



**Asia-Pacific
Economic Cooperation**

2014/SOM3/MAG/002

Agenda Item: 3

Summary Report - 46th Market Access Group Meeting

Purpose: Consideration
Submitted by: MAG Convenor



**47th Market Access Group Meeting
Beijing, China
14 August 2014**

Summary Report
46th Market Access Group (MAG) Meeting
22 February 2014, Ningbo, China

1. The 46th Market Access Group (MAG) Meeting took place at Ningbo, China on 22 February 2014. All member economies were present at the MAG Meeting. Costa Rica, guest of MAG was also present at the Meeting.

A. CONVENOR'S OPENING REMARKS

2. MAG Convenor welcome economies to the 46th MAG Meeting in Ningbo, China. MAG Convenor also thanked China for the exceptional hosting of the event.

B. ADOPTION OF THE FINAL ANNOTATED AGENDA

3. MAG adopted the agenda of the Meeting (2014/SOM1/MAG/001).

C. ADOPTION OF 44th MAG SUMMARY REPORT

4. MAG adopted the Summary Report of the 45th MAG Meeting (2014/SOM1/MAG/002) held in Medan Indonesia, with amendments highlighted by Mexico on :
 - Para 36: Deletion of "*on the new proposal on Environmental Services*-"replaced by "this new proposal" ; and
 - Para 45: Deletion of "MAG2 2013" and replaced by "MAG 2014".

D. 2013 LEADERS AND MINISTERS' STATEMENTS

5. The Convenor briefed on the APEC 2013 Tasking Statement for 2014 (2014/SOM1/MAG/003), related to the work of MAG. The items tasked to MAG include continuing work under the APEC Supply-Chain Connectivity Framework and support for the multilateral trading system.
6. On the Supply Chain Connectivity, MAG was informed that that under the Sub Committee on Custom Procedures (SCCP), Korea had circulated a questionnaire for a diagnostic report on chokepoint 5 of the Framework. The purpose of the survey was to identify inefficient systems and environmental factor and seek for solutions; to diagnose problems and identify areas, needs for capacity building, and to prepare for capacity building plans. 13 out of 21 economies have responded to the questionnaire. The result of the report is expected to be utilized for establishing capacity building plans and to push forward APEC projects. MAG Convenor invited Korea to share the outcome of the survey at the next MAG2 meeting. In addition, MAG was informed that in support of the priority on Connectivity this year, a new TILF Sub-Fund on Connectivity has been recently established.
7. With regards to supporting the multilateral trading system, the US expressed their disappointment on the Information Technology Agreement (ITA) expansion negotiations which was expected to conclude at the 9th WTO Conference in Bali. This was despite emphasis by Leaders to conclude the ITA expansion.
8. MAG Convenor stated that there are numerous initiatives that MAG can consider in the work plan including remanufacturing, non-tariff measures (NTMs) and invite members to continuously provide inputs to work towards a successful MAG Meeting.

E. APEC 2014 HOST PRIORITIES

9. China, as the 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.

F. CTI PRIORITIES FOR 2014

10. CTI Chair, Mr. John Larkin briefed MAG on expectations for 2014 and highlighted the main priorities for 2014 :

- Support for the multilateral trading system;
 - Advancing regional economic integration;
 - Strengthening connectivity and infrastructure development;
 - Promoting regulatory cooperation; and
 - Contributions of CTI and sub-fora to APEC growth strategy and cross-cutting mandates.
11. In addition, CTI Chair also sought comments/views from members on the draft CTI paper on streamlining of the CTI sub-fora, of which MAG has been tasked to review and submit a written brief report on the proposed recommendations. Among issue included on the draft paper is the rationalization of sub-fora i.e. merging MAG and GOS, which gained little traction. It was highlighted that the focus of each groups are sufficiently different and well-defined (MAG on goods trade and GOS on services trade) to warrant the participation of officials with quite different trade policy experience and expertise. This division of labour between goods and services is also widely reflected in APEC economy trade ministries and trade negotiation delegations.
 12. Moving forward, CTI Chair welcomed advice and input on the priorities and interests of sub-fora, ways to improve interaction with CTI and new ideas and inputs to advance APEC's agenda in 2014 and support China's host year priorities. MAG Convenor urged the MAG to contribute ideas to support the CTI.

