



**Asia-Pacific
Economic Cooperation**

2014/SOM3/GOS/002

Agenda Item: III

53rd Group on Services Meeting Summary Record

Purpose: Consideration
Submitted by: GOS Convenor



**54th Group on Services Meeting
Beijing, China
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53rd Group on Services (GOS) Meeting
23 February 2014
Ningbo, China

Summary Record

The 53rd meeting of the Group on Services (hereinafter referred to as “the meeting”) was held in Ningbo, China on 23 February 2014. Ms Sondang Anggraini, GOS Convenor, chaired the meeting. Twenty (21) economies were represented: Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; the Philippines; Peru; Papua New Guinea; Russia; Singapore; Chinese Taipei; Thailand; the United States and Viet Nam. The APEC Business Advisory Council (ABAC), the Pacific Economic Cooperation Council (PECC) and the APEC Secretariat were also present. Columbia and Costa Rica attended as an invited guest.

I. Opening remarks

1. The Convenor welcomed members to Ningbo, China noting that the 52nd GOS meeting in Medan, Indonesia had been fruitful and continuous effort on GOS work to be in line with APEC 2014 priorities. Chair also recorded the appreciation to China, as the APEC chair for 2014, APEC Secretariat and all APEC economies for its support and contribution in GOS meeting and welcomed Colombia and Costa Rica as the guest in GOS meeting.

2. GOS Convenor also highlighted that some of the GOS projects have already been implemented in 2013, while there are some work-in-progress. GOS was also informed that the concept note on enhancing provider mobility in cross-border education in the APEC region, which was endorsed by the GOS inter-sessionally, was approved at session 3 by the BMC.

3. In light of the adoption of the Bali package at the 9th WTO Ministerial Conference, GOS Convenor reiterated that this could be an impetus for further negotiation in WTO, including work in trade in services. As such APEC has the responsibility to discuss and encourage the post Bali agenda to support the conclusion of the Doha round.

II. Adoption of the agenda

4. The meeting adopted the draft agenda (2014/SOM1/GOS/001). Meeting also took note of Indonesia's proposal under Agenda 2. vii Education services and presentation under the agenda of election of GOS Convenor.

III. Adoption of the summary record of the previous meeting

5. The meeting adopted the Summary Record of the 52nd Group on Services Meeting, held on 28 June 2013 in Medan, Indonesia which was circulated and finalised inter-sessionally (2014/SOM1/GOS/002).

IV. APEC 2014 Priorities

6. China, 2014 APEC Chair, outlined the three core priorities for APEC 2014 namely: advancing regional economic integration; promoting innovative development economic reform and growth; and strengthening comprehensive connectivity and infrastructure development.

7. GOS Convenor reiterated the need for the work plan under GOS to be aligned with the priorities of 2014 and reminded the need for GOS members to have a more active participation in the discussion. Australia posed a question on how the priorities of 2014 will be specifically related to the GOS works on trade in services.. China responded that it will be launching a substantial project on Free Trade Agreement on Asia Pacific (FTAAP) of which the services will be covered and indicated that services is an important aspect as compared to the Trade in Goods, but has yet to be fully liberalized that thus the

need for more to be done. GOS Convenor also added that support of the multilateral trading system is also linked to the priorities. Regulatory relates to the development of the services sector, while connectivity under the priority would be on people to people connectivity.

Indonesia also suggested cross cutting fora collaboration such as the possibility of GOS and Business Mobility Group (BMG) in people to people connectivity, as what has been done between the fora in 2010. Specifically under the tasking statement for 2014, there is travel facilitation initiative, which the BMG is responsible to that. Moreover, in order to facilitate the crosscutting discussion on the movement of people between BMG and GOS, it can be considered to have collaboration between these groups. In relation to that ABAC concurred that if GOS wants to engage in the people to people connectivity, it must be clear and consider the issue of duplicating works which may already been discussed in BMG.

V. CTI 2014 Work Program

8. The CTI Chair, Mr. John Larkin briefed the GOS on expectations for 2014 under the priorities for the year. CTI Chair highlighted the main priorities for 2014 :

- Support for the multilateral trading system/WTO;
- Advancing regional economic integration;
- Strengthening connectivity and infrastructure development;
- Regulatory cooperation; and
- Contributions of CTI and sub-fora to APEC growth strategy and cross-cutting mandates.

9. In addition, CTI Chair also sought comments from GOS Members on the draft CTI Paper on streamlining of the CTI sub-fora. The paper among others have included idea to have sessions to brainstorm on fora agendas, issues and possibility of the merging of GOS and Market Access Group, nevertheless received less traction.

10. Philippines highlighted that it has always been supportive of cross fora collaboration, however raised the possibility of the Convenors to exchange views and information sharing on the latest economic trends, rather than conducting separate session which may require a longer time. The United States also raised their concerns on the recommendation made by CTI on the delegation of topics/issues to sub-fora but is open to the remaining recommendations. Korea highlighted that the agenda on CTI is almost similar to the SOM's agenda and thus the way the agenda under the sub-fora formulated are based on CTI's agenda. As such, Korea reiterated perhaps a revision to the CTI Agenda could be revised and streamlined, as currently the CTI agenda itself is covering a huge array of topics. Korea was of the view that the alignment of the agenda would not require a "review" of CTI itself. Korea also suggested that the CTI should focus on trade and investment liberalization.

