



**Asia-Pacific  
Economic Cooperation**

**2013  
ANNUAL REPORT TO MINISTERS**

**COMMITTEE ON TRADE AND INVESTMENT**

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Dear Ministers

I am pleased to present to you the APEC Committee on Trade and Investment (CTI) 2013 Annual Report for your review and endorsement.

Over the last year, the CTI has made solid progress in advancing APEC's objectives of trade and investment liberalisation, business facilitation and economic and technical cooperation under the guidance of APEC Senior Officials and in areas covered by Ministers' and Leaders' instructions. This has included:

- work on the impacts of local content requirements on regional integration and economic growth, and development of "APEC best practices to create jobs and increase competitiveness";
- advancing the next generation trade and investment issues identified by Ministers and Leaders, including through examination of issues affecting participation of SMEs in global production chains; the operation of global supply chains; and practical guidance to economies on the implementation of non-discriminatory, market-driven innovation policy;
- developing inventories of specific policy recommendation under the systematic approach to improving supply chain performance
  - these inventories will provide a platform for diagnostic work and targeted capacity-building to assist economies in implementing these policies;
- putting in place mechanisms to assist economies with the implementation of the APEC List of Environmental Goods agreed by Leaders in 2012 and to conduct public-private dialogue on environmental goods and services;
- strengthening the APEC Business Travel Card scheme, including through Russia's full membership of the scheme; and
- enhancing the capacity of officials to participate in the long term goal of a Free Trade Area of the Asia-Pacific through workshops on topics and issues covered in modern, comprehensive FTAs/RTAs.

The collective action plans set out in this report contain many examples of practical collaboration between officials, business and academic experts on concrete activities that will strengthen our economies, promote more open and transparent markets and deepen regional economic integration. This includes specific action on customs procedures, technical standards and conformance arrangements, e-commerce, goods and services trade, investment facilitation, intellectual property, business mobility and on trade-related issues in the automotive, chemical and life sciences sectors.

The CTI has collaborated closely with the APEC Business Advisory Council, particularly in the areas of services liberalisation and on tools, such as global data standards, that can promote the faster, less costly and more certain movement of goods in the region. The CTI has also contributed actively to APEC cross-cutting initiatives, including cross-border education cooperation and food security, health and to Indonesia's host economy themes and priorities, such as attaining the Bogor Goals; promoting connectivity; infrastructure development and investment; and sustainable growth with equity.

I would like to thank Indonesia for its hospitality and organisational arrangements which have helped to facilitate the CTI's outcomes this year. I would also like to express my appreciation to CTI "Friends of the Chair" leads, CTI sub-fora convenors and industry dialogue chairs for their leadership and contribution to advancing our work program. Finally, I would also like to thank CTI colleagues for their cooperation and hard work on our deliverables for 2013, the CTI program director from the APEC Secretariat, Catherine Wong, for her tireless efforts in support of the CTI and colleagues from APEC's Policy Support Unit who have made a strong contribution to CTI discussions through their research and analysis.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Larkin', written in a cursive style.

John Larkin  
Chair, APEC Committee on Trade and Investment

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## Recommendations

CTI recommends that Ministers **endorse**:

- CTI's 2013 Annual Report, including the Collective Action Plans in Appendix 7.
- APEC Best Practices to Create Jobs and Increase Competitiveness. (Appendix 2)
- List of Policy Inventories for chokepoints 1-8 (Appendix 6) for reference by economies in implementing the Supply Chain Connectivity Framework Action Plan (SCFAP).
- Establishment of the APEC Public-Private Partnership on Environmental Goods and Services.
- The Principles for Developing the Innovative Health and Life Sciences Sector in APEC economies (Appendix 8) and the other LSIF contributions to the health pillar of sustainable growth with equity<sup>1</sup>.
- The process<sup>2</sup> for streamlining CTI sub-fora and the reduction in frequency of CTI sub-fora meetings to two per year.

**welcome:**

- Updated Bogor Goals Dashboard of Indicators to provide easy-to-understand figures to track advances in greater regional economic integration and liberalization and facilitation of trade and investment. (see APEC Dashboard in Appendix 1 and APEC website for the complete set of indicators).
- The timeline for preparation and submission of Individual Action Plans by economies in 2014, under the Bogor Goals Progress Report Guidelines.
- Workshop on Attaining the Bogor Goals that Ensures Equitable Benefits of Liberalisation.
- Progress in implementation of the Regional Economic Integration Capacity Building Needs Initiative Action Plan Framework, including the completion of the workshops on e-commerce and labour provisions.
- Progress in advancing the next generation trade and investment issues agenda, notably, Conference on Innovation and Trade Implementation Practices; Issues paper on enhancing small and medium-sized enterprises participation in global production chains; Workshop on Facilitating Supporting Industries in APEC Member Economies; and Study on global supply chain operation in the APEC region: case study of electrical and electronic industry's supply chain operations.
- Progress in development of the Innovation and Trade Implementation Practices to provide economies with practical guidance on implementing the commitments on promoting effective, non-discriminatory, market-driven innovation policy agreed by APEC Leaders in 2011.

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<sup>1</sup> See 2013/AMM/011

<sup>2</sup> See 2013/CSOM/028

- Progress made in implementing the action plans under the Supply-Chain Connectivity Framework Action Plan (SCFAP) (Appendix 4) including the 2013 interim assessment report of the SCFAP setting out progress by economies towards the target of a 10 percent improvement in supply-chain performance by 2015 (Executive Summary in Appendix 5).
- Progress in the systematic approach to improve supply chain performance, in particular, work to advance the diagnostic phase of the systematic approach.
- Initiatives to develop a Capacity Building Program to assist with the implementation of the 2012 APEC Environmental Goods (EG) list by the end-2015 and progress in identifying capacity-building needs and activities in electronics stewardship.
- Full membership of Russia in the APEC Business Travel Card (ABTC) Scheme.
- Outcomes of the Eighteenth and Nineteenth Automotive Dialogue and Twelfth Chemical Dialogue.

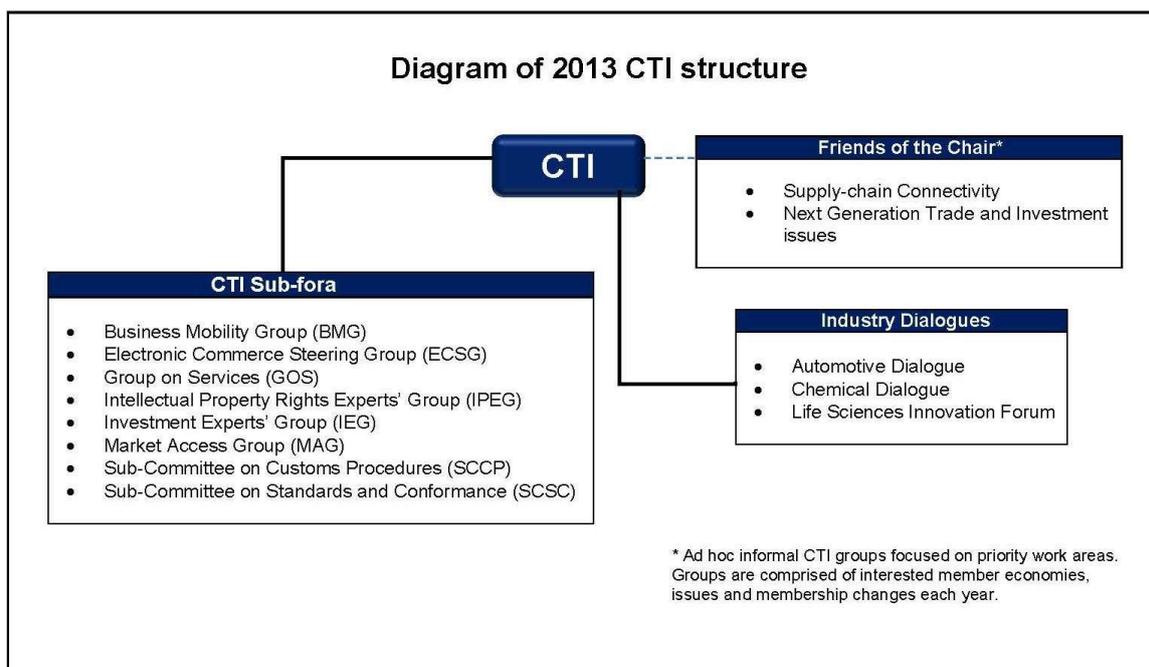
and **note:**

- 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. (Appendix 3)
- Progress on the implementation of the initiatives to address the top barriers (identified in 2011) facing SMEs in trading in the region.
- Contributions of CTI and its sub-fora to cross-cutting initiatives such as the APEC Travel Facilitation Initiative, APEC Multiyear Plan on Infrastructure Development and Investment, APEC Framework on Connectivity; APEC Work Plan on Promoting Cross-Border Education Cooperation; and Advancing Regulatory Cooperation and Coherence.
- Studies to be conducted by the PSU on:
  - promoting products which contribute to sustainable and inclusive growth through rural development and poverty alleviation;
  - voluntary standards and regulatory approaches in advertising in the region, including self-regulation in advertising, under the 2nd APEC Regulatory Cooperation Advancement Mechanism (ARCAM) Dialogue; and
  - enhanced resiliency of cross-border value chains.

## 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 2013 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 2013 priorities under the theme of "Resilient Asia-Pacific, Engine of Global Growth". 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 2013 were aligned around priority areas that would contribute to the APEC 2013 Priorities. These were: (i) Attaining the Bogor Goals, Trade and Investment Liberalisation, Regional Economic Integration; (ii) Promoting Connectivity; (iii) APEC 2011 priority of "Expanding Regulatory Cooperation and Advancing Regulatory Coherence and (iv) contributions to the APEC Growth Strategy and cross-cutting mandates. This work included taking forward next generation trade and investment issues endorsed in 2011 and 2012; implementing Leaders' 2012 commitment on the APEC List of 54 Environment Goods and administration of appropriate capacity building programs to facilitate implementation; taking steps to reduce the time, cost and uncertainty of moving goods and services through the supply chain including completing the interim assessment of the implementation of the APEC Supply-Chain Connectivity Framework Action Plan (SCFAP) and advancing the systematic approach to improving supply-chain performance; improving the quality of the regulatory environment; and

implementing the 2010 APEC Leaders' Growth Strategy. The two "Friends of the Chair (FOTC)" groups established in 2011 were retained to advance work in two areas: Next Generation Trade and Investment Issues and Supply-Chain Connectivity Initiative (SCI). The additional eight focus groups, comprising 4-10 members that were created in 2010 continued 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 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. The CTI also noted the importance of effective coordination with the Transportation Working Group and the need to ensure that APEC's connectivity and TILF agendas were advanced and implemented in ways that are complementary and mutually reinforcing.

CTI also worked closely with the APEC Business Advisory Council (ABAC) throughout 2013, 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 other's meetings, maintaining consistent and constructive dialogue on key issues, such as next generation trade and investment issues, public-private partnerships, services and investment liberalization, and trade facilitation.

The Policy Support Unit (PSU) continued to support CTI by undertaking projects relating to CTI's key priorities. On Bogor Goals, the PSU continued to monitor progress and updated the dashboard on key indicators in May 2013. PSU presented the progress achieved and on how the Bogor Goals could be used as tool to help address the development gaps at the CTI Workshop on Attaining Bogor Goals in June 2013. PSU also assisted with scheduling the submission of the Individual Action Plans in 2014. On Non-Tariff Measures (NTM), PSU presented a literature review on NTMs and a paper on the incidence of NTMs in the APEC region at CTI2 and CTI3, respectively. The final report on non-tariff measures is due in 2014.

Advancing CTI's work on next generation trade and investment (NGeTI) issues, PSU completed a case study on the Global Supply Chain Operation of the Electrical and Electronics Industry in the APEC Region, and an Issues Paper on Small Medium Enterprises (SME)'s Participation in Global Production Chains. Another key deliverable was the interim assessment of the Supply Chain Connectivity Framework Action Plan (SCFAP) which was carried out using internal indicators, external indicators and self-assessment survey. PSU also provided an analysis on recent macroeconomic and financial developments in the APEC region at CTI3. Work will commence soon on two new projects – value chain resilience and voluntary advertising standards and regulatory approaches – both due in 2014.

The PSU also supported CTI sub-fora – the Investment Experts Group (IEG) in completing a review of implementation progress of the Investment Facilitation Action Plan (IFAP) and an analysis of the pattern and trends of foreign investment flows in the APEC region, and the Market Access Group (MAG) with a Policy Brief on Expanding the Information Technology Agreement.

# Section I: Attaining the Bogor Goals, Trade and Investment Liberalisation and Regional Economic Integration

## Highlights:

### *Attaining the Bogor Goals*

- CTI agreed to public release of an updated Bogor Goals Dashboard of Indicators<sup>3</sup> setting out easy-to-understand figures to track the advances in areas critical to promoting greater regional economic integration, such as liberalization and facilitation of trade and investment. (see Appendix 1 for APEC Dashboard. For the individual economies' dashboards, see the APEC website).
- CTI agreed to the timeline for preparation and submission of Individual Action Plans in 2014, as provided for in the Bogor Goals Progress Report Guidelines adopted in 2011.
- In support of the APEC 2013 "Attaining the Bogor Goals" priority, CTI discussed ways to strengthen its strategic oversight of and advance work on NTMs<sup>4</sup>. The objective of this work is to help economies reduce or eliminate the trade restrictiveness of NTMs while supporting economies' legitimate policy objectives. The discussions were informed by presentations from the WTO on its Integrated Trade Information Portal (i-TIP), a database containing information on certain NTMs, and the PSU on a literature review<sup>5</sup> of recent international work on NTMs. The Committee agreed to task the PSU to undertake further research and analysis on trends and developments on NTMs in the region<sup>6</sup> and strategies that economies could adopt to pursue the policy objectives underlying the NTMs in a more trade facilitative way and received a progress report on the study at CTI3. CTI agreed to give further consideration to seminars involving business, academia and other stakeholders, aimed at discussing ways in which NTMs could be designed to avoid or minimize trade restrictive impacts, including through good regulatory practices. The idea of collaborating with the Economic Committee (EC) in the delivery of these seminars (leveraging off its work on good regulatory practices) was also canvassed. CTI also agreed that economies should submit specific proposal on how to address NTMs that impact trade in goods and services.
- In the margins of CTI3, on 30 June, the Committee held a Workshop<sup>7</sup> on Attaining the Bogor Goals that Ensures Equitable Benefits of Liberalisation as a response to APEC Leaders' statements in 2010 and 2012 that APEC needs to "*bridge the development gaps and assist developing economies to achieve the Bogor Goals by 2020,*" and that "*more work needs to be done since progress has been uneven across areas and sectors*". The Committee discussed some issues arising from the workshop; some economies put forward specific ideas which included the importance of the IAP reporting process; possible addition of new indicators to the PSU's dashboard of indicators, such as progress towards development of single window systems, advance rulings system, or adoption of competition policy; the need for further work on services and investment restrictions, trade restrictive non-tariff measures, structural reform and regulatory cooperation, including the need for specific proposals in these areas; the importance of integrating APEC's 'connectivity' agenda into the Bogor Goals of free and open trade and investment; and improving coordination and coherence between APEC

<sup>3</sup> Downloadable from APEC PSU Products and Publications webpage

<sup>4</sup> 2013/SOM2/CTI/003

<sup>5</sup> 2013/SOM2/CTI/006

<sup>6</sup> See 2013/SOM3/CTI/005

<sup>7</sup> See Annex 2 to 2013/SOM3/027 for report presented to CTI3/SOM3. A copy of the final report on workshop will be downloadable from the APEC webpage.

economy FTA/RTA negotiations. Further consideration on how these issues/ideas could be developed for further work on attaining the Bogor Goals may be taken up in 2014 in conjunction with the biennial Bogor Goals progress review.

