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Agenda: 4ii

**Review of the Manufacturing Related Services
Action Plan in the Context of the Comprehensive
and Progressive Agreement for Trans-Pacific
Partnership**

Submitted by: CMX Partnerships



**Workshop on Manufacturing-Related Services
and Environmental Services - Contribution to the
Final Review of Manufacturing Related Services
Action Plan and Environmental Services Action
Plan**

19 August 2020



REVIEW OF THE MSAP IN THE CONTEXT OF THE CPTPP

Workshop on *Manufacturing-related Services*
Mr. Juan Navarro | August 2020

INTRODUCTION

- I. The global pandemic has altered everything, from the way we buy and sell to the way we work and live.
- II. The pandemic has impacted the global economy and international trade with such force that analytical projections are not encouraging at all.
- III. In this context of global uncertainty, I would like to quote some words from the *COVID-19 report* presented by ABAC: “No single economy has the solution to the pandemic and its public health, social and economic consequences, but sharing experiences, keeping markets open and working together will achieve the best outcomes for us all.” For this reason, remaining true to APEC values and principles will be critical to overcome this global crisis.

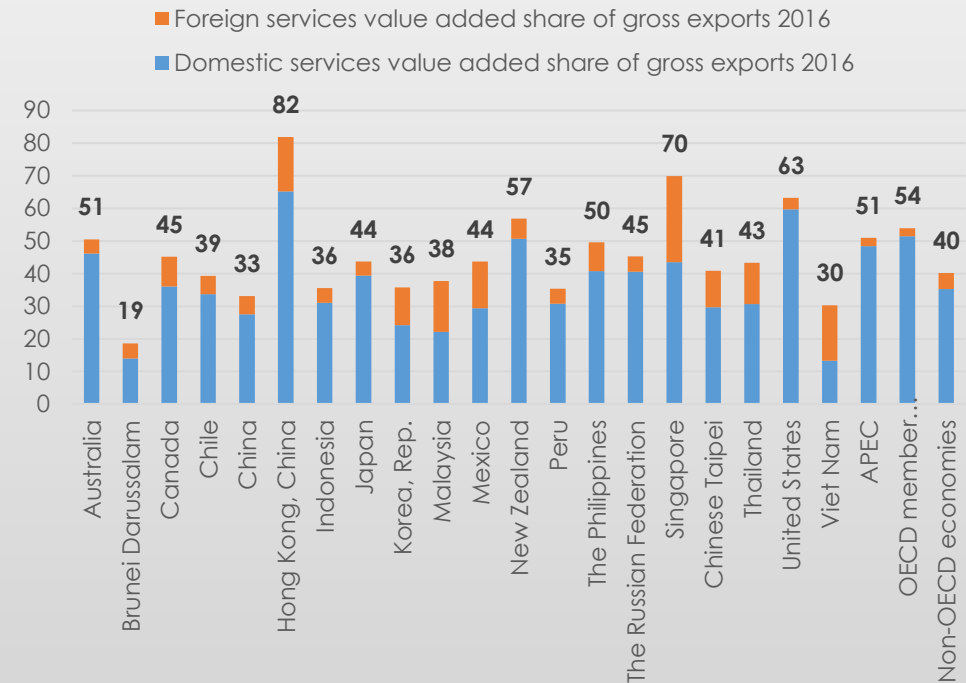
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I. RELEVANCE OF SERVICES

