

**ASIA-PACIFIC ECONOMIC COOPERATION 2015**  
**Third SENIOR OFFICIALS' MEETING**  
**Cebu, Philippines**  
**5-6 September 2015**

**SUMMARY CONCLUSIONS**

The Third Senior Officials' Meeting (SOM3) for the Twenty-Seventh APEC Ministerial Meeting was convened in Cebu on 5-6 September 2015. Senior Officials from Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Republic of the Philippines, Russia, Singapore, Chinese Taipei, Thailand, the United States, and Viet Nam participated in the meeting. The Chairs of the Budget and Management Committee (BMC), Committee on Trade and Investment (CTI), Economic Committee (EC), SOM Steering Committee on ECOTECH (SCE); the representatives of the Senior Finance Officials' Meeting (SFOM) Chair, APEC Business Advisory Council (ABAC), Pacific Economic Cooperation Council (PECC), and the APEC Secretariat Executive Director were present.

**1. Opening Session**

SOM was briefed on business arrangements.

**2. Adoption of the Agenda**

SOM adopted the agenda.

**3. APEC Business Advisory Council (ABAC)**

The 2015 theme "Resilient, Inclusive Growth: A Fair Deal for All" has guided ABAC's work during this year. Towards this end, ABAC has completed its recommendations in its letters to Ministers responsible for Trade, Finance, Health, Structural Reform, MSMEs, Transportation, and Energy. Additionally, ABAC has completed its report to the APEC Economic Leaders.

ABAC's underlying message reflects the business view that free trade policies continue to be the key to unlocking the remarkable human potential in the region and improving the quality of life for the people of all 21 economies.

To achieve this goal, ABAC recommends action in the following areas:

- ABAC called on APEC to support the Multilateral Trading System through the ratification and implementation within APEC of the WTO TFA; the finalization of the ITA and TiSA; and the FTAAP. ABAC sought to ensure that the realization of FTAAP incorporates key principles of inclusiveness, comprehensiveness, consultation, and transparency.
- ABAC regarded services and innovation as the Next Generation Drivers of Growth with the potential to bring more people into global trade, especially MSMEs. ABAC supported two Public-Private Dialogues (PPDs) on Services: the first in Clark, and the second, in Boracay. These PPDs were capped by the inaugural Regional Meeting of Services Coalitions on September 7. To support innovation, ABAC, with the Asia Pacific Foundation of Canada, has commenced an interactive mapping initiative covering incubators and accelerators across all APEC economies.
- ABAC's recommendations on Connectivity covered physical infrastructure and highlighted the need to focus on digital connectivity. The ABAC Chair encouraged APEC to focus on policies that would enable a strong, secure, and resilient digital and Internet economy—including the Internet of Things, Big Data and data analytics, and broadband developments—as well as narrowing the digital divide for the benefit of MSMEs. ABAC urged APEC Ministers to examine mechanisms, such as the Global Data Standards, to strengthen the resiliency of GVCs.
- On Regional Economic Integration, the ABAC Chair lauded APEC for its decision to extend the validity of the APEC Business Travel Card from three to a maximum period of five years. She

indicated that ABAC's "Earn, Learn, Return" (ELR) principles have been built on the foundations of the Skills Mapping initiative championed by APEC Australia over the past three years and would be aided by parallel APEC work on region-wide recognition of specific qualifications. The ABAC Chair pointed out that these three initiatives can be expected to greatly improve the effective matching of in-demand skills across the region, to eliminate corrupt and opaque practices in the regional movement of workers, and to encourage workers to retain close links with their home economies. The ABAC Chair called on APEC economies to meet the 2010 Leaders' objective of a 10% APEC-wide improvement in supply chain performance in terms of reductions of time, cost, and uncertainty of moving goods through the region by the end of 2015.

The ABAC Chair supported the adoption of the APEC Boracay Action Agenda to Globalize MSMEs and welcomed the opportunity for close collaboration between ABAC and APEC on this matter. ABAC priorities this year would include embracing e-commerce to accelerate MSMEs' access to international markets; promoting innovation and MSME participation in the global value chain; and expanding affordable credit to MSMEs. ABAC would support the 2015 SME Ministerial Meeting to be held in Iloilo, Philippines.

Lastly, ABAC Chair briefed SOM on ABAC's initiative on the Rule of Law, supported by ABAC Peru (2015/SOM3/022). The Rule of Law initiative was adopted by ABAC in 2015 to promote best practices sharing, capacity building, and various forms of collaboration between and among APEC economies. The ABAC Chair asked Senior Officials to support ABAC's proposal for a dialogue between business leaders and the region's justice ministers next year in Peru.

#### **4. Business Arising from SOM2**

##### **Overarching Initiatives**

###### ***APEC Growth Strategy 2010-2015 and Its Future Direction***

Senior Officials took note of the Policy Support Unit's (PSU's) update on the intersessional work done regarding the assessment of the implementation of the 2010 APEC Leaders' Growth Strategy (SOM3/2015/013).