- In response to Ministers' instructions in 2012 to "*further study in 2013 the impact of local content requirements on regional integration and economic growth, and to discuss ways through which economies can promote job creation and competitiveness goals in ways that enhance, rather than distort trade*", CTI held a half-day Trade Policy Dialogue (TPD) on the Impacts of Local Content Requirements (LCRs) on Regional Integration and Economic Growth in APEC Economies on 12 April. The TPD gave CTI representatives an opportunity to better understand LCRs, the domestic policy objectives they try to address, their regional economic and commercial impacts, the impacts on economies using them, the impacts on economies subjected to them, and ways economies can seek to achieve domestic economic policy objectives through measures that achieve the same domestic policy objectives but without distorting international trade and investment. CTI discussed and agreed on APEC Best Practices to Create Jobs and Increase Competitiveness (*Appendix 2*) as an indicative model for driving new and expanded job creation, enhancing competitiveness, and attracting sustainable new investment, innovative technologies and business activity.

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

- CTI made further progress in implementing the Regional Economic Integration (RE) Capacity Building Needs Initiative (CBNI) adopted in 2012. Building on the successful completion and achievements of the workshops/training courses carried out in 2012, CTI conducted and approved additional workshops/training courses in 2013 in the areas of e-commerce (27-28 June, Medan); labour (28-29 June, Medan); government procurement (first quarter, 2014, Viet Nam); scheduling of services and investment commitments in FTAs (end 2013/early 2014); safeguards including transitional safeguards (July 2014, Indonesia); and dispute settlement proceedings (planned 7-8 November, Seoul).

#### *Next Generation Trade and Investment issues*

- In February 2013, 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 and September 2012. No new issues were proposed for consideration and work in 2013 focussed on advancing work on next generation trade and investment issues highlighted by Ministers.
- In response to Ministers' 2012 instructions to advance work on addressing the issue of "Promoting Effective, Non-Discriminatory, and Market-Driven Innovation Policy" by producing innovation and trade implementation practices to assist economies in better implementing Leaders' 2011 commitments in this area, CTI held an APEC Conference on Innovation and Trade Practices on 29 June. The conference was aimed at promoting discussions among economies on how to integrate the Leaders' 2011 commitments into the domestic policies of member economies and supporting the task of finalising the implementation practices. CTI discussed and will continue working on a set of APEC Innovation and Trade Implementation Practices as a way to provide practical assistance to APEC economies in implementing those commitments.
- Discussions on enhancing small and medium-sized enterprises participation in global production chains, an issue identified by Ministers in 2011, were supported by an issues paper<sup>8</sup> prepared by the PSU. The paper identified some of the main barriers that SMEs are facing in order to participate in GPCs and provided examples of case studies at the sectoral level where successful SMEs' participation in GPCs had been recorded. The paper also suggested some specific recommendations on how to address such barriers. Economies were

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<sup>8</sup> 2013/SOM1/CTI/009

encouraged to consider the next steps as set out in the paper for taking the work forward. As a contribution towards addressing this next generation trade and investment issue, CTI held a Workshop on Facilitating Supporting Industries in APEC Member Economies on 29-30 August in Ha Noi, Viet Nam. The objectives of the workshop were to (i) enhance understanding of supporting industries, current development as well as advantages and challenges in promoting supporting industries in APEC member economies; (ii) explore regulatory barriers that impede supporting industries' development, especially difficulties encountered by SMEs; and (iii) share information, experience, strategies, and policies that can foster supporting industries in APEC member economies and help them move up global value chains.

- On the issue of facilitating global supply chains (GSC), the Committee, supported by the PSU, completed a research project on global supply chain operation in the APEC region: Case study of electrical and electronics industry. The study<sup>9</sup> aimed to provide a detailed understanding of current electrical and electronics industry's supply chain operations, strategies, and challenges and suggest approaches APEC might adopt to make these supply chains and others more efficient and better contribute to economic integration in the region. Three consumer electrical and electronic product categories: smartphones, laptops PCs and LCD flat panel TVs were chosen for the case studies. The study found that final assembly of consumer electronics has become increasingly centered on Asia; and policy priorities vary somewhat according to the evolutionary stage of the electronics supply chains in each economy but the most common policy priority was workforce skill upgrading.

#### *Environmental Goods and Services/Green Growth*

- For 2013, CTI focused discussions on implementation of Leaders' commitment to reduce applied tariff rates to five percent or less on the APEC List of Environmental Goods (EG) by the end of 2015. Recognising the need for appropriate capacity building to help facilitate the implementation, CTI agree to a proposal to develop Capacity Building Activities to assist implementation of APEC's Environment Goods Commitments. The proposal envisages (i) the development of a survey to identify economies' specific capacity building needs related to reducing tariffs on the products in the APEC EG List; and (ii) the designing and agreement on a capacity building program that responds to economies' specific needs as identified in the survey, in close coordination with economies that have experience and expertise to share. The survey was drafted intersessionally and circulated to members for their response.
- CTI discussed and agreed to a proposal on Public-Private Partnership (PPP) on EGS that would provide a platform for industry representatives and government officials to carry out dialogue on issues related to EGS trade and investment with a view to increasing understanding, experience-sharing, facilitating trade and investment and preventing trade frictions. The first PPP dialogue on EGS is being planned for 2014 in China to provide interested stakeholders (business, academic, non-governmental and government representatives) with the opportunities to discuss key emerging issues that are impacting the predictability and stability of EGS markets in APEC economies. The PPP should also promote and deliver effective ECOTECH and capacity building activities. It will be held annually and a review will be undertaken by CTI in 2016 to evaluate its effectiveness and make any necessary adjustments to its mandate and operations.
- CTI continued with the implementation of the project on *Green Public Procurement (GPP) in the Asia Pacific Region: Challenges and Opportunities for Green Growth and Trade*. The project, which started in 2012 with a questionnaire (survey) and commencement of the study into progress of green procurement policies, challenges and opportunities in APEC economies in the context of green growth and promotion of trade in EGS, culminated in the holding of the Workshop on Green Public Procurement in the Asia-Pacific Region in the margins of CTI1

<sup>9</sup> The final study report can be downloaded from the APEC PSU Products and Publications webpage.

on 31 January-1 February in Jakarta. The results of the study were presented in the workshop which included presentations of current practices on GPP in APEC economies, challenges and benefits of this policy. The workshop served as starting point to encourage cooperation and exchange of information between APEC economies to improve capacity building and foster good practices to develop GPP promoting green growth and trade in EGS. The final report of the study can be found on APEC website under the publications webpage: <http://publications.apec.org>.

- CTI had extensive discussions during the year on a proposal<sup>10</sup> to consider the potential liberalisation of certain products that would contribute to APEC's sustainable growth objectives and address the issues of rural development and poverty alleviation. The decision to task the PSU to undertake a study on promoting products which contribute to sustainable and inclusive growth through rural development and poverty alleviation was made at CSOM and reported to AMM. The terms of reference of the study will be developed by CTI1 2014 based on the recommendations and specific nominations of interested economies.
- CTI engaged in discussions and progress work to build understanding of "Electronics Stewardship" (environmentally sound management of used electronics). The CTI's work on this issue included a TPD on Electronics Stewardship on 1 July in Medan. This involved presentations on and discussions of private sector approaches to electronics stewardship; the importance of environmentally sound management of used electronics to economies, companies, and customers; data concerning U.S exports of used electronics; and the role of international trade and investment in promoting electronics stewardship in the Asia-Pacific. The need for APEC to take into account work under the Basel Convention on the Transboundary Movement of Hazardous Waste was also mentioned. CTI agreed that in order to help economies determine what role APEC can play in promoting electronics stewardship, the United States (as lead) will continue to provide information to economies, including through circulating a compilation of questionnaire responses, documents describing voluntary electronics certification programs, a list of certified recycling facilities in APEC economies and a literature review of resources concerning electronics stewardship. CTI noted a new proposal on electronics stewardship, taking into account economies' capacity building ideas will be developed for consideration at CTI 1 in 2014.
- **MAG** continued to contribute to the CTI's work on EGS. In addition to updating the EGS Work Program Mapping Matrix consisting over fifty activities underway in APEC fora and sub-fora. (see *Appendix 4*), The group also maintains the APEC's Environmental Goods and Services Information Exchange (EGSIE).
- **MAG** will continue discussing in 2014 a proposal to develop a model chapter on Trade and Environment in APEC for FTAs. The objectives of the proposal are to build best practices for RTAs in the area of environmental policy transparency standards; to promote high-quality and comprehensive free-trade agreements in the Asia-Pacific region and move forward in attaining the Bogor Goals; to stimulate green growth in APEC region through the application of best practices in the area of trade and environment; to ensure sustainable development in the APEC region through securing cooperation in the area of environmental policies; and to fight "green protectionism" as instructed by the APEC Ministers in the 2012, through exchange of experience and cooperation.
- **GOS** completed its study on Environmental Services and Environmental Services-related Technology Market. The study, which began in 2011, was designed to survey and analyze the environmental services (ES)-related technology market within APEC economies, aimed at facilitating potential ES and ES-related technology trade and investment, and promoting

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<sup>10</sup> See 2013/CSOM/025rev4

greater dissemination of ES-related technology. The final study report can be accessed from APEC Publications Database on the APEC webpage.

- GOS agreed to a proposal to conduct a two-day Environmental Services Workshop entitled “Environmental Services in the 21<sup>st</sup> Century: Challenges and Opportunities” in Kuala Lumpur, Malaysia in March 2014. The workshop will bring together experts and stakeholders of the environmental services industry. Government officials and other stakeholders from APEC members, particularly developing economies, who are involved in environmental services policy-making and trade negotiations, will be invited to participate. The objectives of the workshop are to amongst others, discuss the relevance of environmental services regionally and how the 21<sup>st</sup> century has shaped the architecture and breadth/characterisation of the industry; share experience and information on environmental services regime among economies on development of environmental services policies, coordination and implementation of strategies for current and future of the sector; discuss and understand the challenges and opportunities in developing, promoting and liberalising the environmental services sector, particularly in developing economies; develop a set of good policy and regulatory best practices in environmental services; and assess the way forward for the development of environmental services.
- **SCSC** commenced implementation of a multi-year project on “The Role of Standards and Conformity Assessment Measures in Enhancing Performance of Energy Efficiency of the Commercial Building Sector”. The project, building on the SCSC’s foundation of 2011 green building work, will be implemented from 2013 to 2015 and includes four workshops on various aspects of green building, a study and a metrics assessment in 2015. The first Workshop on “Sharing Experiences in the Design and Implementation of Green Building Codes” was held in Lima on 5-7 March 2013, where it shared the results of a survey on sharing experiences in the design and implementation of green codes. A second workshop on How Building Information Modeling (BIM) can facilitate green building practices was organized in Medan from 24-25 June. Leading world experts on BIM discussed how BIM standards support green building and an output of the workshop will be a quick start guide on how BIM can be applied by APEC economies for green building. A study on the use of building codes and green codes in the APEC region has been completed and published.
- SCSC is implementing a joint project, entitled APEC-ASEAN Harmonization of Energy Efficiency Standards for Air Conditioners. The objective of project is to create an enabling regulatory and policy environment for the market transformation in favour of higher energy efficiency air conditioners in APEC through the harmonization of standards for testing methods and energy efficiency for air conditioners. The first phase covered work for harmonizing standards for testing methods for air conditioners among ASEAN members and developing a roadmap for standard harmonization at APEC-level based on lessons learned.
- SCSC considered and endorsed the recommendations from the APEC Conference on Aligning Energy Efficiency Regulations for ICT Products held on 18 July 2012 in Seoul. The recommendations included amongst others, the proposed formation of a limited term working group of private and public sector officials to oversee the implementation of the finalized IEC standards. Intersessionally, the SCSC developed the terms of reference for establishing group. The group to be known as “APEC Subcommittee on Standards and Conformance (SCSC) ICT Global Energy Efficiency Convergence Forum, will focus on global convergence of energy efficiency regulations for ICT products, re-affirm the need for greater reform and alignment in regulatory approaches and international standards, as necessary steps to prevent unnecessary barriers to trade. The forum is also envisaged to address the APEC leaders’ priority of promoting sustainable growth by “advancing work on sharing best practices in energy efficiency with a view to deploying cleaner and more efficient technologies.” It will also advance the APEC Business Advisory Council’s recommendation to

“explore ways to standardize or align energy efficiency and labeling.” Further, it will implement SCSC endorsed principles on alignment of energy efficiency standards and conformity assessment requirements.

- **AD** continued its work to support green car development, including the identification of government policies that facilitate regional trade and investment in sustainable automotive technologies. The AD organized the First APEC-AD Workshop on Green Car Development Facilitation. The workshop brought together industry experts and government policy makers to discuss green car development facilitation.

#### *Remanufactured Products*

- **MAG** undertook additional capacity building activities on trade in remanufactured goods and remanufacturing, taking into consideration the development needs of economies and a view to increasing the number of economies participating in the APEC Pathfinder Initiative on Facilitating Trade in Remanufactured Goods. An APEC Academic Workshop on Remanufacturing was held on 11 April in Surabaya where senior scientists updated members on the most recent academic research and developments regarding the economic and environmental benefits of remanufacturing. Another APEC Workshop on Remanufacturing - Customers Perspective was held on 29 June. Participants at the workshop received presentations on the potentials and opportunities of remanufacture activities within the Asia-Pacific region. They also learned about why customers choose remanufactured goods and the impact that government policies and measures concerning remanufactured goods have on customers. To facilitate the implementation of the pathfinder, MAG members were invited to consider the offer by the United States to conduct remanufacturing case studies for economies, particularly those who yet to join the pathfinder, on a voluntary basis. Malaysia has volunteered to participate in such a case study.
- **MAG** produced a Remanufacturing Resource Handbook and a compilation of NTMs on Remanufacturing as “living” documents for members’ information.

#### *Services*

- At CTI3, the Committee discussed the recommendations of the ABAC-PECC Public-Private Dialogue on Services which took place on 17 April. CTI welcomed the intention of ABAC-PECC to convene a similar dialogue in 2014 and expressed an interest in further engagement with ABAC and PECC on the development of the themes and agenda for that dialogue.
- **GOS** continues to update the APEC Services Action Plan’s matrix of actions (SAP) 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*

- **IEG** continues to contribute to the implementation of the APEC Strategy for Investment adopted in 2010 through a suite of projects and activities under each of the pillars embodied in the Strategy (Advanced Principles and Practices; Facilitation and Promotion). CTI welcomed the Public-Private Dialogue (PPD) on Investment- Corporate Social Responsibility (CSR) for Local Communities held on 30 January in Jakarta. The dialogue served as a means for stakeholders consisting of governments, private sector, and international organizations to exchange views regarding the CSR policies and practices. The dialogue<sup>11</sup>, attended by some

<sup>11</sup>see 2013/SOM2/016anx3 for report on dialogue

80 participants from 19 economies, generated several key insights of CSR practices and recommendations regarding CSR implementation. The dialogue recommended that the CSR program be further encouraged by governments, corporations and other stakeholders and continue to maintain a successful investment.

#### *Digital Economy and Strengthening Intellectual Property Rights*

- **ECSG** continues to build on existing work streams and projects, including data privacy and paperless trading, which are key elements of ICT-enabled growth. Noting that information is the currency of the digital economy, the group works to ensure that information flows freely across borders while establishing a meaningful protection for the privacy and security of personal information. Since the endorsement of the APEC Cross-border Privacy Rules System (CBPRS) in 2011, two economies, namely the United States and Mexico have become members of the system with Japan expressing an interest to participate in it too. The ECSG has finalised the Glossary of privacy-related terms. The glossary will be loaded onto the CBPRS website which is hosted by Microsoft. The website serves a one-stop shop for different stakeholders: consumers, business, accountability agenda and government and will be made “live” soon.
- **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, creation and dissemination of creative content in the digital environment; cooperation to improve efficiencies in patent acquisition procedures; issues related to IPR protection on standards development and IPR protection and enforcement, including counterfeiting and piracy issues.

