

**APEC COMMITTEE ON TRADE AND INVESTMENT (CTI)  
SECOND MEETING FOR 2015: BORACAY, PHILIPPINES  
15-16 MAY 2015**

**CHAIR'S SUMMARY RECORD OF DISCUSSION**

1. The Second Meeting of the Committee on Trade and Investment (CTI) for 2015 was held in Boracay, Philippines on 15-16 May 2015. Mr. John Larkin of Australia's Department of Foreign Affairs and Trade chaired the meeting. All 21 APEC member economies, ABAC, PECC were represented. The APEC Secretariat was also present.

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

2. The CTI Chair welcomed all delegates to the Committee's second meeting for the year. On behalf of the Committee, he thanked the Philippines for the hosting of the meeting, the excellent hospitality, facilities and arrangements in Boracay. He outlined the business arrangements for the meeting.

**ADOPTION OF AGENDA**

3. The Committee adopted the draft annotated agenda (see 2015/SOM2/CTI/001) with some adjustments to the order of the discussion.

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

4. The Committee approved the Chair's Summary Record of Discussion of the CTI Meeting held on 3-4 February 2015 in Clark Freeport Zone, Philippines (see 2015/SOM2/CTI/002).

**SUPPORT FOR THE MULTILATERAL TRADING SYSTEM**

5. CTI discussed and received updates on economies' progress in notifying the WTO of acceptance of the WTO Agreement on Trade Facilitation as indicated in the table at Annex 8 of CTI Chair's Report to SOM (See 2015/SOM2/027anx8). CTI noted that a standalone statement in support of the MTS/WTO was being coordinated by the Philippines as host economy through the APEC caucus in Geneva for consideration at MRT.
6. CTI discussed proposals from the Philippines on Launching an APEC Trade Repository (APEC TR) (see 2015/SOM2/CTI/003) and APEC Trade Repository (APEC TR) – Economy Implementation Guide (see 2015/SOM2/CTI/004) and agreed that economies should provide comments by 24 June.

**ADVANCING REGIONAL ECONOMIC INTEGRATION**

**Achieving the Bogor Goals**

7. CTI discussed a paper by Peru setting out revisions to the Individual Action Plan (IAP) Template for the Second-Term Review in 2016 of economies' progress towards the Bogor Goals (see 2015/SOM2/CTI/047). CTI agreed that comments/inputs on the revised template should be sent to Peru by 24 June. CTI also noted the intention of the CTI Chair to circulate a paper setting out the timeline and process for the Second-Term Review for consideration ahead of CTI3.

8. CTI received an update from the PSU on progress of the study on Promoting Products contributing to Sustainable and Inclusive Growth through Rural Development and Poverty Alleviation (see 2015/SOM2/CTI/008) and agreed that economies could provide comments on the draft report by 24 June. CTI also noted the intention of Indonesia to convene a Trade Policy Dialogue on Promoting Products contributing to Sustainable and Inclusive Growth through Rural Development and Poverty Alleviation in the margins of SOM3/CTI3 and that a draft agenda for the TPD would be circulated for comments intersessionally.

### **Exploring the FTAAP**

9. CTI, through its FoTC on Strengthening REI and Advancing the FTAAP, co-led by China and the United States, discussed and agreed to the Terms of Reference for the Collective Strategic Study on Issues Related to the Realization of the FTAAP (see 2015/SOM2/027anx2). CTI noted the intention of China to convene a Seminar on the Collective Strategic Study on Issues Related to the Realization of the FTAAP in August ahead of CTI3/SOM3 and that China would circulate a draft agenda for the Seminar for comment intersessionally.
10. CTI welcomed a progress report from Korea on the 2<sup>nd</sup> Regional Economic Integration (REI) capacity building needs initiative (CBNI) 2015-17. CTI noted forthcoming workshops covering the areas of rules of origin to be held in September (Korea); negative list scheduling methodologies for services (Peru); technical barriers to trade (Vietnam); and women's economic empowerment and FTAs (United States).
11. On the APEC RTAs/FTAs Information Sharing Mechanism, CTI welcomed the draft summary report by Australia on the Trade Policy Dialogue on WTO-Plus Aspects of Recently Concluded Regional Trade Agreements (RTAs) and Free Trade Agreements (FTAs) held on 14 May (see 2015/SOM2/CTI/039rev1). CTI agreed that economies could provide comments on the draft report by 24 June.
12. CTI discussed and agreed to the revised draft agenda by the Philippines for a SOM Dialogue on RTAs/FTAs (see 2015/SOM2/CTI/005) to be held in the margins of SOM3 and agreed that economies could provide suggestions for speakers to the Philippines by 24 June. CTI also received an update from the PSU on progress of the annual report on trends and developments in FTAs/RTAs provisions and outcomes concluded by APEC economies which will be presented at the SOM Dialogue.

