

APPENDIX 3

Action Plan Framework for the 2nd REI Capacity Building Needs Initiative (2nd CBNI)

Background

Since 2012, under the Action Plan Framework for the 1st REI Capacity Building Needs Initiative (CBNI), Korea and other lead economies such as China, Indonesia, Japan, New Zealand, the United States and Viet Nam have been carrying out capacity-building programs in thirteen different areas with broad support from APEC economies. As of the end of October 2014, twelve CBNI workshops have been successfully held.

With the current Action Plan Framework to draw to a close by the end of this year, Korea proposed at the first SOM in Ningbo to hold a seminar before the third SOM and to conduct a survey in the first half of this year to assess previous CBNI programs and discuss the way forward. Since the proposal was fully supported by APEC economies, Korea conducted a comprehensive survey between April and July on the overall assessment of CBNI activities and their future direction. The results of this survey were presented to and actively discussed by APEC economies at the CBNI seminar held on 22-23 July 2014 in Seoul.

All the economies that responded to the survey expressed their interests in the CBNI programs and hoped to be provided continued opportunities for capacity building through the 2nd round of CBNI.

At the APEC Meeting of Ministers Responsible for Trade in Qingdao this year, Ministers reaffirmed their “strong support of APEC progress in the implementation of the Action Plan Framework on CBNI” and welcomed “the proposal to further develop and implement the Action Plan Framework of the 2nd CBNI.”

The proposed Action Plan Framework for the 2nd CBNI by Korea was agreed in-principle at CTI 3 in Beijing. There was also agreement that economies would provide ideas and inputs for sectors/topics and present nominations to lead the capacity building activities in relation to those sectors/topics

Considering the importance of capacity building in strengthening regional economic integration in APEC and advancing an FTAAP (Free Trade Area of the Asia-Pacific) and the continued interest in capacity building opportunities expressed by economies, Korea proposes the following Action Plan Framework for the 2nd REI Capacity Building Needs Initiative (2nd CBNI) for the endorsement of CSOM based on the inputs and nominations by member economies as well as results of the survey and discussions from the seminar.

Outline of Action Plan Framework for the 2nd CBNI

Objectives:

- (i) Carry out additional CBNI programs that reflect current regional economic integration movements through RTAs/FTAs;

- (ii) Cover sectors that were not covered in previous CBNI programs and other emerging sectors wherein new demands for capacity building have surfaced;
- (iii) Narrow FTA capacity gaps among member economies;
- (iv) Enhance FTA capacity by sharing best practices; and
- (v) Identify challenges to the realization of the FTAAP and explore possible ways to form harmonizing blocks for multilateralism.

Implementation Period:

New capacity building programs under the 2nd CBNI will be implemented from 2015 to 2017. Any need to extend this duration may be reviewed in 2017 after consultation with member economies.

Lead Economies (Co-sponsors or Program Providers):

Lead economies will provide leadership in designing capacity building programs for particular sectors and spearhead their implementation. The tentative list of sectors to be covered in the 2nd CBNI and their respective lead economies is presented as Annex 2 based on the results of the nominations. Economies are welcome to make additional nominations to lead sectors that have no designated lead economies.

Participating Economies:

Economies wishing to take part in capacity building programs related to specific sectors are to sign up as “participating economies.”

Sectors Covered:

In the 2nd CBNI, additional programs may be launched for further discussion and clarification in certain areas that were already dealt with in the 1st round. Given the technical and diverse nature of particular sectors, another round of focused discussion may be needed to yield practical results of capacity building. Important sectors that were not covered in the 1st round should be included in the 2nd CBNI. Because RTA/FTA negotiations tend to encompass more and more sectors, it is vital for the CBNI programs to catch up with the trend by a series of capacity building activities. Also, the 2nd CBNI cannot lose its sight of urgency on newly emerging sectors in mega RTAs/FTAs and next generation trade and investment issues. Responsibility of timely preparation for the imminent future is on the shoulders of APEC economies.

Sectors selected based on the results of the survey and seminar include:

- i. Sectors that require further discussion and clarification:
 - Negotiation techniques
 - SPS
 - Electronic commerce
 - Labour
 - Rules of origin and origin procedures
 - Government procurement
 - FTA implementation

- ii. Sectors that were not dealt with in previous CBNI programs:
 - Trade in service (including services in general, financial services, telecommunications and professional services)
 - Competition
 - Investment
 - Intellectual property
 - Transparency

- iii. Newly emerging sectors in mega RTAs/FTAs and next generation trade and investment issues:
 - Non-tariff measures
 - Technical barriers to trade (including standards and conformity)
 - Environment (including trade in climate change)
 - Relationship between trade and benefit sharing arising from the utilization of genetic resources
 - Strategic private-public partnership.