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

SUB-FORA	WORK UNDERTAKEN
<b>Market Access Group (MAG)</b>	<i>As above</i>
<b>Group on Services (GOS)</b>	<ul style="list-style-type: none"> <li>• GOS advanced the implementation of the Action Plan on Statistics on Trade in Services agreed in 2012. It conducted two workshops, namely APEC Workshop on Measuring Services Trade: Statistical Capacity Building and Networking that was held on 25-26 June in Medan and APEC Workshop on Measuring Financial Intermediation Services Indirectly Measured (FISIM) that took place on 18-19 September in Jakarta. The objectives of the first workshop were (i) to build the knowledge base and technical capacity of APEC economies to compile, analyse, and present services trade data; (2) to create a long-term “network” APEC experts who can share experience, provide technical assistance, and work toward achieving greater data comparability; and (3) to improve the availability of data relating to services trade in the APEC region (including, potentially, through the APECStats website). The objective of the latter workshop was to improve understanding among member economies of APEC focusing on the conceptual framework of the Financial Intermediation Services Indirectly Measured (FISIM) which complies with Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6)-2008 as well as on the practical aspects. The workshop also aims to enhance the capability of participants about the nature of FISIM data, the sources and methods used for compiling statistics, and analyzing data; and to create and strengthen relationship among statistical agencies, central banks, and other related ministries within APEC members that may generate improvement in data collection, quality, and availability of FISIM data as part of financial services.</li> </ul>

SUB-FORA	WORK UNDERTAKEN
	<ul style="list-style-type: none"> <li>• GOS held a Symposium and Workshop on Enhancing the Overseas Expansion Capabilities of Micro, Small and Medium Enterprise (MSME) Franchises in the APEC Region in Manila on 15-16 July. The objectives of the Symposium were to identify constraints and chokepoints in expanding franchises overseas; and best practices in overseas expansion among franchise sector in the Asia-Pacific region, including the strategies undertaken by the various franchise sectors of APEC member economies as well as to draw up action plans to be taken up by the participants in their respective economies.</li> <li>• GOS received a report on the outcome of the self-funded APEC Symposium on "Facilitating best practice policies for trade and investment in financial services", held in Singapore on 27-28 November 2012. The group took note of the common themes arising from the discussion on good practices to guide policy makers and regulators in adopting and maintaining open and transparent financial services sectors. The outcomes of the workshop, including good practices for facilitating trade and investment in financial services that were identified at the workshop, were being finalized intersessionally by the GOS.</li> <li>• GOS held a self-funded Symposium on good practice policy and regulation in facilitating in trade and investment in cross-border education services on 20-21 August 2013 in Kuala Lumpur. The symposium brought together business representatives, regulators and trade and financial services policy officials and academics to share national experiences and discuss and identify good practice regulatory approaches and practices for facilitating trade and investment in this sector. A report on the outcomes, including good practice principles identified and discussed during the Symposium, will be circulated ahead of GOS1 in 2014.</li> </ul>
<b>Investment Experts Group (IEG)</b>	<p><u>Implementation of the APEC Strategy for Investment: Advanced Principles and Practices</u></p> <ul style="list-style-type: none"> <li>• Completion of the Handbook on Dispute Prevention Strategies. The handbook is available on APEC website</li> <li>• Core Elements Project – Moving beyond phase III – Activity 2: APEC-UNCTAD Handbook, “Negotiators of International Investment Agreements (IIA Handbook). The Handbook provides an important tool for IIA negotiators to conduct effective negotiations and assists treaty negotiators in making decisions during the negotiating process. The handbook has been published and is also available on both the APEC and UNCTAD websites.</li> </ul> <p><u>Implementation of the APEC Strategy for Investment: Advanced Principles and Practices: Facilitation</u></p> <ul style="list-style-type: none"> <li>• IEG continued to work on implementing the Investment Facilitation Action Plan in its three priority areas; namely, e-transparency, reducing investor risk, and simplifying business regulation. It completed with the assistance of the PSU, the IFAP Implementation Progress Report based on voluntary information submitted by economies as well as from relevant secondary data or information.</li> <li>• Discussion on Public-Private Dialogue on Investment (PPD). The group reiterated importance of holding PPD on a regular basis. It noted that China, as APEC 2014 Host, would actively consider holding the next PPD in China. The schedule and theme were under internal discussion.</li> </ul>

SUB-FORA	WORK UNDERTAKEN
	<p><u>Implementation of the APEC Strategy for Investment: Advanced Principles and Practices: Promotion</u></p> <ul style="list-style-type: none"> <li>• Guidebook on Public-Private Partnership (PPP) Frameworks in APEC Region. The guidebook will cover information on policies, administration and procedure that will be required in handling PPP projects in the APEC region.</li> <li>• Case Studies on the Best Practice of Sustainable Cross-border Investment in APEC Region. A series of case studies and information exchange seminar on sustainable investment for Inclusive Development will be undertaken in 2014 to raise understanding and awareness of opportunities for inclusive development within APEC economies; share experience, lessons and opinions on balancing investment, environmental, and social objectives to increase the public support for free and open trade and investment, thereby creating more new demand and jobs; and share experience on improving the living environment and community livelihood.</li> </ul> <p>IEG reviewed progress of a self-funded multi-year project on Enhancing the Investment Environment in APEC and ASEAN economies<sup>12</sup> that would carry out activities aimed at (i) improving the efficiency and effectiveness of investment procedures; (ii) enhancing constructive stakeholder relationships/international cooperation, and (iii) establishing effective monitoring and review mechanisms for investment procedures. A one-day Seminar and two-day Policy Dialogue were held in Beijing from 16-18 September to review the research findings; and exchange views on best practices with regard to decision-making on investments by state owned enterprises and sovereign wealth funds.</p> <p>IEG approved a project on Research on Best Practices in Prompt Consideration of Investor's Complaints in the APEC Region. The project comprised of two main components: (i) research to be undertaken from July-August 2013 on best practices of the usage of dispute resolution mechanism in APEC region; and (ii) a workshop to be held in December 2013 in Moscow, to review and discuss the research results and recommendations for applications of these practices including suggestions on how they can be improved or established.</p>
<p><b>Sub-Committee on Customs Procedures (SCCP)</b></p>	<p>SCCP discussed the result of the enforcement operation on counterfeit electronics organised by the US. The objectives of the operation are to enhance border enforcement of IPR, and to protect consumers and economic security from counterfeit electronics.</p> <p>SCCP reviewed the analysis results of the questionnaire on the initiative "Exchanging Outward Cargo Manifest through Single Web-based Application". From the responses submitted by member economies, it was concluded that most economies consider manifest data exchange among members necessary and recommended to search suitably interested third party consultants to conduct further study with a clear goal of proposing a single portal or economies-to-economies configuration business models. It was also noted that further work will be undertaken intersessionally to share experiences and obtain more clarity.</p> <p>SCCP reviewed the analysis of the result of the questionnaire on the initiative "Implementation of Advance Passenger Information and Passenger Name Record (PNRGOV) Standard Message for International Flights among Airlines of APEC Members". The results indicated that most economies believe that the submission of passenger information from airlines to customs administration in the form of PNRGOV is necessary.</p>

<sup>12</sup> 2013/SOM1/IEG/008

SUB-FORA	WORK UNDERTAKEN
<p><b>Intellectual Property Rights Experts Group (IPEG)</b></p>	<p>IPEG agreed to a proposal on “APEC Information and Experience sharing of IP-related treaties”, previously named, “APEC IP-Related Treaty Outreach Initiative”, that is aimed at sharing information and experiences related to IP treaties among the economies needing such information. The proposal envisaged the following actions to be undertaken: (a) Questionnaire survey with respect to advantages of IP-related treaties, possible problems/obstacles, and current status of activities involving acceding to IP-related treaties; (b) Voluntary status reports at the IPEG from IPEG members; and (c) Holding seminars/workshops to provide information and experiences about the treaties for IPEG members.</p> <p>IPEG continued to progress the Intellectual Property Academy Collaborative Initiative (iPAC Initiative), which is aimed at promoting the exchange of information among academies and facilitates voluntary and mutual collaboration among them in IP training, education and research. Economies were invited to register their training programs on the information exchange platform iPAC, and were also encouraged to get more involved with the platform in order to make this a useful website for all users.</p> <p>IPEG reviewed the Intellectual Property Explorer, developed in 2010 as a free, secure and simple online business tool (<a href="http://www.intellectualpropertyexplorer.com">www.intellectualpropertyexplorer.com</a>) to help SMEs identify and protect their IP assets. The tool is available in English and Chinese. An analysis of the <i>Intellectual Property Explorer</i> website showed that it has continued relevancy for users. As a result, the joint project partners have committed to supporting its operation in its current format. The next review will be conducted in 2016 and meanwhile, IPEG members will continue to promote it with the SME business sector.</p> <p>IPEG developed a project to hold an APEC Workshop on Appropriate Technology, Strategic IP Utilization for Sustainable Development. This project, which has been approved, aims to enhance APEC’s capacity for utilizing IP strategies tailored towards developing economies and to raise awareness on the importance of developing appropriate technology (AT) in APEC economies through a joint APEC-KIPO (Korean Intellectual Property Office) workshop to be held in second quarter of 2014.</p> <p>IPEG continued discussions on a proposal on Geographical Indications (GI): Principles and Recommendations, which called on economies to recognise that practices necessary for ensuring GIs are protected in a robust, transparent and fair manner.</p> <p>IPEG discussed and approved a proposed “APEC Work Sharing Statement” on Patent Acquisition Procedures. The proposed statement aims to contribute in working sharing initiatives in the patent/innovation field, as much as possible among APEC economies.</p> <p>IPEG discussed the drafting of a Survey on Relationship between Counterfeiting/Piracy and Organised Crime.</p>
<p><b>Business Mobility Group (BMG)</b></p>	<p>The BMG pursued the following key actions designed to enhance the mobility of business people in the region, help reduce business transaction costs and to accelerate regional economic integration:</p> <ul style="list-style-type: none"> <li>• expansion of the ABTC Scheme, with the Russian Federation becoming a full member of the Scheme on 1 June 2013;</li> <li>• continue efforts to enhance the APEC Business Travel Card (ABTC) Scheme;</li> <li>• further consideration of enhancements to the ABTC System to better</li> </ul>

SUB-FORA	WORK UNDERTAKEN
	<p>manage passport changes of ABTC holders and an accompanying best practice guide;</p> <ul style="list-style-type: none"> <li>• implementation of reporting arrangements to the BMG of border trials where ABTC holders are facilitated through automated border clearance systems;</li> <li>• BMG received funding for a single year APEC Project to examine the ABTC Scheme's end to end business process to identify opportunities for enhancements, including opportunities around online lodgement, expedited decision making and improvements to processing times;</li> <li>• BMG amended the ABTC Operating Framework to give greater certainty to the remaining transitional members to assist in their internal efforts to secure the necessary investments to become full members.</li> </ul>
<p><b>Electronic Commerce Steering Group (ECSG)</b></p>	<p>ECSG, through its Data Privacy Sub-group (DPS) continues to implement the Data Privacy Pathfinder and the CBPR system endorsed in 2011. The CBPR website, hosted by Microsoft, was launched as a one-stop window for different stakeholders: Consumers, Business, Accountability Agents, and Government.</p> <p>The APEC/EU Working Team, created to study the interoperability of the APEC and EU data privacy regimes, met for the second time in Medan. The team is focusing on developing a document or tool that will describe the main elements which are common to the APEC Cross Border Privacy Rules (CBPR) system and the EU Building Corporate Rules (BCR).</p> <p>DPS will undertake a stocktake on the certification of data processors and come up with a policy paper that will include an overview of the approach as the process might be different from that of data controllers. Based on the results of the stocktake, the intake document for data processors will be revised accordingly.</p> <p>DPS will engage in a stocktake of the APEC Privacy Framework. A working group has been created to determine the elements and scope of the stocktake that will focus on domestic and international implementation of the framework.</p> <p>A self-funded Workshop on APEC Privacy Enforcement was held in Auckland on 17-18 July. The workshop addressed the privacy enforcement topics both to newly established and existing privacy enforcement authorities.</p>
<p><b>Chemical Dialogue (CD)</b></p>	<p>CD continues its work to implement the UN Globally Harmonized System of Chemical Classification and Labelling (GHS) and successfully concluded its work on industry guidance for the implementation of GHS for the consumer products sector. Additional proposals include work on GHS implementation for UVCBs.</p> <p>In conjunction with the 12<sup>th</sup> Chemical Dialogue, the CD held a regulators forum on June 23 to discuss progress with implementation of the regulatory cooperation action plan, and which included a joint session with the OECD Clearing House for New Chemicals (OECD/CNC). CD agreed on updates to the regulatory cooperation action plan which now covers activities through 2015.</p> <p>Consistent with Ministers instructions in 2012, CD also discussed issues faced by the metals industry with a view to conducting a session on these issues at the Regulators Forum in 2014. The CD also shared information on new areas such as nanotechnology.</p> <p>CD continued to progress work on transparency and the protection of confidential business information through the development of a survey of practices in APEC economies.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>Consistent with the CD Strategic Framework, CD conducted outreach to the SCSC on the role of chemistry in green economy and on Good Regulatory Practice initiatives. CD intends to progress these areas in 2014.</p> <p>CD conducted a five year review of priorities for the industry.</p>
<p><b>Life Sciences Innovation Forum (LSIF)</b></p>	<p>The LSIF has conducted significant work this year to advance the Leaders growth and innovation agenda and, in collaboration with the Health Working Group, to provide input to the 2013 sustainable growth with equity agenda.</p> <p>Consistent with the implementation of the LSIF Strategic Plan, LSIF completed a set of principles for development of the innovative health and life sciences sector that interested economies can use as a guide when implementing the already agreed LSIF Enablers of Investment Checklist. LSIF also reinvigorated its Research Committee to focus on building capacity to commercialize innovations that are developed in the region through the establishment of a regional training center.</p> <p>LSIF collaborated with the Health Working Group on cross cutting issues, including:</p> <ol style="list-style-type: none"> <li>1) The 3<sup>rd</sup> High Level Meeting on Health and the Economy hosted by H.E. Nafsiah Mboi, Minister of Health</li> <li>2) A dialogue to develop a joint work plan on Innovations to address mental health challenges in the region</li> <li>3) a dialogue to establish principles for public-private partnerships in infection control and a policy tool kit to combat health care associated infections</li> <li>4) a dialogue on developing the traditional medicines sector and the role of safe and effective traditional medicines in health systems</li> <li>5) The development of key elements of a sustainable healthcare system</li> </ol> <p>Through its Regulatory Harmonisation Steering Committee (RHSC), the LSIF continues to advance greater alignment of regulatory approaches and standards for medical products, under a multi-year plan that promotes the use of existing international guidance. The RHSC is working to achieve regulatory convergence for medical products approval procedures by 2020 with training and diagnostic workshops as a key focus. Significant work this year included work to establish a regulatory science center of excellence in the region to train regulators and stakeholders in skills to evaluate multi-regional clinical trials; the development of a biotherapeutics road map. Training workshops will be held on Good Review Practices, and biotherapeutics. A major workshop was held under the Global Medical Products Quality and Supply Chain Integrity road map to assess tools needed to establish a Single Point of Contact Network to combat the availability of spurious, substandard, falsified, falsely labelled and counterfeit medical products.</p> <p>The RHSC is in the process of establishing a Regulatory Network to bring in broader stakeholder involvement in projects and project proposals by regulatory authorities, and industry stakeholders.</p> <p>The RHSC continues 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, 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 II: Promoting Connectivity, Supply-Chain Connectivity

