APEC Committee on Trade and Investment 2015
Annual Report to Ministers
Dear Ministers

I am pleased to present to you the APEC Committee on Trade and Investment (CTI) 2015 Annual Report for your review and endorsement.

Over the last year, the CTI has made good 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:

- acceptance of the Agreement on Trade Facilitation by 11 APEC economies;
- launch of the APEC Trade Repository, a one-stop, online source of APEC economy trade information, which will particularly benefit SMEs seeking to access export markets;
- study and a trade policy dialogue on promoting products contributing to sustainable and inclusive growth through rural development and poverty alleviation;
- actions to advance the Free Trade Area of the Asia-Pacific (FTAAP), including commencement of drafting of the collective strategic study on issues related to the realization of the FTAAP (based on agreed terms of reference), ongoing capacity building for officials on topics included in modern, comprehensive FTAs/FTAs; and information sharing on FTA/RTA outcomes of APEC economies with a view to building support for a comprehensive, high quality FTAAP;
- activities to strengthen cooperation on Global Value Chains (GVCs) under the 2014 APEC Strategic Blueprint covering such areas as trade and investment, trade in value-added statistics, services and resiliency;
- work to develop supply use or input-output trade data for value-added products to improve understanding of GVCs in the region and better inform policy making in this area;
- activities to address impediments to greater integration of SMEs in GVCs in major industries, including in the IT/electronics, automotive, textiles, agribusiness and healthcare products sectors;
- action plans for the liberalisation and facilitation of trade in manufacturing-related services and environmental services;
- substantial progress in implementing economies’ tariff reduction commitments in the 2012 APEC List of Environmental Goods by the end of 2015, as agreed by Leaders;
• progress in targeted capacity building for economies to boost supply chain performance and support implementation of the WTO Agreement on Trade Facilitation, in such areas as pre-arrival processing; advance rulings; expedited shipments; release of goods and electronic payments;

• action to promote the use of interoperable global data standards (GDS) through assessment of the costs and benefits of the use of GDS in supply chains, based on pilot projects

• establishment of a Model E-Port Network and related technical support mechanisms to share best practices in application of information technology to improve maritime port efficiency;

• establishment of the APEC network on green supply chain with the launch of the first pilot centre in Tianjin in June;

• further work on infrastructure investment, including a reference guide for peer review and capacity building on infrastructure development and investment;

• further steps to facilitate the adoption and implementation of international standards for electric vehicles; and

• extension of the validity period of the APEC Business Travel Card from three to a maximum of five years from 1 September 2015.

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, including food safety, e-commerce, goods and services trade, investment facilitation, intellectual property, business mobility and trade-related issues in the automotive, chemical and life sciences and health sectors.

The CTI has collaborated closely with the APEC Business Advisory Council and other business stakeholders to advance its work program. This has included work in the APEC Alliance for Supply Chain Connectivity, the Public-Private Partnership on Environmental Goods and Services and the Investment Experts’ Groups annual public private dialogue on the topic of SME growth through inclusive business. Other examples of close collaboration with business stakeholders included work in the areas of SME integration into GVCs; services trade liberalisation, global data standards and the model e-port network.
I thank the Philippines 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. I also thank the CTI program director from the APEC Secretariat, Mr Joji Koike from Japan, for his 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.

Finally, I acknowledge and welcome the incoming Chair of the CTI for 2016-2017, Ms Marie Sherylyn (Lyn) Deleña Aquia from the Department of Trade and Industry, the Philippines.

Yours sincerely,

John Larkin
Chair, APEC Committee on Trade and Investment
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Recommendations

CTI recommends that Ministers endorse:

- CTI’s 2015 Annual Report, including the Collective Action Plans in Appendix 16
- Timeline and process for the Second-Term Review of the Bogor Goals, and revised template of the Individual Action Plan (IAP) for reporting economies’ progress;
- Terms of Reference for the Collective Strategic Study on Issues Related to the Realization of the FTAAP;
- Mechanism for drafting and editing of the Collective Strategic Study on Issues Related to the Realization of the FTAAP (see Appendix 1);
- APEC Guidebook on Resilience of Global Value Chains (GVCs) to Natural Disasters (see Appendix 2);
- Next steps and timeline set out in the Outcomes of the Trade Policy Dialogue on How the APEC Best Practices to Create Jobs and Increase Competitiveness Could Also Apply to Other Types of Localization Policies;
- Addressing Barriers to Trade and Investment in the Context of Global Value Chains: Increasing Transparency of Measures Affecting Exports;
- Manufacturing related Services Action Plan (see Appendix 3);
- Work Plan for Advancing “Facilitating Digital Trade for Inclusive Growth” As a Potential Next Generation Trade and Investment Issue;
- Consolidation, by the end of 2015, of economies’ final implementation plans in relation to the 2012 APEC List of Environmental Goods for publication on the APEC website;
- Environmental Services Action Plan.

1 2015/SOM3/CTI/006.1-02
2 2015/SOM3/CTI/006.1-01
3 2015/SOM2/CTI/058
4 2015/SOM2/CTI/015
5 2015/SOM2/CTI/016
6 2015/SOM3/CTI/006.3-10rev2
7 2015/SOM3/CTI/006.3-01
8 2015/SOM3/CTI/006.4-05
9 2015/SOM3/CTI/006.5-01
• Promoting e-Commerce to Globalize Micro, Small and Medium-Sized Enterprises (MSMEs)\(^{10}\);

• the timeline and process for the final assessment in 2016 of economies’ progress towards the APEC-wide target of a ten per cent improvement in supply chain performance in terms of time, cost and uncertainty, including the self-assessment survey 2016\(^{11}\);

• 2015 Work Plan of the Asia-Pacific Model E-Port Network (APMEN)\(^{12}\), Working Mechanism of APMEN\(^{13}\) and the Strategic Framework of APMEN\(^{14}\);

• Work Plan on APEC Cooperation on Green Supply Chain\(^{15}\);

• Reference Guide for Peer Review and Capacity Building on APEC Infrastructure Development and Investment\(^{16}\);

• Government’s Role in Promoting Effective Advertising Standards: Principles (see Appendix 4);

• APEC Road Map for Electric Vehicles (see Appendix 5);

• APEC Privacy Recognition for Processors’ Governance Documents\(^{17}\);

Welcome:

• progress of APEC economies in notifying acceptance of the WTO Agreement on Trade Facilitation (TFA) (see Appendix 6);

• the PSU Study on Promoting Products which contribute to Sustainable and Inclusive Growth through Rural Development and Poverty Alleviation;

• The report on the outcomes of the Trade Policy Dialogue on Promoting Products contributing to Sustainable and Inclusive Growth through Rural Development and Poverty Alleviation\(^{18}\);

• Progress in implementing actions under the Beijing Roadmap for APEC’s contribution to the Realization of the FTAAP, including the commencement of the Collective Strategic Study on Issues Related to the Realization of the FTAAP under the agreed terms of reference and process, suite of activities under the 2nd Regional Economic Integration (REI) capacity building needs initiative (CBNI) 2015-17, and information sharing through trade policy dialogue on APEC economy RTAs/FTAs under the RTAs/FTAs Information Sharing Mechanism (see Progress Report at Appendix 7)

\(^{10}\) 2015/SOM3/CTI/006.3-04
\(^{11}\) 2015/SOM3/CTI/007-05
\(^{12}\) 2015/SOM1/CTI/046rev1
\(^{13}\) 2015/SOM2/CTI/020rev1
\(^{14}\) 2015/SOM2/CTI/021
\(^{15}\) 2015/SOM3/CTI/007-02
\(^{16}\) 2015/SOM3/CTI/007-03
\(^{17}\) 2015/SOM1/021anx5a, anx5b
\(^{18}\) 2015/SOM3/CTI/006.1-06rev1
• the summary report of the seminar on the Collective Strategic Study on Issues Related to the realization of the FTAAP (see Appendix 8);

• Report by the PSU on Trends and Developments in Provisions and Outcomes of RTA/FTAs Implemented in 2014 by APEC Economies;

• Progress in implementing the APEC Strategic Blueprint for promoting Global Value Chains Development and Cooperation, including the adoption of work plans and implementation of activities to take forward the ten work streams under the Blueprint (see Progress Report at Appendix 9);

• the Study on Policies Affecting Trade in Healthcare Products in APEC (see Appendix 10);

• Launching of an APEC Trade Repository (APECTR), which will serve as a one-stop tool for providing links to trade related information in APEC economies which will help SMEs seeking to access global and regional markets and/or participate in global value chains:

• PSU case study on manufacturing related services;

• the progress of APEC economies’ in implementing the 2012 Leaders’ commitment to reduce applied tariffs to five per cent or less by the end of 2015 on the APEC List of Environmental Goods (see Appendix 11);

• Progress made in implementing actions under the Supply-Chain Connectivity Framework Action Plan (SCFAP) and Capacity Building Plan to improve Supply Chain Performance, including progress in conducting the targeted capacity building projects on pre-arrival processing, advance rulings, expedited shipments, release of goods and electronic payments, as well as progress to assess the costs and benefits of Global Data Standards in supply chains based on pilot projects (see Appendix 12);

• Positive available evidence from the PSU indicating progress in achieving the APEC-wide goal of 10% improvement in supply chain performance by 2015 in terms of reduction of time, cost, and uncertainty of moving goods and services through the Asia-Pacific region under the SCFAP;

• Progress made in implementing the Asia-Pacific Model E-Port Network (APMEN) including the establishment of an APMEN joint operator group (AJOG) (see Progress Report at Appendix 13);

• Progress made in implementing the APEC Cooperation Network on Green Supply Chain (GSCNET) (see Progress Report at Appendix 14);

• Extension of the validity period of the APEC Business Travel Card from three to a maximum of five years from 1 September 2015;

• LSIF Letter to Ministers and Leaders (see Appendix 15);
• The outcomes of the 5th High Level Meeting on Health and the Economy\(^{19}\) including the endorsement of the Healthy Asia Pacific 2020 roadmap\(^{20}\);

• APEC Blood Supply Chain 2020 Roadmap\(^{21}\);

• Progress on the establishment of APEC Regulatory Science Centers of Excellence under the RHSC\(^{22}\), with five academic institutions approved to serve as CoE host institutions on a pilot basis: Seoul National University (Biotherapeutics); Northeastern University (Biotherapeutics); Peking University (MRCT); University of Tennessee HSC (Supply Chain); and Duke / National University of Singapore (MRCT);

• The launch of APEC Digital Hub for Best and Innovative Practices in Mental Health Partnerships, hosted by the University of British Columbia (Canada) and initial core partners to include University of Melbourne (Australia), Peking University (China), University of the Philippines, National Center for Mental Health (Philippines) and Janssen Asia-Pacific;

• Progress on developing a common application for EU Binding Corporate Rules and APEC Cross Border Privacy Rules approval;

and note:

• Subject to any further instructions in the 2015 Joint Ministerial Statement, the intention of CTI and its relevant sub-fora to undertake further work in 2016 on ways to help APEC economies to protect and enforce trade secrets, including on development of best practices on trade secrets protection and enforcement;

• Intersessional endorsement by relevant fora of the APEC-Global Health Security Agenda (GHSA) Framework for Strengthening Infection Prevention and Control Infrastructure in the Asia-Pacific Region (see Appendix 17);

• 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/research to be conducted by the PSU on:
  o the assessment of costs and benefits of applying Global Data Standards based on the pilot projects;
  o best practices in the Authorised Economic Operator programs of APEC economies.

\(^{19}\) 2015/SOM3/HLM-HE/JMS
\(^{20}\) 2015/SOM3/HLM-HE/JMS/1
\(^{21}\) 2015/SOM3/HLM-HE/011
\(^{22}\) 2015/SOM3/LSIF/RHSC/004
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 2015 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 2015 priorities under the theme of “Building Inclusive Economies, Building a Better World”. Collective Action Plans (CAPs) in various Osaka Action Agenda (OAA) issue 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 2015 were aligned around priority areas that would contribute to the APEC 2015 Priorities. These were: (i) support for the multilateral trading system/WTO; (ii) advancing regional economic integration; (iii) strengthening connectivity and infrastructure development; (iv) regulatory cooperation; and (v) contributions of CTI and sub-fora to cross-cutting mandates. CTI advanced the new initiatives announced by Leaders and Ministers in 2014 such as the Beijing Roadmap for APEC’s contribution to the Realization of the FTAAP; the APEC
Strategic Blueprint for promoting Global Value Chains Development and Cooperation; development of a Manufacturing related Services Action Plan (MSAP); actions to promote a wider use of interoperable Global Data Standards; the Asia-Pacific Model E-Port Network; and APEC Cooperation Network on Green Supply Chain. In addition, CTI continued to take forward its ongoing work program, including to implement Leaders’ 2011 commitment to reduce applied tariffs on environmental goods to five percent or less by the end of 2015; actions to reduce the time, cost and uncertainty of moving goods and services through the supply chain through implementation of targeted capacity building projects; and discussion of next generation trade and investment issues.