G. CONVENOR'S REPORT ON ON-GOING TASKS

13. The Convenor noted that a number of the tasks in the Matrix of Action Points (2014/SOM1/MAG/005) arising from the previous meeting would be discussed over the course of the meeting under the various Agenda.
14. MAG Convenor also recorded his appreciation to MAG members for the support on the 2 deliverables by MAG in 2013, i.e. the Manufacturing Resource Handbook and NTMs of remanufacturing which have been uploaded on the MAG website. It was reminded that both items are living documents which will continuously be updated.
15. MAG Convenor stated that the ITA expansion negotiations are still on-going and reiterated APEC's support to the swift conclusion of the negotiations. On environmental goods and services, a draft model chapter has been circulated by Russia for discussion. MAG took note of the need to discuss new initiatives/ideas and in support of the 2014 priorities inter-sessionally considering that MAG will only meet twice in 2014.
16. As a way forward on the Non-Tariff Measures (NTMs), the Philippines proposed for further discussions on sectoral NTMs. The Policy Support Unit (PSU) commented that it is currently reviewing and analyzing the IAPs submitted by economies and is in the midst of drafting the progress report of the Bogor Goals. This report will be presented at the next SOM2 Meeting and considering that the MAG will only meet at SOM3, the report will only be presented at MAG2 at SOM3.
17. In driving MAG forward, proposed topics to be discussed at the next MAG2 Meeting include sectoral NTMs, policy options on NTMs and updates on the on-going IAP review on Bogor Goals.
18. MAG members are urged to work inter-sessionally on topics that can be discussed at MAG2.

H. SUPPORT FOR MULTILATERAL TRADING SYSTEM

19. MAG Convenor updated the meeting on the current status of the ITA expansion negotiations in Geneva and informed that the negotiation was not concluded at the 9th WTO Ministerial Conference in Bali, Indonesia last year. However, negotiators in Geneva are hopeful for the negotiations to be concluded by 2014.
20. Several economies including Japan and the US reiterated its support for the on-going ITA expansion negotiations and the need for a strong support from APEC members for the conclusion on the negotiations. Economies such as Chinese Taipei, Japan, the Philippines and the US highlighted their disappointment on the non-achievement to conclude the negotiations before the 9th WTO Ministerial Conference (MC9) in 2013.

21. The US hopes that the ITA expansion could be concluded by the Minister Responsible for Trade Meeting (MRT) in 2014. Several economies including China and the Philippines highlighted the need for a balanced and pragmatic approach for a favorable outcome of the ITA expansion. Indonesia mentioned that currently they could not agree to expansion of product list but could agree with the expansion of members. Members took note of comments by other members on the need for specific action to be undertaken by MAG in supporting and addressing DDA issues.
22. China reiterated its support for the multilateral system and highlighted that it had made contribution to the early harvest in Bali, Indonesia last year. China also informed that it has been an active member of the ITA expansion, since September 2012 and have been continuously making improvements to the offers at the negotiation table. To date, there are 200 lines of products offered valued at USD3 trillion, which is of a tremendous commercial value to the market. China reiterated the importance of the agreement and its contribution to the economic development of the economy. China also informed that it has made a lot of effort on improving the proposal under ITA, but noted that some requests are rather too ambitious. In moving forward to conclude the negotiation, China expressed its willingness to work together with other economies on the list.
23. Canada, Chinese Taipei and Malaysia echoed the Philippines and expressed its hope for a swift conclusion of the ITA expansion negotiations, as the agreement would benefit economies as a whole. Malaysia reiterated that the ITA has brought a lot of benefits to Malaysia and noted that the current ITA is obsolete thus the need for expansion. Mexico reiterated that it would not join ITA due the sectoral approach of the agreement.
24. Members were reminded of the need for APEC to more active participation in the negotiations to ensure a good outcome on the ITA expansion. It was suggested for MAG to work together with CTI/SOM on a language to support the conclusion of the ITA to be included in the Statement of the Minister Responsible for Trade Meeting (MRT) in 2014.

