 per cent to 4.9 per cent).
 - APEC economies have reported progress concerning the elimination or reduction of certain non-tariff measures. However, some restrictions still remain and new measures restricting or potentially restricting trade continue to be implemented.

- Progress in services liberalization and facilitation. Nevertheless, there is still room for improvement as some restrictions in terms of market access, national treatment and local presence are maintained.
- APEC economies are making efforts to improve investment conditions and welcome foreign investors. However, sectoral restrictions to foreign investment are common in areas considered of domestic strategic interest.
- Efforts to align to international standards. Some concerns exist regarding the conditions to meet certain sanitary and phytosanitary requirements and technical regulations.
- Substantial progress to facilitate trade by making customs procedures more efficient.
- Efforts to strengthen intellectual property rights and competition policy systems. There is progress in enforcement, but still more can be done to improve conditions.
- Increased transparency and market access in government procurement. Concerns remain especially in terms of preferences to local suppliers and restrictions on the origin of the goods/services.
- Trend continues for regulatory reforms to increase efficiency.
- Higher levels of transparency across time. More relevant information concerning laws, regulations, guidelines and administrative procedures are becoming easily available.
- Network of RTA/FTAs is expanding for all APEC economies.

Section II: Trade and Investment Liberalisation and Regional Economic Integration

Highlights:

Exploring a Free Trade Area of the Asia-Pacific (FTAAP)

- CTI endorsed a proposal on Regional Economic Integration (RE) Capacity Building Needs Initiative (CBNI). (see *Appendix 1*). Many economies confirmed their intention to be lead, co-sponsoring or participating economies in specific areas of action plan of the CBNI. In this regard, CTI has approved two workshops in the areas of rules of origin (ROOs); and FTA implementation and two training courses in the areas of Environment; Sanitary and Phytosanitary Measures. The APEC Workshop on FTA Rules of Origin was held in Seoul on 10-12 July and it covered topics such as General Understanding on FTA ROO, ROO System of Participating Economies, Utilization of WebTR, and Certificate of Origin Issuance System, and Origin Verification Process. The Workshop on FTA Implementation and Outreach is tentatively planned to take place in October/November in Seoul and is expected to cover several issues such as how to establish a broader domestic consensus and build a road map for FTAs and how to facilitate the utilisation of FTAs in the private sector. The proposed APEC Training Courses on Building and Enhancing *Capacities to Participate in FTA-related Environment Negotiations* and *FTA Negotiation Skills on SPS* will be held in Hanoi, Viet Nam in October and November/December respectively. The training courses are aimed at increasing the capacity of negotiators and policymakers, with practical relevance, to participate in FTA-related negotiations of the respective areas; increased understanding of the trade and environment relationship or increased knowledge of reference sources in SPS (academic references; feasibility studies and texts of FTAs); increased capacity of negotiators to consider the environmental impacts of potential FTAs, both positive and negative (FTA-related environmental reviews/ environmental impact assessments). Other CBNI capacity building activities in the areas of scheduling of services and investment commitments in FTAs and e-commerce are also being considered.

Making Rules of Origin More Business Friendly

- In 2011, following the successful completion of the 2010 APEC Self-Certification of Origin Capacity Building program, the Market Access Group (MAG) agreed to, where appropriate, report on a yearly basis, on progress towards implementing self-certification, thereby encouraging more economies to join the APEC Self-Certification Pathfinder Initiative that was adopted in 2009. At MAG I, the group received a briefing on the ASEAN pilot project on self-certification which had expanded since its launch in August 2010 in terms of membership and certified entities. There were no plans to undertake further initiatives in 2012.
- MAG made further progress in the implementing “harnessing IT to ease documentation and procedures” element of the 2009 APEC Elements for Simplification of Documents and Procedures Related to ROOs initiative. To-date, 18 economies had responded to the survey on this element. Most of the economies surveyed published rules of origin on websites and also had an automated system for imports and export declaration.
- MAG received further updates from the World Customs Organisation (WCO) on its ROO work as well as a presentation on the WCO’s ROO database which contained comprehensive information on ROO provisions in FTAs applicable to WCO members. The WCO remained interested to work with APEC on rules of origins issues of relevance.

Remanufactured Products

- MAG held a Workshop on Remanufacturing Research and Development in APEC Economies on 28 March in Singapore with representatives of companies involved in remanufacturing, followed by visits to two remanufacturing sites in Singapore. The workshop and site visits were found to be extremely useful in enabling the participants to gain a better understanding of the complexity and importance of remanufacturing activity taking place across APEC economies. A clear message from industry representatives was that remanufactured products were not simply repaired goods but are “as good as new” including with a period of warranty. Therefore they should be treated as equivalent to new products in economies’ trade policies. A two-day Workshop on Remanufactured Goods is being scheduled to take place in Penang, Malaysia in October. The key objectives of the workshop are to increase awareness among developing economies of APEC on the existence, potential and advantages of the remanufactured goods sector within the Asia Pacific; enhance understanding on the scope/definition of remanufactured goods; share best practices within Asia Pacific on the treatment of remanufactured goods, both domestically and with respect to international trade; and discuss, in an objective manner, how to address potential issues which may have to be handled in relation to the production, export and distribution of remanufactured goods; e.g. environmental, consumer protection, standards setting, customs, etc. In the longer term, it is hoped that the outcomes of these workshops will help increase the participation of APEC economies in the Pathfinder on Facilitating Trade in Remanufacturing Goods initiative that was adopted in 2011.
- MAG agreed to a proposal on “*Implementing the 11-11-11 AMM Statement on Facilitating Trade in Remanufactured Products*” to take forward the Ministerial mandate of “making existing and future tariff and non-tariff measures applied to goods that are newly manufactured publicly available, electronically, in their domestic languages, and where possible, in English”. MAG further agreed to compile all existing tariff and non-tariff measures that economies apply to goods that are not newly manufactured with view to completing the exercise ahead of the Vladivostok meetings in September.
- MAG and GOS held a joint meeting in the margins of their first meetings for the year in Moscow. The topic of discussion was on embedded and embodied services based on presentations from 3 speakers: David Dodwell from APEC Business Advisory Council (ABAC); Andreas Maures from World Trade Organisation (WTO) and Jane Drake-Brockman from Pacific Economic Cooperation Council (PECC). The joint session was intended to illustrate the importance of services and to underpin businesses’ concerns that services liberalisation be given greater attention than over the past decade that it has been given. It was agreed that the meeting should not be the last time that MAG and GOS should get together and hoped to make it an annual event.

Services

- At CTI1/GOS1, the APEC Services Action Plan’s matrix of actions (SAP) was updated to reflect all the services-related activities underway, across the various APEC fora and sub-fora so that it may serve as a valuable tool for all economies in the identification of priorities and capacity building needs in relation to individual and collective efforts to boost services trade and development.

Investment

- CTI reviewed the implementation of the APEC Strategy for Investment that was adopted in 2010 and welcomed the IEG’s half-day Public-Private Dialogue (PPD) session with ABAC in the margins of IEG2 on 28 March in Singapore where the IEG received valuable inputs from ABAC to enhance IFAP implementation and take other actions to support demonstrable progress on investment issues that will attract the increased investment that is so vital to the economic growth and infrastructure needs of the Asia-Pacific region.

- CTI welcomed the progress report prepared by the IEG, with the assistance of the PSU, on the progress that APEC has made in implementing the Investment Facilitation Action Plan (IFAP) and the review of APEC completed projects that are related with IFAP and agreed to submit to it to CSOM and AMM in Vladivostok. The PSU received and analyzed ten submissions from member economies, and drew from secondary sources as an informative tool on international best practice and benchmarking. The submissions were of mixed quality with some members providing detailed information corresponding to the specific actions under each of the eight IFAP principles, while other economies provided information corresponding to only one or two specific actions out of the 50 agreed specific actions under the eight IFAP principles. The results show that reporting economies have made substantial progress toward implementing several IFAP principles while progress on others has been less fruitful. The categories reporting the most substantial progress were in implementing IFAP Principle 1: Promoting accessibility and transparency in the formulation and administration of investment-related policies, and Principle 3: Enhance predictability and consistency in investment-related policies. The final report is due to be completed by December.
- CTI welcomed the 12 possible action items under three focus themes endorsed by the IEG as IFAP implementation priorities for 2012-2014.

Digital Economy and Strengthening Intellectual Property Rights

- ECSG continues to build on its existing work streams and projects, including data privacy and paperless trading, which are key elements of ICT-enabled growth. It provided technical inputs to a proposal for proposal on Chokepoints of ICT-Infrastructure and Politics on the Way towards a Trusted Internet.
- IPEG supports CTI's work on strengthening intellectual property rights, covering a range of IP issues including: issues related to the protection of geographical Indications, effective practices to address unauthorized camcording, cooperation to improve efficiencies in patent examination, issues related to IPR protection on standards development and IPR protection and enforcement, including counterfeiting and piracy issues. IPEG discussed a proposal to include a new CAP item in 2013 entitled, "APEC IP-related Treaty Outreach Initiative" and will explore an action plan to implement it. Under the proposed CAP item, economies will share their respective understandings of the advantages to acceding to each of the treaties selected by each economy and to take the following actions:
 - a) Survey on treaty accession/status report. Survey on each economy's policies with respect to accession to various IPR - related treaties; report from the economies on the status of measures aimed at accession of each treaty.
 - b) Sharing of information and experiences. All economies will share information and their experiences on the advantages of joining each of the IPR treaties.
 - c) Specific measures and cooperative actions. Effectively providing IPR information and resources to the public; best efforts to accede to the treaties and implement their obligations as soon as possible; workshops or presentations on each treaty, and technical assistance to economies that would like more information about a treaty, its accession procedures, or benefits of accession.

Table 1: Sub-fora Outcomes in Support of Regional Economic Integration

SUB-FORA	WORK UNDERTAKEN
Market Access Group (MAG)	<i>As above</i>
Group on Services (GOS)	<p>GOS completed and adopted a set of non-binding guidelines for the regulation of foreign accountancy professionals which was published at www.accountingservices.apec.org.</p> <p>GOS endorsed an Action Plan on Statistics on Trade in Services which provides an overarching framework for GOS's work to improve the collection of services statistics.</p> <p>GOS will implement a project entitled <i>Measuring Services- Statistical Capacity Building and Networking</i>. The purpose of this project is to improve understanding among APEC economies about the nature of data on international trade in services; to improve the capacity of member economies to compile, analyse, and present data pertaining to the services trade within their respective economies; and to create relationships among statistical agencies within APEC that can support improved collection, quality, and availability of services trade data for the APEC region. A capacity-building and knowledge-sharing workshop aimed at improving the quality and availability of services trade-related data will be held later in the year.</p> <p>GOS endorsed a self-funded proposal to compile a set of case studies from the APEC region illustrating examples of 'successful' regulatory reform measures directed at ensuring more competitive services markets. The cases studies will be compiled this year and a report made to GOS1 in 2013.</p> <p>Phase III of the Services Trade Access Requirements (STAR) Database is on track to be completed by the end of the year. The request for proposal process has been completed with the Australian APEC Study Centre selected to undertake the work. Australia, as the lead, foreshadowed holding a self-funded workshop towards the end of the year, possible in Singapore, looking at best practice regulation for the financial sector. Other such workshops, focusing on other sectors covered by the database, will be held in 2013.</p>
Investment Experts Group (IEG)	<p><u>Implementation of the APEC Strategy for Investment: Advanced Principles and Practices</u></p> <ul style="list-style-type: none"> • Core Elements Project- Moving beyond phase III- Activity 2 A Handbook for Negotiators • Handbook on Dispute Prevention Strategies <p><u>Implementation of the APEC Strategy for Investment: Facilitation</u></p> <ul style="list-style-type: none"> • Proposal for measuring progress on the implementation of Investment Facilitation Action Plan (IFAP). The group discussed the way to implement IFAP next steps. • Discussion of the APEC Public-Private Dialogue (PPD) on Investment. The group discussed a revised Concept Note submitted by Indonesia for holding the next PPD at IEG1 2013. The project will provide stakeholders with an opportunity to foster dialogue and share experiences in CSR guidelines from APEC economies and the contribution from international organizations such as OECD, World Bank, UNCTAD for that purpose. The goal of the project is to develop recommendations on CSR implementation strategy to create maximum benefit for stakeholders in order to support sustainable growth and development in the APEC region • Public-Private Partnership in APEC Region

SUB-FORA	WORK UNDERTAKEN
	<p>The group shared the information on the PPP Seminar held on 27 May, 2012 in Kazan. Russia will submit a report on major results of the meeting to IEG1 in 2013. IEG reaffirmed the importance of further public-private cooperation in order to improve investment climate in APEC.</p> <ul style="list-style-type: none"> • APEC Capacity Building for Reforms in Business Regulations • Update on Investing Across Borders : an important diagnostic tool to assist in IFAP implementation – Stage 1 <p><u>Implementation of the APEC Strategy for Investment: Promotion</u></p> <ul style="list-style-type: none"> • Seminar on Successful Cases of Renewable and Clean Energy Investment in APEC <p>IEG completed the <i>Best Practice Guide: Improving Business Regulation in APEC Member Economies</i>. The guide was based on knowledge shared from the Ease of Doing Business/Private Sector Development Workshops series held from 2007 to 2010.</p> <p>IEG completed the <i>Best Practices Guidebook: Capacity Building to Ensure Appropriate and Prompt Consideration of Investors Complaints to Improve the Investment Climate within APEC</i>. This guidebook could provide a framework for coordinating all pre-court dispute resolution mechanism in order to build capacity to address inefficiencies, promote transparency, and therefore confidence in investment climate, ultimately leading to greater cross-border FDI within APEC.</p> <p>IEG discussed and provided inputs to Russia’s proposed investment initiatives on “<i>Engagement of Highly Qualified Personnel as an Important Factor of Improving the Investment Climate in APEC Economies</i>” and “<i>Reducing Barriers for High-Tech Investment</i>”.</p>
<p>Sub-Committee on Customs Procedures (SCCP)</p>	<p>SCCP adopted a new CAP item on IPR border enforcement to implement the APEC Guidelines for Customs Border Enforcement of Counterfeiting & Piracy. It will continue to exchange experiences and information on IPR border enforcement under this new CAP in order to strengthen IPR border enforcement in the APEC region and promote greater collaboration between Customs and right holders.</p> <p>SCCP agreed to conduct a second voluntary IPR enforcement operation focusing on counterfeit electronics and to hold an IPR border enforcement workshop to raise member’s ability to implement the APEC Guidelines for Customs Border Enforcement on IPR Infringement, possibly in early 2013.</p> <p>SCCP continues working on the development of a joint tool with the BMG to promote interagency border management.</p>
<p>Intellectual Property Rights Experts Group (IPEG)</p>	<p>The Seminar on Copyright Exceptions and Limitations was held 2-3 April in Santiago, Chile. The objective is to create a better understanding of how the issue of limitations and exceptions has been addressed across the economies, exchange experiences with domestic best practices and provide the possibility to learn from other economies. The Seminar built on the key findings of the “<i>Report On Copyright L&E in APEC Economies</i>”, presented and circulated in 2009 and 2010.</p> <p>IPEG completed the “<i>One Village One Brand project: Use of IP for SMEs in Developing Economies</i>” project which helps local producers in developing</p>

