

**ASIA-PACIFIC ECONOMIC COOPERATION 2013
CONCLUDING SENIOR OFFICIALS MEETING
Nusa Dua, Bali, Indonesia
1-2 October 2013**

Summary Conclusions

Overview

The Concluding Senior Officials' Meeting (CSOM) for the Twenty-Fifth APEC Ministerial Meeting was convened in Bali on 1-2 October 2013. Senior Officials from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Republic of the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States and Viet Nam participated in the meeting. The Chairs of the Committee on Trade and Investment (CTI); Economic Committee (EC); SOM Steering Committee on ECOTECH (SCE); the representative of the Vice-Chair of the Budget and Management Committee (BMC); APEC Business Advisory Council (ABAC), Pacific Economic Cooperation Council (PECC), Pacific Islands Forum (PIF) and the APEC Secretariat were present.

1. Opening Session

The SOM Chair opened the meeting by welcoming officials and thanking their participation. The Chair noted that there was still work to be done to ensure good outcomes for APEC Ministers who would be meeting over 4th and 5th October, followed by Leaders on 7th and 8th October. The year since the first senior officials meeting had seen more than 173 meetings of working and expert groups and a significant number of seminars and workshops in Indonesia to take forward the host agenda. The Chair thanked officials for fulfilling the instructions tasked by Ministers and Leaders in 2013 and for crafting deliverables under each of the APEC 2013 priorities.

The Chair drew attention to the first priority item of 'Attaining the Bogor Goals' which would consider several issues by CTI, namely those that still require consensus. On the second priority, 'Sustainable Growth with Equity', the Chair observed that APEC had concluded several ministerial and high level meetings and the meeting would hear reports on outcomes. On the third priority item, 'Promoting Connectivity', the Chair informed that constructive inputs had been incorporated to the working drafts related to connectivity and infrastructure issues. Annexed to the Leaders' declaration would be the APEC Framework on Connectivity and the Multi-Year Plan on Infrastructure Development and Investment. There would also be several annexes for the Ministerial statement, including on Cross-Border Education Cooperation and Emergency Response Travel Facilitation.

Adoption of the Agenda and Business Arrangements

The agenda (Document No. 2013/CSOM/001) was adopted without amendments.

Update by ABAC

The ABAC representative, briefed on ABAC's letter and report to Leaders and letters to sectoral ministers, namely those in Finance, SMEs, Transportation and Health. Among ABAC's recommendations to Leaders, six areas were highlighted, namely: ABAC's Enablers of Investment Infrastructure Checklist, good regulatory practices, global data standards, improving foreign direct investments, engaging women in the economy and the formal launch of the Asia Pacific Financial Forum (APFF). The meeting was also briefed on the arrangements for the fourth ABAC meeting starting the next day, the CEO Summit and the ABAC Dialogue with Leaders on 7 October.

The Chair thanked the ABAC representative for the read-out. SOM noted ABAC's recommendations.

2. Priority areas for 2013: Attaining the Bogor Goals

CTI Report

The CTI Chair briefed the meeting on the 2013 CTI Annual Report to Ministers (Document No. 2013/CSOM/016) covering the various activities and contributions of the CTI, its 8 sub-fora and 3 industry dialogues in support of APEC's work program and the instructions of Leaders, Ministers and Senior Officials. He noted that the report documented many examples of practical collaboration on technical issues involving business, officials and academics experts that help support businesses and make it easier to trade and invest in the region as well as details of activities in areas such as food safety; cross border privacy rules; paperless trading; Automotive Dialogue's green cars; regulatory convergence to facilitate trade in medical products and expansion of the APEC Business Travel Card (ABTC) including protocols for lost and stolen cards. He also drew SOM's attention to the key recommendations on pages 1-2 of the report and the deliverables produced by the LSIF in Document No. 2013/CSOM/018.

The CTI Chair drew attention to the 4 unresolved issues in the report that were still in square brackets, noting that the issues were discussion points in the SOM agenda and welcomed SOM's guidance on them. The 4 issues were: (i) draft APEC Best Practices to Create Jobs and Increase Competitiveness. The draft was developed in response to 2012 AMM instructions to further study the impact of local content requirements (LCRs) on REI and economic growth; and discuss possible ways to promote competitiveness goals and job creation in ways that enhance rather than distort trade; (ii) a proposal from Indonesia to have the PSU undertake a study on promoting products which contribute sustainable growth through rural development and poverty alleviation; (iii) a proposal for the next phase of the systematic approach to improving supply chain performance, in particular the diagnostic phase where a proponent economy has put forward a TOR for a coordinating role; and (iv) a proposal from China to streamline CTI sub-fora. He informed the meeting that CTI colleagues were still working hard to resolve the issues before the end of the meeting.

SOM endorsed, in principle, the 2013 CTI Annual Report and the recommendations contained therein, noting that consultations were being undertaken with a view to resolving the outstanding issues before the end of the CSOM meeting. SOM also commended the CTI Chair and CTI members for their hard and productive work during the year.