###### ***APEC Strategy for Strengthening Quality Growth***

Senior Officials noted the progress on the drafting of the APEC Strategy for Strengthening Quality Growth, formerly APEC Dynamic and Quality Growth Strategy, resulting from the Workshop on the Post-2015 Leaders' Growth Strategy held on 4 October 2015 (2015/SOM3/025) and the drafting session that followed on 6 October 2015 chaired by the Korean Senior Official.

Substantial agreement was reached on the structure and language of the draft Strategy, with several bracketed items for intersessional comments by economies (2015/SOM3/2015/SOM3/026rev1). Senior Officials agreed to provide comments on the draft Strategy by 25 September 2015.

The SOM Chair noted that the "APEC Strategy for Strengthening Quality Growth" was a high-level document that will be annexed to the Leaders' Declaration and was envisioned to be simple and visionary.

Economies confirmed support for the "APEC Strategy for Strengthening Quality Growth," and expressed willingness to work and collaborate in its finalization. Economies' comments on the Strategy included the following:

- The proposed revised Annex should reflect the growth attributes through the three Key Accountability Areas (KAAs) that build upon the 2010 Yokohama Framework. With the challenge of sustaining good results in the face of new challenges that vary across economies, there is a need to follow the Strategy based on the 3 KAAs.
- SOM should look into the strength of APEC and its member economies in implementing the Strategy. Economic institutions are important as drivers of growth and in the implementation of the draft.

- Structural reform is important in order to fully implement the Strategy. The narrative of Strategy can still be improved, to include, among others, how businesses are being run from homes.
- The regional and world economy has changed significantly and, to remain relevant, APEC needs to recognize the changes and challenges that it discusses every year. The Strategy should be directed towards sustainable and quality growth; and that growth should be more robust and balanced and not merely high-speed. The current economic slowdown will not lead into crisis, and APEC and the G20 remain important fora of cooperation. Economies should bear in mind the diversity of institutions of the economies in finalizing the Strategy. Finally, the Strategy needed to be high-quality as an attachment to the Leaders' Declaration.
- The assessment of PSU is a very useful tool, which reflects key developments in the region. The importance of policy reform should be reflected in the Strategy.

***APEC Boracay Action Agenda (BAA) to Globalize Micro, Small, and Medium Enterprises (MSMEs)***

The Philippines, as part of the BAA update, gave a presentation on the implications of a global trade model in relation to MSMEs. The report highlighted that barriers to MSMEs should be addressed, to allow for higher values trade.

Senior Officials noted the report of the Philippines on the progress of the APEC Implementation Plan for the BAA (2015/SOM3/019). The Implementation Plan, which will guide APEC economies and sub-fora in implementing the BAA, comprises eight priority actions and indicators to monitor the Implementation Plan's progress. The Philippines stated its intention to finalize the Implementation Plan by the Concluding Senior Officials Meeting (CSOM) in November 2015, and requested economies to provide comments on the Implementation Plan by 12 September 2015. The Philippines also stated there would be another round of consultations after the APEC SME Ministerial Meeting (SMEEMM) and called on sub-fora's active contribution. The second round of comments would be due on 10 October 2015.

The Philippines noted that the BAA implementation plan was a living document and has benefitted from the inputs of member economies. Economies' additional comments on the Plan included the following:

- Emphasizing the challenge on ROOs for MSMEs. This includes issues on compliance to regulatory requirements. A suggestion to address this issue was to use information technology to close information gaps between MSMEs and regulators;
- Access to finance and the need to closely coordinate with other APEC processes, such as the Finance Ministers Process;
- The importance of MSMEs resilience during disasters. Economies' comments strongly supported building the capacity of MSMEs to increase resilience to natural disasters;
- The need to improve the capacities of MSMEs. Economies recognize that the big part of problem is domestic in nature; thus, there is a need to bring on board each economies' domestic constituencies to discuss and implement the BAA;
- The need to look at collective experiences in supporting MSME's, and to address this in RTAs/FTAs and in foreseen mega-regionals.
- Recognition of the role of exchange in best practices on innovation driven start-ups. Economies recognize the current work being undertaken in terms of workshops on incubation and the use of innovation to drive work on entrepreneurship;
- Stress on the workstream that addresses NTBs and the need to upgrade standards of MSME products.

The SOM Chair noted that the number of interventions by economies reflected the importance of the APEC MSME agenda.