11. GOS Convenor also highlighted that there are some issues discussed at CTI level rather than at the sub-fora level which is more appropriate. Discussion of issues should be taken at the sub-fora level, followed by a directive by the CTI to implement the action. This would in hand avoid duplication of discussion on a particular topic. The GOS Convenor cited example of how the mechanism of sub-fora at the ASEAN ,and its Senior Economic Official Meeting (SEOM), equivalent to APEC SOM and committee would attain the report from working group and provide direction to the working group on how to address and move forward with issues, suggested that CTI may way to consider such mechanism. In addition, GOS has limitation to what can be discussed, considering a lot of services related issues are being discussed at CTI level such as environmental and this has created duplication. On the idea of having GOS and MAG to be merged, GOS Convenor reiterated that different rules are applicable to both goods and services, of which at the multilateral level, goods are governed by the General Agreement on Tariffs and Trade (GATT), while the services is under The General Agreement on Trade in Services (GATS). However, the possibility of merging IEG and GOS would be possible but must take into consideration that WTO does not have rules on investment.

12. CTI Chair thanked GOS Members for their valuable contribution and preliminary views on the draft paper. He noted that the idea of a half day meeting may be considered rigid, but reiterated that the general idea for such event is for the sub-fora to be reminded of goals, flexibility in having the updates of

the year. Nevertheless, CTI Chair took note and will consider the recommendations made by the GOS members. On comments made by some economies on issues discussed at the CTI level, rather than the sub-fora, CTI Chair commented that that based on observation, the issues are deliberated by some economies at the CTI platform as a tactical presentation, considering that the CTI takes place nearer to SOM. Economies make judgment on where they feel appropriate to present to attain best results, and such decisions made not necessarily means that it is a bad decision, however, CTI Chair noted that there should be an interesting change and approach.

13. In response to this, GOS Convenor reiterated that CTI may wish to consider the reports from sub-fora Convenor rather than deliberating the issues, and top to bottom approach. Examples cited such as GOS or MAG tasked on Global Value Chain (GVC). PECC also commented that regulatory issues for example which is currently discussed at GOS are also discussed at the Economic Committee (EC). Prior to this there were collaborations on Services between the GOS/EC and CTI.

VI. GOS Work Plan for 2014 in Response to 2013 APEC Priorities: Advancing Regional Economic Integration

a. Support for the Multilateral Trading System

14. GOS Convenor highlighted that this agenda is one of the living discussions in GOS meetings and based on the APEC 2014 tasking statement, it remains committed for APEC to strengthen the multilateral trading system as embodied in the WTO. It is also emphasized to conclude the negotiation in the WTO/DDA. GOS Convenor made reference to the result of WTO MC 9 as it is reflected in the so-called Bali Package, consisting the Ministers' decision on the regular work under the General Council, Doha Development agenda and Post-Bali work, the decision related to services is embodied in the Ministers' decision on the operationalization of the waiver concerning preferential treatment to services and services suppliers of least-developed countries.

15. The decision of the LDC services waiver was adopted at the MC 8 in Geneva, 2011. To operationalize the waiver, the Council for Trade in Services was instructed to promote the effective operationalization of the waiver by doing review of the operationalization as well as making recommendation on steps forward to enhance this operationalization. Following this, there will be a high level meeting six months after the submission of an LDC collective request identifying the sectors and modes of supply particularly their interest. In the said meeting members may indicate respond to the request. Each individual member also expected to give preferences to LDCs in line with the waiver and for the economic benefits of the LDCs.

16. GOS Convenor updated that the Meeting that the waiver was agreed in 2011 for the next 20 years. Considering the timeline, there is only 17 years remaining and urged members to offer a specific services sectors that can be opened to the LDCs. Based on the discussion at the WTO with the LDC coordinator, the LDCs are unclear on the request but indicated their interest in Mode 4 (movement of natural persons). GOS Convenor commented that this could be due to the fact that offers made for Mode 4 at the Uruguay round by most economies are unbound and thus GOS members may want to consider opening market access in Mode 4. GOS members to consider bring the ideas back to capital for consideration of stakeholders. Based on the interaction of GOS Convenor and member economies at the WTO level, there is interest to assist the LDCs in the market opening. A proposal from APEC would indicate the strong presence of support by APEC at the multilateral level and contribute to the process. GOS Convenor reiterated that the waiver is limited to the differential and special treatment and with timeline up to 20 years, and would not have a huge impact on economies.

17. In the view to support the contribution of GOS to support the process of services negotiation in Geneva, GOS Convenor asked the meeting the ideas on how APEC can contribute and raised the possibility to request PECC to come up with ideas on the operationalization of the waiver, particularly on relating between the needs of LDCs and the preferential treatment that the other WTO members possibly granting to LDCs. Members were asked to invited to provide feedback inter-sessionally on the Convenor's proposal.

18. Several economies including Indonesia welcomed the idea and will consider proposing the idea to its capital, while Thailand posed whether there has been a formal statement on areas of interest by the LDCs. GOS Convenor reiterated that after there were no discussion on what is required by the LDCs on services after the Bali package. Meeting took note that the negotiations on Services at the WTO will commence on 24 and 25 February 2014 with the draft agenda indicated on a discussion on LDC waiver. The United States among other economies requested to consult capital.