The United States briefed the meeting on the purpose and drafting of APEC Best Practices to Create Jobs and Increase Competitiveness and noted that economies were close to reaching an agreement on the draft and that the final document would be circulated to members as soon as possible. (Afternote: The draft was finalized following the conclusion of CSOM, in time for AMM).

Indonesia updated the meeting on its revised concept paper on Promoting Products which Contribute to Sustainable Growth through Rural Development and Poverty Alleviation. The revised proposal envisaged the terms of reference for the PSU study to be finalized by CTI1, 2014 and the PSU study to be completed by late 2014 or early 2015. Indonesia undertook to work with member economies to develop the Terms of Reference. (Afternote: A small drafting session was convened following the conclusion of CSOM to finalize the text. The latest version of the concept paper was included in the CSOM document package as 2013/CSOM/025rev4).

On China's proposal to streamline the CTI sub-fora, SOM endorsed the revised paper (tabled as 2013/CSOM/028) setting out the resolution of the outstanding issues and tasked the APEC Secretariat to prepare the information for the assessment of the effectiveness of the CTI sub-fora as called for in the paper.

Supporting the Multilateral Trading System

SOM discussed how APEC could contribute to a successful 9th Ministerial Conference of the World Trade Organization (MC9), as a stepping-stone toward the eventual conclusion of the DDA Negotiations. Using the draft Leaders' Standalone Statement supporting the Multilateral Trading System and MC9 prepared

by the APEC Caucus in Geneva as the basis, the discussion focused on two paragraphs in the draft statement:

- Paragraph 8 on promotion of green growth, addressing global environmental challenges and exploring opportunities to build on the APEC EG List. While there was support for retaining the paragraph, the concerns remained on the bracketed text on “expansion of product coverage and participation”. Several economies reiterated the need to focus on implementation of the APEC EG list.
- Paragraph 9 on the expansion of the Information Technology Agreement (ITA). Almost all economies who spoke supported retaining the paragraph, noting that the language tracked closely to what APEC Ministers Responsible for Trade had agreed to in Surabaya.

Indonesia suggested on deleting paragraph 8 on the promotion of green growth and such that the eight paragraphs will be focused on the WTO and MC9. Indonesia undertook to re-circulate the draft with the minor revisions for economies’ consideration and appealed to economies that had concerns with inclusion of EG language to re-consider their positions in light of the discussions that took place.

Establishment of an APEC Sub-fund on Supply Chain Performance

The United States briefed the meeting on the progress in advancing the systematic approach to meet the target of improving supply chain performance of 10% by 2015 and its proposal to establish a sub-fund to the TILF that would be dedicated to targeted and focused capacity building to support economies in their efforts to overcome the obstacles in supply chain chokepoints. A non-paper was circulated intersessionally for economies’ review and in that paper, the US has indicated its willingness to contribute US\$1 million to the sub-fund.

Several economies spoke in support of the US initiative with some economies expressing their willingness to cooperate with the US and consider contributions as appropriate. SOM endorsed the establishment of APEC sub-fund on supply chain performance and agreed to the US suggestion to have the Leaders announce the sub-fund.

Economic Committee (EC) Report

The EC Chair reported on the EC’s contributions to APEC priorities as well as progress in the EC agenda to implement structural reform (Document No. 2013/CSOM/013), highlighting the following:

- On the APEC New Strategy for Structural Reform (ANSSR), a summary report of ANSSR Mid-Term Progress (Document No. 2013/CSOM/006) was presented at CSOM, summarizing 21 economies’ submissions on their ANSSR implementation and highlighting the commonalities and challenges from their experiences. The EC Chair sought Senior Officials’ endorsement on the ANSSR Mid-Term Progress Report 2013.
- An executive summary of the APEC Economic Policy Report (AEPR) 2013 on Promoting Fiscal Transparency and Public Accountability (Document No. 2013/CSOM/005) was presented at CSOM, outlining the rationale for and developments in fiscal transparency. The EC Chair sought Senior Officials’ endorsement on the AEPR 2013.
- On the AEPR 2014, the EC agreed that it would be led by China, Japan and the United States and focused on Good Regulatory Practices (GRP).
- In 2013, the EC as well as its sub-fora, the Competition Policy and Law Group (CPLG), held numerous useful policy discussions and workshops. Among them, a workshop on Simplified Authentication Process for Production of Public Documents Abroad through the Use of the Hague Apostille Convention was held on the margins of SOM3, organized by Hong Kong, China. EC members reached broad consensus that an APEC-wide adoption of the Hague Apostille Convention would facilitate APEC’s Ease of Doing Business (EoDB) targets.
- On EoDB, APEC achieved an 11.5% improvement since 2009, above the 10% benchmark target for 2012. However, given the uneven performance across the EoDB priority areas and economies, the EC agreed to focus on capacity building efforts to help those economies seeking to keep up with the medium.

- The election process for the EC Chair and two Vice Chair positions were ongoing and the new Chair and the Vice Chairs would be announced prior to the ISOM.

SOM thanked the EC Chair for the hard work to promote structural and regulatory reform. SOM noted the importance of capacity building in regulatory reform and cooperation. Indonesia suggested that the EC should focus more on the structural reform work mandated to the EC and actively pursue the Leaders' Agenda to Implement Structural Reform (LAISR).

