



**Asia-Pacific
Economic Cooperation**

2014/CSOM/031rev1
Agenda Item: 2

2014 Committee on Trade and Investment Annual Report to Ministers

Purpose: Consideration
Submitted by: CTI Chair



**Concluding Senior Officials' Meeting
Beijing, China
5-6 November 2014**



**Asia-Pacific
Economic Cooperation**

**2014
ANNUAL REPORT TO MINISTERS**

COMMITTEE ON TRADE AND INVESTMENT

**November 2014
Beijing, China**

Published by
APEC Secretariat
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Tel: (65) 68919 600 Fax: (65) 68919 690
Email: info@apec.org Website: www.apec.org

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APEC#214-01.5 ISSN 0219-1865

Dear Ministers

I am pleased to present to you the APEC Committee on Trade and Investment (CTI) 2014 Annual Report for your review and endorsement.

Over the last year, the CTI has made substantial progress in advancing APEC's objectives of trade and investment liberalisation, business facilitation and economic and technical cooperation under the guidance of APEC Senior Officials and in areas covered by Ministers' and Leaders' instructions. This has included:

- reports on the progress of economies towards the Bogor Goals with key highlights on members' main achievements and remaining areas for improvements;
- actions to advance the Free Trade Area of the Asia-Pacific (FTAAP), including establishment of an FTA/RTA Information Sharing Mechanism, capacity building for officials towards the FTAAP and agreement to take forward a collective strategic study on issues related to the realisation of the FTAAP;
- advancing next generation trade and investment issues, including a new initiative on manufacturing services in supply chains/value chains;
- strengthening cooperation on Global Value Chains (GVCs) under a new APEC Strategic Blueprint covering such areas as trade and investment issues, services, SMES, trade in value-added statistics, trade facilitation and resiliency;
- capacity building to support economies' in the implementation of their commitments to reduce applied tariffs on the 54 products in the 2012 APEC List of Environmental Goods to five percent or less by end-2015;
- progress on new initiatives on liberalisation and facilitation of environmental services and promoting the integration of SMEs in GVCs in major industries such as IT/electronics, textiles, automotive and agri-business;
- finalisation of diagnostic reports on regional supply chain weaknesses/chokepoints which will inform targeted capacity building and support implementation of the WTO Agreement on Trade Facilitation;
- commencement of capacity building activities to improve regional supply chain performance in the areas of pre-arrival processing; expediting shipments; release of goods; advance rulings and electronic payments;
- establishment of a model E-port network to share best practices in application of information technology to improve maritime port efficiency;
- action to support the adoption and maintenance of technical standards that will facilitate greater trade in electric vehicles;
- in principle agreement to extend the validity period of the APEC Business Travel Card from three to five years with a target implementation date of August 2015;

The collective action plans set out in this report contain many examples of practical collaboration between officials, business and academic experts on concrete activities

that will strengthen our economies, promote more open and transparent markets and deepen regional economic integration. This includes specific action on customs procedures, standards and conformance, including food safety, e-commerce including cross-border privacy and paperless trading initiatives, goods and services trade liberalisation, investment facilitation, intellectual property, business mobility and on trade-related issues in the automotive, chemical and life sciences and health sectors.

The CTI has collaborated closely with the APEC Business Advisory Council and other business stakeholders to advance its work program. For example, the CTI established a new APEC Alliance for Supply Chain efficiency, which will ensure strong business input to APEC's capacity building and cooperation to improve supply chain performance. The CTI also convened the inaugural Public-Private Partnership on Environmental Goods and Services on the topic of trade and investment in clean and renewable energy. Other examples of close collaboration with business stakeholders included work in the areas of services trade liberalisation, global data standards, the APEC Customs Business Dialogue, infrastructure investment, self-regulation in advertising standards and the establishment of a cooperation network on green supply chains.

I would like to thank China for its hospitality and organisational arrangements which have helped to facilitate the CTI's outcomes this year. I would also like to express my appreciation to CTI "Friends of the Chair" leads, CTI sub-fora convenors and industry dialogue chairs for their leadership and contribution to advancing our work program. Finally, I would also like to thank the CTI program director from the APEC Secretariat, Catherine Wong, for her tireless efforts in support of the CTI and colleagues from APEC's Policy Support Unit who have made a strong contribution to CTI discussions through their research and analysis.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Larkin', written in a cursive style.

John Larkin
Chair, APEC Committee on Trade and Investment

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Recommendations

CTI recommends that Ministers **endorse**:

- CTI's 2014 Annual Report, including the Collective Action Plans in *Appendix 14*;
- Bogor Goals Progress Reports with key highlights on members' main achievements and remaining areas for improvements as well as the Dashboards to complement the brief reports. These reports are available on APEC webpage at www.apec.org;
- The Beijing Roadmap for APEC's Contribution to the Realisation of the FTAAP and Outline of the Collective Strategic Study on Issues Related to the Realisation of the FTAAP (*see Appendices 1 and 2*);
- Action Plan Framework for the 2nd Regional Economic Integration (REI) Capacity Building Needs Initiative (CBNI) 2015-2017 (*see Appendix 3*);
- APEC Strategic Blueprint for Advancing Global Value Chains Development Through Asia-Pacific Partnership (*see Appendix 4*);
- Strategic Framework on Measurement of TiVA under GVCs and an accompanying action plan to implement it (*see Appendix 5*);
- Initiative on promoting SMEs' integration into global value chains in major industries and terms of reference (ToR);
- APEC Statement on Promoting Renewable and Clean Energy (RCE) Trade and Investment (*see Appendix 6*);
- Initiative on Trade Liberalisation and Facilitation of Environmental Services;
- Capacity Building Plan to Improve Supply Chain Performance under Stage 3 of the Systematic Approach to the SCFAP (*see Appendix 10*) and commencement of capacity building activities in the areas of pre-arrival processing; expedited shipments, release of goods, issuing advance rulings and electronic payments;
- Initiative on Asia-Pacific Model E-Port Network (APMEN) and ToR;
- APEC Statement on Promoting the Use of Interoperable Global Data Standards (*see Appendix 11*);
- APEC Strategic Plan on Capacity Building to Promote Trade and Investment (*see Appendix 7*);
- Action Agenda on Promoting Infrastructure Investment through Public-Private Partnership;
- APEC Actions to Promote Widespread Usage of Electric Vehicles (*see Appendix 12*);
- APEC Action Agenda on Advertising Standards and Practice Development (*see Appendix 13*);
- APEC Cross Border e-Commerce Innovation and Development Initiative;

- APEC Strategic Framework of Mutual Recognition, Mutual Assistance and Mutual Sharing (3M) in Customs Procedures;
- Asia-Pacific Region Automotive Industry Sustainable Development Declaration;
- APEC Roadmap to Promote Mental Wellness in a Healthy Asia Pacific (2014-2020);
- APEC/EU Referential for the Structure of the EU Binding Corporate Rules and APEC Cross Border Privacy Rules System;

welcome:

- Progress in the PSU Study on Promoting Products which contribute to Sustainable and Inclusive Growth through Rural Development and Poverty Alleviation;
- Progress in implementation of the REI CBNI Action Plan Framework 2012-2014, including the completion of the workshops on government procurement (9-10 January, Ho Chi Minh City); preparing for FTA negotiations: research, analysis, consultation, development of negotiating positions and team building (6-7 May, Qingdao); safeguards including transitional safeguards (10-11 June, Surabaya); scheduling of services and investment commitments in FTAs (28-29 October, Singapore); and intellectual property (planned 17-18 December, Ho Chi Minh City);
- Completion of the PSU study on Comprehensive Analysis on Enhanced Resiliency of Cross-Border Value Chains;
- Progress in advancing the next generation trade and investment issues agenda and the adoption of manufacturing related services in supply chains/value chains as a new next generation trade and investments for work in 2014/2015;
- Progress by APEC economies in implementing their 2011 commitment to reduce applied tariffs on the 54 products in the 2012 APEC List of Environmental Goods in their tariff schedules, including by establishing the new Friends of the Chair Group on Implementation of the APEC Environmental Goods List;
- Establishment of an APEC Cooperation Network on Green Supply Chain;
- Progress made in implementing the action plans under the Supply-Chain Connectivity Framework Action Plan (SCFAP) (*see Appendix 8*) including the updated interim assessment report of the SCFAP based on the latest data for the external indications;
- Completion of Diagnostic Reports under Stage 2 of the Systematic Approach to SCFAP (*see Appendix 9 for the overview*);
- Establishment of APEC Alliance for Supply Chain Connectivity (A2C2) and terms of reference;
- Extension, in principle, of the validity period of the APEC Business Travel Card from three to five years with a target implementation date of 31 August 2015;
- APEC Guidebook on Quality of Infrastructure Development and Investment to enhance understanding of key principles on “quality” of infrastructure development and investment;
- Outcomes of the Twentieth and Twenty-first Automotive Dialogue and Thirteenth Chemical Dialogue;

- CD's collaboration with the Ocean and Fisheries Working Group on innovative solutions to the mitigation of marine debris;
- Progress made on the implementation of the Best Practice Principle for Chemicals Regulation and the proposed collaboration with the Economic Committee on Regulatory Cooperation and Convergence and the IPEG on the protection of trade secrets;
- Recommendations from the 4th High Level Meeting on Health and the Economy and the "Healthy Asia-Pacific 2020" initiative, which combines trade and investment and health and science policy, to achieve sustainable and high-performing health systems, including health value chains, that will ensure physical and mental health and well-being through the whole life-course;
- Establishment of the APEC Biomedical Technology Commercialization Training Center under the leadership of Korea and Thailand, which will aim to improve commercialization of biomedical research in the APEC region through policy dialogue and training on the key ingredients for technology transfer in the biomedical sector;
- Recommendations from the Beijing Statement that emerged from the High Level Industry Regulator Dialogue on Food Safety to guide the future work of APEC on food safety capacity building under the Food Safety Cooperation Forum and its Partnership Training Institute Network;
- Harmonization efforts in the two pilot areas of export certificates and pesticide maximum residue limits that implement the APEC Regulatory Cooperation Plan under the Food Safety Cooperation Forum;

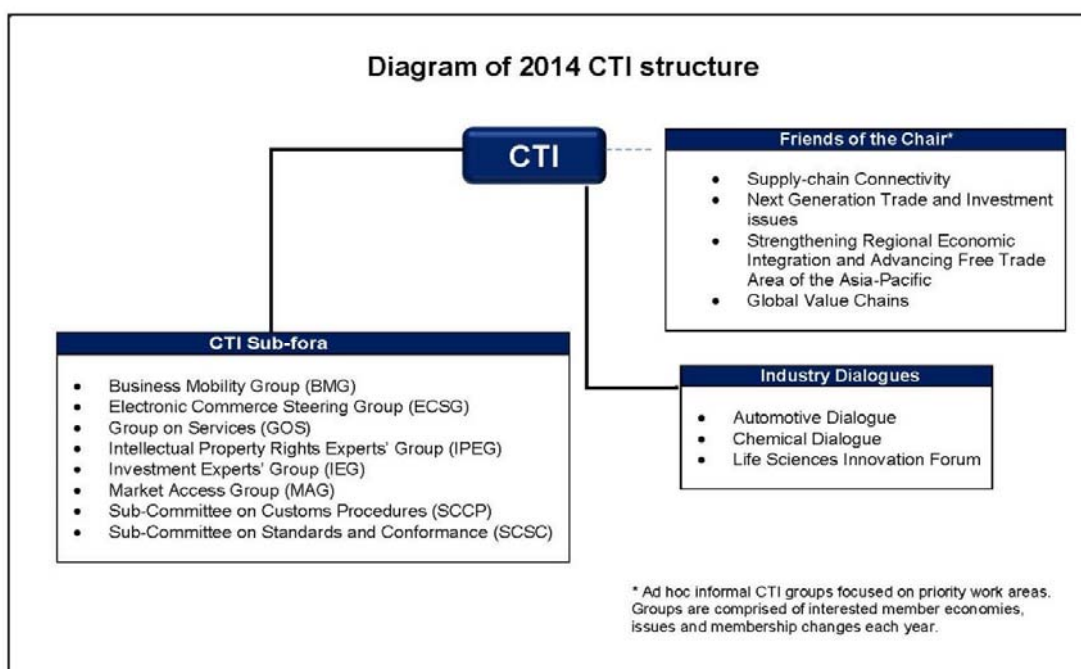
and **note:**

- The intention of CTI to study localisation policies in the context of GVCs and discuss possible ways through which economies can promote job creation and competitiveness.
- Updates made to the Environmental Goods and Services Work Program Mapping Matrix to reflect all EGS-related work underway in various APEC fora and sub-fora.
- The intention of CTI and its relevant fora to identify effective ways to help APEC economies to protect and enforce trade secrets.
- Contributions of CTI and its sub-fora to cross-cutting initiatives such as the APEC Travel Facilitation Initiative, APEC Multiyear Plan on Infrastructure Development and Investment, APEC Framework on Connectivity; APEC Work Plan on Promoting Cross-Border Education Cooperation; and Advancing Regulatory Cooperation and Coherence.
- LSIF-ABAC joint study on *The Impact of Health on Worker Attendance and Productivity in the APEC Region*, which estimates the severe economic costs and broader health challenges employers in the APEC region will face as a result of the intersection of high chronic disease incidence and population ageing.
- Studies/research to be conducted by the PSU on:
 - Manufacturing Related Services in Value Chains using a case study approach to analyse the importance of services in selected global value chains (GVCs)
 - Trends and developments in FTA/RTA provisions and outcomes concluded by APEC economies.

Introduction

The APEC Committee on Trade and Investment (CTI) is the key body responsible for delivery of APEC's work on trade and investment. CTI encourages APEC member economies to undertake individual and collective actions to liberalize and facilitate trade and investment within the APEC region, in order to achieve the Bogor Goals. This work is supported by economic and technical cooperation (ECOTECH) initiatives, aimed at building capacity in member economies to assist them in undertaking trade and investment liberalization and facilitation.

The CTI oversees eight sub-groups and three industry dialogues (see diagram below). CTI also works closely with other specialist APEC Committees, Task Forces and Working Groups to ensure that Leaders' and Ministers' instructions on trade and investment issues are implemented in a coordinated manner.



The CTI Annual Report to Ministers for 2014 outlines the Committee's accomplishments and recommendations in the key priority areas of APEC's Trade and Investment Liberalization and Facilitation (TILF) agenda in support of APEC's 2014 priorities under the theme of "Shaping the Future through Asia-Pacific Partnership". Collective Action Plans (CAPs) in various *Osaka Action Agenda* (OAA) issues areas, which were first reported in 1996, continued to be the Committee's main vehicle for advancing APEC's trade and investment agenda.

The key elements of CTI's work program for 2014 were aligned around priority areas that would contribute to the APEC 2014 Priorities. These were: (i) support for the multilateral trading system/WTO; (ii) advancing regional economic integration; (iii) strengthening connectivity and infrastructure development; (iv) expanding regulatory cooperation and advancing regulatory coherence; and (v) contributions to APEC growth strategy and cross-cutting mandates. This work continued to include taking forward next generation trade and investment issues endorsed in 2011 and 2012; implementing Leaders' 2011 commitment reducing tariffs on environmental goods to five percent or less by the end of 2015 and administration of appropriate technical assistance to facilitate implementation; taking steps to reduce the time, cost and uncertainty of moving goods and services through the supply chain including advancing the systematic approach to improving

supply-chain performance and undertaking a further assessment of Supply Chain Connectivity Framework Action Plan (SCFAP) progress in 2014 by using the updated figures from the external indicators; improving the quality of the regulatory environment; and implementing the 2010 APEC Leaders' Growth Strategy. The two "Friends of the Chair (FOTC)" groups established in 2011 were retained to advance work in two areas: Next Generation Trade and Investment Issues and Supply-Chain Connectivity Initiative (SCI). The designated lead economies continued to oversee implementation of action plans to address the eight designated chokepoints identified in the Supply-chain Connectivity (SC) Framework adopted in 2009. Two new FOTC groups were created in 2014 to advance work on (i) Strengthening REI and Advancing the FTAAP; and (ii) Global Value Chain Development and Cooperation. The CTI also agreed to establish another FoTC for 2015 on Implementation of the APEC Environmental Goods List.

CTI continued to collaborate closely with the Economic Committee (EC) to ensure that their respective work programs on business facilitation, ease of doing business (EoDB) initiative, and regulatory and structural reform are complementary.

CTI also worked closely with the APEC Business Advisory Council (ABAC) throughout 2014 to ensure that CTI work plans and deliverables took into account the needs of the business community. Representatives of both CTI and ABAC participated in each other's meetings, maintaining consistent and constructive dialogue on key issues, such as next generation trade and investment issues, public-private partnerships, services and investment liberalization, infrastructure investment and trade facilitation, including promoting global data standards.

The Policy Support Unit (PSU) continued to work closely with CTI on a number of priority areas. With CTI's support, the PSU completed the biennial assessment of Bogor Goals, capturing the progress achieved and areas for improvement in the Bogor Goals Progress Report and Dashboard for APEC and each member economy. The study on the use of non-tariff measures (NTMs) in the APEC region and strategies that economies could adopt to pursue the policy objectives underlying the NTMs in more trade facilitative ways was also completed.

On next generation trade and investment (NGeTI) issues, the CTI advanced work on the issue of SME's participation in global value chains, identified as an NGeTI issue in 2011. The PSU identified policy principles and best practices to facilitate SMEs' participation in the global value chains of the agriculture, electronics, handicrafts, food processing and automobiles sectors. The CTI agreed on a new NGeTI issue for work in 2014 - manufacturing-related services in supply chains/value chains. The PSU contributed to this work through two policy briefs which discussed services' importance of services in supply chains and services-manufacturing linkages, and an ongoing study on manufacturing related services in supply chains/value chains. The study will involve interviewing firms with established presence of subsidiaries and affiliates in the APEC region and is expected to be completed by mid-2015.

Other PSU projects consisted of: (1) a stocktake of advertising regulations and standards within APEC economies, including an assessment of the capabilities of self-regulatory organizations within the region; (2) a four-part project evaluating value chain resilience and its impact on the region's trade and investment; and (3) a study on promoting products which contribute to sustainable and inclusive growth through rural development and poverty alleviation, which is expected to be completed by March 2015.

Carrying on the work done last year, the PSU updated the 2013 Interim Assessment for Supply Chain Connectivity Framework Action Plan (SCFAP) based on latest available data for the external indicators. Supporting the Investment Experts' Group (IEG), the PSU also prepared an updated report of the implementation progress of the Investment Facilitation Action Plan (IFAP) based on additional information from five member economies.