A new Friends of the Chair (FoTC) group on Implementation of the APEC Environmental Goods List, led by New Zealand, was created in 2015 to intensify work on this issue ahead of the end-2015 deadline for implementation of the tariff reduction commitments agreed by Leaders. The FoTC groups on Strengthening REI and Advancing the FTAAP, led by China and the United States, Global Value Chain Development and Cooperation, led by China, and Next Generation Trade and Investment Issues, led by the United States, were retained to help advance work in these areas. The FoTC on Supply-Chain Connectivity Initiative (SCI) was discontinued following the completion in 2014 of diagnostic reports to address the eight chokepoints identified in the Supply-chain Connectivity Framework Action Plan and establishment of the capacity building plan under the systematic approach to improving supply chain performance.

CTI continued to collaborate closely with the Economic Committee (EC) to ensure that the committees’ respective work programs on business facilitation, ease of doing business (EoDB) initiative, and regulatory and structural reform were complementary. CTI’s sub-fora such as Sub-Committee on Standards and Conformance (SCSC) and Chemical Dialogue (CD) have collaborated with the EC on the application of Good Regulatory Practices.

CTI also worked closely with the APEC Business Advisory Council (ABAC) throughout 2015 to ensure that CTI 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 advancing FTAAP, services trade and investment liberalization, global value chains, trade facilitation, including global data standards, and improvements to the APEC Business Travel Card.

The Policy Support Unit (PSU) remains a close working partner of CTI. In the area of advancing regional economic integration, PSU updated APEC’s Bogor Goals dashboards, and developed with CTI the timeline and process to conduct the second term review of the Bogor Goals in 2016. PSU also completed the study on 157 nominated products, analyzing their contributions to rural development and poverty alleviation. As called for under the APEC RTAs/FTAs Information Sharing Mechanism, PSU reported on trends and developments in the provisions and outcomes of RTAs/FTAs implemented by APEC members in 2014. The progress of the Investment Facilitation Action Plan (IFAP) was also updated with additional information from five APEC economies.

The PSU also provided analytical support to APEC’s work on manufacturing-related services in supply/value chains, a next generation trade and investment issue identified in 2014. This included the completion of case studies involving 22 firms based in 12 APEC economies to collect firm-specific insights on the contribution of services in their value chain operations. On the same issue, PSU also examined the linkages between services, manufacturing and productivity.
As part of the CTI’s work to support SMEs’ integration into global and regional markets, PSU examined the current state of SME internationalization and suggested ways to measure this internationalization. PSU also proposed possible indicators to measure progress in implementing the Boracay Action Agenda to Globalize MSMEs, agreed by Ministers Responsible for Trade in May 2015.

As for strengthening comprehensive connectivity and infrastructure, PSU updated the progress of the Supply Chain Connectivity Framework Action Plan (SCFAP), and worked with CTI on the timeline and outline for its final assessment in 2016. PSU also prepared a synthesis report on value chain resilience in the Asia Pacific.

In addition, two studies are underway and slated for completion in 2016: best practices in the Authorized Economic Operator (AEO) programs of APEC economies and an assessment of the costs and benefits of the application of Global Data Standards (GDS) for supply chain connectivity based on pilot projects.

PSU made regular presentations on projects during meetings of CTI and its sub-fora (namely, GOS, IEG, MAG and SCCP), and spoke on other topics such as recent economic and trade developments, cross-border data flows, and the internet of things. PSU also participated, in various capacities, in CTI-related meetings and events, namely: joint meetings of EC-GOS-PECC and GOS-MAG; meetings of the APEC Alliance for Supply Chain Connectivity (A2C2); Public Private Dialogue on Services; Seminar on Collective Strategic Study on Issues Related to the Realization of FTAAP; and Trade Policy Dialogues on (i) Promoting Products Which Contribute to Sustainable and Inclusive Growth Through Rural Development and Poverty Alleviation, and (ii) Localization Policies.
Section I: Advancing Regional Economic Integration

Highlights:

Achieving the Bogor Goals

- CTI finalized preparations for the Second Term Review of the Bogor Goals, scheduled for 2016. This included a revised Individual Action Plan (IAP) template for economies to report on progress, which among other things will sharpen the focus of reporting on non-tariff measures (NTMs). CTI agreed to the timeline and process for the Second-Term Review. As part of its work to address trade restrictive NTMs, CTI agreed to hold a self-funded workshop on Increasing Transparency, Predictability and Reviewing Import License Regimes.

- In response to Ministers’ instructions in 2013, PSU completed and presented at CTI3 the final report of the study on Promoting Products contributing to Sustainable and Inclusive Growth through Rural Development and Poverty Alleviation, covering 157 products which were nominated by economies in 2014. A trade policy dialogue on Promoting Products contributing to Sustainable and Inclusive Growth through Rural Development and Poverty Alleviation was held on 28 August in the margins of SOM3 in order to review the findings of the PSU Study and discuss possible next steps. [CTI agreed to conduct further work on the basis of the PSU study and to develop a work plan in 2016 to this end.]

Exploring an FTAAP

- Progress was made on the implementation of actions under the Beijing Roadmap for APEC’s contribution to the Realization of the FTAAP agreed by Leaders in 2014. A newly created FOTC on Strengthening REI and Advancing the FTAAP directed and coordinated discussions.

On the Collective Strategic Study on Issues Related to the Realization of the FTAAP, CTI agreed to the Terms of Reference for the Study, which sets out the objectives, drafting arrangements, timeline and structure of the Study. CTI agreed to establish a Task Force comprising all 21 member economies to undertake the collective strategic study. A Core Drafting Group comprising 14 Task Force members was established to initiate and coordinate the drafting of each chapter of the Study. CTI welcomed the development of chapter work plans by lead drafting economies as living documents to guide the preparation of the first draft of chapters to be submitted by 15 January 2016. CTI also agreed to the Mechanism for drafting and editing of the Collective Strategic Study on Issues Related to the Realization of the FTAAP.

A Seminar on the Collective Strategic Study on Issues Related to the Realization of the FTAAP was held on 29 August in the margins of SOM3 to share views and obtain inputs from academics and government officials and deepen discussions on and progress issues relevant to the preparation of the Collective Strategic Study.
Under the 2nd Regional Economic Integration (REI) capacity building needs initiative (CBNI) 2015-17, various capacity building activities have been or are expected to be implemented. This included a workshop on Dealing with a New Trade Landscape: Complexities of Rules of Origin and Logistical Challenges of Trade Facilitation held in September (Korea) and forthcoming workshops on FTA Negotiation Skills on TBT dispute settlement to be held in January 2016 (Vietnam); Capacity Building on Existing IIAs in the APEC Region: Relevance, Emerging Trends, Challenges and Policy Options to address Coherence in Treaty Making in investment to be held in the margins of SOM1 2016 (Peru); and negative list scheduling methodologies for services to be held in the margins of SOM3 2016 (Peru).

On the APEC RTAs/FTAs Information Sharing Mechanism, CTI held a trade policy dialogue on WTO-Plus Aspects of Recently Concluded RTAs and FTAs on 14 May, highlighting WTO-plus outcomes in APEC economy RTAs/FTAs with a view to building support for high quality, comprehensive RTAs/FTAs as potential building blocks for the realization of the FTAAP. CTI representatives also participated in a SOM Dialogue on RTAs/FTAs on 2 September in the margins of SOM3 where presentations and discussions were conducted on such issues as economic, commercial and geo-political drivers for trade negotiations and the impact of mega-regionalism, including the emergence of global value chains. The PSU provided an overview of the trends and developments in the provisions and outcomes of RTAs/FTAs implemented by APEC economies in 2014.

Global Value Chain Cooperation

- CTI conducted discussions to take forward the APEC Strategic Blueprint for promoting Global Value Chains Development and Cooperation agreed by the Leaders in 2014.

- CTI agreed to work plans for the following work streams in the APEC Strategic Blueprint for promoting Global Value Chains Development and Cooperation on the understanding that they are living documents.

  Work Stream 1 - Addressing trade and investment issues that impact GVCs (US)
  Work Stream 2 - APEC GVCs and TiVA Measurement (China, US)
  Work Stream 3 - Realize the critical role of trade in services within GVCs (Australia)
  Work Stream 4 - Enable developing economies to better participate in GVCs (Indonesia, China)
  Work Stream 5 - Assist SMEs to benefit from GVCs (Korea)
  Work Stream 6 - Improve the investment climate for GVCs development (Japan)
  Work Stream 7 - Adopt effective trade facilitation measures (Singapore)
  Work Stream 8 - Enhance resiliency of GVCs (Japan)

  (In relation to work stream 9 (encourage public-private partnerships for GVCs), CTI agreed that all lead economies should encourage and integrate public-private partnerships and dialogues in their work plan activities)

- On work stream 2 (APEC GVCs and TiVA measurement), progress was made to advance the Strategic Framework on Measurement of APEC Trade in Value-Added (TiVA) and Action Plan on the Strategic Framework on Measurement of APEC TiVA under GVCs agreed by the Leaders in 2014. The newly established Technical Group on the Measurement of APEC TiVA, comprising experts of member economies and international organizations such as the WTO, OECD and ADB, held its first meeting on 11 May in the margins of SOM2. The Group discussed Terms of Reference on the Operational Mechanism of the Technical Group on Measurement of APEC TiVA under
Global Value Chains and the Work Plan for the Technical Group for the Measurement of APEC TiVA under Global Value Chains. A key objective is to put in place arrangements for obtaining supply-use or input-output trade data in value-added products and services among APEC economies by 2018, which would enhance understanding on the nature, scope and characteristics of global value chains and contribute to planning and implementation of appropriate policy measures. CTI agreed to the Terms of Reference and the Work Plan of the Technical Group. The second meeting of the Technical Group was held on 4 November in Shanghai, China and endorsed the 2016 Work Plan for the Technical Group. In addition, a capacity building program, sponsored by China and named 2015 Seminar on Trade and Investment and Global Value Chains for APEC members, was held from 22 October to 5 November in Beijing, Shanghai and other two cities in China. This included an APEC Workshop on Measurement of TiVA under GVCs, which was held jointly with the UNIDO, ADB, WTO, and OECD from 2-4 November in Shanghai.

- In relation to work stream 3 (Realize the critical role of trade in services within GVCs), a joint MAG-GOS meeting was held on 26 August in the margins of SOM3 on Case Studies of Market Opening Reforms, where case studies on reforms to private healthcare services in Malaysia, financial services in Papua New Guinea and telecommunications services in Australia were presented and discussed. The joint meeting provided a platform for participants to better understand (i) the drivers of the reform(s), (ii) how the measures and reforms were undertaken, (iii) lessons learnt from the reforms, and (iv) the economic impact of the reforms.

- In relation to work stream 5, see “contribution to SMEs’ integration into global and regional markets” below.

- In relation to work stream 6 (Improve the investment climate for GVCs development), progress was made to advance the work plan, including through plans by Australia (April 2016), Peru and Japan to hold Public-Private Dialogues (PPDs) for three sub-regional groups.

- On work stream 7 (Adopt effective trade facilitation measures), CTI noted the intention of Singapore to hold a PPD with Peru in 2016 addressing challenges in relation to the implementation of the WTO Agreement on Trade Facilitation.

- On work stream 8 (Enhance resiliency of GVCs), CTI agreed to the APEC Guidebook on Resilience of Global Value Chains (GVCs) to Natural Disasters, proposed by Japan. A Seminar on Enhancing Resilience of Global Value Chains to Natural Disasters organized by Japan is scheduled to take place in Japan in the 1st quarter of 2016 under APEC funding. The main objectives of the Seminar include: (i) to exchange best practices on measures to enhance resilience, based on the guidebook; and (ii) to provide a networking opportunity for policy-makers, program managers and interested stakeholders responsible for enhancing GVC resilience to natural disasters.

