CTI Chair’s Report

Purpose: Consideration
Submitted by: CTI Chair
Executive Summary

The Committee on Trade and Investment (CTI or “the Committee”) met in Port Moresby, Papua New Guinea on 4-5 March 2018 to discuss its Work Program for the year ahead. Additionally, CTI also held an internal policy discussion on advancing economic inclusion that explored what the challenges were for each economy and how CTI might use its work program to contribute to the APEC Action Agenda on Advancing Economic, Financial and Social Inclusion.

CTI’s work program for 2018 is organized around four priority areas that can contribute to the APEC 2018 priorities under the theme “Harnessing Inclusive Opportunities, Embracing the Digital Future”. Those four priorities are: i) support for the multilateral trading system; ii) deepening regional economic integration, including through implementation of the Lima Declaration on FTAAP; iii) strengthening trade facilitation and connectivity, including through regulatory cooperation and convergence; and iv) promoting innovative and inclusive responses to APEC-wide issues, including through engagement with the private sector.

This report highlights the development of key elements under the 2018 Work Program. CTI has a very large agenda making up its work program. While good progress was made on most of the agenda, some issues lack consensus by the Committee at this time, namely some areas related to the implementation of the Lima Declaration on FTAAP and on how to progress digital trade issues.

Annex 1 highlights the Trade and Investment Liberalization and Facilitation deliverables that CTI and its sub-fora expect to achieve during 2018.

Recommendations

CTI recommends that Senior Officials note:

- CTI has endorsed the Terms of Reference (ToR) of eight of its sub-fora; three sub-fora (AD, ECSG, IPEG) will continue to discuss their ToR intersessionally (Annex 2);
- CTI held an internal policy discussion on advancing economic inclusion with a view to contributing outcomes under the APEC Action Agenda on Advancing Economic, Financial and Social Inclusion; three economies proposed new initiatives for this purpose;
- CTI shared views on the importance of the Multilateral Trading System (MTS), as well as suggestions on how CTI might support outcomes in the WTO, particularly related to implementation of the WTO Trade Facilitation Agreement through targeted capacity building;
- Eighteen of 21 economies have submitted their 2018 Bogor Goals Review, Individual Action Plans (IAPs), which compromises the PSU’s ability to complete the Review report on time ahead of SOM2/MRT;
- CTI held initial discussions on the process to undertake a progress report on implementation of the Lima Declaration on FTAAP. The report should be completed by end of 2018 according to the Lima Declaration on FTAAP;
- On FTAAP, CTI discussed the proposed implementation of:
- the work program on tariffs through the Draft Terms of Reference for a PSU study on Tariffs;
- the proposal to develop Cross-Cutting Principles on NTMs;
- proposals on Rules of Origin, including the CTI-endorsed Review and Update the 2007 APEC Model Measures for RTAs/FTAs on ROO;
- the work program on investment; and
- the work program on MSMEs through an endorsed proposal for a Survey on MSME / MSME-Related Provisions in APEC Economies’ FTAs / RTAs;

- Additionally, CTI exchanged views on new proposals under the FTAAP agenda including: to address State-Owned and Controlled Enterprises; to address Trade in Remanufactured Goods; to pursue Technology Choice; a Work Plan on Digital Trade and E-Commerce for the Realization of the FTAAP; and on Transparency as a Next Generation Trade and Investment Issue;
- Papua New Guinea intends to hold a SOM Dialogue or equivalent on FTAs/RTAs at SOM3, topic to be determined intersessionally;
- CTI discussed initial ideas on progress and next steps the Committee could take to support implementation of the Internet and Digital Economy Roadmap, including the role of ECSG;
- The project to develop a Strategic Framework on Measurement of APEC Trade in Value Added (TiVA) under Global Value Chains (GVCs) continues to make good progress towards its completion by the end of 2018;
- The mid-term review of the Boracay Action Agenda falls in 2018 and a further stock take will be carried out this year to help inform priorities beyond 2018;
- The Environmental Services Action Plan (ESAP) initiative is moving into Phase 2;
- CTI endorsed the Terms of Reference on Establishment and Operation of the Technical Group for the Work of Measuring the Regulatory Environment in Services Trade of APEC;
- The Group on Services endorsed the Work Plan for developing a set of Non-binding Principles for Domestic Regulation of the Services Sector;
- Implementation of the Supply-Chain Connectivity Framework Action Plan (SCFAP) Phase II including through work on Single Window Systems, the Asia-Pacific Model E-Port Network (APMEN) and the Green Supply Chain Network.
- CTI endorsed the Annual Work Plan for APMEN 2018 and the Proposed Preparation Scheme for APMEN Review;
- CTI endorsed the 2018 Work Plan of the APEC Green Supply Chain Network;
- CTI held an initial exchange of views on how CTI could assist Senior Officials to assess the effectiveness of CTI sub-fora at the end of their four year mandates; and
- The proposed 2018 CTI work program and the projected list of deliverables from its sub-fora and Industry Dialogues (Annex 1).