### ***APEC Services Cooperation Framework (ASCF)***

Senior Officials welcomed the latest ASCF draft following the results of the parallel drafting session from 05 to 06 September 2015. The SOM Chair, on behalf of the Philippines, reminded Senior Officials that the ASCF aimed to provide strategic direction for APEC's work on services, and would be a main deliverable for the Philippines' host year. The SOM Chair urged member economies to work to achieve consensus on the Framework as soon as possible and gave a deadline of 28 September 2015 for comments and feedback on the remaining outstanding issues as follows:

- the level of commitment required (Leaders vs. Ministers);
- the sub-bullets of paragraph 09 on: "unnecessary localization requirements", "facilitating the mobility of service suppliers and business persons" and "supporting APEC capacity building efforts to supply services" ;
- the language on the proposed APEC Services Competitiveness Roadmap to developed in 2016, as the chapeau of paragraph 10; and
- the bullet 06 of paragraph 11 on "seeking better ways to produce services-related statistics...".

Senior Officials noted the supportive comments from Australia, Chile, Hong Kong China, New Zealand, and Peru that the framework should be ambitious and endorsed by the Leaders.

The SOM Chair recalled the development of the ASCF as a mandate from the 2013 Public Private Dialogue on Services in SOM2 in Surabaya, Indonesia and from the 2014 APEC Blueprint on Connectivity.

Senior Officials also noted that economies would work intersessionally with the Philippines on the remaining issues in time for the Concluding Senior Officials' Meeting in November.

### ***APEC Disaster Risk Reduction Framework (DRRF)***

Senior Officials took note of the Philippines' presentation of a working draft of the "Disaster Risk Reduction Framework" (2015/SOM3/031), which would serve as a basis for APEC-wide cooperation to address the challenges arising from climate change and the "new normal". The Philippines highlighted the impact of disasters on the APEC region, stating that losses in APEC economies amount to 100 billion US Dollars every year due to natural disasters.

The DRRF aimed to: (1) contribute towards a safer, adaptive, and disaster resilient APEC region; (2) provide a platform for enhanced regional cooperation in disaster risk reduction; and (3) help translate declarations of Leaders and Ministers into concrete actions. Key messages outlined in the DRRF included the following: (1) it is time to translate our Leaders' vision and declarations into concrete action; (2) climate change adaptation and mitigation and Disaster Risk Reduction are more effectively undertaken regionally and globally rather than unilaterally; and (3) it is in APEC's best interests to collaborate on DRR to help ensure sustained, inclusive, and resilient growth.

The draft was proposed to be adopted at the upcoming 9th Meeting of Senior Disaster Management Officials' Forum (SDMOF) in Iloilo, the Philippines on 22-23 September 2015.

Member economies welcomed the initiative by the Philippines and expressed interest in contributing to the draft. Member economies underlined the importance of information and communication technology, cooperation in the science and technology, insurance, and cooperation among the national disaster management centres in supporting an effective response to natural disasters.

## **5. APEC 2015 Priorities vis-à-vis APEC Fora**

### **Committee on Trade and Investment (CTI)**

SOM endorsed the CTI Chair's report and its annexes on the CTI Meeting held on 31 August and 1 September 2015 and the report's annexes.

The CTI Chair's Report (2015/SOM3/021) highlighted the following points:

- On supporting the Multilateral Trading System, the CTI Chair reported that nine economies notified the WTO of acceptance of the WTO Agreement on Trade Facilitation (TFA) (2015/SOM3/021anx14). CTI agreed that member economies should intensify their domestic procedures for notifying acceptance of the TFA to the WTO by the 10th Ministerial Conference (MC10);
- On the APEC Trade Repository (APECTR), CTI agreed on the APECTR implementation guidelines and the launch of APECTR (2015/SOM3/021anx16a) at CSOM and AMM. The Philippines then presented a preview of the APEC TR website and the Implementation Guide (2015/SOM3/021anx16b). The maintenance of the APECTR website would be facilitated jointly by the APEC Secretariat and the Philippines. The Philippines would manage website content based on economies' submissions and requested economies to submit information by 13 October 2015. The APEC Secretariat would monitor the website's functionality and performance once launched, and would provide annual usage statistics to CTI;
- On the FTAAP, solid progress was made on the Collective Strategic Study on Issues Related to the Realization of the FTAAP, of which Chapter Work Plans have been agreed and stood as living documents to be updated as needed. Chapters have been assigned to lead drafting economies and co-drafters as outlined in the Terms of Reference (TOR). Drafting work would start on this basis, and the first draft was due on 15 January 2016;
- PSU finalized the annual report on Trends and Developments in Provisions and Outcomes of RTAs/FTAs implemented in 2014 by APEC economies. This was presented at the SOM Dialogue on RTAs/FTAs held on 2 September 2015;
- Activities under the 2nd Regional Economic Integration (REI) Capacity Building Needs Initiative (CBNI) 2015-17 have been going well, and would include a workshop on ROOs to be held in September in Seoul, then in Peru and Vietnam in 2016;
- On Global Value Chains (GVCs), progress has been noted, including the completion of workshops on SMEs participation into the GVCs, and the submission of a draft APEC Guidebook on Resilience of Global Value Chains (GVCs) Against Natural Disasters by Japan.
- CTI discussed and agreed to support a new proposal from Korea on "Promoting e-Commerce to Globalize MSMEs." CTI recommended this proposal to SOM for endorsement (in addition to the list of recommendation points for endorsement by SOM included in the CTI Chair's Report);
- On Next Generation Trade and Investment Issues, CTI agreed on the Work Plan for Advancing "Facilitating Digital Trade for Inclusive Growth" as a Potential Next Generation Trade and Investment Issue (2015/SOM3/021anx3);
- On the Environmental Goods List, while all 21 economies submitted their detailed implementation plans, domestic procedures were still ongoing for some economies to fulfill their commitment (2015/SOM3/021anx15). CTI agreed that members should intensify their efforts to expedite domestic consultation and coordination processes in order to implement outstanding tariff reductions ahead of CSOM/AMM/AELM; and
- On Supply Chain Performance, various activities have taken place including 5 projects being implemented under the supply chain connectivity sub-fund, as well as pilot projects to evaluate the cost benefit of applying Global Data Standards, and activities related to APEC Model E-Port Network (APMEN) and Green Supply Chain Network. CTI recommended SOM endorse the Work Plan on APEC Cooperation Network on Green Supply Chain. It was agreed that APEC Alliance on Supply Chain Connectivity (A2C2) that combined APEC activities with business inputs, would continue in 2016.