### Highlights:

- 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 5* for the 2013 updates to the action plans).
- With the support of the PSU, CTI completed an interim assessment of the implementation of the Supply-Chain Connectivity Framework Action Plan (SCFAP) through the measurement framework agreed in 2012. At CTI2, the Committee endorsed the assessment report, which highlighted that while progress had been made in the overall performance of supply chain transactions towards a region-wide target of improving supply chain performance by 10 percent by 2015, the mid-term progress is below the pro-rata benchmarks. The report recommended that member economies should redouble efforts to reduce the time, costs and uncertainty of supply chain performance. An executive summary of the report is attached as *Appendix 6* while the full report can be found on APEC webpage.
- CTI made further progress in advancing work on the systematic approach to improving supply chain performance, as agreed by APEC Leaders and Ministers in Vladivostok. The systematic approach provides for a three step process: 1) building inventories of policy recommendations that economies could adopt to address the SCFAP Chokepoints; 2) develop diagnostic reports to determine if economies have these policies in place; and 3) undertaking capacity building activities to provide targeted assistance to economies to implement these policies. In accordance with Ministers' instructions to begin implementation of the systematic approach, CTI developed a set of inventories of specific policy recommendations to address the eight Chokepoints in SCFAP (see *Appendix 7*). The inventories will serve as useful references to enable economies to diagnose and address the eight Chokepoints which will in turn help APEC to achieve better progress in reaching its 2015 objective. Based on economies' experiences in making supply chain performance improvements and addressing the eight Chokepoints of the SCFAP, adjustments may be made to each inventory so as to make it a living document.
- CTI completed the inventory of policy recommendations for Chokepoint 1 in 2012 and the "Terms of Reference" for conducting diagnostic reports on the basis of that inventory. The Action Plan lead for Chokepoint 1 engaged the World Bank to draft the diagnostic report for that chokepoint. The Action plan lead for chokepoint 2 has also engaged the World Bank to prepare a policy needs analysis and capacity building design to address the inventory of policy recommendations for chokepoint 2.
- On the next steps to the second and third stages of the systematic approach (i.e. the diagnostic stage and capacity building stage), CTI discussed two proposals: (a) Advancing Stage 2 of the Systematic Approach to the Supply-chain Connectivity Framework Action Plan (SCFAP) – Diagnostic Reports for Chokepoints 2-8<sup>13</sup> and (b) Advancing Stage 3 of the Systematic Approach to the Supply-chain Connectivity Framework Action Plan (SCFAP) – Capacity Building to Address Supply Chain Chokepoints 1-8<sup>14</sup>. With regard to the diagnostic stage, the CTI discussed a proposal from the United States setting out terms of reference for a coordinating role. Further discussions on this will continue with a view to finalising it

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<sup>13</sup> 2013/SOM3/CTI/010

<sup>14</sup> 2013/SOM3/CTI/011

intersessionally by CTI1, 2014. With regard to the capacity building stage, CTI agreed to have further discussions on this issue, including on a timeline for implementation at CTI1 in 2014.

- CTI discussed a proposal on Comprehensive Analysis on Enhanced Resiliency of Cross-Border Value Chains and agreed to task the PSU to undertake the project. The objectives of the proposal include: (i) to deepen understanding and increase awareness of emerging systemic risks and value chain resilience (VCR) by evaluating VCR quantitatively and estimating its impact on the APEC region's trade and investment; and (ii) to provide policy recommendations for strengthening VCR of APEC economies and possible cooperation options for APEC. The project will be carried out in four phases over the period 2013-14. A draft report for phase one is expected to be ready by mid-November with the final report ready in time for CTI1, 2014. The whole project is due to be completed in 4<sup>th</sup> quarter 2014.
- CTI discussed ABAC's recommendation for greater use of global product data standards and supply chain infrastructure technologies to enhance the efficient flow of goods. It received presentations from ABAC and GS1 on how global product data standards could be used to address supply chain connectivity chokepoints. A representative from the WCO was also present and introduced the recent study on correlation between HS and other code systems. The CTI also discussed a non-paper on mainstreaming global data standards into the Supply Chain Connectivity Framework Action Plan<sup>15</sup>. CTI encouraged other economies to offer examples of how they are applying global data standards and other possible tools and methodologies to improve supply chain efficiency. It agreed to encourage SCFAP Chokepoint leads to explore/collect tools and methodologies that can help economies implement the policy recommendations in the policy inventories for their chokepoints, so as to facilitate the implementation of APEC's supply chain performance capacity building efforts.
- Key activities undertaken by CTI and its sub-fora in 2013 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*
    - Implementation of the proposal adopted in 2012 to address the action plan for *Chokepoint 1* is on track. The first diagnostic report to identify variances in capacity is completed and the second diagnostic report will be conducted in 2014. Development of individualized capacity building programs to assist economies in implementing the SC Inventory for Chokepoint 1 is underway.
  - Chokepoint #2: *Inefficient or inadequate transport infrastructure; Lack of cross border physical linkages (e.g. roads, bridges).*
    - A policy needs analysis is being prepared and a capacity building program being designed to address *Chokepoint 2*.
  - Chokepoint #3: *Lack of capacity of local/regional logistics sub-providers.*
    - CTI commenced implementation of the multi-year capacity building project on "Enhancing Logistics Performance through Training and Networking for APEC Local/Regional Logistics Sub-providers. A consultant has been contracted to advance preparatory work, including research, technical planning for an International Logistics Support network (ILS), and organisation of an APEC conference to review progress of the project.

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<sup>15</sup> 2013/SOM3/CTI/022

- Chokepoint #4: *Inefficient clearance of goods at the border; Lack of coordination among border agencies, especially relating to clearance of regulated goods 'at the border'*
  - The case study on the implications for Viet Nam<sup>16</sup> under the approved capacity building program for the *Pathfinder to Enhance Supply-Chain Connectivity by Establishing a Baseline De Minimis Value* was completed. Noting that such case studies could be helpful to enhance an economy's understanding of whether it would be beneficial for it to join the pathfinder, other non-pathfinder economies were encouraged to take part in similar case studies.
  
- Chokepoint #7: *Variations in cross-border standards and regulations for movements of goods, services and business travellers.*
  - A workshop on submarine telecommunications resilience will take place in Bali on 15-16 October 2013. The workshop will bring together relevant officials from APEC economies and experts from the submarine cable industry to discuss the economic impact of disruptions to the submarine cable network and promote practical measures to enhance their protection and resilience. The workshop will explore the benefits of stronger business-government partnerships in protecting submarine cables. As a next step, CTI and TEL could consider how to foster industry-government collaboration.

#### Work Plan:

In 2013, CTI adopted a work plan on supply-chain connectivity that would advance work through to 2015 with the following objectives:

- Accelerate efforts to ensure completion of existing and new projects under the APEC Supply-Chain Connectivity Framework Action Plan (SCFAP).
- Work out possible ways and adopt a more systematic approach to addressing existing chokepoints in supply chains through targeted capacity-building and concrete steps.
- Demonstrate progress of achieving an APEC-wide target of a 10 percent improvement in supply-chain performance by 2015 through a robust and credible mechanism.

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

SUB-FORA	WORK UNDERTAKEN
<b>Market Access Group (MAG)</b>	<p>MAG continued to implement the proposed actions under the SCFAP for chokepoint 5 relating to its group's work in rules of origin, self-certification and WebTr. MAG members were reminded to update their links, particularly in making them available in the English language and encouraged to propose ideas to promote the use of the WebTr.</p> <p>MAG members continued to update the group on initiatives undertaken towards implementing the APEC Pathfinder Initiative for Self-certification of Origin.</p>
<b>Group on Services (GOS)</b>	<p>GOS held a Workshop on Retailing Services: Potential for and Challenges to Enhancing SME Participation in Supply Chains in APEC, Surabaya Indonesia - 10-11 April 2013. Prior to the workshop, a survey was developed and distributed to all economies to examine their good practices on developing</p>

<sup>16</sup> 2013/SOM2/CTI/011

SUB-FORA	WORK UNDERTAKEN
	<p>this sector. Based on the survey results and the discussion at the workshop, retail services were found to be composed of several sub-sectors with their own characteristics and thus requiring government to understand the uniqueness of each sub-sector in order to formulate better regulations and policies, with involvement from the stakeholders. The final report of the workshop will be shared with other related fora.</p> <p>GOS agreed to hold a workshop on information sharing on logistics services to improve 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 related to logistics services. The workshop was to be held in Autumn 2013 in China.</p>
<p><b>Sub-committee on Customs Procedures (SCCP)</b></p>	<p>SCCP continued to implement the proposed actions relevant to customs under the SCFAP for chokepoints 1, 4, 5 and 8. Specifically:</p> <p>Under Chokepoint 4, Japan and Chinese Taipei as the coordinators for SCCP's work on Single Window Systems jointly developed the Single Window questionnaire for members to complete. The questionnaire identified that functions related to customs procedures that are effective for trade facilitation have been covered by the systems of most economies, whereas functions which are effective for risk management and security need more progress. SCCP will continue the work to identify the needs for capacity building based on the questionnaire result. Japan and Chinese Taipei are planning to hold another Single Window workshop in Taipei next year.</p> <p>SCCP also reviewed the analysis of the result of the questionnaire on Chokepoint 4 that discusses WCO Guidelines for the Immediate Release of Consignments, and Time Release Study (TRS). With regard to WCO Guidelines for the Immediate Release of Consignments, the responses indicated that most economies have regulations in line with the guidelines, but the expansion of categories applied to the guidelines still poses a challenge. Responses concerning Time Release Study (TRS) indicate that many economies have understood the importance of TRS.</p> <p>Under Chokepoint 8, SCCP supports the work, led Chile on developing a set of Customs-Transit Guidelines for APEC FTAs. At SCCP1, the sub-committee reviewed the results of the survey on regulation and procedures for the transit of goods. At SCCP2, it received a presentation from Chile on her analysis of a comparative study on the free trade agreements in transit matters. A concept note to conduct a workshop with the private sector in 2014 to share best practice and establish new guidelines has been developed for submission to the Budget and Management Committee (BMC) for consideration. If funding is approved, the workshop is being planned for CTI1/SOM1 next year.</p> <p>SCCP discussed and noted the presentation from the representative of ABAC on Global Data Standards.</p>
<p><b>Electronic Commerce Steering Group (ECSG)</b></p>	<p>ECSG has been working to implement the Supply-Chain Connectivity Framework and Action Plan in order to simplify customs and other cross-border trade procedures.</p> <p>ECSG continues to develop projects that integrate paperless trading in commercial processes, particularly projects that use e-solutions or electronic procedures and processes in cross-border trade, in order to save time and</p>

SUB-FORA	WORK UNDERTAKEN
	<p>cut costs and uncertainties for firms and government agencies. These e-solutions include the following: Electronic Certificate of Origin (ECO), e-negotiation, e-invoicing, e-SPS, 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. This work is led by the ECSG's Paperless Trading Subgroup (PTS). PTS continues to implement the ECO project which started live operation in May 2010. In order to foster a better understanding of the ECO initiative among APEC member economies, PTS is conducting a survey to determine the feasibility of pursuing a framework for cross-border exchange of ECO within APEC.</p> <p>To complement the work of PTS on ECO and to implement part of the roadmap for trade facilitation, the ECSG is conducting a project entitled "Enhancing Reliable Supply Chains by e-B/L Exchange in APEC Region". This project aims to address necessary steps for the practical use of e-B/L among traders, carriers, forwarders, banks and other parties in international trade. This project also identifies the viability of the e-B/L international exchange model in Korea, China, Russia, Vietnam, Malaysia and the Philippines, as well as other APEC member economies. A final workshop is being planned to take place end 2013 to review findings and for sharing knowledge, opinions, information and experiences related to e-B/L Exchange.</p> <p>ECSG agreed to a proposal on Enhancing the Global Supply Chain Efficiency by E-Manifest Exchange in APEC Region, designed to explore how to enhance global supply chain efficiency by analyzing the current advance manifest procedure in APEC member economies, conducting research on how to speed up the facilitation on cross border transactions between member economies as well as to provide recommendations to the stakeholders on trade facilitation, including but not limited to manifest data exchange, internationally defined standards adoption, etc. A high-level stakeholder seminar will be held in August 2014 to share information, ideas, and findings of the project, and collect suggestions on further promotion of the project outcomes.</p>
Chemical Dialogue (CD)	<p>Enhance information sharing on risk management along supply and value chains using available industry generated tools to enable companies to implement Responsible Care throughout the supply chain.</p> <p>Compilation of a report on the implementation of voluntary stewardship programs in downstream industries.</p> <p>Undertake initiatives to encourage product stewardship, safe use and sustainability, promote the use of the newly-launched Chemical Dialogue website to facilitate the efforts of first responders to deal with chemical emergencies.</p>
Life Sciences Innovation Forum (LSIF)	<p>Implement the Global Medical Products Quality and Supply Chain Integrity Roadmap with priority activities supporting access to safe medical products, including a harmonized standard for product coding and verification: developing strategies and tools to effectively deal with illegal internet pharmacies; and, the establishment of a Single Point of Contact Network to prevent the availability of SSFFC products.</p>

## Section III: Advancing Regulatory Convergence and Cooperation

This chapter provides an overview of the work of CTI and its sub-fora in 2013 in support of the APEC priority of Advancing Regulatory Convergence and Cooperation.

### Highlights:

- Historically, the CTI has contributed to regulatory convergence and cooperation through the implementation of the APEC Regulatory Cooperation Advancement Mechanism on Trade Related Standards and Technical Regulations (ARCAM) that was established by Ministers in November 2010. Since the inception of the ARCAM process in 2010, CTI has addressed the issues of interoperability standards for Smart Grid (2011) and self-regulation in advertising (2012).
- In accordance with the 2010 APEC Regulatory Cooperation Advancement Mechanism on Trade-related Standards and Technical Regulations (ARCAM), the CTI in 2013 reviewed the ARCAM process to ensure that the process contributes effectively and efficiently to strengthening APEC's ability to prevent technical barriers to trade through regulatory cooperation. As an outcome of the review, the CTI agreed to change the ARCAM process to a two-year cycle<sup>17</sup>. Moving to a two-year cycle will allow more time for the preparation of proposals by economies, selection of issues by the CTI and finalisation of recommendations. It will also allow more time for the lead/proposing economy to plan and organise the dialogue and identify and secure necessary funding.
- CTI discussed and agreed that the 2014 ARCAM Dialogue will address the proposal on electric vehicles<sup>18</sup>. An ARCAM dialogue on electric vehicles will bring together trade officials, regulators, standards developers, utilities providers, and other key stakeholders from the region to discuss economies' plans for new regulations, or modifications to existing regulations, that would significantly impact and promote the electric vehicle industry and use of electric vehicles, and therefore our capacity for increased regional trade and investment. The CTI will seek input from other relevant fora/sub-fora, such as the SCSC, the AD, and the APEC Energy Working Group's Expert Group for New and Renewable Energy Technologies (ENGRET), which is currently undertaking technical work to promote standardization of charging infrastructure and harmonized communications protocols for electric vehicles.
- In response to the recommendations from the 2<sup>nd</sup> ARCAM Dialogue on self-regulation in advertising that was held last November, CTI agreed to task the PSU to undertake a "mapping exercise" of different models of self-regulations and different regulatory approaches. Besides identifying differences in the economies' regulatory and voluntary approaches to advertising, the PSU's project also aims to identify opportunities for alignment of both approaches in addition to capacity building. The draft report should be ready for discussion at CTI1, 2014.
- **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:
  - 7<sup>th</sup> Conference on Good Regulatory Practices on 26-27 June 2013 in Medan. The conference discussed some important issues such as internal coordination of rulemaking,

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<sup>17</sup> See 2013/SOM2/CTI/015

<sup>18</sup> See 2013/SOM2/CTI/016

Regulatory Impact Assessment, and public consultation. There was significant discussion at the conference on the need for a single website in each economy to disseminate regulatory information to stakeholders. The conference also highlighted the need for capacity building within APEC and ongoing challenge of educating regulators at multiple levels of government.