In addition to making project-related presentations during meetings of CTI and its sub-fora (namely, Group on Services (GOS), IEG, and Market Access Group (MAG)), the PSU presented topics such as recent macroeconomic developments in the APEC region; services and supply chains; services-manufacturing linkages; and trade and supply chain finance. The PSU also participated in CTI events, namely the Public-Private Dialogue on Building Asia Pacific Partnership Through Global Value Chains Collaboration, Capacity Building Workshop on Application of Global Data Standards, and CTI Seminar on Environmental Goods Commitment Implementation.

Section I: Advancing Regional Economic Integration

Highlights:

Achieving the Bogor Goals

- CTI worked closely with the Policy Support Unit (PSU) on the preparation of the “Bogor Goals Progress Reports” with key highlights on members’ main achievements and remaining areas for improvements as well as the 2014 version of the Bogor Goals Dashboard of Indicators. The Dashboard sets out easy-to-understand figures to track the advances in areas critical to promoting greater regional economic integration, such as liberalization and facilitation of trade and investment. These reports are available on APEC webpage at www.apec.org.
- CTI continued to discuss ways to strengthen its work on trade restrictive NTMs, with the assistance of the completed research and analytical work by the PSU 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. Economies were encouraged to build on this work by developing practical initiatives to address non-tariff barriers in the region, including in the context of GVCs. CTI noted that discussions in 2015 on the process and timeline for the Second Term Review of the Bogor Goals (scheduled for 2016) would be a useful opportunity to consider the nature and scope of reporting on NTMs in IAPs, the need for enhanced transparency and the scope for more focussed discussion on specific types of NTMs.
- In response to Ministers’ instructions to carry out a PSU study on the topic of “*trade in goods, which contribute to sustainable and inclusive growth through rural development and poverty alleviation*”, CTI agreed at CTI1, the terms of reference (TOR)¹ for the PSU study on promoting trade in products which contribute to sustainable development and inclusive growth through rural development and poverty alleviation. Following CTI2, 157 products (at HS 6-digit level) nominated by 13 economies were confirmed on 10 June as the nominated list for the study. The PSU will circulate intersessionally, the proposed methodology for the study for comment.

Exploring a Free Trade Area of the Asia-Pacific (FTAAP)

- CTI discussed and agreed on work to take forward the process for the eventual realization of the FTAAP, building on previous work and on a step-by-step basis. Such work included proposals to enhance transparency on regional trade agreements (RTAs)/free trade agreements (FTAs) in the region, strengthen capacity building activities, formulate a roadmap for APEC’s contribution to the realization of the Free Trade Area of the Asia-Pacific (FTAAP); and enhance the analytical work on issues related to the realisation of the FTAAP. A new CTI FoTC on Strengthening REI and Advancing FTAAP was established to drive this work. CTI adopted a work plan that outlined a “non-exhaustive” list of issues for consideration when developing recommendations for endorsement by Senior Officials, Ministers and Leaders.
- CTI agreed on the Beijing Roadmap for APEC’s Contribution to the Realisation of the FTAAP (see Appendix 1). As well as enhanced information sharing and capacity building (see further below), the Roadmap provides for a Collective Strategic Study on Issues Related to the Realisation of the FTAAP to be concluded by the end of 2016. The CTI also agreed to the Outline of the Collective Strategic Study. (see Appendix 2)
- CTI agreed on a proposal² for an APEC Information Sharing Mechanism for regional trade agreements (RTAs)/free trade agreements (FTAs) comprising elements relating to (i) enhancing access of information on RTAs/FTAs; (ii) sharing and assessing information on WTO-plus elements of RTAs/FTAs; (iii) holding annual dialogues and reports on RTAs/FTAs; and (iv)

¹ 2014/SOM1/CTI/004 rev2

² 2014/SOM2/049anx3 and 2014/SOM3/CTI/006rev1

reinforcing and intensifying use of WTO RTA transparency mechanism. CTI also agreed on key tasks and activities, timelines and lead economies for operationalising the APEC Information Sharing Mechanism for FTAs/RTAs as well as the terms of reference (TOR) for the PSU³ to undertake research and produce annual reports on trends and developments in FTA/RTA provisions and outcomes concluded by APEC economies.

- CTI held an APEC Dialogue on Information Sharing on RTAs/FTAs in the Asia-Pacific Region in Qingdao on 8 May with the aim of raising awareness and understanding of APEC economies on the developments of RTAs/FTAs in the APEC region and promoting exchanges of experiences and practices in developing, negotiating and implementing RTAs/FTAs among APEC economies which can be building blocks for an eventual FTAAP.
- CTI reviewed the progress in implementing the Regional Economic Integration (REI) Capacity Building Needs Initiative (CBNI) adopted in 2012. CTI conducted and approved additional workshops/training courses in 2014 in the areas of government procurement (9-10 January, Ho Chi Minh City); preparing for FTA negotiations: research, analysis, consultation, development of negotiating positions and team building (6-7 May, Qingdao); safeguards including transitional safeguards (10-11 June, Surabaya); scheduling of services and investment commitments in FTAs (28-29 October, Singapore); and intellectual property (planned 17-18 December, Ho Chi Minh City).
- To support further capacity building towards the eventual FTAAP, CTI agreed on the Action Plan Framework for the 2nd REI CBNI (2015-2017) to be recommended to SOM and AMM for endorsement and welcomed the ideas/inputs put forth by economies and their offers to lead the capacity building activities in relation to those sectors/topics. (see Appendix 3). The development of the 2nd REI CBNI was preceded by a Survey Questionnaire for APEC's Capacity Building Needs for Strengthening REI and a Seminar on Assessing the 2012-2014 CBNI programs and Mapping for the future in Seoul on 22-23 July. The objectives of the Seminar were to enhance understanding of the overall performance and assess the outcomes of the workshops under the Action Plan Framework which took place from 2012-2014; share ideas on possible areas with additional or in-depth capacity building needs and explore ways to improve the programs; and design the future of the REI CBNI.

Global Value Chain (GVC) Cooperation

- In response to Leaders' instructions in 2013 to "*promote GVC development and cooperation in the APEC region on the basis of previous work on connectivity*", CTI members had productive discussions on a range of proposals/initiatives that promote GVC development and cooperation. In May, CTI agreed on an APEC Strategic Blueprint for Advancing Global Value Chains Development through Asia-Pacific Partnership (see Appendix 4) as a mechanism to strengthen mutual economic cooperation within the global value chain network, and shape a resilient and inclusive future for economic growth through a stronger and closer Asia-Pacific partnership. The blueprint identified 10 work streams to advance GVC cooperation. CTI created a new CTI FoTC group on GVC to take forward the 10 work streams under the Strategic Blueprint and at CTI3 in August, the committee adopted a work plan to guide its work in 2014/2015.
- CTI discussed a proposal on the establishment of a database based on Input-Output Table for GVC and Trade in Value-Added among APEC Members. CTI agreed to the Strategic Framework on Measurement of APEC Trade in Value Added (TiVA) under GVCs (see Appendix 5) to compile input-out trade data in value-added products and services among APEC economies which would build a greater understanding of how we can integrate and grow our economies. CTI also agreed to an Action Plan on Strategic Framework on Measurement of APEC Trade in Value

³ 2014/SOM3/CTI/007rev1

Added (TiVA)⁴ under GVCs and established a Technical Group consisting of representatives from member economies, as called for in the Action Plan, to assist economies in implementing measurement of APEC TiVA under GVCs and advancing this work in a systematic manner.

- CTI made further progress on a project led by Japan and agreed in 2013 on the “Comprehensive Analysis on Enhanced Resiliency of Cross-Border Value Chains”. The project, to be carried out in four phases over the period 2013-2014 with assistance from the PSU, is currently nearing completion in Phase 4; involving the creation of a comprehensive model to evaluate the potential economic impact of Value Chain Resilience. Phase 1 of the project focused on quantitative analysis on value chain risks; phase 2 focused on quantitative analysis of value chain strength; and Phase 3 focused on value chain connectedness in the region. The completed reports of the project can be found on the APEC PSU Products & Publications webpage: <http://www.apec.org/About-Us/Policy-Support-Unit/PSU-Products-Publications.aspx>.
- CTI discussed a proposal on Promoting SMEs’ Integration into GVCs in Major Industries led by Korea and agreed to the terms of reference (TOR)⁵ for advancing the initiative. CTI also agreed that economies should provide inputs on further sectors of interest, along with nominations to lead on those sectors, building on the sectors already identified in the TOR (e.g. IT/electronics, automotive, healthcare and textiles) intersessionally with a view to launching the project at AMM/AELM 2014.
- CTI held an APEC Public-Private Dialogue on Building Asia-Pacific Partnership through Global Value Chains Collaboration on 12 May. The dialogue sought to improve awareness of the changing international business situation, promote awareness and understanding of global value chain relevant policies and regulations in each APEC economy, and enable corporations and developing economies to more actively engage in and further integrate global value chains and supply chains.
- CTI agreed to the conduct of a self-funded Workshop on Advancing APEC REI in the GVC Era⁶ on 29 September in Chinese Taipei. The workshop sought to address several priorities stated in the Blueprint, including a focus on trade issues affecting GVCs by examining the REI-GVC relationship; services GVCs; resiliency of GVCs; public-private partnership to enhance business participation in GVCs, and APEC developing economies’ capacity building needs.
- CTI discussed a proposal from Japan and the United States on Addressing Barriers to Trade and Investment in the Context of GVCs: Localisation Barriers to Trade⁷ which proposes that CTI undertake new work in 2015 to examine the scope and economic impact of localisation barriers to trade and identify trade and investment friendly alternatives to use in lieu of those measures. CTI will further discuss and study the issue in 2015.

Next Generation Trade and Investment issues

- In February, CTI adopted a work plan on next generation trade and investment issues to guide its work in response to APEC Economic Leaders’ instructions from October 2013, building on work in 2013 and identifying additional next generation trade and investment issues to be addressed by the Leaders’ meeting. CTI, through its FoTC on Next Generation Trade and Investment Issues, received updates on the progress in the previously agreed issues and discussed two new ideas put forth for consideration as additional next generation trade and investment issues to be addressed in 2014.

⁴ 2014/SOM3/045anx03

⁵ 2014/CSOM/045

⁶ 2014/SOM3/CTI/013

⁷ 2014/SOM3/CTI/015

- At CTI2 in May, CTI agreed to select “manufacturing related services in supply chains/value chains”⁸ as a next generation trade and investment issue for work in 2014 and 2015. At CTI3 in August, the Committee discussed and agreed to a proposal on Further Process for Implementing “Manufacturing Related Services in Supply Chains/Value Chains”⁹, which sets out next steps for implementing this next generation trade and investment issue, including tasking the PSU to undertake a study in support of this work. To progress this, CTI also agreed that economies should provide recommendations of possible interviewees from firms/sectors for the case studies under the proposal intersessionally. The aim is to complete the study for a policy discussion in mid to late 2015 on the outcomes and implications of the study.
- A trade policy dialogue on Promoting Open and Competitive Services Markets to Support the Growth of GVCs¹⁰ was convened in the margins of CTI3 on 14 August¹¹ with the objective of discussing and exchanging views on the role of GVCs in domestic and regional economies and the importance of services in enhancing the development and efficiency of GVCs. The TPD highlighted the important role of GVCs in promoting domestic and regional growth. It also underscored the vital role services play as enablers of GVCs and contributed to a greater understanding of the policy and regulatory measures for services that contribute to efficient GVCs.

Environmental Goods and Services/Green Growth

- CTI continued to focus on the implementation of Leaders’ commitment to reduce applied tariff rates to five percent or less on the 54 products in the APEC List of Environmental Goods by the end of 2015. In 2014, CTI received updates from economies on their implementation progress. A table entitled “Table on Economies’ Progress on Environmental Goods (EG) List Implementation” was developed to capture such updates and has been uploaded to the CTI’s APEC Collaboration Site (ACS) site as a “living” document (internal) for further updating and refinement after each CTI meeting.
- CTI conducted a Seminar on the Implementation of the APEC EG list commitments on 13 August in Beijing to help economies address technical issues (e.g. product coverage, application of ex outs) in relation to the implementation of their commitments. CTI discussed a number of next steps and agreed to establish a FoTC group on Implementation of the APEC EG list. The objective of the FoTC will be to advance transparency, common understanding and consistency in the application of the EG commitments in economies’ tariff schedules, including by addressing technical issues on product coverage. The first meeting of the FoTC will be in the margins of CTI1 in 2015.
- CTI discussed and agreed to a proposal on Trade Liberalisation and Facilitation of Environmental Services¹² to advance the liberalization of environmental services. The proposal, to be implemented in collaboration with the Group on Services (GOS), envisages a review by GOS of progress in the actions contained in Annex C – Trade and Investment in EGS in 2011 Leaders’ Declaration from Honolulu and the identification of measures that affect trade in environmental services in APEC economies as well as best practices in promoting such services.
- CTI held the first Public-Private Partnership on EGS (PPEGS) dialogue on renewable and clean energy (RCE) on 11 August, aimed at promoting RCE trade and investment and increasing the utilisation of RCE. CTI agreed on an APEC Statement on Promoting Renewable and Clean Energy (RCE) Trade and Investment (see Appendix 6) that called on members to address trade barriers, regulatory issues and IPRs in RCE trade, and encouraged technology cooperation as

⁸ 2014/SOM2/CTI/020

⁹ 2014/SOM3/CTI/016rev2

¹⁰ 2014/SOM2/CTI/019

¹¹ 2014/SOM3/CTI/041

¹² 2014/SOM3/045anx06

well as greater collaboration with the private sector in the area of RCE. CTI also discussed a proposal on Next Steps on Operationalising the APEC PPEGS and agreed on the TOR¹³ for the APEC PPEGS, which will hold its next meeting in the margins of SOM2 next year.

- CTI discussed and agreed to a proposal¹⁴ on Establishing an APEC Cooperation Network on Green Supply Chain. The proposed Network, when established, will be supported by a number of demonstration pilot centres in economies to coordinate their endeavours and activities to promote Green Supply Chain, and contribute to the future possible actions on information sharing, capacity building and demonstration activities, among others. CTI welcomed and endorsed the offer from the City of Tianjin, China to establish the first demonstration pilot centre of APEC Cooperation Network on Green Supply Chain.
- CTI welcomed the further information provided by the United States on “Electronic Stewardship”¹⁵, including a compilation of economies’ responses to the 2013 questionnaire and a review of existing literature on electronics stewardship. CTI encouraged economies to circulate the information to relevant stakeholders in their economies.
- **MAG** continued to contribute to the CTI’s work on EGS. In addition to updating the EGS Work Program Mapping Matrix¹⁶ consisting over fifty activities underway in APEC fora and sub-fora, the group also maintains the APEC’s Environmental Goods and Services Information Exchange (EGSIE). MAG discussed the revival of the APEC’s EGSIE as a platform to the APEC Public Private Partnership on Environmental Goods and Services (PPEGS). The MAG also endorsed a proposal for joint work with the GOS in 2015 on market-opening services development and GVCs (see further detail under GOS heading below). At CTI3, Malaysia announced its intention to join the APEC Pathfinder Initiative on Facilitating Trade in Remanufactured Goods.
- **GOS** conducted a two-day Environmental Services Workshop entitled “Environmental Services in the 21st Century: Challenges and Opportunities” in Kuala Lumpur, Malaysia on the 14 and 15 October. The objectives of the workshop were to, amongst others, share experiences and information on environmental services policy development, coordination and implementation, including challenges and opportunities in liberalising the environmental services sector, particularly in developing economies; and develop a set of good policy and regulatory best practices in environmental services. Areas of focus included solid waste management, hazardous waste management, renewable energy and green technology. GOS also endorsed the reports of two self-funded workshops, led by Australia, on good policy and regulatory practices for facilitating trade and investment in higher education services (held on 20-21 August 2013 in Kuala Lumpur) and transport and logistics services (held on 15-16 July in Hong Kong, China). The objective of the workshops was to bring together government, academic and business stakeholders to share economy reform experiences and challenges, identify good practice approaches and encourage and foster the development of open services markets. The GOS, together with MAG, also endorsed work for 2015 which will involve case studies of market-opening services development in the APEC region and the effect they have had on global value chains; discussions of the case studies at a joint GOS/MAG meeting; independent analysis of the case studies; and a workshop to develop good practices for services sector reform and development that maximise the contribution of services to GVCs.
- IEG has scheduled a Seminar on the Best Practice of Sustainable Investment in the APEC Region in late 2014 or early 2015. This is an information exchange conference aimed at sharing experiences and lessons on balancing multiple objectives such as investment/economic benefits, environmental protection, and social fairness; and increasing public support for free

¹³ 2014/SOM3/053

¹⁴ 2014/SOM3/045anx07

¹⁵ 2014/SOM1/CTI/015, 2014/SOM1/CTI/016, 2014/SOM1/CTI/017

¹⁶ 2014/SOM3/MAG/009

and open trade and investment. Before this seminar, a compilation of successful cases will be submitted in advance for economies' references as the mid-term outcome. It's expected that Leaders, Ministers and Senior Officials will welcome these cases and instruct officials to take further actions. The final report, together with the findings of the case studies will be presented in the seminar.

- **CD** formally established a Virtual Working Group (VWG) on Marine Debris in July 2014, building on the presentations that had been made to the CD and the Oceans and Fisheries Working Group (OFWG). This is a first for the CD insofar as it is the first time it has created a VWG with another APEC forum. The VWG will look at innovative solutions to marine debris.

Investment

- CTI welcomed the outcomes of the 2014 IEG Public-Private Dialogue (PPD) on Promoting Infrastructure Investment through Public-Private Partnership on 13 August and agreed to the Action Agenda on Promoting Infrastructure Investment through Public-Private Partnership¹⁷, which identified actions that will contribute to the overall objectives of APEC cooperation on regional connectivity and infrastructure. CTI took note of the progress of Case Studies on Sustainable Investment in APEC Region and the request for economies to submit nominations of successful cases on sustainable investment.

Economic and Technical Cooperation

- CTI discussed and agreed on an APEC Strategic Plan on Capacity Building to Promote Trade and Investment (see Appendix 7) which calls for "an inventory, analysis and evaluation of previous and current capacity building activities undertaken by CTI and its sub-fora..." and recommendations for future action.