### **Global Value Chain Cooperation and fostering SMEs participation in regional and global markets**

13. CTI welcomed a progress report by China, as lead of the FoTC on Global Value Chains (GVCs), on implementing the APEC Strategic Blueprint for promoting Global Value Chains Development and Cooperation. CTI agreed on the work plans submitted by lead economies, on the understanding that they are living documents, in relation to work stream 1 (Addressing trade and investment issues that impact GVCs) (see 2015/SOM2/CTI/044), and work stream 7 (Adopt effective trade facilitation measures) (see 2015/SOM2/CTI/059).
14. In relation to work stream 2 (APEC GVCs and TiVA measurement), CTI welcomed the summary report of the first meeting of the Technical Group on the APEC Trade in Value-Added (TiVA) (see 2015/SOM2/CTI/014). CTI discussed and agreed to the proposals by China and the United States on the Terms of Reference on the Operational Mechanism of the Technical Group on Measurement of APEC Trade in

Value-Added (TiVA) under Global Value Chains (see 2015/SOM2/CTI/015) and the Work Plan for the Technical Group for the Measurement of APEC Trade in Value-Added (TiVA) under Global Value Chains (see 2015/SOM2/CTI/016). CTI noted the call by China and the United States for more economies to nominate experts to participate in the Technical Group and agreed that interested economies should notify China and the United States by 24 June.

15. CTI welcomed the update from Korea, as project coordinator of the initiative on promoting SMEs' Integration into GVCs in Major Industries. CTI noted the outcomes of activities relating to the work plan relating to the automotive sector, in particular, the report by Australia on APEC Automotive and Global Value Chain (GVC) Integration Workshop (see 2015/SOM2/CTI/006) held in April and the report by Malaysia and the Philippines on the Workshop on Linking Automotive Parts Supplier SMEs into the Global Value Chains (see 2015/SOM2/CTI/054, 055) held as part of the 22nd APEC Automotive Dialogue in April. On the latter initiative, CTI noted that economies' responses to the survey circulated by Malaysia and the Philippines on tariff and non-tariff barriers are due by 30 June. CTI also noted forthcoming activities on SMEs in healthcare product value chains, led by the United States, to be held in the margins of the SMEWG meeting in June; and on SMEs in the IT/electronics sector, led by Korea (see 2015/SOM2/CTI/033). CTI also noted Thailand's intention to re-submit the Concept Note on Promoting Integration of SMEs into Agribusiness Global Value Chains for APEC 2015 session 2 funding. CTI also agreed that economies could provide inputs to the forthcoming activities and the work plans of sector leads by 24 June.
16. CTI discussed a SOM-level proposal (see 2015/SOM2/CTI/053) by the Philippines on the Boracay Action Agenda to Globalize Micro, Small and Medium Enterprises (MSMEs) and agreed that economies should provide comments to the Philippines ahead of SOM2. CTI also received a briefing by the APEC Secretariat on the APEC-wide stock-take and assessment of plans, initiatives and projects implemented/conducted/planned since the 2011 APEC MRT and SME Ministers' Statement to address barriers to trade confronting small business owners and exporters in the region (see 2015/SOM2/CTI/010). CTI agreed that economies could provide comments on the stock-take by 24 June.
17. CTI received a presentation by PSU on SMEs internationalization and growth, which highlighted various forms of internationalization and challenges to measure internationalization of SMEs, pointing out recommendations such as strengthening the collection of SMEs statistics and addressing challenges in setting targets to SMEs.
18. CTI discussed a proposal by the United States on Promoting Global Value Chain (GVC) Cooperation and Development: Addressing Trade and Investment Issues That Impact GVCs - Localization Policies (see 2015/SOM2/CTI/040). The CTI agreed that the United States would convene a Trade Policy Dialogue in the margins of CTI3/SOM3 on how the 2013 APEC Best Practices to Create Jobs and Increase Competitiveness could also apply to other types of localization policies and that a draft agenda for the TPD would be circulated for comments intersessionally.
19. CTI noted an update from Japan and Peru on progress of the study on Enhancement on Integration of Regional Value Chains in Asia and Latin America and the Caribbean.