SOM endorsed the ANSSR Mid-Term Progress Report 2013 and the AEPR 2013 on Promoting Fiscal Transparency and Public Accountability.

Good Regulatory Practices

The United States presented the Progress Report on 2011 Baseline Study on GRP (Document No. 2013/CSOM/024), which examined economies' implementation in three key areas of GRP during the period 2011 to 2013: (i) internal coordination of rulemaking activity; (ii) regulatory impact assessment (RIA); and (iii) public consultation mechanisms. The report found substantial progress in RIA but fewer improvements in regulatory transparency and consultation. Its recommendations included: more focus on regulatory transparency, and particularly consultation; more effective regulatory review mechanisms; capacity building; and continued update on the progress across the APEC region.

Taking into account the findings of the Progress Report as well as the discussions at the SOM, the United States proposed continuing to strengthen GRP implementation by November 2015 in the three areas identified by the 2011 Leaders' Declaration (Document No. 2013/CSOM/023). In addition, the United States put forward three tools that economies should consider using to help them strengthen the implementation of the GRPs: (i) single on-line location for regulatory information; (ii) prospective regulatory planning; and (iii) periodic reviews of existing regulation.

SOM welcomed progress and future work in strengthening the implementation of Good Regulatory Practices (GRPs).

Recent Developments in FTAs/RTAs in the Region

SOM took note of the following updates since SOM3 on the developments in FTAs/RTAs in the region:

- Indonesia updated the meeting on the 2nd round of the Regional Comprehensive Economic Partnership (RCEP) negotiations that was held in Brisbane on 24-27 September. During this round of negotiations, the parties focused on trade in goods, trade in services and investment and engaged in other issues such as economic and technical cooperation, competition, intellectual property, and dispute settlement. There was also a Competition Seminar where speakers, drawn from a range of backgrounds, offered legal, business and regulatory perspective on the role of competition provisions in trade agreements. The next round will be held in Malaysia from 21-25 January 2014.
- Japan updated on its negotiation in regional agreements such as the Trans-Pacific Partnership (TPP); trilateral Japan-China-Korea agreement; and RCEP as well as its bilateral agreements with Australia, Canada, Colombia and Mongolia.
- Chinese Taipei updated on the completion of its negotiations on Agreement with New Zealand on Economic Cooperation (ANZTEC) and the signing of agreement on 10 Jul 2013.
- Chile updated on progress in the negotiations on the Pacific Alliance, the completion of their market access negotiations and negotiations of the traditional FTA chapters.
- New Zealand updated on its negotiations with Korea and the Customs Union of the Russian Federation, Belarus and Kazakhstan. New Zealand also informed that it has recently joined as an observer of the Pacific Alliance.
- Russia updated on the developments within the Customs Union of the Russian Federation, Belarus and Kazakhstan, including the customs union's expansion plans and negotiations with New Zealand and Viet Nam (3rd round negotiation with Viet Nam was completed in Minsk in September). Armenia

has expressed interest and intention to join the customs union. The finalization of the Treaty on the regional economic union is planned for end of 2014. In emphasizing the importance of ensuring transparency of the FTAs, Russia suggested creating a model chapter on trade in environment.

In noting that the information sharing of FTAs/RTAs developments in the region has become a regular item on the SOM agenda, China indicated its interest to explore with economies how discussions and consideration of the issue could be improved to enhance its relevance to APEC. China also informed SOMs of the concept note that it has put forth in the CTI to hold a trade policy dialogue among different stakeholders on regional FTAs and RTAs to enhance coordination and communication between the different regional architectures. The dialogue hopes to identify some common actions that APEC members can take in the future to create a more favorable environment for every inter-regional FTA to learn from each other; grow together; integrate themselves into FTAAP process. If the concept note is approved, China indicated that it plans to organize the dialogue in the autumn 2014.

PECC took the opportunity to indicate its willingness to contribute and/or assist APEC to facilitate/enhance the discussions on RTAs/FTAs and FTAAP.

3. Priority areas for 2013: Promoting Connectivity

APEC Framework on Connectivity

The SOM Chair thanked economies for their support for the APEC Framework on Connectivity. Regarding the reference to the year 2030 in the Framework on which some members raised concerns at SOM3, the SOM Chair emphasized that the intention of setting a timeframe was not to dilute the Bogor Goals, but to enhance attaining the Bogor Goals. Noting that the work on connectivity, including infrastructure investment, is not a short-term undertaking, but a medium to long-term undertaking, Indonesia highlighted that setting a particular aspirational timeframe could help energize APEC's work to promote connectivity in the region.

Economies widely supported Indonesia's work on connectivity, noting that connectivity could contribute to APEC's work in many ways, including trade and investment liberalization and facilitation, economic and technical cooperation, and regional economic integration. However, some economies expressed concerns on setting 2030 as the target year of the connectivity framework and suggested either setting the deadline by 2020 or having no fixed deadline, in order to avoid any possible confusion in relation to the target year of Bogor Goals. SOM noted that the work on connectivity should be complementary to and aligned with the Bogor Goals to achieve free and open trade and investment by 2020.