Senior Officials noted the following developments:

- The CTI Chair also reported to SOM that Ms Marie Sherylyn (Lyn) Deleña Aquia, from the Philippines' Department of Trade and Industry, was elected as the next CTI Chair. Member economies praised the CTI Chair's work during his Chairmanship, and expressed their intention to work closely with the incoming CTI Chair.
- One economy requested that the Eurasia Economic Union be included in the Chapter Work Plan for the Collective Strategic Study on Issues Related to the Realization of the FTAAP as one of the "Ongoing Regional Undertakings" to be described in the Study. The CTI Chair responded that there was no consensus at CTI to revise the work plans; however, the work plans were living documents and economies could provide inputs during the drafting process of the Study.

Regarding the "APEC Principles on the Movement of Humanitarian Goods and Equipment" (2015/SOM3/021anx9), one economy commented that while it recognized the importance of the issue and welcomed the initiative, the content required further consultation. The CTI Chair took note of this comment and suggested that this issue be consulted upon intersessionally by Senior Officials.

- On the Manufacturing related Services Action Plan (MSAP) (2015/SOM3/39), a revised draft reflecting consultations among interested economies was tabled. One economy stated that the revised draft should be considered further by their capital. Economies agreed that further comments from the outstanding economy should be provided by 21 September 2015.

Senior Officials noted the following reports:

- SOM Dialogue on RTAs/FTAs (2015/SOM3/020)  
The Philippines briefed SOM on the outcomes of the SOM Dialogue on RTAs/FTAs held on 2 September 2015.
- BMG Report on ABTC  
Australia, on behalf of the BMG Convenor, reported on progress to enhance the APEC Business Travel Card (ABTC) Scheme. This included progressing the implementation recommendations from the End-to-End Review of the ABTC Scheme, including implementing the extension of validity of ABTC from three to a maximum of five years, effective from 1 September 2015, which was strongly supported by ABAC.
- Japan commented that, while it had not yet extended the validity period of the ABTC, it was working towards its implementation together with major reform of the ABTC system, including the simplification of the system, to be effective from 1 April 2016.

### **Economic Committee**

SOM endorsed the EC Chair's report on the EC Meeting on 2-3 September 2015.

The EC Chair reported on a number of Economic Committee policy dialogues which were conducted in the meeting. These policy dialogues were: (1) on the APEC Economic Trends and Outlook for 2015 presented by the PSU, (2) on Trade and Supply Chain Financing and SME Access presented by the PSU and on Trade Finance Regulatory Impact presented by the Bankers' Association for Finance and Trade (BAFT), and (3) on the OECD's Regulatory Outlook which provided an overview of the state of regulatory policy in OECD countries.

The EC Chair briefed SOM on preparations for the Structural Reform Ministerial Meeting (SRMM) scheduled on 7 and 8 of September 2015. Ministers would be expected to review the progress of structural reform work in APEC and set a new platform for structural reform work for 2016-2020. The EC recommended that the post-2015 ANSSR work program be named the "Renewed APEC Agenda for Structural Reform (RAASR)." The SRMM would be preceded by the Regional Conference on Services Coalition meeting.

The EC agreed to use quantitative indicators to measure APEC-wide progress on structural reform and support an APEC structural reform progress report developed by the APEC PSU with the Economic Committee, as part of the mid-term review of RAASR in 2018 and a final review in 2020.

The EC Chair reported on progress of the drafting of the SRMM Ministerial Statement and indicated that it instructs the EC to develop programs and activities to better understand the linkage between structural reform and inclusive growth. The Statement calls for a review of the Structural Reform program through a high level meeting in 2018 and a final review by Ministers in 2020.