SUB-FORA	WORK UNDERTAKEN
	<p>economies to establish and implement intellectual property (IP) strategies and covers three areas: developing methodologies of using IP strategies to improve product branding; promoting greater knowledge of intellectual property rights (IPRs) among local communities; and sharing experiences and lessons learned. Two pilot branding projects were conducted in China and Chile. A guideline for strategic use of IP for SMEs in developing economies; particularly, in the context of cooperation between developing and developed economies was developed.</p> <p>Implementation of the “Training for Trainers – IP Protection and Utilization” project, which consists of (i) analysis of the existing educational programs and practices on IP management and commercialization in APEC economies, and (ii) training course with the participation of high-skilled professors and teachers as trainers, representatives of APEC economies as trainees to be undertaken in Thailand .</p> <p>The “APEC IPEG Workshop on Policies and Practices relating to IPR and Standards”. The objective of the workshop, tentatively scheduled for October seeks to share information and raise awareness of multi-disciplinary policies and procedures relating to the treatment of Intellectual Property Rights in standards.</p> <p>IPEG discussed and planned to conduct the following IP-related surveys: (i) “<i>Survey on Innovation and Technology Transfer in SMEs</i>”, the objective of which is to recognise the importance and need to strengthen the faculty of governments to develop strategies, policies and programs to meet the IP need of SMEs, and enhance SMEs’ contribution to the domestic economies of APEC; (ii) “<i>Survey on Bail-out Measures for Disaster</i>” to collate information on the relief measures available at the IP offices in APEC for information sharing purposes; and (iii) “<i>Quality Management Survey</i>” to be conducted in each IP office to gain an understanding of the current situation. IPEG is also considering a proposed survey that is aimed at identifying the relation between counterfeiting/piracy and criminal organisation networks, as a follow-up to the implementation of the 2005 APEC Anti-Counterfeiting and Piracy Initiative.</p> <p>IPEG endorsed an initiative on “<i>Enhanced Cooperation in Intellectual Property Enforcement</i>” which envisages the collaboration of IPEG and SCCP to promote participation of customs authorities in initiatives that are aimed at exchanging information between right holders and customs administration. This participation could give an access to tools and publications related to combating counterfeiting; develop in cooperation with right holders methodological recommendations on the visual distinction of their original goods from counterfeit ones. Industry/rights holders have an important role to play in combating counterfeiting and piracy as they have the experience and knowledge to efficiently complement government action. Its involvement in the enforcement effort is essential since: 1) rights holders have technical expertise to distinguish counterfeits from original products; and 2) industry may have additional information regarding the functioning of distribution channels; create and maintain a directory of contact data of the major rights holder, the trademark of which are mostly susceptible to counterfeits</p>
<p>Business Mobility Group (BMG)</p>	<p>The BMG pursued the following key actions designed to enhance the mobility of business people in the region and to accelerate regional economic integration:</p> <ul style="list-style-type: none"> • the development of BMG-related projects identified in the APEC Travel Facilitation Initiative announced by Leaders in the 2011 Honolulu Declaration; • the possibility of a trial whereby APEC Business Travel Card (ABTC) holders can enrol in and use the automatic border control systems of other willing

SUB-FORA	WORK UNDERTAKEN
	<p>APEC economies to make it easier and faster for people to travel to do business in the APEC region;</p> <ul style="list-style-type: none"> • the implementation of the ABTC scheme by all economies to the fullest extent possible (with the United States progressing towards issuing the ABTC to its citizens and Canada actively investigating what infrastructure is required to issue ABTCs to its own citizens); and • the finalisation of an APEC Best Practice Border Capabilities Model for Air Travel in the region. This model sets out the ideal capabilities APEC economies can seek to implement to support the dual objectives of business facilitation and human security. It identifies possible efficiencies that can be gained in immigration procedures to facilitate and accelerate travel while managing the risks posed by non-genuine travellers. It also provides a building block upon which economies may decide to explore structural reform, an improvement of coordination mechanisms or the use of innovative technologies in border management.
<p>Electronic Commerce Steering Group (ECSG)</p>	<p>ECSG, through its Data Privacy Sub-group (DPS) continued to implement the Data Privacy Pathfinder, which now has 16 APEC economies participating. It has begun the process of practical implementation of the cross-border privacy rules (CBPR) system, one of the goals of the pathfinder that was completed in 2011 to serve as a system that will recognise privacy rules developed by business organisations with providing minimum standards, compliance structures, and an enforcement support that will hold these organisations accountable for compliance with the rules that they developed according to the 2004 APEC Privacy Framework.</p> <p>ECSG held a workshop in Moscow on 30 Jan 2012 on APEC Cross Border Privacy Rules: Implementing Shared Privacy Values. The workshop, the first under ECSG's first multi-year project (which will be continued through 2016), successfully tackled the topics such as how a comprehensive privacy program can be implemented, how to apply to become an APEC-recognized Accountability Agent, and discussed commonalities in global privacy (particularly in reference to the EU, which employs BCRs or binding corporate rules).</p> <p>ECSG endorsed two key documents, necessary for the implementation of the CBPR System: the Accountability Agent APEC Recognition Application, and the Template Notice of Intent to Participate in the APEC CBPR System. The first document will be used by Accountability Agents seeking APEC recognition to demonstrate how they meet the (previously endorsed) Accountability Agent APEC Recognition Criteria. The second document, on the other hand, is a guide for Economies applying to participate in the CBPR System, which includes a template letter of intent and a checklist which will be used by member economies in describing to the Joint Oversight Panel (JOP) their ability to take enforcement actions under applicable domestic laws and regulations that have the effect of protecting personal information consistent with the CBPR program requirements. The JOP will manage the operations of the CBPR System and report to the DPS as outlined in the previously-endorsed Charter of the Joint Oversight Panel.</p> <p>A joint working team comprising APEC Member Economies and interested representatives from EU Article 29 Working Party was likewise created to explore interoperability between the APEC CBPR System and the EU Binding Corporate Rules (BCRs). The implementation of the Multi-year Project on the APEC CBPR Capacity Building and Administrative Support is ongoing. A Symposium on Trustmark Participation in the CBPR system was held on 2 August. A guidebook on APEC privacy will be published and circulated to APEC</p>

SUB-FORA	WORK UNDERTAKEN
Chemical Dialogue (CD)	<p>member economies as well as local businesses.</p> <p>Promoting Convergences – CD has developed a Regulatory Cooperation Action Plan outlining key regulatory initiatives to facilitate risk reduction and promote convergences in regulatory approaches to the sound management of chemicals, share information on chemicals management, share tools and experience with best practices, and increase collaboration with other international chemical fora such as the OECD Clearinghouse for New Chemicals and providing contributions to the Strategic Approach for International Chemicals Management.</p> <p>CD continues its work to implement the UN Globally Harmonized System of Chemical Classification and Labeling (GHS), as well as to address challenges to implementation, including with respect to the consistent classification of chemicals.</p> <p>CD held a workshop on May 21 to consider improvements in data exchange to facilitate the safe handling of chemicals and opportunities for better alignment of data being collected.</p> <p>CD launched collaboration with the SCCP on possible inclusion of GHS elements in the Single Window.</p>
Life Sciences Innovation Forum (LSIF)	<p>Through its Regulatory Harmonisation Steering Committee, the LSIF is advancing greater alignment of regulatory approaches and standards for medical products, under a multi-year plan that promotes the use of existing international guidances. The RHSC is working to achieve regulatory convergence for medical products approval procedures by 2020 with training and diagnostic workshops as a key focus. Roadmaps for achieving this objective have been or are being developed by champion economies in 6 priority work areas: Multi-Regional Clinical Trials (completed); Supply Chain Integrity; Good Review Practices and Combination Products; Biosimilars and Pharmacovigilance; and Cellular Therapies. The RHSC endorsed the establishment of an APEC Regulatory Network to bring in broader stakeholder involvement in projects and project proposals by regulatory authorities, and it has further broadened industry participation in the Committee to include as members of the RHSC industry coalitions representing the research based pharmaceutical sector (2); medical devices (2); generic pharmaceutical sector (1); biotechnology products sector (1); and a floating membership to accommodate future needs, for example in the area of advanced technologies. Experts may be called upon to speak on specific topics.</p> <p>The RHSC is in the process of establishing official liaisons with international harmonization initiatives. These include the already approved association with the International Conference on Harmonization (ICH), recognition as an affiliate of the International Medical Device Regulators Forum (IMDRF), outreach to the WHO and the European Medicines Agency, and, the submission of a proposal to the Pan American Health Organization (PAHO) to become an official observer to the Pan American Network for Drug Harmonization (PANDRH).</p>

Section III: Next Generation Trade and Investment Issues

Highlights:

- In 2012, CTI adopted a work plan on next generation trade and investment issues to guide its work in response to APEC Ministers' instructions from November 2011 to build on work in 2011 and identifying additional next generation trade and investment issues to be addressed by the Leaders' meeting.
- CTI, through its Friends of the Chair on Next Generation Trade and Investment Issues, led by the United States, received several new ideas for consideration as additional next generation issues to be addressed in 2012. The issues had been proposed for consideration based on the understanding that one to two will be selected for work in 2012. The Committee considered 4 issues at CTI3 and agreed to adopt "Transparency in RTAs/FTAs" as a next generation trade and investment issue to be addressed in 2012.
- CTI also agreed that discussions on the "Local Content Requirements" and "Promoting and Facilitating Trade of Renewable and Clean Energy Products Through Dialogue" could be further conducted under the CTI's overall work program on trade and investment, while the discussion on "Creation and Dissemination of Creative Content in the Digital Environment" could be undertaken by the IPEG.
- In adopting "Transparency in RTAs/FTAs" as a next generation trade and investment issue to be addressed in 2012, CTI agreed to the proposal to analyze the transparency provisions of existing preferential trade agreements in order to identify the most advanced provisions that should appropriately be included in a model transparency chapter and in future RTAs/FTAs among APEC economies, update prior APEC work on "Convergences and Divergences of RTAs/FTAs" in terms of transparency. CTI discussed a draft model FTA chapter on transparency and [agreed] for it to be included as part of the set of APEC's Model Measures for RTAs/FTAs that were developed between 2005-2008 as a reference for member economies seeking to negotiate RTAs/FTAs, and assist in promoting consistency in RTAs/FTAs across the region. [see Appendix 2]
- CTI also continued to progress the implementation of the next generation trade and investment issues that were addressed by Leaders in 2011, as well as to advance work on global supply chains improvement. For the issue of "Promoting Effective, Non-Discriminatory, and Market-Driven Innovation Policy", an APEC Conference on Innovation and Trade: Policy Considerations Related to Generating and Absorbing Innovation was held after the CTI2 meeting on 4-5 April¹ and addressed the intersection between the APEC Leaders' commitment on innovation and trade and the goals that economies all share to improve their capacity to absorb innovation. At the conference, participants shared the importance of (i) free, open, fair and transparent trade and investment systems, including IP protection and open and non-discriminatory business environment; (ii) human resource development; and (iii) ICT networks, logistics, energy and other infrastructures for inter-connectedness among innovation actors, for accelerating innovation and trade. It was also agreed that "trust" or "confidence-building" among APEC economies plays the critical and most important role in promoting innovation across the region. CTI also discussed next steps to implement APEC Economic Leaders' commitments from November 2011 on this issue and agreed on a plan to

¹ see 2012/SOM2/016 for Conference results.

produce Innovation and Trade Implementation Practices as a way to provide practical assistance to APEC economies in implementing those commitments. (see Appendix 3).

- On the issue of facilitating global supply chains (GSC), Singapore held a Trade Policy Dialogue (TPD), assisted by the PSU, on 27 May, as one of the first steps towards addressing GSC. The PSU prepared an issues paper on the “Concepts and Trends in Global Supply, Global Value and Global Production Chains” for discussion at the TPD. Speakers at the TPD included representatives from the OECD, WTO, JETRO, ABAC and business sector. These presenters pointed out structural changes and evolving trade patterns in the world, and highlighted that more and more products are increasingly being “made in the world”. As a result, there was thus a need to consider the “value-added approach” in the calculation of trade statistics, in order to paint a more accurate picture of the trade balance situation. There was also some discussion on the importance of SMEs within GSCs and what APEC needed to do to better integrate SMEs within the GSCs. These include enhancing SMEs’ expertise and skills through capacity building, and ensuring an adequate ICT infrastructure that can enable SMEs to trade within the GSCs. Many speakers and participants reinforced the growing importance of services within GSCs, and underscored the need for governments to facilitate embedded and embodied services within these global chains. Broadly, there was also acknowledgement on the need for more discussion and studies to be done on GSCs vis-à-vis APEC economies, particularly on the areas of new trade measurement methods; how governments can better integrate SMEs within GSCs; and ways that governments can help to facilitate services within GSCs. To this end, the CTI agreed to request the PSU to undertake a research project, on a case-study approach, building on the outcomes of the TPD.
- On enhancing small and medium-sized enterprises participation in global production chains, the Seminar on Facilitating Global Supply Chains and Enhancing SMEs Participation in Global Production Chains was held on 23-24 July, in Mexico City². The Seminar concluded amongst other things, that there was consensus on the importance of SMEs as a crucial factor for economies’ development, social stability and equity. Therefore, SMEs development and inclusion in both international export markets and global production chains should be a priority in the public policies of all economies, as well as in review and negotiation of new generation free trade agreements. The Seminar also recommended that the target should be to establish conducive conditions for the participation of SMEs in global production chains, taking forward programs that already exist in APEC such as:
 - a. Reduce barriers to enter new markets,
 - b. Capacity building
 - c. Enhance the access to information on business opportunities
 - d. Human resources development, including consultants
 - e. To support intellectual capital by protecting intellectual property rights
 - f. Continue sharing best practices, successful cases and also failed cases and their causes in both SMEs and public or private programs
 - g. Fostering the ability of SMEs to network
 - h. Assess viability of regional financial programs for SMEs development.