- Self-funded study “Good Regulatory Practices for Conformity Assessment in APEC Economies”. The goal of the study was to provide an overview of conformity assessment approaches mandated by government, to highlight practices that support regulatory objectives. The survey results showed that conformity assessment procedures could facilitate trade when there is confidence to accept the results. APEC members generally recognize and use international standards for conformity assessment and voluntary arrangements. There is a need to further raise awareness among APEC members with regard to the value of using international approaches to conformity assessment and understanding of TBT principles. The final report of the study will be published in December 2013.
- Multi-year Project (MYP) on Wine Regulatory Forum (WRF): Good Regulatory Practices Action Plan. The MYP on wine builds on the work of the 2011 and 2012 WRF meetings by planning concrete activities and deliverables that will improve regulatory coherence, international standards and collaboration, and information sharing among APEC economies. The objectives of the MYP are (i) create and implement a framework within APEC for sound wine regulation by: identifying key principles that should be considered when regulating wine with a view to promoting regulatory alignment in the region; and removing costly, unnecessary and unduly burdensome regulatory requirements with respect to oenological practices, definition and/or description of products and labelling requirements and methods for analyzing, assessing, or certifying wine products; (ii) promote communications and information exchange among wine regulators with a special emphasis on reaching out to developing economies to build capacity for proper risk management, including authenticating risks in order to enhance understanding of an appropriate level of regulation given the low risk profile of wine; and (iii) promote communications and participation with relevant international forums with respect to wine. The first workshop of the project will be held on 4-6 November 2013 in Washington, DC, and will coincide with the annual meeting of the World Wine Trade Group (WWTG) enabling APEC economies to learn more about the work of the WWTG and to consider future membership.
- Multi Year Project on Building Convergence in Food Safety Standards and Regulatory Systems. This project supports engagement of regulators, industry, and academic experts at Food Safety Cooperation Forum (FSCF) and Partnership Training Institute Network (PTIN) meetings, related workshops and capacity building trainings. Project activities promote alignment in priority areas of strengthening food safety regulatory systems, food incident management, laboratory capacity, risk analysis and supply chain management. This project represents APEC’s commitment to the initial three years of the World Bank Global Food Safety Partnership’s work plan. Four elements of the MYP were implemented through a suite of food safety-related events in the margins of CTI2/SOM2 in Surabaya:
  - A Workshop on *Educating SMEs on Food Safety Standards* held on 10 April with an emphasis on the role of SMEs focussed on the challenges of getting SMEs to apply food safety standards, to comply with regulatory requirements, and appropriate training tools. A majority of food production in the APEC region is carried out by SMEs;

- The PTIN Steering Group met on 11 April. The Steering Group welcomed new representatives from Canada and Thailand as well as academic representatives from the China Academic of Inspection and Quarantine and the University of Maryland, and APEC Specialist Regional Body member – APLAC. Progress since 2011 was noted as were future activities that will build capacity in laboratories, and risk based inspections, among other areas;
  - A Workshop of the APEC Food Safety Incident Network took place on 12 April. The network will act as the Asia Pacific regional component of the World Health Organizations' International Food Safety Authorities Network (INFOSAN) program and will encourage communication and information sharing between regulatory agencies, industry and other stakeholders to prepare for and respond to food safety incidents; and
  - The FSCF met for the fourth time since its establishment in 2007 on 13 April. It endorsed an action plan for implementing the APEC Regulatory Cooperation Plan with pilot work on export certificates and pesticide Maximum Residue Limits that can further alignment of APEC economy standards to relevant international standards wherever possible, consistent with WTO obligations. The FSCF committed to begin implementing this Action Plan immediately and to report on progress in 2014. It also committed to new collaboration with the APEC Wine Regulatory Forum and continued cooperation with the Global Food Safety Partnership.
- **GOS** made progress in implementing the self-funded proposal approved in 2012 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.
  - **SCCP** continues to pursue capacity building activities to support the implementing Authorised Economic Operator (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.
  - **BMG** finalised its review of the Professional Immigration Service Standards that set out standards in relation to the professional behaviour of immigration officials and progressed the review of the Legal Infrastructure Standards. The Legal Infrastructure Standards are being updated to keep pace with developments in the immigration and border environment in the region. The Standards focus on building economies' legal infrastructure as a means to enhance their capacity to facilitate business mobility.
  - **ECSG's** Cross-border Privacy Enforcement Arrangement (CPEA) provides the framework for investigatory and enforcement cooperation and information sharing among participants which are privacy enforcement authorities from member economies. It has been in effect for almost three years now and, to date, there are twenty-three participants from the following economies: Australia; Canada; China; Hong Kong, China; Japan; Korea; Mexico; New Zealand; and USA. Cooperation has expanded beyond APEC through the sharing of the APEC directory of economy enforcement contact points with the OECD and the Global Privacy Enforcement Network (GPEN). The Council of Europe also expressed its interest to share contact points with APEC. The CPEA Administrators see this as an encouraging step in practical enforcement cooperation and interoperability. The working group that has been created to study the interoperability of the APEC and EU data privacy regimes met for the second time in Medan to come up with a document or tool that will describe the main elements which are common to the APEC Cross Border Privacy Rules (CBPR) and the EU Binding Corporate Rules (BCR), and "additional blocks" presenting their main differences. The document is referred to as

“Referential for the Structure of APEC CBPR and EU BCR.” This is cooperation that goes beyond borders and beyond regions.

- **CD’s** 2013 work program continued to focus 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, and facilitating data exchange. The CD agreed to conduct outreach to the SCSC on Good Regulatory Practice initiatives and green buildings. It endorsed a revised Regulatory Cooperation Action Plan through 2015 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, 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’s website clearinghouse for information on the GHS – the GHS Reference Exchange and Tool (GREAT website), maintained by Chinese Taipei - continues to attract significant activity and interest globally.
- **LSIF’s** Regulatory Harmonization Steering Committee (RHSC) continued 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 endorsed a roadmap for biotherapeutics and, with support from LSIF and other stakeholders, took steps to establish a regulatory sciences center of excellence in the region, with a pilot session taking place early in 2014. The RHSC has begun establishing an APEC Regulatory Network to bring in broader stakeholder involvement in projects and project proposals by regulatory authorities. After further broadening industry participation through the formation of industry coalitions representing the research based pharmaceutical, medical device, generic medicines, biotechnology products, and advanced medical technologies sectors, consideration is now being given to including academic experts, particularly in project execution. Several regulatory convergence training/capacity building projects have also been developed to support this work.

## Section IV: Contribution to APEC Leaders' Growth Strategy

### Highlights:

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 five 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 2013 as part of their overall work programs. As with the past three years, the Committee has done work on Green/Sustainable Growth; Innovative Growth and Secure Growth through various work streams and sub-fora such as environmental goods and services; digital economy and intellectual property rights; the BMG and the SCCP.

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

SUB-FORA	WORK UNDERTAKEN
<b>Market Access Group (MAG)</b>	<p><i>Green Growth/Sustainable Growth</i></p> <ul style="list-style-type: none"> <li>See Section I</li> </ul> <p><i>Secure Growth</i></p> <ul style="list-style-type: none"> <li>MAG will organise an APEC Conference on Facilitating Trade in A Secure Trading Environment from 28-29 October in Kuala Lumpur, Malaysia. The focus of this conference is facilitating trade and investment while ensuring a safe trading environment. It is intended to serve as an important platform for economies to share experiences on emerging trade security issues. The conference aims to produce a list of best practices on trade facilitative measures that can be undertaken in ensuring a safe trading environment. The best practices will provide useful guidance on how to mobilise their existing resources to focus on the crucial elements essential in ensuring the objectives of strategic trade management are achieved without compromising legitimate trade.</li> </ul>
<b>Group on Services (GOS)</b>	<p><i>Green Growth/Sustainable Growth</i></p> <ul style="list-style-type: none"> <li>See Section I</li> </ul>
<b>Sub-committee on Standards and Conformance (SCSC)</b>	<p><i>Green Growth/Sustainable Growth</i></p> <ul style="list-style-type: none"> <li>See Section I</li> </ul> <p><i>Innovative Growth/Inclusive Growth/Human Resource and Entrepreneurship Development</i></p> <ul style="list-style-type: none"> <li>SCSC approved a project entitled, Inspiring Next Generation of Standards Professional Development: Phase I. Identifying Stakeholder Requirements. This project is designed to define the competencies and skills required of future human resources in the area of standards and conformity assessment, so as to improve the competitiveness of the APEC Member economies. The project will identify the stakeholder requirements for standards professionals in public and private stakeholders, and provide recommendations on how best to meet these requirements. This project will create a Framework defining the skill-set need by standards</li> </ul>

SUB-FORA	WORK UNDERTAKEN
	<p>professionals to meet the needs of businesses, government agencies, education institutes, and standards-related organization in the APEC region.</p>
<p><b>Sub-committee on Customs Procedures (SCCP)</b></p>	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> <li>• Implementation of CAP item on IPR Border enforcement to implement the APEC Guidelines for Customs Border Enforcement on IPR Infringement. SCCP supported a proposal to hold an APEC Workshop on Intellectual Property Rights (IPR) Border Enforcement where participants would be able to exchange information and build their capacity. A concept note has been developed for submission to the BMC for consideration. If funding is approved, the workshop is being scheduled to take place in September 2014.</li> <li>• SCCP is committed to working on the development of Single Window in each economy by 2020 to accelerate seamless data sharing between Single Window systems through information sharing.</li> </ul> <p><i>Secure Growth</i></p> <ul style="list-style-type: none"> <li>• SCCP continued with the implementation of the Authorised Economic Operator (AEO) action plan including advancing the development of AEO capacity building plan and AEO best practice document. SCCP held two AEO workshops: first in Bangkok, Thailand on 27-28 February and second in Santiago, Chile on 14-15 May, aimed at promoting AEO as best practice and facilitating its implementation in Asia-Pacific region. SCCP will continue to promote AEO as best practice and will work intersessionally and in 2014 through evaluation, assessment and information sharing.</li> </ul>
<p><b>Intellectual Property Rights Experts Group (IPEG)</b></p>	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> <li>• IPEG continued to update the Intellectual Property Academy Collaborative Initiative (iPAC Initiative), a web-based platform that promotes the exchange of information among academics and facilitates voluntary and mutual collaboration among them in IP training, education and research. Economies were invited to register their training programs on the iPAC as well as encouraged to be more involved with the information exchange platform so as to make it useful website for all users.</li> <li>• IPEG continued to seek inputs towards the Survey on Innovation and SMEs Management, approved in 2012. The objective of the survey was to help domestic governments to better understand IP needs of their SMEs and enhance their capacity to develop strategies, policies and programs to support the SMEs.</li> <li>• IPEG adopted a proposal on “APEC Information and Experience sharing of IP-related treaties” that is aimed at sharing information and experiences related to IP treaties among the Economies needing such information.</li> <li>• IPEG agreed to a proposal on “Promoting Effective Utilisation of IPRs through the concept of Open Innovations”, which is aimed at giving an opportunity to APEC economies to discuss the concept of open innovations from the view point of acquisition and transfer of IPRs and what difficulties can be faced by government/legal entities with regard to legal means for “open” utilization and commercialization of IPRs. A concept note has been developed for submission to the BMC for consideration. If funding is approved, implementation will commence in 2014, starting with the conduct of a study of the various approaches to the concept of Open Innovations.</li> </ul>

SUB-FORA	WORK UNDERTAKEN
<p><b>Business Mobility Group (BMG)</b></p>	<p><i>Secure Growth/Innovative Growth</i></p> <ul style="list-style-type: none"> <li>• BMG contributed to APEC Consolidated Counter-Terrorism and Secure Trade Strategy by the use of information and technology to enhance border facilitation and control, including through exploration of a web service connection of the Regional Movement Alert System (RMAS) between Australia and the Philippines (which will provide a real-time travel document validation service between the economies).</li> <li>• BMG continued effort to enhance the ABTC scheme. It implemented protocols for lost and stolen ABTCs and accompanying website information for ABTC holders as well as for managing expedited cases in the ABTC scheme. The BMG amended the ABTC Operating Framework to give greater certainty to the remaining transitional members to assist in their internal efforts to secure the necessary investments to become full members. The BMG will also implement a single year APEC project to examine the ABTC scheme's end to end business process to identify opportunities for enhancements, including opportunities around online lodgement, expedited decision making, and improvements to processing times.</li> <li>• BMG agreed to seek the Travel Facilitation Initiative Steering Council's views on practical next steps to: <ul style="list-style-type: none"> <li>○ Enable a stocktake of expertise within APEC in relation to border capabilities (contained in the APEC Best Practice Border Capabilities Model, adopted by the BMG in 2012) and border systems architecture.</li> <li>○ Enable creation of a knowledge library in relation to border capabilities; and</li> <li>○ Enable consideration of appropriate pathway for economies to seek further expert assistance from other APEC economies with consideration of border capabilities or strategic configuration of capabilities, gap analysis and emerging opportunities.</li> </ul> </li> </ul>
<p><b>Electronic Commerce Steering Group (ECSG)</b></p>	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> <li>• ECSG's work on the digital economy agenda continues to contribute to the innovative growth pillar. This work includes the implementation of the CBPR system endorsed in 2011. CBPR website, hosted by Microsoft, as a one-stop window for different stakeholders: Consumers, Business, Accountability Agents, and Government was launched. The APEC/EU Working Team, created to study the interoperability of the APEC and EU data privacy regimes, is focusing on developing a document or tool that will describe the main elements which are common to the APEC CBPR system and the EU Building Corporate Rules (BCR).</li> <li>• A stocktake on the certification of data processors is being undertaken. Based on the results of the stocktake, the intake document for data processors will be revised accordingly</li> <li>• A stocktake of the APEC Privacy Framework is also being pursued. A working group has been created to determine the elements and scope of the stocktake that will focus on domestic and international implementation of the framework.</li> <li>• A self-funded Workshop on APEC Privacy Enforcement was held in Auckland on 17-18 July. The workshop addressed the privacy enforcement topics both to newly established and existing privacy enforcement authorities.</li> </ul>

SUB-FORA	WORK UNDERTAKEN
<b>Automotive Dialogue (AD)</b>	<i>Green/Sustainable Growth</i> <ul style="list-style-type: none"> <li>• See Section I</li> </ul>
<b>Chemical Dialogue (CD)</b>	<p>The CD undertook initial exploration of possible contributions to the “green economy”.</p>
<b>Life Sciences Innovation Forum (LSIF)</b>	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> <li>• 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 development and implement of roadmaps for achieving regulatory convergence in these areas. The newly established LSIF Research Committee has endorsed and is in the process of exploring a host for the establishment of a regional training center for the commercialization of innovations developed in the region.</li> </ul> <p><i>Secure Growth/Human Security</i></p> <ul style="list-style-type: none"> <li>• Implementation of its 2011 APEC Action Plan on Non-Communicable Diseases, including through the establishment of public-private partnerships.</li> <li>• Development of principles for public-private partnerships in infection control and a policy tool kit for combating health care associated infections.</li> <li>• Development of key elements of a model for a sustainable health care system</li> <li>• A joint work plan for addressing mental health challenges in the region</li> <li>• Emerging initiatives to build the capacity of the health and life sciences workforce</li> </ul>

## Section V: 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 2013, 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 2013 in support of CTI's contributions to the APEC 2013 priorities. 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 and strengthening the WebTR portal. In addition, the MAG also continued discussion on the green growth (environmental measures) under the APEC Growth Strategy.

In 2013, 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) Final Study of the environmental service-technology related market"; (iii) continuing a project that will identify successful regulatory reform in services markets; (iv) projects on building capacity and networks among statisticians who compile services statistics that will, over time, improve the quality of available services statistics; a project on developing overseas expansion of SMEs in franchising; and a project related to opportunities and challenges faced by SMEs in the supply chain.