SOM welcomed that China would carry forward the work on connectivity in 2014. Observing that a multi-year plan was developed in the area of infrastructure – physical connectivity, some economies suggested that a balanced approach should be pursued in the future, with a focus on the other two areas as well – institutional and people-to-people connectivity.

The SOM Chair reiterated that the intention of the Framework was not to dilute the Bogor Goals. The SOM Chair took note of the comments made by members on the need to ensure that the connectivity work would be aligned with the Bogor Goals.

SOM, in principle, endorsed the APEC Framework on Connectivity to be attached to the APEC Leaders' Declaration, with the understanding that the remaining pending issues were to be resolved over the next few days.

APEC Multi-Year Plan on Infrastructure Development and Investment

Indonesia updated SOM on the draft APEC Multi-Year Plan on Infrastructure Development and Investment to be annexed to the Leaders' Declaration. The Multi-Year Plan consisted of four workstreams to develop: (i) a business friendly environment for infrastructure development and investment; (ii) an

integrated planning system; (iii) capacity to generate bankable infrastructure projects; and (iv) a financing and funding environment to encourage long term investors. The first two workstreams would be implemented through SOM and the latter two through Finance Ministers' Process (FMP). As a first step, the Multi-Year Plan proposed establishing a pilot Public Private Partnership (PPP) Center in Indonesia as well as an APEC PPP Experts Advisory Panel which would assist with the establishment of the Indonesian PPP Center.

Economies supported the Multi-Year Plan as well as the establishment of a PPP center and PPP Experts Advisory Panel, noting that increased work in infrastructure development would contribute to enhancing economic growth in the region and attaining the Bogor Goals of free and open trade and investment by 2020.

SOM noted that China, the Philippines and Chile would take forward the work to ensure successful implementation of the Multi-Year Plan through 2016. Some economies shared their ideas and suggestions to implement the Multi-Year Plan, including establishing a Friends of the Chair Group (FotC) and conducting capacity building activities. A few economies indicated their intention to provide suggestions to amend and refine the relevant language to be included in the Leaders' Declarations.

SOM endorsed the APEC Multi-Year Plan on Infrastructure Investment and Development and its accompanying annexes, with some amendments.

Outcomes of the Finance Ministerial Meeting

The SFOM Chair briefed SOM on the outcomes of the Finance Ministerial Meeting held in Bali on 19-20 September 2013. The Finance Ministerial Meeting focused its efforts on creating better functioning infrastructure markets in the region, as part of its contribution to 2013 APEC priorities. Recognizing that private capital, particularly long-term capital, could play a substantial role in addressing infrastructure gaps, Finance Ministers noted that having clear processes in relation to the planning, preparation, and financing of infrastructure projects was critical to unlocking private investment. On this note, Finance Ministers agreed to establish a pilot PPP center within the Indonesian Ministry of Finance as well as an APEC PPP Experts Advisory Panel. It was expected that by sharing the experiences of the Panel and the APEC pilot project in Indonesia, APEC economies could improve their own capacity to design and deliver bankable PPP projects. In the longer term, the Panel could support the emergence of an APEC-wide market for infrastructure investment by helping other economies to develop similar capacity and create a regional network of PPP centers. The Panel would report to the Finance Ministerial Meeting to be held in Hong Kong, China in 2014 on the progress in their work.

SOM took note of the outcomes from the Finance Ministerial Meeting.

Outcomes of the Transportation Ministerial Meeting

Japan briefed SOM on the outcomes of the Transportation Ministerial Meeting held in Tokyo on 5 September 2013. Transportation ministers agreed to, among others: (i) develop a transportation "Connectivity Map" that would visualize the ideal transportation network in the APEC region by the year 2020; (ii) pursue further cooperation and share best practices in transportation infrastructure investment, financing and operations; and (iii) develop a "Quality Transport" vision, encompassing convenience, efficiency, safety, security, and sustainability as priorities.

SOM took note of the outcomes from the Transportation Ministerial Meeting.

Work Plan on Promoting Cross-Border Education Cooperation

Australia, on behalf of the Ad Hoc Coordinating Committee for the Work Plan on Promoting Cross-Border Education Cooperation, updated SOM on the developments since SOM3. The Ad Hoc Coordinating Committee developed a work plan (Document No. 2013/CSOM/009), which captured APEC's current initiatives and ideas to promote cross-border education cooperation, compiling 27 projects proposed or

underway led by nine economies. Australia highlighted that the work plan was a living document, open to economies' continued contribution on a voluntary basis.

Noting that the work plan would substantially contribute to implementing the 2012 Leaders' commitment as well as the 2013 priority of advancing people-to-people connectivity, economies welcomed the work plan and supported the progress made under the leadership of Australia and Indonesia.

SOM noted the initiative on reaching the target of 1 million intra-APEC university-level students per year by 2020. The United States indicated its plan to gather more baseline data and analyse the pattern of educational mobility to further enhance cross-border education and student mobility.

SOM endorsed the Work Plan on Promoting Cross-Border Education Cooperation.