H. SUPPORT FOR REGIONAL ECONOMIC INTEGRATION

i. Remanufactured Products

a. Pathfinder on Facilitating Trade in Remanufactured Goods

25. MAG Convenor updated members that both (1) Remanufacturing Resource Handbook and (2) Compilation of NTMs on Remanufacturing, have been uploaded at the APEC MAG Website on 26 November 2013. Since the uploading NTMs on remanufacturing on the webpage in November 2013, there has been 429 page views with 159 unique visitors. MAG is encouraged to promote the web page to stakeholders of each economies as it is a useful point of reference for remanufacturing.
26. With reference to the US funded case study on remanufacturing, the US highlighted that they are finalising the case study on the development of remanufacturing industry in Malaysia and the outcome of the study will be shared with the MAG Members. MAG Members are welcomed to express their interest to participate in additional case studies. The US also highlighted that the proposed survey on remanufacturing suggested at the last MAG Meeting was not advanced as there was no response to the proposal.
27. Malaysia also provided updates to MAG on the study, and recorded its appreciation to the US. The outcome of the study will be shared with APEC economies upon its completion.
28. MAG Convenor also reminded the members on the on-going pathfinder on remanufacturing and invited interested members to join the pathfinder.

ii. WebTR (Enhancing Regional Connectivity and Promoting Trade Facilitation)

29. MAG Convenor updated members on the utilisation of the WebTR, whereby there has been an increased to the number of visitors in 2013 compared to 2012. There were 2,925 unique visitors in 2013 compared to 2,492 visitors in 2012, with 4,076 and 3,535 pages views respectively. MAG members are reminded to provide latest links to the Secretariat. MAG Convenor also welcomed ideas to bring the initiative forward.

iii. Simplification of Documents and Procedures - Self-Certification Issue.

30. The Philippines shared with MAG that it has begun implementing the ASEAN Second Pilot Project on regional self-certification in preparation for the development and putting into operation the ASEAN-wide self-certification system in 2015. The Philippines reiterated that it has greatly benefitted from one of the first in-economy workshops on self-certification project started in Singapore year which was staged in Manila, the Philippines. It will support or consider follow up workshops to support domestic implementation of self-certification.
31. The Philippines also shared with the MAG that it managed to obtain endorsement from SCCP for a Regional Study on APEC Customs Business Initiatives for SMEs which addresses Chokepoints 4, 5, and 8. The study will look into what APEC has done collectively or individually for SMEs with international operations and/or to integrate SMEs in global production chains, especially in addressing burdensome procedures for customs documentation and other procedures. Philippine informed the MAG that it could provide progress in the project in the future.
32. As background information, the members were reminded by the MAG Convenor that the Self Certification Initiative Pathfinder that was introduced in 2009 was a cross collaboration between SCCP and MAG, with Singapore as the coordinator.

iv. Presentation by PSU on Non-Tariff Measures (NTMs)

33. APEC PSU's presented a paper on the "Incidence of Non-Tariff Measures (NTMs) in the APEC Region", which is a follow up to the paper by PSU on Literature Review on the NTMs, presented last year. The presentation highlighted the various NTMs and its differences within the APEC economies. Findings noted that iron and steels, articles of iron and steel, organic chemicals and plastics are major products affected by anti-dumping measures. This was followed by other measures such as countervailing duties, safeguard measures, SPS specific trade concerns and TBT trade concerns. Study also found that 567 NTMs were implemented by APEC economies as at May 2013 with trade defense measures and bail out/state aid measures explained more than half of the total. Top three NTMs used by APEC economies are sanitary and phytosanitary measures; standards and other technical requirements; and customs procedures. The paper also proposed policy options to address NTMs objectives.
34. Several economies highlighted concerns on the definition of NTMs and the Anti-Dumping /Countervailing Duties (AD/CVD) measures being considered as NTM in the analysis. PSU responded that the definition made by UNCTAD's Multi-Agency Support Team (MAST)¹ in 2009, which states that NTMs are "policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both. On the comment by Singapore on expanding the scope of the paper on policy options, PSU reiterated that it currently drafting a paper that will be tabled at the CT12 Meeting in Qingdao.
35. MAG requested that the Secretariat circulate the draft presentation slides to members and took note that the study is still work-in-progress. MAG Convenor thanked PSU on the presentation and requested that a follow-up presentation be made at MAG2.