The EC also made a systematic review of the APEC New Strategy for Structural Reform (ANSSR), with the study to be presented to the SRMM for Ministers to consider. The three recommended pillars of the Post-ANSSR strategy, put forward for endorsement by Ministers at SRMM, would include the following:

- More open, well-functioning, transparent and competitive markets;
- Deeper participation in those markets by all segments of society, including MSMEs, women, youth, older workers, and people with disabilities; and
- Sustainable social policies that promote the above-mentioned objectives, enhance economic resilience, and are well-targeted, effective, and non-discriminatory.

On the Ease of Doing Business (EoDB) component, the EoDB Action Plan (2016-2018) aimed to further improve the business environment in the Asia-Pacific region. The Action Plan for 2016-2018 maintained the focus on five current priority areas, with a new APEC-wide target of 10% improvement. The EoDB champion economies continued to be the same as in the first action plan. Economies were encouraged to consider further capacity building activities to be included in the EoDB Implementation Plan (2016-2018).

The EC Chair presented a Progress Report on the 2015 AEPR on Structural Reform and Innovation and distributed a factsheet with key information on the AEPR for information. The 2015 APEC Economic Policy Report (AEPR) explored how economies could stimulate innovation through implementing effective structural policies.

The EC Chair also thanked China for its work on the Middle Income Trap. The EC Chair noted that the AEPR was almost complete, with the Philippines providing a chapter on Competition for the AEPR. The EC Chair further confirmed that the Ministers would discuss the draft chapters at the SRMM and that the final version of the AEPR will be ready by the AMM.

The EC agreed to recommend to Ministers that next year's AEPR topic be Structural Reform and Services.

On the 2016 Conference on GRP, the EC Chair recalled that, in 2014, APEC Ministers instructed officials to start hosting the APEC Conference on Good Regulatory Practices annually, rather than biannually, with the SCSC and EC alternating hosting duties. The EC would be organizing next year's Conference on GRP. Following discussions at EC2, the Committee has put forward the topic of building high level support for reform (which includes international regulatory cooperation). The SRMM Ministers would endorse the topic for 2016 Conference on GRP.

The EC Chair further informed the SOM of the latest EC events held in Cebu:

- 28-29 August: Workshop on Methods and Methodologies on the Impact of Economic Regulations (Mexico);
- 30 August: EoDB Action Plan 2016-2018 Preparation Workshop (United States);
- 31 August: International Regulatory Cooperation workshop: Cooperation in Action (New Zealand);
- 1 September: Workshop on Hague Choice of Court Agreements Convention (Hong Kong, China).

The EC Chair mentioned associated events, notably the Chemical Dialogue workshop on Application of GRPs (26 August) and the SCSC Conference on GRP (27-28 August).

On governance issues within the EC, the EC Chair informed the SOM that the Committee endorsed the following nominations:

- New Zealand nominated Mr. Rory McLeod to serve as EC Chair for one more year;
- China nominated Mr. Sun Xuegong to serve for a two-year term as Vice-Chair; and
- The Philippines nominated Dr. Rosemarie Edillon to serve a full two-year term as Vice-Chair.

No nominations were received for the position of FotC coordinator for Public Sector Governance, but Chinese Taipei agreed to serve for another year. Also, Japan wished to conclude its term as FotC coordinator for Regulatory Reform and Mexico agreed to assume this role.

The EC Chair also acknowledged the work of member economies in supporting the implementation of structural reform priorities, compilation of case studies on the relationship of regulatory reforms and important themes such as green investment and innovation and MSMEs, ongoing work and commitment on EoDB phase two, and the Middle Income Trap, among others.

### **SOM Steering Committee on Economic and Technical Cooperation (ECOTECH)**

Senior Officials endorsed the SOM Committee of ECOTECH (SCE) Chair's Report on the work of SCE and SCE Fora (2015/SOM3/030) and accepted the recommendations, including:

- APEC's Capacity Building Through ECOTECH (2015/SOM3/SCE/023) policy and the follow-up procedures as contained the SCE Chair's Report, including the establishment of a BMC small group and possibility of a joint session with SCE and BMC, if necessary;
- The Terms of Reference (TORs) for the Tourism Working Group, Health Working Group, Mainstreaming Ocean Initiative Steering Council, and Group of Friends on Disability Issues (2015/SOM3/SCE/020,021, 027 and 031 respectively); and
- The Digital Economy Action Plan for MSMEs (Annex 1 of Annex 13 of 2015/SOM3/SCE/007), the Common Understanding of the Scope of Illegal Logging and Associated Trade (2015/SOM3/SCE/017), the Timber Legality Template (2015/SOM3/SCE/018), and the State of APEC Tourism Report (2015/SOM3/SCE/024).