- A number of initiatives related to GVCs other than those in the work streams were proposed and discussed. A trade policy dialogue (TPD) on how the “APEC Best Practices to Create Jobs and Increase Competitiveness” could also apply to other types of localization policies was held on 28 August in the margins of SOM3. Participants welcomed continued dialogue at CTI on trade and investment issues relating to localization alternatives and best practices. CTI agreed to the next steps and timeline set out in the TPD outcomes document.
• Japan and Peru are preparing a study on Enhancement on Integration of Regional Value Chains in Asia and Latin America and the Caribbean and plan to hold a seminar in the margins of SOM3 in 2016.

• MAG and CTI discussed and agreed to the proposal on Addressing Barriers to Trade and Investment in the Context of Global Value Chains: Increasing Transparency of Measures Affecting Exports. Next steps for 2016 include exploring the scope for export measures to be subject to additional transparency efforts as well as an appropriate reporting method.

Next Generation Trade and Investment Issues

• Following the selection in 2014 of “manufacturing related services in supply chains/value chains” by CTI as a next generation trade and investment issue and instruction by Leaders to develop a plan of action in 2015, PSU conducted and finalized case studies on manufacturing related services, and also examined the linkages between services, manufacturing and productivity. Drawing on the analysis of the PSU case studies, Japan developed a draft Manufacturing related Services Action Plan (MSAP). CTI discussed and agreed to the MSAP which aims to increase the availability and accessibility of services through progressive liberalization and facilitation of manufacturing-related services and cooperation/capacity building such as enhancing transparency and sharing experience/good practices, and stipulates mechanism of implementation and review in 2018 and 2020.

• CTI agreed to the proposal by Korea and the United States on a Work Plan for Advancing “Facilitating Digital Trade for Inclusive Growth” As a Potential Next Generation Trade and Investment Issue. This work plan sets out a series of activities in 2016 such as trade policy dialogues, PSU development of a plan for an independent report on the state of play on digital trade issues in APEC member economies, and discussion of potential capacity building activities. As part of this, there will be further discussion at CTI on the possibility of selecting digital trade as a next generation trade and investment issue in 2016.

Environmental Goods and Services/Green Growth

• CTI, through the newly established FOTC on Implementation of the Environmental Goods List, and MAG, worked intensively to support implementation by member economies of tariff reduction commitments in the 2012 APEC List of Environmental Goods (EG List).

• During SOM1 in February in Clark, FOTC on Environmental Goods discussed the scope of goods to be covered by ex-outs in the EG List at the sub-six digit level in economy tariff schedules as well as issues related to the administrability of the goods by customs authorities. These discussions were based on the “APEC Environmental Goods List: Draft Implementation Reference Guide”, which promoted a common understanding among economies on how commitments in the List should be implemented in economy tariff schedules. Economies reaffirmed their commitment to reduce tariffs to five per cent or less by the end of 2015 in accordance with the agreement reached in 2012 concerning the EG list in Vladivostok.

• CTI requested member economies to submit detailed implementation plans that outline 1) the legislative or executive authority to be used to make the necessary tariff reductions, and 2) the
tariff lines on which applied tariffs would be reduced to five percent or less for each of the 54 Environmental Goods List subheadings. All 21 economies had submitted detailed implementation plans by SOM3. CTI advanced technical discussions among economies intersessionally on the implementation plans, with a view to expediting completion of domestic coordination and consultation processes and achieving full and effective implementation of tariff reduction commitments under the EG List by the end of 2015. Some economies submitted revised implementation plans. The EG FoTC lead foreshadowed publication of finalized implementation plans on the APEC website to enhance transparency for business and other stakeholders on tariff reductions under the EG List.

- On the issue related to environmental services, Japan submitted a draft Environmental Services Action Plan (ESAP) in response to the instruction by Ministers in 2014 to develop a plan of action by the AMM in 2015 based on the initiative on Trade Liberalization and Facilitation of Environmental Services. GOS and CTI discussed and agreed to the ESAP. The ESAP envisages a number of actions in 2016-2020, including a survey of regulatory and/or policy measures on services under CPC94 in APEC economies; studies to build and enhance a common understanding of the roles of a wider range of services in environmental industries/businesses (such as water business, recycling business, waste management, energy efficiency and renewable energy business); identifying key challenges and compiling recommended actions to address those challenges; and sharing good practices as a means to promote liberalization, facilitation and cooperation in this area.

- The 2nd Public-Private Partnership on Environmental Goods and Services (PPEGS) dialogue was held in 12 May in the margins of SOM2. Participants from the private and public sector discussed non-tariff barriers to environmental goods and services trade within the APEC region, including in the areas of standards and procurement. Participants also shared best practices to mitigate the adverse impacts of such NTBs.

Contribution to SMEs’ Integration into Global and Regional Markets

- CTI discussed and agreed to the launching of an APEC Trade Repository (APECTR), which will serve as a one-stop tool for providing links to the following trade-related information, especially for SMEs seeking access to global and regional markets and/or to participate in global value chains:

1) MFN tariff rates
2) Preferential tariff rates
3) Rules of Origin
4) Best practices in trade facilitation in the areas of advance rulings on goods tariff classification, origin of the good and the appropriate method or criteria to be used for determining the customs value
5) Other trade measures: A link to the WTO TBT and SPS IMS and ILP notification portal shall be provided, for information on APEC Economy measures notified to the WTO
6) Domestic trade and customs rules/regulations
7) Procedures and documentary requirements: including information on general export and import procedural and documentary requirements, as well as information on its regulated commodities
8) Authorized Economic Operators: including information on AEO programs, existing AEO Mutual Recognition Agreements (MRAs) entered into with APEC economies (a listing of AEOs, indicating SME AEOs, may also be provided on a voluntary basis).
The APECTR will be hosted as an APEC satellite website on the APEC Secretariat cloud hosting server. The APEC Secretariat assisted with the launching of the APECTR through providing technical assistance including web-design. The CTI, through the proponent economy (the Philippines) will manage and update the APECTR content.

- CTI advanced work to promote SMEs’ participation in the global value chains of major industries under work stream 5 of the APEC Strategic Blueprint for promoting Global Value Chains Development and Cooperation, agreed by the Leaders in 2014. CTI agreed to the work plans of sector leads (on the understanding that they are living documents), on promoting the participation of SMEs in 1) healthcare product value chains (United States); 2) IT/electronics (Korea); 3) automotive sectors (Malaysia, Philippines); 4) agribusiness (food) sector (Thailand) and 5) textiles (Viet Nam).

A series of workshops have been carried out, including the APEC Automotive and Global Value Chain (GVC) Integration Workshop held in April in Bangkok (Australia), workshop on Linking Automotive Parts Supplier SMEs into the Global Value Chains held as part of the 22nd APEC Automotive Dialogue in April (Malaysia and the Philippines); a follow-up workshop on Strengthening SMEs Integration to Automotive GVCs in the Asia-Pacific focusing on non-tariff Measures on 28 August in Cebu as part of the 23rd Automotive Dialogue (Malaysia and the Philippines); the GVCs Forum/Workshop on the healthcare sector held on 8 June in Atlanta (United States); workshop on IT/Electronics held on 24 September in Seoul (Korea). Further workshops are planned, including a workshop by Vietnam on SMEs in GVCs in the textile/apparel sector to be held in early 2016; and workshop by Thailand on GVCs in the agribusiness sector to be held in the first half of 2016.

- On the automobile sector, Malaysia conducted the Global Value Chain (GVC) /SME Automotive Sector (GSAS) Survey as a targeted, practical sector level analysis of the automotive industry. This included GVC mapping of the automotive industry in the region, identifying sector specific characteristics of GVCs, success/failure factors and best practice cases for GVCs, and identifying tariff and non-tariff barriers to trade and investment that SMEs face in their integration into GVCs with a view to develop practical solutions to address such barriers. Malaysia and the Philippines will further work together in 2016 to develop a comprehensive GSAS Capacity Building proposal including through the proposed APEC’s Regional Automotive Supplier Excellence Programme which will be led by Malaysia.

- On the healthcare sector, CTI welcomed the study on Policies Affecting Trade in Health Care Products in APEC by the United States, which examined the structure of value chains of healthcare products and the significance of SMEs therein and analysed the economic impacts of tariffs and NTMs.

CTI and its sub-fora provided inputs and comments to the Boracay Action Agenda to Globalize Micro, Small and Medium Enterprises (MSMEs) which was endorsed by APEC Ministers responsible for Trade in May. Based on instructions from CTI and SOM, the APEC Secretariat conducted a stock take of activities and initiatives that address the nine barriers identified in the Joint Statement of Trade and SMEs Ministers in 2011 as an input to formulating the Boracay Action Agenda.
• On the implementation aspect of the Boracay Action Agenda, the Philippines developed the APEC Implementation Plan for the Boracay Action Agenda to Globalize MSMEs, to which CTI and its sub-fora contributed and provided inputs. PSU provided support to the work on the Boracay Action Agenda through 1) examining the current state of SME internationalization and suggesting ways to measure their internationalization, and 2) proposing possible indicators to track the progress of implementing the Boracay Action Agenda.

• CTI discussed and agreed to the proposal by Korea on Promoting e-Commerce to Globalize MSMEs, which seeks to support the Boracay Action Agenda, in particular, its identification of e-commerce as a tool for SMEs to enter global/regional markets and the need to address existing impediments to wider application of that tool. The proposal envisages work in 2016 and beyond, with collaboration with ECSG and SMEWG, including a survey to identify difficulties which MSMEs in the APEC region encounter in the course of trading via the internet, stocktaking of APEC’s previous work related to the difficulties of MSMEs, and collecting examples of good practices from actual policy cases to address key challenges.

• IEG held a public-private dialogue on the theme of Fostering SME Growth through Inclusive Business (IB) in August 2015. Looking at IB models in various sectors and sharing experiences of selected APEC economies that are currently practicing or supporting IB, participants of the dialogue called on APEC to endorse IB as part of the APEC agenda and promote IB for building inclusive economies.

• SCSC established the Friends of the Chair on SCSC-SMEWG Collaboration in 2015. The FoTC identified enhanced information sharing and coordination (at the economy level and inter-economy/APEC levels) as ways to strengthen collaboration. SCSC also endorsed a Work Plan to address issues related to standards and conformance that will enable SMEs to better participate in regional and global markets. In addition, SCSC revised its Terms of Reference and Collective Action Plan on Trade Facilitation in order to enhance consideration of SME issues in the work of SCSC.

• IPEG received a report from Mexico on the results of the Survey on Innovation and SMEs management. IPEG considered a joint proposal by Korea and Mexico on an “Initiative to facilitate the exploitation of IPRs and innovation in SMEs”, which aims to develop a common understanding of best practices of SMEs, provide opportunities for bridging the IP gap by identifying challenges within each APEC economy and ways to enhance SME competitiveness. This initiative complemented other projects such as Korea’s “Guidebook for SMEs' IP-Business Cycle”, Mexico’s proposal on “IP Strategy Design for SMEs” and the project proposal on “IP commercialization for SMEs” by Russia. Korea submitted its project proposal on “Guidebook for SMEs’ IP-Business Cycle” for APEC’s project funding, which was approved in principle by the BMC.

Economic and Technical Cooperation

• CTI welcomed the establishment of three sub-funds under APEC Support Fund, namely: FTAAP and GVC sub-fund; Innovative Development, Economic Reform and Growth (IERG) sub-fund; and Connectivity sub-fund. CTI also welcomed China’s intention to contribute USD 3 million, USD 2 million and USD 1.5 million to the respective sub-funds within 5 years to support further APEC capacity building in these areas. CTI also noted the Guidelines and Eligibility Criteria for Accessing
Three New ASF Sub-Funds, agreed at BMC3, which are to be applied from the session 1 APEC project funding process in 2016.