I. APEC GROWTH STRATEGY

- i. Russia's Proposal "State of play with environmental protection issues in APEC RTAs and proposal for a model chapter under FTA"
36. Russia's presented its proposal on the state of play with environmental protection issues in APEC RTAs and proposal for a model chapter under FTA. The revised proposal on the model chapter is based on the 2008 APEC Model Measure adopted in 2008 at the AMM. The APEC Model Chapter

¹ The Multi-Agency Support Team was set by UNCTAD's Group of Eminent Persons on NTMs and also includes representatives from other organizations such as the Food and Agriculture Organization of the United Nations (FAO), International Monetary Fund (IMF), International Trade Centre (ITC), Organisation for Economic Cooperation and Development (OECD), United Nations Industrial Development Organization (UNIDO), World Bank and World Trade Organization (WTO), as well as observers from the USDA, the USITC and the European Commission

is intended to build best practices for RTAs/FTAs in the area of trade and environment and would contribute to the promotion of high-quality and comprehensive free-trade agreements in the Asia-Pacific region and the realization of the Bogor Goals. The Model Chapter is also built upon the Instructions given by APEC Ministers Responsible for Trade in 2012 in Kazan, Russia for commitment to strengthen regional cooperation on trade and environmental matters and the APEC Model Measures for RTAs/FTAs: Environment” adopted in 2008 in Arequipa, Peru. The Chapter is intended to provide deeper and more profound framework for cooperation as a part of future FTAAP agreement in the area of trade and environment.

37. Russia thanked China for the comments on the revised paper and highlighted that the proposal has only 6 articles. Members such as China, Indonesia commented that the proposal is a good initiative but requires it to have some flexibility and be non-binding, voluntary as well as without prejudice to members position on environmental issues.
 38. The US indicated that it does not support the proposed model chapter as there is no one-size-fits-all approach to the environment chapter although noted that the principles of the core elements of the chapter. In addition the US stated that the model chapter does not seem to add value to the initiative. Mexico highlighted that they have several questions that they intend to submit to Russia on the Chapter, while Viet Nam highlighted that their comments may have not been incorporated into the proposal.
 39. As some members are still consulting internally, additional time is requested for submission of comments. Russia agreed to re-circulate the draft proposal of the model chapter to members for comments by 31 May 2014.
- ii. APEC Growth Strategy - Environment
40. MAG Convenor elaborated on the potential idea of MAG to assist CTI on the implementation of the Environmental Goods (EG) List by 2015. The idea is proposed as MAG Convenor took note of the difficulties faced by some economies on implementing the EG List i.e. issues related to HS Code at the national level and product description.
 41. China shared with the MAG on capacity building programmes plan on the implementation of the EG List which was agreed in 2013. Up to January 2013, China have received 15 responses to the survey on challenges faced by economies on liberalisation of the environmental goods. This will then be followed by a study and a follow up workshop to report the survey and outcome of the study conducted.
 42. As an initiative to support the implementation of the EG List by MAG, MAG Convenor suggested that the idea of a matrix to track the status of implementation by each economy. Australia commented on the usefulness of the matrix and the users of the matrix. Korea commented on the possibility to establish a technical working group, which crosses other fora to address the implementation issues of the EG list. CTI to be consulted on whether this would be a feasible initiative for MAG.