19. China updated the GOS on its intention to join the plurilateral negotiation for the Trade in Services Agreement (TISA) since September 2013 and its position on the broader commercial benefits of its participation. China reiterated that the joining TISA would have a huge commercial impact for both China and APEC economies. The joining would also be essential to the market reform within China of which the Chinese Congress at its last meeting has reaffirmed their commitments to market reform. China expressed its hope for TISA members to accept China's participation. GOS Convenor suggested for China to update GOS when China has acceded to TISA.

b. Working Towards the realisation of an FTAAP or Promoting Investment Liberalisation and Facilitation

i. Environmental Services

i.i. An update from China on the Study Programme of APEC Environmental Services-Related Technology Market project

20. The Meeting was informed that the project has been completed with the outcome of the study already endorsed by the GOS and uploaded at the APEC Website. GOS Convenor encouraged economies to take a look at the report and disseminate the report to the related ministries/government Institution for information. Interested members can download the report from the APEC Website.

i.ii Workshop on Environmental Services in the 21st Century; Challenges and Opportunities by Malaysia

21. The Meeting was informed the project Workshop on the "APEC Workshop on Environmental Services In The 21st Century: Challenges And Opportunities For Sustainability has been approved during the Session 2 of APEC funding process in 2013. Malaysia has undertaken further work to prepare, as well as finalise the plans and organization of the capacity building programme. Malaysia updated the meeting that the Workshop has been scheduled for 14 and 15 October 2014 in Aloft Hotel, Kuala Lumpur. The scope of the workshop will be covering 3 areas: solid and hazardous waste; green technology and building conservation; and renewable energy driven development.

22. The draft programme was already circulated to GOS members through the APEC Secretariat on 4 February 2014 for comments and to identify potential speakers. In addition, GOS members are invited to nominate potential speakers and subject matter experts to share their experience at the Workshop.

(ii) Developing the Overseas Expansion Capabilities of Micro, Small and Medium Enterprise (MSME) Franchises in APEC

23. The Philippine presented the completion report of the symposium and highlighted the main role of franchising services as the growing and energetic sector in the region, in the sense of enterprise and jobs creation. Philippine recorded its appreciation to co-sponsors of the project, Peru, Indonesia and Singapore and the speakers from Australia, Singapore and the US that presented at the workshop. The objective of the project among other are: to identify the concerns or chokepoints in expanding overseas especially for franchise MSMEs; to identify best practices in overseas expansion among franchise sectors in the Asia-Pacific region, including the strategies undertaken by the various franchise sectors of APEC member economies; and to draw up action plans to be taken up by the participants in their respective economies. The GOS took note on the Philippine presentation and approved the completion report of this project.

(iii) Transparency in Services Sectors

a. APEC Star Database

24. GOS Convenor reiterated that the 3rd Phase of the STAR Database project is completed with improvements in the scope of services sectors covered in the database (education services, distribution services and CRS). However, it is noted that the database has not covered all services sectors and all APEC economies (covers 15 economies, Hong Kong, China, Peru, PNG, Russia, Chinese Taipei and Viet Nam are not yet covered).

25. Under this agenda, Australia has proposed for the expansion of this project, and submitted the draft Concept Note, which has been circulated to GOS members prior to the GOS1 Meeting. Australia explained that the Phase 4 of the STAR Database will focus on the updating and expanding of the coverage of 8 (eight) services sectors in all APEC economies. Australia thanked Hong Kong, China and Chile for the support on the draft Concept Note of the Phase 4 of the Star Database. The STAR Database is a business-friendly tool developed by Australia and APEC GOS to increase business awareness of the regulatory requirements for trade by centralising widely dispersed information into a single, easily accessible repository. This is in particular beneficial to small-to-medium enterprises looking to internationalise and lacking the resources to undertake the necessary research identify complex regulatory requirements.

26. Since its commencement in 2010, and subsequent expansion rounds in 2011-12, much of the information contained in the STAR Database needs to be updated. This project will consist of a comprehensive update of the entire Database over two years and an expansion to cover all 21 APEC economies for all eight sectors. Various improvements will also be made to the website, including enhanced user feedback and monitoring mechanisms. A comprehensive communication strategy will be developed and implemented to promote the Database to business. Australia would also facilitate adhoc updating of the database. In addition, it was also highlighted on the need to promote the database to the business community.

27. ABAC commented that the business community finds the database useful and welcomes the idea of the expansion of the database including the aspect of the communication to the proposal. In addition to this, ABAC commented that within ABAC itself there are 2 related projects, which includes mapping and audit of business and trade associations and the study on the key impediments to investment in the services. Several economies including Indonesia, Thailand and the Philippines expressed its support for the expansion and commented on the usefulness of the STAR Database especially to its stakeholders. Nevertheless, Thailand raised as to why only 15 economies are included in the database

28. Indonesia requested that Australia consider the possibility to add the construction services sector to the database. Australia explained why it chose to focus this phase on consolidation of existing information and limited expansion. Funding is insufficient to also add more sectors during this phase. Australia would consider adding more sectors in future phases.

29. The GOS endorsed the concept note from Australia on the STAR Database, which will then be submitted to the Secretariat for Session 1 funding request.