In terms of next steps, CTI agreed to convey the results of the Seminar to the HRD and SME working groups and to task the PSU to conduct case studies considering the discussions and outcomes of the seminar.

² see 2012/CTI/ES/002 for Seminar outcomes.

Section IV: Environmental Goods and Services

Highlights:

- CTI with the assistance of MAG further updated the EGS Work Program Mapping Matrix consisting over fifty activities underway in APEC fora and sub-fora. (see *Appendix 4*)
- A TPD on Environmental Goods held on 13 February 2012. Representatives from the Beijing Normal University, World Bank, International Centre for Trade and Sustainable Development and enterprises from Japan, Malaysia, Russia and the United States delivered presentations on regional and global environmental challenges, environmental products and technologies, how increased trade and investment in these products could help APEC economies address those challenges, and issues relating to classification, definitions, and scope of environmental goods, including by reference to lists of environmental goods developed by other international organizations. The TPD generated productive discussions among officials and afforded a timely opportunity to exchange information and deepen understanding on the key policy issues, objectives and other considerations relating to the mandate, set out in Annex C of the APEC Economic Leaders' Declaration of November 2011, to work to develop in 2012 an APEC list of environmental goods that directly and positively contribute to our green growth and sustainable development objectives.
- CTI commenced implementation of the project on *Green Public Procurement in the Asia Pacific Region: Challenges and Opportunities for Green Growth and Trade*, which is aimed at promoting future collaboration and exchange of information/best practices amongst APEC economies about the implementation of green public procurement. The project, involving one study and a questionnaire (survey) and one workshop, will focus on the survey of green public procurement in different dimensions which might be undertaken. The study, as a preliminary step and input for discussion at the workshop, will develop a document that would cover the following aspects: local market supply regarding environmental goods and services; environmental criteria in public purchasing; categories or groups of products and services for green public procurement. The study also includes best practices for the implementation of green public procurement policies ("step by step"); application of international and individual eco-labelling; implementation of action plans; practical manuals for procurement officers, etc. The study is underway and the proposed two-day workshop is being planned to take place in the margins of CTI1 in 2013.
- As a response to the Leaders' instructions, the Committee met five times during the year to advance the development of an APEC list of environmental goods. At CTI1 in Moscow in February, CTI agreed to an "Indicative Timeline to Develop an APEC List of Environmental Goods in 2012. By CTI2 in Singapore in April, 10 economies have submitted their initial product nominations for consideration. At CTI3 in Kazan end May, CTI had a productive discussions on the 320 + products nominated by 13 economies for inclusion in the APEC list. CTI also noted that there is a considerable degree of overlap in the product nominations, with 122 products nominated by 7 or more economies. The discussions highlighted various important issues, including the "dual uses" for some environmental goods, the extent of the non-environmental uses of particular goods and their overall beneficial impact on the environment, the nature and feasibility of "ex-outs" to focus on specific environmental goods and direct and indirect environmental benefits. The discussion served to clarify economy views on the merits of including certain product nominations in an APEC list. At the extraordinary meeting in Mexico in July, the CTI had a technical line-by-line discussion on a recommended list of 83 products and a more general discussion on a second list of about 238 product nominations that was presented for further discussion, with particular attention paid to priority products identified by economies. Since CTI1, the list of total product nominations to date has evolved. In the margins of the APEC Leaders' Week in Vladivostok, CTI met to

consult further on the nominations with view to agreeing to an APEC list of environmental goods as instructed by APEC Leaders in Honolulu. CTI members considered a total of around 350 product nominations by 16 economies, tabled as two separate lists: one recommended for inclusion and the other, for further discussion. The outcome of these discussions were reported to Ministers. *(see Appendix 5 for the list as agreed to by Ministers).*

- CTI received a presentation from the PSU on the policy brief it prepared on “A Snapshot of Current Trade Trends in Potential Environmental Goods and Services” as a backgrounder to support the Committee’s work on developing an APEC EG list. The brief represented an initial effort to estimate the magnitude of EGS trade, identify basic trends and corroborate the relevance of EGS in APEC. The findings confirmed the increasing importance of potential EGS trade globally and in the APEC region, as well as the rising significance of EGS for both industrialized and developing member economies. A copy of the policy brief can be found on the APEC website.
- **MAG** continued to contribute to the CTI’s work on EGS. In addition to updating the EGS work program matrix and maintaining the APEC’s Environmental Goods and Services Information Exchange (EGSIE), the group oversaw the implementation of the EGS case studies, that were developed in response to APEC Leaders’ instruction to identify “capacity-building activities to help ensure that APEC economies, especially developing economies, are able to cultivate and further develop their EGS sectors and meet their sustainable growth goals. They seek to identify the key EGS policies and market drivers, and challenges associated with promoting trade and investment in EGS in the selected APEC economies’ markets, provide a more comprehensive picture of the economies domestic marketplaces, and suggest ideas on how to achieve greater “green growth.” In 2012, the case studies on Chile and Viet Nam were completed, bringing the number of completed case studies to 4.
- MAG discussed an initiative relating to “Best Regulation Practice in respect of National Environmental Policies” aimed at developing recommendations for implementation of environmental measures on the basis of best regulatory practices used by APEC economies.
- **GOS** undertook a study on Environmental Services and Environmental Services-related Technologies. The study proposes to survey and analyze the environmental services (ES)-related technology market within APEC economies, which aims at facilitating potential ES and ES-related technology trade and investment, and promoting greater dissemination of ES-related technology. A Workshop on Environmental Services and Environmental Services-related Technologies was held on 30 March in Singapore.
- GOS discussed a proposal to establish a framework to assist with advancing APEC’s work on environmental services and agreed to continue working on it intersessionally.
- **IEG** held a Seminar on Successful Cases of Renewable and Clean Energy (RCE) Investment in APEC in Beijing in June 2012. The objectives of the Seminar were (i) to increase understanding and raise awareness of opportunities for investment within APEC economies in RCE through holding information exchange seminar on successful cases of RCE investment; (ii) to share experiences, lessons and opinions on the role of cross-border investment in increasing utilization of RCE and dissemination of RCE technologies; and (iii) to share experiences on facilitation and promotion of cross-border RCE investment.
- **SCSC** implemented a project on “Aligning Energy Efficiency Regulations for ICT Products – Developing a Strategic Approach”. The project builds on 2011 APEC Conference on Alignment of ICT Energy Efficiency Regulations and aims at (i) preventing unnecessary market access barriers for ICT products and increase the availability and use of innovative, energy efficient products in markets worldwide; (ii) advancing the on-going public-private dialogue among

APEC economies regarding ways to align ICT product energy efficiency requirements through the development and use of global standards and more trade-friendly conformity assessment procedures; and (iii) identifying and seeking economies' support for specific strategies to accomplish this alignment. A workshop was held on 17 June in Seoul, Korea.

- SCSC implemented a project on “Multilateral Recognition Arrangement (MLA) Readiness Project in Greenhouse Gas (GHG) Validation/Verification” aimed at building the capacity to enable APEC economies to participate in the proposed Pacific Accreditation Cooperation (PAC) MLA for GHG Validation/Verification. Three training workshops are planned. This program contributes to the enhancement of capability of GHG accreditation and Validation / verification bodies of APEC economies, and supports APEC and PAC efforts in the GHG. Three training workshops were held: in February in Indonesia; in March in Chinese Taipei; and in May in Japan.
- SCSC held a “Workshop on Regulatory Approaches to Smart Grid Investment/Deployment” in Quebec, Canada from 16-17 May 2012, on the margins of the World Forum for Energy Regulators (WFER). The workshop built on the recommendations from the 2011 APEC Regulatory Cooperation Advancement Mechanism on Trade-Related Standards and Technical Regulations (ARCAM) Smart Grid Interoperability Standards Dialogue and the recommendations endorsed by Ministers in Annex E of the 2011 AMM statement in Honolulu. It also focused on the critical questions as to why regulators should care about ensuring that interoperability is addressed in their regulatory approaches with respect to Smart Grid investments and deployments.
- **AD** agreed to develop harmonized electric vehicle safety requirements within the context of a Global Technical Regulation (GTR) under the 1998 agreement, with the inclusion of a harmonized plug and communication protocol as part of the EV-GTR currently under development in support of sustainable transportation and regulatory harmonisation. AD has also commenced implementation of the 2011 Proposal on *Facilitating the Diffusion of Advanced Technology and Alternative-Fueled Demonstration Motor Vehicles*.
- **CD** considered how to leverage synergies and increase collaboration between the OECD Clearinghouse on New Chemicals and the CD Regulators Forum. CD made continued efforts to showcase the role of chemicals as an innovative solutions provider to support sustainable growth.

Section V: Supply-Chain Connectivity and Establishing Reliable Supply Chains

Highlights:

Supply-Chain Connectivity and Establishing Reliable Supply Chains

- CTI continued to review the progress made in implementation of the action plans agreed in 2010 to address the eight priority chokepoints to the smooth flow of goods, services and business travellers throughout the region as set out in the Supply-Chain Connectivity (SC) Framework. (See *Appendix 6* for the 2012 updates to the action plans).
- With the support of the Policy Support Unit (PSU), CTI held a Symposium on Supply-Chain Connectivity Measurement Framework on 31 March – 1 April 2012 in Singapore to share the experience and exchange views on measurement of the supply chain connectivity from different perspectives (international organizations, the private sectors, and academia), to take stock of the implementation of the Supply-Chain Connectivity Framework Action Plan (SCFAP), and to discuss the self-assessment survey drafted by the PSU to complement the internal indicators on measuring SCFAP improvement. The outcomes of the Symposium may be found on APEC webpage.
- CTI approved the *APEC Supply-Chain Connectivity Framework Self-Assessment Survey 2012* developed by the PSU to facilitate interim assessment in 2013 on APEC economies' progress towards the ten percent targeted improvement in supply chain performance by 2015, in terms of reducing the time, cost, and uncertainty of moving goods and services through the region. (see *Appendix 7*).
- Key activities in each of the action plans undertaken by CTI and its sub-fora are highlighted below.
 - **Chokepoint #1:** *Lack of transparency/awareness of full scope of regulatory issues affecting logistics; Lack of awareness and coordination among government agencies on policies affecting logistics sector; Absence of single contact point or champion agency on logistics matters*
 - CTI approved a proposal to *Advance the Action Plan for Chokepoint 1 of the APEC Supply-Chain Connectivity Framework*. The proposal lays out a course of actions that will help make progress towards the APEC-wide goal of a ten percent improvement in supply chain performance in terms of reducing the time, cost, and uncertainty of moving goods and services through the region. The objective of the initiative is to provide a systematic approach to addressing Chokepoint 1, which could be expanded to the other supply chain chokepoints in the SCFAP. The initiative consists of three elements: (i) development of a "Supply-Chain Connectivity Inventory" (SC Inventory) to identify internal policies and practices related to transparency, coordination and awareness that affect the cross-border movement of goods and the logistics sector under Chokepoint 1; (ii) drafting of a series of two diagnostic reports to identify variances in capacity. The work will be led by a team of World Bank regional and functional experts. The first diagnostic report will be completed in early 2013. The second diagnostic report will be conducted in 2014; and (iii) development of individualized capacity building programs in 2013 to assist economies in implementing the SC Inventory for Chokepoint 1.
 - **Chokepoint #2:** *Inefficient or inadequate transport infrastructure; Lack of cross border physical linkages (e.g. roads, bridges).*

ECO for different stakeholders, especially from the perspectives of the public sector; (iii) share experience of the implementation of ECO pilot project between Chinese Taipei and Korea; and (iv) look at establishing a guideline on the implementation of ECO from the regulators perspective in promoting trade facilitation in APEC region.

- **Chokepoint #6:** Underdeveloped multi-modal transport capabilities; inefficient air, land, and multimodal connectivity.
 - The SCSC continued with the implementation of the Supply Chain Visibility (SCV) Initiative which is aimed at recommending a set of standards to APEC members for the purpose of the realization of the SCV. This work is conducted in 3 phases with the first two phases implemented last year. At Phase III, a set of draft recommendations for member economies to establish common technical grounds for visualized, trans-border logistics in the APEC region were developed based on results of Phase I and II and other additional input from other economies' experiences. The draft recommendations were discussed at a workshop that took place on 21 May 2012 in Kazan where participants shared best practices for enhancing supply chain visibility in the APEC region and agreed on next steps to promote supply chain visibility, which could involve collaboration with other international standards making organisations such as the World Customs Organisation and the United Nations.

- **Chokepoint #7:** *Variations in cross-border standards and regulations for movements of goods, services and business travellers.*
 - With the assistance of the PSU, a study was undertaken to assess the economic impact of submarine telecommunications cable disruption. The study will support the development of closer linkages between the cable industry and regulators through information sharing and review of regulatory barriers to cable protection and repair. Some of the findings of the study include: (1) There is currently sufficient redundancy and resilience in the APEC region and also for the traffic demands towards the end of the decade given the number of new submarine cables and the potential capacity of existing cable systems. (2) Nevertheless, there are some critical areas where the establishment of additional geographic redundancy may be helpful, mostly in areas where there are no alternative overland routes available yet. Furthermore, the deployment of further, already planned cables will continue to provide additional geographic diversity and will reduce the effect of multiple outages in the coming years. (3) The economic impact model also outlines the economic importance of international connectivity as a whole and that significant economic costs are associated with a loss in traffic. International connectivity remains an issue of relevance and submarine cables carrying most of that traffic need to be protected. (4) A unified, standardized and coherent approach is necessary to create a common framework on submarine cable protection and mitigation which is commonly enforced and regularly adapted, has the features of being preventative, collaborative and combines protection and impact mitigation measures. The importance of submarine cable protection was recognized in the St Petersburg declaration issued at TELMIN9 in August 2012. Therefore as next steps, the CTI and TEL could consider identifying a suitable way forward to foster industry-government collaboration.