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

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<td>Market Access Group (MAG)</td>
<td>MAG continues to support Regional Economic Integration by supporting Japan’s proposal on Manufacturing Related Services Action Plan (MSAP) which is aimed at liberalizing and facilitating manufacturing related services. MAG also welcomes more members to participate in the US’ Pathfinder on Facilitating Trade in Remanufactured Goods.</td>
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| Group on Services (GOS)       | GOS has expanded the coverage of the eight services sectors in the STAR Database (http://www.servicestradeforum.org/) to all 21 APEC economies. Australia, the overseeing economy, is examining the possibility of expanding the Database further to include environmental services. The website has been redesigned to be more transparent and user-friendly and will assist business to identify measures that impact on trade and investment in the services sector more easily. Australia is planning to develop a communication plan with a view to raising awareness among the target audience by working together with other APEC fora, APEC Business Advisory Council (ABAC), regulatory authorities and other stakeholders. GOS continues to support REI in various sectors, namely:  

i) Education  
A workshop on enhancing provider mobility in cross-border education in the APEC region was held on 3-4 March 2015 in Hanoi, Viet Nam. It has proposed actions for collaboration that would help reduce barriers to provider mobility, namely on improving data definition and data collection, sharing good practices on online learning programs, development of recognition principles and guidelines on translating between quality assurance systems, and sharing of practices, obstacles and approaches to credit recognition.  

ii) Mining and energy  
The APEC Symposium on Mining and Energy Services was held on 16-18 June 2015 in Perth, Australia. The symposium focused on examining government policy and regulatory measures that impact trade and investment in mining and energy services. The good practice report developed at the symposium was endorsed at GOS2.  

iii) Architecture and engineering services |
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<td>A two-day symposium on architecture and engineering services will be held on 8-9 December 2015 in Singapore. The self-funded project by Australia will examine regulatory practices and policies on trade and investment in engineering and architecture services in the APEC region. It will be the eighth in a series of sector-specific symposia hosted by Australia. At the end of the symposia, Australia intends to compile the outcome reports in an APEC compendium for publication in the second half of 2016.</td>
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**Investment Experts Group (IEG)**

- IEG, supported by PSU, updated the 2013 report on “IFAP Implementation: Facilitating Investment for APEC” based on progress reported by five APEC economies.
- IEG continued to implement the Investment Facilitation Action Plan (IFAP) and agreed on a set of IFAP priority actions for 2015-2016 in the areas of e-transparency; reducing investor risk; and simplifying business regulation.
- IEG received a report from the Regional Analytical Investment Group (RIAG), formed under the auspices of ABAC, on its ongoing work to develop FDI performance indicators that are designed to serve as a reference for APEC economies in their policy making processes and effectively assess their investment performance.

**Sub-Committee on Customs Procedures (SCCP)**

- **Single Window**
  - Since 2007, SCCP has implemented ground-breaking work to establish Single Window systems for streamlining the export-import process via an online system that links all government agencies responsible for permits, certificates and fees.
  - To date, 15 APEC economies have implemented various stages of the Single Window system as a result of 2014 SCCP Single Window Survey. SCCP plans to continue providing capacity building and technical support for member economies to establish and improve their individual Single Window with the least delay possible. In addition, SCCP is also working towards realizing interoperability of Single Window systems amongst APEC member economies.

- **Authorized Economic Operators (AEO)**
  - The Authorized Economic Operator (AEO) concept is one of the main building blocks within the World Customs Organization’s SAFE Framework of Standards (SAFE) to support secure trade. Operators can be accredited by Customs as an AEO
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<td>when they demonstrate high quality internal processes of a sufficient standard to prevent tampering of goods in international transport. This facilitates trade for low risk operators and ensures Customs can focus inspection resources on more high-risk parties.</td>
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<td>The SCCP is continuing to carry out capacity building for the economies that have not established the AEO program. The SCCP is also advancing the formulation of the minimum standards for AEO enterprises, including SMEs. Furthermore, SCCP is working on promoting AEO mutual recognition between member economies, and developing the benefit list of the AEO Mutual Recognition Arrangement (MRA) to further facilitate trade in the Asia-Pacific region.</td>
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<td>The APEC Policy Support Unit is currently implementing the study on AEO Best Practices in the APEC region. The study will include an assessment of the existing AEO programs of APEC member economies, including an analysis of their technical design elements and features; assessment of AEO best practices and recommendations on enhancing the interoperability and expansion of the APEC network of AEOs (MRAs); survey of APEC AEOs e.g. type of entity (exporter, importer, broker, forwarder, etc.), sector, size (large, medium, small); stock-take of APEC AEO capacity building activities; and development of an APEC Best Practice Guidelines on AEO.</td>
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<td>Under Japan’s Proposal on the “APEC Information and Experience Sharing of IP-related treaties”, Japan provided a report on the results of the Survey on APEC Information and Experience sharing of IP-related treaties to share the benefits and best practices related to their own IP systems to support each economy’s voluntary activities involved with acceding the IP treaties.</td>
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<td>IPEG continued to work on “Trade Secrets Protection and Enforcement”. The final report consisting of four volumes (I. Report itself; II. Compilation of the survey responses; III. Survey responses themselves; IV. Compilation of trade secret laws of each economy) was presented and endorsed during the IPEG 40 meeting. IPEG members also conducted intersessional work with a view to drafting a list of best practices in this regard, which was then discussed at the IPEG 41. IPEG also held a workshop in the margins of SOM3 in Cebu, the Philippines on 22 August 2015 on trade secrets led by the US.</td>
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<td>IPEG members shared and exchanged best practices on their IP enforcement initiatives and on IP-related issues related to copyright measures and policies; patents; trademarks; and IP awareness campaigns.</td>
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### Business Mobility Group (BMG)

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<th>BMG pursued the following key actions designed to advance regional economic integration:</th>
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<td>- implementing the extension of the validity period of the APEC Business Travel Card (ABTC) from three years to a maximum five years with effect from 1 September 2015;</td>
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<td>- scoping and providing technical assistance to members to improve ABTC pre-clearance processing times;</td>
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<td>- overseeing the APEC-funded project for an End-to-End Review of the ABTC Scheme, which will recommend to the BMG opportunities for enhancement of the Scheme;</td>
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<td>- implementing enhancements to better manage passport changes of ABTC holders.</td>
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### Electronic Commerce Steering Group (ECSG)

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<th>The Electronic Commerce Steering Group (ECSG) promotes the development and use of electronic commerce by creating legal, regulatory and policy environments in the APEC region that are predictable, transparent and consistent. It performs a coordinating role for APEC e-commerce activities, based on the principles set out in the 1998 APEC Blueprint for Action on Electronic Commerce.</th>
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<td>The ECSG also explores how economies may best develop legal, regulatory and policy environments that are predictable, transparent and optimized to enable economies across all levels of development to utilize Information and Communication Technologies (ICTs) to drive economic growth and social development. Reports presented by guest organizations to the group, including the International Chamber of Commerce (ICC), the Pan Asian E-Commerce Alliance (PAA), the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFAT), the World Trustmark Alliance (WTA) and the Internet Society (ISOC) were a welcome contribution to the ECSG.</td>
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<td>ECSG, through its Data Privacy Sub-group (DPS), continues to implement the Data Privacy Pathfinder and the APEC Cross Border Privacy Rules System (CBPR), endorsed by APEC Leaders in 2011. The CBPR system enables flows of information and data across borders while at the same time providing effective protection for personal information, essential to trust and confidence in the online marketplace. Currently four (4) APEC economies are participating in the APEC CPBR system (United States, Mexico, Japan and Canada). To date, a number of economies have enacted their respective domestic privacy laws which are aligned with the APEC Privacy Framework. Some economies have proposed/introduced amendments or are in the process of working on reforms to their respective laws/regulations, such</td>
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as Australia, Canada, Hong Kong, China, Japan, and Mexico. Singapore enacted its new data privacy law in July 2014. There are 24 Privacy Enforcement Authorities from 10 economies participating in the APEC Cooperation Arrangement for Cross-Border Privacy Enforcement (CPEA), including Australia; Canada; Hong Kong, China; Japan; Korea; Mexico; New Zealand; Singapore 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 Privacy Recognition for Processors System (PRP) Governance Documents were endorsed at SOM3 in August 2015 and will be operationalized in the coming months. The PRP is designed to help personal information processors assist controllers in complying with relevant privacy obligations, and helps controllers identify qualified and accountable processors. This is done through an intake questionnaire which sets forth the baseline requirements of the PRP. The APEC-recognized Accountability Agent will then assess a processor seeking recognition based on a set of requirements.

The APEC/EU Working Team, which was created to support and enhance interoperability between the APEC and EU data privacy regimes, finalized the Common Referential for the Structure of the EU Binding Corporate Rules (BCR) and the CBPR system in 2014. This checklist will assist companies applying for certification under both systems. This initiative is just the first step of the work in support of interoperability between the APEC CBPR and the EU BCRs. In 2015, both sides agreed to engage in additional areas of work, including, in the short to medium term, developing a joint application form for companies seeking privacy certification under both systems, a mapping of policies, and documents that are to be submitted under both systems and in the longer term, a common referential for processor recognition. This work commenced at SOM3 in 2015.

The ECSG is undertaking an assessment of its initiatives against the 1998 APEC Blueprint for Action on E-Commerce. Its Data Privacy Sub-Group (DPS) has been conducting review of the APEC Privacy Framework to mark its 10th Anniversary. Given the role of the OECD Guidelines on the Protection of Privacy and Transborder Flows of Personal Data as the foundation of the APEC Privacy Framework, the revisions to the APEC Privacy Framework are based on updates to the Guidelines that were made in 2013. These updates will help ensure that the Framework can continue to respond to technological and marketplace evolution, and support the free flow of information across borders through the establishment of consistent rules for the protection for personal information, as essential to trust and confidence in the online marketplace.

Through the Paperless Trading Subgroup (PTS), ECSG has been developing projects that integrate paperless trading in commercial processes, particularly
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<td>projects that use e-solutions or electronic procedures and processes in cross-border trade, in order to save time, and cut costs and minimize uncertainties for firms and government agencies. These e-solutions include the following: Electronic Certificate of Origin (ECO), e-negotiation, e-invoicing, Electronic Sanitary and Phyto-Sanitary Certificate (e-SPS), archiving of e-documents and e-trade financing. The goal is to build up e-commerce as a main driver and integration tool that will enhance the efficiency of supply chains. The PTS published its report on “Enhancing the Global Supply Chain Efficiency by E-Manifest Exchange in APEC Region” in 2015.</td>
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<td>The CD considered a paper on “Chemical Industry Priorities for the Negotiation of Regional and Bilateral FTAs” which is being revised into a document to be maintained as a resource for individual CD member economies to consider in the future. The CD agreed to provide input through each economy’s CTI representative regarding the lessons learned in the implementation of existing FTAs and RTAs from the chemical sector. The CD participated in a FoTC-ABAC dialogue on Urbanization with municipal authorities to discuss the need for innovative approaches to land-based waste management, including ways in which innovative technologies can create economic worth from waste. The CD plans to work with the CTI to identify barriers to the deployment of these types of technologies.</td>
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<td>The LSIF is promoting regional economic integration through a wide range of activities underway: The LSIF Regulatory Harmonization Steering Committee (RHSC) continues to advance greater alignment of regulatory approaches and standards for medical products, under a multi-year plan that promotes the use of international guidance. The LSIF co-hosted the 5th High Level Meeting on Health and the Economy (HLM5) and endorsed HLM5 Recommendations and the “Healthy Asia-Pacific 2020 Roadmap” which recognizes the critical role of health in economic development. It serves as a guide for APEC Economies in developing sustainable and high performing health systems and in promoting population health and well-being through the whole life course by means of a whole-of-government, whole-of-</td>
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<td>society and whole-of-region approach to health security, growth and development of the Asia-Pacific region.</td>
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The LSIF also designated Peking University as a pilot MRCT center to build capacity to bring safe, efficacious and quality medical products to patients as rapidly as possible and meet the target of 2020 for regional convergence on regulatory approval procedures; launched the Blood Supply Chain Partnership Training Network; and initiated preparations to launch an interactive digital hub to support a culture of mental wellness in the region. The LSIF entered into a Memorandum of Understanding with Peking University to establish the first APEC Health Sciences Academy, whose mission is to bring innovative approaches to partnerships in specific areas of life sciences research and capacity building. The Academy is a core partner in the first APEC digital hub for information exchange and innovation led partnerships to support mental wellness in the region. The hub, to be launched at the end of 2015, will be hosted by Canada. Other core partners are the Philippines, Australia, and the US private sector.

The LSIF began a partnership with the Global Health Security Agenda on strengthening the infection control infrastructure - an essential element of infectious disease and disaster preparedness, resilience and response.

The LSIF partnered with the ABAC on a project to validate the use of a Global Data Standard in the verification and serialization of pharmaceuticals in the global medical products value chain. The first pilot is expected in 2016.
Section II: Strengthening Comprehensive Connectivity and Infrastructure

Highlights:

- CTI continued to work on various initiatives related to the Supply-Chain Connectivity Framework Action Plan (SCFAP) with a view to achieving the APEC-wide goal of a 10% improvement in supply chain performance in terms of reduction of time, cost, and uncertainty of moving goods and services through the Asia-Pacific region by 2015.