J. OTHER INITIATIVES

i. APEC Conference on Facilitating Trade in a Secure Trading Environment

43. Malaysia briefed members on the outcome of the “APEC Conference on Facilitating Trade in a Secure Trading Environment” which was held from 28-29 October 2013 in Kuala Lumpur, Malaysia. The objective of the conference was to deliberate on emerging trade securities issues and sharing of experience in implementing the trade secure act and recommended best practices. The outline of the best practices can be found on the website. Following the workshop, it was found that exporters found it difficult to locate the focal point of the export controllers.
44. MAG Convenor proposed that MAG could explore cross-fora collaboration work with the Counter-Terrorism Working Group e.g. to develop and share list of export control and focal points in APEC economies. This could help facilitate exporters on the exports of their goods and attaining relevant information pertaining to export control. Japan sought clarification on the structure of organizations of the focal point, whether it be Government or private sector. MAG Convenor explained this would be dependent on the respective economies. MAG Convenor also requested MAG members to

consult each economies' representative at the Counter Terrorism Working Group (CTWG) and revisit the proposal inter-sessionally.

ii. Discussion Paper - Streamlining of CTI Sub Fora

45. MAG Convenor explained that the revised draft CTI discussion paper on streamlining of CTI sub-fora was disseminated earlier to MAG members for their comments. The draft paper will be tabled by CTI at the SOM1 meeting and prior to that MAG was reminded of the written report to be submitted to CTI on the recommendations. MAG discussed the recommendations highlighted in the draft Paper by CTI and took note of comments from members such as Australia, Indonesia, the Philippines, Singapore that the recommendations are generally practical and non-onerous.
46. Australia also commented that the recommendations are practicable and some initiatives are already on-going/ progressing under MAG, such as discussions between Convenors. In addition, there is a division between the role of the MAG and the GOS as there are separate databases that are being maintained by the fora such as the WebTr, while the Star Database is maintained by the GOS.
47. The Philippines supported the idea of a dialogue session for sub-fora to brainstorm on the way forward of the work program and agenda of the group. The proposal for dialogue sessions is to (recommendation no.1) to ensure that the MAG's objectives and work program are aligned with priorities of host economy and this could also be used to support the agenda under CTI in areas such as the EGS and NTMs. The US noted it would be important to consider the recommendation pertaining to the delegation of task to sub- fora and to consider the cross cutting nature and context of particular proposals. Malaysia concurs that certain agenda such as the discussion on a potential proposal/concept note related to MAG; should be discussed at fora level initially, as compared to having it discussed under CTI. Canada also highlighted that with the gap between MAG1 and MAG2, remote participation should be considered as an alternative option.

iii. Joint MAG-GOS Meeting

48. MAG Convenor updated that an initial discussion was held with the GOS Convenor on possible topics to be covered should there be a Joint MAG-GOS Meeting. The last joint meeting was held at SOM1 2012 covering topics such as embodied and embedded services, global value chain and competitiveness. MAG members to consider possible topics for the Joint MAG-GOS Meeting proposed to take place in 2014.
49. Among possible topics for consideration:
 - global value chain (GVC);
 - issues on trade in manufacturing of intermediate goods along the supply chain, actual case study on distribution in manufacturing and trade of intermediate good;
 - Trade in Value Added (TiVA) database;
 - Environmental Goods and Services (EGS); and
 - Non-Tariff Measures (NTMs).
50. ABAC commented on the need to ensure that the proposed topic on global value chain would not overlap with discussions at CTI and SOM this year. ABAC elaborated on the TiVA database and how the valued added of services contributes to the manufactured goods. In addition, MAG took note of the information that services contributes 60 per cent to the production of intermediate goods.
51. MAG Convenor and GOS Convenor to further deliberate on the possibility of MAG-GOS Meeting, with inputs from MAG and GOS members to ensure viability of the possible joint meeting in 2014. MAG Convenor also suggested for MAG members to convey the message to the GOS representatives of each economy.

K. UPDATE FROM THE APEC SECRETARIAT

52. 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. MAG members

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.

53. 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.

L. MEETING DOCUMENTS

54. The meeting agreed to the Document Classification List (2014/SOM1/MAG/000).

M. NEXT MEETING

55. The meeting noted that MAG2 2014 would be held in China, with the final date to be advised in due course.

N. CONVENOR'S CLOSING REMARKS

56. MAG Convenor thanked all members for their contribution to the MAG1 Meeting. The draft MAG Convenor Report will be drafted and circulated to members for comments before submitting to CTI.