- **Chokepoint #8:** *Lack of regional cross-border customs-transit arrangements.*
 - CTI/SCCP continues working on developing a set of Customs-Transit Guidelines for APEC FTAs. The objective of the guidelines is to develop a common understanding (not only for APEC Customs Administrations but also for trade operators), concerning the most suitable way of regulating direct transit of goods with a view to claiming preferential tariff treatment. SCCP members are completing a revised questionnaire on regulation and procedures for the transit of goods, the answers from which will be used to rebuild the guidelines. 14 economies have answered the questionnaire. Colombia a guest in the SCCP, answered it voluntarily, showing great interest through

the entire process. The analysis of the responses is in the development process and at first sight it can be observed that the differences in requirements is diverse; for example, some member Economies deny preferential treatment to goods subject to transit operation, deadlines are different, among other. The Final Report of this analysis is to generate proposals that ultimately will allow APEC economies to harmonize measures and procedures aimed at facilitating cross-border movement of goods between members. The estimated date of completion and consolidation of the Final Report is 31 October 2012.

- CTI noted the proposals on “Diversification of Global Supply Chains Routes” and “Intelligent Supply Chains” being developed in the Transportation Working Group (TPTWG).

Top Barriers to Trade Facing SMEs

- In 2011, the Joint MRT-SME Ministers Meeting in Big Sky Montana endorsed a list of barriers that small and medium-sized enterprises (SMEs) are facing in trading in the region identified by the CTI and SMEWG. In 2012, both CTI and SMEWG continued to implement initiatives and consider other further work to address the top barriers. In the CTI, some of the initiatives included:
 - **Barrier #5: Customs clearance delays caused by difficulties in navigating overly complex customs requirements and documentation**
 - A webpage containing direct links to basic information on import procedures like commonly required customs forms, contact information for relevant customs authorities, and other SME-specific resources available on APEC economies’ customs websites was developed. The webpage will be featured on both the SCCP and the CTI websites.
 - **Barrier #6: Problems navigating differing legal, regulatory, and technical requirements**
 - Work on this continues to be undertaken through the existing project in the GOS - the APEC Services Trade Access Requirements (STAR) database (<http://www.servicestradeforum.org/>). The database is an online tool that provides information on the regulatory requirements for service providers across 11 APEC economies and five service sectors: financial services, mining and energy, transportation and logistics, telecommunications and professional services (legal, accounting, architecture and engineering). The database is now in Phase 3, the expansion phase, which will have its coverage expanded to all APEC economies and three further services sectors, namely: education, distribution and information communications technology services. The extension phase, when completed, would help small business obtain information about how to set up a new business in an export market, deliver a service across borders and get their people into an economy on a temporary basis to provide services.
 - **Barrier#7: Difficulty with intellectual property acquisition, protection and enforcement**
 - CTI took note of a voluntary initiative on *Enhancing IP Visibility for SMEs*, which seeks to develop a webpage featuring economies’ intellectual property application procedures. This webpage will be developed in cooperation with voluntary economies and related sub-fora like the IPEG. Some economies suggested the information on the webpage may be expanded to include SME-specific resources and IP educational material in English, where available to be consistent with the original initiative that was approved in 2011.
 - **Barrier#8: Inadequate Policy and Regulatory Frameworks to Support Cross- Border Electronic Commerce for Small and Medium Enterprises**

- Completed in 2011.
- **Barrier #9: Difficulty in Taking Advantage of Preferential Tariff Rates and Other Aspects of Trade Agreements**
 - In 2011, CTI considered and agreed to help improve SMEs' understanding of how to utilize FTAs. It was agreed that member economies would translate relevant APEC FTA chapters into English and their domestic language, based on the needs of each economies' SMEs. The brief summaries of FTA benefits will assist SMEs in better understanding the benefits of FTAs. The summaries will be collated and published for use by everybody. Work is in progress with the goal of making the information more user-friendly and easier to use by SMEs.
 - An APEC workshop, *Increasing FTA Utilization by SMEs*, was held in Tokyo, Japan on 7 August 2012. Participants from government and quasi-government organisations, the chamber of commerce, SMEs and other relevant entities shared information on how FTAs can be used and exchanged experiences on how their economies support SMEs to use FTAs. Based on the result of the workshop, a "FTA utilization Guidebook in APEC" and a "Compendium of best practice to promote FTA utilization policy" will be developed for approval by CTI.

Work Plan:

In 2012, CTI adopted a work plan on supply-chain connectivity with the following objectives:

- Continue to implement the APEC Supply-Chain Connectivity Framework Action Plan (SCFAP), and encourage new projects to further progress the Action Plan; and
- Finalise the measurement for tracking APEC's progress toward the ten percent improvement by 2015 in supply-chain performance.

Table 2: Sub-fora Outcomes - Supply-chain Connectivity

SUB-FORA	WORK UNDERTAKEN
Market Access Group (MAG)	MAG continued to implement the proposed actions under the Supply-Chain Connectivity Framework Action Plans for chokepoint 5 relating to its groups' work in rules of origin, self-certification and WebTr.
Group on Services (GOS)	<p>GOS approved a project on Retailing Services: Potential and Challenges to Enhancing SMEs Participation in Supply Chains in APEC to be implemented in 2013. The project is aimed at improving the role of retailing in facilitating the supply chain of products. This project will include submission of discussion paper, a workshop and a site visit to traditional retailing as well as other special small retailing shops, besides modern and big retailing shops.</p> <p>GOS discussed and agreed to a proposed project, entitled <i>Information Sharing on Logistics Services</i>, designed to improve the understanding and awareness of APEC economies on current situation and new trends of logistics services, enhance communication and information sharing among APEC economies on the good practices and policies in this area, as well as examine and explore ways to help APEC economies, particularly developing ones, to improve capacities of developing and managing sectors related to logistics services. The proposal will be resubmitted for Session 3 funding consideration.</p>
Sub-Committee on Standards and	SCSC continued with the implementation of the Supply Chain Visibility (SCV) Initiative in response to Supply-Chain Connectivity Framework Action Plan

SUB-FORA	WORK UNDERTAKEN
Conformance (SCSC)	<p>for Chokepoint 6. The initiative, having completed its 3rd phase, envisages the development of a set of draft recommendations for member economies to establish common technical grounds for visualized, trans-border logistics in the APEC region. A workshop was held on 21 May 2012 in Kazan where participants shared best practices for promoting SCV in the APEC region and agreed to the recommendation on APEC Implementation for Cargo Status Information Network for enhancing SCV³. The recommendation focused on the marine container transportation element of global supply chains as a first step toward achieving joined networks that improve the visibility of cargo status information.</p> <p>SCSC commenced implementation of the project entitled, <i>Technical Regulation Harmonization on Bulk Fuel Trade Transaction in APEC Region</i>, which aims to develop the flow measurement system procedures to increase technical regulation compatibility in compliance with the international standards and implement international best practices to significantly improve the accuracy, transparency and fairness of bulk fuel trade transaction in the Asia-Pacific region. A pilot <i>Workshop on Improving the Custody Transfer of Liquid Fuel in the Asia-Pacific Region</i> was held on 6-8 March in Singapore to examine the measurement requirements of advanced flow measuring system including significant recent improvements made for bulk fuel international trade. A <i>Training course on Improving the Custody Transfer of Liquid Fuel</i> was held on 28–31 August 2012 in Thailand.</p> <p>SCSC held a workshop on Product Safety Incidents Information Sharing System (PSIISS) on 23 - 26 April 2012 in Kuala Lumpur, Malaysia, the first workshop to build the capacity among APEC developing economies to establish an information sharing network between participating economies through a web portal database and alert mechanism monitored by member economy contact points appointed during the course of the project. The second workshop was held on 8 - 9 August 2012 in Kuala Lumpur as a follow up to the first workshop. It finalised the Guidelines and APEC PSIISS Portal as well as an action plan for the way forward.</p>
Sub-committee on Customs Procedures (SCCP)	<p>SCCP continued to implement the proposed actions relevant to customs under the Supply-Chain Connectivity Framework Action Plans for chokepoints 1, 4, 5 and 8. Specifically:</p> <ul style="list-style-type: none"> • Under Chokepoint #1, the SCCP supports the US initiative to Advance the Action Plan and de minimis capacity building. • Under Chokepoint #4, the SCCP is working on the development of Single Window Systems in each APEC economies and working towards interoperability amongst economies' Single Window Systems. Japan and Chinese Taipei, as coordinators, and Malaysia, as a co-host, are making preparations for the second Regional Workshop on Single Window to be held later this year. • Under Chokepoint #8, SCCP is completing a revised questionnaire on the Lack of Regional Cross-Border Customs-Transit Arrangements.
Electronic Commerce Steering Group (ECSG)	<p>ECSG has been working to implement the Supply-Chain Connectivity Framework Action Plan, particularly the part on addressing chokepoint 5 in order to simplify customs and other cross-border trade procedures, as well as addressing the part on chokepoint 6 in order to improve the efficiency of air, land, and multi-modal connectivity.</p> <p>In alignment with these objectives, ECSG has been developing projects that integrate paperless trading in commercial processes, particularly projects</p>

³ 2012/SOM2/SCSC/032

SUB-FORA	WORK UNDERTAKEN
	<p>that use e-solutions or electronic procedures and processes in cross-border trade, in order to save time, cut costs and reduce uncertainties for firms and government agencies. These e-solutions include the following: electronic Certificate of Origin (ECO), e-negotiations, e-invoicing, archiving of e-documents and e-trade financing. Basically, the goal is to build up e-commerce as a main driver and integration tool that will enhance the efficiency of supply-chains.</p> <p>The ECO project which began in May 2010 continues to be implemented between Chinese Taipei and Korea. The success of the project has been documented by the APEC Policy Support Unit (PSU) in 2011. Discussions and systems testing with other member economies are on-going to expand the scope of the project within APEC. The APEC-funded workshop on the “Study on the Readiness of ECO Implementation in Cross-border Trade in APEC Region” was held in Beijing on 10-11 July 2012 to develop recommendations on how to facilitate the implementation of the ECO project within APEC.</p> <p>E-commerce has a great role to play in strengthening SMEs’ participation in global production chains. Another APEC-funded workshop on “Capacity Building of Different Aspects in E-Commerce of Supply Chain Connectivity Implementation” was held in Kazan on 22 May 2012. The workshop introduced some initiatives to help SMEs be part of the production chains.</p> <p>In order to promote this arrangement and other e-solutions, the steps forward will necessitate greater interaction among ECSG and relevant APEC sub-fora such as SMEWG, SCCP and MAG.</p>
Chemical Dialogue (CD)	<p>Enhance information sharing on risk management along supply and value chains.</p> <p>Consider improvements in data exchange to facilitate the safe handling of chemicals.</p> <p>Discuss information requirements for chemicals in articles and how much information is necessary to enable regulators to determine the risk of exposure from chemicals in articles.</p> <p>Undertake initiatives to encourage product stewardship, safe use and sustainability, promote the use of responsible care, and promulgate a newly-launched Chemical Dialogue website to facilitate the efforts of first responders to deal with chemical emergencies.</p>
Life Sciences Innovation Forum (LSIF)	<p>Develop the Global Drug Integrity and Supply Chain Security roadmap to implement the Regulatory Convergence Strategic Framework. This road map will incorporate further work on implementation of the APEC anti-counterfeiting action plan, with a focus on prevention of manufacturing and distribution.</p> <p>Launch training programs to promote global product quality and supply chain integrity for medical products.</p>

Section VI: Advancing Regulatory Convergence and Cooperation

CTI's work contributing to the APEC's 2011 Priority on Advancing Regulatory Convergence and Cooperation comes largely from the implementation of the APEC Regulatory Cooperation Advancement Mechanism on Trade Related Standards and Technical Regulations (ARCAM) that was established by Ministers November 2010 and its sub-fora, the Sub-Committee on Standards and Conformance (SCSC).

Highlights:

- CTI discussed and agreed that the second dialogue of the ARCAM would address the issue of self-regulation in advertising⁴, proposed by Australia. Preparations are underway for this dialogue to take place in Hanoi on 7-8 November. The purpose of the Dialogue is to bring together APEC economies to share information, policies and best practice principles regarding advertising standards. At the conclusion of the Dialogue, we hope to have an agreed set of principles that APEC economies can use when considering or further developing their approach to advertising standards. The Dialogue is intended to foster strengthened partnerships between governments and business, with consumers and small-industry players firmly in mind. An important outcome of the exercise will be an effective self-regulation model for the advertising industry that addresses potential technical barriers to trade. Themes to be covered during the two-day event include: effective advertising regulation and value for money; good regulatory governance in advertising; and principles for regulatory policy and practice covering advertising content.
- CTI discussed two new proposals relating to (i) Common Application of Best Regulatory Practices; and (ii) proposed Action Plan to implement Annex D to Leaders' Declaration on "Strengthening Implementation of Good Regulatory Practices". The first proposal was a continuation of the work that has been done by APEC in previous years in different areas like conformity assessment and food products, telecommunication equipment, electrical and electronic equipment, and APEC Regulatory Cooperation Plan 2011. A number of actions such as exchange of opinions and best regulatory practices, formulation of proposals on regulatory harmonization in the power plant industry and engineering construction, and discussion on the stages of elaboration of universal approaches to standardization and certification in the field of "green design and construction" on the basis of existing expertise and best practice were suggested. The second proposal envisaged a study to be undertaken on the impact of regulations on economic development and on markets at different stages in economic development to develop mechanisms in APEC economies to raise the awareness of business and general public about goals and regulatory measures in various ways, to take steps to promote acknowledgement of unprofessional market players in the area of mechanisms and goals of regulations and a number of other steps.
- SCSC continued to investigate means of enhancing regulatory practices in the APEC region through a program of case studies, seminars and organization of SCSC Conference on GRP and other issues:
 - APEC JRAC workshop on "Developing harmonized electrical equipment regulatory Risk assessment tool" held on 15-16 May 2012 in Singapore in the margins of 17th JRAC meeting. The outcome of the workshop is agreement to better align regulatory systems

⁴ 2012/SOM1/CTI/037

for electrical safety of electrical equipment through the use of a common risk assessment model with an agreed implementation plan including: timeframes, jurisdictional considerations, implementation processes, individual jurisdictional progress reporting and follow up processes. It achieved its objectives to develop a harmonised electrical equipment risk assessment regulatory model.

