

**APEC COMMITTEE ON TRADE AND INVESTMENT (CTI)  
SECOND MEETING FOR 2014: QINGDAO, CHINA  
10-11 May 2014**

**CHAIR'S SUMMARY RECORD OF DISCUSSION**

1. The Second Meeting of the Committee on Trade and Investment (CTI) for 2014 was held in Qingdao, China on 10-11 May 2014. Mr. John Larkin of Australia's Department of Foreign Affairs and Trade chaired the meeting. All 21 APEC member economies, ABAC and PECC were represented. The APEC Secretariat was also present. (The list of participants is attached as [Annex 1](#)).

**CHAIR'S OPENING REMARKS AND BUSINESS ARRANGEMENTS**

2. The CTI Chair welcomed all delegates to the Committee's second meeting for the year. He thanked China, on behalf of the Committee, for the meeting arrangements and excellent hospitality in the beautiful city of Qingdao which he notes would lay the foundation for a very productive meeting in the days ahead.
3. He also outlined the business arrangements for the two-day meeting.

**ADOPTION OF AGENDA**

4. The Committee adopted the draft annotated agenda (see 2014/SOM2/CTI/001) with some minor adjustments to the order of the discussion.

**MATTERS ARISING FROM RECORD OF THE LAST MEETING**

5. The Committee approved the Chair's Summary Record of Discussion of the CTI Meeting held on 24-25 February 2014 in Ningbo, China (see 2014/SOM2/CTI/002).

**SUPPORT FOR THE MULTILATERAL TRADING SYSTEM**

6. The United States briefed the Committee on its revised proposal, "APEC Support for Implementation of the WTO Trade Facilitation Agreement (TFA)" (see 2014/SOM2/CTI/003). CTI noted the call in the proposal for Ministers Responsible for Trade (MRT) to announce at their meeting in Qingdao, any plans their economies may have regarding notifying Category A commitments or completing domestic ratification of the TFA. CTI members also noted the importance of liaising closely with their representatives to the WTO in Geneva on the drafting of a stand-alone statement in support of the MTS/WTO to be considered by MRT. CTI also received updates from its sub-fora such as the SCCP on their activities to support the future implementation of TFA with their respective expertise in the APEC region.

**ADVANCING REGIONAL ECONOMIC INTEGRATION**

**Achieving the Bogor Goals**

7. The Policy Support Unit (PSU) provided an overview of the APEC's 2014 Bogor Goals Progress Report (see 2014/SOM2/CTI/004), noting a revised set of progress reports on individual economies have been submitted to Senior Officials for discussion at SOM2. The PSU also noted that there would be opportunity for economies to submit comments on their respective reports and if necessary, these reports would be updated between SOM2 and SOM3. CTI welcomed the report including the updated

Bogor Goals Dashboard of Indicators for 2014 (see 2014/SOM2/CTI/005). CTI agreed to New Zealand's suggestion for the Committee to consider identifying thematic areas from the Progress Report for more substantive discussions and in this regard, noted New Zealand's intention to circulate intersessionally possible themes/topics for such a discussion at CTI3.

8. The PSU made a presentation on its completed research and analytical work (see 2014/SOM2/CTI/008), as agreed at CTI2 2013, on the use of non-tariff measures (NTMs) in the region and strategies that economies could adopt to pursue the policy objectives underlying the NTMs in more trade facilitative ways. The CTI Chair encouraged economies to build on this work by developing practical initiatives to address non-tariff barriers in the region, including in the context of GVCs.
9. CTI had a lengthy discussion on the compilation of products and cover note (see 2014/SOM2/CTI/006rev2), coordinated by Indonesia, pursuant to the terms of reference agreed at CTI1 for the PSU study on promoting products which contribute to sustainable and inclusive growth through rural development and poverty alleviation. CTI noted that consultations on the cover note and compilation, led by Indonesia, were continuing with a view to finalizing the documents and having the PSU commence the study after SOM2.