Emergency Response Travel Facilitation Stocktake and Study

Indonesia presented the draft Emergency Response Travel Facilitation (ERTF) Stocktake and Study (Document No. 2013/CSOM/014), which assessed current regulation and procedures in receiving and delivering international disaster assistance in APEC economies, with a focus on the ease of the mobility of international emergency personnel, goods and equipment. The report identified problems and challenges from the perspectives of economies providing assistance and receiving assistance and highlighted best practices to develop a mechanism in easing the mobility of international emergency responders. The 7th Senior Disaster Management Officials Forum held in Bali on 21-22 August 2013 approved the draft report to be presented to CSOM for endorsement. In terms of next steps, Indonesia sought SOM's support to develop a work plan of ERTF to create a clear framework and to identify possible cross-sector areas of cooperation among APEC fora, such as BMG, SCCP and EPWG.

Recognizing that emergency response was an issue of great concern and importance to APEC economies, SOM supported the work undertaken on emergency response travel facilitation. It was also suggested that other issues beyond this initiative, such as the problems of coordination of assistance, should be addressed to effectively deal with disaster management issues.

SOM endorsed the Emergency Response Travel Facilitation (ERTF) Stocktake and Study report.

Travel Facilitation Initiative

The United States, as Travel Facilitation Initiative (TFI) Coordinator, reported on progress in the TFI as well as the outcomes of the High Level Policy Dialogue on Travel Facilitation (Document No. 2013/CSOM/027). The TFI, a cross-cutting initiative, was implemented by the five APEC fora in six activity areas. Progresses made in 2013 included: (i) on airport partnership, the TPTWG circulated a survey to gauge challenges airports faced concerning travel facilitation; (ii) regarding APEC Business Travel Card (ABTC), economies expressed support for the BMG's various efforts to enhance ABTC program; (iii) on trusted traveller, the BMG, in cooperation with the SCCP and CTWG, was working on the draft trusted traveller characteristics; (iv) two workshops had been held to share best practices in air passenger security screening; and (v) on advanced passenger information (API), the BMG, in cooperation with the CTWG, was identifying lessons learned and best practices in implementing API systems.

The High Level Policy Dialogue (HLPD) on Travel Facilitation was held in Bali on 1 October. Discussion at the HLPD examined best practices in APEC economies for visa facilitation, advanced passenger information, trusted traveller programs, and ways to make airports friendly to travellers.

Noting that ABTC was perceived by the public as a good example of tangible benefits that APEC could bring about, China encouraged further participation in the ABTC program in 2014, which would substantially contribute to people-to-people connectivity.

SOM took note of the report from the TFI Coordinator on progress in 2013 as well as the outcomes of the High Level Policy Dialogue on Travel Facilitation.

4. Economic and Technical Cooperation (ECOTECH)

The SCE Chair noted the 2013 Senior Officials' Report on Economic and Technical Cooperation (ECOTECH) to Ministers (Document No. 2013/CSOM/021) which was tabled for endorsement.

The SCE Chair reported that the focus in SCE during 2013 was on improving ECOTECH through seeking bottom up views from SCE fora, increasing synergy between working groups and improving capacity building. SCE had conducted a survey of all SCE fora and APEC economies on how the SCE's work, communications and capacity building could be improved. The report of the survey, the SCE Report on Improving ECOTECH in APEC (Annex 2 of the ECOTECH Report) set out twelve recommendations that were designed to improve the flow of information and increase coordination between SCE fora, help focus activity on areas of greatest value and strengthen the effectiveness of capacity building. The SCE chair commented that implementing the twelve recommendations would take sustained attention in the year ahead.

The increasing list of initiatives that SCE was potentially being tasked with coordinating was highlighted by the SCE Chair. These include the Travel Facilitation Initiative; Work Plan on Promoting Cross Border Education Cooperation; Multi-Year Plan on Infrastructure Development and Investment; and Ocean-related issues. Coordinating these initiatives would become an increasing part of SCE's agenda in the next couple of years and could provide a good basis for emphasizing to SCE fora the importance of coordinating amongst themselves and with fora from CTI on important cross-cutting issues.

The ECOTECH Report also noted progress on the preparation of strategic plans by fora. This was an important process for helping to ensure that fora were properly focused on topics of greatest importance and relevance for APEC as a whole. Good progress had been made during the year on the strategic plans but there was still a long way to go and continued focus from SCE would be required through into 2014.

The SCE Chair noted that diversity was the salient feature of APEC and ECOTECH was important to bring economies of different levels of development together. The SCE Chair looked forward to ECOTECH being advanced in 2014 with the Philippines in the Chair.

The United States expressed their strong support for ECOTECH and announced that they would be providing a further program of funding for next five years to support it.

Indonesia thanked China for chairing SCE in 2013. They hoped that SCE could build upon its 2013 work to encourage fora to have better alignment on cross-cutting issues and develop strategic plans containing measurable indicators of achievement.

SOM endorsed the 2013 Senior Officials' Report on Economic and Technical Cooperation (ECOTECH) to Ministers.

5. Priority areas for 2013: Achieving Sustainable Growth with Equity

Small and Medium Enterprises; Women and Health

Indonesia provided an update to SOM on progress on SMEs, Women and Health issues.