CTI recommends that Senior Officials endorse the CTI Chair’s report.
APEC COMMITTEE ON TRADE AND INVESTMENT (CTI): CTI Chair’s Report

Introduction

1. The Committee on Trade and Investment (CTI or “the Committee”) met on 4-5 March 2018 to follow through on the instructions from Leaders, Ministers and Senior Officials issued in November 2017 during APEC Leaders’ Week in Da Nang, Viet Nam. All CTI sub-fora, with the exception of the Automotive Dialogue\(^1\), also met here in Port Moresby prior to the CTI meeting. The Committee endorsed the updated Terms of Reference, including quorum and sunset clauses, of eight of CTI’s sub-fora. Annex 2 provides a summary of these decisions.

2. Additionally, CTI also held an internal policy discussion on advancing economic inclusion that explored what the challenges were for each economy, what domestic policies were in place to respond to these challenges, and how CTI might use its regional economic integration work agenda to contribute to the APEC Action Agenda on Advancing Economic, Financial and Social Inclusion. A range of views were shared on how the Committee might contribute to advancing economic inclusion and some specific proposals were tabled for the Committee’s consideration – these are detailed later in this report. Additionally, some members reminded the Committee of the wide range of work that the Committee already undertakes and which should lead to greater economic inclusion by focusing on CTI’s core trade and investment mandate. The APEC Policy Support Unit (PSU) also contributed to the discussion by presenting its Regional Trends Analysis\(^2\), which included trends related to inclusion.

3. The Committee members welcomed the opportunity to hold policy discussions during CTI meetings and discussed possible topics for the next discussion, likely to be held during the third CTI meeting in August. One economy proposed Government Procurement as a possible topic. The Chair noted his preference to have some prerogative to choose the topic nearer to the time of the meeting, in consultation with CTI members, in order to leave space for any emerging issues in the APEC agenda.

CTI Work Program in 2018

4. CTI discussed a vast range of developments in its work program that can contribute to the instructions from Leaders, Ministers and Senior Officials, and in response to the APEC 2018 priorities set by host Papua New Guinea. Broadly speaking, the work program was discussed under four key areas of work:

   1) support for the multilateral trading system;
   2) deepening regional economic integration, including through implementation of the Lima Declaration on FTAAP;
   3) strengthening trade facilitation and connectivity, including through regulatory cooperation and convergence; and

\(^1\) The Automotive Dialogue will next meet in June 2018.
\(^2\) 2018/SOM1/CTI/004
4) promoting innovative and inclusive responses to APEC-wide issues, including through engagement with the private sector.

5. This report highlights the key discussions of, and development in, the CTI 2018 work program. Annex 1 shows the Trade and Investment Liberalization and Facilitation deliverables that CTI and its sub-fora expect to achieve during 2018.

6. The main discussion points of the CTI meeting included:

(a) Support for the Multilateral Trading System (MTS)/WTO

7. CTI shared views on the importance of the multilateral trading system. Economies noted their interest in outcomes from MC11 and previous ministerial conferences that require further progress in Geneva and shared views on how CTI might support outcomes in these areas. Of particular interest to economies was the continued implementation of the Trade Facilitation Agreement, continued expansion of the Information Technology Agreement, renewed progress on the Environmental Goods Agreement, as well as progress towards new outcomes on e-commerce, Micro, Small, and Medium Enterprises (MSMEs), women’s economic empowerment and fisheries subsidies reform. Japan presented on outcomes from MC11 on electronic commerce, and encouraged economies to participate in the follow-up meeting in Geneva on 14th March.