Table 1: Sub-fora Outcomes in Support of Regional Economic Integration

SUB-FOR A	WORK UNDERTAKEN
Market Access Group (MAG)	<i>As above</i>
Group on Services (GOS)	<p>GOS continues to update the APEC Services Action Plan's matrix of actions (SAP) to reflect all the services-related activities underway, across the various APEC fora and sub-fora so that it may serve as a valuable tool for all economies in the identification of priorities and capacity building needs in relation to individual and collective efforts to boost services trade and development.</p> <p>GOS advanced the implementation of the Action Plan on Statistics on Trade in Services agreed in 2012. GOS received the reports of the Workshop on Measuring Services Trade: Statistical Capacity Building and Networking that was held on 25-26 June in Medan and self-funded component of Joint UN/APEC/ASEAN International Seminar on Services Trade and Tourism Statistics."</p> <p>GOS is updating the APEC Services Trade Access Requirements (STAR) database (http://www.servicestradeforum.org/). It is expanding the Database 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.</p> <p>GOS endorsed reports on two self-funded symposia on good policy and regulatory practices for facilitating in trade and investment in cross-border</p>

¹⁷ 2014/SOM3/045Anx08

SUB-FOR A	WORK UNDERTAKEN
	<p>education services (20-21 August 2013 in Kuala Lumpur) and transport and logistics services (15-16 July in Hong Kong, China). The symposia brought together business representatives, regulators and trade and financial services policy officials and academics to share national experiences and discuss and identify good policy and regulatory practices for facilitating trade and investment in these sectors.</p> <p>GOS, together with MAG, also endorsed work for 2015 which will involve discussion of case studies of market-opening services development in the APEC region and the effect they have had on global value chains; discussions of the case studies at a joint GOS/MAG meeting; independent analysis of the case studies; and a workshop to develop good practices for services sector reform and development that maximise the contribution of services to GVCs.</p>
<p>Investment Experts Group (IEG)</p>	<p><u>Exploring the FTAAP</u></p> <ul style="list-style-type: none"> • IEG will review existing analytical work on investment issues relevant to a possible FTAAP and assess the need for any additional analytical work. <p><u>Implementation of the APEC Strategy for Investment</u></p> <ul style="list-style-type: none"> • IEG members reported on recent developments of investment regulations in their respective economies. • IEG endorsed a proposal <i>Enhancing the IEG Toolkit: Strengthening Quantitative Indicators for Improving Information Sharing on APEC Economy Investment Climate</i> through more intensive application of quantitative indicators. In accordance with the proposal, the IEG will receive regular presentations and reports by a newly established Regional Investment Analytical Group (RIAG) in ABAC to inform specific projects and initiatives to be undertaken by individual economies on a voluntary basis, subject to IEG consensus. • IEG held a workshop on Corporate Social Responsibility International Instruments for APEC Economies in Santiago on 8-9 May. The objective of the workshop was to analyze principles and guidelines developed in international fora on Corporate Social Responsibility (CSR), their main characteristics, common elements, and potential challenges concerning their promotion and implementation. • IEG continued with the implementation of the Investment Facilitation Action Plan (IFAP) to improve the investment climate in the APEC region which was endorsed at AMM in Bali in 2013, and the actions as laid out in the APEC Strategy for Investment, a comprehensive package consisting of three pillars with guidance for undertaking projects and activities under these pillars. IEG members discussed next steps for implementing the IFAP including the review of principles and actions and agreed to further examine the issues intersessionally with reference to the original IFAP endorsed by Ministers in 2008. With the assistance by the PSU, IEG will review an updated version (incorporating reports submitted by Brunei Darussalam, Canada, Mexico, New Zealand and Papua New Guinea) of the 2013 <i>IFAP Implementation in Facilitating Investment for the Asia Pacific Region</i> progress report intersessionally. <p>IEG reviewed progress of a self-funded multi-year project led by Australia (through its APEC Study Centre at RMIT University) on Enhancing the Investment Environment in APEC and ASEAN economies. A Capacity Building Training Program, third component of a multi-year activity, was conducted in Melbourne on 12-18 June to further consider and develop appreciation of issues raised at the Beijing seminar and policy dialogue held in September 2013 and research to support the events in Beijing. The program involved consideration of (1) quantitative indicators as measures of investment policy, (2) holistic policy frameworks and self-assessment by economies of each member countries'</p>

SUB-FOR A	WORK UNDERTAKEN
	<p>investment policies, (3) ways to enhance relationships between capital recipient economies and sources of finance (SOEs, SWFs and pension and managed funds) based on emerging international agreements relating to investment and investment to finance infrastructure. The program also involved presentations, intensive interactive discussions and policy formulation on a series of issues through facilitated small working groups.</p> <p>IEG continued to work on the project for Best Practices in Prompt Consideration of Investors' Complaints in the APEC Region, led by Russia, by updating the Best Practices Guidebook published in 2012 on the topic. A concluding workshop is scheduled in 2015 to review and discuss results of the research "on best practices of the usage of dispute resolution mechanism in APEC region" undertaken earlier and recommendations for applications of those best practices (arising from the research), including suggestions on how they can be improved or established.</p>
<p>Sub-Committee on Customs Procedures (SCCP)</p>	<p>SCCP members continued to implement the Authorised Economic Operator (AEO) plan. They shared experiences on their establishment of the AEO programs and discussed the benefits of MRA of the program. SCCP also agreed to proposal on "Trusted Trader Program" that seeks to identify a method for customs administrations to reliably identify AEOs and their cargoes.</p>
<p>Intellectual Property Rights Experts Group (IPEG)</p>	<p>IPEG progressed implementation of the proposal, agreed in 2013, on the "APEC Information and Experience sharing of IP-related treaties" with commencement of a questionnaire detailing the benefits and best practices related to their own IP systems. IPEG members were invited to complete the questionnaire by March 2015.</p> <p>IPEG conducted a Workshop led by the United States on Technological Protection Measures (TPMs) on 18 February. Participants discussed the importance of TPMs to innovative content-delivery business models, citing specific examples from APEC economies, how TPMs can be circumvented and the benefits of a legal framework providing tools to combat that circumvention. Outcomes of the workshop will contribute to ongoing discussions on a proposal to develop Model IPR Guidelines to promote the Creation and Dissemination of Creative Content in the Digital Environment.</p> <p>IPEG discussed and agreed to a proposal on "IPEG Work to Enhance Trade Secrets Protection and Enforcement" in February. A survey on trade secrets protection and enforcement in APEC economies was conducted. The proposal also envisages IPEG members (a) recognize that the effective protection and enforcement of trade secrets incentivizes and facilitates innovation and foreign direct investment and the dissemination of technology through licensing and partnerships, and (b) work in 2015 to identify best practices among APEC economies in trade secrets protection and enforcement.</p> <p>IPEG held a Workshop on Appropriate Technology, Strategic IP Utilisation for sustainable development on 2-3 July in Seoul Korea which sought to enhance APEC's capacity for utilising IP strategies tailored towards developing economies and to raise awareness on the importance of developing appropriate technology in APEC economies.</p> <p>IPEG is undertaking a Survey on the "Relationship between counterfeiting/piracy and organized crime". IPEG members agreed to work together to find an efficient mechanism or platform dedicated to data collection of best practices in the enforcement of intellectual property rights. The objective of this platform would be to facilitate dialogue and exchange views on the implementation of these practices, taking into account support to SMEs and the relation between</p>

SUB-FOR A	WORK UNDERTAKEN
	<p>companies and authorities at the national and international level, with a view to reducing the incidence and risks of counterfeit products.</p> <p>IPEG continued to advance its on-going work on the following proposals:</p> <ul style="list-style-type: none"> • Intellectual Property Academy Collaborative Initiative (iPAC Initiative), an initiative which promotes the exchange of information among IP academies and facilitates voluntary and mutual collaboration among them in IP training, education and research. Economies were invited to upload their training programs on the information exchange platform iPAC • APEC Cooperation Initiative on Patent Acquisition Procedures. A “one-stop” self-funded website has been created to allow patent system users to download request/petition forms to be used when they request an IP Office to conduct examination by referring to results of search/examination already carried out by another IP Office. <p>IPEG members shared and exchanged best practices on their IP enforcement Initiatives and on IP-related issues related to copyright measures and policies; patents; trademarks; and IP awareness campaigns</p>
<p>Business Mobility Group (BMG)</p>	<p>BMG pursued the following key actions designed to enhance the mobility of business people in the region, help reduce transaction costs and advance regional economic integration:</p> <ul style="list-style-type: none"> • In support of people-to-people connectivity, to enhance traveller facilitation and border integrity in the APEC region through: <ul style="list-style-type: none"> - considering how to enable a stocktake of expertise available within APEC in relation to border capabilities (contained in the APEC Best Practice Border Capabilities Model for Air Travel, adopted by the BMG in 2012) and border systems architecture; - considering an appropriate pathway for economies to seek further expert assistance from other APEC economies, including in relation to border capabilities or strategic configuration of capabilities, gap analysis, emerging opportunities, programme management, reporting and training; • In continued support of the attainment of the Bogor Goals, continued efforts to enhance the APEC Business Travel Card (ABTC) scheme by: <ul style="list-style-type: none"> - overseeing the APEC funded project for an End-to-End Review of the ABTC Scheme, which will recommend to the BMG opportunities for enhancement of the Scheme; - implementing enhancements to better manage passport changes of ABTC holders; - promoting the implementation of the ABTC Scheme to the fullest extent possible - surveying economies on the pre-clearance policy and regulatory settings that underpin the ABTC with a view to improving information available to ABTC holders - agreeing (in principle) to extend the validity of the ABTC from three to five years, with a target implementation date of 31 August 2015. • To contribute to the APEC Consolidated Counter-Terrorism and Secure Trade Strategy, including through exploring future strategic direction for the Regional Movement Alert System (RMAS) which will provide a real-time travel document validation service between the economies.
<p>Electronic</p>	<p>ECSG, through its Data Privacy Sub-group (DPS) continues to implement the Data Privacy Pathfinder and the APEC Cross Border Privacy Rules System (CBPR)</p>

SUB-FOR A	WORK UNDERTAKEN
Commerce Steering Group (ECSG)	<p>endorsed in 2011. To date, there are 24 Privacy Enforcement Authorities from 10 economies participating in the CPEA, including Australia; Canada; Hong Kong, China; Japan; Korea; Mexico; New Zealand; Singapore and USA. Cooperation has expanded beyond APEC through the sharing of the APEC directory of economy enforcement contact points with the OECD and the Global Privacy Enforcement Network (GPEN). The APEC/EU Working Team, created to study the interoperability of the APEC and EU data privacy regimes finalised the Common Referential for the Structure of the EU Binding Corporate Rules (BCR) and the CBPR system¹⁸.</p> <p>A number of economies have enacted their respective domestic privacy laws which are aligned with the APEC Privacy Framework. Some economies have proposed/introduced amendments or are in the process of working on reforms to their respective laws/regulations, such as Australia, Canada, Hong Kong, Japan and Mexico. Singapore enacted its new data privacy law in July 2014.</p> <p>ECSG is undertaking an assessment of its initiatives against the 1998 APEC Blueprint for Action on E-Commerce. Its DPS is doing a stocktake exercise of the APEC Privacy Framework and one of the goals of this exercise is to gain an improved understanding of the influence and impact of the APEC Privacy Framework on privacy in the APEC region and beyond since 2004. Similarly, PTS is also undertaking an assessment of the projects it has implemented, not just on a per project basis but also to look at the totality of all these projects in terms of their contribution to the goals of APEC.</p> <p>ECSG conducted a one-day seminar in Beijing to brainstorm on how to address the way emerging technologies may be applied in a responsible and trustworthy fashion that facilitates trade and enables economic growth, job creation and societal benefit. As a result, the ECSG agreed to develop interessionally an updated work plan on e-commerce for 2015-2017. The objective is to address these issues in a holistic manner, factoring both risk (including mitigation and allocation) and benefit. This may necessitate a review of the possible implications of these emerging technologies to existing policy frameworks which may lead to the introduction of amendments or new guidelines. The framework takes into consideration the competency of the groups in specific areas.</p>
Chemical Dialogue (CD)	<p>CD agreed that Australian industry should conduct a scoping exercise to examine the impact of the region's free trade agreements ("FTAs") and regional trade agreements ("RTAs") on trade and investment in chemicals for report to CD meeting at SOM1, 2015.</p> <p>The CD agreed to consider potential input to the CTI's ongoing work on the Global Value Chains, particularly with respect to potential impediments for chemicals trade</p>
Life Sciences Innovation Forum (LSIF)	<p>The LSIF is promoting regional economic integration through a wide range of activities underway in its three committees:</p> <p>The LSIF Regulatory Harmonization Steering Committee (RHSC) continues to advance greater alignment of regulatory approaches and standards for medical products, under a multi-year plan that promotes the use of international guidance.</p> <p>The LSIF Research and Development Steering Committee (RDSC) through the leadership of Korea and Thailand will establish the APEC Biomedical Technology Commercialization Training Center to improve commercialization of biomedical</p>

¹⁸ 2014/SOM1/CTI/037anx7

SUB-FOR A	WORK UNDERTAKEN
	<p>research in the APEC region through policy dialogue and training on the key ingredients for technology transfer in the biomedical sector.</p> <p>The LSIF's newly established Health Innovation Steering Committee is promoting regional economic integration through a multitude of dialogues, workshops, and projects in partnership with the Health Working Group (HWG) to strengthen health systems and improve the delivery of health services across the region. The LSIF co-hosted the 4th High Level Meeting on Health and the Economy (HLM4) and endorsed HLM4 Recommendations and the "Healthy Asia-Pacific 2020" initiative, which calls on APEC economies to work towards building sustainable and high-performing health systems that will ensure people's physical and mental health and well-being through the whole life-course by means of whole-of-government, whole-of-society approach with the collaboration of the entire Asia-Pacific region. The LSIF and HWG co-hosted a "APEC Workshop to Promote Innovative Collaborations in Mental Health", providing expert guidance for the "APEC Roadmap to Promote Mental Wellness in a Healthy Asia Pacific (2014-2020)". The roadmap was subsequently developed and endorsed intersessionally.</p> <p>In 2015 LSIF also will examine other barriers in the supply chain that impede access to medical products as a contribution to the CTI's supply chain agenda, and will participate with the ABAC in a Global Data Standards pilot project.</p>

Section II: Strengthening Comprehensive Connectivity and Infrastructure

Highlights:

- CTI continued to review the progress made in implementation of the action plans agreed in 2010 to address the eight priority chokepoints to the smooth flow of goods, services and business travellers throughout the region as set out in the Supply Chain Connectivity (SC) Framework. (See Appendix 8 for the 2014 updates to the action plans). CTI, through its FoTC on Supply Chain Connectivity, received updates during the year on progress in implementing the SCFAP and the systematic approach¹⁹ to improving supply chain performance. This included progress in the diagnostic reports of chokepoint leads, the coordination of diagnostic reports, and work to draw up the capacity building plan. The CTI adopted the work plan of the FoTC on Supply chain Connectivity to advance this work.
- Following the completion of a set of inventories of specific policy recommendations to address the eight chokepoints in 2013, CTI with the support of the chokepoint leads finalised the diagnostic reports under the systematic approach for improving supply chain performance as well as an overview paper²⁰ summarising the information from these diagnostic reports. (see Appendix 9). The paper also sought to identify areas of overlap with the WTO Trade Facilitation Agreement or priorities for consideration in determining the focus areas of the supply chain connectivity capacity building plan.
- CTI welcomed the establishment of a new sub-fund on supply chain connectivity under the APEC Support Fund to meet capacity-building needs for economies in enhancing their supply chain performance²¹ as mandated by Leaders in 2013. In response to Leaders' instructions, CTI discussed and agreed to a Capacity Building Plan to Improve Supply Chain Performance (see Appendix 10) to advance Stage 3 of the systematic approach to SCFAP. The plan, a living document, envisages that as lead economies complete the diagnostic reports for their respective SCFAP chokepoints, they and other economies may suggest additional capacity projects to be included in the plan to reflect the analysis in the reports. In 2014, CTI has agreed to implement capacity building and technical assistance programs in five areas: pre-arrival processing; expedited shipments, release of goods, issuing advance rulings and electronic payments. These program are designed to deliver focused or hands-on technical assistance to the operational level of the agencies concerned to enhance their capacity to better implement programs in the five areas to improve supply chain performance. CTI also developed a guidance document on the process for economies to access the Supply Chain Connectivity Sub-Fund. The document will be made available on the APEC webpage under the "Projects" section.
- CTI discussed and agreed at CTI2 to the establishment of the APEC Alliance for Supply Chain Connectivity (A2C2)²² to serve as an advisory group for the implementation of the capacity building plan. The A2C2 held its inaugural meeting on 15 August. The meeting was attended by a broad range of public and private stakeholders engaged in supply chain connectivity issues in the APEC region. The participants reviewed and endorsed the TOR²³ of the A2C2. They were briefed on the capacity building plan, including the five initial projects outlined in the plan and

¹⁹ The systematic approach provides for a three step process: 1) building inventories of policy recommendations that economies could adopt to address the SCFAP Chokepoints; 2) develop diagnostic reports to determine if economies have these policies in place; and 3) undertaking capacity building activities to provide targeted assistance to economies to implement these policies.

²⁰ 2014/CSOM/032

²¹ 2014/SOM1/CTI/024

²² 2014/SOM2/049anx8

²³ 2014/SOM3/CTI/062

reviewed the draft terms of reference developed for volunteer economies for “pre-arrival processing” and “expedited shipment” projects. The participants also exchanged ideas and provided suggestions for possible projects for the Capacity Building Plan to improve supply chain performance. The A2C2 has planned to meet twice in 2015 – at SOM1 and SOM3 in the Philippines and will develop a work plan intersessionally for consideration.