The SCE Chair reported on the APEC's Capacity Building Policy Paper, which was submitted to SOM incorporating the comments and revisions made by BMC. He further elaborated on the following agreements:

1. The establishment of a Small Working Group that would explore options to implement certain aspects of the Capacity Building policy relevant to BMC immediately after. The final endorsement of the paper with the view to holding its 1st meeting in at the margins of SOM1 in Peru; and
2. Recommendation on the appropriate timing for BMC to hold a joint session with SCE, if needed.

Member economies expressed their support for the Capacity Building Policy and agreed to work closely through the BMC and SCE on the agreed process in 2016, with a view to addressing the increasing demand for funded projects while noting the decreasing amount of available funding.

Senior Officials noted the following contributions from economies and their comments on the overall work of the SCE:

- The United States updated the SOM on its initiatives on women's economic participation and expressed its support for the upcoming APEC Women and the Economy meeting in Manila, the Philippines on 15-18 September 2015. The United States stated that it gave high priority to the advancement of women's participation in economic growth, including through APEC projects such as: (1) Healthy Women, Healthy Economies initiative and the Policy Toolkit to be launched at the APEC Women and the Economy meeting; (2) the Women and the Economy Dashboard; (3) the Workshop on an online platform for women entrepreneurship; (4) the Women in Transportation taskforce at the margins of the Transportation Ministerial Meeting in Cebu. Russia commented that the Policy Toolkit from "Healthy Women, Healthy Economy" needed further discussion at the working group level.
- Senior Officials congratulated the Business Ethics for APEC SMEs initiative for doubling the number of medical device and biopharmaceutical industry association codes of ethics from 33 to 67 in just three years, expanding high-standard ethical practices to more than 19,000 enterprises, almost two-thirds of which are SMEs. Senior Officials welcomed the launch of the APEC Guide to

Implement Multi-Stakeholder Ethical Collaborations and are encouraged that member economies have initiated implementation

- The Philippines announced the high-level meetings it would host in September and October: (1) the Women and the Economy series of meetings; (2) SME Ministerial Meeting; (3) the High-Level Policy Dialogue on Food Security and Blue Economy; (4) the 9<sup>th</sup> Transportation Ministerial Meeting; and (5) the 12<sup>th</sup> APEC Energy Ministerial Meeting.
- Papua New Guinea reported on preparations for the 3rd Forestry Ministerial Meeting in Port Moresby.
- Malaysia briefed SOM on science and technology-related events, including the 3rd meeting of the APEC Chief Science Advisors.
- Australia highlighted the need for capacity building initiatives in the mining sector, further highlighting the importance of government policies in mining.
- Chinese Taipei announced that it would make a contribution of USD 700,000 to APEC.

## **6. SOM-Level Mechanism Reports**

### ***Friends of the Chair (FotC) on Urbanization Report***

The SOM Chair reported on the outcomes of the inaugural FotC on Urbanization meeting held on 3 September 2015 in Cebu City, the Philippines (2015/SOM3/018). The SOM Chair highlighted the need to sustain and continue work on urbanization issues and noted that Peru would take forward the work on Urbanization, and work on an agenda during Peru's host year in 2016.

Japan reported on Public-Private Dialogue (PPD) on Water held on 1 September 2015 in Cebu City (2015/SOM3/012). Japan stated its intention to develop a guide on best practices on Water, and would look for intersessional contribution by other economies, noting that APEC has an important role regarding this issue.

### ***FotC on Connectivity Report***

- Senior Officials endorsed the SOM Chair's report on the outcomes of the meeting of the SOM FotC on Connectivity held on 3 September 2015 (2015/SOM3/034). The report included updates on the following initiatives:
  - APEC Multi-Year Plan on Infrastructure Development and Investment (MYPIDI);
  - Implementation of the APEC Blueprint on Connectivity;
  - The Philippines' proposal for a APEC Virtual Knowledge Center on Services;
  - The Policy Support Unit's Study on "Indicators and Baseline Measures for APEC's Work in Services;"
  - The APEC Services Cooperation Framework (ASCF); and
  - China's updates on its efforts to implement the APEC Blueprint on Connectivity and other related efforts including the Initiative of the Silk Road Economic Belt and the 21<sup>st</sup> Century Marine Silk Road (the Belt and Road Initiative).
- The SOM Chair requested to consider the proposal from Canada to include additional language in the introduction of Annex A of the APEC Blueprint on Connectivity Yearly Review Framework, as raised at the FotC on Connectivity. SOM agreed on the language as follows:

*"Recognizing that women and the economy has been identified as an area of APEC cooperation by APEC Leaders', including in 2014, and that the APEC Connectivity Blueprint encompasses inclusive growth and commits to leveraging the Internet Economy to foster an enabling environment for empowering vulnerable and disadvantaged groups especially women, youth, people with disabilities, and the poor, APEC economies are also invited to report on initiatives that contribute to these objectives."*

- The SOM Chair announced comments from member economies on the proposed *Concept Note on the APEC Virtual Knowledge Center on Services* were welcome until 21 September 2015. Once agreed among member economies, the Concept Note would be endorsed in principle intersessionally.