#### **Next Generation Trade and Investment Issues**

20. CTI, through its FoTC lead (United States) on Next Generation Trade and Investment Issues, discussed a proposal by Korea and the United States for a possible next

generation trade and investment issues to be addressed in 2015, namely Facilitating Digital Trade for Inclusive Growth as a 2015 Next Generation Trade and Investment Issue (see 2015/SOM2/CTI/049). However, some economies expressed concerns. CTI noted that consultations among economies on the proposal were continuing with a view to building consensus in the lead-up to SOM2/MRT.

21. CTI welcomed the update by Japan on developing the Action Plan on Manufacturing Related Services in supply chains/value chains (see 2015/SOM2/CTI/028), which had been identified as a next generation trade and investment issue in 2014 including the presentation by the PSU of the case studies on manufacturing related services (see 2015/SOM2/CTI/007). CTI agreed that economies should provide comments/inputs to Japan on the elements of a Manufacturing Related Services Action Plan and to the PSU on the case studies by 24 June.

### **Environmental Goods and Services/Green Growth**

22. CTI, through its FoTC lead (New Zealand), received an update on progress by economies in implementing their tariff reduction commitments under the 2012 APEC List of Environmental Goods. CTI noted that 19 economies have submitted detailed implementation plans as indicated in the table at Annex 9 (see 2015/SOM2/027anx9) and agreed that economies that have yet to submit their plans should do so as soon as possible. The CTI agreed that members should examine the implementation plans, exchange questions/comments and responses on the plans and submit revised plans, as necessary, by 15 August. CTI further agreed that economies seeking technical assistance and capacity building should contact New Zealand as FoTC lead.
23. CTI welcomed the update by Japan on developing an action plan on trade liberalization and facilitation of environmental services (see 2015/SOM2/CTI/024). CTI agreed that economies should provide comments/inputs to Japan on the elements of an Environmental Services Action Plan by 24 June.
24. CTI welcomed the report by the United States on the outcomes of the 2nd Public-Private Partnership on Environmental Goods and Services (PPEGS) dialogue (see 2015/SOM2/CTI/050) held on 12 May.

### **Services**

25. CTI discussed a SOM-level proposal by the Philippines for an APEC Services Cooperation Framework (see 2015/SOM2/CTI/037) and agreed that economies should provide comments to the Philippines ahead of SOM2.

### **Investment**

26. CTI noted the intention of the Philippines to hold the annual Investment Experts` Group Public-Private Dialogue on Fostering Growth through Inclusive Business and agreed that economies should provide comments/inputs on the draft agenda for the PPD (see 2015/SOM2/CTI/031) by 24 June.

### **Economic and Technical Cooperation**

27. CTI received an update from China on implementation of the APEC Strategic Plan on Capacity Building to Promote Trade and Investment Agenda. CTI noted that the APEC Secretariat had completed a stock-take on CTI capacity building activities and that a number of multi-year capacity building initiatives are currently underway.

28. CTI also noted that China is establishing three sub-funds under APEC Support Fund, namely: FTAAP and GVC sub-fund; Innovative Development, Economic Reform and Growth (IERG) sub-fund; and Connectivity sub-fund (see 2015/SOM2/CTI/030) and willing to contribute 3 million USD, 2 million USD and 1.5 million USD to the respective sub-funds within 5 years to support further APEC capacity building in relation to the FTAAP and GVCs; innovative development, economic reform and growth; and connectivity.