- CTI continued discussions on ABAC’s recommendation for greater use of global product data standards and supply chain infrastructure technologies to enhance the efficient flow of goods, noting that Ministers had in 2013 also “*encouraged officials to explore what more can be done to facilitate mutual compatibility amongst data standards frameworks, and the compatibility of economies’ frameworks with the use of global data standards.*” CTI agreed to a self-funded project²⁴ on the Application of Global Data Standards (GDS) to Enhance Supply Chain Connectivity comprising (i) a Capacity Building Workshop on GDS²⁵ held on 9 May and (ii) a half-day CTI trade policy dialogue (TPD) held on 14 August. The workshop enhanced stakeholders’ understanding about the potential benefits of GDS through information sharing on different applications of GDS in supply chains for trade facilitation, border management and information system interoperability. Participants at the Workshop demonstrated that the use of GDS had the potential to significantly boost supply chain performance in the APEC region and that there are significant potential benefits for APEC economies in more effective use of GDS. The TPD sought to build on the Workshop discussions with a view to developing policy recommendations for forward work to improve supply chain performance and enhancing connectivity through the use of GDS. CTI discussed the next steps for further work, which included developing a suite of GDS pilot projects to demonstrate the tangible benefits and challenges of greater use of GDS to APEC economies, undertaking a study to assess the overall outcomes of the pilot projects, and establishing a set of policy-based principles or recommendations which could provide a reference point for future initiatives on GDS in APEC economies. CTI agreed to pilot projects to be launched in 2015 on product traceability using GDS. (see Appendix 11)
- CTI with the support of the PSU updated the 2013 interim assessment of the implementation of the Supply-Chain Connectivity Framework Action Plan (SCFAP) based on the latest available data for the external indicators. Overall the updated results for the external indicators for SCFAP indicate good progress in some areas. There is a very strong improvement in the quantitative indicators for time taken to complete trade transactions; as well as in the documentation indicators – which point to reduction in the complexity of export and import transactions. For trade transaction cost figures, nominal indicators show an increase in costs over the years. This is a matter of some concern given the particular APEC-wide goal of achieving the 10% reduction in costs by 2015. Nevertheless, using costs figures that have been adjusted for inflation, APEC figures showed some progress.
- In May, CTI discussed and agreed to the Initiative on Asia-Pacific Model E-Port Network (APMEN)²⁶ which aims to construct an active cooperation and knowledge sharing network on information communication and technology (ICT) infrastructure and services among nominated model E-Ports. In August, CTI discussed and agreed to the terms of reference for the APMEN and that economies should nominate ports to join the APMEN before CSOM. The network comprising the nominations from Australia; Canada; China; Hong Kong, China; Mexico; Peru; Chinese Taipei and Viet Nam as the first batch of model E-Ports will be formally launched at AMM and AELM with the Shanghai Model E-port as the Operational Center.
- As a contribution to workstream 3 of the *APEC Multiyear Plan on Infrastructure Development and Investment* agreed by Leaders in 2013, CTI held a self-funded capacity-building seminar on

²⁴2014/SOM1/CTI/023

²⁵2014/SOM3/CTI/TPD1/002

²⁶2014/SOM3/049anx09

Quality of Infrastructure Development and Investment on 4-7 August in Tokyo with the objective of raising awareness of the importance of Quality of Infrastructure. CTI agreed to APEC Guidebook on Quality of Infrastructure Development and Investment²⁷, a key outcome of the seminar, to enhance understanding of key principles on “Quality” in infrastructure development and investment among government officials and other stake holders in APEC economies who are involved in infrastructure development and investment.

- Key activities undertaken by CTI and its sub-fora in 2014 are highlighted below.
 - *Chokepoint #3: Lack of capacity of local/regional logistics sub-providers.*
 - CTI continued with the implementation of the multi-year capacity building project on “Enhancing Logistics Performance through Training and Networking for APEC Local/Regional Logistics Sub-providers”. An APEC Workshop on New Way to Promoting Supply Chain Connectivity in the Context of Global Value Chain was held on 21-22 February.
 - *Chokepoint #4: Inefficient clearance of goods at the border; Lack of coordination among border agencies, especially relating to clearance of regulated goods ‘at the border’*
 - CTI continued to monitor progress in the implementation of the capacity building program for the Pathfinder to Enhance Supply-Chain Connectivity by establishing a Baseline De Minimis Value. Noting that case studies could be helpful to enhance an economy’s understanding of whether it would be beneficial for it to join the pathfinder, other non-pathfinder economies were encouraged to take part in similar case studies.
 - *Chokepoint #8: Lack of regional cross-border customs-transit arrangements*
 - A capacity building workshop on Chokepoint 8 to share the best practices of each APEC economy, including examples drawn from outside our region was held on 10-11 August. The objective of the workshop is to help move APEC toward a common solution that can harmonize transit and origin regulations as well as coordinate the way in which technical assistance is provided once agreement on a harmonizing agreement is reached. The workshop participants considered and agreed to formulate Guidelines for APEC Customs transit to address issues including lack of harmonization among APEC economies in granting preferential treatment to goods through third-party territories.

Table 2: Sub-fora Outcomes – Strengthening Comprehensive Connectivity and Infrastructure

SUB-FOR A	WORK UNDERTAKEN
Market Access Group (MAG)	MAG continued to implement the proposed actions under the SCFAP for chokepoint 5 relating to its group’s work in rules of origin, self-certification and WebTr. MAG members were reminded to update their links, particularly in making them available in the English language and encouraged to propose ideas to promote the use of the WebTr. MAG members continued to update the group on initiatives undertaken towards implementing the APEC Pathfinder Initiative for Self-certification of Origin.
Group on Services (GOS)	GOS received the report of a workshop on information sharing on logistics services that took place on 12-13 December 2013 in Qingdao, China. GOS took note of the outcome of the workshop which was 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

²⁷ 2014/CSOM/003

SUB-FOR A	WORK UNDERTAKEN
	<p>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.</p>
<p>Investment Experts Groups (IEG)</p>	<p>IEG held an APEC Public-Private Dialogue on Investment – Promoting Infrastructure Investment through Public-Private Partnerships (PPP) on 13 August. The Dialogue developed an APEC Beijing Action Agenda on Promoting Infrastructure Investment through PPP which identified actions that will contribute to the overall objectives of APEC cooperation on regional connectivity and infrastructure.</p> <p>IEG made further progress in completing the Guidebook on PPP Frameworks in APEC Region with a view to launching it at SOM1, 2015. The guidebook is intended to cover information on policies, administration and procedures that will be required in handling PPP projects in the APEC region. The document will be treated as a “living” document to be updated and completed periodically for reference by the private sector.</p> <p>IEG agreed to a proposal for an APEC Public-Private Dialogue on Identifying and Addressing Impediments to Improve A Business-Friendly Infrastructure Investment in the APEC Region. The main objectives of the Dialogue, tentatively scheduled for either 4th quarter of 2014 or early 2015, are: (i) to create a suitable platform for the representatives from public and private sector to discuss and identify unnecessary impediments with regard to the Infrastructure Investment in the APEC Region; (ii) to work-out suitable policy measures for APEC developed and developing economies oriented to improve their policy planning in this sector; and (iii) to build a set of necessary recommendations for APEC in enhancing its working-plan to achieve work streams of the approved APEC Multi-year Plan on Infrastructure Development and Investment.</p>
<p>Sub-committee on Customs Procedures (SCCP)</p>	<p>SCCP agreed to an “Advancing Supply Chain Connectivity through Mutual Recognition, Mutual Assistance and Mutual Sharing (“abbreviated as 3M”: Framework for Implementation SCCP outcomes” which defined a set of goals for APEC customs and promotes a long term strategy to strengthen comprehensive connectivity and infrastructure.</p> <p>Implementation of Single Window (contributes to chokepoint 4) remained as one of SCCP’s top priorities. SCCP continued to focus on sharing of practices and capacity building in order to improve single window system domestically and improve interoperability of Single Window systems amongst interested member economies.</p> <p>SCCP conducted a survey on the policy recommendations adopted for chokepoint 5 in 2013 and discussed solutions for Chokepoint 5 based on the analysis of the survey.</p> <p>SCCP had a workshop on chokepoint 8 in August (see above).</p> <p>SCCP conducted and analysed the Survey on APEC Cross-border E-commerce, which summarised the status quo of law and legislation, supervision and control, law enforcement activities in APEC region with regard to cross border e-commerce. SCCP also discussed the need for capacity building programs in the future and agreed to adopt “cross-border e-commerce” as a new element in its collective action plan. SCCP also agreed to organise a seminar in the near future to promote experience sharing and capacity building on the issue.</p>

SUB-FOR A	WORK UNDERTAKEN
	<p>Single Window remains as one of SCCP's priorities where it continues to focus on sharing of practices and capacity building to improve single window system domestically and approach interoperability amongst interested member economies. To-date, seven economies have already started trade data/information exchange with other trade partners through the single window system.</p>
<p>Intellectual Property Rights Experts Group (IPEG)</p>	<p>IPEG continued to seek inputs to the Survey on Innovation and SMEs Management, approved in 2012, whose objective was to help domestic governments to better understand IP needs of their SMEs and enhance their capacity to develop strategies, policies and programs to support the SMEs.</p>
<p>Electronic Commerce Steering Group (ECSG)</p>	<p>ECSG continues to implement the Supply-Chain Connectivity Framework and Action Plan to address the chokepoints, specifically those that concern to customs and other cross-border trade procedures.</p> <p>ECSG, through the Paperless Trading Subgroup (PTS), has been developing projects that integrate paperless trading in commercial processes, particularly projects that use e-solutions or electronic procedures and processes in cross-border trade, in order to save time and cut costs and uncertainties for firms and government agencies. These e-solutions include the following: Electronic Certificate of Origin (eCO), e-negotiation, e-invoicing, e-SPS, archiving of e-documents, e-bill of lading (e-B/L), e-manifest and e-trade financing. Basically, the goal is to build up e-commerce as a main driver and integration tool that will enhance the efficiency of supply chains. The eCO project, which started live operation in May 2010, continues to be implemented between Chinese Taipei and Korea. Discussions and systems testing with other member economies are ongoing to expand the scope of the project within APEC.</p> <p>To complement the work of PTS on eCO and to implement part of the roadmap for trade facilitation, the following projects were completed:</p> <ul style="list-style-type: none"> - 5th APEC e-Commerce Business Alliance Forum, 10 April, Yiwu, China - Development of e-Commerce in the APEC Region, 15 May, Mexico City - Enhancing Reliable Supply Chains by e-B/L Exchange <p>The proposal on Enhancing the Global Supply Chain Efficiency by e-Manifest Exchange in APEC Region approved in 2013 is being implemented.</p>
<p>Chemical Dialogue (CD)</p>	<p>CD agreed to consider potential input to the CTI's ongoing work on the Supply Chain Connectivity, particularly with respect to potential impediments for chemicals trade.</p> <p>The CD's Regulators' Forum contributes to the institutional connectivity component of the APEC Framework on Connectivity.</p>
<p>Life Sciences Innovation Forum (LSIF)</p>	<p>The LSIF Regulatory Harmonization Steering Committee (RHSC) continues to implement the Global Medical Products Quality and Supply Chain Integrity Roadmap with priority activities supporting access to safe medical products, including a harmonized standard for product coding and verification; developing strategies and tools to effectively deal with illegal internet pharmacies; and, the establishment of a Single Point of Contact system to prevent the availability of substandard, spurious, falsely-labelled, falsified, and counterfeit medical products. In 2015 the LSIF will partner with the ABAC on a Global Data Standards project for the medical products supply chain.</p>

Section III: Expanding Regulatory Cooperation and Advancing Regulatory Coherence

This chapter provides an overview of the work of CTI and its sub-fora in 2013 in support of the APEC priority of Advancing Regulatory Convergence and Cooperation.

Highlights:

- CTI's key contributions to regulatory convergence and cooperation continue to be through the implementation of the APEC Regulatory Cooperation Advancement Mechanism on Trade Related Standards and Technical Regulations (ARCAM) that was established by Ministers in November 2010. Since the inception of the ARCAM process in 2010, CTI has addressed the issues of interoperability standards for Smart Grid (2011) and self-regulation in advertising (2012). For 2014, it addressed the issue of electric vehicle standards.
- The 3rd ARCAM Dialogue on International Electric Vehicle Standards was held on 7 May in Qingdao. The Dialogue focused on the importance of APEC economies looking to international standards regarding electric vehicles, as opposed to regional or unique domestic standards. In preparation for the Dialogue, a literature review of studies on EVs standards and EVs standards development efforts was undertaken with a view to help the Dialogue identify which EVs standards are critical in the context of regulation of EVs and which standardization efforts merit greater support from APEC and involvement by APEC economies. This literature review is being compiled as *Electric Vehicles in APEC: Overview of Regulations and Standards*²⁸. CTI agreed to a set of APEC Actions to Promote Widespread Usage of Electric Vehicles (Appendix 12) which included a call to draft an APEC Roadmap for Electric Vehicles to carry forward these actions.
- CTI supported by the PSU completed the study²⁹ on Voluntary Advertising Standards and Regulatory Approaches in Advertising in APEC economies that was undertaken in response to the recommendations from the 2nd ARCAM Dialogue on self-regulation in advertising held in November 2012.
- Building on the outcomes of 2nd ARCAM Dialogue and findings of the completed PSU Study, CTI held a self-funded APEC Advertising Standards Forum and Mentoring Workshop on 8-9 August to discuss the general principles of advertising self-regulation and to build capacity for the effective establishment and/or improved operation of a self-regulatory organisation consistent with international best practice, combined with a conference to examine ways to expand international and regional cooperation in emerging APEC region issues around advertising. CTI discussed and agreed to the APEC Action Agenda on Advertising Standards and Practice Development (see Appendix 13) developed by the participants from the workshop.
- **SCSC** continued to explore means of enhancing regulatory practices in the APEC region through a suite of activities:
 - 10th APEC Conference on Standards and Conformance held on 7-8 August in Beijing. Focusing on green technologies, the conference discussed building information modelling (BIM) to increase building performance; and aligning energy efficiency for ICT products. On the BIM front, the conference agreed that the SCSC would develop a BIM Metrics Guide and a Green Code Infrastructure Guide, both of which being best practice guidance on green building, to be completed in 2015. On the ICT front, the SCSC noted the work progressing at the ICT Global Energy Efficiency Convergence Forum and endorsed the

²⁸ 2014/CSOM/043

²⁹ 2014/SOM1/CTI/032

outcomes of the conference with regards to improving alignment of energy efficiency standards and regulations for ICT products.

- APEC Conference on Standards Professional Development for Next Generation on 9-10 August in Beijing. The conference produced recommendations on the development of professionals working in the area of standards including developing career paths/model best practices and competency requirements.
 - Multi-year Project on Building Convergence in Food Safety Standards and Regulatory Systems. Two workshops were held in 2014 to advance the work in standards alignment and capacity building in food safety. The workshop on risk-based inspections, took place on 21-23 May in Seoul. The second workshop on proficiency testing for veterinary drug residues in food, was held on 10-11 September in Beijing.
 - Wine Regulatory Forum (WRF) discussed a goal-oriented action plan for Export Certification Reduction by 2018 at the WRF Meeting on 11-12 September in Beijing. Subject to endorsement at the APEC Ministers Meeting 2014, the action plan would guide WRF participating economies to draft a model APEC wine export certificate in 2015 and engage in capacity building, with an eventual goal of mutual acceptance of winemaking practices and joining multilateral wine regulatory groups such as the World Wine Trade Group.
 - APEC High-Level Regulator-Industry Food Safety Dialogue on 12 September in Beijing. The meeting discussed emerging issues in food safety and opportunities for regulator/industry dialogue and cooperation, and endorsed the Beijing Statement to guide the future work of APEC on food safety capacity building.
 - *APEC Guidelines on Standards Infrastructure Establishment* published in April. This report provides a source of reference on standardization activities within the region and provides a set of recommendations to achieve greater alignment of domestic standards infrastructure among APEC economies.
 - Other activities the SCSC has undertaken include the Workshop for Enhancing Standards, Conformity Assessment, Technical Regulations and Promoting Regulatory Cooperation in Food Allergen Management (5-8 May in Vancouver); two projects aimed at advancing Multilateral Recognition Arrangement (MLA), with a focus on capacity building in energy management system (two workshops on 12-15 August in Beijing, 16-19 September in Jakarta) and person certification (two workshops on 14-16 April in Jakarta, 17-19 June in Bali) respectively.
- **BMG** continued to progress its review of the Legal Infrastructure Standards which aims to assist in further developing economies' legal immigration management practices and procedures with a view to completing the review intersessionally ahead of CSOM/AMM. BMG also continued its progress in surveying economies on their pre-clearance and regulatory settings that underpin the ABTC with a view to improving information available to ABTC holders. This work is being undertaken in preparation for SOM1, 2015.
 - **ECSG's** Cross-border Privacy Enforcement Arrangement (CPEA) provides the framework for investigatory and enforcement cooperation and information sharing among participants which are privacy enforcement authorities from member economies. It has been in effect since July 2010 and, to date, there are twenty four participants from the following economies: Australia; Canada; Hong Kong, China; Japan; Korea; Mexico; New Zealand; Singapore and USA. Cooperation has expanded beyond APEC through the sharing of the APEC directory of economy enforcement contact points with the OECD and the Global Privacy Enforcement Network (GPEN). The joint APEC-EU Working Team, created to study the interoperability of the APEC

and EU data privacy regimes finalised the Common Referential for the Structure of the EU Binding Corporate Rules (BCR) and the CBPR system. The common referential outlines compliance and certification requirements of both BCR and CBPR systems, identifies common elements as well as additional requirements for each other. The common referential will be useful for companies applying for certification under both systems and is just the first step of the work on APEC CBPRs and EU BCRs. The long term goal is to work on the interoperability of the two systems.

- **CD's** 2014 work program continued to focus on the challenges imposed by different approaches to regulation. Amongst other things, the CD:
 - Hosted a successful workshop on Advancing Regulatory Cooperation in Chemicals designed to help further implement the CD's 2008 Best Practice Principles for Chemical's Regulation. The workshop identified a number of areas for potential further work and agreed to circulate an outcome document for review and comment intersessionally before the concluding senior officials meeting in 2014 ("CSOM").
 - Agreed that its Virtual Working Group on Regulatory Convergence and Cooperation would carry forward the outcomes agreed to from the Regulatory Cooperation Workshop and to further develop its work plan on the basis of those recommendations for consideration at the CD meeting at SOM1, 2015.
 - Convened a meeting of the Regulator's Forum on August 9-10, held jointly with the OECD Clearinghouse on New Chemicals.
 - Approved the Regulator's Forum's Action Plan for 2014-2015.
 - Endorsed a glossary of terms as a reference tool developed by the VWG on Regulatory Cooperation in Chemicals as a living document and requested that the Secretariat upload the document to the CD website so that it is co-located as an Appendix to the 2008 Best Practice Principles document. The VWG Secretariat will manage updates to the glossary.
 - Agreed to continue to expand and support the G.R.E.A.T. website maintained by Chinese Taipei to provide information regarding the implementation of the Globally Harmonized System ("GHS") from around APEC economies and agreed that economies are to provide updates and GHS labeling elements in different languages as well as to provide updates regarding the implementation status and time lines of their economy-specific GHS implementation.
 - Agreed in principle to the reconstitution of its Virtual Working Group on GHS implementation to help implement the conclusions identified during a survey of economy priorities for GHS implementation and capacity building, to prioritize further GHS related work, and to refine the CD's reporting template on CD implementation for ministers and to review terms of reference for the proposed VWG at SOM1, 2015.
- **LSIF's** Regulatory Harmonization Steering Committee (RHSC) continued implementation of its multi-year strategic framework for achieving regulatory convergence for medical products (both devices and medicines) by 2020. Roadmaps for achieving regulatory convergence for medical products approval procedures were being developed by champion economies in 6 priority work areas: Multi-Regional Clinical Trials (Japan – completed); Supply Chain Integrity (US); Good Review Practices and Combination Products (CT); Biosimilars and Pharmacovigilance (Korea); Cellular Therapies (Singapore). The RHSC hosted a pilot training program of the Regulatory Sciences Center of Excellence for Multi-Regional Clinical Trials to train regulators and stakeholders in evaluating multi-regional clinical trials. It also hosted successful workshops on supply chain integrity, multi-regional clinical trials, biotherapeutics, and cellular therapies and discussed establishing in 2015 Centers of Excellence for Priority Work Areas.