- Progress was made on the five projects which CTI agreed in 2014 to implement under the Capacity Building Plan to Improve Supply Chain Performance through the APEC Supply Chain Connectivity sub-fund, i.e., 1) pre-arrival processing, 2) advance rulings, 3) expedited shipments, 4) release of goods and 5) electronic payments. Targeted capacity building projects are ongoing on pre-arrival processing in Malaysia and Peru, and on advance rulings in Malaysia. There is an upcoming project on expedited shipments in the Philippines and Viet Nam. Thailand volunteered to participate in the electronic payment project. In addition, Chile expressed its intention to participate in the projects on advance rulings, release of goods and electronic payments.

- A series of meetings of APEC Alliance for Supply Chain Connectivity (A2C2), an advisory group consisting of supply chain experts from the public and private sectors, were held during 2015. (The 2nd A2C2 meeting was held on 19 May in the margins of SOM2, and the 3rd A2C2 meeting was held on 29 August in the margins of SOM3.) A2C2 reviewed the progress of the above-mentioned five projects in the Capacity Building Plan to Improve Supply Chain Performance including an in-depth review of the ongoing targeted capacity building projects on pre-arrival processing in Malaysia and Peru and on advance rulings in Malaysia. The review provided comments and recommendations for further improvement. A2C2 discussed possible new projects to be included in the capacity building plan, including assessment of the costs and benefits of applying Global Data Standards in supply chains based on the results of pilot projects, and provided guidance and recommendations. A2C2 also discussed future directions of A2C2. There was support from participants that A2C2 should continue to serve as a platform to improve supply chain performance. Some issues were identified to strengthen the impact of A2C2, including increased participation from economies and private sector stakeholders, more involvement of APEC fora such as SCCP, and development of outreach materials. CTI welcomed the outcomes of the activities of A2C2, and agreed that A2C2 should continue in 2016.

- CTI received an update on the current situation in implementing the APEC-wide goal of achieving a 10% improvement in supply chain performance in terms of reduction of time, cost, and uncertainty of moving goods and services through the Asia-Pacific region under SCFAP based on the external indicators to measure the progress of SCFAP, which uses the data from the latest Doing Business report. The data from the latest Doing Business report shows very good progress in reducing time to trade, with APEC figures exceeding the pro-rata target for 2014. For costs to
trade, nominal figures still show an increasing trend. However, using deflated costs figures to trade, the average figures for APEC economies shows a significant reduction.

- CTI received a presentation from the PSU on possible modalities/indicators for the final assessment in 2016 of economies' progress towards the APEC-wide target of a ten percent improvement in supply chain performance in terms of reduction of time, cost and uncertainty under SCFAP. CTI discussed and agreed on the process and timeline for the final assessment.

On work to promote a wider use of interoperable Global Data Standards (GDS), CTI noted that economies had initiated or proposed several pilot projects to assess the costs and benefits of the application of GDS, namely on tequila (Mexico), furs (Russia), asparagus (Peru), deer velvet and seafood (New Zealand), wine (Hong Kong, China, Mexico), durian (Malaysia), boxed meat (Australia) and pharmaceutical products (LSIF-ABAC). CTI agreed to the terms of reference of a PSU study to be completed by CTI 2016. The study will involve conducting a proof of concept and cost-benefit analysis on the application of GDS to supply chains, based on the above-mentioned pilot projects. The study will employ indicators pertinent to efficiency, integrity, visibility and innovation to measure the benefits with a view to proposing recommendations on future actions to enhance supply chain connectivity through GDS.

- CTI discussed and agreed to the work plan of the Asia-Pacific Model E-Port Network (APMEN) which includes establishment of an APMEN joint operational group (AJOG) as an ad-hoc working group under CTI for four years. AJOG held its first meeting on 11 May in the margins of SOM2 to discuss, inter alia, proposals by China on the Working Mechanism of APMEN and the Strategic Framework of APMEN. CTI agreed to the Working Mechanism of APMEN and to the Strategic Framework of APMEN which were subsequently endorsed by Ministers Responsible for Trade in May 2015. An APEC Public-Private Dialogue on Advancing Trade Facilitation and Supply Chain Connectivity through APMEN, along with an inauguration ceremony on APMEN and AJOG, was held on 21 August in Shanghai, China. The second meeting of AJOG, which welcomed Malaysia as a full member, was also held on 21 August in Shanghai, China where discussions focused on issues such as conducting a review of E-ports to promote better understanding, a proposal to conduct case studies on ICT utilization in ports, ways to conduct pilot projects and “solution studies” to improve supply chain connectivity through E-ports. CTI noted the call from China for more ports to join the initiative.

- Several activities were carried out during 2015 following the agreement by Leaders in 2014 to establish the APEC Cooperation Network on Green Supply Chain (GSCNET). A dialogue on APEC Cooperation Network on Green Supply Chain was held on 11 May in the margins of SOM2 to share experiences and good practices in the management of green supply chain and to discuss a draft Work Plan on GSCNET. The 1st Pilot Center of GCSNET was established in Tianjin during the workshop held in Tianjin on 16-17 June. CTI agreed to the Work Plan on GSCNET including the establishment of an expert group by March 2016 to provide technical support, encouraging member economies to establish pilot centers to join the GSCNET, and other initiatives to promote cooperation.
• In relation to advancing Cross-Sectoral Issues on Physical Connectivity as Identified in the APEC Connectivity Blueprint for 2015-2025, CTI agreed to the proposal from Japan on Peer Review and Capacity Building on APEC Infrastructure Development and Investment. The review, a voluntary process, will focus on the analysis and evaluation of policies including relevant laws, regulations and guidelines of reviewed economies from the viewpoint of “quality of infrastructure”, “people-centered investment, and good practices and principles” under Physical Connectivity as specified by the APEC Connectivity Blueprint, and aims to identify capacity building needs of the reviewed economies. CTI agreed to the Reference Guide for Peer Review and Capacity Building on APEC Infrastructure Development and Investment which sets out the detailed process to implement the peer review and capacity building. CTI also discussed a proposal by Japan on Study on Infrastructure Investment in the APEC Region, to be finalized in 2016, which aims to explore desirable infrastructure investment in terms of sustainable and quality growth/development in the APEC region through stocktaking and analysis of various existing rules/standards adopted by multilateral and bilateral donors/creditors.

• SCCP continued various activities relevant to the SCFAP Chokepoints (1, 4, 5, and 8), as well as its support to the APEC Travel Facilitation Initiative, and the PNR initiative. In 2015, the SCCP introduced this year the proposed framework for APEC principles on the movement of humanitarian goods, which was endorsed at CTI3.

• To share information and increase knowledge on cross-border e-commerce and to assist the growth of the private sector, China hosted APEC Workshop on Customs Control over Cross-border E-commerce on 16-18 September 2015. APEC member customs, related international organizations and governmental agencies, academia and private sector discussed the development of Cross-border E-commerce, shared the practices and experience in addressing the rapid growth of E-Commerce, and exchanged views on partnership between customs and private sector. In addition, all participants were organized to pay a field visit to China (Hangzhou) Cross-border E-commerce Comprehensive Pilot Area (Xiaasha Zone) and Hangzhou Xiaoshan Airport.

• To enhance the mobility of business travelers, BMG aimed to improve pre-clearance processing times in line with the target established in the ABTC Operating Framework. In this regard, there has been an improvement in average pre-clearance processing times across all economies from 34 days in 2013-2014 to 23 days in 2014-2015 (an eleven day improvement in average processing times). There has been continued growth in the take-up of the APEC Business Travel Card (ABTC) in the past year, with the number of active cards increasing by 15% during the 2014/2015 program year. At 1 June 2015, there were more than 190,000 active card in circulation. BMG also undertook several initiatives and projects on improving client service frameworks, increasing travel security, as well as enhancing traveler facilitation and border integrity in the APEC Region.

• BMG, continued to support the attainment of the Bogor Goals and facilitate the mobility of business people within the APEC Region by promoting the implementation and ongoing maintenance of the APEC Business Travel Card (ABTC) Scheme as well as progressing the implementation of business process, technology and organizational recommendations from the
End-to-End Review of the ABTC Scheme. As part of this, BMG agreed to extend the validity of the ABTC from three years to a maximum of five years with effect from 1 September 2015. In 2015, BMG also agreed on changes to its Operating Framework to align with the extension of the validity.

### Table 2: Sub-fora Outcomes – Strengthening Comprehensive Connectivity and Infrastructure

<table>
<thead>
<tr>
<th>SUB-FOR A</th>
<th>WORK UNDERTAKEN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Access Group (MAG)</strong></td>
<td>MAG Members are encouraged to provide updates on their trade regulations and policies by updating the WebTR. They were reminded to make them available in English language and encouraged to promote the use of the WebTR among their government agencies and business community. MAG also supports the US’ proposal on “Increasing Transparency of Measures Related to Exports within APEC. The next step for 2016 is to explore the scope of export-related measures based on the Osaka Action Agenda and its method of notification. MAG continues to promote to its members the APEC Pathfinder on Self-Certification of Origin which sought to reduce the administrative burdens and costs associated with navigating complex rules of origin documentation and procedures when utilizing FTAs. At present, there are 11 economies who are members of the Pathfinder.</td>
</tr>
<tr>
<td><strong>Group on Services (GOS)</strong></td>
<td>GOS welcomed the proposal from the Philippines on the APEC-Asian Institute of Management (AIM) Virtual Knowledge Centre on Services which will serve as an interactive hub for service stakeholders seeking information on all services-related outputs by APEC, current policies and agreements affecting services trade, current research on trade in services, as well as best practices on services-related policies and programs.</td>
</tr>
<tr>
<td><strong>Investment Experts Groups (IEG)</strong></td>
<td>IEG held the APEC Public-Private Dialogue on Identifying and Addressing Impediments to Improve a Business-Friendly Infrastructure Investment in the APEC Region in January 2015. The Dialogue was a suitable platform for representatives from the public and private sectors to discuss and identify unnecessary impediments to infrastructure Investment in the APEC Region.</td>
</tr>
<tr>
<td>SUB-FOR A</td>
<td>WORK UNDERTAKEN</td>
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<tr>
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</tr>
<tr>
<td><strong>Following on from the APEC Multi Year Plan on Infrastructure Development and Investment, IEG published a Guidebook on PPP Frameworks in the APEC Region in July 2015. The Guidebook provides an overview of PPP schemes in infrastructure and aims to attract investors to PPP projects in APEC economies. Focus areas include legal and regulatory structures; project structure and development; project support, financing and management; related policies; and ready-to-offer projects.</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Supply-Chain Connectivity Framework</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The SCCP continue to implement the proposed actions in relation to Customs under the following SCFAP Chokepoints:</td>
</tr>
<tr>
<td><strong>Chokepoint 1:</strong> Lack of transparency</td>
</tr>
<tr>
<td><strong>Chokepoint 4:</strong> Inefficient clearance; Lack of coordination</td>
</tr>
<tr>
<td><strong>Chokepoint 5:</strong> Burdensome customs procedures</td>
</tr>
<tr>
<td><strong>Chokepoint 8:</strong> Lack of regional cross-border customs transit arrangements</td>
</tr>
<tr>
<td>The SCCP endorsed the guidelines, in connection with Chokepoint 8, proposed by Chile. Chile submitted a concept note in July 2015 to conduct a dialogue on the Best Practice Implementation Guidelines on Chokepoint 8. The outcome of the concept note will be reported to SCCP in 2016.</td>
</tr>
<tr>
<td>The SCCP continued to contribute to the <strong>APEC Travel Facilitation Initiative</strong>. The SCCP will start working on a compilation of Annual TFI Progress Reports which will be submitted to SOM.</td>
</tr>
<tr>
<td>The SCCP continued sharing information on the implementation of PNR of member economies. The SCCP continued engagement with WCO on the use of API and PNR. The SCCP will share the information and findings from the PNR Survey with other fora.</td>
</tr>
<tr>
<td>SUB-FOR A</td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>Movement of Humanitarian Goods.</strong> The SCCP submitted to CTI3 for consideration the proposed framework for APEC principles on the movement of humanitarian goods, using data from the SCCP survey assessment on economy legislation and policies.</td>
</tr>
<tr>
<td><strong>Business Mobility Group (BMG)</strong></td>
</tr>
<tr>
<td>• Client Service Framework Survey and work on the Frequent Asked Questions (FAQ) for the ABTC related webpage. The client service framework aims to ensure that certain minimum standards are met in serving clients of the ABTC scheme.</td>
</tr>
<tr>
<td>• Developing the technical capacity of economies by holding technical workshops in Subic and in Brisbane, November 2015. The technical workshops were an opportunity for technical and processing users to share their experiences and explore ways to improve client service in the ABTC scheme.</td>
</tr>
<tr>
<td><strong>Electronic Commerce Steering Group (ECSG)</strong></td>
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<td></td>
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<tr>
<td><strong>SUB-FOR A</strong></td>
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<tr>
<td>To complement the work of PTS on eCO and to implement part of the roadmap for trade facilitation, PTS published its report on “Enhancing the Global Supply Chain Efficiency by E-Manifest Exchange in APEC Region” in 2015. The PTS is exploring new areas of work, including e-SPS and collaboration with the e-Commerce Business Alliance (ECBA) and World Trustmark Alliance (WTA).</td>
</tr>
<tr>
<td>The CD’s Regulators’ Forum continued to contribute to institutional connectivity by convening chemical regulators from around APEC economies to promote information sharing on chemicals regulations, the implementation of the Best Practice Principles of Chemical Regulation, and the deepening of institutional connectivity.</td>
</tr>
<tr>
<td>The LSIF Regulatory Harmonization Steering Committee (RHSC) continues to 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 system to prevent the availability of substandard, spurious, falsely-labelled, falsified, and counterfeit medical products. In 2015 the LSIF and ABAC completed phase I of a project to promote the use of Global Data Standards for the pharmaceutical supply chain.</td>
</tr>
</tbody>
</table>
Section III: Expanding Regulatory Cooperation and Advancing Regulatory Coherence

This chapter provides an overview of the work of CTI and its sub-fora in 2015 in support of the APEC priority of Advancing Regulatory Convergence and Cooperation.