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 reported on its implementation progress, with the assistance of the PSU. In addition to describing the IFAP's implementation progress, the report also analysed patterns and trends of foreign investment flows in the APEC region and included voluntary reporting by member economies of their implementation of IFAP menu of actions and measures. The IEG also undertook several projects and activities to progress the APEC Strategy on Investment that was developed in the CTI in 2010.

The work of the **Sub-committee on Standards and Conformance (SCSC)** continues to centre on encouraging greater alignment of APEC member economies' standards with international standards. In 2013, it conducted an extensive suite of activities including workshops, multi-year projects, research, development of guidelines/action plans to support its work in the areas of good regulatory practice; food and product safety; and standards and conformance education. The SCSC reviewed its implementation of the 5<sup>th</sup> Voluntary Action Plan (VAP) Alignment Work (2011-2013) and commenced discussion on a 6<sup>th</sup> VAP to manage the sub-committee's alignment from 2014-2016. The SCSC also contributed to discussion in the CTI on the review of the ARCAM process.

The **Sub-committee on Customs Procedures (SCCP)**'s work program for 2013 continued to focus on trade facilitation/supply chain connectivity, trade security and related enforcement matters. It advanced work on implementation of the SCFAP, AEO action plan and IPR border enforcement CAP item. The Sub-committee also enhanced private sector engagement in the SCCP. The Customs-Business Virtual Working Group (VWG), approved in 2012, was formally launched this year, with a mandate to enhance public-private coordination within the SCCP to jointly develop and progress SCCP priorities, including through the SCFAP. The VWG's core objective is to enhance the SCCP's capacity to contribute to secure trade while facilitating the legitimate movement of trade. The VWG met twice this year, first, a preparatory meeting on 28 January to discuss the goals, methods and next steps for implementation of the VWG and the second, on 18 June in the margins of SCCP2, prior to the Annual APEC Customs Business Dialogue. A voluntary steering group that would be responsible for driving the work and path forward was set up. The private sector members are working intersessionally to develop inputs/proposed projects that can best contribute to the group and to APEC.

For 2013, the **Intellectual Property Rights Experts' Group (IPEG)** undertook a range of activities and initiatives, including capacity programs in carrying out its IP-related work. The group met twice and continued discussions on issues related to the protection for geographical indications; practices of IPR protection in standardization; SMEs issues related to IPR; IPR protection and enforcement including counterfeiting and piracy issues. It approved an "APEC Work Sharing Statement" on Patent Acquisition Procedures that aims to contribute working sharing initiatives in the patent/innovation field, as far as practicable among APEC economies.

The work of the **Business Mobility Group (BMG)** is carried out in accordance with a set of business mobility goals developed by the group at the start of each year. For 2013, the agreed goals<sup>19</sup> included enhancing traveler facilitation and border integrity in the APEC region; making it easier and faster for people to travel to do business in the APEC region; and further enhancing the APEC Business Travel Card (ABTC) scheme. In terms of enhancements to the ABTC scheme, the BMG implemented reporting protocols for lost and stolen ABTCs; communication protocols for managing expedited cases in the ABTC scheme; and amended the ABTC Operating Framework, to give greater certainty to the remaining transitional members to assist in their internal efforts to secure the necessary investments to become full members. The Group welcomed Russia's full membership of the ABTC scheme from 1 June. It also finalised the Professional Immigration Standards and continued to update the Legal Infrastructure Standards to keep pace with developments in the immigration and border environment in the region. In addition, the group also enhanced its cooperation with other APEC working groups, such as the Counter-Terrorism Task Force (CTTF), the Sub-Committee on Customs Procedures (SCCP), and the Emergency Preparedness Working Group (EPWG), Tourism Working Group (TWG) to increase cross-group engagement and contributed, where appropriate, to cross-group initiatives such as APEC Travel Facilitation Initiative (TFI), Dialogue on Emergency Response Travel Facilitation (ERTF) and the High Level Dialogue on Travel Facilitation.

The **Electronic Commerce Steering Group (ECSG)**, supported by two sub-groups, the Data Privacy Sub-group (DPS) and the Paperless Trading Sub-group (PTS), helps coordinate APEC's e-commerce activities as set forth in the 1998 APEC Blueprint for Action on Electronic Commerce. For 2013, the group achieved a number of deliverables. Regarding the Cross-Border Privacy Rules (CBPR) system, Japan expressed its official interest to participate in it, following the US and Mexico. TRUSTe became the first accountability agent, and issued the first CBPR certification to IBM. For further development of data privacy issues, DPS has decided to engage in a stocktake of APEC Privacy Framework in 2014. PTS discussed the progress of on-going projects to provide e-solutions or electronic procedures and processes in cross-border trade, in order to save time and cut costs and uncertainties for firms and government agencies. These projects included the

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<sup>19</sup> See 2013/SOM1/BMG/002

following: Electronic Certificate Origin (ECO), e-negotiation, e-invoicing, e-SPS, archiving of e-documents and e-trade financing.

In the Plenary, ECSG noted the need to work more closely with the Committee on Trade and Investment (CTI), the Sub-Committee on Customs Procedures (SCCP), the Telecommunications and Information Working Group (TEL), and the Small and Medium Enterprise Working Group (SME) for the successful implementation of its goals and projects. It was decided that ECSG would do a stocktake/mapping exercise of the work the Steering Group has done to achieve the 1998 APEC Blueprint for Action on Electronic Commerce.

### Pathfinder Initiatives

In 2013, 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
<b>Trade and the Digital Economy</b>	United States	N/A (launched at Leaders level; CTI has oversight)	18	20
<b>Advance Passenger Information (API)</b>	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.
<b>E-Cert SPS</b>	Australia & New Zealand	ECSG	6	6
<b>Kyoto Pathfinder</b>	Australia	SCCP	15 participating in Part A; 8 participating in Parts A & B.	Has become a CAP in the SCCP.
<b>Mutual Recognition Arrangement of Conformity Assessment on Electrical and Electronic Equipment</b>	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.
<b>Electronic Certificates of Origin</b>	Korea and Chinese Taipei	ECSG	3	3 Chile, China, Malaysia Philippines, Thailand and Vietnam have indicated an interest to join in the pathfinder.
<b>Food MRA</b>	Thailand	SCSC	5	5
<b>Technology Choice Principles</b>	United States	CTI	N/A (adopted in 2006)	15
<b>Data Privacy</b>	Australia, Canada, & United States	ECSG	N/A (adopted in 2007)	16
<b>Self-Certification of Origin</b>	Australia, New Zealand, Singapore & United States	CTI	N/A (adopted in 2009)	9
<b>Facilitating Trade in Remanufactured Goods</b>	Japan & United States	MAG	N/A (adopted in 2011)	11
<b>APEC Baseline De Minimis Value</b>	United States	CTI/SCCP	NA (adopted in 2011)	10

## Industry Dialogues

### ***Automotive Dialogue***

The **Automotive Dialogue (AD)** met two times this year: 24-26 April in Yogyakarta and 16-18 September in Jakarta. The Automotive Dialogue (AD) continues to manage 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.

The AD's focus of work continues to support further regional integration of the automotive sector through more open trade and investment policies, and through trade liberalization achieved through bilateral and regional trade agreements. In particular, the Automotive Dialogue continued its work to support green car development, including the identification of government policies that facilitate regional trade and investment in sustainable automotive technologies. The AD organized the First APEC-AD Workshop on Green Car Development Facilitation. The workshop brought together industry experts and government policy makers to discuss green car development facilitation. In addition, the AD began work on a tax matrix that examines the relationships of various taxes and government support of green technologies that facilitate trade in the automobile industry. The AD worked to improve regulatory cooperation, especially in the development of new automotive regulations.

### ***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.

In 2013, 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 2013 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, information sharing on new areas such as nano-technology, the implementation of GHS for UVCBs, and metals. The CD agreed to explore possible contributions to the green economy and to the SCSC Good Regulatory Practice agenda. The CD conducted a five year review of priorities and updated the strategic framework to reflect work through 2013. The CD also continued to emphasize the integration of its work with the international chemicals agenda, including SAICM.

The CD Regulator's Forum updated its Regulatory Cooperation Action Plan through 2015 to further advance objectives, including facilitating risk reduction/management 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 Regulators Forum held a joint meeting with the OECD Clearing House for New Chemicals (OECD/CNC) and intends to continue this practice in the future.

The CD also further promoted the 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 and labelling, including successfully concluding work on providing industry guidance on the implementation of GHS for consumer products.

### ***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, the Asian Development Bank, and the World Bank. The LSIF had several major accomplishments this year.

In September the LSIF collaborated with the Health Working Group to organize the 3<sup>rd</sup> APEC High-Level Meeting (HLM) on Health & the Economy. The meeting was hosted by H.E. Nafsiah Mboi, Minister of Health, Indonesia. Nobel Laureate, Professor Kenneth Arrow set the scene with a keynote address on the contribution of health to economic development. Participants discussed key elements of a sustainable health care system, including universal care, health care financing, health workforce, and the innovations supporting a sustainable system including those to address key cost drivers such as NCDs, mental health, health care associated infections, and re-emergent infectious disease. LSIF contributed substantively to the meeting with its work in these areas and in regulatory convergence. The outcomes of the HLM demonstrated the importance of investment in health as a key plank of economic development.

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 LSIF collaborated with the Health Working Group on several policy dialogues which resulted variously in the development of a joint action plan to address mental health challenges; principles for public-private partnerships in infection control and a policy toolkit to address health care associated infections; and, the role of innovative safe and effective traditional medicines in health care systems. LSIF promoted innovation in two key areas: through the development of principles for the development of the innovative health and life sciences sector, and an initiative to establish a regional training center for the commercialization of medical life sciences innovations in the region. An emerging initiative on building capacity of the health workforce will be progressed in 2014. The LSIF has supported work in the Small and Medium Enterprises Working Group to implement the Mexico and Kuala Lumpur principles for ethical business practices in the biotherapeutic and medical device sectors respectively.

Illustrative of APEC's regulatory convergence and cooperation priorities, and in accordance with APEC Ministers' direction, the LSIF Regulatory Harmonization Steering Committee (RHSC) continued implementation of its multi-year strategic framework for achieving regulatory convergence for medical products (both devices and medicines) by 2020. LSIF significantly progressed work on ensuring the integrity of the medical products supply chain under its multi-year project through the acceleration of work in three priority areas of the Global Medical Products Quality and Supply Chain Integrity Road map. These are: promoting a harmonized standard for product coding and verification; closing illegal internet pharmacies; and, the development of a Single Point of Contact Network to combat the availability of Spurious, Substandard, Falsified, Falsely Labelled and Counterfeit (SSFFC) medical products. The RHSC also

agreed on the establishment of a regulatory sciences center of excellence in the region, and the first pilot is expected to be conducted in early 2014. 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 has completed a Biotherapeutics Roadmap.

## Section VI: CTI's Contribution to APEC-Wide and Cross-cutting Initiatives/Mandates

This chapter provides an overview of CTI activities in 2013 that responded to APEC-wide and cross-cutting priorities.

### Support for the Multilateral Trading System

The CTI and its sub-fora continued to exchange views during the meetings on possible contributions they could make in support of the WTO and the 9<sup>th</sup> WTO Ministerial Conference (MC9) in Bali in December. CTI reiterated its support towards the drafting of appropriate APEC statements on the WTO DDA negotiations ahead of MC9.

CTI noted the importance of advancing the negotiations on expanding the product coverage of the WTO Information Technology Agreement (ITA) in response to AELM and AMM instructions from Vladivostok. CTI welcomed the outcomes of the Workshop on Advancement of Information Technology Products held on 20-21 June in Kuala Lumpur, Malaysia.

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

SUB-FORA	WORK UNDERTAKEN
<b>Market Access Group (MAG)</b>	<p>MAG monitored the developments in on-going negotiations of the WTO Information Technology Agreement (ITA). It took note of the policy brief prepared by the PSU on the ITA expansion.</p> <p>MAG held a Workshop on Advancement of Information Technology Products on 20-21 June in Kuala Lumpur, Malaysia. This workshop was intended to bring together experts, companies and interested stakeholders of information technology industry such as the manufacturers and its related SMEs and R&amp;D teams of IT products. The objectives of workshop were to: (i) Increase awareness among developing APEC economies particularly officials related to border issues of advanced IT products on Information Technology Agreement (ITA), the evolution of IT products technology and consumer electronics, multi-functionalities/technologies and technology pathways; (ii) Enhance understanding for APEC economies to support on-going negotiations to expand the scope of products covered by the ITA; and (iii) Address challenges and propose solutions to facilitate the trade of IT products in light of the constant evolution in IT products. The workshop also provided a platform among APEC members to share their best practices on the customs implementation issues related to IT products as well as discuss, in an objective manner, the potential issues which may arise in relation to the trade in IT products.</p>
<b>Group on Services (GOS)</b>	<p>GOS monitored the developments in the WTO negotiations and noted the importance to pursue and support the services negotiations at WTO. It also noted the on-going Trade in Services Agreement (TISA) negotiation.</p> <p>GOS also received a briefing by PECC on the current initiative undertaken by the International Centre for Trade and Sustainable Development (ICTSD), Geneva to assist the LDCs on its request.</p>
<b>Sub-committee on Standards and Conformance (SCSC)</b>	<p>SCSC continued to monitor developments within the WTO Committees on the TBT and SPS and discuss implementation issues. It also advanced work to strengthen implementation of the WTO agreements on technical barriers to trade and sanitary and phyto-sanitary measures (SPS and TBT agreements) through several of its</p>

SUB-FORA	WORK UNDERTAKEN
	<p>projects e.g. “Action Plan on Best Regulatory Practices in APEC economies” and “Good Regulatory Practices Online Database”.</p> <p>SCSC implemented a Multilateral Recognition Arrangement (MLA) Enhancement Project on Product Certification (ISO IEC 17065:2012). The project was aimed at building the capacity of APEC economies to participate in the Pacific Accreditation Cooperation (PAC)-MLA for product certification as well as to improve capacities of certification and accreditation bodies on product certification. Two workshops were conducted for certification body management staff (23-35 April) and accreditation body assessors (27-29 June).</p> <p>SCSC commenced implementation of the APEC project on the Creation of APEC Guidelines on Standards Infrastructure Establishment. The project is aimed at developing APEC guidelines on standards infrastructure establishment based on data collection from a survey and results of the workshop held in Medan on 23 June. A summary of the final report will be presented at SCSC1, 2014.</p>
<b>Sub-committee on Customs Procedures (SCCP)</b>	SCCP continued to engage the WCO to participate in SCCP meetings and events as an official guest as well as to strengthen the sharing of information between SCCP and WCO.
<b>Intellectual Property Rights Experts Group (IPEG)</b>	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 work to ensure complementarities and links between the two committees were strengthened. They continued to attend each other’s 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).

### Top Barriers to Trade Facing SMEs

- In 2013, both CTI and SMEWG continued to implement initiatives and consider other further work to address the list of barriers facing small and medium-sized enterprises (SMEs) in trading in the region identified and endorsed at the Joint MRT-SME Ministers Meeting in Big Sky Montana in 2011.
  - Barrier #5: *Customs clearance delays caused by difficulties in navigating overly complex customs requirements and documentation*
    - Completed in 2012.
  - 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 expansion phase, Phase 3 is completed. The database, an online tool, now includes information on all APEC economies along with regulatory information on trade and investment in three new services sectors, namely: education, distribution (retail and wholesale) and computer and related services. The existence of the database is being promoted as a resource for

businesses across the region including through an enhancement of the website with video demonstration of Database functionality.

- *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 volunteer 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 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. Work to make the information more user-friendly and easier to use by SMEs is completed. Discussions on how the scope of the proposal could be broadened are on-going.