8. Papua New Guinea updated members on implementation of the Work Plan on Export Subsidy3 and encouraged members to report further against the requirements of the 2015 World Trade Organisation (WTO) Ministerial decision on export subsidies.

9. Peru briefed members on the proposal4 on Promoting Transparency through the Improvement of Sanitary and Phytosanitary (SPS) Notifications, noting the intention of the proposal was to explore additional transparency for APEC member economies and businesses within the existing WTO notification processes. It was agreed that economies would provide written comments to Peru by 30 March.

(b) Bogor Goals

10. The Market Access Group (MAG) Convenor presented the MAG report5 and the updated Terms of Reference6 for MAG were endorsed by CTI.

11. The PSU provided an update7 on the progress to complete the 2018 Bogor Goals Review, including Individual Action Plans (IAPs). Eighteen of 21 economies have submitted their IAPs, which compromises PSU’s ability to complete the report on time. The remaining three economies are urged to submit their IAPs expeditiously.

12. The United States updated members on implementation of the Pathfinder on a Permanent Customs Duty Moratorium on Electronic Transmissions, Including Content Transmitted Electronically, and encouraged more members to join the pathfinder.

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3 2018/SOM1/CTI/010
4 2018/SOM1/CTI/011
5 2018/SOM1/CTI/067_rev1
6 2018/SOM1/CTI/067att1
7 2018/SOM1/CTI/012
13. The Committee discussed the requirement in the Lima Declaration on FTAAP to report to Leaders by the end of 2018 on progress to implement the Lima Declaration and that CTI would need to lead this work on behalf of Senior Officials. Members expressed the view that the report should be fact-based and concise. One economy was of the view that the report should cover progress made in agreed areas, while another economy said that they would not agree to a report to Leaders if the scope of work was limited under the Lima Declaration on FTAAP. The Chair suggested that a small drafting group could be formed to undertake this task, or an independent body (e.g. PSU) could be asked to draft the progress report in a more analytical style. Members expressed flexibility at this time. The Chair undertook to progress the issue intersessionally ahead of CTI2.

14. China presented a non-paper on Advancing the FTAAP Work in 2018. Members exchanged views on what work towards the eventual realisation of FTAAP could entail, including where members might seek to address new issues.

15. Hong Kong, China briefed members on the implementation of the work program on tariffs, namely the Draft Terms of Reference for a PSU study on Tariffs. One economy raised a technical question about how the study would take account of tariff settings within a common customs union. It was agreed that economies would provide written comments to Hong Kong, China no later than 30 March.

16. New Zealand and Korea briefed members on the implementation of the proposal to develop Cross-Cutting Principles on Non-tariff Measures (NTMs) and noted that the initiative will be developed through MAG in the first instance, before progressing to CTI for discussion at CTI2. The proposal had been discussed at the MAG meeting.

17. Singapore briefed members on the implementation of proposals on Rules of Origin (ROO), including the Review and Update the 2007 APEC Model Measures for Regional Trade Agreements (RTAs) and Free Trade Agreements (FTAs) on ROO and the proposal to Develop Guiding Principles when negotiating ROO. The former proposal on the Model Measures was endorsed intersessionally. On the latter on Guiding Principles, some economies commented on the need for assurance of its non-binding nature. It was agreed that economies would provide written comments to Singapore on this latter proposal by 30 March.

18. China briefed members on the implementation of the work program on investment and noted the intention of taking this work forward in the Investment Experts Group.

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8 2018/SOM1/CTI/062
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14 2018/SOM1/CTI/018
15 2018/SOM1/CTI/019
19. The Philippines and Malaysia briefed members on the implementation of the work program on MSMEs through a proposal for a Survey on MSME / MSME-Related Provisions in APEC Economies’ FTAs / RTAs. The proposal was endorsed by CTI.

20. The United States briefed CTI on three separate proposals to address State-Owned and Controlled Enterprises (SOEs); address Trade in Remanufactured Goods; and pursue Technology Choice. CTI mainly discussed the proposal on SOEs. Members provided a range of feedback to the United States including those economies that expressed their views that SOEs is not among the common provisions in FTAs/RTAs, as well as their concern about addressing these topics within the FTAAP context given domestic sensitivities. Other economies supported the SOEs topic on the basis that FTAAP discussions needed to remain open to exploring new ideas and that some regional FTAs/RTAs included SOEs chapters or provisions, including a recently concluded pathway to FTAAP.