### **Exploring an FTAAP**

10. China and the US, as co-leads of the Friends of the Chair (FoTC) on Strengthening REI and Advancing FTAAP updated the Committee on the progress of its work program, CTI noted that the work plan of the FoTC was finalized and endorsed by members intersessionally. (see 2014/SOM/049 anx 2). CTI discussed China's proposals on (i) APEC Framework of Strengthening Regional Economic Integration (see 2014/SOM2/CTI/010rev1); (ii) Roadmap for APEC's Contribution to the Realization of an FTAAP (see 2014/SOM2/CTI/011rev1); and (iii) Outline of the Feasibility Study on Realizing an FTAAP (see 2014/SOM2/CTI/012rev1). While some economies supported the proposals, other economies expressed concerns, including in relation to the name and contents of proposed "feasibility study" and the specification of a date (2025) as an aspirational goal for realizing an FTAAP. CTI noted that consultations on the proposals were continuing with a view to building consensus in the lead up to SOM2/MRT.
11. CTI discussed and agreed on a proposal for APEC Information Sharing Mechanism for FTAs/RTAs by Australia, Chile, China, Hong Kong, China, New Zealand and Singapore (see 2014/SOM2/049 anx 3), which elaborated on the format and structure of the information sharing mechanism agreed in-principle at CTI1. CTI also welcomed the APEC Dialogue on Information Sharing on RTAs/FTAs in the Asia-Pacific Region held on 8 May in Qingdao.
12. CTI welcomed a progress report from Korea on the Regional Economic Integration (REI) capacity building needs initiative (CBNI), including the successful conclusion of the Workshop on Preparing for FTA Negotiations: Research, Analysis, Consultation, Development of Negotiating Positions and Team Building held in Qingdao on 6-7 May and the upcoming Workshops on safeguards including transitional safeguards (Indonesia) to be held in Surabaya on 10-11 June 2014 and on intellectual property (Viet Nam) in the second half of 2014. CTI took note of the progress in Korea's preparatory work for assessing the 2012-2014 CBNI programs and mapping for the future, including the commencement of the Survey Questionnaire for APEC's Capacity Building Needs for Strengthening Regional Economic Integration, holding a wrap-up workshop on the CBNI programs prior to CTI3 and its intention to circulate a

draft 2<sup>nd</sup> REI CBNI action plan framework ahead at CTI3. CTI agreed to extend the deadline for the completion of the survey questionnaire to 3 June.

### Global Value Chain Cooperation

13. CTI discussed and agreed to the APEC Strategic Blueprint for Promoting Global Value Chains Development and Cooperation through Asia-Pacific Partnership by China and Canada (see 2014/SOM2/049 anx 4). CTI also discussed and agreed to the Strategic Framework on Measurement of APEC TiVA under GVCs by China. (see 2014/SOM2/049 anx 5).
14. Japan and the PSU updated CTI on Phase 2 of the “Comprehensive Analysis on Enhanced Resiliency of Cross-Border Value Chains” study (see 2014/SOM2/CTI/036a and 2014/SOM2/CTI/036b). CTI thanked Japan and the PSU and took note of Japan’s intention to proceed to Phases 3 and 4 of study.
15. Chinese Taipei briefed CTI on its self-funded project on Advancing APEC REI in the GVC era (see 2014/SOM2/CTI/015). CTI agreed to the project and requested economies to provide comments/inputs to the agenda as well as speakers for the proposed workshop to be held end-September by 11 June.
16. Korea presented a proposal on Capacity-building for SMEs’ Integration into GVCs in Major Industries (see 2014/SOM2/CTI/035). There was broad support for the proposal and several economies offered to work closely with Korea and to nominate sectors for action under the proposal. CTI agreed that economies would provide inputs/comments to Korea by 11 June and that Korea would consult with the SMEWG on the proposal. CTI also received a presentation from the PSU on its research on integrating SMEs into GVCs (see 2014/SOM2/CTI/018).