The 20th Small and Medium Enterprises Ministerial Meeting was held on 7 September 2013 in Bali. The meeting noted the importance of increasing the global competitiveness of SMEs through increasing access to finance, expanding into international markets and developing a strong entrepreneurial environment.

A joint Ministerial Meeting on Small and Medium Enterprises and Women was held on 7 September in Bali. The meeting agreed to enhance cooperation to promote inclusive development of women in SMEs

particularly through promoting an entrepreneurial culture and access to finance. The meeting resolved that continued cooperation on SMEs and women would be required to deal with challenges.

A High Level Policy Dialogue on Women and the Economy was held on 8 September in Bali. The meeting recognized the important role women play in economic prosperity and inclusive growth. Gender responsive policies were needed along with improved laws to increase econ opportunity. Specific areas of focus were structural reform to remove obstacles; promoting access to ICT; and promoting access to infrastructure.

The 3rd High Level Meeting on Health and the Economy was held on 24-25 September in Bali. The meeting worked on developing a model for sustainable health care that was inclusive, appropriate and cost effective. The meeting recommended that leaders advocate for whole of society approaches to the health system to ensure the sustainability of health financing.

SOM noted the outcomes of recent meetings covering small and medium enterprises, women and health.

Ocean-Related Issues

Indonesia presented the draft workplan in the APEC Initiative on Mainstreaming Ocean-Related Issues (2013/CSOM/010). The workplan contained projects nominated by fora but was a living document open for new projects. The plan was not intended to replace any individual working group plans as it is aimed to foster collaboration among related fora/subfora and working groups in identifying common areas and joint projects for implementation.

Economies welcomed the progress and SOM endorsed the draft workplan.

Energy

Indonesia reported on the APEC Conference on Clean Renewable Energy held on 30 September 2013 in Bali. The conference highlighted that members should: boost investment in the clean energy sector by providing a conducive business environment; increase capacity building in clean renewable energy projects and foster cooperation to engage in clean energy development.

Several Economies gave support, while some raised concerns on the issue of rationalizing and phasing out inefficient fossil fuel subsidies that encourage wasteful consumption, one of the outcomes of the APEC Conference.

SOM gave in principle endorsement to the outcome of the conference, subject to fine tuning the final wording for the ministers' statement.

Food security

Indonesia made a presentation updating SOM on PPFS activities in 2013. The PPFS had prepared a Strategic Road Map Toward 2020. The PPFS had also agreed to work together to develop a business plan in 2014 to encourage private sector involvement. Other plans for 2014 included: holding a private sector meeting with government representatives as observers prior to the first PPFS meeting in 2014; undertaking more intensive communications between the management council and ABAC to ensure better alignment; consider revising the terms of reference to further attract business interest; developing a plan to align SMEs into the food plan and a possible ministerial meet on food security.

Economies welcomed the progress and SOM endorsed the APEC Food Security Road Map Towards 2020.

Anti-Corruption Network

The ACTWG Chair reported on the establishment of an APEC Network Anti-Corruption Authorities and Law Enforcement Agencies (ACT-NET), including a preparatory meeting held on 18-19 September in Bali where draft arrangements and a draft plan were prepared for its first meeting in China 2014. Economies expressed support for the ACTNET and SOM endorsed the establishment of a an APEC Network of Anti-Corruption Authorities and Law Enforcement Agencies

Wildlife Trafficking

The United States thanked economies for their comments to-date on the concept paper, noting that the proposal aimed to build capacity and increase enforcement to stop corruption linked to illegal wildlife trade. Economies expressed support for this work, particularly given the increasing links between organized crime and wildlife trafficking.

Some economies noted the existing frameworks for combating wildlife trafficking, especially the CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora), which APEC's work should complement. China expressed in-principle support noting that as APEC was an economic forum its focus should remain in that area. SOM welcomed progress on this topic.

Forestry

Peru provided an update on the Forestry Ministerial Meeting held on 14-16 August in Cusco, Peru. Ministers reaffirmed commitment to the goals established in Sydney in 2007 and renewed commitment to implement appropriate measures to prevent trade in illegally harvested forest products. SOM noted the outcomes from the Forestry Ministerial Meeting

APEC Digital Opportunity Center

Chinese Taipei updated SOM on the progress of the APEC Digital Opportunity Center Initiative which commenced in 2003. The initiative currently operates in ten APEC economies. A seminar on the initiative is scheduled to be held in conjunction with SOM2 2014. Economies thanked Chinese Taipei for undertaking this initiative. SOM noted the progress report of the APEC Digital Opportunity Center.

APEC Growth Strategy Report

The Executive Director of the APEC Secretariat presented the annual report on work undertaken to support the growth strategy from Yokohama in 2010. SOM noted the report.

6. Budget and Management Issues

Report by the Chair of the Budget and Management Committee

The Vice-Chair of the Budget and Management Committee briefed the meeting on the BMC report, details of which could be found in Document No. 2013/CSOM/002. Among other things, the BMC had approved in-principle, the 2014 Administrative Account (AA) budget as well as the 2013 member contributions which would seek AMM approval. SOM was invited to note the level of members' contributions in 2013 received as at 31 July and voluntary contributions from Australia, Japan and New Zealand.