21. Japan briefed members on its proposal for a Work Plan on Digital Trade and E-Commerce for the Realization of the FTAAP. Members exchanged views on the proposal. While some members were supportive, one economy expressed concern about including this topic in an FTAAP context. Members agreed to provide written comments to Japan by 30 March, and noted Japan’s intention to circulate a revised proposal intersessionally.

22. Russia briefed members on its proposal on Transparency as a Next Generation Trade and Investment Issue titled “Enhancing Trade Policy Transparency in APEC”. Members agreed to provide written comments to Russia by 30 March.

23. Korea briefed members on implementation of the Capacity Building Needs Initiative Phase III (CBNI3), including its own self-funded “FTAAP Capacity Building Workshop on Intellectual Property Rights under the 3rd Regional Economic Integration (REI) CBNI”.

24. Australia briefed members on planning for the annual Information Sharing Mechanism (ISM) discussion on WTO-plus aspects of RTAs/FTAs, which is due to be held at CTI. Australia invited economies to nominate topics for discussion under the ISM, noting the discussion could be held within the CTI plenary or as a separate half day discussion. The United States introduced a topic for discussion, “Identifying How Free Trade Agreements (FTAs) / Regional Trade Agreements (RTAs) Are Addressing the Presence of State-Owned and Controlled Enterprises”. It was agreed that economies would provide written comments to the United States, copied to Australia, by 30 March.

25. Papua New Guinea briefed members on a proposed topic for the SOM Level Dialogue on RTAs/FTAs to be held at SOM3 2018, namely “Maximizing the Benefits of Trade Liberalization within the Domestic Economy”. Papua New Guinea is seeking APEC funding for the proposal. CTI agreed to provide comments on the proposed topic to Papua New Guinea by 20 March.

26. CTI welcomed the update from the PSU on the progress of the annual report on trends and developments in FTA/RTA provisions, including the outcomes from FTAs/RTAs.
signed or entering into force in 2017. Among the findings, PSU observed that while goods-related provisions are covered in all the agreements that entered into force in 2017, coverage of services provisions is not uniform. PSU also observed that all four agreements contained chapters or provisions on State-Owned Enterprises and Monopolies. Economies may submit any additional inputs to the PSU.

27. CTI also received updates from lead economies on the outcomes of the following completed projects:

- SOM Dialogue on RTAs/FTAs held at SOM3 2017 (Viet Nam)
- the Capacity Building Workshop on FTA Negotiation Skills on Competition, for which a follow up workshop is planned for SOM3 2018 (Japan)
- the Seminar on Environmental Provisions in FTAs/RTAs (China)
- the Self-funded Capacity-building Workshop on Approaches to Implementing Investment Commitments and a report on next steps towards a possible Investment Commitments Handbook (Australia)

28. CTI received updates from lead economies on preparations for the following upcoming projects:

- Preparation for the Capacity Building Workshop on addressing NTMs in FTAs/RTAs under CBNI (New Zealand)
- Preparation for the APEC Public-Private Dialogue to Advance Understanding on NTMs in Textile and Garment Industry (Viet Nam)
- Progress of a stock take of NGeTI elements of RTAs/FTAs (Australia)

(d) Next Generation Trade and Investment Issues

29. Japan briefed members on progress in implementing the Manufacturing Related Services Action Plan and preparations for the 2018 interim review. Japan encouraged economies to submit the circulated template by the end of March, noting that some prior submissions lacked the requested information on capacity building needs. The Committee noted the intention for the first draft of the interim review to be discussed at CTI2.

(e) Internet and Digital Economy and E-Commerce

30. The Chair acknowledged the work of the former Ad Hoc Steering Group on the Internet and Digital Economy, which developed the Internet and Digital Economy Roadmap. The committee discussed initial ideas on progress and next steps the Committee could take to support implementation of the Roadmap. Many members highlighted the importance of this area of work, acknowledging the connection of the internet and digital work with Papua New Guinea’s APEC theme.

31. The Electronic Commerce Steering Group (ECSG) Convenor’s representative presented the ECSG report and Data Privacy Sub-group work plan, which were endorsed by CTI.

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The Committee noted that the ECSG’s Terms of Reference was still under deliberation by the Steering Group as part of ongoing discussions about its modernisation.