Program Development:

Although the 1st CBNI proved to be successful in an overall sense, the current format of CBNI activities (1 or 2 day workshops) may not be sufficient for a comprehensive coverage and practical discussions on more complex and diverse topics to be covered in the 2nd CBNI. In order to enhance the effectiveness of the workshops, new methods such as case studies, discussions on best practices, simulations, information sharing through capacity building databases and/or e-learning may be actively explored and may be part of the workshops in addition to the conventional method of presentations and panel discussions. Consequently, the period of workshops need to be extended to 3 or 4 days.

Implementation and Monitoring:

Lead economies will be responsible for circulating the project evaluation form in the course of the capacity building program. The results of the evaluation will be reflected in their reports. Lead economies are also encouraged to submit, in supplementary nature, their own assessment of the program based on the following criteria:

- i. Non-duplication of previous work
- ii. Scale and expertise of participants
- iii. Achievement of the program objectives
- iv. Contribution of the results to the objectives of the 2nd CBNI
- v. Other: include recommendation for logistical arrangements

Time Plan:

- i. CTI 3 and SOM 3, 2014: APEC economies will discuss the proposed Action Plan Framework for the 2nd CBNI submitted by Korea;
- ii. Between SOM 3 and CSOM, 2014: The proposed Action Plan Framework could be further developed based on the inputs from APEC economies intersessionally;
- iii. CSOM, AMM and AELM, 2014: The Action Plan Framework could be endorsed at CSOM, AMM and AELM in 2014;
- iv. December, 2014: The first workshop under the Action Plan Framework for the 2nd CBNI could be initiated by Korea.
- v. 2015-2017: Lead economies will design capacity building programs and lead their implementation. The results of the programs will be reported to CTI and SOM.
- vi. 2017: A wrap-up seminar for the 2nd CBNI will be held to evaluate the programs.

Annex

1. Summary Report of the Survey Results and Discussions at the Seminar for Assessing Previous CBNI Programs and Mapping the Future.
2. Tentative List of Sectors to be covered in the 2nd CBNI.

Annex 1

Summary Report of the Survey Results and Discussions at the Seminar for Assessing Previous CBNI Programs and Mapping the Future

Purpose of the Survey

- (i) Evaluating previous CBNI programs;
- (ii) Identifying existing sectors that may need additional or more in-depth capacity building programs;
- (iii) Identifying newly emerging sectors with capacity building needs.

Structure of the Survey

- (i) Section 1: Overall Assessment of Previous CBNI Activities (3 questions)
- (ii) Section 2: Preference on Specific Modalities of CBNI Activities (3 questions)
- (iii) Section 3: Future Activities of CBNI (11 questions)
- (iv) Proposed Areas and Lead Economies for the 2nd CBNI.

Summary of Survey Results

Section 1: Overall Assessment of Previous CBNI Activities

- (i) Nearly all economies that responded have participated in the CBNI programs. All economies that have participated answered that the workshops completed so far have been helpful in negotiating and implementing FTAs.
- (ii) Workshops that have been assessed as having been helpful in FTA negotiations or implementations to the greatest degree include those on government procurement, labour, rules of origin and dispute settlement.

Section 2: Preference on Specific Modalities of CBNI Activities

- (i) A significant number of economies responded that they would prefer a longer period of time for workshops than the current duration (1 or 2 days), for a comprehensive coverage of complex topics.
- (ii) Economies tended to favour speakers with governmental backgrounds and workshops with practical discussions rather than academic ones.

Section 3: Future Activities of CBNI

- (i) Regarding the workshops' greatest shortcomings in terms of capacity building for negotiating FTAs, most economies cited the 'lack of preparation time and human resources available' followed by the 'lack of technical knowledge.'