Highlights:

- CTI’s key contributions to regulatory convergence and cooperation continue to be through the implementation of the APEC Regulatory Cooperation Advancement Mechanism on Trade Related Standards and Technical Regulations (ARCAM), 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), self-regulation in advertising (2012), and electric vehicle standards (2014). Possible topics for the 4th ARCAM dialogue in 2016 are currently under consideration by member economies.

- CTI contributed to the implementation of the APEC Action Agenda on Advertising Standards and Practice Development endorsed by Leaders in 2014 to promote alignment of advertising standards and reduce the cost of doing business across the region. CTI agreed to principles for Government’s Role in Promoting Effective Advertising Standards as a platform for capacity building and mentoring in 2016.

- Building on the outcomes of the 3rd ARCAM Dialogue on International Electric Vehicle Standards held in May 2014, and in response to APEC Actions to Promote Widespread Usage of Electric Vehicles endorsed by Ministers in 2014 instructing officials to draft a road map for Electric Vehicles in 2015, CTI tasked the Automotive Dialogue (AD) to conduct the work. AD and CTI discussed and agreed to the APEC Road Map for Electric Vehicles, which sets out the timeline of work for producing an outcomes report by the end of 2017. The objective is to address divergent EV regulations which may constrain the market potential for increased trade in electric vehicles (EVs) among APEC economies and its possible contribution to the realization of low carbon economy. The proposed program of work includes four workshops to be held during 2016-2017 to discuss inputs on inventory of regulations and standards used in the production and operation of EVs in the region, on-going international efforts to create Global Technical Regulations on EVs, establishment of an APEC Interoperability Center, and the list of priority standards for promoting widespread usage of electric vehicles in the region.

- SCSC continued to explore means of enhancing regulatory practices in the APEC region and undertook a number of initiatives in the areas of transparency, alignment of standards and conformity assessment systems, as well as good regulatory practice through capacity building and cross-fora cooperation, including with the Economic Committee (EC) and Chemical Dialogue (CD). SCSC revised its Terms of Reference (ToR) with a view to ensuring that SCSC work remains attuned and responsive to APEC goals, objectives and priorities. The review focused on streamlining and
providing structure to the ToR as well as providing strategic guidelines on the development of projects to further enhance the alignment of SCSC work in support of the multilateral trading system.

- SCSC continued the work on alignment with international standards through implementation of the Voluntary Action Plan (VAP) Alignment Work and exchange of information at SCSC meetings. SCSC also implemented projects focusing on such areas as green buildings; energy efficiency regulations for ICT products; energy saving measurement and verification; and medical external quality assurance (EQA). Economies continued to share information on the progress of their technical infrastructure development including standards education programs.

- SCSC continued with the implementation of the APEC Electrical and Electronic Equipment Mutual Recognition Arrangement (EEMRA), with participating economies sharing information of implementation status.

- SCSC held the 8th Conference on Good Regulatory Practice (GRP) in August 2015 in collaboration with EC and CD. The conference discussed and made recommendations on: (1) Single online location for regulatory information; (2) Periodic Review and Prospective Regulatory Planning; (3) Capacity Building on Good Regulatory Practices (GRP); (4) Best Practices; and (5) Challenges faced by MSMEs for Inclusive Growth. SCSC is also updating the 2011 Baseline Study of Good Regulatory Practices in APEC Member Economies. SCSC engages other APEC fora including the Economic Committee in advancing the work on GRP and regulatory cooperation.

- On food safety, SCSC implemented a suite of projects under the Food Safety Cooperation Forum (FSCF) and its Partnership Training Institute Network (PTIN) to promote the role of science-based regulations in improving food safety and ensuring predictability and transparency in agri-food trade in the APEC region, including two pilot projects in the areas of export certificates and pesticide maximum residue limits as part of the APEC Regulatory Cooperation Plan. In addition, SCSC through the APEC Wine Regulatory Forum progressed the work of the model wine export certificate as a means of streamlining export certificate requirements. Other initiatives focused on updating food safety regulatory standards of APEC economies; and antimicrobial resistance control.

- In 2014, BMG concluded a review of legal infrastructure standards to assist economies further develop legal immigration infrastructures to achieve consistent border management practice and procedures. Members agreed that the next review will be conducted in 2017. The BMG also continued its progress in surveying economies on their pre-clearance policy and regulatory settings that underpin the ABTC, with a view to improving information available to ABTC holders. Thailand presented a report to the BMG on the surveys, which outlined visa systems of economies. This will inform the initial scoping work on online lodgement which will be discussed at the Technical Workshop in November 2015 in Brisbane. A further report on the surveys will be made at SOM1 2016.
• **ECSG**’s CPEA establishes a framework for regional cooperation in the enforcement of Privacy Laws. Any Privacy Enforcement Authority (PE Authority) in an APEC economy may participate. The CPEA aims to:

- facilitate information sharing among PE Authorities in APEC economies;
- provide mechanisms to promote effective cross-border cooperation between authorities in the enforcement of Privacy Law; and
- encourage information sharing and cooperation on privacy investigation and enforcement with PE Authorities outside APEC.

The CPEA is a significant step to assist cross-border enforcement where there is a Privacy Law and Privacy Enforcement Authority in more than one of the economies involved. The CPEA also assists participating PE Authorities in the APEC region to address these challenges, through cross-border cooperation on consumer privacy investigations and enforcement matters.

• **CD**’s 2015 work program continued to progress its leading role in promoting regulatory cooperation in the chemical sector, including by:

- Hosting a half day Seminar on Good Regulatory Practices with input from the APEC Economic Committee (EC) and the APEC Subcommittee on Standards and Conformance to leverage APEC’s ongoing work on GRP in the CD’s ongoing efforts to implement its Best Practice Principles in Chemical Regulation. At the seminar, several next steps were agreed to including potential development of checklists to promote implementation of the principles and contributing to the EC’s GRP event in 2016;

- Hosting a 1.5 day self-funded workshop on the Risk Assessment of Metals to promote best practices in the area and to build on previous work by the Mining Task Force;

- Implementing an agreed work plan of the CD’s Virtual Working Group on Regulatory Cooperation and Convergence;

- Considering two proposals for regulatory cooperation events to be hosted by the CD in 2016 related to a training program on regulatory cooperation for chemical regulators as well as to promote cooperation on the implementation of the Globally Harmonized System for the Classification and Labeling of Chemicals (“GHS”);

- At the request of the Ministers Responsible for Trade, the CD, through its Virtual Working Group on GHS, developed a study that identified the divergences in APEC member economy implementation of the GHS and identified potential ways in which the CD could help address those divergences;

- Continuing to promote and expand the GHS Resource Exchange and Tool (“G.R.E.A.T.”) website hosted by Chinese Taipei.
LSIF’s Regulatory Harmonization Steering Committee (RHSC) continued to emphasize the importance of carrying out the work plans set out for the last phase of the Strategic Framework for Regulatory Convergence for Medical Products by 2020 (Phase 3/2015-2020). The APEC Harmonization Center (AHC) undertook the following work: development of Pilot Online Training Program on ICH E2 (October 2015); sharing of research project results on ICH Guideline Survey (November 2015) and 2014 Pharmaceutical Regulatory Framework (December 2015); launching of e-Learning Center (February 2016); and renewal of the AHC website (February 2016). Champion economies provided updates on related Priority Work Areas (PWAs): Multi-regional Clinical Trials (MRCTs) and Good Clinical Practices (GCPs) Inspection Roadmaps: Japan (MRCT) and Thailand (GCP) provided confirmation on the combination of the two roadmaps and reported on the outcomes of the conducted MRCT-GCP Gap analysis; Cellular and Tissue-based Therapies (CTT) Roadmap: Singapore reported on the last CTT workshop held in July 2014 and highlighted the importance of various factors needed to promote regulatory convergence including the adaptation of International Harmonized Guidance that addresses the principles for quality, safety and efficacy of CTT products; development of Common Standards for raw materials and assay development, provision of training to healthcare practitioners on CTT handling and use, and development of Single Platform for information sharing of guidelines, standards, approved trials/products, applicable references and best practice documents for regulators; Pharmacovigilence (PV) Roadmap: Korea presented a Concept Paper entitled “Roadmap to Promote Regulatory Convergence for Medical Device Vigilance” proposing the inclusion of medical device vigilance in the PV roadmap activities; Good Review Practices (GRevPs) Roadmap: Chinese Taipei provided an update on significant activities since the last RHSC meeting and the Good Submission Practices (GSubPs) workshop in Taipei on 17-18 September 2015. Preparation for the Good Registration Management Roadmap, which will combine GRevP and GSubP, is ongoing and is expected to be tabled at the next RHSC meeting; Global Supply Chain Integrity Roadmap: USA reported on the APEC LSIF Training Program on Global Medical Product Integrity and Supply Chain Security held in the margins of SOM3 in Cebu on 24-28 August 2015. The AHC-sponsored training which was organised in two workshops held concurrently entitled “Detection Technologies, Internet Sales, Good Import and Export Practices” (Track I) and “Good Manufacturing Practices, Track and Trace and Good Import and Export Practices” (Track II). The workshops were well attended by over 200 participants from 19 economies. USA PO also delivered a presentation about the University of Tennessee’s Health Sciences Center and its potential as a possible CoE.

IPEG continued to exchange information to improve regulatory cooperation and regulatory coherence. During the two IPEG meetings in 2015, there were a number of presentations and discussions including on Geographical Indications and Generic Terms; copyright policy to facilitate the use of public works; Global Work Sharing; and Preventive Measures against Online Copyright Infringements, etc.
Section IV: Collective Actions, Pathfinder Initiatives and Industry Dialogues

Collective Action Plans

Collective Action Plans (CAPs) continue to frame the work plans of CTI and its sub-fora. These CAPs are living documents and, in 2015, were revised and enhanced in pursuit of the Bogor Goals (see Appendix).

Many of these improvements were made in response to 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 twice in 2015. The key issues included liberalizing manufacturing-related services sectors, increasing transparency of measures related to exports within APEC; discussions on progress of the WTO negotiations on ITA expansion; non-tariff measures (NTMs); and global value chains. More members are also joining the APEC Pathfinder for Self-Certification of Origin which seeks to reduce the administrative burdens and costs associated with navigating complex Rules of Origin (ROO) documentation and procedures when utilizing FTAs. In addition, MAG discussed the proposal from the Philippines on the APEC Trade Repository (APEC TR), an interactive online reference for APEC member economies’ tariff and trade regimes, which adds to and strengthens the existing Web-TR. MAG also welcomed the Philippines’ Boracay Action Agenda to Globalize MSMEs and noted the priority actions which are related to MAG: i) simplifying and streamlining procedural and documentary requirements on ROO in order to facilitate MSMEs’ access to regional and bilateral FTAs, ii) providing timely and accurate information on export and import procedures and requirements through the development of guidebooks, usage of trade information and reviews of import licensing requirements, and iii) increasing the transparency of trade data. MAG and GOS also had a Joint Meeting on Services in Global Value Chains: Case Studies of Market Opening Reforms in the margins of SOM3, as part of the Australian-led Work Plan on Realizing the Critical Role of Trade in Services within Global Value Chains under the APEC Strategic Blueprint for Promoting GVC Development and Cooperation.