32. The United States briefed members on the proposal for implementation of the Internet and Digital Economy Roadmap. The Committee exchanged a wide range of views on the proposal. Some members expressed support for the proposal, while others expressed concerns.

33. The United States briefed members on implementing the Work Plan to Identify Building Blocks to Facilitate Digital Trade for 2018, including the proposal on building blocks and the intention to host a trade policy dialogue on the margins of SOM 2 as instructed in the Work Plan. Members shared a range of views on the topics that should be addressed by the Work Plan. The Committee agreed that written comments should be provided to the United States by 30 March, following which the United States would circulate a revised draft.

34. Japan briefed members on its proposal on a PSU Study Project for 2018-19: Fostering an Enabling Policy and Regulatory Environment in APEC for Data-Utilizing Businesses. Members expressed interest in the study and Japan undertook to circulate a revised version after receiving written comments from economies by 30 March.

35. Singapore briefed members on a proposal for a Survey on e-Commerce Regulations in APEC and it was agreed that economies would provide written comments to Singapore by 30 March.

36. Russia briefed members on a Proposal on Protection of Intellectual Property Rights in Digital Content Trade. It was agreed that economies would provide written comments to Russia by 20 March, after which a revised version would be circulated.

37. Viet Nam briefed members on preparation for the APEC Workshop on Enhancing Regulatory Infrastructure for E-Commerce, to be held in July in Ha Noi. Viet Nam sought recommendations for speakers and participants.

(f) Global Value Chains (GVC) Cooperation and Development

38. China and the United States briefed members on implementing the Strategic Framework on Measurement of APEC Trade in Value Added (TiVA) under Global Value Chains, including the work of the Technical Group under the 2018 Annual Work Plan. Economies were encouraged to complete the APEC TiVA Database in 2018. The Committee acknowledged the importance of this work.

39. China briefed members on the establishment of the APEC Global Value Chain Partnership Platform and welcomed members’ contributions to the platform. One economy requested clarification of the attribution of material published on the website.
(g) MSMEs Internationalization

40. The Philippines briefed members on further priorities to implement the Boracay Action Agenda in 2018. CTI took note that the mid-term review falls in 2018 and noted the intention of the Philippines to undertake a further stock take in 2018 that would be added to the previous two stock takes to help inform further priorities beyond 2018. CTI took note of the PSU’s Policy Brief on “Globalization, Inclusion and E-commerce” which identifies additional areas of policy work for APEC.

41. Peru briefed members on progress on the Compendium on Methodologies for SMEs’ Internationalization. CTI took note of the inputs provided by Mexico, as well as the ongoing work by the Philippines and Malaysia for additional contributions to the Compendium. CTI took note of Peru’s request for economies to contribute inputs to the compendium on a voluntary basis.

42. Hong Kong, China briefed members on its contribution to the initiative on SMEs’ Integration into Global Value Chains in Services Industries through a workshop on the fashion design industry and an APEC-wide study. CTI noted Hong Kong, China’s intention to circulate a revised draft study report on the workshop intersessionally.

43. CTI received updates from lead economies on key outcomes from completed work, as well as preparations for upcoming project implementation that would support MSMEs’ internationalization:

- Korea briefed members on preparations for the project on SMEs’ integration into GVCs in Software Services.
- Peru briefed members on Preparation for implementing project on SMEs’ Integration into Global Value Chains in Tourism Services.
- Thailand, Peru and Viet Nam briefed members on the APEC Strategy on Green, Sustainable, and Innovative MSMEs. CTI noted that the self-funded project proposal on export competitiveness on Services MSMEs would be circulated to CTI and Small and Medium Enterprises Working Group (SMEWG) for endorsement intersessionally, and that economies were encouraged to initiate projects and support initiatives under the Strategy.
- CTI noted a further Policy Brief from PSU on Identifying Green, Sustainable and Innovative MSMEs in APEC.

(h) Environmental Goods and Services/Green Growth

44. CTI noted the MAG Convenor’s update on implementation of the Environmental Goods commitment and further plans toward this goal of the three remaining economies which have yet to meet the commitment. CTI encouraged those economies to implement their commitments as soon as possible.