#### ***Ad Hoc Steering Group on Internet Economy (AHSGIE) Report***

The Ad Hoc Steering Group on Internet Economy reported on its inaugural meeting on 2 September 2015 in Cebu City. The SOM took note of the Ad Hoc Steering Group on Internet Economy's report and the Concept Paper "Enabling Inclusive Growth Through the Internet Economy" (2015/SOM3/007) submitted by China, and endorsed the proposed action items of the AHSGIE, including the recommendation to conduct a stocktaking exercise of the relevant current and future work of APEC fora (2015/SOM3/027; 2015/SOM3/027att1).

#### **7. Update on the Outcomes of the High-Level Policy Dialogue on Science and Technology in Higher Education (HLPD-STHE)**

Senior Officials noted the report on the outcomes of the High-Level Policy Dialogue on Science and Technology in Higher Education (HLPD-STHE) held on 13-14 August 2015 in Manila, delivered by the Philippines. The theme of the high-level policy dialogue was "Developing 21st Century Innovators for Inclusive, Resilient, and Sustained Growth." The dialogue discussed the following key priority areas: food production and security, environment, Disaster Risk Reduction, climate change, and health.

Senior Officials also noted the report on the 6<sup>th</sup> APEC Policy Partnership on Science and Technology and Innovation (PPSTI) meeting, which was held prior to the HLPD-STHE. The theme of the 6<sup>th</sup> PPSTI meeting was "Science, Technology, and Innovation for Inclusive Growth." Senior Officials noted the PPSTI Policy Statement that aimed to promote STI development and STI initiatives, encourage policy STI development, and promote commercialization of STI innovations.

Senior Officials also noted the report of Russia on the 4<sup>th</sup> Annual Conference on Higher Education held on 4 September 2015 in Vladivostok. Representatives from 13 member economies attended and discussed the key outcomes of the 2015 HLPD-STHE. Outcomes of the conference would be circulated to relevant APEC fora.

ABAC thanked the HLPD-STHE for its work and encouraged further collaboration with ABAC on the APEC Innovation Agenda. ABAC informed SOM that the theme for the 2015 APEC SME Summit would be "Innovation and Big Ideas."

#### **8. Update on the Outcomes of the High-Level Meeting on Health and the Economy**

Senior Officials noted the report on the key outcomes of the 5th APEC High Level Meeting (HLM) on Health and the Economy held in Cebu, the Philippines on 30-31 August 2015, delivered by the Philippines on behalf of the HLM Chair. The Dialogue was a joint effort of the Health Working Group (HWG) and the Life Science Innovation Forum (LSIF) and focused on the critical role of health in economic development.

Key findings from the meeting included the following: 1) chronic diseases are rising as well as mental illness; 2) there is a need for innovative ways to finance health involving both the public and private sector; 3) there is concern regarding infectious diseases such as the Ebola virus, and (4) there is a need for knowledge-sharing to address mental health issues.

The Philippines submitted to SOM the "Healthy Asia-Pacific 2020 Roadmap" and the Joint Statement of the meeting (2015/SOM3/036 and 035 respectively). The SOM noted these documents.

#### **9. SFOM Update to SOM**

The SFOM Chair's representative updated SOM on the FMP process, including the proposed Cebu Action Plan (CAP), which would serve as a roadmap for the Finance Ministers Process (FMP) on APEC's work (2015/SOM3/38). The SFOM Chair also reported that the Philippine Department of Finance hosted a number of meetings in support of the CAP at the sidelines of SFOM. A final drafting of the CAP would be

held in the forthcoming SFOM to be endorsed and adopted at the Finance Ministers Meeting on 10-11 September 2015.

The Philippines highlighted the CAP addresses the concerns expressed by Senior Officials during the meeting and during the SCE on MSMEs. Senior Officials highlighted the importance of MSME access to finance, closer coordination with the FMP, and strong linkage between the Boracay Action Agenda-MSME and the CAP. The Philippines also cited convergence with the APEC Disaster Risk Reduction Framework on disaster financing and insurance.

### **SFOM Chair Update on the Cebu Action Plan: Building Sustainable Economies, the Road to Financial Resilience**

#### **10. Report on the Outcome of the APEC City Mayors Forum: Building Better Cities**

ABAC reported on the outcomes of the APEC City Mayors Forum, held on 3-4 September 2015 at Cebu City, the Philippines. The forum hosted notable speakers from many sectors of the economy and invited city mayors from the APEC region to discuss urbanization issues such as planning and management, people and technology, and waste management.

The Forum came up with the following recommendations:

- There is a need to address the challenge of ensuring that projects remain sustainable amid changes in administration
- There should be a balance in infrastructure development based on public good vs private profit;
- More cities should use a metropolitan approach in clustering cities to solve problems; and
- Cities must look for tailored solutions that fit their specific problems, there is no "one size, fits all."