Section IV: Contribution to APEC Leaders' Growth Strategy

Highlights:

In 2010 APEC Economic Leaders agreed on a Growth Strategy that would provide a comprehensive long-term framework for promoting high-quality growth in the region. APEC Leaders committed to implement the Growth Strategy out to 2015, focussing on five desired attributes of balanced, inclusive, sustainable, innovative, and secure growth. APEC Leaders also tasked Senior Officials to conduct "annual progress reviews on APEC's relevant work programs while finding ways to take stock of progress, and making any needed adjustments in the work programs to maximize APEC's efforts to promote the Five Growth Attributes".

As with the past years, CTI and its sub- fora continued to undertake work to promote the five growth attributes as part of their overall work programs in 2014. While such contributions encompass all growth attributes, much of the work is focused on Green/Sustainable Growth; Innovative Growth and Secure Growth through various work streams such as environmental goods and services; digital economy and intellectual property rights; and regulatory convergence, among others.

Table 3: Contributions of Sub- fora to the Growth Attributes

SUB-FORA	WORK UNDERTAKEN
Market Access Group (MAG)	<i>Green Growth/Sustainable Growth</i> <ul style="list-style-type: none"> • See Section I
Group on Services (GOS)	<i>Green Growth/Sustainable Growth</i> <ul style="list-style-type: none"> • See Section I
Investment Experts Group (IEG)	<i>Balanced Growth</i> <ul style="list-style-type: none"> • Action Agenda on Promoting Infrastructure Investment through Public-Private Partnership (PPP) was endorsed by IEG as the outcome of the Public-Private Dialogue (August 2014) themed on infrastructure investment. The Action Agenda identifies actions that will contribute to regional connectivity and infrastructure including MYPIDI, which will be pursued by member economies in coordination with other fora. <i>Green Growth/Sustainable Growth</i> <ul style="list-style-type: none"> • See Section I
Sub-committee on Standards and Conformance (SCSC)	<i>Sustainable Growth/Innovative Growth</i> <ul style="list-style-type: none"> • The 10th APEC Conference on Standards and Conformance was held in Beijing in August. With a particular focus on green technologies, the conference consisted of two concurrent workshops: Utilizing Building Information Modeling (BIM) to Increase Building Performance; and Aligning Energy Efficiency for ICT Products – Implementing a Strategic Approach. On the BIM front, this and the other workshop in New Orleans in October would advance the work on a BIM Metrics Guide and a Green Code Infrastructure Guide, both of which are best practice guidance on green building, to be completed in 2015. On the ICT front, SCSC noted the work progressing at the ICT Global Energy Efficiency Convergence Forum and endorsed the outcomes of the conference with regards to improving alignment of energy efficiency standards and regulations for ICT products.

SUB-FORA	WORK UNDERTAKEN
	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • APEC Conference on Standards Professional Development for Next Generation was held in Beijing in August. The conference delivered recommendations that will guide the development of professionals working in the area of standards including developing career paths/model best practices and competency requirements. • SCSC advanced the work of Multilateral Recognition Arrangement (MLA) with two projects focused on capacity building in energy management system ISO50001 and person certification respectively. <p><i>Secure Growth</i></p> <ul style="list-style-type: none"> • Workshop for Enhancing Standards, Conformity Assessment, Technical Regulations and Promoting Regulatory Cooperation in Food Allergen Management was held in Vancouver in May. The workshop enhanced the understanding of risks associated with food allergens, with a view to promoting regulatory coherence among APEC economies. A capacity building module has been developed for economies' use. • Two workshops were undertaken under a multi-year project Building Convergence in Food Safety Standards and Regulatory Systems. The workshop on risk-based inspections, led by Korea, took place in May in Seoul. The workshop served as a forum for capacity building for food safety inspection officers in conducting Risk-Based Inspection (RBI) and related food safety management systems and to share their activities to improve and harmonize inspection systems among member economies. The workshop on proficiency testing for veterinary drug residues in food, led by China, took place in September in Beijing. The workshop was aimed at further developing laboratory capabilities of APEC economies and improving the acceptability of test results to facilitate trade in animal origin products. Building on the work conducted over a nine month period preceding to the workshop that included in-laboratory activities among participating economies, members shared experience in veterinary drug multi-residues analysis and confirmed the importance of proficiency testing in laboratory capacity building. • SCSC Wine Regulatory Forum (WRF) endorsed a goal-oriented action plan for Export Certification Reduction by 2018 in September, by which WRF participating economies will draft a model APEC wine export certificate in 2015 and engage in capacity building with an eventual goal of mutual acceptance of winemaking practices and joining multilateral wine regulatory groups such as the World Wine Trade Group. • APEC High-Level Regulator-Industry Food Safety Dialogue as well as the Food Safety Cooperation Forum (FSCF) Special Session were held in September in Beijing and endorsed the Beijing Statement to guide the future work of the FSCF and its Partner Training Institute Network (PTIN).
<p>Sub-committee on Customs Procedures (SCCP)</p>	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • IPR Border enforcement is an item from the SCCP Collective Action Plan. At the SCCP2 meeting (Beijing, August), Chinese Taipei and the Philippines updated the progress of their IPR enforcement. Additionally, the United States delivered a report on the APEC IPR mutual enforcement operation targeting counterfeit perfume conducted from 14 April to 16 May. Seven member economies participated in the operation.

SUB-FORA	WORK UNDERTAKEN
	<ul style="list-style-type: none"> • SCCP has continued the preparations for the APEC Workshop on Intellectual Property Right Border Enforcement (11-13 November, Hong Kong, China). <p><i>Secure Growth</i></p> <ul style="list-style-type: none"> • SCCP agreed on the paper titled “Advancing Supply Chain Connectivity through Mutual Recognition, Mutual Assistance and Mutual Sharing: Framework for Implementing SCCP Outcomes” for possible inclusion as an Annex to the APEC Joint Ministers’ Statement. This Framework defines a set of goals for APEC customs and promotes a long term strategy to achieve among other things secure growth. • SCCP endorsed a Concept Note on “Trusted Trader Program” led by Australia and co-sponsored by China and the Philippines. The Program is to identify a method for Customs administrations to reliably identify AEOs and their cargoes. The Philippines, Malaysia, Hong Kong, China, Thailand and China showed their support for the Program. WCO informed the meeting of its MRA guidelines, ECP packages and AEO Compendium 2014 that would be useful for the Program. • SCCP introduced E-commerce as a new CAP item. China shared the analysis of the Questionnaire Survey on APEC Cross-Border E-commerce. The report summarized the status quo of law and legislation, supervision and control, law enforcement activities in APEC region and also studied the need for capacity building programs in the region. One of the aims of this work is to foster the secure growth of this new sector. • An SCCP Workshop on Chokepoint 8 was held in Beijing (10-11 August). SCCP is discussing a set of draft guidelines intersessionally.
Intellectual Property Rights Experts Group (IPEG)	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • IPEG undertook initiatives that facilitate IPR systems and innovation with SMEs including: facilitating the exploitation of IPRs and innovation in SMEs; identifying an efficient mechanism for data collection of best practices in the enforcement of IPRs to address counterfeiting/piracy and organized crime; and conducting a survey on innovation and management in SMEs. • IPEG advanced a proposal on “Creation and Dissemination of Creative Content in the Digital Environment”. The proposal aims to develop Model IPR Guidelines to promote the Creation and Dissemination of Creative Content in the Digital Environment, focusing on adequate and effective legal mechanisms to protect against the unauthorized circumvention of Technological Protection Measures (TPMs) and trafficking in devices, products, or services that are primarily designed, produced or performed for the purposes of enabling the circumvention of TPMs. • IPEG carried out activities that contribute to effective IPR systems including: APEC information and experience sharing of IP-related treaties; work to enhance trade secrets protection and enforcement; the Intellectual Property Academy Collaborative Initiative (iPAC Initiative); and more coherence under the APEC Cooperation Initiative on Patent Acquisition Procedures through steps to achieve a ‘one-stop’ website for patent system users.
Business Mobility Group (BMG)	<p><i>Secure Growth</i></p> <ul style="list-style-type: none"> • BMG contributed to the APEC Consolidated Counter-Terrorism and Secure Trade Strategy, including through exploring the future strategic direction of the Regional Movement Alert System (RMAS) which will provide a real-time travel document validation service between economies. The Philippines will

SUB-FORA	WORK UNDERTAKEN
	<p>implement a technical pilot of RMAS with the assistance of Australia. The Regional Movement Alert Systems (RMAS) Management Board continued work on a communications package which provides interested economies with updated information on the system's functionality and its benefits.</p>
<p>Electronic Commerce Steering Group (ECSG)</p>	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • The ECSG through its Data Privacy Sub-Group (DPS) continued its work on the APEC Privacy Framework and the APEC Cross Border Privacy Enforcement Arrangement (CPEA). A number of economies have enacted their respective domestic privacy laws which are aligned with the APEC Privacy Framework. Some economies have proposed/introduced amendments or are in the process of working on reforms to their respective laws/regulations. • ECSG, through the Paperless Trading Subgroup (PTS), has been developing projects that integrate paperless trading in commercial processes, particularly projects that use e-solutions or electronic procedures and processes in cross-border trade, in order to save time and cut costs and uncertainties for firms and government agencies.
<p>Chemical Dialogue (CD)</p>	<p><i>Green Growth/Sustainable Growth</i></p> <ul style="list-style-type: none"> • See Section I <p><i>Secure Growth</i></p> <ul style="list-style-type: none"> • In February 2014, CD agreed to set up and review the CD emergency preparedness website. A copy of a proposal made in the Emergency Preparedness Working Group related to mass decontamination for chemical incidents has been sent to CD members for reference. <p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • Continue work begun intersessionally by a VWG on land-based waste management and innovative solutions to the problem of marine debris in collaboration with the Oceans and Fisheries Working Group (OFWG) including through the regional implementation of innovative new technologies related to waste-to-worth initiatives and energy recovery, and to develop a terms of reference for review during the CD meeting at SOM1. • Maintain a focus on the vital importance of equivalent protections for Confidential Business Information (CBI) in the chemicals trade and agreed to task its VWG on regulatory convergence and cooperation to maintain a focus on this item in its future work. • Explore potential collaboration with the Intellectual Property Experts Group (IPEG) regarding its ongoing work on trade secrets, a vital area for chemical companies.
<p>Life Sciences Innovation Forum (LSIF)</p>	<p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> • Recognizing that the APEC region is rich in health research for development and innovation but that the ability of economies to translate their discoveries into cost-effective preventive interventions and therapies is limited by lack of capacity and financing mechanisms, LSIF supported the collaboration on the establishment of the APEC Biomedical Technology Commercialization Training Center and the establishment of the first APEC Center of Excellence for Regulatory Sciences. <p><i>Secure Growth</i></p> <ul style="list-style-type: none"> • In August 2014, the 4th APEC High Level Meeting (HLM4) on Health and the Economy endorsed the "Healthy Asia Pacific 2020" initiative. The proposed areas of focus include: unfinished business from the Millennium Development Goals (MDGs) in a manner that complements activities of the

SUB-FORA	WORK UNDERTAKEN
	<p>post-2015 agenda; prevention and control of antimicrobial resistance and non-communicable diseases, strengthening health systems to support Universal Health Coverage and enhance capacity in health research development and innovation; and improved emergency preparedness, surveillance, and recovery systems in the APEC region. APEC economies are encouraged to develop sustainable and high-performing health systems by adopting, or adapting, as appropriate to their national context, “health in all policies” and a holistic approach, namely “whole of government”, “whole of society” and “whole of region” to achieve people’s health and wellbeing throughout the whole life course to 2020. The trade and investment components of the initiative include future work on barriers in the medical products supply chain, and, public private partnerships for the innovation environment in health care systems.</p>

Section V: Collective Actions, Pathfinder Initiatives and Industry Dialogues

Collective Action Plans

Collective Action Plans (CAPs) continue to frame the work plans of the CTI and its sub-fora. These CAPs are living documents and, in 2014, were revised and enhanced in pursuit of the Bogor Goals (see Appendix 14).

Many of these improvements were made in response to the priorities set by Leaders and Ministers, including the call to ensure deliverables in CAPs are relevant to business. The revised CAPs also increase the transparency of trade and investment policies, lower transaction costs of cross-border trade, stimulate competition and result in greater certainty and predictability.

The **Market Access Group (MAG)** met twice in 2014 in support of CTI's contributions to the APEC 2014 priorities. The key issues covered by MAG at its meetings during the year included the issue of facilitating trade in remanufactured products and possible capacity-building efforts in the area of remanufacturing; talks on the WTO negotiations on ITA expansion; non-tariff measures (NTMs); strengthening the WebTR portal and global value chain. In addition, the MAG also continued discussion on the green growth (environmental measures) under the APEC Growth Strategy and also discussed the revival of the Environmental Goods and Services Information Exchange portal (EGSIE).

In 2014, the **Group on Services (GOS)** continued to advance its service work program through the implementation of new and on-going projects/initiatives, which included: (i) an expansion of the "APEC Services Trade Access Requirements (STAR) Database", a business friendly tool to facilitate service providers' market access, business mobility and establishment of commercial presence throughout the APEC region; (ii) opportunities and challenges in the environmental services; (iii) continuing a project that will identify successful regulatory reform in services markets; (iv) case studies under Trade Liberalisation and Facilitation of Environmental Services. The group led work to identify good policy and regulatory practices for facilitating services trade and investment and foster the development of open services markets (e.g. in higher education services, transport and logistics services and telecommunications and ICT services (forthcoming in December)). The group also explored other areas of interest such as manufacturing related services and global value chains, in line with the priorities for the year. The GOS would also continue discussion on the work plan on promoting cross border higher education services, as well as the current initiative on enhancing provider mobility in cross border education in the APEC region. In line with cross for a collaboration, the EC chair was invited to brief the GOS on current initiatives that may be of interest of the GOS and the GOS Convenor made a presentation at the IEG meeting.

The **Investment Experts Group (IEG)** continued to support the CTI's efforts in progressing the Investment Facilitation Action Plan (IFAP) that was adopted by Ministers and Leaders in 2008. In 2014, the IEG reviewed IFAP principles and actions that APEC should focus in 2015 and beyond and continued to share information and best practices in investment facilitation.

In pursuit of this year's priority on infrastructure development, the IEG held the APEC Public-Private Dialogue on Investment themed on infrastructure investment. The *Action Agenda on Promoting Infrastructure Investment Through Public-Private Partnership (PPP)*, endorsed upon conclusion of the Dialogue, identifies actions that will contribute to regional connectivity and infrastructure, to be pursued by member economies in coordination with other fora.

The IEG also undertook projects that addressed wide-ranging investment issues including corporate social responsibility; capacity building to enhance investment environment; sustainable investment; dispute resolution; and PPP frameworks to facilitate investment.

The ***Sub-committee on Standards and Conformance (SCSC)*** continued to implement its work programs in seeking greater alignment of APEC member economies' standards with international standards. It conducted an extensive suite of activities including capacity building workshops, multi-year projects, research and sharing of best practices, development of guidelines/action plans to support its work in the areas of good regulatory practices; technical infrastructure development; food and product safety; and standards and conformance education. The SCSC commenced the implementation of the 6th Voluntary Action Plan (VAP) Alignment Work (2014-2018) with a renewed format and results of an initial survey conducted in 2014.

The ***Sub-committee on Customs Procedures (SCCP)***'s work program for 2014 remained focused on trade facilitation/supply chain connectivity, trade security and related enforcement matters. SCCP advanced work on single window, cross-border e-commerce, authorized economic operator (AEO), customs transit, IPR, etc and agreed to include "preparation for the implementation of WTO TFA" as a new standing agenda item for the SCCP. SCCP endorsed *APEC Customs 3M* (Mutual recognition of control result, Mutual assistance in enforcement and Mutual sharing of information) *Strategic Framework* and adopted "cross-border e-commerce" as a new CAP item with the aim of finding a more efficient and effective way to facilitate and secure cross-border e-commerce in APEC region. SCCP continued to enhance its engagement with the private sector engagement. The Customs-Business Virtual Group (VWG), approved in 2012, held a physical meeting on 11 August, prior to annual APEC Customs Business Dialogue (ACBD) to discuss the priority and future direction of the group. The ACBD, held in Beijing on 12 August, had three panel discussions on issues of cross-border e-commerce, single window and AEO. Through the dialogue, APEC customs and the business reached consensus on working hand in hand to bring closer their cooperation on traditional and emerging issues in an effort to promote trade facilitation and comprehensive connectivity for the common prosperity of the APEC region.

The ***Intellectual Property Rights Experts' Group (IPEG)*** continued CTI's work on strengthening intellectual property rights, undertaking a range of activities and initiatives including capacity building programs. The group met twice in 2014 to review progress and continue advancing work on issues related to protection for geographical indications; patent acquisition procedures; SME issues related to IPR; IPR protection and enforcement, including anti-counterfeiting and piracy issues. It agreed to a new proposal for IPEG to embark on work to enhance trade secrets protection and enforcement.

The work of the ***Business Mobility Group (BMG)*** is carried out in accordance with a set of business mobility goals developed by the group at the start of each year. For 2014, BMG goals are built on four main work streams: 1) APEC travel facilitation initiative; 2) Supporting people-to-people connectivity; 3) Enhancement of ABTC services; 4) APEC Consolidated Counter-Terrorism and Secure Trade Strategy. Under the APEC Travel Facilitation Initiative, The BMG finalized the trusted traveller characteristics document that was coordinated intersessionally with the SCCP and CTWG. With a view to improving people-to-people connectivity, BMG is working to initiate a project on Programme Management Capacity Building. The program offers capacity building in terms of technical support and administrative support with an overall outcome of enhancing the ABTC programme. At their second meeting in 2014, the BMG reached in-principle agreement to extend the validity period of the ABTC from three to five years, with a target implementation date of 31 August 2015. This work will be tied to the outcomes of the End-to-End Review of the ABTC Scheme and the proposal to better manage passport changes in the ABTC system. At the same time, BMG is also developing further the upgrading of ABTC system. The extension of validity and the work that is being done to support it will make the ABTC scheme more effective and enhance ABTC processing capabilities and meet/maintain high client service standards. For the fourth pillar, the

BMG continued its support of innovative growth and human security by contributing to the APEC Consolidated Counter-Terrorism and Secure Trade Strategy, including through exploring the future strategic direction of RMAS which will provide a real-time travel document validation service between economies. The RMAS Management Board has progressed its work on an RMAS communications package which provides updated information about how the system works and its benefits.