(iv) Trade in Services Statistics

30. GOS Convenor reminded the Meeting about the Services Statistics Action Plan that was endorsed in Kazan, in 2012. GOS Convenor encouraged economies to continue working on the action plan and welcomed new inputs on the action plan. The GOS Convenor also shared with the GOS that there are difficulties in data availability, such as the education and health care sectors which may affect liberalization of the those services sectors. GOS Convenor invited members such as the United States, Australia and New Zealand to share with the GOS on how data on the services sectors, specifically on

education and health care services sectors are collected and captured. Australia conveyed its supports on the statistics with the willingness to assist capacity in this area. Australia also highlighted that it usually encourage their relevant department to participate at workshops held in data collection. The United States related this issue with its project on the workshop on statistics and see the possibility any works on education and health care sectors.

a) Workshop on the Measuring Services Trade – Statistical Capacity Building and Networking

31. GOS Convenor recalled that this project is implemented in the form of a capacity-building and knowledge-sharing workshop. The workshop was held on 25-26 June 2013, aiming to strengthen relationships among economies, including the services statistics compilers as well as the users, in order to enhance the availability and quality of services trade-related data.

32. The United States informed the meeting that the revised completion report has been submitted to the Secretariat, incorporating inputs from several economies. In addition, The United States informed the successful completion of the “ UN/APEC/ASEAN International Seminar on Services Trade and Tourism Statistics” held in Jakarta on 7-10 October 2013.

b) Workshop on measuring Financial Intermediation Services Indirectly Measured (FISIM) – Financial Services

33. GOS Convenor highlighted that the Workshop held on 18-19 September 2013 in Jakarta, Indonesia with the aim to improve understanding among APEC economies focusing on the conceptual framework of the FISIM which complies with Balance of Payment and International Investment Position Manual 6th edition (BPM6), as well as on practical aspect. Workshop involved speakers from international organizations and special consultant of trade in services statistics and participants from 10 APEC economies.

34. The meeting took note on Indonesia’s plan to collect information from economies about their future plans in implementing FISIM in their Balance of Payment (BOP), which include activities, time schedule and obstacles. Indonesia expected the discussion to be done inter-sessionally. Indonesia also conveyed its appreciation to co-sponsor and economies for their participation and supporting the workshop.

35. Indonesia updated the completion report has been endorsed by the GOS inter-sessionally prior to the GOS1 Meeting

(v) Retailing Services : Potential for and Challenges to enhancing SME Participation in Supply Chains in APEC

36. GOS Convenor recalled that at the previous GOS meeting in Medan, Indonesia had reported the outcome of the workshop as well as requested economies to provide response to the survey. The request was meant to complete and broaden the reference of good practices in retailing services. Meeting took note that the project is now completed as the completion report has been endorsed by the GOS inter-sessionally.

(vi) Information sharing on Logistics Services

37. GOS Convenor recalled that China has implemented the information sharing on logistics services project, which was held in the form of a workshop, aiming to improve understanding and awareness of APEC economies on current situation and new trends of logistics services. The workshop was conducted on 12-13 December 2013 in QingDao, China.

China updated the meeting that the workshop was successfully and attended by 100 participants from APEC economies and other participants. The workshop is in line with the call by Leaders to implement the APEC Supply-Chain Connectivity Framework with a view to achieving an APEC-wide target of a 10%

improvement by 2015 in terms of reducing of time, cost, and uncertainty of moving goods and services through the Asia-Pacific region. The outcome of the Workshop includes the analysis of the current logistics trends and other recommendations which would benefit policy makers. The draft report of the workshop was already circulated to GOS members and asked for comments with the view to have an approval by 21 February 2014.

38. GOS Convenor highlighted the importance of the new trends in logistics and for economies to adapt to the development of the sector. The recommendations identified should be shared and disseminated with other policy makers such as economies representatives of the logistics and transportation agencies in formulating future policies. It is noted that an efficient logistics service can reduce the cost of export and contribute to the increase of export of economies.

39. Chile thanked China for the workshop conducted and informed that outcome of the workshop was shared with its Ministry of Transport to assist the policy formulation of its new Logistics Department.

(vii) Australia's proposal to host a self-funded symposium on "Facilitating Good Regulatory Practices for Trade and Investment in Transport and Logistics Services in APEC"

40. GOS Convenor briefed the GOS that the self-funded symposium on Facilitating Good Regulatory Practices for Trade and Investment in Transport and Logistics Services in APEC" is one of the utilization of STAR Database project, and it will be the third self-funded symposium after financial services and education services, which was conducted in 2012 and 2013. GOS Convenor was of the view that this activity will create a link between the work in STAR Database and the discussion of regulation in services sector that are already been covered in the database.

41. The proposed symposium will be held for 2 (two) days (expected to take place in July 2014 in Hong Kong) and will bring officials, business stakeholders and academics to identify impediments, promote open, accessible and high quality transport and logistics services in the region.

42. Australia updated that this proposal is part of a series of symposia that aim to facilitate good regulatory practices and policies on trade and investment in services sectors in APEC. Australia also informed that it was considering future symposium on telecommunications and ICT, mining and energy and architecture and engineering. It is also shared the benefit of the workshop among others:

- identifying policy and regulatory barriers that prevent greater cross-border trade and investment in transport and logistics services across the APEC region;
- sharing good regulatory practices that promote cross-border trade and investment in transport and logistics services; and
- exploring possible ways to promote competition, openness and reform in the sector, and connectivity among markets in the region.