### Next Generation Trade and Investment Issues

17. The US, as lead of the FoTC on Next Generation Trade and Investment Issues, updated the CTI on the progress in the previously agreed issues. CTI discussed the two ideas for consideration as additional next generation trade and investment issues to be addressed in 2014 and agreed to select “manufacturing related services in supply chains/value chains” (see 2014/SOM2/CTI/020) proposed by Japan (co-sponsored by Australia and United States) as a next generation trade and investment issue for work in 2014 and 2015. CTI also agreed to give further consideration to the proposal on Promoting Open and Competitive Services Markets to Support the Growth of GVCs (see 2014/SOM2/CTI/019) by Australia (co-sponsored Japan and United States) at CTI3 and requested economies to submit comments on the proposal by 11 June. CTI noted the intention of Australia to convene a trade policy dialogue (TPD) on the topic in the margins of CTI3.

### Environmental Goods and Services/Green Growth

18. CTI received updates from several economies on progress in implementing their commitments to reduce their tariffs on the 54 products in the APEC List of Environmental Goods (EG) by five percent or less by 2015:
  - *Malaysia*: Malaysia is currently working with its stakeholders especially on technical issues to fulfil and implement the commitments agreed under the 2012 APEC EG List by end 2015. So far, out of 54 items, we have only identify 1 item which is bamboo flooring panel, which has yet to fulfil our commitment in the EG list.

- *Russia*: 38 out of the list of 54 products in APEC EG list is at 0%. 8 out of the list of 54 products in APEC EG list products are implemented partially. Russia is working internally to complete the implementation of the APEC EG list.
- *Chinese Taipei*: Chinese Taipei is very close to reaching its commitment of lowering tariffs on 54 environmental goods by 2015. Meanwhile, experts on customs have also been invited to participate in ongoing interdepartmental discussions on implementation.
- *Thailand*: Tariffs at this stage has been reduced to 5% or less, the remaining items require further clarification are in a process of deliberations by related Thai agencies.
- *Viet Nam*: Viet Nam has started its public consultations with related stakeholders. It has submitted possible areas for capacity building for inclusion in the Capacity Building initiative on Implementation of APEC's Environmental Goods Commitments.

CTI agreed to add the updates to the table (2014/SOM2/CTI/021 rev2) developed intersessionally to capture the progress in implementation and that the updated table will be circulated for comments/verification prior to uploading to the CTI's ACS site as a "living" document.

19. China briefed the CTI on the organization of workshop to be held in the margins of CTI3 on Capacity Building on Implementation of APEC's EG commitments. CTI agreed that economies should provide inputs/suggestions for the workshop to China by 11 June.
20. China provided an update on the organization of the first Public-Private Partnership on EGS (PPEGS) dialogue on clean and renewable energy. CTI agreed to provide comments and inputs for a draft agenda and suggested speakers to China by 11 June. CTI discussed a proposal by the United States on Next Steps on Operationalising the APEC PPEGS (2014/SOM2/CTI/023) and agreed that economies should provide comments on the proposal and any inputs for the proposed terms of reference (TOR) for the PPEGS to the United States by 11 June. CTI noted the intention of the United States to circulate draft TOR for comment in advance of 1<sup>st</sup> PPEGS dialogue.
21. Japan briefed the CTI on the progress of its proposal, Trade Liberalisation and Facilitation of Environment Services (co-sponsored by Australia and the United States) (see 2014/SOM2/CTI/022). CTI agreed that economies should provide comments to Japan by 11 June with a view to agreeing to the proposal intersessionally. Subject to reaching an agreement intersessionally, Japan will refer the proposal to PPEGS and GOS2 for inputs as foreshadowed in the proposal.
22. China updated CTI on its proposal on the Establishment of APEC Network on Green Supply Chain (see 2014/SOM2/CTI/034). CTI agreed to provide comments to China by 11 June.