45. Japan briefed members on implementation of the Environmental Services Action Plan (ESAP) based on the outcomes of Phase 1. The PSU had completed one study on environmental services under CPC94, and 3 sector studies on a wider scope of environmental services, with one related workshop. As the project was now entering its
Phase 2 stage, Japan welcomed productive suggestions from economies for advancing work under the ESAP.

46. China briefed members on the 2018 Work Plan of the APEC Green Supply Chain Network, which was endorsed by the Committee. Further economies were encouraged to join the Network as well as its Expert Group.

(i) Services

47. The Group on Services (GOS) Convenor presented the GOS Convenor’s report. The report and the updated Terms of Reference for GOS were endorsed by CTI.

48. The GOS Convenor briefed members on Progress in Implementing the APEC Services Competitiveness Roadmap (ASCR). CTI thanked GOS for its important oversight role in relation to the implementation of the ASCR.

49. Korea briefed members on the Work Plan agreed at GOS for developing a set of Non-binding Principles for Domestic Regulation of the Services Sector. Economies expressed support for the proposal and offered constructive comments. CTI noted calls from Korea for economies to send experts to the drafting group.

50. Korea briefed members on next steps for the work on developing an APEC Index to Measure the Regulatory Environment in Services Trade of APEC. CTI endorsed the Terms of Reference on Establishment and Operation of the Technical Group. CTI noted that a nomination form for the Technical Group had already been circulated to economies, and economies were encouraged to nominate experts to the Technical Group.

51. CTI welcomed the endorsement by GOS of the Papua New Guinea self-funded proposal for a joint CTI-GOS Private Public Dialogue (PPD) on Cross-Border E-Commerce in Services and looked forward to the outcomes of the dialogue. Economies expressed support and provided constructive comments for the implementation of the proposal. Papua New Guinea was encouraged to share the proposal with the ESG.

52. Australia briefed members on the outcomes of two services-related capacity-building initiatives from 2017 funded through Australia’s AUD2 million fund for APEC services-related projects: the Public-Private Dialogue on New Technologies and ASCR; and the Workshop on a Negative List Approach to Scheduling Services Commitments. Australia also briefed members on its capacity-building initiatives planned for 2018 in support of the ASCR, which would include a workshop on professional qualification recognition on 12 April 2018 (for which nominations from interested economies were sought by 16 March); a symposium on services trade for which endorsement was being sought through GOS; and a seminar on challenges to the telecommunications industry in the digital age, for which endorsement was being sought through the Telecommunications Working Group.

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41 2018/SOM1/CTI/061
42 2018/SOM1/CTI/064
43 2018/SOM1/CTI/042
53. Singapore briefed members on its initiative to promote the APEC Engineer Agreement, which would contribute to the ASCR Action Plan on Professional Services and had been endorsed by the Human Resources Development Working Group (HRDWG).

(j) Investment

54. The Investment Experts Group (IEG) Convenor presented the Convenor’s report\(^\text{44}\), which was endorsed by CTI. CTI noted the interest of the IEG in actively contributing an investment experts’ viewpoint into a greater range of CTI work and took note of the IEG’s Next Generation Trade and Investment Issues Matrix.\(^\text{45}\) CTI endorsed the IEG’s updated Terms of Reference\(^\text{46}\).

(k) Intellectual property

55. The Intellectual Property Rights Experts Group (IPEG) Convenor’s representative presented the Convenor’s report,\(^\text{47}\) which was endorsed by CTI. CTI noted the hard work of the Experts Group to deliver a wide ranging work program on intellectual property. CTI noted that IPEG was still updating its Terms of Reference,\(^\text{48}\) which would be circulated intersessionally for CTI’s endorsement.

(l) Supply Chain Connectivity

56. The Sub-committee on Customs Procedures (SCCP) Convenor presented the Convenor’s report,\(^\text{49}\) The Convenor’s report, 2018 Work Program,\(^\text{50}\) Collective Action Plan,\(^\text{51}\) and updated Terms of Reference for SCCP\(^\text{52}\) were endorsed by CTI. CTI thanked SCCP for its important contribution to supporting the CTI work area on trade facilitation and supply chain connectivity.

57. Singapore briefed members on implementation of the Supply-Chain Connectivity Framework Action Plan (SCFAP) Phase II. A number of initiatives were underway to unblock chokepoints in supply chains, including work on Single Window Systems, Global Data Standards, the Asia-Pacific Model E-Port Network (APMEN) and the Green Supply Chain Network.