- (ii) Sectors in which new demand for capacity building has arisen recently include: competition policy, private-public partnership, state-owned enterprises (SOE), sustainable development, green technology, small-and- medium enterprises (SMEs), trade remedies, technical barriers to trade (including standards and conformity), services, government procurement and investment.
- (iii) All economies unanimously agreed on the necessity to launch the 2nd CBNI activities. As to which sectors or areas need to be covered in the 2nd round, respondents selected most of the following sectors: non-tariff measures, technical barriers to trade, financial service, telecommunications, professional services, negotiation techniques, standards and conformity, trade in services in general, competition policy, government procurement, environment, trade in climate change, trade remedies, SPS, intellectual property, electronic commerce, rules of origin and origin procedures, investment, transparency, strategic partnership, labour and relationship between trade and benefit sharing arising from the utilization of genetic resources.
- (iv) On the subject of mode of operation for the 2nd CBNI activities, nearly half of the economies preferred '3 or 4 days of practical discussions combined with academic activities.' If the 2nd CBNI were to be held in this manner, most economies anticipated that 2 to 3 of their delegates would be able to participate.
- (v) With respect to additional activities that could complement CBNI workshops, all economies selected 'carrying out simulations of FTA negotiations,' followed by 'building a website for the e-learning purposes on capacity building issues' and 'studying actual FTA cases.'

Related Suggestions and Discussions at the CBNI Seminar

- (i) The 2nd CBNI needs to focus on capacity building in plurilateral negotiations, as well as in the implementation and outreach aspects of FTAs. It would be useful to include negotiation simulation exercises in future workshops.
- (ii) In building a website for e-learning, similar programs run by other international organizations should be referred to (e.g. the Progressive E- learning System of the WTO).
- (iii) The 2nd CBNI needs to focus more on the services sector, as there is high demand for capacity building in its newly-developed areas.
- (iv) Small-group discussions would facilitate an interactive sharing of experiences and best practices among the participating economies.
- (v) Workshop presentations and reports available on the AIMP website are difficult to access. There should be a page on the APEC website under the RTA/FTA area that provides a direct link to corresponding materials on the AIMP website, as well as a direct link to training resources offered by other international organizations.
- (vi) The 2nd CBNI needs to focus on where APEC can add value, which is in sharing best practices, deciding the future direction of the FTAAP and addressing specific challenges that may arise in the process of its implementation.
- (vii) Lead economies need to consider organizing capacity building activities on directly-related topics such as FTA implementation issues and ROO provisions. These activities will optimise the use of resources and enable economies to better understand the impact of corresponding chapters in FTA negotiations and implementation.

Mapping the Future of the CBNI

- (i) Capacity building under the 2nd CBNI could include newly-developed areas in trade and services, plurilateral negotiation techniques and implementation procedures of FTAs. Workshops held over 3-4 days, with small-group discussions and negotiation simulation exercises are recommended.

- (ii) Sectors to be covered in the 2nd CBNI
- Sectors that require further discussion and clarification: negotiation techniques, SPS, electronic commerce, labour, rules of origin and origin procedures, government procurement and FTA implementation;
 - Sectors that were not covered in previous CBNI programs: trade in services (including services in general, financial services, telecommunications and professional services), competition, investment, intellectual property, and transparency; and
 - Newly emerging sectors in mega RTAs/FTAs and next generation trade and investment issues: non-tariff measures, technical barriers to trade (including standards and conformity), environment (including trade in climate change), relationship between trade and benefit sharing arising from the utilization of genetic resources, and strategic private-public partnership.
- (iii) Additional considerations for the future CBNI include: building a website for e- learning and making the current database of presentations and reports more accessible to users.

Annex 2

Tentative List of Sectors to be covered in the 2nd CBNI (to be updated)

Sectors	Lead Economy	Participating Economy
Environment	China, Viet Nam	Chinese Taipei, Malaysia, Thailand
Investment	Viet Nam	Chinese Taipei, Malaysia
Labour	The United States	Chinese Taipei, Malaysia
Non-Tariff Measures	Korea, Indonesia	Chinese Taipei, Malaysia, Thailand
Rules of Origin	Korea	Chinese Taipei, Malaysia, Thailand
Technical Barriers to Trade	Viet Nam	Chinese Taipei, Malaysia
Trade in Services	China	Malaysia
Transparency	Viet Nam	Chinese Taipei, Malaysia
Women's participation in the economy through trade agreements	The United States	Malaysia

Note:

- i. The above table is based on the results of the nomination by member economies as of the end of October 2014 and is subject to be updated with more nominations in the future.
- ii. Japan will be one of the participating economies and will consider sending speakers wherever possible.
- iii. In addition to the sectors in the table, Chinese Taipei will be a participating economy on negotiation techniques, SPS, electronic commerce, RTA implementation, competition, intellectual property, relationship between trade and benefit sharing arising from the utilization of genetic resources,.
- iv. Malaysia will be a participating economy in all the sectors.
- v. Canada will be a participating economy in government procurement.
- vi. Peru will be a participating economy in competition and strategic private- public partnership.
- vii. Hong Kong, China will be a participating economy in all sectors wherever possible.