43. At the end of the workshop series, the lessons learned and experiences shared will inform a 'Compendium of Good Practice in the Regulation of Services Trade', which will be the compilation of outcome of the workshops. . A wrap-up activity and research report will highlight common barriers and achievements across all sectors and member economies, and note remaining challenges.

44. GOS Convenor welcomed such initiatives on good regulatory practice and requested the possibility to extend the number of funded participants from the eligible economies. Australia explained to the GOS it is looking at 26 funded participants and welcome the idea of self-funded participants considering the difficulty to fund additional participants. It is also encourage for other economies to participate in the workshop on the self funded basis. Experts from APEC economies would also be invited to share experience at the Workshop.

45. The GOS and Australia took note of Indonesia's support in the project and comments on the consideration for issue on terrestrial shape since Indonesia consist of numerous archipelago. China also highlighted the importance of maritime territory of which led to the logistics' workshop in Qingdao. It was informed that the China in principle supported the proposal but has concerns on the definition of "good

practices” considering the definition would differ between the APEC economies. Having said that China proposed to Australia for the deletion of the terminology and require time to consult capital.

46. Australia commented that this was made in reference to the compendium of good practices, of which both report on Good Regulatory Practice on Higher Education services Symposium and financial services, previously. Australia took note of the comment and clarified that the compendium, which it plans to publish at the end of the workshop series, will be a compilation of GOS-endorsed symposium reports, rather than a compendium of APEC-endorsed principles.

47. After agreeing with China on revised language on the compendium, Australia will circulate the revised concept note to the GOS with the view of securing endorsement by 2 March 2014.

(viii) Education Services : APEC Work Plan on Promoting Cross-Border Education Cooperation

48. GOS Convenor briefed the background and status of discussion of this issue and encouraged members to actively participate in providing inputs and implementing activities in the work plan, as it is mandated by the APEC Ministers in 2013. It was recalled that the Ministers instructed their officials to implement and develop the initiative and deliver strong outcomes on cross-border education cooperation, on a voluntary basis and consistent with individual economies’ circumstances, including work on certain areas that will promote this issue. Australia said that it would look to update the work plan, consistent with its status as a living document, with the view to providing a progress report to SOM later in the year.

49. In light of the Work Plan and the 2013 Ministerial Statement, Indonesia briefed GOS on its intention to submit a concept note on the implementation of the work plan on the capacity building of National Qualification Framework (NQF), in the form of holding a symposium in facilitating trade in services. Following the Symposium of Higher Education which was held in Kuala Lumpur, Malaysia last year, it is noted that the higher education services has the most obstacle particularly on economies regulatory, guidelines and domestic policy of cross border education. Moreover, key objectives of the planned symposium include sharing of experience, enhance understanding and develop recommendations on 4 elements: national framework qualification, regulatory mechanism system; quality assurance system that will lead to increase of mutual recognition, and national recognition for incoming foreign students. Such initiative would lead to sharing of information and experience in developing advanced mechanism for national quality qualification, which will be a starting point for other initiatives and will lead to decreasing of border barrier as well as increasing mobility.

50. Australia welcomed the idea and commented that the considering proposal addresses quality assurance and development of NQF, which are quite technical aspect. Initial response to this is for the proposal be placed under EDNET, instead of GOS considering the technical issue and the presence of technical experts under EDNET. ABAC concurred with Australia and highlighted that the overlapping topics and reiterated the possibility of EDNET’s interest on this proposal. Indonesia clarified that the proposal is focused on the regulatory aspect on education services and of the view that proposal should be under GOS. Nevertheless, Indonesia will consider inputs and comments from economies and submit the concept note.

(ix) Self-funded proposal: Symposium on Higher Education

51. The GOS Convenor briefly reiterated that this project is a self-funded proposal by Australia on Higher Education Services Symposium, aiming to enhance capacity of policy makers, to enable better understanding of regulations and to develop options on policy regulatory openness in this sector.

52. Australia updated the Meeting that the Symposium took place in Kuala Lumpur, Malaysia on 20-21 August 2013 with 57 participants from 14 economies. The symposium involved trade and education officials, academics and industry representatives. The symposium took account of the actions for enhancing student, researcher and education provider mobility identified in Annex D to the Declaration of the 20th APEC Economic Leaders’ Meeting held in Vladivostok in 2012.

53. This symposium report captures the key symposium outcomes, including common themes arising from the discussion of good practices to guide policy makers and regulators in adopting and maintaining open and transparent higher education services sectors. The report has been circulated for comments by members and has received comments from the US on separating the participants/attendance list according to government and non-government agencies. Australia informed that this amendment will be captured in the revised report.

54. The GOS endorsed the workshop report of the Higher Education Services Symposium,. The United States noted and the GOS confirmed that endorsement of the report as an outcome of the workshop does not imply broader endorsement of the report's content.

(x) Enhancing provider mobility in cross order education in the APEC region

55. The proposal on enhancing provider mobility in cross order education in the APEC region, which was approved for funding is another initiative under the APEC Work Plan on Promoting Cross-Border Education Cooperation.