The **Electronic Commerce Steering Group (ECSG)**, supported by two sub-groups, the Data Privacy Sub-group (DPS) and the Paperless Trading Sub-group (PTS), meets in plenary twice a year to consider pressing issues of adoption and implementation of new technologies and business models that can impact economic growth, societal benefit and job creation. Following the CTI review of sub-fora, the ECSG agreed to develop an Action Plan for 2015-2017 that will address the benefits and risks, including the policy environment, for new and emerging e-commerce-related technologies and business models. The proposed action plan, to be developed intersessionally for consideration at ECSG1/CTI1/SOM1 in 2015, will include the following agreed key elements of the action plan, taking into account the competency of the sub-groups:

- consideration of emerging issues that impact regulatory and policy frameworks that can facilitate data driven innovation and the adoption of emerging technologies and related business models that drive growth, employment, and societal benefit (ECSG);
- continued evolution of a unified approach to data protection, trust and confidence, that addresses ethics and risks, including emerging technologies and business models in a way that also allows the benefits of innovation to accrue to individuals and society (DPS);
- the role of technology and related policy that facilitates trade and enables efficient supply chains and connectivity, including at the border, across the border, and behind the border (PTS).

DPS continues to, amongst other things, monitor and assess governance of the Cross-border Privacy Rules (CBPR) System through the CBPR Joint Oversight Panel (JOP) and review economies' Notices of Intent to participate in the CBPR system. Jointly with the EU Article 29 Working Party, DPS identified and developed documents and initiatives in support of the application of the Binding Corporate Rules (BCR)/CBPR Common Referential, including but not limited to case studies. The joint APEC-EU working committee completed a Common Referential for the Structure of the EU BCR and CBPR System³⁰. The referential outlines compliance and certification requirements of both CBPR and BCR systems and identifies common elements as well as additional requirement for each. To coincide with the upcoming 10-year anniversary of the APEC Privacy Framework in 2015, the DPS will undertake a stocktake of the APEC Privacy Framework.

The Paperless Trading Subgroup (PTS) has been developing projects that integrate paperless trading in commercial processes, particularly projects that use e-solutions or electronic procedures and processes in cross-border trade, in order to save time and cut costs and uncertainties for firms and government agencies. These e-solutions include the following: Electronic Certificate of Origin (eCO), e-negotiation, e-invoicing, e-SPS, archiving of e-documents, e-bill of lading (e-B/L), e-manifest and e-trade financing. Basically, the goal is to build up e-commerce as a main driver and integration tool that will enhance the efficiency of supply chains.

³⁰ 2014/SOM1/037anx7

Pathfinder Initiatives

In 2014, lead economies continued to promote increased participation in the existing TILF-related Pathfinder initiatives. CTI welcomed Malaysia's announcement to join the APEC Pathfinder Initiative on Facilitating Trade in Remanufactured Goods.

Table 4: Status of TILF-Related Pathfinders

Pathfinder	Lead economy	APEC Forum responsible	Membership status - Sept 2004	Membership status
Trade and the Digital Economy	United States	N/A (launched at Leaders level; CTI has oversight)	18	20
Advance Passenger Information (API)	Australia	BMG	All agreed on API standards; 6 either fully implemented or committed to implementation; 8 undertaken feasibility studies; 6 committed to undertaking feasibility studies.	All agreed on API standards; 16 either fully implemented or committed to implementation; 11 undertaken feasibility studies.
E-Cert SPS	Australia & New Zealand	ECSG	6	6
Kyoto Pathfinder	Australia	SCCP	15 participating in Part A; 8 participating in Parts A & B.	Has become a CAP in the SCCP.
Mutual Recognition Arrangement of Conformity Assessment on Electrical and Electronic Equipment	Australia	SCSC	15 participating in Part I; 3 participating in Parts II & III.	18 participating in Part I; 5 participating in Part II; 4 participating in Part III.
Electronic Certificates of Origin	Korea and Chinese Taipei	ECSG	3	3 Chile, China, Malaysia Philippines, Thailand and Vietnam have indicated an interest to join in the pathfinder.
Food MRA	Thailand	SCSC	5	5
Technology Choice Principles	United States	CTI	N/A (adopted in 2006)	15
Data Privacy	Australia, Canada, & United States	ECSG	N/A (adopted in 2007)	16
Self-Certification of Origin	Australia, New Zealand, Singapore & United States	CTI	N/A (adopted in 2009)	9
Facilitating Trade in Remanufactured Goods	Japan & United States	MAG	N/A (adopted in 2011)	12
APEC Baseline De Minimis Value	United States	CTI/SCCP	NA (adopted in 2011)	10

Industry Dialogues

Automotive Dialogue

The **Automotive Dialogue (AD)** met two times this year: 22-25 April in Beijing and 16-19 September in Shanghai. The Automotive Dialogue (AD) continues to manage a comprehensive work program which aligns closely with and substantively advances APEC's priorities including strengthening regional economic integration and expanding trade, promoting green growth, expanding regulatory cooperation and advancing regulatory convergence.

The AD's work supported further regional integration of the automotive sector through more open trade and investment policies, and through trade liberalization achieved through bilateral and regional trade agreements. In particular, the AD continued its work to support green car development, including the identification of government policies that facilitate regional trade and investment in sustainable automotive technologies and in bringing the new energy vehicles (NEVs) to the market. The second APEC-AD Workshop, on Green Car Development and Public-Private Cooperation – titled "International Experience for Integration of Electric Vehicles, Grid and Transportation" was held on 18 September. The workshop with the theme "Green Ambition, Win-Win Cooperation" brought together industry experts and government policy makers to discuss green car development facilitation. In addition, the AD began work on a tax matrix that examines the relationships of various taxes and government support of green technologies that facilitate trade in the automobile industry. The AD worked to improve regulatory cooperation, especially in the development of new automotive regulations. AD adopted an "Asia-Pacific Region Automotive Industry Sustainable Development Declaration"³¹ in support of promoting the automotive industry's sustainable development as one of the key long-term objectives. AD agreed to a proposal on "The Impact of Government Policy Instruments on Promoting New Energy Vehicles (NEVs): The Evidence in APEC Economies". The proposal will address the need for an empirical study to examine the impact of government policies introduced to promote NEVs in APEC economies. It aims to assess the impact of policy on development of NEVs and explore the factors that would potential influence customers' acceptance of NEVs. The findings will enhance understanding of government policy on NEVs, and share experiences of promoting low carbon technology.

Chemical Dialogue

The **Chemical Dialogue (CD)** completed a comprehensive work program in 2014, helping advance APEC's priorities by promoting trade and investment in chemicals throughout the region helping to drive regional economic integration, promote regulatory cooperation, advance regulatory convergence, and deepen supply chain connectivity.

The CD's work is governed by a Strategic Framework which was updated and reapproved in 2014. The Framework provides three shared goals to guide the CD: expanding and supporting cooperation and mutual recognition among chemical regulators in the Asia-Pacific Region; enhancing understanding of the chemical industry's role as an innovative solutions industry; and encouraging chemical product stewardship, safe use, and sustainability.

In 2014, the CD focused on advancing regulatory cooperation in chemicals. The CD held a successful one day workshop on the topic which promoted the further implementation of the CD's 2008 Best Practice Principles for Chemical's Regulation. The workshop resulted in a number of follow-up actions, including a potential reporting template regarding each economy's progress on implementing the Best Practice Principles, focused sessions on implementing good regulatory practices (GRPs) in chemicals, outreach to the EC to share information on activities, and capacity building and information sharing to promote trust and collaboration amongst chemical

³¹ See 2014/SOM2/049anx11

regulators. This work will be carried forward by the CD's Virtual Working Group (VWG) on Regulatory Cooperation.

At Ministers' instruction, the CD continued to promote implementation of the Globally Harmonized System on the Classification and Labeling of Chemicals (GHS) including by conducting a survey of the CD's priorities for GHS implementation, exploring a pilot project on GHS classifications as an input to the UN Subcommittee of Experts on the GHS (UNSCEGHS), and by agreeing to reconstitute a VWG on GHS to structure and prioritize the CD's work. The CD continued to support the G.R.E.A.T. website as an information exchange tool for GHS implementation regionally, discuss the importance of maintaining protection for confidential business information in the chemicals trade, and initiated work on Endocrine Disrupting Chemicals (EDCs). The CD also agreed to provide inputs into the CTI's ongoing work on Supply Chain Connectivity and its work on Global Value Chains, as well to prepare a scoping exercise to examine the impact of free/regional trade agreements (FTA/RTA) on trade and investment in chemicals in 2015.

2014 saw the CD initiate its first cross-fora collaboration with the Oceans and Fisheries Working Group (OFWG), establishing a VWG focused on innovative solutions to land-based waste management as a mechanism to addressing marine debris, including plastics. The VWG will develop a work plan for submission to the CD and OFWG in late 2014 to advance work throughout 2015. The CD also agreed to revise its terms of reference to conclude the Chemical Dialogue Steering Group and to move to two full CD meetings a year.

The CD's Regulators Forum (RF) continued its leading role in chemical regulatory cooperation in 2014. The CD approved the Regulators' Forum's Action Plan which is designed to advance work on promoting risk reduction and management and the sound management of chemicals as well as sharing information on chemicals management. The RF initiated new work addressing the regulation of Perfluorinated Carbons (PFCs) and Brominated Flame Retardants (BFRs). As in 2013, the RF held a joint meeting with the OECD Clearing House for New Chemicals (OECD/CNC).

Life Sciences Innovation Forum

The Life Sciences Innovation Forum (LSIF) collaborated with the Health Working Group to organize the 4th APEC High-Level Meeting (HLM4) on Health & the Economy on 15 August, under the theme "A New Vision for a Healthy Asia-Pacific in 2020". This year's meeting was hosted by Dr. Li Bin, Minister of the National Health and Family Planning Commission of China, and included over 150 participants from 19 APEC economies, including the Health Ministers of Hong Kong, Malaysia, Papua New Guinea, Philippines, and Taiwan and the Deputy Health Ministers/Senior Health Officials of Australia, Indonesia, Japan, Singapore, and Thailand. The purpose of the annual meeting is to elevate the health nexus with the economy as a cross-cutting issue within APEC and to facilitate high level attention to key issues identified by senior health and economic stakeholders. The meeting concluded with the endorsement of the HLM4 Statement and the Healthy Asia Pacific 2020 Framework Paper, which provides key guidance for actions and contributions to the sustainable economic development of the region given the role of health in the economy. Of particular note is the call by HLM4 for APEC economies to be encouraged to develop sustainable and high-performing health systems by adopting, or adapting, as appropriate to their national context, "health in all policies" and a holistic approach, namely "whole of government", "whole of society" and "whole of region" to achieve people's health and wellbeing throughout the whole life course to 2020.

LSIF will contribute to and collaborate with the HWG on pandemic preparedness and antimicrobial resistance issues and will work with stakeholders on innovations to prevent and/or mitigate their impact. HLM4 also discussed safe medicines and the health value chain and encouraged APEC economies to consider the adoption of common data standards in the supply chain based on

international guidance. HLM4 recognized the need to address sub-standard, spurious, falsely labelled, falsified and counterfeit medical products and the use of illegal internet pharmacies, welcoming additional research and public awareness building. LSIF will take these initiatives forward in 2015 with a work stream dedicated to the health value chain, including identifying impediments in the value chain that inhibit access to medical products. LSIF also will explore further collaboration with the ABAC on workforce participation and productivity and its role in securing the region's economic competitiveness HLM4 welcomed the development by APEC LSIF of a road map for mental health, efforts to address cervical cancer, and the work of the ABAC on the impact of chronic and non-communicable disease on worker productivity. HLM4 also considered how improving women's health and seniors' health can support their economic participation, helping to ensure sustainable and productive workforces. HLM4 welcomed collaboration on the establishment of the APEC Biomedical Technology Commercialization Training Center and a Center of Excellence for Regulatory Sciences. Finally, HLM4 recognized the important role of APEC in fostering public-private partnerships to inform policy development and leverage resources, and encourage the identification of model partnerships. The outcomes of the HLM demonstrated the importance of investment in health as a key plank of economic development.

On regulatory cooperation, the LSIF also launched a number of new initiatives underway in its three committees: regulatory harmonization; research and development; and health innovation. Under the research and development committee, Korea and Thailand with the Association of University Technology Managers will launch an APEC LSIF Biomedical Technology Commercialization Training Center in December, 2014, which will aim to align the policy environment and build the capacity of technology transfer managers within research institutions in APEC economies by training them on the best practices in technology transfer. The Training Center also will provide a forum for APEC economies to share and discuss the policy and legal framework needed to support commercialization in the innovative biomedical technology sector.

Significant progress has been made on key initiatives underway in the LSIF Regulatory Harmonization Steering Committee (RHSC), including the piloting of a Regulatory Sciences Center of Excellence in Singapore and the development of guidelines on Good Review Practices. The RHSC is now moving forward to explore the establishment of a network of Centers of Excellence in all its priority work areas, including the integrity and quality of the supply chain.

The LSIF endorsed a joint pilot project on global data standards for medical products co-led by the ABAC and LSIF RHSC, agreeing that standards for product verification and serialization along the supply chain must be consistent with international guidance in order to reduce costs for both government and industry in addition to assuring the integrity of the supply chain. Under the health innovation committee the LSIF moved forward projects underway on NCDs, mental health, cervical cancer, healthcare-associated infections, blood safety, and multi-drug resistant tuberculosis. The LSIF also endorsed a proposal to undertake a new initiative with the Health Working Group, the Human Resources Development Working Group (HRDWG), and the Business Mobility Working Group to improve healthcare workforce skills and mobility in the APEC region. The Philippines will take this initiative forward in 2015. A proposal to establish a health innovation academic network was also considered and this work also will be further elaborated in 2015.

The LSIF also collaborated with the HWG on a workshop on cervical cancer prevention and control hosted jointly by the United States (National Cancer Institute, NIH) and China (Cancer Hospital, Chinese Academy of Medical Sciences). Representatives from the participating APEC member economies expressed great interest in continuing policy dialogue and consideration is also being given to establishing an APEC network of government, academic, and industry representatives to promote ongoing capacity building and sharing of best practices. Finally, the LSIF and the HWG collaborated on a "Workshop to Promote Innovative Collaborations in Mental Health" co-hosted by Peking University and NHFPC to showcase models of public-private collaboration in mental health and to provide expert guidance on an APEC roadmap to reduce the economic impact of

mental disorders in the region through public-private partnerships. This event follows on from the 2013 APEC Dialogue on Mental Health in Medan, Indonesia. Nearly 80 participants from 17 APEC economies, the World Health Organization, top international mental health thought leaders, mental health not-for-profits, academic experts and industry provided unique insights into APEC's potential role in improving mental health in the Asia-Pacific, including as it relates to worker productivity and the broader business community. LSIF and HWG have since partnered to develop a road map for mental wellness, with milestones and actions to 2020.

Section VI: CTI's Contribution to APEC-Wide and Cross-cutting Initiatives/Mandates

This chapter provides an overview of CTI activities in 2014 that responded to APEC-wide and cross-cutting priorities.

Support for the Multilateral Trading System

The CTI and its sub- fora continued to exchange views during the meetings on possible contributions they could make in support of the WTO, including in response to outcomes of the WTO 9th Ministerial Conference in Bali in December 2013 covering implementing the Bali Package reaching consensus on the post-Bali work program, extending the standstill on protectionism for another two years and encouraging wider participation in negotiations on Environmental Goods Agreement. CTI took note of the concerns expressed by member economies about the status of implementation of the WTO Trade Facilitation Agreement (TFA) and the views expressed by some member economies about the progress of negotiations on the Information Technology Agreement and Environmental Goods Agreement. CTI members reiterated their support towards the drafting of appropriate APEC statements on the WTO DDA negotiations in the lead up to APEC Ministers and Leaders meetings in November, acknowledging the importance of liaising closely with their representatives to the WTO in Geneva on this endeavour.

Table 5: Sub-fora Outcomes - Support for the Multilateral Trading System

SUB-FORA	WORK UNDERTAKEN
Market Access Group (MAG)	MAG monitored the developments in on-going negotiations of the expansion of product coverage and membership of the WTO Information Technology Agreement (ITA). It took note of the policy brief prepared by the PSU on the ITA expansion.
Group on Services (GOS)	GOS monitored the developments in the WTO and noted the importance of pursuing and supporting international services trade. The GOS took note of the issue of services waiver the LDCs and also noted the initiatives undertaken by economies to assist the LDCs.
Investment Experts Group (IEG)	IEG planned to analyse different multilateral fora including the Pacific Alliance with the purpose of evaluating the benefits of multilateralism.
Sub-committee on Standards and Conformance (SCSC)	SCSC continued to monitor developments within the WTO Committees on the TBT and SPS and discuss implementation issues.
Sub-committee on Customs Procedures (SCCP)	SCCP agreed to include "preparation for implementation of WTO Trade Facilitation Agreement" as a standing item in its agenda and encouraged SCCP members to share experience and information on their implementation of the agreement.
Intellectual Property Rights Experts Group (IPEG)	IPEG members continued to report on their respective progress in developing IP systems consistent with the WTO and other international norms.

Improving the Business Environment

The CTI Chair and the EC Chair continued to work to ensure complementarities and links between the two committees were strengthened. They continued to attend each other's meetings to brief the respective Committees on their work programs. They continue to collaborate and take forward APEC's work on supply chain connectivity initiatives, Ease of Doing Business (EoDB) and APEC New Strategy for Structural Reform (ANSSR) as well as the development of the APEC Connectivity Blueprint at the SOM-level.

Top Barriers to Trade Facing SMEs

- In 2014, both CTI and SMEWG continued to implement initiatives and consider other further work to address the list of barriers facing small and medium-sized enterprises (SMEs) in trading in the region identified and endorsed at the Joint MRT-SME Ministers Meeting in Big Sky Montana in 2011.
 - Barrier #5: *Customs clearance delays caused by difficulties in navigating overly complex customs requirements and documentation*
 - Completed in 2012.
 - Barrier #6: *Problems navigating differing legal, regulatory, and technical requirements*
 - Work on this continues to be undertaken through the existing project in the GOS - the APEC Services Trade Access Requirements (STAR) database (<http://www.servicestradeforum.org/>). Phase 4, which will focus on the updating and expanding of the database's coverage of eight services sectors, has commenced.
 - Barrier#8: *Inadequate Policy and Regulatory Frameworks to Support Cross- Border Electronic Commerce for Small and Medium Enterprises*
 - Completed in 2011.
 - Barrier #9: *Difficulty in Taking Advantage of Preferential Tariff Rates and Other Aspects of Trade Agreements*
 - In 2011, CTI agreed that member economies would translate relevant APEC FTA chapters into English and their domestic language, based on the needs of each economies' SMEs. The brief summaries of FTA benefits will assist SMEs in better understanding and utilising benefits of FTAs. Work to make the information more user-friendly and easier to use by SMEs is completed. Discussions on how the scope of the proposal could be broadened are on-going.