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

29. CTI received an update from the United States on progress of the five projects in the Capacity Building Plan to Improve Supply Chain Performance (pre-arrival processing, advance rulings, expedited shipments, release of goods and electronic payments) (see 2015/SOM2/CTI/057) and noted the pre-arrival processing assessment reports in relation to Peru (see 2015/SOM2/CTI/042) and Malaysia (see 2015/SOM2/CTI/043). CTI noted the call by the United States for more developing economies to volunteer to participate in the projects, especially in relation to the release of goods project, and agreed that interested economies should notify the United States by 24 June.
30. CTI received an update from the United States on the preparations for the second A2C2 meeting, and noted the outcomes report from the meeting would be circulated by the United States for comment intersessionally.
31. CTI received a presentation from the PSU on possible modalities/indicators for the final assessment of the APEC Supply Chain Connectivity Framework Action Plan (SCFAP) (see 2015/SOM2/CTI/034). CTI agreed that the PSU should circulate by 24 June a draft self-assessment questionnaire as well as the outline and timeline for the 2016 SCFAP final assessment. PSU will also submit information and updates of APEC's progress towards achieving the SCFAP target based on the latest data available ahead of CTI3.
32. CTI received updates from New Zealand and Hong Kong, China on actions to promote a wider use of interoperable Global Data Standards (GDS). CTI noted that economies had initiated or proposed several pilot projects to assess the costs and benefits of GDS, namely on tequila (Mexico), furs (Russia), asparagus (Peru), deer velvet and seafood (New Zealand), wine (Hong Kong, China, Mexico), durian (Malaysia), boxed meat (Australia) and pharmaceutical products (LSIF-ABAC). CTI agreed that economies wishing to join the pilot projects or to initiate additional pilot projects should submit their interest to New Zealand and Hong Kong, China by 24 June. CTI also noted the intention of Hong Kong, China and New Zealand to circulate intersessionally terms of reference for a PSU study on the assessment of pilot projects with the application of GDS and to prepare a bid for financial support under the Sub-Fund on Supply Chain Connectivity.
33. CTI welcomed the summary report of the First Meeting of Joint Operational Group of the Asia-Pacific Model E-port Network (APMEN) (see 2015/SOM2/CTI/019rev1) held on 11 May and agreed to the proposals by China on the Working Mechanism of Asia-Pacific Model E-port Network (APMEN) (see 2015/SOM2/CTI/020rev1) and the Strategic Framework of Asia-Pacific Model E-port Network (APMEN) (see 2015/SOM2/CTI/021).
34. CTI welcomed the summary report of the Dialogue on APEC Cooperation Network on Green Supply Chain and the draft work plan on APEC Cooperation on Green Supply Chain (see ) (see 2015/SOM2/CTI/023rev1). CTI agreed in principle to the work plan.

CTI noted that economies could provide comments, if any, to China by 24 June.

35. CTI welcomed the update from Japan on the Study on Infrastructure Investment in the APEC Region (see 2015/SOM2/CTI/029) and the initiative on Peer Review and Capacity Building to Advance Cross-Sectoral Issues on Physical Connectivity (see 2015/SOM2/CTI/026rev1) as identified in the Connectivity Blueprint for 2015-2025. In relation to the latter initiative, CTI noted the intention of Japan to circulate a draft referential guide document for comment ahead of CTI3.
36. CTI received an update by Peru on their proposals tabled at CTI1 on Best Practices for Logistics Platforms Operability (Dry ports and Logistics Parks); Border Agencies Cooperation; and Issuing of Notifications for Enhanced Controls or Inspections to Protect Human, Animal and Plant Life. CTI noted Peru's intention to re-submit the proposals for session 2 APEC funding this year.
37. CTI discussed Indonesia's concept note on Improving Connectivity to and from Remote Areas (see 2015/SOM2/CTI/052) for APEC 2015 session 2 funding through TPTWG and agreed that economies should provide comments to Indonesia by 24 June.

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

38. CTI received an update from the United States and the Convenor of the Automotive Dialogue on the development of the APEC Roadmap for Electric Vehicles. CTI noted that a first draft of the Roadmap is expected to be ready for discussion at the next Automotive Dialogue meeting in September.
39. CTI discussed and agreed to the work plan jointly submitted by the United States, China, Australia, and Peru on Implementing the Beijing Action Agenda on Advertising Standards for 2015-2016 (see 2015/SOM2/CTI/056). CTI also discussed the concept note by Peru for a workshop on Sharing Good Practices and Experiences on advertising self-regulation among APEC economies (see 2015/SOM2/CTI/051) and agreed that economies could provide comments to Peru by 24 June.
40. CTI was informed by the CTI Chair that no proposals had been received to date on possible topics for the 4<sup>th</sup> ARCAM dialogue in 2016. CTI agreed that economies should submit possible regulatory issues that could be selected as a dialogue topic to the CTI Chair (copied to the APEC Secretariat PD in charge of CTI) by 24 June.