- 9th Conference on Standards & Conformance in the field of Innovations and Related Good Practices on 22-23 May 2012 in Kazan. The objectives of the Conference was to (i) exchange information on the standards and conformance activities; (ii) raise the knowledge on the value of standards and conformity assessment through a focus on innovative products such as nanotechnology products and chemical materials and substances; (iii) enhance the development and harmonization of innovation standards and related good practices, leading to achieving the Osaka Action Agenda (OAA) to “align domestic standards with international standards” and “promote good regulatory practice for preparation, adoption and application of technical regulations in the APEC region”; (iv) pave a way for APEC partnership to build up regulatory, legal, and operating frameworks for high quality analysis and assessment of innovative products; and (v) assess opportunities to increase linkages with the business community, non-government and government sector on developing harmonized approaches to standards and knowledge management practices, as well as facilitate information exchange. Its recommendations can be found in 2012/SOM2/SCSC/038.
- Workshop on Regulatory Approaches to Smart Grid Investment/Deployment on 16-17 May 2012 in Quebec, Canada on the margins of the World Forum for Energy Regulators (WFER) as a follow up to the 2011 ARCAM Initiative on Smart Grid Interoperability. The key outcomes of the workshop were: (i) Efficient development of standards and interoperability will reap key benefits for electricity regulators; (ii) There is a need for more robust engagements between the standards community and regulators; (iii) The standards community could benefit from an analysis of the needs of regulators in their efforts to understand the standards process and its implications for the modernization of electric grids and the trade in smart grid technologies; (iv) There is a need for the development and communication of best practices for regulators in providing input to the standards community; and (v) Continued education and outreach on standards interoperability issues will be beneficial and organizations and forums that are well-positioned for this task should be identified.
- Other workshops included a workshop under the project entitled, *Aligning Energy Efficiency Regulations for ICT Products - Developing a Strategic Approach* was held on 18 July in Seoul, Korea; and the APEC Wine Regulatory Forum – Public-Private Dialogue on risk management and certification requirements for regional trade in wine to be held 5-7 November 2012 in Auckland, New Zealand.
- CTI commended the innovative work SCSC’s Food Safety Cooperation Forum (FSCF) and its Partnership Training Institute Network (PTIN) in bringing together food safety regulators, academics and industry to collectively build food safety capacity. One incident of unsafe food can jeopardize international trade flows so building international food safety capacity is a critical element in maintaining the flow of international trade.
- CTI also applauded the FSCF-PTIN for its foundational role, in partnership with the World Bank, in the initiation of the Global Food Safety Partnership, a platform to address food safety issues in a coordinated manner on a worldwide scale, and encourages both member economies and industry to support this vital initiative.
- GOS discussed a proposal to develop a work program on regulatory coherence and cooperation. This proposal mainly discuss how the regulations affecting trade in services and what regulation that can create a pro-competitive and trade facilitative market. The GOS

endorsed a self-funded proposal from the United States to compile a set of case studies from the APEC region illustrating examples of 'successful' regulatory reform measures directed at ensuring more competitive services markets. The cases studies will be compiled this year and a report made to GOS 1 in 2013.

- SCCP is working to conduct capacity building of implementing AEO programs throughout the APEC region. The development of AEO programs of equal calibre throughout the region will lead to the promotion of Mutual Recognition Arrangements (MRAs) between interested economies. The SCCP agreed to support an initiative to hold regional capacity building conferences on AEO.
- BMG conducted a review of two of its standards documents – the BMG's Legal Infrastructure Standards that seek to regulate the legislative framework of economies and the BMG's Professional Immigration Service Standards that set out standards in relation to the professional behaviour of immigration officials. These reviews determined that the standards previously developed by the BMG remain relevant and appropriate to today's border management context. In the process of review, member economies also suggested a number of additional standards that could be added to these documents. Further consideration of these additional standards will be undertaken in 2013.
- AD discussed a proposal on how to further harmonisation of automotive safety regulation through transparency by exploring how economies may deviate from the relevant international standards in their draft automotive safety technical regulations to address their regulatory or market needs. Three different regulations were suggested on – tires, window glazing and motorcycle controls and displays. AD members would fill out voluntarily the template of questions relating to these three regulations, to determine the divergences.
- CD's 2012 work program focused on the challenges imposed by different approaches to regulation, including the difficulty in balancing the protection of trade secrets and confidential information with the need for transparency, facilitating data exchange, and the varying regulatory approaches to the treatment of chemicals in articles. It endorsed a Regulatory Cooperation Action Plan outlining key regulatory initiatives to facilitate risk reduction and promote convergences in regulatory approaches to the sound management of chemicals, share information on chemicals management, share tools and experience with best practices, and increase collaboration with other international chemical fora such as the OECD Clearinghouse for New Chemicals and contribute to the Strategic Approach for International Chemicals Management. It also continues its work to implement the UN Globally Harmonized System of Chemical Classification and Labeling (GHS), as well as to address challenges to implementation. The Dialogue established a website clearinghouse for information on the GHS – the GHS Reference Exchange and Tool (GREAT website), maintained by Chinese Taipei. CD held a workshop on 21 May to consider improvements in data exchange to facilitate the safe handling of chemicals and opportunities for better alignment of data being collected. It will hold a training workshop in November 2012 on tools and approaches for risk assessment.
- LSIF's Regulatory Harmonization Steering Committee (RHSC) began implementation of its multi-year strategic framework for achieving regulatory convergence for medical products (both devices and medicines) by 2020. Roadmaps for achieving regulatory convergence for medical products approval procedures were being developed by champion economies in 6 priority work areas: Multi-Regional Clinical Trials (Japan – completed); Supply Chain Integrity (US); Good Review Practices and Combination Products (CT); Biosimilars and Pharmacovigilance (Korea); Cellular Therapies (Singapore). The RHSC has endorsed the establishment of an APEC Regulatory Network to bring in broader stakeholder involvement in projects and project proposals by regulatory authorities, and it has further broadened

industry participation through the formation of industry coalitions representing the research based pharmaceutical, medical device, generic medicines, biotechnology products, and advanced medical technologies sectors. Several regulatory convergence training/capacity building projects have also been developed to support this work.

Section VII: Contribution to APEC Leaders' Growth Strategy and Innovative Growth

Highlights:

Implementation of the 2010 APEC Leaders' Growth Strategy

In 2010 APEC Economic Leaders agreed on a Growth Strategy that would provide a comprehensive long-term framework for promoting high-quality growth in the region. APEC Leaders committed to implement the Growth Strategy out to 2015, focussing on 5 desired attributes of balanced, inclusive, sustainable, innovative, and secure growth. APEC Leaders also tasked Senior Officials to conduct "annual progress reviews on APEC's relevant work programs while finding ways to take stock of progress, and making any needed adjustments in the work programs to maximize APEC's efforts to promote the Five Growth Attributes".

CTI and its sub-fora have undertaken work to promote the five growth attributes during 2012 as part of their overall work programs and these contributions are not even. As with the past two years, the Committee had done work on Green/Sustainable Growth; Innovative Growth and Secure Growth through various work streams such as EGS; digital economy and IPR, the BMG and the SCCP, mainly.

Table 3: Contributions of Sub-fora to the Growth Attributes

SUB-FORA	WORK UNDERTAKEN
Market Access Group (MAG)	<p><i>Green Growth/Sustainable Growth</i></p> <ul style="list-style-type: none"> • See Section IV
Sub-committee on Standards and Conformance (SCSC)	<p><i>Green Growth/Sustainable Growth</i></p> <ul style="list-style-type: none"> • See Section IV <p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • Held the 9th Conference on Standards and Conformance in the Field of Innovations and Related Good Practices on 22-23 May in Kazan. The main objectives of the conference included exchange information on the standards and conformance activities, raise the knowledge on the value of standards and conformity assessment through a focus on innovative products such as nanotechnology products and chemical materials and substances, pave a way for APEC partnership to build up regulatory, legal, and operating frameworks for high quality analysis and assessment of innovative products, assess opportunities to increase linkages with the business community, non-government and government sector on developing harmonized approaches to standards and knowledge management practices, as well as facilitate information exchange.
Sub-committee on Customs Procedures (SCCP)	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • Adoption of a new CAP item on IPR border enforcement to implement the APEC Guidelines for Customs Border Enforcement on IPR Infringement. SCCP agreed to conduct a second voluntary IPR enforcement operation focusing on counterfeit electronics. A proposal to enhance border enforcement of IPR in express courier and international mail facilities to protect consumers and internal security from counterfeit electronics in cross-border trade. SCCP also agreed to hold an IPR border enforcement workshop to raise members' ability to implement the guidelines. • Continued to work on the development of Single Window (SW) and

SUB-FORA	WORK UNDERTAKEN
	<p>accelerate seamless data sharing between SW systems through information sharing. A second Regional Workshop on Single Window is scheduled to take place in October in Malaysia.</p> <p><i>Secure Growth</i></p> <ul style="list-style-type: none"> • Implementation of the Authorised Economic Operator (AEO) action plan including the development of an AEO Capacity Building Plan and an AEO Best Practices Document. AEO Regional Capacity Building workshops are being developed to promote the concept of AEO as a best practice throughout the region and provide an opportunity for APEC economies that have yet to implement an AEO program to identify key areas for implementation and/or improvement. These workshops will be the first step in providing additional technical assistance to APEC economies to implement domestic-level AEO programs as well as move towards mutual recognition and participate in the Mutual Recognition Pathfinder initiative.
<p>Intellectual Property Rights Experts Group (IPEG)</p>	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • Continued to update the Intellectual Property Academy Collaborative Initiative (iPAC Initiative), a web-based platform aimed at facilitating effective information sharing among IP Academies • Development of a Survey on Innovation and Technology Transfer in SMEs to help domestic governments to better understand the IP needs of their SMEs and strengthen their faculty to develop strategies, policies and programs to support the SMEs. • Adoption of a proposal on APEC IP-related Treaty Outreach Initiative where economies will be expected to share their respective understanding of the advantages to acceding to each of the treaties selected y economies. Economies essentially will reiterate their commitment to promote accession to IPR-related treaties, including those with a higher level of protection and harmonized standards, which will further accelerate innovation and promote trade and investment through standardizing and simplifying IPR systems and practices and strengthening the level of protection in the APEC region.
<p>Business Mobility Group (BMG)</p>	<p><i>Secure Growth</i></p> <ul style="list-style-type: none"> • Finalisation of an APEC Best Practice in Border Capabilities Model for Air Travel in the region. The model set out the ideal capabilities APEC economies can seek to implement to support the dual objectives of business facilitation and human travel security. It identifies possible efficiencies that can be gained in immigration procedures to facilitate and accelerate travel while managing the risks posed by non-genuine travellers. It also provides a building block upon which economies may decide to explore structural reform, an improvement of coordination mechanisms or the use of innovative technologies in border management. • Continued efforts to enhance and improved processing of the APEC Business Travel Card (ABTC) scheme to further enable well-managed growth in the scheme, through: the exploration of future online lodgement arrangements for ABTC applications; improvements to the processing of renewal applications and the identification of further streamlining measures or efficiencies in processing. • Continued to pursue the implementation of a web-based trial of the Regional Movement Alert System (RMAS) between the Philippines and Australia, which will provide a real-time travel document validation service between the two economies. This initiative, if successful, will offer

SUB-FORA	WORK UNDERTAKEN
	<p>significant potential for the expansion of RMAS to other economies due to the reduced start-up costs, lower ongoing maintenance costs and avoidance of substantial costs associated with dedicated leased communications lines.</p> <p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • BMG explored e-business models as a means to deliver growth and expedite processing. In particular, this involved pursuing the possibility of a future online lodgement system for ABTC applications, with a workshop held at SOM2 to enable detailed discussion on the way in which the idea of an online lodgement system could be put into practice. <p><i>Inclusive Growth/Human Resource and Entrepreneurship Development</i></p> <ul style="list-style-type: none"> • Reviewed the BMG's Legal Infrastructure Standards that seek to regulate legislative framework of economies and the BMG's Professional Immigration Service standards that set out standards in relation to the professional behaviour of immigration officials. These reviews determined that the standards previously developed by the BMG remain relevant and appropriate to today's border management context. In the process of review, member economies also suggested a number of additional standards that could be added to these documents. Further consideration of these additional standards will be undertaken in 2013.
Electronic Commerce Steering Group (ECSG)	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • ECSG's work on the Digital economy agenda continues to contribute to the innovative growth pillar. • Implementation of the Cross-Border Privacy Rules (CBPR) system endorsed in 2011. The DPS has endorsed three documents in 2012 required for the roll-out to proceed. ECSG has likewise populated the CBPR System's Joint Oversight Panel (JOP). The CBPR System will help ensure the continued free flow of personal information among APEC economies, while establishing meaningful protection for the privacy and security of personal information.
Automotive Dialogue (AD)	<p><i>Green/Sustainable Growth</i></p> <ul style="list-style-type: none"> • See Section IV
Chemical Dialogue (CD)	<p><i>Green/Sustainable Growth</i></p> <ul style="list-style-type: none"> • See Section IV
Life Sciences Innovation Forum (LSIF)	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • As part of its multi-year strategic framework, the Regulation Harmonisation Steering Committee (RHSC) is focusing on innovative products and cutting edge technologies (advanced technologies) in developing roadmaps for achieving regulatory convergence in these areas. The RHSC will lead the way globally in regulatory alignment and approach to these new technologies. Best practices for applying innovations to address key disease challenges such as maternal child health and non-communicable diseases. <p><i>Secure Growth/Human Security</i></p> <ul style="list-style-type: none"> • Implementation of its 2011 APEC Action Plan on Non-Communicable Diseases, for which a key component is the establishment of public-private

SUB-FORA	WORK UNDERTAKEN
	partnerships. <ul style="list-style-type: none"> • Development of best practices for combatting health care associated infections at the APEC High-Level Workshop on Health care-Associated Infections.

Fostering Innovative Growth

While CTI itself may not be implementing specific initiatives to meet the APEC 2012 priority of intensive cooperation to foster innovative growth, its work to take forward the 2011 next generation trade and investment issue of “*promoting effective, non-discriminatory, and market-driven innovation policy*” would contribute to some extent, the objective of exchanging advanced know-how on how to shape a favorable institutional environment for innovative development and creating regional cooperation mechanisms in science, technology and innovation. (see *Section III*). In addition, the ECSG promotes effective, non-discriminatory, and market-driven innovation policy by enhancing trust and confidence in the Internet as well as facilitating the flow of personal information used by organizations in conducting domestic and international business.

During the year, CTI served as a sounding board for one of the APEC 2012 key deliverables relating to the launch of “Innovation Technology Dialogues” that would focus on the pre-commercial stage of technology development and help find new ways to resolve current problems in certain sectors of economy by allowing the three important stakeholders (business, science and government) to meet and exchange information on government concerns, on business priorities, in scientific research projects and possibly allow for parking on voluntary basis on specific projects. It received updates from the proponents of the initiative, including a briefing on the outcomes of the Nanotechnology and Energy Efficiency Dialogue held in Kazan on 26-27 May.