Streamlining and Improving Overall Operation

Following the instructions of Senior Officials in 2013, CTI completed a review of efficiency and effectiveness of CTI sub-fora³². The discussions in the CTI on the review took into account feedback on the draft paper from CTI sub-fora set out in the respective sub-fora convenor reports. CTI members raised several issues including the need for more coordination between sub-fora to avoid duplication and overlap; the benefits of closer collaboration between sub-fora through joint meetings on particular topics; the importance of effective and frequent communication between CTI representatives and sub-fora representatives, including on CTI meeting outcomes; the importance of substantive sub-fora agendas and the responsibilities of economies to contribute to those agendas; alignment between those agendas and the APEC Tasking Statement, host economy priorities and APEC goals; and the scope for more referral of tasks by the CTI to sub-fora. CTI finalised the recommendations for SOM's consideration in February, noting that there were no major structural changes recommended. In presenting the recommendations to SOM, the CTI

³² 2014/SOM1/CTI/034

Chair noted that the recommendations pointed to incremental fine-tuning of practices. He also commented that it was incumbent on all economies to take responsibility to ensure there are substantive agendas in sub-fora, including through allocating time each year for collective reflection and brainstorming on the relevance of the agenda, so that there are good initiatives and activities in line with APEC goals to energise those groups.

APEC Travel Facilitation Initiative (TFI)

CTI and two of its sub-fora, namely the BMG and SCCP, are part of the Steering Council that was set up in 2012 to advance the APEC Travel Facilitation Initiative (TFI). The TFI encompasses six areas: airport partnership; APEC business travel card; trusted traveler; facilitation of air passenger security screening; advanced passenger information; and checked baggage facilitation. The BMG continued to work closely with the Steering Council and relevant APEC groups on the work programs concerning: identifying characteristics of trusted traveller programs and challenges in implementing advance passenger information (API) systems. SCCP members also participated in activities that would contribute to the implementation of the TFI such as the trusted traveller programs and the API. The SCCP plans to hold a Passenger Name Record (PNR) workshop in 2015 to further discuss regulations and implementation of PNR in the APEC region to enhance risk management and expedite the flow of legitimate travellers.

Other APEC Cross-cutting Initiatives

CTI and its relevant sub-fora contributed and provided support, where appropriate, to the development of (i) APEC Multi-Year Plan on Infrastructure Development and Investment; (ii) APEC Blueprint on Connectivity and (iii) Work Plan on Promoting Cross-Border Education Cooperation.

GOS provided inputs to the SOM-level Work Plan on Promoting Cross-Border Education Cooperation. The projects in this work plan take forward the instructions of Annex D of the 2012 APEC Leaders' Declaration to develop cross-border educational cooperation in the region, while taking into consideration the circumstances of individual economies, and also the statement by Ministers Responsible for Trade in April 2013. The work plan is a "living document" and will be added to, updated and adjusted on a regular basis, under the guidance of APEC Senior Officials. In 2014, GOS embarked on a study to examine Enhancing Provider Mobility in Cross-Border Education in the APEC Region. This research study aimed at (i) identifying measures that create impediments to education providers establishing and maintaining a presence from one APEC economy in another APEC economy (provider mobility); (ii) considering whether there are other ways of achieving the policy objectives underlying those measures without impeding the development of education provider services; and (iii) identifying needs for technical assistance/capacity-building within APEC to help enhance provider mobility.

Section VII: Interaction with ABAC

CTI and its sub-fora collaborate with the business community to ensure that private sector perspectives contribute to APEC's trade and investment outcomes. In 2014, the Committee continued to engage with ABAC as the key voice of the business community in the APEC process. The CTI Chair attended an ABAC 2014 meeting to brief ABAC on the Committee's work programs and exchange views on issues of mutual interest. Senior representatives from ABAC also participated in meetings of the Committee and a number of its sub-fora. CTI welcomed their active participation.

CTI and its sub-fora delivered outcomes consistent with ABAC's 2013 recommendations as outlined in the following table:

Table 6: CTI /CTI sub-fora Responses to key ABAC TILF-related Recommendations

ABAC 2013 RECOMMENDATIONS ³³	CTI/SUB-FORA RESPONSE
<p>REGIONAL ECONOMIC INTEGRATION</p> <p>ABAC encourages APEC Leaders to ensure their economies stay on track with their Individual Action Plans (IAPs) in pursuit of the Bogor Goals. ABAC endorses the APEC Dashboard approach to monitoring progress towards the Bogor Goals but in order for it to be truly effective it cannot be a one-off exercise. ABAC would like to see the Dashboard exercise repeated regularly in the lead up to 2020. The IAPs would be improved by the adoption of a negative list approach to remaining barriers to liberalization and by addition of reporting on trade facilitation measures. We also welcome ongoing efforts by APEC to address key non-tariff measures (NTMs), as a critical aspect of its work to achieve the Bogor Goals.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Undertake on an annual or bi-annual basis until 2020 the APEC Policy Support Unit's Dashboard exercise to ensure effective monitoring of progress towards the Bogor Goals. • Adopt a negative list approach in the IAPs and incorporate reporting on trade facilitation. 	<p>CTI with the assistance of the APEC Policy Support Unit (PSU) supports SOM on assessing APEC's progress in achieving the Bogor Goals. In accordance with the Bogor Goals Progress Report Guidelines adopted in 2011, economies will be reviewed by SOM every two years starting 2012 with a second term review in 2016 and final assessment in 2020. This work is currently carried out through short biennial reports based on the Individual Action Plans (IAPs) submitted by APEC members as well as dashboards of key indicators. The 2014 Bogor Goals progress reports and dashboards for APEC and member economies were submitted for discussion at SOM2 in Qingdao and will be available on APEC webpage at www.apec.org by CSOM in November.</p>
<p>Accelerating trade and investment liberalisation: <i>Enhancing pathways to the Free Trade Area of the Asia-Pacific</i></p> <p>ABAC believes that a Free Trade Area of the Asia-Pacific (FTAAP) will provide the best mechanism for sustaining regional economic integration. We have been heartened by the progress made in the leading pathways towards an FTAAP – the Trans Pacific Partnership (TPP), the Regional</p>	<p>CTI, through its newly created FoTC on Strengthening REI and Advancing FTAAP, supported SOM's work on the development of the Beijing Roadmap for APEC's Contribution to the Realization of a Free Trade Area of the Asia-Pacific (FTAAP) and</p>

³³ Extracted from 2013 ABAC Report to APEC Economic Leaders

ABAC 2013 RECOMMENDATIONS ³³	CTI/SUB-FORA RESPONSE
<p>Comprehensive Economic Partnership (RCEP) and the Pacific Alliance (PA). We encourage APEC economies involved in these sets of negotiations to ensure that the respective agreements remain compatible with the ultimate goal of achieving an FTAAP and the spirit of APEC-wide cooperation.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Ensure that substantive progress continues to be made towards an FTAAP as a means for achieving regional economic integration and the Bogor Goals of free and open trade and investment in the region. • Urge the broadest possible participation in pathway to FTAAP initiatives among APEC economies that can meet the standards set for each agreement. 	<p>an Outline of the Collective Strategic Study on Issues related to the Realisation of the FTAAP.</p> <p>CTI agreed on a proposal for an APEC Information Sharing Mechanism on RTAs/FTAs which was endorsed by APEC Ministers Responsible for Trade (MRT) in May. In August, CTI agreed on key tasks and activities with timelines and lead economies identified for operationalising the information sharing mechanism.</p> <p>CTI held an APEC Dialogue on Information Sharing on RTAs/FTAs in the Asia-Pacific Region in Qingdao on 8 May. The objectives of the Dialogue are to raise awareness and understanding of APEC economies on the developments of RTAs/FTAs in the APEC region and promote exchanges of experiences and practices in developing, negotiating and implementing RTAs/FTAs among APEC economies, thereby building up a good basis for the FTAAP.</p> <p>CTI agreed on the Action Plan Framework for the 2nd REI CBNI (2015-2017) to support APEC's capacity building work among officials to help realise the FTAAP. CTI also conducted workshops to complete the implementation of the 1st REI CBNI (2012-2014) on government procurement (9-10 January, Ho Chi Minh City); preparing for FTA negotiations: research, analysis, consultation, development of negotiating positions and team building (6-7 May, Qingdao); safeguards including transitional safeguards (10-11 June, Surabaya); scheduling of services and investment commitments in FTAs (28-29 October, Singapore); and intellectual property (planned 17-18 December, Ho Chi Minh City). The workshops aimed to build the capacity of negotiators and policymakers for participation in FTA/RTA negotiations in these areas.</p>
<p>Accelerating trade and investment liberalisation: Attracting growth-producing foreign direct investment</p> <p>ABAC call upon APEC Ministers to take the lead in ensuring that their economies remain open for FDI and to increase their focus on ways of facilitating and encouraging further growth in FDI, while explaining the benefits of FDI as a driver of sustainable growth and employment for governments, businesses, and communities in economies receiving such investment.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> • Continue to engage officials and private sector experts in focused capacity building activities to address barriers to FDI. 	<p>In response to 2010 AELM, the IEG has held a Public Private Dialogue (PPD) on Investment annually as part of the implementation of the APEC Strategy for Investment. These dialogues had resulted in several specific recommendations on investment: infrastructure and economic growth (2011), legal regulation and institutional development of Public Private Partnerships (PPP) and investment in infrastructure (2012), and Corporate Social Responsibility (CSR) for local communities (2013).</p> <p>For 2014, IEG held a PPD on "Promoting Infrastructure Investment through PPP" in the margins of SOM3 in Beijing. The PPD identified actions that will contribute to regional connectivity</p>

ABAC 2013 RECOMMENDATIONS ³³	CTI/SUB-FORA RESPONSE
<ul style="list-style-type: none"> • Take further measures to highlight the benefits of FDI to government, business and communities in recipient economies, enabled by business-friendly, fair, predictable, transparent and unified regulatory policies. • Implement the IFAP fully across all APEC economies. 	<p>and infrastructure including the use of ABAC's Enablers of Infrastructure Checklist as a reference in the <i>Action Agenda on Promoting Infrastructure Investment Through Public-Private Partnership</i>. The Action Agenda was endorsed at SOM3 upon the conclusion of the PPD.</p> <p>IEG also undertook a project <i>Case Studies on the Best Practice of Sustainable Investment in APEC Region</i>. This project was designed to raise understanding and awareness of opportunities for inclusive development within APEC economies; share experiences and lessons on balancing investment, environmental, and social objectives to increase the public support for free and open trade and investment. The project involved case studies and a concluding Conference on "Best Practices of Sustainable Outward Foreign Direct Investment (OFDI) in the APEC Region".</p> <p>IEG assisted by the PSU is preparing an updated report of the 2013 project on "IFAP Implementation: Facilitating Investment for APEC" based on information from all economies. The report is targeted for completion by early 2015.</p> <p>IEG agreed to receive regular presentations and reports from ABAC's Regional Investment Analytical group, which aims to strengthen APEC economy investment climates through information sharing based on greater use of quantitative indicators. The presentations and reports will inform specific projects and initiatives to be undertaken by individual economies on a voluntary basis, subject to IEG consensus.</p>
<p>Accelerating trade and investment liberalisation: <i>Promoting good regulatory practices</i></p> <p>ABAC firmly believes that consistent implementation of good regulatory practices (GRPs) by APEC economies strengthens and deepens regional economic integration, prevents barriers to trade from occurring, and helps increase trade and economic growth. GRPs are neither about less regulation nor about more regulation. GRPs improve the process by which economies develop regulations and best practices. The trade costs that result from divergent regulations are significant. For consumers, regulatory divergence is tantamount to a concealed "inefficiency tax" that citizens pay on everything they purchase. This tax is the sum of the costs of divergent regulations, cross-border administration delays and fees, and other regulatory impediments.</p>	<p>As noted in Section III above, CTI's contributions regulatory cooperation and coherence, include its implementation of the APEC Regulatory Cooperation Advancement Mechanism on Trade Related Standards and Technical Regulations (ARCAM) and the work of its sub-fora such as SCSC, CD and LSIF.</p> <p>Briefly in 2014,</p> <ul style="list-style-type: none"> • CTI held the 3rd ARCAM Dialogue on International Electric Vehicle Standards on 7 May focused on the importance of APEC economies looking to international standards regarding electric vehicles. Following the Dialogue, the CTI discussed and agreed on APEC Actions to Promote Widespread Usage of Electric Vehicles, which were endorsed at AMM.

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<p>Recommendations:</p> <ul style="list-style-type: none"> • Strengthen the implementation of GRPs identified by APEC Leaders in the Honolulu Declaration and encourage the exploration of additional GRPs for implementation beyond 2013, including transparent and equitable implementation/enforcement of regulation as well as voluntary alternatives to regulation, in order to reduce or eliminate barriers to free trade and investment. Specifically, APEC economies should: <ul style="list-style-type: none"> - Encourage regulators in APEC economies to use international standards as a reference for their domestic regulations and consider using performance-based rather than design-based regulations. - Design regulatory institutions that promote trade-friendly regulations and increase domestic and regional coordination through strengthening internal (domestic) and regional cooperation as well as addressing unnecessary costs of regulation. - Implement regulatory impact assessments to prevent discriminatory or protectionist practices, improve transparency, preclude multiple requirements, as well as decrease costliness of demonstrating compliance. - Strengthen public-private cooperation through the use of public consultation mechanisms to enhance accountability, promote mutual learning, and encourage best practices. Encourage regulators in APEC economies to take comments from stakeholders on proposed regulations into account when developing regulations. - Create fair and consistent enforcement mechanisms to promote transparency, equity, and stability. - Improve efficiency by identifying alternatives to regulation that offer administrative simplicity, flexibility, efficiency, certainty and equity. • Strengthen public-private cooperation on the development of best practices and capacity building to help APEC economies implement effective regulatory design which achieve intended regulatory objectives at the least cost to businesses, citizens, and government. • Support sectorial public-private partnerships (PPPs) for addressing industry specific regulatory issues <ul style="list-style-type: none"> - Expand support for the APEC Life Sciences Innovation Forum (LSIF) Regulatory Harmonization Steering Committee 	<ul style="list-style-type: none"> • SCSC held the 10th APEC Conference on Standards and Conformance (August) focused on green technologies, in particular on building information modelling (BIM) and aligning energy efficiency for ICT products. On the BIM issues, the conference agreed that the SCSC would develop a BIM Metrics Guide and a Green Code Infrastructure Guide. On the ICT issues, the SCSC endorsed the outcomes of the conference with regards to improving alignment of energy efficiency standards and regulations for ICT products. • SCSC held an APEC Conference on Standards Professional Development for Next Generation (August). The conference produced recommendations on the development of professionals working in the area of standards including developing career paths/model best practices and competency requirements. • SCSC published the <i>APEC Guidelines on Standards Infrastructure Establishment</i>, as a source of reference on standardization activities within the region. It also provides a set of recommendations to achieve greater alignment of domestic standards infrastructure among APEC economies. • CD held a successful one day workshop to promote the further implementation of the CD's 2008 Best Practice Principles for Chemical's Regulation. The workshop resulted in a number of follow-up actions, including a potential reporting template regarding each economy's progress on implementing the Best Practice Principles; focused sessions on implementing good regulatory practices (GRPs) in chemicals; outreach to the EC to share information on activities; and capacity building and information sharing to promote trust and collaboration amongst chemical regulators. This work will be carried forward by the CD's Virtual Working Group (VWG) on Regulatory Cooperation. • LSIF's Regulatory Harmonization Steering Committee (RHSC) continues to advance greater alignment of regulatory approaches and standards for medical products, under a multi-year plan that promotes the use of international guidance. Funding of \$8 million to support an APEC Harmonization Center aimed at advancing regulatory convergence for medical products approval procedures is to be renewed for a further 5 years. The funds are being used for training, needs assessments/gap analyses, road map development and implementation. Thus far 18 training projects have been conducted, covering 5 priority areas. Additionally, a Center of Excellence for biomedical regulatory sciences is to be

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<p>(RHSC)'s efforts to achieve Regulatory Convergence for Medical Products by 2020.</p> <ul style="list-style-type: none"> - Support the establishment of an APEC Center of Excellence for Regulatory Sciences in Multi-Regional Clinical Trials 	<p>established in 2014 as a flagship outcome. The initial focus will be on training on procedures and evaluation of multi-regional clinical trials.</p> <p>For more details, please refer to Section III.</p>
<p>Accelerating trade and investment liberalisation: Expanding the Information Technology Agreement</p> <p>Since its launch in 1996, the Information Technology Agreement (ITA) has not been updated and, consequently, product coverage has not been expanded, though the same period has seen unprecedented technological innovation in the Information Communication and Technology (ICT) sector and a growing number of ITA participants. ABAC welcomes the leadership role of APEC in supporting the WTO ITA negotiations and its declaration in Vladivostok in 2012, followed by the APEC Ministers Responsible for Trade's statement in 2013, calling on ITA participants to swiftly conclude negotiations to expand the product coverage of the ITA by the middle of this year and seek expanded membership in the Agreement. ABAC strongly expects this final stage will lead to the completion of the negotiations as soon as possible.</p> <p>Recommendation:</p> <ul style="list-style-type: none"> • Play a leadership role once again to support the completion of a commercially significant expansion of the ITA's product coverage to reflect dynamic technological developments and an increase in the number of participating members in the Agreement. 	<p>MAG continues to monitor developments in ongoing negotiations of expansion WTO ITA agreement.</p>
<p>Pursuing the new services agenda</p> <p>The pursuit of liberalized trade and investment in services remains one of ABAC's key priorities given the huge importance of the services sector to APEC economies. Trade in services has significant potential for growth. The WTO estimates that 50% of world trade will be in services by 2020. As was highlighted in the 2012 report "Trade in Services in the APEC Region" by the University of Southern California's Marshall School of Business, current levels of trade in services within the APEC region are surprisingly low, and the associated benefits of regional services trade are potentially being lost. In 2010, only 6 percent of total services produced within APEC were exported, compared with 63 percent of total goods.</p> <p>Regulatory barriers continue to have a chilling effect on services trade. There are many examples</p>	<p>GOS continues to work on improving statistical data collection through the implementation of the Action Plan on Statistics on Trade in Services and workshops prepared in collaboration with international organization such as the United Nations Statistics Division (UNSD) and the Association of Southeast Asian Nations (ASEAN).</p> <p>GOS is currently updating the APEC Services Trade Access Requirements (STAR) database (http://www.servicestradeforum.org/) covering economies that have yet to be covered.</p> <p>GOS is also leading work to identify good policy and regulatory practices for facilitating trade and investment in specific services sectors. Workshops were held on higher education services in 2013 and transport and logistics services in 2014</p>