#### *Streamlining and Improving Overall Operation*

Following the instructions of SOM2 for the CTI to explore how it might streamline, consolidate and prioritise its agenda, CTI discussed a proposal on streamlining CTI sub-fora. Members responded positively to the proposal and agreed to reduce the frequency in the meetings of relevant CTI sub-fora to two times a year starting from 2014 (the operation of sub-fora with reduced frequency will be reviewed after two years). CTI also agreed to undertake a review of the effectiveness and efficiency of existing sub-fora and tasked the APEC Secretariat to compile information outlined in the agreed proposal<sup>20</sup> intersessionally for review at CTI1, 2014.

#### *APEC Travel Facilitation Initiative (TFI)*

CTI and two of its sub-fora, namely the BMG and SCCP, are part of the Steering Council that was set up in 2012 to advance the APEC Travel Facilitation Initiative (TFI). For 2013, the TFI is focusing on six areas: airport partnership; APEC business travel card; trusted traveler; facilitation of air passenger security screening; advanced passenger information; and checked baggage facilitation. The BMG worked closely with the Steering Council and relevant APEC groups on the work programs concerning: identifying characteristics of trusted traveller programs and challenges in implementing advance passenger information (API) systems, including other passenger data sources such as Passenger Name Record (PNR). SCCP members also participated in activities that would contribute to the implementation of the TFI such as the trusted traveller programs and the questionnaire led by Indonesia on the initiative "Implementation of PNRGOV Standard Message for International Flights among Airlines of APEC Members".

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<sup>20</sup> See 2013/CSOM/028

Both the BMG and SCCP also worked in collaboration with the Emergency Preparedness Working Group (EPWG) and participated in its survey in relation to Emergency Response Travel Facilitation for Personnel and Equipment in Asia-Pacific Region in Times of Disaster and participated in the Policy Dialogue on Emergency Response Travel Facilitation (ERTF) on 1 February. The objective of Dialogue was to create a common understanding on the importance of ERTF initiative as well as to identify opportunities and challenges for future work.

#### Other APEC Cross-cutting Initiatives

CTI and its relevant sub-fora contributed and provided support, where appropriate, to the development of (i) APEC Multi-Year Plan on Infrastructure Development and Investment; (ii) APEC Framework on Connectivity and (iii) Work Plan on Promoting Cross-Border Education Cooperation.

In particular, with regard to the APEC framework on connectivity, the IEG completed a self-funded Guidebook on Public-Private Partnership (PPP) Frameworks in APEC Region, covering information on policies, administration and procedure that will be required in handling PPP projects in the APEC region.

GOS provided inputs to the SOM-level Work Plan on Promoting Cross-Border Education Cooperation. The projects in this work plan take forward the instructions of Annex D of the 2012 APEC Leaders' Declaration to develop cross-border educational cooperation in the region, while taking into consideration the circumstances of individual economies, and also the statement by Ministers Responsible for Trade in April 2013. The work plan is a "living document" and will be added to, updated and adjusted on a regular basis, under the guidance of APEC Senior Officials.

CTI also provided inputs to WG1 of the APEC Policy Partnership on Food Security (PPFS), informing it of CTI work/activities that are relevant to the PPFS.

## Section VII: 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 2013, the Committee continued to engage with ABAC as the key voice of the business community in the APEC process. The CTI Chair attended an ABAC 2013 meeting 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 2012 recommendations as outlined in the following table:

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

ABAC 2012 RECOMMENDATION <sup>21</sup>	CTI/SUB-FORA RESPONSE
<p><b>Accelerating trade and investment liberalization: Enhancing pathways to the Free Trade Area of the Asia-Pacific (FTAAP)</b></p> <p>ABAC is committed to the goal of establishing a Free Trade Area of the Asia-Pacific (FTAAP). ABAC has been encouraged by recent progress in some possible pathways to FTAAP, including the Trans Pacific Partnership and the Regional Comprehensive Economic Partnership. ABAC is keen that all pathways to FTAAP should reflect key principles of inclusiveness, transparency and comprehensiveness. These instruments should be open to APEC economies which can meet the specific standards associated with the initiatives and should cover all sectors, goods, services and investment, as well as next generation trade and investment issues.</p> <p>Given that there are only a few years before APEC economies reach the Bogor Goals of regional free trade and investment in 2020, it would be useful for the ambition and timetables of the various pathways towards regional economic integration to be more coherently laid out.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Ensure that substantive progress continues to be made towards FTAAP as a means for achieving regional economic integration and the Bogor Goals of free and open trade and investment in the region.</li> <li>• Urge the broadest possible participation in pathway to FTAAP initiatives among APEC economies that can meet the standards set for each agreement, and support capacity building</li> </ul>	<p>In support of one of APEC 2013 Priorities, Attaining the Bogor Goals, the CTI will continue to discuss proposals to address outstanding tariff, non-tariff and other "behind-the-border" barriers, including those identified in the 2012 IAPs and the PSU Bogor Goals Progress Report 2012.</p> <p>CTI discussed a proposal for work on non-tariff measures (NTMs) and as part of the proposal, CTI received presentations from the WTO on the Integrated Trade Information Portal (i-TIP), a database containing information on certain NTMs, and from the Policy Support Unit (PSU) on a literature review of recent international work on NTMs. At CTI2, CTI agreed that the PSU should undertake further research and analytical work on the use of NTMs in the region. At CTI3, it received a briefing from PSU on the progress of research and analytical work. The final report, due in the first quarter of 2014, will cover trade impacts and strategies that have been adopted to ensure NTMs facilitate rather than restrict trade, whilst supporting legitimate policy objectives.</p> <p>CTI agreed to the public release of the PSU's updated Bogor Goals Dashboard of Indicators. CTI also agreed to the timeline for preparation and submission of IAPs in 2014, as provided for in the Bogor Goals Progress Report Guidelines adopted in 2011.</p> <p>CTI held a Workshop on Attaining the Bogor Goals that ensures Equitable Benefits of Liberalisation in</p>

<sup>21</sup> Extracted from 2012 ABAC Report to APEC Economic Leaders (Executive Summary and Main Report)

ABAC 2012 RECOMMENDATION <sup>21</sup>	CTI/SUB-FORA RESPONSE
<p>in this area including the implementation of the action plan framework on Capacity Building Needs Initiative.</p> <ul style="list-style-type: none"> <li>• Continue to identify, investigate and incorporate “next generation” trade and investment issues in free trade agreements. <ul style="list-style-type: none"> <li>- Address in a systematic fashion next generation issues put forward by ABAC in 2011, in particular: comprehensive tariff elimination; further liberalization of services; flexible rules of origin and trade facilitation measures such as supply chain connectivity, innovation and trade single window and paperless trading; investment policy; regulatory coherence; government procurement; competition policy; digital economy issues and measures aimed at fostering innovation, including the scope of intellectual property rights.</li> </ul> </li> </ul>	<p>Medan on 30 June in the margins of SOM3. At CTI3, member economies discussed some issues arising from the report, and put forward some specific ideas, which included amongst others, importance of the IAP reporting process; possible addition of new indicators to the PSU’s dashboard of indicators; the need for further work on services and investment restrictions, trade restrictive non-tariff measures, structural reform and regulatory cooperation; the importance of integrating APEC’s ‘connectivity’ agenda into the Bogor Goals of free and open trade and investment; and improving coordination and coherence between APEC economy FTA/RTA negotiations.</p> <p>CTI continues to implement the <i>Action Plan Framework for the REI Capacity Building Needs Initiative (CBNI)</i> adopted in 2012. Since then, several workshops have been conducted on various areas:</p> <ul style="list-style-type: none"> <li>• 2012: FTA Rules of Origin; FTA Implementation and Outreach; Building and Enhancing Capacities to Participate in FTA-related Environment Negotiations; and FTA Negotiation Skills on SPS.</li> <li>• 2013: Building and Enhancing FTA Negotiations on E-Commerce; Negotiating Labour Provisions in FTA.</li> </ul> <p>Preparations for additional workshops in the areas of scheduling of services and investment commitments in FTAs; dispute settle proceedings; safeguards and government procurement are underway and consideration is also being given to areas such as intellectual property and on preparations for FTA negotiations.</p> <p><i>On Next Generation Trade and Investment Issues</i>, CTI adopted a work plan to guide its work in 2013 in response to APEC Economic Leaders’ instructions from November 2011 and September 2012. An issues paper on SMEs participation in global production chains was prepared by the PSU for members’ discussion at CTI1. The paper reviews available studies relating to SMEs’ participation in the global production chains, and suggests a possible way forward for APEC to facilitate SMEs’ participation through relevant policy initiatives. The CTI also examined case studies, prepared by the PSU, on the supply chains for the electrical and electronics industries in the APEC region. Obstacles affecting the flow of these supply chains and areas where APEC can help to improve their operation and flow were identified. The report, published in July 2013, was presented at CTI3 and during the 2013 APEC Study Centre Conference in (Jakarta, 26-27 July 2013). With regard to the work on the 2011 Leaders’ commitments on promoting effective, non-</p>

ABAC 2012 RECOMMENDATION <sup>21</sup>	CTI/SUB-FORA RESPONSE
	<p>discriminatory, market-driven innovation policy, an APEC Conference on Innovation and Trade: Implementation Practices was held on 29 June in Medan. Discussions are on-going to finalize APEC Innovation and Trade Implementation Practices as a way to provide practical assistance to APEC economies in implementing their commitments.</p> <p>To take forward Ministers' instructions from AMM 2012, a trade policy dialogue was on 12 April in Surabaya to help economies to better understand the effects of local content requirements (LCRs) on trade and investment and economic growth in the region. CTI exchanged views/perspectives on alternative policies and measures to LCRs and agreed on APEC Best Practices to Create Jobs and Increase Competitiveness.</p>
<p><b>Accelerating Trade and Investment Liberalization: Strengthening regulatory coherence</b></p> <p>Regulatory coherence was a major focus for APEC and ABAC in 2011 and remains a key challenge in many areas of interest from the services sector to supply chains. In recent years, there has been an emerging recognition of the behind-border issues that tackle unnecessary non-tariff barriers to free trade and investment. Non-tariff barriers relate to the standards and qualifications set by government at the domestic level. Regulatory coherence aims to ease the trade impediments faced by local businesses. Enhancing regulatory cooperation within APEC economies will lower the costs of doing business, shorten supply chains and help achieve a seamless commercial environment.</p> <p>More than just the harmonization of regulations, regulatory coherence is about improving the process by which economies develop regulations, develop best practices, and find common standards acceptable to multiple economies. It leads to better regulation that is effective and least market-distorting. Regulatory coherence is about competitiveness and creating an optimal regulatory environment that allows the market to be more open and innovative. Building on the principles of regulatory coherence advocated by ABAC last year, ABAC developed a Strategic Framework for Regulatory Coherence in APEC, which highlighted the commercial impact of regulatory coherence on the private sector. ABAC also participated in a regulatory coherence workshop on the margins of First APEC Senior Officials' Meeting (SOM I) in Moscow and shared the framework with APEC officials.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Support a framework approach to regulatory</li> </ul>	<p>As noted in Section III above, CTI's contributions on strengthening regulatory coherence include its implementation of the APEC Regulatory Cooperation Advancement Mechanism on Trade Related Standards and Technical Regulations (ARCAM) and the work of its sub-fora such as SCSC, CD and LSIF.</p> <p>In 2013, CTI reviewed the ARCAM process and agreed to change it to a two-year cycle. It also agreed that the 2014 ARCAM Dialogue will address issues related to electric vehicles.</p> <p>For details on the work of the CTI and relevant sub-fora that contributes to strengthening regulatory coherence, please refer to Section III.</p>

ABAC 2012 RECOMMENDATION <sup>21</sup>	CTI/SUB-FORA RESPONSE
<p>coherence that incorporates the following characteristics:</p> <ul style="list-style-type: none"> <li>- Support efforts that more closely align APEC economies' regulations with global best practices by promoting international standards as the basis for domestic regulation and utilizing performance-based rather than prescriptive-based regulations.</li> <li>- Design regulatory institutions that promote trade-friendly regulations and increase domestic and regional coordination through strengthening internal (domestic) and regional cooperation as well as addressing unnecessary costs of regulation.</li> <li>- Implement regulatory impact assessments to mitigate the negative impact of regulations on commerce.</li> <li>- Strengthen public-private cooperation through the use of consultation mechanisms to enhance accountability, promote mutual learning, and encourage best practices.</li> <li>- Create fair and consistent enforcement mechanisms to promote transparency, equity, and stability.</li> <li>- Improve efficiency by identifying alternatives to regulation that offer administrative simplicity, flexibility, efficiency, certainty and equity.</li> </ul>	
<p><b>Initiating a New Services Agenda</b></p> <p>As noted in ABAC's 2011 report "Understanding Services at the Heart of a Competitive Economy", APEC needs to seize the opportunities to expand services trade, as this sector makes a stronger contribution to economic growth than any other. Services constitute more than 50 percent on average of APEC members' gross domestic product (GDP) and generate more than 60 percent of regional jobs. Therefore, the definition of a new services liberalization and facilitation agenda is a major issue for APEC, particularly given the impasse in the WTO and the rather small gains that would be realized from the Doha Round. In ABAC's view, APEC economies should be improving data collection on services sectors and identifying best practice in terms of services regulation.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> <li>• Launch a new and dedicated initiative specifically aimed at liberalizing and facilitating regional services trade and investment.</li> <li>• Commission an APEC-led tripartite group of services experts, comprising business people, government officials and regulators and the knowledge community from academia and</li> </ul>	<p>The ABAC-PECC Public-Private Dialogue on Services took place on 17 April in Surabaya, Indonesia. As follow up, CTI was tasked to discuss the recommendations at CTI3. CTI welcomed the intention of ABAC, PECC to convene a similar dialogue in 2014 and expressed an interest in further engagement with ABAC and PECC on the development of the themes and agenda for the dialogue.</p> <p>GOS has completed Phase III of the APEC Services Trade Access Requirements (STAR) database. The database now includes information on the requirements for trade and investment in all APEC economies for up to eight service sectors, namely, financial; mining and energy; professional; telecommunications; transport and logistics; education services; distribution services (retail and wholesale); and computer and related services. Ways to further promote the existence of the database as a resource for businesses across the region including through an enhancement of the website with video demonstrations of the database functionality were being explored.</p> <p>GOS held a Workshop on Measuring Services Trade</p>

ABAC 2012 RECOMMENDATION <sup>21</sup>	CTI/SUB-FORA RESPONSE
<p>think tanks to international organizations, to take a “back to basics” look at how to improve the global governance of services trade and investment and make recommendations accordingly.</p> <ul style="list-style-type: none"> <li>Commit to improve, in collaboration with relevant international organizations, the region’s official statistics on services.</li> </ul>	<p>- Statistical Capacity Building and Networking on 25-26 June 2013 with the aim of building the knowledge base and technical capacity of APEC economies to compile, analyze and present services trade data; and improve the availability of data relating to services trade in the APEC region.</p> <p>GOS embarked on a project that aims to improve understanding on the SMEs’ role in supply chain connectivity through retailing. A workshop was held in Surabaya in April 2013 to identify the requirements for successful integration of SME retailers into global supply chains.</p> <p>GOS received a report on the outcome of the self-funded APEC Symposium on "Facilitating best practice policies for trade and investment in financial services", held in Singapore on 27-28 November 2012. The symposium brought together business representatives, regulators and academics to discuss and identify good practices to in adopting and maintaining open and transparent financial services sectors. The outcomes of the workshop, including good practices for facilitating trade and investment in financial services that were identified at the workshop, will be finalised intersessionally by the GOS.</p> <p>GOS helped to arrange a self-funded Symposium on good practice policy and regulation in facilitating in trade and investment in cross-border education services on 20-21 August 2013 in Kuala Lumpur. The Symposium brought together business representatives, regulators and trade and financial services policy officials and academics to share national experiences and discuss and identify good practice regulatory approaches and practices for facilitating trade and investment in this sector. A report on the outcomes, including good practice principles identified and discussed during the Symposium, will be circulated ahead of GOS1 in 2014.</p>
<p><b>Initiating a New Services Agenda: <i>Expanding the Information Technology Agreement</i></b></p> <p>The WTO Information Technology Agreement (ITA) contributed significantly to the development of trade, economic growth and further technological progress globally over the past 15 years, but it has not been reviewed and consequently, product coverage has not changed since 1997. In the Honolulu Declaration of November 2011, APEC Leaders agreed to play a leadership role in the launching of negotiations to expand the product coverage and membership of the ITA. In the 2012 MRT Statement in Kazan, Russian Federation, Ministers highlighted the importance of this issue.</p>	<p>MAG continues to monitor developments in on-going negotiations of the WTO Information Technology Agreement (ITA).</p> <p>MAG had a discussion on ITA expansion at MAG2 in Surabaya, supported by a draft policy brief prepared by the PSU on the topic. The policy brief, highlighting the importance of an expanded ITA and how APEC can play a leading role in that process, particularly in the lead up to WTO MC9, was published in May 2013.</p>