Section VIII: Collective Actions, Pathfinder Initiatives and Industry Dialogues

Collective Action Plans

Collective Action Plans (CAPs) continue to frame the work plans of the CTI and its sub-fora. These CAPs are living documents and, in 2011, they were revised and enhanced in pursuit of the Bogor Goals (see *Appendix 8*).

Many of these improvements were made in response to the priorities set by Leaders and Ministers, including the call to ensure deliverables in CAPs are relevant to business. The revised CAPs also increase the transparency of trade and investment policies, lower transaction costs of cross-border trade, stimulate competition and result in greater certainty and predictability.

The **Market Access Group (MAG)** met three times in 2012 support of CTI's contributions to the APEC 2012 priorities trade and investment liberalization, regional economic integration. The key issues covered by MAG at its meetings during the year included the issue of facilitating trade in remanufactured products and possible capacity-building efforts in the area of remanufacturing; talks on the WTO negotiations on ITA expansion, strengthening the WebTR portal and deeper comprehension of rules of origins (ROO). In addition, the MAG also continued discussion on the green growth (environmental measures) under the abstract of APEC Growth Strategy.

Further to that, MAG has its first inaugural Joint Meeting with GOS, which discussed topics of embodied and embedded services in manufacturing competitiveness. The Joint MAG/GOS meeting will be held annually.

In 2012, the **Group on Services (GOS)** continued to advance its service work program through the implementation of new and on-going projects/initiatives, which included: (i) an expansion of the "APEC Services Trade Access Requirements (STAR) Database", a business friendly tool to facilitate service providers' market access, business mobility and establishment of commercial presence throughout the APEC region; (ii) Workshop on the "Environmental service-technology related market"; (iii) beginning a project that will identify successful regulatory reform in services markets; (iv) adopting a project that will build capacity and networks among statisticians who compile services statistics that will, over time, improve the quality of available services statistics; and (v) completed the APEC Accounting Services Initiative.

The **Investment Experts Group (IEG)** continued to support the CTI's efforts in progressing the Investment Facilitation Action Plan (IFAP) that was adopted by Ministers and Leaders in 2008 and made a report on its implementation progress. The IEG successfully concluded twelve possible action items under three focus themes as IFAP implementation priorities for 2012-2014. It also oversees the implementation of the APEC Strategy for Investment that developed in the CTI in 2010 by undertaking several projects and activities to progress the three pillars of the Strategy: (i) Advanced Principles and Practices; (ii) Facilitation and (iii) Promotion.

The 2012 work program of the **Sub-committee on Standards and Conformance (SCSC)** comprised several activities that contribute directly to APEC 2012 priorities: (I) trade and investment liberalization; regional economic integration; (II) strengthening food security; (III) establishing reliable supply chains; and (IV) intensive cooperation to foster innovative growth. The Sub-committee also continued progressing work on food safety under the auspices of the APEC Food Safety Cooperation Forum (FSCF) based on a Memorandum of Understanding (MoU) between APEC SCSC-FSCF and the World Bank signed in 2011. It aimed at strengthening high level support from within the Bank for food safety issues and to provide a positive statement on the

importance of food safety capacity building, at a regional and global level. The activities were further extended by the creation of the Global Food Safety Partnership in 2012. This is a multi-donor trust fund incorporating donors from both the public and private sector and builds on work done by the APEC FSCF and PTIN.

The **Sub-committee on Customs Procedures (SCCP)**'s work program for 2012 continued to focus on trade facilitation, trade security and related enforcement matters. SCCP adopted a new CAP item on IPR border enforcement to implement the APEC Guidelines for Customs Border Enforcement on IPR Infringement where it agreed to conduct a second voluntary IPR enforcement operation focusing on counterfeit electronics and to enhance border enforcement of IPR in express courier and international mail facilities to protect consumers and national security from counterfeit electronics in cross-border trade. The SCCP also agreed to establish the Customs-Business Virtual Working Group to meet the goal of enhancing private sector engagement in the SCCP.

For 2012, the **Intellectual Property Rights Experts' Group (IPEG)** was active, as with previous years, in undertaking a range of activities and initiatives, including capacity programs in carrying out its IP-related work. The group met twice and the IP issues covered during the year include: issues related to the protection for geographical indications; cooperation on work sharing, practices of IPR protection in standardization; SMEs issues related to IPR; IPR protection and enforcement including counterfeiting and piracy issues. Members also updated each other on key domestic and regional IP developments and legislations. Mexico was re-elected as the Convenor for another term (2013-2014).

The work of the **Business Mobility Group (BMG)** continued to be focus on facilitating business travel while ensuring passenger safety and border security. This work is carried out in accordance with a set of business mobility goals developed by the group at the start of each year. For 2012, the agreed goals⁵ were amongst others, (i) to make it easier and faster for people to travel to do business in the APEC region by further exploring the possibility of a trial whereby APEC Business Travel Card (ABTC) holders can enrol in and use the automatic border control systems of other willing APEC economies; (ii) to enhance traveller facilitation and border integrity in the APEC region through the development and finalisation of a Border Capabilities Model for air travel. This model will seek to promote capacity building and information sharing and identify further initiatives that may be pursued by the BMG; (iii) to continue efforts to enhance the ABTC scheme; and to work towards best practice in the development of immigration legislative frameworks within the APEC region by reviewing the BMG's Legal Infrastructure Standards document and, in particular, to determine the relevance of infringement regimes to effective border management.

The **Electronic Commerce Steering Group (ECSG)**, supported by two sub-groups, the Data Privacy Sub-group (DPS) and the Paperless Trading Sub-group, helps coordinate APEC's e-commerce activities as set forth in the 1998 APEC Blueprint for Action on Electronic Commerce. For 2012, the group's focus had been on developing practical steps to implement the Cross-Border Privacy Rules (CBPR) system such as the development of procedures and adoption of Protocols of the APEC CBPR system Joint Oversight Panel to allow the commencement of the CBPR system. It endorsed another 2 key documents: the Accountability Agent APEC Recognition Application, and Template Notice of Intent to Participate in the APEC CBPR System. It held a workshop in Moscow on 30 Jan 2012 on APEC Cross Border Privacy Rules: Implementing Shared Privacy Values. The workshop, the first under ECSG's first multi-year project (which will be continued through 2016), successfully tackled the topics such as how a comprehensive privacy program can be implemented, how to apply to become an APEC-recognized Accountability Agent and discussed commonalities in global privacy (particularly in reference to the EU, which employs BCRs or binding corporate rules). ECSG agreed to create a joint working team comprised of APEC Member

⁵ See 2012/SOM2/BMG/016 for review of BMG Goals for 2012.

Economies and interested representatives from the EU Article 29 Working party to explore the similarities between APEC's CBPR system and the EU's Binding Corporate Rules as well as to study how the two systems can interoperate.

Pathfinder Initiatives

In 2012, lead economies continued to promote increased participation in the existing TILF-related Pathfinder initiatives.

Table 4: Status of TILF-Related Pathfinders (No change from November 2011)

Pathfinder	Lead economy	APEC Forum responsible	Membership status - Sept 2004	Membership status
Trade and the Digital Economy	United States	N/A (launched at Leaders level; CTI has oversight)	18	20
Advance Passenger Information (API)	Australia	BMG	All agreed on API standards; 6 either fully implemented or committed to implementation; 8 undertaken feasibility studies; 6 committed to undertaking feasibility studies.	All agreed on API standards; 16 either fully implemented or committed to implementation; 11 undertaken feasibility studies.
E-Cert SPS	Australia & New Zealand	ECSG	6	6
Kyoto Pathfinder	Australia	SCCP	15 participating in Part A; 8 participating in Parts A & B.	Has become a CAP in the SCCP.
Mutual Recognition Arrangement of Conformity Assessment on Electrical and Electronic Equipment	Australia	SCSC	15 participating in Part I; 3 participating in Parts II & III.	18 participating in Part I; 5 participating in Part II; 4 participating in Part III.
Electronic Certificates of Origin	Korea and Chinese Taipei	ECSG	3	3 Chile, China, Malaysia Philippines, Thailand and Vietnam have indicated an interest to join in the pathfinder.
Food MRA	Thailand	SCSC	5	5
Technology Choice Principles	United States	CTI	N/A (adopted in 2006)	15
Data Privacy	Australia, Canada, & United States	ECSG	N/A (adopted in 2007)	16
Self-Certification of Origin	Australia, New Zealand, Singapore & United States	CTI	N/A (adopted in 2009)	9
Facilitating Trade in Remanufactured Goods	Japan & United States	MAG	N/A (adopted in 2011)	11
APEC Baseline De Minimis Value	United States	CTI/SCCP	NA (adopted in 2011)	10

Industry Dialogues

Automotive Dialogue

The **Automotive Dialogue (AD)** held its 16th meeting on 28-29 May 2012 in Kazan, Russia. The AD commended the World Forum for Harmonization of Vehicle Regulations (WP.29) for proactively pursuing the harmonization of automotive regulations for electric vehicles (EV) before different national standards get established. Its key outcomes included the development of harmonized electric vehicle safety requirements within the context of a Global Technical Regulation (GTR) under the 1998 agreement, with the inclusion of a harmonized plug and communication protocol as part of the EV-GTR currently under development; and the agreement that economies share information on updates to their policies in Facilitating the Diffusion of Advanced Technology and Alternative-Fuelled Demonstration Motor Vehicles.

Chemical Dialogue

The **Chemical Dialogue (CD)** continues to undertake a comprehensive work program which aligns closely with and substantively advances APEC's priorities including strengthening regional economic integration and expanding trade, promoting green growth, expanding regulatory cooperation and advancing regulatory convergence. Regulatory oversight of the chemicals sector is increasingly affecting downstream industries, including electronics and aerospace, underscoring the need for cooperation in the sector.

In 2012, the CD continued to build on the Strategic Framework for Chemicals in the Asia-Pacific Region it adopted in 2011, undertaking a work program built around the three shared goals the Strategic Framework identified for the CD: expanding and supporting cooperation and mutual recognition among chemical regulators in the Asia-Pacific Region; enhancing understanding of the chemical industry's role as an innovative solutions industry; and encouraging chemical product stewardship, safe use, and sustainability.

The Chemical Dialogue's 2012 program of work focused on the challenges imposed by different approaches to regulation, including the difficulty in balancing the protection of trade secrets and confidential information with the need for transparency, facilitating data exchange, and the varying regulatory approaches to the treatment of chemicals in articles. The CD also continued to emphasize the integration of its work with the international chemicals agenda, including SAICM.

The CD Regulator's Forum developed a Regulatory Cooperation Action Plan to further advance their objectives, including facilitating risk reduction and the sound management of chemicals, SAICM implementation, sharing information on chemicals management more broadly in the region, bridging activities between principles and practices, collaboration to address common concerns, the nexus between chemicals management and competitiveness for SMEs, and human health and the environment.

The CD also announced the initiation of an emergency response website to centralize information for hazmat incident first responders, publicly available at – <http://global.chemtrec.com>. Finally, the CD continued its innovative work to advance the implementation of the Globally Harmonized System (GHS) for chemical classification labeling.

Life Sciences Innovation Forum

The **Life Sciences Innovation Forum (LSIF)** continues to attract significant high level attention from scientists, health economists, senior government policymakers, industry experts and

representatives of international organizations, including the World Health Organization (WHO), UNICEF, and the Asian Development Bank. The LSIF had several major accomplishments this year. In June, the LSIF collaborated with the Health Working Group to organize the APEC High-Level Meeting (HLM) on Health & the Economy⁶, which attracted 150 senior level participants from 15 APEC Member Economies. Economies were represented at Ministerial level by Ministers of Health from Chile, Chinese Taipei and Russia (Deputy Minister).

During the HLM, the LSIF and the WHO unveiled preliminary results of their joint economic analysis on the returns on investment in maternal and child health, showing a return of \$37 for every \$1 spent. This analysis complements the work done by LSIF from 2008 on the returns to investment in health innovations to combat chronic disease, which showed returns of up to 15 times cost for emerging economies. The outcomes of the HLM demonstrated the importance of investment in health as a key plank of economic development. An overarching recommendation from LSIF was that given the importance of health to economic development, APEC should ensure that a health component features in the work of all APEC groups.

The LSIF also worked collaboratively with the Health Working Group this year to encourage APEC Member Economies to implement the APEC Non-communicable Diseases (NCD) Action Plan, which was endorsed by APEC Ministers during their November 2011 meeting in Honolulu. The Action Plan aims to reduce the economic impact of chronic diseases in the region through the sharing of best practices and the establishment of innovative public-private partnerships. The 2012 APEC NCD Action Plan Implementation Report as requested by Ministers is attached at Appendix 9.

Illustrative of APEC's regulatory convergence and cooperation priorities, and in accordance with APEC Ministers' direction, the LSIF Regulatory Harmonization Steering Committee (RHSC) began implementation of its multi-year strategic framework for achieving regulatory convergence for medical products (both devices and medicines) by 2020. The RHSC has developed a Multi Year Project to support the work of the Global Drug Integrity and Supply Chain initiative. The LSIF RHSC has continued its program of largely self-funded advanced training projects in areas that support the achievement of regulatory convergence, including on Global Drug Integrity and Supply Chain, Good Review Practices, Cellular Therapies, Multi-regional Clinical Trials, Good Clinical Practice Inspection, Combination Products, Pharmacovigilance, and Biotechnological Products. The RHSC also approved a restructuring to include all APEC economies and a regulatory network inclusive of industry experts.

The LSIF in collaboration with the Health Working Group organized the APEC High-Level Workshop on Reducing the Economic Burden of Healthcare-Associated Infections (HAIs) in Manila, Philippines on 25-26 July, 2012. Participants discussed the public health and economic burden of HAIs in the region, which is estimated to afflict 5-19 percent of hospitalized patients and are a significant drain on health systems and budgets. Participants also shared examples of effective policies and programs for addressing HAIs at both the economy and healthcare institution levels, and identified ways in which governments, patients, the private sector, and academia could work together to improve HAI prevention and control within economies. The meeting concluded with a set of recommendations encouraging APEC Member Economies to commit to working with stakeholders to reduce the incidence of infections in healthcare settings by establishing surveillance systems, baseline measurements, and targeted reduction goals at the economy and local levels by 2015.

⁶ See 2012/HWG-LSIF/019 for statement released from the meeting.

Section IX: CTI's Contribution to APEC-Wide Initiatives and SOM Priorities

In 2012, CTI and its sub-fora continued to undertake work in response to a number of APEC-wide priorities. While some of this work is reflected in earlier sections of this report, this chapter provides an overview of our activities in the following areas that respond to APEC-wide priorities: Support for the Multilateral Trading System; Improving the Business Environment and APEC Travel Facilitation Initiative.