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

41. CTI received an update from the United States on the progress of the initiative in IPEG to identify APEC best practices for trade secrets protection and enforcement and agreed that CTI Chair would contact IPEG Convenor, on behalf of the CTI, to recommend that the timeline for submission of economy lists of best practices be further extended. CTI noted a contribution from Japan about its introduction of AFFrinnovation policy and concept of food value chain.
42. CTI received updates from Japan on their proposals on Enhancing Resilience of Global Supply Chains / Value Chains to Natural Disasters. CTI noted Japan's intention to developing draft guidebook by SOM3 and submitting concept notes for 2015 APEC session 2 funding this year to hold capacity building workshop next year.

## **INDUSTRY DIALOGUES**

43. The Automotive dialogue (AD) Convenor reported CTI on the results of the 22<sup>nd</sup> AD meeting (see 2015/SOM2/CTI/054) held in April in Manila and referred to the contribution by the AD to CTI works through activities as APEC AD Workshop: Linking Automotive Parts Supplier SMEs to the Global Value Chains, discussions on Electric Vehicle Roadmap, automotive taxation issues and Work Plan for the GVC-SME Integration for the Automotive Sector (GSAS). CTI welcomed the report and endorsed the report subject to some edits.
44. The Chemical Dialogue (CD) Convenor briefed CTI on the ongoing initiatives/activities of the forum, highlighting its active role in regulatory cooperation and convergence that is pursued by its Regulators' Forum as well as its Virtual Working Group on Regulatory Cooperation and Convergence based on the implementation of two-year work plan, and cross-fora collaboration with the Oceans and Fisheries Working Group to promote innovative solutions to marine debris through the establishment of Virtual Working Group. CTI welcomed the update.
45. The Convenor of CD drew CTI's attention that regarding the annual report which is submitted to Trade Ministers on the implementation of the Globally Harmonized System of Classification and Labeling of Chemicals (GHS), Ministers asked the CD in 2014 to focus on areas where APEC could leverage its competencies to contribute the most to GHS implementation. Since it appeared that there are differences in complexity and thus supply chain and compliance costs between substances and mixtures and that APEC approach and contribution to this issue needs to be examined more closely, CD has produced an interim report for Ministers and plans to submit a full report in November. CTI agreed to request Senior Officials to approve and transmit to Trade Ministers the Chemical Dialogue's Interim Report to Trade Ministers on Progress on Implementation of the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) in the APEC Region (see 2015/SOM2/027anx7).
46. The Life Science Innovation Forum (LSIF) Convenor briefed CTI on the ongoing initiatives/activities of the forum , highlighting that significant progress being made on various fields including the study on the barriers in the medical products supply chain and event in Atlanta to be held on 8 June to discuss barriers impeding SME participation in the medical products supply chain, implementation of Global Data Standards project on Pharmaceuticals including four days of training in that and other key areas in Cebu in August, progress witnessed in the formation of Training Centers of Excellence for clinical trials and bio-therapeutics, collaboration of LSIF with the HWG on the development of a Roadmap to Implement the Healthy Asia Pacific 2020 initiative that Ministers endorsed last year. CTI welcomed the update.

## **PRIVATE SECTOR ENGAGEMENT**

47. There was no discussion under this item.

## **OTHER ISSUES**

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

48. There was no presentation from the PSU under this item.

### **Budgetary/Administrative Matters**

49. The APEC Secretariat updated on project management issues as well as the dates and deadlines for the BMC Session 2 project approval process (see 2015/SOM2/CTI/011).

#### **Outreach**

50. There was no discussion under this item.

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

51. On meeting documents, CTI discussed the issue of whether and to what extent CTI should adopt a “paperless” document system at CTI meetings. CTI noted the intention of Chile to circulate a paper on this topic for consideration ahead of CTI3.
52. The CTI Chair noted that a suite of CTI-related activities are being scheduled for CTI representatives in the margins of CTI3 in Cebu, the Philippines.

#### **MEETING DOCUMENTS**

53. The Committee considered the public release of documents tabled at the meeting and agreed by consensus that with the exception of draft documents and preliminary work plans, all documents would be accessible to the public. The list of documents was tabled as 2015/SOM2/CTI/000.

#### **SUMMARY AND CONCLUSION**

54. The CTI Chair concluded the meeting by thanking CTI members for their efforts and engagement in constructive discussions over the last 2 days, noting that solid progress was achieved. He highlighted the need for intersessional work and encouraged economies to remain engaged to carry forward the tasks with a view to producing credible and meaningful outcomes for 2015.