With respect to the Secretariat's Strategic Plan (2014-2016), no foreseeable financial implications were expected; however an update of budgetary implications (should there be any) would be provided in early 2014. Following SOM3's approval to revise the Executive Director's authority to reallocate resources within the approved Administrative Account budget, the Secretariat proceeded with a consultancy study on APEC communications' strategies and stakeholder engagement through a reallocation of budget resources in 2013 with a downward budget projection for Phase 2 of the study in 2014.

In terms of financial realignment, SOM3 had approved BMC's recommendations that starting from 2014, APEC will set an aspirational target for the funding level in the Trade and Investment Liberalisation and Facilitation Account and the APEC Support Fund with a planning horizon of three years and a cap on the value of projects approved per session or per year. In this respect, BMC sought SOM's approval on the recommendations on the aspirational target and cap annexed to the Chair's report following which the Secretariat would prepare the *modus operandi* for coordinating voluntary contributions in consultation with the steering group of four for 2014 tasked with this effort. Next steps would include recommendations from the APEC Secretariat's Executive Director to the steering group to form a plan to approach donor economies in 2014 on voluntary contributions for 2014 and beyond. This *modus operandi* and plan would then be put to SOM inter-sessionally for approval, after endorsement by the BMC, before implementation.

SOM was also requested to note the BMC-approved recommendations relating to the evaluations of APEC projects within the draft project evaluation framework and the completion of the pilot phase of the multi-year projects in June 2013. A review of the pilot phase will be conducted in early 2014. The meeting also noted that Indonesia will chair BMC in 2014 with China taking up the position of Vice-Chair.

The APEC Secretariat's Executive Director expressed appreciation to the BMC Chair from Russia for the extra work put in during the year on various financial reforms. On financial realignment, he informed that a firm of accountants had been engaged to review accounting processes, records and governance of the Secretariat and its reporting processes to BMC. Recommendations from the review would be put forward to BMC once completed.

The Executive Director also drew attention to the current level of project funding for the future which was not assured. Large and consistent voluntary contributions had mainly come from three economies in the past plus some others in certain years from other economies; however those economies had given indication that the levels of funding going forward could not be counted upon. Given this challenge, the Secretariat had done a moving average of the last 5 years of project funding and had derived an aspirational target of USD 10 million per year for project funding which had been approved by the BMC. The Secretariat would look to put a plan to the steering group proposing ways to approach economies for future project funding.

The Chair thanked the BMC Vice-Chair for the report and the Executive Director for providing additional information on the issue of project funding. SOM endorsed the BMC report.

2013 Annual Report of the APEC Secretariat

The APEC Secretariat's Executive Director presented the 2013 Annual Report of the APEC Secretariat (Document No. 2013/CSOM/003) and highlighted amongst other things, Secretariat governance and strengthening, progress on the 3-year Strategic Plan, financial reporting, improvements to project selection, management and evaluation and the recruitment of a Chief of Staff.

APEC Secretariat's Three-Year Strategic Plan (2014-2016)

The APEC Secretariat's Executive Director presented the draft three-year Strategic Plan for 2014-2016 (Document No. 2013/CSOM/004), noting that it was a progress report with the final version due for approval at SOM1 2014. Comments on the plan were welcome. Building on the same structure as in the current strategic plan, the new plan looks at five areas, namely to assist the working groups and SOMs, project management, communications, policy support and operations in the Secretariat.

APEC Secretariat's Recruitment for a Chief of Staff

The APEC Secretariat's Executive Director briefed the meeting on the Chief of Staff recruitment process. The position was advertised widely internationally in August and received 87 applications from 12 economies. A selection and interview panel comprising the APEC Secretariat's Executive Director, Administrative Director, PSU director, the head of PECC Secretariat and the BMC Vice-Chair, met and long-listed the application list to 13, followed by a further shortlist of 6 candidates from 6 economies. In

addition, advice on technique and process was sought and given by the HR Director of the Singapore Ministry of Trade and Industry. Interviews would be held on 11 October 2013 and would look for an individual that would ideally have two sets of competencies: competent and knowledgeable of APEC's work and culture; and a good people manager with HR skills, one who would be able to work, develop and mentor program directors and help develop work going forward in the absence of the Executive Director in the Secretariat. SOM would continue to be updated on the progress of the recruitment.

The Chair thanked the Executive Director for the reports. SOM endorsed the 2013 Annual Report of the APEC Secretariat, noted the APEC Secretariat's draft Strategic Plan for 2014-2016 and noted the modalities and recruitment process of APEC Secretariat's Chief of Staff.