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<p>where domestic standards and regulations have become non-tariff barriers for foreign services firms. The Marshall School report found that the cumulative impact of different regulations and standards across economies creates a level of heterogeneity which raises transaction costs to levels that discourage trade. A 10% reduction in trade costs could result in US\$100 billion of additional services-related Gross Domestic Product (GDP) within APEC.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Seek new opportunities to liberalize services trade and investment including via the WTO and in regional trade agreements such as TPP and RCEP. • Commit to improve the region's official statistics on services, in collaboration with relevant international organizations. • Seek opportunities to remove regulatory barriers that exist behind borders. • Encourage trade and investment in the services sector by addressing labor mobility issues. 	<p>(telecommunications and ICT services forthcoming in December). The objective of the workshops is to bring together business, regulatory and academic experts to share reform experiences, discuss “what works and what doesn’t work” and identify good policy and regulatory practices with a view to encouraging and fostering the development of open services markets.</p> <p>GOS is currently undertaking study on Enhancing Provider Mobility in Cross-Border Education in the APEC Region.</p> <p>GOS discussed a proposal on Case Studies on Services Regulatory Reform and the Impact on GVCs which aims to examine the role of services in global value chains by analysing case studies of market-opening services reforms in the APEC region and the effect they have had on global value chains. GOS noted that the sharing of reform exercises in both services and non-services sectors such as manufacturing by economies could be considered as a possible topic for a possible joint MAG/GOS meeting in 2015.</p> <p>CTI agreed on an APEC Strategic Blueprint for Promoting Global Value Chains Development and Cooperation as a mechanism to strengthen economic cooperation on global value chains. “Realising the critical role of trade in services within GVCs” is one of the 10 work streams identified in the blueprint.</p> <p>CTI held a Trade Policy Dialogue on Promoting Open and Competitive Services Markets to support the Growth of GVCs on 14 August. The TPD underscored the vital role services play as enablers of GVCs and the importance of services in enhancing the development and efficiency of GVCs.</p> <p>Supporting the CTI, PSU prepared two policy briefs addressing services’ importance in the economy and trade and the growing ‘servicification’ of manufacturing (PSU Policy Brief No. 9, January 2014: APEC, Services, and Supply Chains - Taking Stock of Services-Related Activities in APEC; and PSU Policy Brief No. 10, July 2014: Services and Manufacturing - Patterns of Linkages).</p> <p>Relating to this, the CTI embarked in October on a project on Manufacturing Related Services in Supply Chains/Value Chains, which involves collecting firm-specific insights on the contribution of manufacturing related services in their global value chains operations. This project is one of the actions taken to address manufacturing-related services in value chains, which was endorsed as a</p>

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	'next generation trade and investment issue' in 2014.
<p>Pursuing the new services agenda: <i>Improving business mobility</i></p> <p>The APEC business community has long regarded the APEC Business Travel Card (ABTC) as one of the most significant and material business facilitation initiatives in the region. ABAC appreciates the APEC Business Mobility Group (BMG)'s and individual economies' continuing efforts to improve the operation of the ABTC. However, ABAC still encounters various difficulties. ABAC has identified those issues within the program that representatives of business feel are most important and on which it would like APEC economies to focus on to ensure full participation in, and the smooth operation of, the ABTC program. ABAC urges APEC economies to address the priorities identified by business</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Encourage transitional economies to accelerate efforts towards complete membership in the program, including the actual issuance of cards. • Urge APEC BMG to extend the validity period of ABTC from three (3) to five (5) years. • Simplify the renewal/re-application process for current ABTC holders. • Consider linking passport information with ABTC to avoid expiration of the card when holder's passport expires; otherwise, consider issuing a temporary card to cover the period between passport expiration and issuance of the new ABTC. • Consider additional benefits for ABTC holders, e.g. expanding the area of usage of ABTC beyond APEC economies, especially to include the European Union. 	<p>BMG continues to encourage all economies to adopt the APEC Business Travel Card (ABTC) scheme to the fullest extent possible. In Beijing, BMG agreed in principle to extend the validity period of the ABTC from 3 to 5 years. The implementation of this extension is targeted for 31 August 2015. The extended validity will be applied to new applications/renewals.</p> <p>BMG continues to review the ABTC schedule through its on-going APEC-funded project for an End-to-End Review of the ABTC Scheme, which will provide recommendations to enhance the ABTC Scheme. It is preparing a strategic plan taking into account the End-to-End review of the ABTC and has agreed in principle to pursue the linking of passport changes to the ABTC system.</p>
<p>Enhancing supply chain connectivity: <i>Promoting greater use of global data standards</i></p> <p>The benefits of an efficient, reliable and secure global supply chain are tremendous for both the business sector and APEC economies as a whole. ABAC advocates greater use of global data standards to address supply chain connectivity and complexity challenges, such as a common global standard for pharmaceutical product serialization and verification. ABAC has identified a need for new forms of public-private partnership to create</p>	<p>CTI continues to explore how Global Data Standards (GDS) may be applied to enhance connectivity and improve supply chain performance.</p> <p>A capacity building workshop on global data standards was held on 9 May in Qingdao with an objective to enhance stakeholders' understanding about the potential benefits of global data standards. A half-day Trade Policy Dialogue with a</p>

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<p>more connected, efficient, safer and sustainable supply chains. ABAC has partnered with the GS1 not-for-profit organization to develop a regional framework for global data standards, starting with a number of capacity building activities in which global data standards are deployed to target specific supply chain chokepoints. ABAC believes this will help APEC to meet its 10% target for improving supply-chain performance in terms of time, cost and uncertainty by 2015.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Establish six pilots to build capacity and overcome supply chain chokepoints, as identified in APEC's Supply Chain Connectivity Framework during 2013-2014. • Use the pilot results to develop a region-wide framework to facilitate a coherent deployment of global product data standards by December 2014. 	<p>view developing policy recommendations for forward work to improve supply chain performance and enhancing connectivity through the use of GDS took place in the margins of the third CTI meeting in Beijing on 14 August. CTI discussed next steps for further work and agreed to pilot projects to be launched in 2015 on product traceability using GDS.</p>
<p>Enhancing supply chain connectivity: <i>Promoting a systematic approach to improving supply chain performance</i></p> <p>Due to the significant potential economic gains, ABAC sees a greater APEC role in the leadership, governance and oversight of standardization initiatives within supply chains. ABAC supports the systematic approach to improving supply chain performance, starting with inventories of policies and best practices that APEC economies should have in place as part of the Supply Chain Connectivity Framework.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Complete inventories of policies and practices, and commence diagnostic reports to measure variances between existing domestic policies and regional best practices in order to guide the drafting and implementation of targeted capacity building plans. • Engage with ABAC and the private sector as a source of expertise on targeted, focused, and economy-specific capacity initiatives that include relevant tools and methodologies that will help economies adopt the policies and best practices in the inventories and meet the APEC Leaders' 10% improvement goal by 2015. 	<p>CTI continued to advance the implementation of the action plans agreed in 2010 to address the eight priority chokepoints to the smooth flow of goods, services and business travellers throughout the region as set out in the Supply Chain Connectivity (SC) Framework.</p> <p>CTI with the support of the chokepoint leads finalised the diagnostic reports under the systematic approach for improving supply chain performance. Capacity building activities are being developed to provide targeted technical assistance to economies to implement the inventory of policy recommendations completed in 2013. A Capacity Building Plan to Improve Supply Chain Performance, drawing on the policy recommendations and diagnostic reports has been developed. For 2014, CTI has already agreed to undertake capacity building and technical assistance programs in five areas: pre-arrival processing; expedited shipments, release of goods, issuing advance rulings and electronic payments.</p> <p>CTI has established an APEC Alliance for Supply Chain Connectivity (A2C2) where private sector and other stakeholders will serve as an advisory group and play a key role in the implementation of the capacity building plan. The A2C2 held its inaugural meeting on 15 August. The A2C2 has planned to meet twice in 2015 – at SOM1 and SOM3 in the</p>

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	Philippines and will develop work plan intersessionally for consideration.
<p>Enhancing supply chain connectivity: <i>Achieving a balanced approach to trade security and facilitation</i></p> <p>Facilitating a better trade environment is a key requirement for improving supply chain connectivity. Towards this goal, ABAC continues to advocate for a coordinated and holistic approach to facilitating the development of a mutual recognition scheme for Authorized Economic Operator (AEO) programs in APEC economies alongside the APEC-wide AEO program. However, the challenge is how to address the specific security needs in recent customs environment with the other trade security programs in place, while strengthening procedures to facilitate the movement of goods across borders.</p> <p>ABAC acknowledges the importance of the trade security feature of the AEO Program. However, ABAC believes that specific benefits should be granted for AEOs meeting minimum security requirements in order to further promote trade in the region.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Develop an AEO certification system for AEO-qualified corporations in economies where AEO programs do not exist and promote mutual recognition AEOs. • Encourage efforts to develop the APEC-wide AEO program’s mutual recognition scheme based on existing AEO programs designed for trade security using common principles and common application processes based on the World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Trade. • Avoid redundancy with other supply chain security programs while balancing the need for trade facilitation and trade security. • Explore ways to include benefits identified by ABAC in its 2011 recommendations to APEC Leaders in the AEO Action Plan. • Waive pre-departure/pre-arrival data requirements by “24 hour rule” available in several economies and the “10+2 rule” as part of benefits granted to AEO certified operators. 	<p>SCCP developed during 2014 the “3M Framework” titled “Advancing Supply Chain Connectivity through Mutual Recognition, Mutual Assistance and Mutual Sharing: Framework for Implementing SCCP Outcomes”, which aims to promote AEO programs and Mutual Recognition Arrangements.</p> <p>The SCCP has endorsed a “Trusted Trader Program” project. The project will endeavour to:</p> <ul style="list-style-type: none"> • formulate a set of standards for identifying foreign AEO exporters at or before arrival of goods at their destination; • demonstrate that AEO participants may be afforded expedited preferential border treatment where destination economies possess sufficient information which is approved prior to arrival; and • develop simple, robust and reusable standards and processes that are suitable for utilisation by developing economies.

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<p>Sustainable Development: <i>Strengthening food security</i></p> <p>In 2013, ABAC focused on strengthening food security by overseeing the implementation of the PPFS Action Plan for 2013. PPFS has developed a strategic, results-oriented roadmap to achieve the long-term goal of setting up a food system structure by 2020 sufficient to provide lasting food security to economies in the region. Successful implementation of the roadmap will require public-private collaboration and parallel cooperation action. ABAC urges APEC Leaders to develop policies and to take concrete actions to ensure the roadmap's effective implementation.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Facilitate the dissemination and absorption of food-related technology. • Enhance collaboration and investment in R&D for sustainable agriculture. • Reduce food losses and increase food safety through more effective use of cold chain technology and increasing awareness of food safety standards. • Strengthen APEC's commitment to eliminate export bans on food products and enhance market access and eliminate non-tariff barriers to trade. • Enhance supply chain connectivity for food including through the use of global product data standards to increase the efficiency, transparency and safety of food trade. • Facilitate and reduce the cost of private sector investment in food-related infrastructure. 	<p>SCSC's Food Safety Cooperation Forum (FSCF), established in 2007 to strengthen food safety capacity building activities and improve information sharing, contributes to APEC's food security agenda.</p> <p>The Partnership Training Institute Network (PTIN) was launched by the FSCF in 2008 to engage the private sector and academia to bring additional expertise, resources, and commitment towards fulfilling the critical food safety capacity building needs and goals identified in FSCF.</p> <p>In 2014, SCSC through the FSCF continued its work on the Multi-year Project on Building Convergence in Food Safety Standards and Regulatory Systems. Two workshops were conducted in 2014 on risk-based inspection and proficiency testing for veterinary drug residues in food, respectively.</p> <p>SCSC held an APEC High-Level Regulator-Industry Food Safety Dialogue in September which discussed emerging issues in food safety and opportunities for regulator/industry dialogue and cooperation, and endorsed the Beijing Statement to guide the future work of APEC on food safety capacity building.</p> <p>SCSC successfully completed a project on Enhancing Standards, Conformity Assessment, Technical Regulations and Promoting Regulatory Cooperation in Food Allergen Management which was focused on enhancing awareness of APEC economies in area of food allergen management. A capacity building module consisting of presentations, tools and information material provided during the workshop has been developed and will be made available online.</p> <p>SCSC's Wine Regulatory Forum (WRF) discussed a goal-oriented action plan for Export Certification Reduction by 2018, which would include the drafting of a model APEC wine export certificate in 2015 and engaging in capacity building, with an eventual goal of mutual acceptance of winemaking practices and joining multilateral wine regulatory groups such as the World Wine Trade Group.</p>
<p>Sustainable Development: <i>Addressing energy security</i></p> <p>ABAC urges APEC economies to take further steps to address energy security, including by: creating a conducive legal and regulatory environment for trade and investment in the energy sector; facilitating the development of renewable energy</p>	<p>CTI and its sub-fora work on environmental goods and services would contribute to addressing energy security to some extent.</p>

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<p>infrastructure to meet green growth targets; expediting the identification and removal non-tariff barriers for environmental goods and services; and supporting the efficient regional trade</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Create an energy connectivity framework that includes the following elements: <ul style="list-style-type: none"> - Identify how preferential trade agreements, particularly those under negotiation, and trade liberalization initiatives can be leveraged to promote energy security and energy diversification. - Leverage APEC's effectiveness in addressing trade facilitation issues. - Identify effective approaches to project financing, particularly for cross-border projects. - Improve energy-related infrastructure and promote the adoption of a legal and regulatory environment that promote infrastructure investment. - Monitor implementation of APEC political commitments related to energy, specifically on energy intensity and elimination of inefficient fossil fuel subsidies. - Provide greater attention to policies to facilitate the development of renewable energy infrastructure to meet green growth targets. - Adopt an accelerated timetable to implement the tariff reductions on the 54 EG items. - Encourage public-private dialogue on <i>Environmental Goods and Services to address NTMs impacting trade in these products.</i> 	<p>CTI operationalised the Public-Private Partnership on Environmental Goods and Services (PPEGS) agreed in 2013 and held the first PPEGS dialogue on renewable and clean energy on 11 August. The dialogue agreed to an APEC Statement on Promoting Renewable and Clean Energy Trade and Investment that called on members to address trade barriers, regulatory issues and IPRs in renewable and clean energy trade.</p> <p>CTI reviewed progress on the implementation of APEC economies' commitments to reduce applied tariffs to five percent or less by the end of 2015 on the 54 items included in the Environmental Goods List endorsed by Leaders in 2012. Seven economies have fully implemented the agreed tariff reductions. Six economies have indicated that they are close to meeting the commitments while the rest are in the process of doing so. CTI held a Seminar on the Implementation of the APEC EG List commitments on 13 August to help economies address implementation issues. It also agreed to establish a FoTC group on the Implementation of the APEC EG List, the objective of which will be to advance transparency, common understanding and consistency in application of the EG commitments in economies' tariff schedules. The first meeting of the FoTC will be held on the margins of CTI1 in 2015.</p> <p>CTI endorsed a proposal on Trade Liberalization and Facilitation of Environmental Services which will involve a review of the progress of actions agreed in Annex C (Trade and Investment in Environmental Goods and Services) of the Honolulu declaration and the discussion of measures that affect trade in environmental services in APEC economies as well as best practices in promoting such services.</p> <p>CTI agreed to a proposal for the Establishment of an APEC Cooperation Network on Green Supply Chain, aimed at raising awareness and understanding on trade and investment-related policies that support the development of green supply chains.</p> <p>GOS held a workshop on environmental services on 14-15 October to look at the challenges and opportunities in the area of environmental services.</p>
<p>Sustainable development: <i>Encouraging infrastructure investment and development</i></p> <p>ABAC sees infrastructure investment as a critical element to sustainable and inclusive economic growth in the Asia-Pacific region. A recent report by McKinsey estimates that as much as US\$57 trillion in infrastructure investment will be required globally over the next 18 years to sustain economic growth. In order to compete globally for finite FDI</p>	<p>IEG continued its work on compiling a <i>Guidebook on PPP Frameworks in the APEC Region</i>. The Guidebook is designed to serve as a facilitating tool for investment by providing a general overview of the process and requirements within PPP frameworks in order to establish a PPP project. The Guidebook is targeted for completion by early 2015.</p>

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<p>flows, APEC economies will need to take deliberate steps to evaluate and improve their investment environments. As noted in ABAC's "Enablers of Infrastructure Investment Checklist", successful infrastructure investment outcomes are enabled by bringing together a diverse set of critical policy elements that require a multi-disciplinary and inter-agency approach. Governments not only need to address barriers to private sector FDI but also effectively harness it through measures such as creating an environment conducive to infrastructure finance, emphasizing long-term planning and cooperation through PPPs and facilitating transparent government procurement processes.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Continue to create opportunities for multi-disciplinary public-private discussions on infrastructure that incorporate expertise in relevant areas such as Financing, PPP structures and FDI. • Encourage economies to utilize ABAC's "Enablers of Infrastructure Investment Checklist" as a self-assessment tool as part of APEC's long-term work plan on the development of infrastructure. 	<p>IEG endorsed the <i>Action Agenda on Promoting Infrastructure Investment Through Public-Private Partnership</i> at the PPD in 2014. The Action Agenda identified actions that will contribute to regional connectivity and infrastructure including the use of ABAC Enablers of Infrastructure Checklist as a reference.</p>
<p>Facilitating the use of information technology to empower SMME access to international markets: Developing "all in one" electronic Supply Chain Financing platforms.</p> <p>ABAC considers it important to promote existing ICT platforms to bring SMMEs closer to international markets, and enable their access to more competitive prices. Nowadays, e-commerce plays a crucial role for SMME growth and internationalization, with lower transaction costs than traditional mechanisms. However, compared with traditional trading, there are fewer trade financing solutions available for SMMEs in the finance market. Moreover, existing solutions are not tailored to support the online trading methods taking place on e-marketplaces. There is large scope for financial institutions to collaborate with e-marketplaces to drive trade financing innovation; this will greatly benefit SMME development and further drive the adoption of e-commerce.</p> <p>From our discussions on e-commerce, we have found that controlling the flow of trade information from end-to-end (production to logistics) would allow us to further improve SMME trade financing practices. Traditional trade financing requires high credit history and extensive order delivery information and documentation. These</p>	<p>GOS is undertaking a comprehensive update of the APEC Services Trade Access Requirements (STAR) database (http://www.servicestradeforum.org/) 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.</p>

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<p>requirements are not suitable for most of SMMEs and could be avoided by using an integrated platform for Supply Chain Financing. We call this an “All in one” solution. Facilitate the development of “All in one” electronic.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• Supply Chain Financing platforms.• Promote the development of ICT platforms, such as the APEC Next Generation Interactive Tariff Database and the Services Trade Access Requirements (STAR) Database, to help SMMEs take advantage of export opportunities.	