## Services

23. CTI received a presentation from Ms Hildegunn Nordas and Mr Mr Frederic Gonzales of the OECD Secretariat on the OECD's newly launched. Services Trade Restrictiveness Index (STRI). (see 2014/SOM2/CTI/038). The Chair thanked Ms Nordas and Mr Gonzales, on behalf of the CTI for the presentation. He noted that the

STRI was certainly a powerful tool and could be a useful index for measuring progress towards Bogor Goals when all APEC economies were added to the database.

### **Investment**

24. China provided an update on the progress of Case Studies on Sustainable Investment in APEC Region and requested economies to provide further nominations for the case studies. CTI noted China's intention to circulate the nomination form for economies to complete by 30 June.
25. Chile reported on the outcomes of its Workshop on Corporate Social Responsibility held on 8-9 May in Santiago.

### **Economic and technical cooperation**

26. CTI discussed and agreed to China's proposed APEC Strategic Plan on Capacity Building to Promote Trade and Investment (see 2014/SOM2/049 anx 6).

## **STRENGTHENING COMPREHENSIVE CONNECTIVITY AND INFRASTRUCTURE DEVELOPMENT**

27. Hong Kong, China as the FoTC on Supply-Chain Connectivity lead reported on the progress in implementing the APEC Supply-Chain Connectivity Framework and action plan (SCFAP) and the systematic approach to improving supply chain performance. CTI welcomed the progress by chokepoint leads in completing the diagnostic reports and agreed that all outstanding reports should be completed in advance of CTI3. CTI also agreed that economies that have yet to complete the questionnaire in relation to chokepoints 4, 6 and 7 should do so by 1 June.
28. CTI discussed and agreed to the Capacity Building Plan to Improve Supply Chain Performance by the United States to advance Stage 3 of the systematic approach to SCFAP (see 2014/SOM2/049 anx 7). CTI noted the call by the United States for economies to volunteer as participating economies to receive technical assistance under the two capacity building programs, approved in principle by the BMC, relating to Pre-Arrival Processing; and Expedited Shipments.
29. CTI also discussed and agreed to the establishment of the APEC Alliance for Supply Chain Connectivity (A2C2) to advise and assist in the capacity building (see 2014/SOM2/049 anx 8).
30. Chile briefed the CTI on its intention to convene a workshop on chokepoint 8 (Lack of regional cross-border customs-transit arrangements) in the margins of SOM3 and develop guidelines for addressing issues in relation to chokepoint 8. CTI agreed that economies should provide inputs/comments on the workshop to Chile by 11 June.
31. CTI welcomed the report by Hong Kong, China and New Zealand on the outcomes of their self-funded Capacity Building Workshop on Global Data Standards and noted their intention to convene a half-day CTI trade policy dialogue (TPD) in the margins of CTI3 with a view to developing policy recommendations for forward work to improve supply chain performance and enhancing connectivity through the use of global data standards. CTI agreed that economies would provide comments/ inputs to the agendas as well as suggested speakers for the TPD by 11 June.

32. CTI discussed and agreed to the Initiative on Asia-Pacific Model E-Port Network (APMEN) by China (co-sponsored by Hong Kong, China) (see 2014/SOM2/049 anx 9). CTI noted the intention of China to hold a workshop on Promoting Supply Chain Connectivity through a Model E-Port Initiative in July and agreed that economies would provide comments/inputs to China for the workshop by 11 June.
33. CTI Chair took the opportunity to thank CTI colleagues, sub-fora and industry dialogue representatives for their contributions to the proposed blueprint under the APEC Framework on Connectivity as instructed by APEC Leaders in 2013, a SOM-led initiative. He also informed the Committee that he has been asked to speak at the Symposium on Connectivity on 12 May in his capacity as CTI Chair and noted that that it would be a good opportunity to showcase and highlight the work on connectivity undertaken by the CTI and its sub-fora.
34. With regards to the APEC Multi-Year Plan on Infrastructure Development and Investment (MYPIDI), agreed by Leaders in 2013, the Chair informed the meeting that he has been asked to update the SOM-FoTC on Connectivity on CTI's contributions to MYPIDI. He noted that he would be referring to Japan's self-funded workshop on infrastructure development and the work to improve the enabling environment climate for quality of infrastructure.