In 2015, the Group on Services (GOS) continued to advance its service work program through the implementation of new and ongoing initiatives, including: 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) opportunities and challenges in environmental services; iii) continuation of a project that will identify successful regulatory reform in services markets (GOS and MAG held a joint meeting on Services in Global Value Chains: Case Studies of Market Opening Reforms in the margins of SOM3). The group led work to identify good policy and regulatory practices for facilitating services trade and investment and
for fostering the development of open services markets (e.g. in higher education services, mining and energy, and architecture and engineering services). The group also explored other areas of interest such as manufacturing-related services and global value chains, in line with the priorities for the year.

The **Investment Experts’ Group** (IEG) continued to support CTI’s efforts in progressing the Investment Facilitation Action Plan (IFAP), adopted by Ministers and Leaders in 2008. In 2015, the IEG agreed on IFAP priority actions to be pursued by member economies in 2015-2016 and continued to share information and best practices in investment facilitation. IEG also undertook projects that addressed various investment issues including infrastructure investment; capacity building to enhance the investment environment; promoting inclusive business; and PPP frameworks to promote investment. The IEG actively engaged other international organizations such as OECD, UNCTAD and WEF to understand relevant work on investment issues and explore areas of cooperation.

The **Sub-committee on Standards and Conformance** (SCSC) continued to implement its work programs in seeking greater alignment of APEC member economies’ standards with international standards. It conducted an extensive suite of activities including capacity building workshops, research and sharing of best practices, development of guidelines to support its work in areas of good regulatory practices; technical infrastructure development; food and product safety; and standards and conformance education. In line with this year’s priority on contributing to SMEs’ integration into global and regional markets, SCSC enhanced collaboration with SMEWG under the endorsed work plan to address issues related to standards and conformance that will enable SMEs participation in global markets. In addition, SCSC agreed to revise the SCSC Terms of Reference (TOR) and Collective Action Plan on Trade Facilitation in order to elevate consideration of SME issues in undertaking the works of SCSC.

The work program of the **Sub-committee on Customs Procedures (SCCP)** for 2015 remained focused on trade facilitation/supply chain connectivity, trade security and related enforcement matters. SCCP advanced work on single window, cross-border e-commerce, authorized economic operator (AEO), customs transit, IPR and other projects. In 2014, it was agreed to include “preparation for the implementation of WTO TFA” as a new standing agenda item for the SCCP in 2015. SCCP discussed and agreed to the “guiding principles” for the new CAP proposed by Japan, which includes requirements that the new CAP be actionable and measurable. SCCP will continue to work on the development of the new SCCP Collective Action Plan in 2016.

The **Intellectual Property Rights Experts’ Group (IPEG)** continued CTI’s work on strengthening intellectual property rights, undertaking a range of activities and initiatives including capacity building programs. The group met twice in 2015 to review progress and continue advancing work on issues related to protection for geographical indications; patent acquisition procedures; SME issues related to IPR; and IPR protection and enforcement, including trade secrets protection and enforcement.

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 2015, BMG goals continued to be built on four main work streams: 1) APEC Travel Facilitation Initiative (TFI); 2) supporting people-to-people connectivity; 3) enhancement of ABTC services; 4) APEC Consolidated Counter-Terrorism and
Secure Trade Strategy. Under the APEC Travel Facilitation Initiative, BMG has completed and endorsed a “lessons learnt” document on Advance Passenger Information and Passenger Name Records. The document has been has disseminated to other working groups for their reference. With regard to improving people-to-people connectivity, BMG continued to improve its ABTC Scheme, including by providing technical support to the operators with capacity building workshops. BMG is continuously working on improving its client service standards and pre-clearance processing times. In 2015, BMG also agreed on the extension of the validity period of the ABTC from three to a maximum of five years starting to be implemented in 1 September 2015. In relation to the fourth BMG goal, BMG agreed at SOM1 on the Regional Movement Alert System (RMAS) communication package, which is available online. At BMG in the margins of SOM3, the 10 points recommendation of broadening the scope of RMAS was also discussed, and BMG agree to narrow those recommendations so that BMG could have a focused discussion on which points should be developed further in the next phase of RMAS work.

The Electronic Commerce Steering Group (ECSG) completed the APEC Privacy Recognition for Processors (PRP) System and enabling documents in August 2015, in response to the request of the industry. The PRP System will help personal information processors (processors) demonstrate their ability to provide effective implementation of a personal information controller’s (controller) privacy obligations related to the processing of personal information. It will also help controllers identify qualified and accountable processors, including SMEs, not known outside of their economy, to become part of a global data processing network. The review of the APEC Privacy Framework 2015 is nearing completion. Updates to the APEC Privacy Framework are envisioned to help ensure that the Framework can continue to respond to technological and marketplace evolution. Changes will support the free flow of information across borders through the establishment of internationally consistent rules for the protection for personal information, as essential to trust and confidence in the online marketplace. A strategic action plan for the ECSG will be developed in 2016 to align the ECSG’s work with CTI priorities in the digital economy. Informal discussions will commence intersessionally with a proposal to convene an ECSG informal meeting at SOM1 in Peru to discuss the measures to be included in a strategic plan.

**Pathfinder Initiatives**

In 2015, lead economies continued to promote increased participation in the existing TILF-related Pathfinder initiatives.

**Table 3: Status of TILF-Related Pathfinders**

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

The Automotive Dialogue (AD) continued its work in 2015 on an agenda that includes both CTI’s priorities and the automotive industry’s pressing issues and development trends, focusing on SMEs’ role in the industry, New Energy Vehicles (NEVs) and automotive markets in the region. The AD is a public-private body in which regulators and producers collaborate to reduce regulatory barriers and to promote trade in vehicles, parts, technologies and related products throughout the APEC region. The participants pay special attention to market stimulation and promotion of Green Transport to end-users. The AD met twice in 2015, completed a range of tasks and set targets to continue its work on the improvement of the automotive industry and market in the APEC region.

AD continues its work on the Compendium of Automotive Taxation to identify best practices and analyze the effectiveness of existing taxation/incentives for NEVs/EVs aimed at stimulating the market.

Another ongoing initiative under the ambit of the GVC Strategic Blueprint is the GVC/SME Automotive Sector (GSAS) Project aimed at identifying specific challenges faced by SMEs in integrating into GVCs and recommending practical solutions to overcome the challenges.

As a part of its continuous efforts to streamline and improve the AD workflow, members adopted the ToR for AD in September 2015 and are looking forward to expanding the Dialogue’s coverage by means of virtual (remote) participation technology.

In response to tasking by CTI, AD conducted and finalized work on the APEC Road Map for Electric Vehicles, which sets out a timeline of work towards producing an outcomes report by the end of 2017.

Chemical Dialogue

In 2015, the Chemical Dialogue (CD) maintained a robust work stream including substantial contributions to CTI’s priorities, primarily through promoting regulatory cooperation and collaborating with other APEC fora to progress APEC’s priorities. The CD is a public-private body in which chemical regulators and the chemical industry collaborate to reduce unnecessary regulatory barriers and to promote trade in chemicals throughout the APEC region.

To promote implementation of the Best Practice Principles of Chemical Regulation that the CD developed in 2008 and to carry forward recommendations from its 2014 workshop on regulatory cooperation, the CD held a half-day seminar with contributions from the Economic Committee and the Sub-committee on Standards and Conformance to discuss how APEC’s work on good regulatory practices could be utilized in the CD. The seminar identified numerous opportunities for further work and collaboration in 2016. The CD also hosted a 1.5 day workshop to promote best practices in the risk assessment of metals, building on a 2012 event sponsored by APEC’s Mining Task Force.

CD continued its efforts to promote the broader implementation of, and reduced divergences in, APEC
member economy implementation of the Globally Harmonized System for the Classification and Labeling of chemicals ("GHS"). At the request of APEC Ministers Responsible for Trade, the CD conducted a study that identified the numerous GHS variances across the region, which undermine the potential benefits of a system intended to be globally harmonized and impose unnecessary costs. The CD has identified several next steps for potential action in 2016 to address and reduce these barriers.

CD continued its active collaboration with the Oceans and Fisheries Working Group (OFWG) to promote innovative solutions to marine debris through a virtual working group. The VWG developed a terms of reference, elected government and industry co-chairs, and provided input regarding the unnecessary non-tariff barriers that inhibit implementation of innovative waste to energy technology. The CD also contributed to the SOM Friends of the Chair on Urbanization Mayors’ Forum by identifying APEC mayors who were implementing comprehensive end-to-end waste management infrastructure and thus reducing marine debris from their cities. In 2016, the CD and OFWG aim to implement a proposal to conduct comprehensive feasibility studies to implement similar systems in two APEC beta site cities to demonstrate the feasibility of achieving zero emissions into the ocean.

Life Sciences Innovation Forum

The Life Sciences Innovation Forum (LSIF) collaborated with the Health Working Group to organize the 5th APEC High-Level Meeting (HLM5) on Health & the Economy on 30-31 August. This year’s meeting was hosted by Dr. Janette Garin, Secretary of Health of the Republic of the Philippines. The purpose of the annual meeting is to elevate the health nexus with the economy as a cross-cutting issue within APEC and to focus high level attention on key issues identified by senior health and economic stakeholders. The meeting concluded with the endorsement of the HLM5 Statement and the Healthy Asia Pacific 2020 Roadmap, which provides key guidance for actions and contributions for the sustainable economic development of the region given the role of health in the economy. Of particular note is the call by HLM5 for APEC economies to be encouraged to develop sustainable and high-performing health systems by adopting, or adapting, as appropriate to their national context, “health in all policies” and a holistic approach, namely “whole of government”, “whole of society” and “whole of region” to achieve people’s health and wellbeing throughout the whole life course by 2020.

LSIF will contribute to and collaborate with the HWG on infection control, pandemic preparedness and antimicrobial resistance issues and will work with stakeholders on innovations to prevent and/or mitigate their impact. The LSIF welcomed APEC’s partnership with the Global Health Security Agenda (GHSA) and the outcomes of the Policy Forum on Infection Control Infrastructure in Seoul in September 2015 - the APEC-GHSA Framework on Infection Control Infrastructure and the Support Package for Hand Hygiene. The LSIF also endorsed the APEC Blood Supply Chain 2020 Roadmap and the establishment of the APEC Blood Supply Chain Partnership Training Network (PTN) to support the Roadmap’s implementation. The LSIF is looking forward to the outcomes of the 2nd APEC LSIF Blood Supply Chain Policy Forum in October in California, USA, and the Partnership Training Network Pilot Program in December in Lima, Peru.

LSIF welcomed the LSIF RHSC - ABAC pilot project on Global Data Standards (GDS) for Pharmaceutical Products, part of the Hong Kong, China and New Zealand-led initiative on GDS. Phase I, completed in early 2015, found that the estimated benefits far exceeded the associated implementation and
ongoing costs associated with global standards for serialization, tracking and tracing over the 10-year analysis period. The goal of Phase II is to develop a pilot for the utilization of an appropriate standard and demonstrate visibility across the pharmaceutical supply chain from manufacturer to patient.

The LSIF RHSC is one of the LSIF’s leading initiatives. The steering committee has been supported by the APEC Harmonization Center in Seoul, Korea. Since 2011, the RHSC has been working on implementing a strategic roadmap to achieve regulatory convergence for medical products by 2020. Roadmaps have been developed to advance convergence in ten priority work areas, including biotherapeutics; multi-regional clinical trials (MRCT); global medical product quality and supply chain integrity; good clinical practice (GCP) inspection and good review practices (GRP). There are multi-sectoral working groups leading the development and implementation of the roadmaps for each priority work area. There is now a focus on establishing a network of Centers of Excellence (CoE) to move towards implementation of the road maps.

The LSIF endorsed the establishment of the APEC Health Sciences Academy at Peking University in Beijing, China, and endorsed the holding of an MRCT pilot training program as the first activity of HeSAY. The LSIF welcomed the establishment of a CoE in multiple areas, including multi-regional clinical trials and biotherapeutics to promote global drug development as well as a training curriculum on good clinical practices. A CoE for bio-therapeutics is next in line.