Support for the Multilateral Trading System

“Support for the Multilateral Trading System” remains a key priority for CTI and its sub-fora. As such, they would continue to look for ways where they could provide inputs to the WTO process, and where possible, add value to the Doha negotiations.

CTI took note of the progress achieved by the MAG to follow up on the instructions from APEC Leaders for APEC to play a leadership role in expansion of membership and product coverage of the WTO Information Technology Agreement (ITA). It welcomed Russia's commitment to join the ITA and noted that a number of members have reported in the MAG that they were in the process of undertaking domestic consultations with industry on this issue. CTI also encouraged economies to accelerate domestic consultations in order to be prepared for a launch of ITA expansion negotiations.

MAG held a dialogue with APEC-wide representatives of the information and communications technology (ICT) industry on 29 March to get industry perspectives on the issue of expanding the product coverage and membership of the ITA. The dialogue was conducted in response to the 2011 APEC Leaders' instructions for APEC to play a leadership role in launching the WTO ITA expansion negotiation. The overall messages from industry included:

- The ICT sector is a significant driver of economic growth in many APEC economies;
- The ITA has delivered major benefits since its entry into force in 1997. Significant further trade and investment benefits could accrue to APEC economies through expansion of the product coverage and membership of the Agreement; and
- APEC economies should strongly support a quick launch and quick conclusion of negotiations on expanding ITA product coverage at the WTO.

Table 5 : Sub-fora Outcomes - Support for the Multilateral Trading System

SUB-FORA	WORK UNDERTAKEN
Market Access Group (MAG)	MAG explored possible ways “to fulfill APEC Leaders’ 2011 commitment to play a leadership role in launching negotiations focused on expanding the product coverage and membership of the WTO Information Technology Agreement (ITA).” The ideas floated included: to meet as regular APEC caucus in Geneva; for MAG to send a letter to the group in Geneva summarizing the key messages from the Dialogue; and to participate in the WTO ITA Symposium to be held on 14 May as a speaker or panelist.
Group on Services (GOS)	GOS monitored the developments in the WTO negotiations and noted that discussions regarding the modality that will be applied to the new plurilateral services process were ongoing. It also discussed the results of the WTO Ministerial conference, including how to make efforts to progress forward the ultimate conclusion of the DDA-WTO.

SUB-FORA	WORK UNDERTAKEN
	GOS held a policy dialogue hosted by the PECC which explored gaps in the current GATS process. Economies noted the opportunity to take part in a policy discussion on the problems and opportunities that are faced in the current multilateral services negotiations. Members from the PECC and ABAC offered two suggestions as to what APEC could do next: (i) form a tripartite (government, business and academia) group to further explore ways to progress the multilateral services negotiations; and (ii) hold a higher/SOM level dialogue considering a twenty first century approach to services.
Sub-committee on Standards and Conformance (SCSC)	<p>SCSC continued to monitor the developments within the WTO Committees on the TBT and SPS and discuss implementation issues and advanced work to strengthen implementation of the WTO agreements on technical barriers of trade and sanitary and phyto-sanitary measures (SPS and TBT agreements) through several of its projects e.g. "Action Plan on Best Regulatory Practices in APEC economies" and "Good Regulatory Practices Online Database".</p> <p>SCSC agreed that in order to enhance the ability of economies to achieve mutual regulatory objectives, the next cooperative activities on regulatory matters in APEC fora and subfora should aim to Support and Advance the Multilateral Trading System:</p> <ul style="list-style-type: none"> • Strengthen implementation of WTO principles such as non-discrimination, transparency, and promoting the use of the international standards and conformance infrastructure in regulatory approaches; • Inform international discussions on ways to strengthen implementation of existing WTO rights and obligations and provide APEC perspectives on pending proposals to advance and build on WTO disciplines, including in the Doha Round; and • Seek to prevent regulatory approaches that create unnecessary obstacles to trade and investment among economies in the APEC region, as well as with other global trading partners.
Sub-committee on Customs Procedures (SCCP)	SCCP continued to engage the WCO to participate in SCCP meetings and events as official guest as well as to strengthen the sharing of information between SCCP and WCO.
Intellectual Property Rights Experts Group (IPEG)	IPEG members continued to report on their respective progress in developing IP systems consistent with the WTO and other international norms.

Improving the Business Environment

The CTI Chair and the EC Chair continued to maintain close contact with each other to ensure they worked in a seamless way and to ensure complementarities and links between the two committees were strengthened. They continued to attend each others' meetings to brief the respective Committees on their work programs. They continue to collaborate and take forward APEC's work on SCI and Ease of Doing Business (EoDB).

Section X: Interaction with ABAC

CTI and its sub-fora collaborate with the business community to ensure that private sector perspectives contribute to APEC's trade and investment outcomes. In 2012, the Committee continued to engage with ABAC as the key voice of the business community in the APEC process. The CTI Chair accepted invitations to attend ABAC's 2012 meetings to brief ABAC on the Committee's work programs and exchange views on issues of mutual interest. Senior representatives from ABAC also participated in meetings of the Committee and a number of its sub-fora. CTI welcomed their active participation.

CTI and its sub-fora delivered outcomes consistent with ABAC's 2011 recommendations as outlined in the following table:

Table 6: CTI /CTI sub-fora Responses to key ABAC TILF-related Recommendations

ABAC 2011 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>Identifying growth potential through a global supply chain and value chain framework: <i>Facilitating the goods supply-chain</i></p> <p>ABAC urges APEC Leaders to direct their officials to intensify development of preferred pathways to a Free Trade Area of the Asia-Pacific (FTAAP) that seeks to remove these barriers. ABAC continues to support the implementation of the APEC Supply Chain Connectivity Framework Action Plan which encompasses many ABAC priorities, including mutual recognition of Authorized Economic Operators.</p> <p>ABAC has adopted an integrated supply chain and value chain approach to identify actions that will help APEC achieve a seamless commercial environment.</p> <p>ABAC urges APEC to explore a common understanding of the supply chains and value chains that underpin regional trade in goods and services, and use this as a basis to identify blockages to regional economic integration and, ultimately an FTAAP.</p> <p>ABAC welcomes APEC's efforts to improve the efficiency of the goods supply chain through the implementation of the APEC Supply Chain Connectivity Framework. ABAC believes that many of the barriers identified in the Framework, particularly those related to transparency and access to information, could be overcome by utilizing new information and communications technologies (ICTs), such as cloud-computing, to develop an APEC Single Window Cloud.</p> <p>ABAC believes it is important to take a coordinated and holistic approach to enhance and facilitate the development of a mutual recognition scheme for Authorized Economic Operator (AEO) programs in APEC economies. A noodle bowl of various AEO programs should be avoided while, at the same time, encouraging the uptake of the AEO concept around the region.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Undertake a study on the creation of an APEC Single Window Cloud with input from the private sector. • Continue to collaborate with major stakeholders in 	<p>CTI continues to progress the implementation of the Supply-Chain Connectivity Framework Action Plan (SCFAP) to address the eight chokepoints. Some of the initiatives being pursued include:</p> <ul style="list-style-type: none"> • A proposal to <i>Advance the Action Plan for Chokepoint 1 of the APEC Supply-Chain Connectivity Framework</i> led by the United States and co-sponsored by Australia; Hong Kong, China; and Japan. With assistance from the World Bank, APEC will (i) develop a "Supply-Chain Connectivity (SC) Inventory" to identify internal policies and practices related to the cross-border movement of goods affecting the logistics sector for Chokepoint 1; (ii) draft two diagnostic reports to identify variances in capacity; and (iii) develop individualized capacity building programs to assist economies in implementing the SC Inventory for Chokepoint 1. At CTI3, the Committee approved the SC inventory and the terms of reference for the related diagnostic reports for the Initiative. Work on the first diagnostic report is underway and the report is scheduled to be presented to CTI1 next year. • A proposed capacity building program for the <i>Pathfinder to Enhance Supply-Chain Connectivity by Establishing a Baseline De Minimis Value</i> led by the United States and co-sponsored by Hong Kong, China and Japan. The objective of the capacity building program is to provide participating economies with detailed analysis to assist in the decision-making process to join the Pathfinder • A proposed multi-year capacity building project for <i>Enhancing Logistics Performance through Training and Networking for APEC Local/Regional Logistics Sub-providers</i> led by China. The proposal includes initiatives relating to training courses in access to advanced technologies and modern supply chain practices and models, as well as a proposal to develop a platform to distribute information. • To address Chokepoint 7 of the SCFAP, the PSU is implementing a study for CTI that measures the economic impact of submarine cable disruptions on trade and investment within APEC economies and

ABAC 2011 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>identifying blockages and overcoming barriers to establish seamless data sharing and cross-border links.</p> <ul style="list-style-type: none"> • Develop the AEO program mutual recognition scheme based on existing AEO programs designed for trade security using common principles and common application processes. • Ensure all the economic operators involved in the cross-border supply chain are eligible to participate in the AEO program. • Clearly specify the AEO benefits for each operator in the supply chain. Explore ways to include benefits identified by ABAC in its 2010 recommendations to APEC Leaders in the AEO action plan. • Develop an AEO certification system for AEO-qualified corporations in economies where AEO programs do not exist. • Define the role of an APEC-wide AEO program, maximize its potential and avoid redundancy with other supply chain security programs to strike the most appropriate balance between trade facilitation and security. 	<p>assesses current approaches to minimize disruptions. A final report will be ready by September 2012</p> <p>CTI, with the assistance from the PSU, held a Supply-Chain Connectivity Measurement Framework Symposium from 31st March – 1st April 2012 in Singapore to share experiences and exchange views on the measurement of supply-chain connectivity from different perspectives; and to stock-take the implementation of the SCFAP. The Symposium also discussed the draft design of the self-assessment survey that will be used to complement the internal and external indicators for tracking APEC's progress towards the 10% improvement by 2015 in supply-chain performance. CTI has endorsed the questionnaire for the self-assessment survey at CTI3 in Kazan. The deadline for the survey is 15 November 2012.</p> <p>BMG is working to identify ways to enhance the administration of the ABTC scheme and, in particular, to shorten and simplify procedures for renewing an ABTC. A report on the results of the survey will be provided to ABAC by the end of the year.</p> <p>BMG is conducting its annual review of economy performance against the BMG's Client Service Framework. Subject to agreement, a report on the results of the review will be provided to ABAC by the end of the year.</p> <p>SCCP continues to implement the AEO Action Plan and is working to conduct capacity building of implementing AEO programs throughout the APEC region. The development of AEO programs of equal calibre throughout the region will lead to the promotion of Mutual Recognition Arrangements (MRAs) between interested economies. The SCCP agreed to support the US initiative to hold regional capacity building conferences on AEO.</p>
<p>Identifying growth potential through a global supply chain and value chain framework: <i>Promoting Regulatory Coherence</i></p> <p>ABAC welcomes APEC's efforts this year to advance regulatory cooperation among APEC economies. ABAC believes this will promote progress towards regulatory coherence. ABAC defines regulatory coherence as improving the process by which economies develop regulations, develop best practices, and find common standards acceptable to multiple economies. This leads to better regulation that is effective, least market-distorting and is the best way to systematically prevent and eliminate technical barriers to trade. Specifically, ABAC calls on APEC to advance both domestic and international cooperation between regulatory institutions, use international standards as a basis for domestic regulation and develop public consultation mechanisms to promote transparency. In sum, regulations should be simple, flexible, efficient, certain and applied consistently.</p> <p>In order to demonstrate the value and importance for economies to maintain transparent, effective, enforceable and mutually coherent regulatory systems which are both risk and science-based, ABAC has taken a sectoral approach this year. Building on the principles of</p>	<p>CTI agreed that the second dialogue of the APEC Regulatory Cooperation Process Advancement Mechanism (ARCAM) will address the issue of self-regulation in advertising. The dialogue is being planned to take place on 7-8 November 2012.</p> <p>LSIF in its meeting in Singapore on March 31 2012 reviewed the actioning of roadmaps to implement priority work areas under the Regulatory Convergence Strategic Framework: <i>VISION 2020: Regulatory Convergence for Medical Products by 2020</i>. Priority Work Areas (PWAs) agreed include: Global Medical Product Integrity and Supply Chain; Good Review Practices; Biotechnology Products; Cellular Therapies; MRCTs; Good Clinical Practice Inspection; Pharmaco vigilance; and Combination Products.</p> <p>CD in its meeting in Moscow from 3-4 February 2012 agreed to work on a proposal to implement the APEC Regulatory Cooperation Plan endorsed in 2011 AMM. A CD workshop on Data Exchange on Chemical Products and Chemical Substances Hazardous Properties was held in Kazan, Russia on May 21 2012. A CD project entitled <i>Regulatory Cooperation – Introductory Level Training in Risk Assessment and Risk Management to Provide Tools for the Development of Sound Chemical Regulations</i></p>

ABAC 2011 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>regulatory coherence advocated by ABAC last year, the goal is to develop effective regulation that facilitates the trade of goods and services as well as stimulates competitive economies and the region's economic growth.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Adopt a framework approach to regulatory coherence that incorporates the following characteristics: <ul style="list-style-type: none"> ○ Harmonized international standards should be used as reference for domestic regulations. ○ Use of equivalence and mutual recognition of standards to accept standards from other economies. ○ Regulations should be performance-based rather than prescriptive. ○ Regulatory institutions should promote approaches to regulation and implementation that are trade-friendly and avoid unnecessary burdens on economic actors. ○ Regulatory institutions should address unnecessary costs of regulation. ○ Regulatory institutions should advance both internal (domestic) and regional cooperation on regulatory issues to increase alignment of technical regulations, increase transparency, and identify mutually agreeable solutions. ○ Regulatory Impact Assessments should be used to assess the impacts of new or existing regulations on business. ○ Economies should incorporate a consultation mechanism to enhance accountability, promote mutual learning, and encourage best practices. ○ Enforcement mechanisms should be transparent, equitable, and designed to ensure stability for the private sector. ○ Regulation alternatives should be based on administrative simplicity, flexibility, efficiency, certainty and equity. 	<p>proposed by U.S has been approved for funding and this project is to be held in Bangkok in November 2012.</p>
<p>Accelerating trade and investment liberalisation: <i>Renewing focus on multilateral trade</i></p> <p>ABAC recognizes the primacy of a rules-based multilateral trading system and the immense value of the World Trade Organization (WTO) in advancing global prosperity and resisting protectionist measures in times of economic crisis. A successful and comprehensive conclusion of the Doha Round will stimulate global economic growth and remains a high priority for the Asia-Pacific business community. ABAC calls on WTO Members meeting at the 8th WTO Ministerial Conference in December to provide a credible way ahead for the Doha Round.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Call upon WTO Members of APEC to provide leadership at the 8th WTO Ministerial Conference in December in developing a credible way ahead for the Doha Round, noting that it is crucial that WTO Members have clear and pragmatic discussions that lead to the resumption of meaningful negotiations. 	<p>“Support for the Multilateral Trading System” remains a key priority for CTI and its sub-fora as they continue to look for ways where they could provide inputs to the WTO process, and where possible, add value to the Doha negotiations</p> <p>At MAG1 in Moscow 10-11 Feb 2012, MAG welcomed Russia's commitment to join the ITA and encouraged other APEC member economies which are non-signatories to the ITA to do so.</p> <p>MAG held an ITA Dialogue with industry representatives in March 2012 during MAG2 and noted industry's interest and support for a quick launch and conclusion to ITA expansion negotiations.</p> <p>The US at the MAG3 meeting briefed members on the outcome of the WTO ITA Symposium held in Geneva. MAG members noted the need to acknowledge the work done and to be reflected in the Ministerial Statement.</p> <p>Following that, the MRT Statement reflected the acknowledgement on the recent development in Geneva on ITA, including the recently held 15th ITA Anniversary Symposium and accession of new members.</p>