#### **EXPANDING REGULATORY COOPERATION AND ADVANCING REGULATORY CONVERGENCE**

35. CTI welcomed the outcomes of the 2014 ARCAM Dialogue on International Electric Vehicle Standards held on 7 May in Qingdao. CTI discussed three papers: (i) Draft Recommendations for Adopting the International Electric Vehicles Standards Roadmap; (ii) Draft Roadmap for International Electric Vehicle Standards; and (iii) Electric Vehicles in APEC - Regulatory Standards Reference Guide (see 2014/SOM2/CTI/041, 2014/SOM2/CTI/042 and 2014/SOM2/CTI/043) and agreed to provide comments to the United States by 11 June. CTI noted the intention of the United States to circulate revised drafts by 30 June with a request for additional comments by 15 July. The final drafts will be circulated ahead of CTI3. CTI also agreed that these papers should also be shared with the Automotive Dialogue (AD), SCSC and Transportation Working Group (TPTWG).
36. CTI discussed and agreed to the self-funded project by China on APEC Advertising Regulatory Capacity Building Mentoring Program (see 2014/SOM2/CTI/033).

#### **PROMOTING INNOVATIVE DEVELOPMENT, ECONOMIC REFORM AND GROWTH; CONTRIBUTIONS TO OTHER CROSS-CUTTING INITIATIVES**

37. Japan outlined briefly its proposals relating to Women and the Economy; ocean-related and food security issues that they will be reporting on in the SOM.

#### **PRIVATE SECTOR ENGAGEMENT**

38. The Chair drew CTI's attention to a request<sup>1</sup> he received from ABAC to assist with interviews related to a study that they have commissioned the University of Southern California Marshall School of Business to undertake on barriers to FDI in the APEC region with a focus on services sectors. He encouraged economies to extend their cooperation to this work.

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<sup>1</sup> Request was emailed to CTI Contacts on 28 April for a response by 9 May.

## OTHER ISSUES

### Progress in the work programs of CTI sub-fora/industry dialogues

39. A representative from the Automotive Dialogue (AD) Chair's office, on behalf of the AD Chair, reported on the outcomes of the 20<sup>th</sup> AD meeting held in Beijing from 23-25 April and the progress in the AD's work program (see 2014/SOM2/CTI/029). He sought the Committee's endorsement of the Asia-Pacific Region Automotive Industry Sustainable Development Declaration approved by the AD (see 214/SOM2/CTI/030). CTI welcomed the AD's report and endorsed the Asia-Pacific Region Automotive Industry Sustainable Development Declaration for submission to SOM.
40. The Chemical Dialogue Steering Group (CDSG) Chair briefed the CTI on the progress made by the group in implementing its work program. He drew the Committee's attention:
  - an annual report on the implementation of the Globally Harmonized System of Chemical Classification and Labeling (GHS). At Ministers request, the CD had submitted an annual report on GHS implementation for the last several years. This year, to make it more accessible, the CD drafted a one page Executive Summary to be presented to MRT;
  - preparations for its workshop on Regulatory Cooperation in the Chemicals Sector which just received funding for SOM3; and
  - a new work stream to identify innovative solutions to the problems of marine debris.
41. The LSIF Planning Group Chair briefed the meeting on developments in the LSIF. In particular, he highlighted the suite of activities undertaken by the LSIF Regulatory Harmonization Steering Committee (RHSC) from 5-10 May in Qingdao to implement the "Vision 2020" strategic framework to achieve convergence of regulatory approval procedures for medical products by 2020, including a workshop to move forward the biotherapeutics road map in Seoul on 13-15 May. The Qingdao meetings focused on two key work streams -- supply chain and regulatory sciences.
42. The CTI thanked the Convenor of both CDSG and LSIF Planning Group for his work and updates on the developments in the CD and LSIF and endorsed the CD's annual report on progress in implementation of the Globally Harmonized System for Chemicals Classification and Labeling (GHS) for transmission to Ministers. (see 2014/SOM2/049 anx 12)
43. The Assistant to the SCCP Chair updated the CTI on the progress in the implementation of SCCP's work program for 2014. He highlighted amongst others, the following elements of the work program :
  - the inclusion of implementation of the WTO Agreement on Trade Facilitation as a standing item on the SCCP agenda. The SCCP is exploring resources of capacity building in its implementation. Implementation of the agreement is also being considered as one of the major topics for its 2014 APEC Customs Business Dialogue to be held in the margins of SOM3 in Beijing.
  - Agreement on an APEC Customs 3M Strategic Framework for sorting out progress made by SCCP since its establishment and formulating a future strategic plan for SCCP in its effort to achieve the Bogor Goals.