Project ideas that were discussed at the City Mayors Forum included online crowd sourcing for city projects, and an annual meeting on Urbanization with SOMs, Mayors and the private sector. The SOM Chair suggested that these recommendations be considered by the FotC on Urbanization, including the proposal to have an annual meeting with SOMs and Mayors.

Senior Officials noted the report and expressed support for advancing this area of work.

#### **11. CEO Summit Updates**

The SOM noted the briefing by ABAC representative, Mr. Guillermo Luz, Chief Operating Officer for the APEC CEO Summit 2015.

Mr. Luz outlined the APEC CEO Summit agenda running from 16-18 November 2015. The schedule took into account Leaders' travel schedules from the G20 to AELM. The agenda for the Summit would include a series of panel discussions focused on Asia-Pacific growth, human capital, resilience, and inclusive growth. There would also be a focus on cities, given that urbanization was a key area of focus for 2015. The Summit has also extended invitations to Leaders for dinner in the homes of a number of Philippine CEOs.

Further information on the Summit, including the updated agenda and a calendar, would be posted on the APEC CEO Summit website. An online registration link was provided on the website. About 800 delegates were expected to attend the 2015 APEC CEO Summit.

#### **12. Budget and Management Issues**

##### **Budget and Management Committee (BMC) Chair's report**

The BMC Chair reported that the Secretariat's budget for 2016 had been endorsed, and briefed SOM on the progress on meeting the aspirational target for voluntary contributions for untied project funding, project

management issues, the in-principle agreement of creation of a new MSME sub-fund, and BMC's work on the proposed Capacity Building Policy (2015/SOM3/023).

SOM endorsed the 2016 Secretariat Account Budget and corresponding level of 2016 Members' Contributions (for Ministers' approval), and noted the BMC Chair's report.

China announced that it would contribute USD 500,000 to PSU and another USD 500,000 to the Supply Chain Connectivity Fund. China encouraged other Members to contribute to the three sub-funds, namely Free Trade Area of the Asia-Pacific and Global Value Chains Sub-Fund, Innovative Development, Economic Reform and Growth Sub-Fund, and Connectivity Sub-Fund, which were newly established with funding commitment by China.

On CEO Summit governance, ABAC mentioned that it would look at how to formalize the sharing of best practices from one host to the next, stating that the host should take final responsibility in implementing such best practices.

#### **APEC Secretariat Executive Director Report of the 2015 Secretariat Operational Plan**

The Executive Director of the APEC Secretariat reported on the cross-cutting maps (2015/SOM3/006) developed by the Secretariat, which was submitted to SOM for information. The Executive Director briefed SOM on the establishment of the Program Directors' performance appraisal system and the outcome of the fora survey, which expressed a need for an increased role for APEC Secretariat Program Directors in intersessional activities.

The Executive Director also noted the challenges in funding APEC projects.

#### **Policy Support Unit (PSU) Board Chair's Update**

The Chair of the PSU Board presented the PSU's Work Program (2015/SOM3/002). The Chair also requested SOM to take note of the following:

- Assessment of PS's work in 2014;
- Collaboration between PSU with PECC; and
- Approval of PSU's operational budget 2016 and projection of its financial sustainability.

The Chair thanked China for its USD 500,000 pledged financial contribution to PSU.

#### **APEC Secretariat to report on the 4th version of "APEC Guidelines on Managing Cooperation with Non-Members"**

The Executive Director of the APEC Secretariat presented and sought SOM endorsement of the revised Guidelines on Managing Cooperation with Non-Members (2015/SOM3/005) and the Report on the Revision of the NMP Guidelines (2015/SOM3/004).

The SOM Chair shared that she declined a request from a non-member economy to participate in the SOM Meeting and cautioned against allowing non-Members to attend SOM level activities, as it would set a precedent for other non-member economies to request participation as observers. The Chair, however, mentioned that this position might change upon the discretion of the next host.

Japan commented that it had proposed the idea of a "public events," procedure, where, once agreed by the member-economies as such, participants excluding speakers would no longer be required to undergo the NMP process. Japan mentioned that they would circulate a proposal to task the Secretariat to draft a paper on this, and suggested that the discussion should continue intersessionally.

ABAC indicated that it would support any proposal to simplify the NMP procedures. ABAC emphasized the value of bringing in private sector experts and other non-members to provide inputs.

China mentioned that while they agreed with ABAC's comment on private sector involvement, China believed that private sector participation was sometimes overshadowed by NGOs or by the public. As

such, China believed further actions to make the participation in APEC events more open should be further discussed.

### **13. Other Business**

The SOM Chair invited comments on the document classification.

The SOM Chair thanked the member economies for their productive participation.

The SOM Chair closed the session by giving a summary of the SOM3 meeting and adjourned the meeting.