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<p>ABAC also welcomes recent developments in Geneva on the ITA. To facilitate and encourage further development in innovation in the area of information and communications technology (ICT) and the trade of ICT goods, it is necessary to expand the product coverage and membership of the ITA. Furthermore, an efficient mechanism should be developed so that ITA product coverage reflects technological progress.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Promote early and meaningful conclusion of a negotiation to expand product coverage of the ITA at the WTO.</li> <li>• Support efforts to increase the number of participating members in the ITA as well as develop a mechanism to ensure the ITA always reflects technological progress in the ICT area.</li> </ul>	<p>MAG organized a Workshop on the <i>Advancement of ITA products</i> in Kuala Lumpur, Malaysia on 20-21 June 2013. The workshop aimed to increase awareness among developing APEC economies of trade-related issues relating to advanced IT products on ITA, the evolution of IT products technology and consumer electronics, multi-functionalities/technologies and technology pathways.</p>
<p><b>Initiating a New Services Agenda: <i>Improving business mobility and facilitating regional air travel</i></b></p> <p>The APEC business community has long regarded the APEC Business Travel Card (ABTC) as one of the most significant and material business facilitation initiatives in the region and appreciates the APEC Business Mobility Group's and individual economies' continuing efforts to improve the operation of the ABTC. Yet, business is encountering increasing difficulties when applying for or renewing the card. ABAC therefore urges APEC economies to commit to the full and smooth operation of the ABTC. ABAC welcomes the proposed APEC Travel Facilitation Initiative and strongly endorses the attempt to develop a more broadly-based strategy to ease and simplify the challenges and stresses that so often accompany the process of regional air travel.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Encourage ABTC transitional economies to accelerate efforts towards complete membership status, including the issuance of cards.</li> <li>• Improve the operation of the ABTC by expediting the process of issuing without prejudice, simplifying the renewal process, improving online services, and ensuring recognition of ABTC at the borders by providing clearly marked ABTC priority lanes.</li> </ul>	<p>On 1 June 2013, Russia officially joined the ABTC scheme. As a fully participating member, Russia now permits ABTC card-holders from other APEC economies to enter its borders without a visa if approved for Russian pre-clearance. Russian citizens are also eligible to apply for the card to enjoy facilitated entry into 18 other participating APEC economies without having to separately apply for visas. Those applying for APEC Business Travel Cards after 1 June 2013 will have their pre-clearance request go to Russia for consideration. Existing card holders or those who applied for a card before 1 June 2013 who seek pre-clearance into Russia must submit the request to their home APEC economy before it is forwarded to Russia. If approved, cardholders would require the issuance of a new card with "RUS" inscribed on the back.</p> <p>To support the ABTC Scheme and facilitation of business travellers generally, the BMG continues to work on promoting regulatory cooperation and convergence by finalizing its review of Professional Immigration Standards, continuing its review of Legal Infrastructure Standards, and encouraging self-assessment against the APEC Best Practice Border Capabilities Model for Air Travel.</p> <p>The BMG also agreed on other measures that would make travel in the region faster, easier and more secure. These included:</p> <ul style="list-style-type: none"> <li>• Implementation of reporting arrangements to BMG of border trials where ABTC holders are facilitated through automated border clearance systems; and</li> </ul>

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	<ul style="list-style-type: none"> <li>• Implementing reporting protocols for lost and stolen ABTCs and accompanying website information for ABTC holders.</li> </ul> <p>The BMG developed and received approval for a single year APEC project to examine the ABTC's scheme's end-to-end business processes. The project will identify opportunities for enhancements, including opportunities around on-line lodgement, expedited decision-making and improvements to processing times. Work under the project is expected to commence in end-2013.</p> <p>With regard to cross-group initiatives such as APEC Travel Facilitation Initiative (TFI) and the Dialogue on Emergency Response Travel Facilitation (ERTF), the BMG is looking to enhance its cooperation with the Counter-Terrorism Task Force (CTTF), the Sub-Committee on Customs Procedures (SCCP), and the Emergency Preparedness Working Group (EPWG), and Tourism Working Group (TWG) in identity related issues.</p> <p>As part of the 2013 review of the BMG Client Service Framework, each responding economy noted full compliance in respect of ensuring recognition of ABTC at the borders by providing clearly marked ABTC priority lanes.</p>
<p><b>Enhancing Supply Chain Connectivity</b></p> <p>ABAC applauds APEC's efforts over several years to enhance competitiveness in the region by making it easier, cheaper and faster to conduct trade in goods and services across borders. However, there is much more to be done to improve regional supply chains, as demonstrated in the 2011 USC Marshall School of Business report for ABAC entitled "APEC Supply Chains: Identifying Opportunities for Improvement". Removing supply chain inefficiencies behind borders, at borders and across borders will bring real benefits to APEC in terms of increased trade.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Expand APEC's role in coordinating the sharing of supply chain best practice information. APEC is home to best-in-the-world supply chains; both within firms and at economy level. The Marshall School study identified where best practices exist in APEC for each component of the supply chain.</li> <li>• Adopt a holistic and coordinated approach to implementing APEC's Supply-Chain Connectivity Framework Initiative Action Plan through the identification of policies affecting supply chain connectivity in the region and targeted capacity building to accelerate progress towards the</li> </ul>	<p>CTI adopted a work plan at CTI1 in February to progress the Supply-chain Connectivity Framework Action Plan (SCFAP). Recognizing the activities in the action plans were either completed, underway or close to completion, CTI noted the need to do more if economies are to fulfil the commitment of an APEC-wide target of a ten percent improvement in supply-chain performance by 2015, in terms of reduction of time, cost and uncertainty.</p> <p>With assistance of the PSU, an interim assessment of the implementation of the SCFAP through the measurement framework agreed in 2012 was undertaken and completed in 2013. CTI endorsed the 2013 interim assessment report at CTI2 held on 13-14 April in Surabaya. The report highlighted that while progress had been made in the overall performance of supply chain transactions towards a region-wide target of improving supply chain performance by 10 percent by 2015, the mid-term progress is below the pro-rata benchmarks. The report recommended that member economies, among others, redouble efforts to reduce the time, costs, and uncertainty of supply chain performance.</p> <p>CTI made further progress in advancing work on the systematic approach to improving supply chain performance as agreed by APEC leaders in</p>

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<p>APEC Leaders' goal of achieving an APEC-wide target of a 10 percent improvement in supply-chain performance by 2015, in terms of reduction of time, cost, and uncertainty of moving goods and services throughout the Asia-Pacific region, taking into consideration individual economies' circumstances.</p> <ul style="list-style-type: none"> <li>• Take full account of growing opportunities and long-term benefits offered by a wider use of alternative transportation routes between the Asia-Pacific region and the rest of the world, as a result of the implementation of domestic and international transportation infrastructure improvement projects.</li> <li>• Consider developing lists of transportation infrastructure improvement projects in each economy that are open to the involvement of foreign investment and technology partners from APEC economies, including through the establishment of international public-private partnerships.</li> <li>• Support cross-border data flows for goods and services supply chains. International trade relies on a seamless commercial environment that allows for uninterrupted data flows across borders facilitating the movement of trade. Growth in the complexity and volume of global supply chains means that companies with locations all over the world need to be able to move supporting trade-related information across borders in order to efficiently and cost effectively deliver a business result. Lack of coherence and transparency in the application of regulations in cross-border data flows are a significant concern to the private sector. ABAC encourages APEC regulatory authorities to engage in best practices in the movement of data supporting trade, and to work in parallel with regional data privacy initiatives to ensure that they reflect the principle of free flow of trade-related data across borders.</li> <li>• Improve the granularity of supply chain data. Better data collection by both business and government would allow the creation of a stronger business case for policy change.</li> <li>• Accelerate harmonization efforts in customs requirements and procedures across APEC, including the single window concept and standardized codes for marking and tracking goods. A wider use of integrated satellite navigation systems like Glonass/GPS might be beneficial in this regard. Improved customs clearance times will have significant impacts on</li> </ul>	<p>Vladivostok for all 8 chokepoints. CTI finalised the inventories of specific policy recommendations for each chokepoint as part of this systematic approach.</p> <p>CTI discussed ABAC's proposal on global data standards and received presentations from ABAC, GS1 on how global product data standards could be used to address supply chain connectivity and complexity challenges. CTI also received a presentation a WCO representative on their recent study on correlation between HS and other code systems. CTI also discussed a non-paper on mainstreaming global data standards into the SCFAP. CTI agreed to encourage SCFAP chokepoint lead economies to explore/collect tools and methodologies that can help economies implement the policy recommendations in the inventories so as to facilitate the implementation of APEC's supply chain performance capacity building efforts.</p> <p>SCCP continued with the implementing the proposed actions to address the Chokepoints related to Custom procedures as identified in the SCFAP. It agreed to continue working on the development of Single Window in each economy by 2020 and accelerate seamless data sharing between/among Single Window systems. It will also continue working intersessionally on the Guidelines for Transit to address chokepoint 8.</p>

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<p>competitiveness and GDP.</p> <ul style="list-style-type: none"> <li>• Expand APEC’s role in the leadership, governance and oversight of standardization initiatives within supply chains. Standardization has broad positive economic consequences. Improved standardization will impact multiple chokepoints including transparency, documentation, customs efficiency, and customs transit arrangements.</li> <li>• Provide capacity building and develop APEC-wide “model measures/ model protocols” for information and communications technology systems as well as information platforms for logistics for SMMEs. The adoption of compatible IT online systems for all parts of the supply chain by all economies in APEC will improve the region’s economic competitiveness. Adopting compatible systems will “force” coordination among government agencies with responsibility for supply chain activities. <ul style="list-style-type: none"> <li>- Explore how new digital technologies, in particular a widening range of practical services deliverable remotely by means of cloud computing technologies, can be developed to lower and simplify the transaction costs of international trade and investment, and enhance access by SMMEs to international trade and investment opportunities. Regulations related to data privacy, processing and security should be developed in a manner that facilitates the adoption of these new technologies.</li> </ul> </li> <li>• Keep the focus on non-tariff barriers (NTBs). APEC must encourage increased transparency by all economies for non- tariff measures (NTM) requirements. APEC must create opportunities for economies to discuss new emerging industry and NGO-initiated NTMs. APEC must produce model measures for all new emerging NTMs. Establishing APEC-wide standards for all NTMs, and procedures for testing and compliance, will greatly reduce cost of NTBs.</li> </ul>	
<p><b>Strengthening Food Security</b></p> <p>ABAC applauds the creation of the APEC Policy Partnership on Food Security (PPFS) and the Kazan Declaration adopted at the Second APEC Ministerial Meeting on Food Security this year. ABAC envisions PPFS to be the focal point for developing and implementing food security policy for the APEC region. ABAC’s recommendations on food security include: establishment of technology dissemination centers in APEC economies in the agri-food sector; development of a regional strategic investment plan</p>	<p>The SCSC undertook several activities on food safety in 2013 under the auspices of the APEC Food Safety Cooperation Forum (FSCF). It commenced implementation of a Multi- Year Project on Building Convergence in Food Safety Standards and Regulatory Systems. The 4<sup>th</sup> FSFC Meeting was held in Surabaya, Indonesia in April. Prior to the FSCF meeting, the Workshop on Educating SMEs on Food Safety Standards, the FSCF PTIN Steering Group and World Bank Risk Assessment, and the Workshop on</p>

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<p>to promote investment in the sector; collaboration with the APEC Food Safety Forum in standard-setting for food safety; development of a unified methodology for assessing post-harvest losses; designing a framework for the development of food market infrastructure to minimize food losses during storage and transportation; and improvement of global food market transparency through cooperation with the G20.</p>	<p>Food Safety Incident Network were held in April 2013 in Surabaya, Indonesia.</p>
<p><b>Promote Trade in Environmental Goods and Services</b></p> <p>ABAC urges APEC economies to implement the Honolulu Declaration where Leaders agreed to work to develop in 2012 an APEC list of environmental goods and services (EGS) for which to reduce, by the end of 2015, applied tariff rates to 5 percent or less.</p>	<p>CTI emphasized the importance of economies planning to implement the APEC List of 54 Environmental Goods by the end-2015. CTI agreed to a proposal to develop Capacity Building Activities to assist the implementation of APEC's EG commitments. A survey has been developed to help identify economies' specific capacity building needs related to reducing tariffs on the products in the EG list. The survey was circulated to CTI members intersessionally for their response.</p> <p>CTI agreed to a proposal on Public-Private Partnership (PPP) on EGS that would provide a platform for industry representatives and government officials to carry out dialogue on issues related to EGS trade and investment with a view to increasing understanding, experience-sharing, facilitating trade and investment and preventing trade frictions. The first PPP dialogue focusing on renewable and clean energy trade and investment is being planned for 2014 in China.</p>
<p><b>Improving the investment environment for infrastructure projects</b></p> <p>The development of robust legal frameworks for PPPs will provide transparency and predictability for investments in specific infrastructure projects. However, to maximize their utility, these mechanisms must be developed in the context of a broader regulatory environment that promotes foreign direct investment. The Organization for Economic Cooperation and Development estimates that global infrastructure needs will top US\$70 trillion by 2030. This implies a competitive environment for attracting investment capital. To ensure that APEC economies are able to attract sufficient capital, ABAC recommends that APEC work to improve the investment environment through the adoption of strong investment principles and implementation of measures to facilitate investment. As many large-scale infrastructure projects involve active participation by governments, robust government procurement processes should be established to ensure the</p>	<p>IEG, assisted by the PSU, completed a project in March 2013 on describing IFAP's implementation progress based on voluntary information submitted by economies as well as from relevant secondary data or information.</p> <p>IEG held a Public- Private Dialogue on Investment – Corporate Social Responsibility (CSR) for Local Communities in February 2013 in Jakarta. The outcomes and recommendations from the Dialogue were approved at CTI2/SOM2. China, as APEC 2014 Host, would hold the next PPD in China.</p> <p>A self-funded Guidebook on Public-Private Partnership (PPP) Frameworks in APEC Region, covering information on policies, administration and procedure that will be required in handling PPP projects in the APEC region was completed in the IEG.</p>

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<p>effective allocation of resources.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Revitalize the Investment Facilitation Action Plan by collaborating with the private sector to identify key barriers to investment and establish a process for benchmarking and measuring progress in improving the investment environment in APEC economies.</li> <li>• Reaffirm the importance of moving quickly towards APEC-wide adoption of common, high-quality investment disciplines and ensure such disciplines are included in negotiations establishing pathways to free trade and investment in the region.</li> <li>• Establish transparent, predictable and non-discriminatory government procurement processes that account for lifecycle costs to ensure effective allocation of government resources.</li> </ul>	