- contributions to the implementation of SCFAP which include the organization of a workshop on chokepoint 8 in the margins of SOM3. The workshop will update the diagnostic report on Chokepoint 8 and try to develop a guideline for solving Chokepoint 8 issues; implementation of surveys to address chokepoint 4.
- ten day joint operation against counterfeit perfume is being carried out with the expectation to enhance border enforcement of IPR across APEC members' international mail facilities and express consignment facilities to protect consumers from counterfeit perfume in cross- border trade.

CTI thanked the Assistant to SCCP Chair for his update and endorsed the APEC Customs 3M Strategic Framework – Initiative to implement SCCP Outcomes (see 2014/SOM2/049 anx10)

44. With regards to the discussions in the BMG on initiatives to improve the operation of the ABTC, Singapore updated the Committee that it was agreeable in-principle to the extension of the validity period of the ABTC from 3 to 5 years. Singapore's representative to the BMG will be updating the BMG Convenor and the group electronically. Singapore also took the opportunity to reiterate the need to address the short and long-term implementation issues of the ABTC and hoped to see further progress in the discussions on these issues.

#### **APEC Economic Trends Analysis Report**

45. CTI's attention was drawn to the April 2014 edition of the PSU's APEC Economic Trends Analysis report that was tabled as 2014/SOM2/CTI/037.

#### **Budgetary/Administrative Matters**

46. The APEC Secretariat drew the Committee's attention to document no. 2014/SOM2/CTI/044 relating to an update on project management issues including the dates and deadlines for development of full proposals for consideration under the BMC Session 1 project approval process, the new deadline for submission of Session 2 concept notes and the level of funds available for projects.

#### **Outreach**

47. There was no discussion under this item.

#### **OTHER BUSINESS AND FUTURE MEETINGS**

48. The CTI Chair requested members to alert the APEC Secretariat early if they were planning to conduct any events such as workshops, seminars or TPDs in the margins of CTI3 in Beijing. This is to facilitate the development of a mutually convenient program for everyone.

#### **MEETING DOCUMENTS**

49. The Committee considered the public release of documents tabled at the meeting and agreed by consensus that with the exception of draft documents and preliminary work plans, all documents would be accessible to the public. The list of documents was tabled as 2014/SOM2/CTI/000.



**SUMMARY AND CONCLUSION**

50. The CTI Chair concluded the meeting by thanking CTI members for their hard work and cooperation over the last 2 days. He noted that the CTI had made progress on issues, several achievements and tangible outcomes. He also noted that there were some outstanding items that members would need to keep consulting on e.g. FTAAP package and the PSU study on promoting products which contribute to sustainable and inclusive growth through rural development and poverty alleviation. He called on CTI members to keep in close touch so that they can be fully informed of the developments in the lead up to SOM2. He reiterated his thanks to all members for their hard work and encouraged them to maintain the momentum right to the end of the APEC 2014 year. He also reiterated his appreciation to China for the excellent facilities and meeting arrangements.