58. Peru briefed members on progress for implementation of the initiative to Promote Single Window System’s International Interoperability.\(^\text{53}\) A draft study had been prepared by the PSU on key issues for implementation, which the PSU intended to finalise by CTI\(^\text{2}\).

59. A progress report was prepared by the PSU on the key findings derived from the Single Windows System case studies for Indonesia and Peru. CTI noted the PSU’s intention to circulate a draft final report intersessionally for finalization by CTI\(^\text{2}\).

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60. Hong Kong, China briefed members on potential further work to develop best practices on Global Data Standards, noting it was in discussions with GS1 Hong Kong.

61. The United States briefed members on planning for an APEC Alliance for Supply Chain Connectivity (A2C2) meeting to be held during the SOM 2 2018 cluster.

62. China updated members on the activities of APMEN, including: outcomes of the 2017 training course on capacity building of APMEN; its draft Annual Work Plan for 2018\textsuperscript{54} that incorporates APMEN’s Implementation Measures for SCFAP II\textsuperscript{55} endorsed last year; and the Proposed Preparation Scheme for APMEN Review.\textsuperscript{56} CTI endorsed the Annual Work Plan and the Preparation Scheme for APMEN Review. CTI also noted that Cebu Port Authority in the Philippines has become a new member of APMEN.

(m) Trade facilitation

63. CTI welcomed progress in implementation of the WTO Trade Facilitation Agreement (TFA) and noted that 20 of the 21 APEC economies had officially ratified the WTO TFA. The Committee strongly encouraged the remaining economy, which had completed its domestic ratification process, to lodge its instrument of acceptance with the WTO as soon as possible.

64. The United States briefed members on updates to the Practical Steps for Implementing Provisions of the WTO TFA,\textsuperscript{57} noting the gap analysis from publicly available information showed some TFA implementation information was missing from the public records. The United States asked CTI members to provide comments and assistance in completing the TFA implementation tables.

65. The United States briefed members on outcomes from projects completed in 2017 under the Targeted Capacity Building on Supply Chain Connectivity for Viet Nam, the Philippines and Malaysia, as well as preparations for new initiatives: to address obligations under Article 1 of the WTO Trade Facilitation Agreement; Advance Rulings Phase II, and Expedited Shipment Phase II. The United States sought volunteer economies for the new initiative to address TFA Article 1.

66. Singapore briefed CTI on its proposal on the Survey on Implementation of Article 3 of the WTO Trade Facilitation Agreement (Advance Rulings),\textsuperscript{58} which was subsequently endorsed by the Committee. Singapore encouraged member economies to fill in the survey as soon as possible.

67. Papua New Guinea briefed members on preparation for an APEC-funded Trade Policy Dialogue on the Trade Facilitation Agreement, Category B and C commitments, which will be held during the SOM3 cluster of meetings.

\textsuperscript{54} 2018/SOM1/CTI/044rev1
\textsuperscript{55} 2018/SOM1/CTI/045
\textsuperscript{56} 2018/SOM1/CTI/046rev1
\textsuperscript{57} 2018/SOM1/CTI/048; 2018/SOM1/CTI/047
\textsuperscript{58} 2018/SOM1/CTI/049
(n) Connectivity

68. A representative of the Business Mobility Group (BMG) Convenor presented the Convenor’s report. The report and updated Terms of Reference for BMG were endorsed by CTI. The Committee noted the important role of the APEC Business Travel Card as an identifiable “face” of APEC.

69. Japan briefed members on the ongoing project on Peer Review and Capacity Building for APEC Infrastructure Development and Investment, including the follow-up capacity building workshop for the Philippines. The PSU presented a draft final report of the peer review conducted of Viet Nam. The report will be finalized by CTI. Japan invited other economies to participate in the Peer Review and Capacity Building Project as review economies.

70. Japan briefed members on progress in upgrading the APEC Guidebook on Quality Infrastructure Development and Investment, which will include outcomes from the seminar held in Tokyo in February 2018. Economies undertook to send comments to Japan as soon as possible, noting the 23 March deadline to complete the update by SOM2 2018.

71. Japan briefed members on proposed next steps following the High Level Meeting on Quality Infrastructure held in October 2017.