The LSIF welcomed the findings of the ABAC-LSIF Study on the Fiscal Implications of non-communicable diseases (NCDs) on early retirement. The initial findings of the study were presented at the HLMS. It was recommended that LSIF and ABAC engage in a cross-fora dialogue with Senior Finance Officials (SFOM) and other stakeholders to look at the fiscal implications of early retirement due to ill health in early 2016.

LSIF welcomed the progress of the Mental Health Task Force and the outcome of the APEC Mental Health Roundtable; encouraged APEC Economies to complete the Strategic Needs Assessment; noted that the Task Force will be developing a business proposal to advocate the APEC Mental Health Digital Hub with donors, government, and development agencies, and encourage APEC economies to support this hub. The hub is expected to be launched by the end of 2015.
Section V: CTI’s Contribution to APEC-Wide and Cross-cutting Initiatives/Mandates

This chapter provides an overview of CTI activities in 2015 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, including in response to outcomes of the WTO 9th Ministerial Conference held in Bali in December 2013 and the decisions at the Special Session of the General Council of the WTO held in Geneva on 27 November 2014, including the adoption of the Protocol of Amendment to insert the Agreement on Trade Facilitation (TFA) into the WTO Agreement and continuation of work to agree on the Post-Bali Work Program by 31 July 2015.

Particular attention was placed on the implementation of the WTO TFA. Considering that entry into force of TFA requires ratification of more than two-thirds of WTO Members, Senior Officials endorsed recommendation by CTI at SOM1 on a statement requesting Senior Officials to urge member economies to notify the WTO of their acceptance of the TFA as quickly as possible. CTI and its sub-fora such as SCCP and MAG followed up on the state of member economies’ notification to the WTO, where all economies committed to complete necessary process for notification as soon as possible, ideally by MC10. As of 11 November, 11 economies had notified the WTO of their acceptance of TFA.

On the issue of intellectual property rights, IPEG members continued to exchange views on their progress in developing IP systems consistent with the WTO and other international forums, including Madrid Protocol and Pacific Alliance. IPEG received a report from Japan on the results of the Survey on APEC Information and Experience sharing of IP-related treaties to share the benefits and best practices related to their own IP systems to support each economy’s voluntary activities involved with acceding the IP treaties.

Table 4: Sub-fora Outcomes - Support for the Multilateral Trading System

<table>
<thead>
<tr>
<th>SUB-FORA</th>
<th>WORK UNDERTAKEN</th>
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<tbody>
<tr>
<td>Market Access Group (MAG)</td>
<td>MAG members are working towards completing their ratification processes for the WTO TF and submitting their instrument of acceptance as soon as possible, ideally by the Ministerial Conference 10 (MC10) in December 2015 in Nairobi, Kenya. They</td>
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<tr>
<td>SUB-FORA</td>
<td>WORK UNDERTAKEN</td>
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<td><strong>Group on Services (GOS)</strong></td>
<td>GOS monitored developments in the WTO and noted the importance of pursuing and supporting international services trade. GOS also noted that the failure to conclude the Doha Development Agenda (DDA) should not be an obstacle to achieving outcomes at the MC10 in December 2015.</td>
</tr>
<tr>
<td><strong>Investment Experts Group (IEG)</strong></td>
<td>IEG analyzed different multilateral fora with the purpose of evaluating the benefits of multilateralism. Member economies shared information on FTAs and BITs and discussed recent policy developments with regard to IIAs.</td>
</tr>
<tr>
<td><strong>Sub-committee on Standards and Conformance (SCSC)</strong></td>
<td>SCSC continued to monitor the latest developments under the WTO’s TBT and SPS Agreements with the aim of increasing transparency and making information available to relevant stakeholders.</td>
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</table>
| **Sub-committee on Customs Procedures (SCCP)**    | The SCCP continued discussions and sharing of information on the status of member economies’ domestic preparations for the implementation of the WTO TFA.  
The SCCP continued discussion and engagement with the WTO and WCO, particularly on their WTO TFA capacity building programs and guidelines in the establishment of National Committee on Trade Facilitation. 
The SCCP has been through a process of regular updates on the latest developments and experiences toward the early and full implementation of the TFA. 
The SCCP has also been exploring the early implementation of the non-binding or best endeavor provisions of the TFA. 
SCCP2 meeting in Cebu in August 2015 followed up the status of member economies’ ratification process for the TFA. |
| **Intellectual Property Rights Experts Group (IPEG)** | IPEG members continued to exchange views on their respective progress in developing IP systems consistent with the WTO and other international forums, including the Madrid Protocol and Pacific Alliance. IPEG received a report from Japan on the results of the Survey on APEC Information and Experience sharing of IP-related treaties to share the benefits and best practices related to their own IP systems to support each economy’s voluntary activities involved with acceding the IP treaties. |

*Improving the Business Environment / Good Regulatory Practices*
The CTI Chair and the EC Chair continued their work to strengthen complementarities and links between the two committees. The Chairs 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 supply chain connectivity initiatives, Ease of Doing Business (EoDB) and structural reform (ANSSR) as well as the development of the APEC Connectivity Blueprint at the SOM-level.

SCSC and CD have collaborated with the EC to promote work on good regulatory practices through the Conference on Good Regulatory Practices.

**Barriers to Trade Facing SMEs**

CTI and its sub-fora and the SMEWG continued to implement initiatives to address the list of barriers facing small and medium-sized enterprises (SMEs) in trading in the region, as identified and endorsed at the Joint MRT-SME Ministers Meeting in 2011. CTI and its sub-fora, in collaboration with the SMEWG, provided input to the Boracay Action Agenda to Globalize Micro, Small and Medium Enterprises (MSMEs) which was endorsed by APEC Ministers responsible for Trade in May, including a stock take of activities and initiatives that address the above mentioned barriers [See Section I].

**Building Sustainable and Resilient Communities**

CTI contributed to work under the APEC 2015 priority of Building Sustainable and Resilient Communities through initiatives under work stream 8 of APEC Strategic Blueprint for promoting Global Value Chains Development and Cooperation (enhance resiliency of GVCs). For example, CTI agreed to a guidebook on Enhancing Resilience of Global Value Chains to Natural Disasters, which took into account the views of the APEC Transportation Working Group (TPTWG) and Emergency Preparedness Working Group (EPWG), and will hold a seminar on this topic in 2016 [See Section I].

**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). The TFI encompasses six areas: airport partnership; APEC Business Travel Card (ABTC); trusted traveler; facilitation of air passenger security screening; Advanced Passenger Information; and checked baggage facilitation. BMG continued to work closely with the Steering Council and relevant APEC groups on the work programs concerning: identifying characteristics of trusted traveler programs and challenges in implementing Advance Passenger Information Systems (APIS). SCCP members also participated in activities that contribute to the implementation of the TFI such as the trusted traveler programs and APIS. The SCCP welcomed an economy’s intention to submit a project proposal to further discuss regulations and implementation of Passenger Name Record (PNR) in the APEC region to enhance risk management and expedite the flow of legitimate travelers.
Other APEC Cross-cutting Initiatives

CTI contributed to the implementation of initiatives under the APEC Multi-Year Plan on Infrastructure Development and Investment and the APEC Connectivity Blueprint through initiatives including proposals from Japan on the Study on Infrastructure Investment in the APEC Region, and Peer Review and Capacity Building on APEC Infrastructure Development and Investment to be implemented from 2016.

CTI and its relevant sub-fora contributed and provided inputs, to the development of Work Plan on Promoting Cross-Border Education Cooperation to be updated and adjusted on a regular basis under the guidance of APEC Senior Officials. The projects in the work plan, which is a “living document”, take forward the instructions, in 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 which supported efforts to enhance the mobility of students, researchers, and education providers in the APEC region.

The CD and OFWG, through the Virtual Working Group on Marine Debris, provided a panel to the SOM Friends of the Chair on Urbanization City Mayors Forum that discussed opportunities to promote comprehensive waste management infrastructure, including through the use of innovative waste-to-energy technologies, and thus reduce emissions into the ocean.
Section VI: 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 2015, 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 2015 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.

During 2015, CTI and its sub-fora delivered outcomes consistent with ABAC’s 2014 recommendations. The highlights include the following:

- **To Support the Multilateral Trading System through the ratification and implementation within APEC of the WTO TFA; the finalization of the ITA expansion and TiSA;**
  - CTI and its sub-fora have worked to support entry into force of the TFA through urging member economies to notify the WTO of their acceptance of the TFA as quickly as possible and through monitoring the progress;

- **ABAC calls for concrete steps towards the realization of an FTAAP such as developing a roadmap and conducting analytical work, building on the work done by APEC, ABAC and PECC**
  - Progress has been made on information sharing including a series of Trade Policy Dialogues on FTAs/RTAs. Activities under the 2nd CBNI aimed at strengthening the capacity of officials to engage on topics covered under modern, comprehensive FTAs were conducted during 2015 and are being planned for 2016.
  - A platform was developed to undertake the Collective Strategic Study on Issues Related to the Realization of the FTAAP, including the Terms of Reference of the Study and chapter work plans.

- **To build effective Global Value Chains**
  - Work Plans were developed for 10 work streams under the APEC Strategic Blueprint for promoting Global Value Chains Development and Cooperation agreed by Leaders in 2014. A range of activities including workshops/seminars on GVCs were conducted and will continue to be conducted next year.
  - Activities on issues of concern raised by ABAC were carried out, including a trade policy dialogue on localization issues, which resulted in a timeline and next steps for further work on this issue.

- **Enhance Supply Chain Connectivity**
  - Progress was made on the five targeted capacity building projects in the Capacity Building Plan to Improve Supply Chain Performance through the APEC Supply Chain Connectivity sub-fund,
i.e., 1) pre-arrival processing, 2) advance rulings, 3) expedited shipments, 4) release of goods and 5) electronic payments.

- Two meetings of the APEC Alliance on Supply Chain Connectivity (A2C2) were held during 2015 and provided useful input to business in moving towards the APEC-wide goal of achieving the 10 per cent improvement in supply chain performance in terms of reduction of time, cost, and uncertainty, including inputs to the aforementioned five targeted capacity building projects.

- Pilot projects on the application of Global Data Standards (GDS) are being carried out. A PSU study to assess the costs and benefits of applying GDS to supply chains, based on the pilot projects, will be conducted in 2016.

- CTI agreed to the work plan, including the joint operator group, of the APEC Model E-Port Network, which aims to improve efficiency of participating ports through better application and interoperability of IC&T systems.

- **Pursue the new services agenda including the manufacturing-related services in supply chains/value chains endorsed in 2014 as a next generation trade and investment issue to be addressed in APEC**
  - CTI agreed to the Manufacturing related Services Action Plan (MSAP) which aims to increase the availability and accessibility of manufacturing-related services through progressive liberalization and facilitation of services and cooperation/capacity building.
  - The Group on Services/CTI coordinated the expansion of the Services Trade Access Requirements (STAR) database, a business-friendly on-line tool containing information on requirements to trade in specific services sectors in APEC economies.

- **APEC Connectivity Blueprint**
  - On physical connectivity, CTI contributed to the implementation of the APEC Blueprint on Connectivity through initiatives including proposals on the Study on Infrastructure Investment in the APEC Region, and Peer Review and Capacity Building on APEC Infrastructure Development and Investment.
  - BMG agreed to extend the validity of the APEC Business Travel Card from three years to a maximum of five years from 1 September 2015.

- **Support the Development of SMEs**
  - Under the APEC Strategic Blueprint for Promoting Global Value Chains Development and Cooperation, a suite of activities related to SMEs’ participation in GVCs were conducted in 2015 and are planned for 2016, including workshops/seminars in major industries (agribusiness, textiles, IT, health care and autos) and a study on Policies Affecting Trade in Health Care Products.
  - The APEC Trade Repository was launched. It provides a one-stop service on trade-related information which will assist SMEs’ integration into global/regional markets.

- **Accelerate Green Growth**
  - APEC economies submitted implementation plans setting out how tariff reductions in the 2012 APEC List of Environmental Goods will be implemented by the end of 2015.
- CTI agreed to the Environmental Services Action Plan (ESAP) comprising actions to promote liberalization and facilitation of environmental services.
- The 2nd Public-Private Partnership on Environmental Goods and Services (PPEGS) dialogue was held to discuss and share good practices to address non-tariff barriers to environmental goods and services trade.
- Activities related to the APEC Cooperation Network on Green Supply Chain (GSCNET) were conducted, including the dialogue on the APEC Cooperation Network on Green Supply Chain, and establishment of the 1st Pilot Center of GCSNET in Tianjin.