Policy Support Unit's Updated Work Program

The Chair of the PSU Board briefed the meeting on the outcomes of the Policy Support Unit (PSU) Board Meeting on 30 September which included the following among others:

- SOM to note the PSU Board's approval of PSU's work program reflected in (Document No. 2013/CSOM/008) on PSU projects. Completed PSU reports that had been circulated to CSOM and for circulation to AMM for information included reports on Improving Connectivity in the Asia-Pacific Region: Perspectives of the APEC Policy Support Unit (Document No. 2013/CSOM/019); APEC Economic Trends Analysis (Document No. 2013/CSOM/015); and Key Trends and Developments Relating to Trade and Investment Measures and Their Impact on the APEC Region (Document No. 2013/CSOM/011).
- Work on a number of ongoing projects including the second data update to StatsAPEC, the online version of APEC statistics; Perceptions on the Use of NTMs in the APEC Region; and a Comprehensive Analysis on Enhanced Resiliency of Cross-Border Value Chains.
- The Board's recommendation that SOM note the Board's decision to extend the employment contract of the current PSU director, Dr Denis Hew for a further two years from 21 February 2014 to 20 February 2016 following the expiry of the current three-year contract on 20 February 2014.

Canada took the opportunity to thank the PSU for the useful information booklet on "APEC in Charts".

The Chair thanked the PSU Chair for the report. SOM took note of the PSU updated work program to date.

7. Other business

2013 APEC Photo Contest

The SOM Chair's office briefed the meeting on the 2013 APEC Photo Contest which garnered close to 600 photos from across the APEC region and more than 15,000 visitors who visited the application site during the contest period. Winners were selected by the public through a Photo Contest Facebook application. The following winners of the year's photo contest were: in first place, "Electric Circuitry" by Jonathan Shun Jie Chiang from Singapore (Theme: Sustaining Momentum to Free and Open Trade); Second place: "Iron Men" by McLloyd T. Jumpay from the Philippines (Theme: Regional Connectivity) who also won the Popular Choice award; and in Third place, "Catching Sunlight" by Tran Van Tuy from Viet Nam (Theme: Sustainable Growth with Equity).

The meeting was informed of the many beautifully composed photos received, each of which uniquely depicted 2013 priorities by many talented photographers in the region. The Chair expressed appreciation to all photographers who participated in the contest and expressed hope for such continued work to capture the heart of APEC's work. Appreciation was similarly extended to the APEC Secretariat for the useful initiative in gathering the public's interest towards APEC.

Interview Opportunities for Ministers

The APEC Secretariat's Executive Director informed the meeting of opportunities for ministers to deliver brief interviews or sound bites during AMM, similar to the arrangement at MRT earlier in the year. The APEC Indonesian host broadcaster would provide cameras, personnel and other equipment to facilitate sound-bites from Ministers if they so wished from the location of the AMM venue. These would then be worked into packages that would be delivered on a daily basis at the International Media Centre to help widen news coverage across member economies. The cameras would be available on 4 October in the later part of the afternoon and 5 October for most of the day. Interested economies were encouraged to approach the APEC Secretariat for arrangements.

Acknowledgement of "For information" issues

Update by the Pacific Islands Forum (PIF)

The Pacific Islands Forum (PIF) Secretariat representative presented the PIF statement (Document No. 2013/CSOM/029) for SOM and AMM to note, highlighting three specific areas for engagement with APEC: Climate Change, Regional Economic Integration and Connectivity.

The Chair thanked the PIF representative for his participation at CSOM and for the PIF statement noting the need for APEC to enhance synergies with other regional architectures including the PIF Secretariat. Senior Officials from Papua New Guinea and New Zealand similarly echoed appreciation of PIF's participation at the meeting.

Future Hosts

New Zealand drew reference to the relevant paragraph in the draft Leaders' Declaration on future hosts and reiterated its intention to host APEC in 2021. Papua New Guinea similarly informed that its Prime Minister would make an announcement at AELM with respect to Papua New Guinea's intent to host APEC in 2018.

The meeting took note of the hosting proposals.

Farewell and Appreciation

On behalf of all Senior Officials, the Chair expressed appreciation to outgoing Senior Official from Chinese Taipei, Mr Kelly Hsieh for his valuable contributions to the APEC process and wished him well in his future endeavours. Mr Hsieh in turn commended the SOM Chair for his leadership during Indonesia's host year in 2013, expressed appreciation for the kindness and support received from senior officials and wished China a successful host year in 2014.

2014 China

China observed 2013's theme of resilience was reflected not only in the Asia-Pacific but also in the Indonesian team and its leadership. The Senior Official expressed confidence for a successful host year in 2014 with the support of Indonesia and all APEC colleagues.

Drafting Session for Ministerial Statement

The Chair informed that a drafting exercise would perhaps be required to finalise the second revised draft of the ministerial statement and encouraged members to provide comments and responses by 5pm that day. The need for a drafting session would then be determined following inputs received.

Classification of documents

The Document Classification list (Document No. 2013/CSOM/000) was adopted.

Closing

The Chair observed that it was the last meeting of the year for Senior Officials under Indonesia's chairmanship and expressed appreciation for the support and assistance to finalise matters at CSOM, noting a few more days were left to present strong and tangible deliverables to ministers and leaders. He thanked members for their valuable contributions, active participation, rich discussions and support to progress APEC's work in 2013 and to the APEC Executive Director for his leadership in the APEC Secretariat. The Chair expressed support to China for its forthcoming host year in 2014.