ABAC 2011 RECOMMENDATION	CTI/SUB-FORA RESPONSE
	<p>GOS with the support of the PECC held a policy dialogue in conjunction with GOS3 in Kazan which explored gaps in the current GATS process.</p> <p>SCSC continued to monitor the developments within the WTO Committees on the TBT and SPS and discuss implementation issues and advanced work to strengthen implementation of the WTO agreements on technical barriers of trade and sanitary and phyto-sanitary measures (SPS and TBT agreements) through several of its projects e.g. "Action Plan on Best Regulatory Practices in APEC economies" and "Good Regulatory Practices Online Database".</p>
<p>Accelerating trade and investment liberalisation: <i>Continuing progress towards FTAAP</i></p> <p>In the context of the increasing complexity of regional and global supply and value chains, and the need for their smooth and timely functioning in order to support economic growth and development, ABAC continues to place a high priority on the achievement of a comprehensive FTAAP. ABAC strongly encourages the development of building blocks towards a possible FTAAP. Good progress has been made to date in the TPP negotiations, with eight rounds of negotiations held. Work is also continuing on the Comprehensive Economic Partnership in East Asia (CEPEA) and East Asia Free Trade Area (EAFTA).</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Continue to press for progress towards the achievement of an FTAAP by further promoting the preferred pathways, engaging actively with the private sector on the scope of FTAAP and establishing a timeframe for its realization. • Recognize the value of incorporating next generation trade and investment issues in negotiations of pathways toward an FTAAP 	<p>CTI endorsed the Regional Economic Integration Capacity Building Needs Initiative (CBNI) led by Korea, which included a proposed Action Plan Framework for REI CBNI. Several economies have confirmed their intention to lead, co-sponsor or participate in specific areas of the action plan and various programs/activities are being developed to take forward this work. Two workshops in the areas of ROOs; and FTA implementation and two training courses in the areas of Environment; Sanitary and Phytosanitary Measures were approved during the year's second funding cycle. The first workshop on rules of origin took place in Seoul on 10-12 July. A second workshop is being planned for October 2012. The two APEC Training Courses on Building and Enhancing <i>Capacities to Participate in FTA-related Environment Negotiations</i> and <i>FTA Negotiation Skills on SPS</i> are being planned to take place in Hanoi, Viet Nam in October and November/December respectively. Further activities in other areas such as e-commerce, services, investment and labour are being planned.</p> <p>In order to deliver the first report on APEC's progress towards the Bogor goals as stipulated in 2011 Bogor Goals Progress Report Guidelines, all economies have provided their 2012 Individual Action Plan (IAP) updates in a timely fashion to the PSU who worked closely with the CTI on the preparation of the brief reports with key highlights on members' main achievements and remaining areas for improvements and the development of a "Dashboard" to complement the report. The brief reports were submitted for discussion at SOM2 in Kazan and will be finalized by CSOM in September.</p> <p>At CTI3, an understanding was reached on the indicators to be included in the Dashboard, as well as how it is to be disseminated. Individual and APEC-collective dashboards will also be finalized by CSOM in September.</p>
<p>Accelerating trade and investment liberalisation: <i>Addressing next generation trade and investment issues.</i></p> <p>This year, ABAC identified a number of next generation issues that need to be addressed to ensure trade agreements keep pace with the increasing complexity of regional and global business models.</p> <p>ABAC wants to see any new trade agreements in the Asia-Pacific region take up this challenge by addressing the next generation trade and investment issues set out below. This will put APEC in the best position to achieve a</p>	<p>CTI adopted a work plan at CTI1 on next generation trade and investment issues to guide its work in 2012. The CTI, through its Friends of the Chair on Next Generation Trade and Investment Issues (NGeTI FoTC), received several new ideas for consideration as additional next generation issues to be addressed in 2012. The issues being proposed for consideration were based on the understanding that one to two will be selected for work this year.</p> <p>At CTI3 in Kazan, the Committee considered 4 issues to be addressed in 2012 and agreed to adopt "Transparency in RTAs/FTAs" as a next generation trade and investment</p>

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<p>comprehensive and high quality FTAAP in the future.</p>	<p>issue to be addressed. On the 3 remaining issues, CTI agreed that discussions on the “Local Content Requirements” and “Promoting and Facilitating Trade of Renewable and Clean Energy Products Through Dialogue” could be further conducted under CTI’s overall work program on trade and investment while the discussion on “Creation and Dissemination of Creative Content in the Digital Environment” could be undertaken by the IPEG.</p> <p>On the topic of “Transparency in RTAs/FTAs, a comparative analysis of the transparency provisions of existing preferential trade agreements was undertaken by Russia to identify provisions that could be included in a model transparency chapter to be developed for inclusion in APEC’s Model Measures for RTAs/FTAs. A draft model transparency chapter was presented at the extraordinary session of the CTI in Mexico in July and is currently being reviewed by CTI members with the aim of completing it in time for AMM. An <i>APEC Conference on Innovation and Trade: Policy Considerations Related to Generating and Absorbing Innovation</i> was held after the CTI2 meeting on 4-5 April. The Conference addressed the intersection between the APEC Leaders’ commitment on innovation and trade and the goals that economies all share to improve their capacity to absorb innovation. Singapore, assisted by the PSU, organized a Trade Policy Dialogue (TPD) on <i>Facilitating Global Supply Chains (GSC)</i> on 27 May 2012, in Kazan. CTI agreed to request the PSU to undertake a research project, on a case-study approach, building on the outcomes of the TPD. The Seminar on Enhancing Small and Medium-sized Enterprises Participation in Global Production Chains was held in Mexico City on 23-24 July.</p>
<p>To ensure that APEC remains on the leading edge of trade agreements, ABAC recommends continued work on several other next generation issues, including competition policy; investment; shortages of skilled personnel; services; and government procurement. Action on these issues will put APEC in the best position to achieve a comprehensive and high quality FTAAP.</p> <p>On improving the investment environment, ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Adopt ABAC recommendations to amend/update the APEC Non-Binding Investment Principles. • Improve the business environment, taking into account the recommendations outlined in ABAC’s letter to the APEC Investment Experts’ Group to facilitate further investment in the region. • Implement the recommendations in ABAC’s “Investing for Growth” report. 	<p>IEG with the assistance of the PSU is implementing a project on describing IFAP’s progress based on voluntary information submitted by economies as well as from relevant secondary data or information. The final report for the project is scheduled to be completed by December 2012.</p> <p>At IEG 3 Meeting on 28 May 2012 in Kazan Russia, IEG shared the outcomes of the seminar, “Public-Private Partnership in APEC Region” which has been held on 27 May, 2012 in Kazan. IEG noted that Russia will submit a report on the key outcomes of the meeting to IEG1 in 2013. IEG reaffirmed the importance of further public-private cooperation in order to improve the investment climate in APEC.</p> <p>Phase III of the Services Trade Access Requirements (STAR) Database is on track to be completed by the end of the year. This phase will see the database expanded to cover 15 economies and three new sectors.</p> <p>GOS2, Singapore 30-31 March, endorsed a proposal to compile a set of case studies from the APEC region illustrating examples of ‘successful’ regulatory reform measures directed at ensuring more competitive services markets. The case studies will be compiled this year and a report made to GOS 1 in 2013.</p>
<p>Support Green Growth and Promoting dissemination of environmental goods and services</p> <p>ABAC also supports both of APEC’s environmental</p>	<p>CTI conducted a second TPD on Environmental Goods on 13 February 2012. The TPD generated productive discussions among officials and afforded a timely</p>

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<p>strategies, namely: lowering carbon output and encouraging the domestic and cross-border growth of environmental goods and services (EGS). Reducing tariffs and non-tariff barriers and facilitating the dissemination of EGS technologies are effective ways to help this growing sector. APEC can, by providing better access to these technologies and products, raise energy efficiency, conserve resources and create quality jobs. APEC should also explore other voluntary market-based initiatives to encourage wider use of green technology in collaboration with the private sector. SMEs have a valuable role to play in APEC's environmental strategies. In addition to helping SMEs to develop their potential in EGS, APEC should support the "Green Initiative" recognized this May by APEC officials who met in Big Sky, Montana. This initiative provides APEC economies with criteria for describing and measuring the achievements of SMEs in the environmental field.</p> <p>A study commissioned by ABAC in 2010 identified barriers to energy-related investments, including energy efficient environmental goods and services (EGS). Based on surveys and interviews with private sector representatives, the study identified a broad range of issues that economies should address to promote the dissemination of EGS. This year, ABAC has begun exploring market-based initiatives to promote the dissemination of green technologies, and enhancing best practices in management and financing for the further promotion of trade and investment in EGS, where ABAC is extending this work to next year.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Make efforts to remove tariff and non-tariff barriers and enhance intellectual property rights protection for low-carbon technologies and other environmental goods and services for the further promotion of trade and investment in EGS. • Facilitate the dissemination of new energy-efficient and low-carbon technologies, specifically for household, industrial, transportation, smart grid and other uses so as to help APEC members, particularly the developing ones enhance their competitiveness and development capabilities, with a view towards sustainable growth • Adopt measures that support the dissemination of EGS (e.g., import tariff exemptions, better IP protection and the harmonization of standards). Because many SMEs lack the resources needed to overcome the inefficiencies and barriers posed by such regulatory weaknesses, ABAC expects such measures will have an especially positive impact on SMEs engaged in EGS. 	<p>opportunity to exchange information and deepen understanding on the key policy issues, objectives and other considerations relating to the mandate, set out in Annex C of the APEC Economic Leaders' Statement of November 2011, to work to develop in 2012 an APEC list of environmental goods.</p> <p>At CTI1 in February, the CTI agreed to an "Indicative Timeline" to develop an APEC List of Environmental Goods in 2012. By the time of CTI2 in April, 10 economies had submitted their initial product nominations for consideration. Other economies indicated that they are still carrying out internal consultations to prepare their own lists, and/or to provide comments on the lists presented thus far. By CTI3 in Kazan, 13 economies had submitted around a total of 320 product nominations for inclusion in the APEC list.</p> <p>Since Kazan, work to develop an APEC list of environmental goods continued intersessionally. An extraordinary session of the CTI was held on 25-26 July in Mexico City and an informal meeting of the CTI is planned for 1 September in Vladivostok to further advance the list. As of 8 August, 15 economies have submitted product nominations for inclusion in the list.</p> <p>The PSU presented the Policy Brief entitled "A Snapshot of Current Trade Trends in Potential Environmental Goods and Services" at CTI2 in April 2012, which showed the growing importance of the EGS sectors in APEC and world trade, as well as the increasing relevance of APEC-developing economies in the trade of potential EGS.</p> <p>At MAG 1, the MAG received a presentation by the consultant on the four EGS case studies that had been completed to date on Malaysia, Mexico, Chile and Viet Nam.</p> <p>A GOS Workshop on <i>Environmental Services and Environmental Services-related Technologies</i> was held on 30 March. This project aims to better define the environmental services market to help identify the sectors that should be focused on to best promote trade and investment.</p> <p>SCSC held the Workshop on <i>Regulatory Approaches to Smart Grid Investment / Deployment</i> in May 2012.</p>
<p>Promoting SME Start-up and Sustainability: Addressing barriers faced by SMEs in cross-border trade</p> <p>ABAC welcomes APEC's efforts to identify and address the nine top barriers to SME (including micro-enterprises) cross-border trade.</p> <p>ABAC urges APEC economies to support policies and initiatives that encourage small and medium enterprises (SMEs) (including micro-enterprises) to engage in cross-border trade. Although significant technological and</p>	<p>CTI continued to implement initiatives to address the top barriers to trade facing SMEs in the region identified in 2011 as. These initiatives include:</p> <ul style="list-style-type: none"> • Development of an APEC webpage containing direct links to basic information on import procedures like commonly required customs forms, contact information for relevant customs authorities, and other SME-specific resources available on APEC economies' customs websites, which was endorsed. The webpage will feature on the SCCP website and

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<p>regulatory changes have taken place since APEC's establishment, SME growth is often hampered by an inability to adapt to an increasingly competitive and fast-moving commercial environment. ABAC identified such barriers to cross-border trade and provided related recommendations in a letter to APEC SME Ministers in May. ABAC feels that the successful implementation of these efforts will enhance the ability of SMEs to compete and cooperate with larger enterprises.</p> <p>Therefore, ABAC's recommendations are designed to improve the ability of SMEs to take advantage of capital, technology, information, and trade regulations.</p>	<p>the CTI website. A mock-up was presented at CTI3.</p> <ul style="list-style-type: none"> • An expansion of the APEC Services Trade Access Requirements (STAR Database), which is a business-friendly tool to facilitate service providers' market access, business mobility and establishment of commercial presence throughout the APEC region. • A proposal on Enhancing IP Visibility for SMEs, to develop a webpage featuring economies' intellectual property application procedures. • Development of a webpage with FTA chapter summaries that will assist SMEs in better understanding the benefits of utilizing FTAs in the region. • An APEC workshop, Increasing FTA Utilization by SMEs was held in Tokyo, Japan on 7 August 2012.