(o) Regulatory cooperation and convergence

72. The Sub-Committee on Standards and Conformance (SCSC) Convenor presented the SCSC report. The report, updated Terms of Reference for SCSC and updated Terms of Reference for the Joint Regulatory Advisory Committee (JRAC) were endorsed by CTI. CTI noted the Food Safety Cooperation Forum (FSCF) would continue to discuss its Terms of Reference intersessionally.

73. United States and Peru briefed members on the APEC Regulatory Cooperation Advancement Mechanism (ARCAM) issues. CTI noted the study on advertising standards. The study would be uploaded to the APEC website, and economies were encouraged to share the document with interested parties. The Committee noted proposed follow-up to the study, including the intention of Peru to circulate a concept note for a workshop in 2019 on aligning advertising standards and regulations. CTI noted that members could propose new issues for ARCAM intersessionally.

74. Viet Nam briefed members on preparation for the APEC Multi-Stakeholder Dialogue on Structural Reform in Logistic Services Dialogue, which would be held in Ha Noi on 19-20 April 2018. The Committee noted that members were welcome to nominate speakers and participants to attend.

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(p) Inclusion issues

75. Korea updated members on implementation of the Pathfinder on the Initiative for Inclusive Trade. The Committee took note of ongoing discussions with members of the pathfinder.

76. China briefed members on the Framework on Promoting Commercial Inclusion. A number of economies supported the proposal, while some economies questioned the term “commercial inclusion” and the types of activities that would take place under the initiative. CTI agreed to provide written comments to China by 30 March.

77. Indonesia briefed members on the Initiative on Addressing Non-Tariff Measures on Agriculture, Forestry, and Fisheries Products to Enhance Rural Development and Poverty Alleviation in the Asia Pacific Region and sought initial views from CTI members. One economy welcomed the proposal, while one noted the need to consult internally. Indonesia undertook to circulate a written proposal intersessionally for comment.

78. Mexico briefed members on its draft Concept Note applying for APEC-funding on the Circular Economy and invited economies to cosponsor and provide comment. One economy suggested shifting the proposal under CTI’s Green Growth agenda. It was agreed that members would provide comments in writing to Mexico by 20 March.

(q) Industry Dialogues

79. CTI received updates from the representatives of the convenors of the Chemical Dialogue (CD), and Life Sciences Innovation Forum (LSIF) and endorsed their reports. CTI endorsed the Terms of Reference of the CD and LSIF, which had been updated in accordance with the instruction from Senior Officials. The representative on behalf of the Automotive Dialogue (AD) presented a draft terms of reference to CTI. CTI did not reach consensus on the AD’s Terms of Reference, which included a “special quorum”. AD undertook to come back to CTI with a revised proposal.

(r) Cross-fora collaboration

80. The Chair of the Economic Committee (EC) briefed members on the EC work program, in particular identifying NGeTI issues as an area where greater collaboration could bring benefit to the work of both committees. CTI noted that the EC would endeavor to ensure coordination with CTI on NGeTI issues, and that CTI fora were encouraged to contact the EC if they were planning work in this area. The CTI Chair noted that the EC’s approach to addressing sensitive issues could provide CTI with ideas on how to progress some of its own current work.

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81. ABAC briefed members on its Trade and Investment Liberalization and Facilitation (TILF) work, including projects to rebuild support for trade. The Committee noted the forthcoming ABAC-commissioned study examining the benefits of trade at the household level. The Committee welcomed ABAC’s contribution to the meeting.

82. Members exchanged views on how to further streamline, strengthen and sharpen CTI and its sub-fora, including an initial exchange of views on how CTI could assist Senior Officials to assess the effectiveness of CTI sub-fora at the end of their new four year mandates. The Chair invited members to share further views in writing.

83. The APEC Secretariat briefed members on APEC project management issues including the process and timeline of 2018 session one APEC funding. CTI noted some important points emphasized by the Secretariat in the preparation of concept notes and project proposals, including the necessity of obtaining approval from the Budget and Management Committee (BMC) no later than June in case the project implementation is planned in August, and changes in the scoring and evaluation methods and criteria, and the importance of cross-fora collaboration.

84. The Committee will next meet during the SOM2 cluster of meetings in May 2018 in Port Moresby.

Justin Allen
Chair, APEC Committee on Trade and Investment