56. Australia thanked economies; Hong Kong, China; New Zealand, Papua New Guinea, Russia and the United States for co-sponsoring the project. A research will be undertaken by a consultant with education policy makers to identifying measures that create impediments to education providers establishing and maintaining a presence from one economy in another economy; considering whether there are other ways of achieving the policy objectives underlying those measures without impeding the development of education provider services; and identifying needs for technical assistance/capacity-building within APEC to help enhance provider mobility. The desk-based research will be done on a face-to-face research and through online with stakeholders.

57. Following that, the second phase of the project would be the update of outcome of the research report and findings of the consultants. It also highlighted the contribution of this project to the implementation of the work plan on promoting cross-border education co-operation. Australia is in preparation to implement the project and will provide update at the next meeting.

V. Expanding Regulatory Cooperation and Advancing Regulatory Convergence

Case Studies on Regulatory Reform Project

58. The United States updated the Meeting on the status of the study on telecommunication regulatory reform, involving Thailand, Peru and Colombia that voluntarily participated. The report is in the drafting process and will be circulated for review. The US invited economies to provide inputs on the possible services sectors to be part of potential futures studies.

59. PECC highlighted that the sectoral regulatory work, such as on education and telecommunication are being discussed under GOS, while the Economic Committee is looking at regulatory practice horizontally. Considering that there are other working groups looking at regulatory reform, it was suggested that the GOS to work together with the EC on possibility of collaborative/joint work on regulatory practices such as conducting a joint workshop on regulatory, considering that the EC is responsible of the Good Regulatory Practice (GRP). GOS Convenor welcomed the idea to speak to EC Chair on possible collaboration.

VI. Other Issues

1. Presentation by ABAC

60. ABAC informed the result of the first ABAC meeting held in Auckland. The meeting resulted an ambitious and interesting agenda for the year ahead, one of which is the issue of the importance of services. ABAC reiterated the discussion at the Public-Private Services Dialogues, on the competitiveness of the manufacturing that relies on the efficiency of the services provided..

61. Meeting also took note the status of TISA negotiation in Geneva. This negotiation consisting 23 participants and representing 72% of global services trade. It is also informed that China and Uruguay have expressed interest to join TISA and from architectural point of view, the agreement remaining open to new participants. 14 economies have tabled initial offer with more imminent.

62. ABAC presented the GOS with the ABAC 2014 Services Action Plan, whereby the 5 point SAP include:

- Track and input to TISA and regional negotiations.
- “Audit” of business organizations in the APEC region focused on services development and liberalisation -
- Study of the competitive importance of services in supply chains: draw cases from manufacturing and services - service in the supply chain study (led by several agencies) and up to 5 case studies which include automotive, chemicals, baby milk formula, toy garment, legal services and logistics
- Marshall School project on FDI in Services. The findings of the Study could be presented by SOM1 in 2015.
- Focused, outcome-oriented SOM Public-Private Dialogue on Services. However, ABAC is still considering the appropriate timing of the Dialogue for 2014 and the content of the dialogue.

63. The GOS was also updated on the formation of the ABAC Services Sub-Group at ABAC 4 Meeting in 2013 and reiterated that the ABAC work plan should be in line with the GOS Work Plan.

64. Australia expressed its interest on the outcome the research undertaken for the services sector and requested the report be shared with GOS Members. GOS Convenor informed that it has always been the practice of the GOS to invite ABAC and present its updates at the GOS Meeting. GOS Convenor requested the outcome of the Study on Investment to be presented by ABAC to members.

65. ABAC reiterated that within manufactured goods, 60 per cent of the component consist of services aspect as the value added. The division by the officials on services and goods are not divided and no distinction. The officials seem not yet realize the reality that there are quite substantial barriers in delivering of services. In this regard ABAC encourage the awareness on this issue as it will also bring the value of services. Furthermore, ABAC is of the view that the 2 fora Market Access Group (MAG) and GOS to be merged. Following this, GOS Convenor commented the non-distinction between goods and service saying that at the negotiating there are differences when it comes to liberalisation of trade in goods and liberalisation of trade in services. In the liberalisation, which requires the removal of trade barriers and impediments, there are different approaches involved in trade in services compared to trade in goods. GOS Convenor reiterated the platform of the joint MAG/GOS Meeting is a middle ground to discuss issues but not intention of merging the 2 sub-fora.

2. Presentation Policy Support Unit (PSU)

66. Ms. Gloria Pasadilla of the PSU presented the Policy Brief on APEC, Services and Supply Chain – Taking Stock of Services Related Activities in APEC. The policy brief seeks to raise appreciation of increasing intertwining of services and manufacturing or ‘servicification’; assess what APEC had done on services over the years and what more can be done in APEC pertaining to services.

67. Services is the largest economic sector in most APEC economies. Although its share in total APEC exports is not as significant as that of goods, its share doubles when measured in value-added term, of which contributes 65 per cent of the APEC’s Gross Domestic Product (GDP). Under APEC, most APEC projects with services-related contents relate to workshops, conferences and capacity building seminars including research studies or survey and database projects such as APEC Services Trade Access Requirements (STAR) Database.

68. PSU highlighted that more can be done within APEC for services including institutional anchor for services work of which 'Services Initiative' to be directly coordinated by SOM as to coordinate the cross-sectoral, cross-committee work that touch upon services so as to draw out relevant policy messages and to give coherence. There should also be continuation of regulatory reforms work by the Economic Committee; Stock-take of barriers in 'sectoral orphans' among others.

69. Meeting took notes of ABAC's comments that there are several cross cutting issues that requires attention. In addition, ABAC also highlighted other services related fora such as the Energy Working Group, Transportation Working Group and Telecommunication Working Group that are not within the cluster of the SOM Meetings to participate at GOS or the Services Dialogue. PECC also reminded that the GOS Workshop held in Kazan in 2012 noted that one of the issue is that despite the importance of the Services sector, it is not being recognised by the higher government officials. This led to the need of raising of the services profile of which the Public Private Dialogues on Services was undertaken at the SOM level.

70. GOS Convenor raised the issue on the proposed role of SOM in coordinating services technical issues, considering the presence of the GOS. There is a need for mainstream issues to be discussed at the group level and noted that more can be discussed at GOS, such as issues faced at the multilateral level and even cross cutting issues in other for a rather than just updates of project work. The proposal for SOM to oversee services as a whole due to the overarching nature of SOM and the services sector. PSU noted that there are lot of opportunity for GOS to discuss various services issues but this would depend on the membership of the group. It is also proposed that GOS could have a session with IEG to discuss overlapping issues considering that more than 50% of investment in services is through mode 3 (commercial presence). This can be a window of opportunity discuss openly on issues that may not be able to be discussed at other platform.

71. Meeting took note of the presentation by the PSU.

3. Streamlining of CTI Fora

72. GOS discussed the recommendations in the draft Paper by CTI and noted that the recommendations in general can be accepted. However, the GOS noted comments from economies on particular points in the recommendation.

73. GOS Convenor concerned that GOS/sub fora platform is not being used to discuss specific issues, rather it would bring directly to the attention of the CTI. This includes specific discussion such the Global Value Chain (GVC) and even project proposal. Specific issues should be deliberated and agreed at the sub-fora level, then it may add value to the sub-group of CTI.

74. Several economies provided comments on the recommendation, which include the overall support of the recommendations. The United States however, has concerns on recommendation related to the delegations of work activities to sub-foras. Related to the recommendation on remote participation, the GOS is of the view that the proposed remote participation is in general should only be regarded as an alternative tool but does not replace the structure of the GOS Meeting. GOS highlighted the need to get information of other fora that has undertaken such approach. New Zealand reiterated its support for the recommendation, considering budget issues faced by some economies. Malaysia reiterated its support for a recommendation on cross fora collaboration especially on issues such as manufacturing/global value chain.

75. For the other recommendations such as the key role of Program Director in assisting convenors in aligning the scope of their works with Leaders/Ministers' goals, the commitment of sub-for a to include a standing agenda time for a review of the utility and relevance of the sub-for a current work activities with the APEC/CTI objectives and sub-for a convenors to make their best efforts to attend CTI meetings, the GOS welcome those recommendation.

4. Election of GOS Convenor 2015-2015

76. GOS Convenor reiterated the need for the GOS to look at the election of a GOS Convenor for the term 2014/2015. The GOS Convenor emphasized the need to address the issue of the election of the GOS Convenor for the term 2015 and onwards as this has been a challenging task for the GOS to elect a new Convenor in recent years. It was suggested by the GOS Convenor for the Host Economy to take up the post of Convenorship or, alternatively, to select GOS Convenor on a rotation basis according to alphabetical order. GOS Convenor has suggested the Philippines to take up the GOS Convenorship for 2015, consider that APEC 2015 will be hosted by the Philippines. Should the Philippines not agree to the proposal, GOS Convenor suggested alphabetical rotation.

77. Indonesia proposed for amendments to the Terms of Reference (TOR) of the GOS, to include Convenorship to be assigned to host economy for one year, respectively.

78. Several economies, including the United States, New Zealand, Australia, Canada, Japan and Singapore highlighted the need to consult their capital and on the proposal and also indicated their opposition to mandatory rotation arrangements. There are usually other factors and limitation considered when one economy takes up the role of Convenor.

79. Australia reiterated that it is uncomfortable with the executive decision, as Australia itself is unable to assume the role of GOS Convenor, as it is already holding several convenorship in other fora, thus may not be feasible. Malaysia suggested that amendments be made to the TOR to include voluntary chairmanship and if none alternate with alternative election through alphabetical order.

80. The strong preference is for GOS Convenor to be elected on a voluntary basis, as economies must take into many factors in the election of a specific Convenor. GOS to receive feedback from the Philippines on the proposal for Convenorship for 2015.

5. Joint MAG-GOS Meeting

81. GOS Members were updated on the possible topics suggested in the Market Access Group (MAG) held on 22 February 2014. GOS Convenor highlighted that initial interaction with the MAG Convenor was done on whether to convene the MAG/GOS Meeting in 2014.

82. Several members expressed their views that topics to be identified at the initial stage for consideration as to whether a MAG/GOS Joint Meeting to be held, rather than the decision to have a MAG/GOS Joint Meeting without having an agenda.

83. Several economies such as the United States and Singapore commented the need for the possible agenda, rather than a decision to convene a meeting and working on the agenda. As such proposed that the report to CTI to include the possible topics to be discussed. China however noted that a joint meeting can further deliberate on topics such as global value chains.

84. GOS Convenor urged economies to be active hence having a decision on this issue. GOS Convenor welcomed ideas/topics to be discussed inter-sessionally. The deadline was set one month after this meeting to have a decision on the topic as well as the joint meeting.

6. Presentation by Costa Rica

85. Costa Rica presented a brief overall of the Trade in Services of Costa Rica that has grown over the years from 2006 to 2012. Among highlights of the presentation include the current status of the contribution of services to Costa Rica's Gross Domestic Product (GDP), the bigger role of the services

sector in the economic landscape of Costa Rica, active participation at the Multilateral level, and transformation of some services sector within Costa Rica such as the telecommunication and insurance sector, particularly to Central America.

86. Meeting took note of the presentation by Costa Rica.

7. APEC Secretariat Update

87. The APEC Secretariat provided an update on 2013 projects, noting that 109 out of 219 had been approved. The low success rate was caused by a relatively low level of funds available at present teamed with a trend towards projects seeking greater amounts of funding. The deadline for submitting standard concept notes for session 1 for 2014 was 28 February 2013. GOS members were reminded that there will only be 2 sessions in 2014 for the request of APEC funds. APEC Secretariat also updated on the latest development taking place within the Secretariat.

88. The Communication and Public Affair Unit (CPAU) also briefed the meeting on various media tools available for GOS members to use to create awareness to the community, which includes websites, Facebook and twitters. Meeting took note of the available media facilities for purpose of outreach.

IX. Document Access

89. The meeting agreed to the Document Classification List (2014/SOM1/GOS/000).

X. Date and Place of Next Meeting

90. The meeting noted that GOS2 2014 would be held in China, with the final date to be advised in due course.

XI. Closing Remarks

91. GOS Convenor thanked all member economies for participating at the GOS Meeting and reminded members of the documents/issues to be discussed inter-sessionally. In addition GOS Convenor welcome any possible topics for the next GOS Meeting, including possible nominations for GOS Convenor for term 2014/2015, considering that the term for the current GOS Convenor is ending.

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GOS Inputs on the Recommendation of Reviewing the efficiency and Effectiveness of CTI sub-fora

Recommendations	Comments
Sub-fora convenors should aim to convene a half-day dialogue as part of their meetings for the year (e.g. first meeting) aimed at “brainstorming” and identifying current trade and economic trends and developments relevant to their areas of expertise and “leading edge” regional and global policy and regulatory responses and issues. The sub-fora agenda and work program should be examined in light of this dialogue as well as host economy priorities. Sub-fora members should take into account relevant stakeholder inputs and views as part of this process, including business representatives, ABAC and PECC.	GOS can principally agree this recommendation. However, GOS views the duration of the meeting to be more flexible, based on the needs of the group to have a longer duration or even the shorter one.
Note that the Secretariat’s Program Directors play a key role with the CTI sub-fora and recall the agreement at SOM2, 2013, that Program Directors should be looking to enhance that role by assisting convenors in aligning the scope of their work with Leaders’/Ministers’ goals.	GOS welcome the recommendation
CTI sub-fora should include as a standing agenda item (e.g. for their second and final meeting each year) a review of the utility and relevance of the sub-fora’s current work activities, in light of APEC/CTI objectives and priorities. This should include a frank discussion of whether meaningful outputs were achieved. Discussions under this agenda item should take into account the views of ABAC, PECC and other relevant inter-governmental and non-governmental organisations with a strong interest in and capacity to contribute to the work program of the sub-fora. Sub-fora convenors should report on discussions under this agenda item to the CTI and incorporate outcomes from the discussion into the agenda.	GOS welcome the recommendation
Economies should consider whether they are being represented on CTI sub-fora by officials with appropriate seniority, expertise and experience that can make substantial contributions to the work programs/agendas of the sub-fora.	Economies commented that decision for representation is mandate driven. So it is not necessarily subject to the seniority/expertise.
Sub-fora convenors should look for opportunities to use video-conferencing technology, where practicable and in consultation with the host economy (e.g. in circumstances where “virtual” participation by an economy or other representative(s) is likely to make a significant difference to meeting outcomes or would help to progress an issue inter-sessionally). However, video-conferencing should not replace sub-fora meetings as a general rule.	Members commented that it should be considered as an alternative tool and video-conferencing should not replace sub-fora meetings as a general rule. GOS would like to know the experience of the other sub-fora that have convened meetings remotely.

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<p>The CTI should look for opportunities to delegate more work activities and issues to sub-fora in order to strengthen sub-fora agendas and harness sub-fora expertise in support of CTI/SOM priorities as appropriate.</p>	<p>Subject to decision in CTI</p> <p>The US noted it would be important to consider more carefully the recommendation and to consider the cross cutting nature and context of particular proposals.</p>
<p>Sub-fora convenors should make their best efforts to attend CTI meetings or send alternates preferably from the sub-fora members) or participate remotely by video-conference. Sub-fora convenors should participate more actively in CTI discussions and look for opportunities to volunteer to carry out tasks in support of CTI/SOM priorities and “add value” to CTI-led initiatives. Verbal reports from CTI sub-fora convenors to the CTI should be concise and strategic and aimed at eliciting feedback and guidance from the CTI on key issues under discussion.</p>	<p>GOS welcome the recommendation</p>
<p>CTI sub-fora should continue to look for opportunities to collaborate with each other and with other APEC working groups in support of cross-cutting issues and initiatives.</p>	<p>GOS is in the discussion to have joint meeting with MAG, EC and other possible/related sub fora or working groups.</p>

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