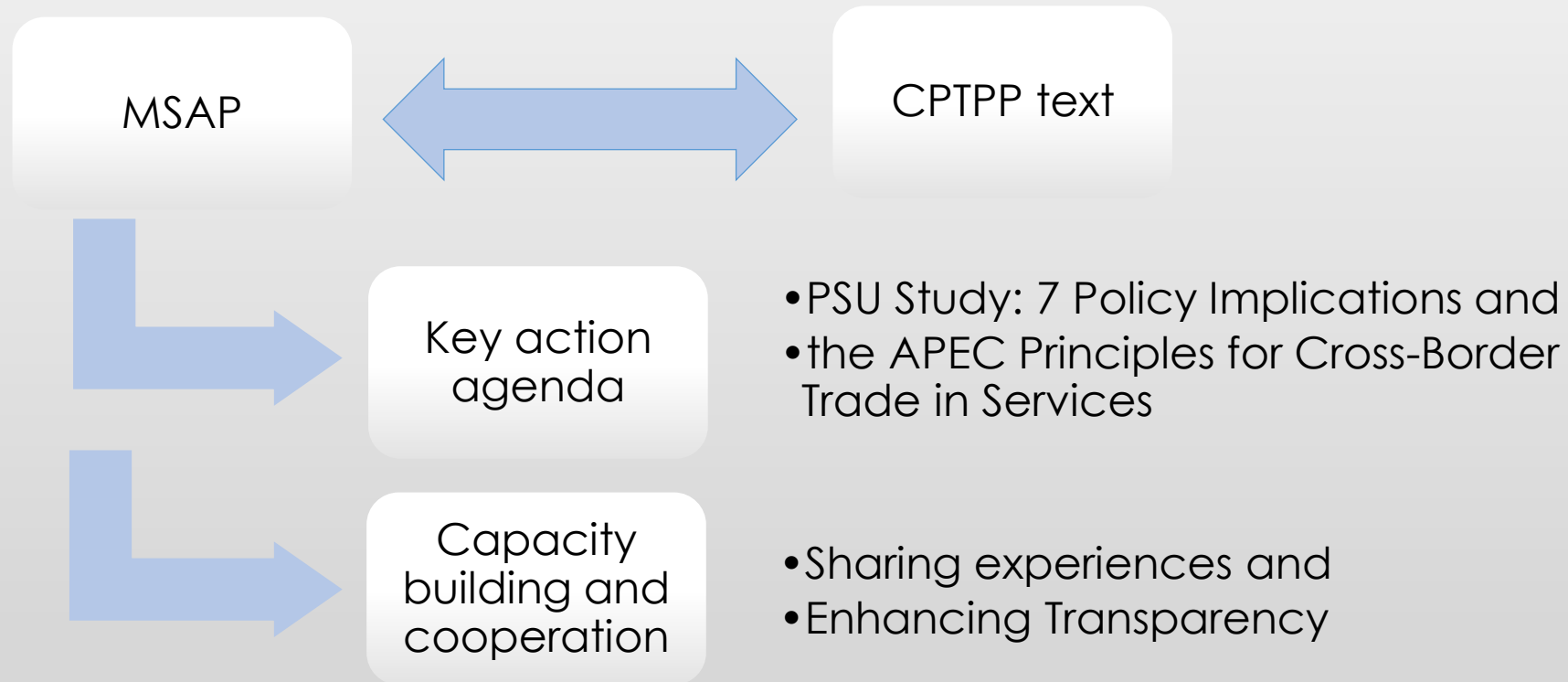
- Services are a source of competitiveness and productivity for manufacturing due to their strong integration that has a positive impact all along regional and global supply chains.
- It is widely accepted that open, strong and competitive service sectors are important drivers of creation of employment and economic development.
- The contribution of Services in international trade is meaningful.

SHARE OF SERVICES IN VALUE-ADDED TERMS (2016)



Source: Navarro, J. (Author) Author computation based on OECD-WTO TiVA
Papua New Guinea (member of APEC) is not included in the TiVA database

II. COMPARATIVE ANALYSIS OF THE MSAP AND THE CPTPP FRAMEWORK



II. COMPARATIVE ANALYSIS OF THE MSAP AND THE CPTPP KEY ACTION AGENDA

MSAP (Key Action Agenda)	CPTPP
Investment policy inconsistencies	Chapter 9 “Investment” addresses these inconsistencies such as non-discrimination, minimum standard of treatment, national treatment, and most-favoured nation treatment. the CPTPP was negotiated on the basis of a negative list for both services and investment which offers a number of significant benefits for businesses.
Labour-related restrictions	Chapter 12 “Temporary entry for business persons” includes strong commitments to offer streamlined procedures for temporary entry applications under a framework of transparency that aims to reduce delays for trade and investments.
Localization and human capital constraints	the CPTPP provides an effective answer to avoid requirements for local content. For example, Article 9.10 forbids the Parties from demanding a quantity of “ <i>performance requirements</i> ” on investors.
SMEs in GVCs and standards conformity	Provisions in Chapter 24 aim to provide a valuable framework in benefit of SMEs to ensure that they have information available to make the best decisions to manage their business in the context of the CPTPP. Chapter 22 recognizes that in order to promote regional integration and competitiveness, CPTPP Parties must promote tools to support and strengthen the development of regional supply chains.
Intellectual Property	Chapter 18 of the CPTPP offers updated measures in a broad range of IP Rights categories, including trademarks, copyrights and patents to industrial designs, geographical indications, trade secrets and more.
Infrastructure bottlenecks	Article 23.3 recognizes that “broad-based economic growth” demands firm commitment by their authorities to “invest in public infrastructure...and foster entrepreneurship and access to economic opportunity.” The CPTPP encourages dialogue and collaboration on infrastructure issues that can be beneficial to foster regional competitiveness.
Government services and trade policy affecting goods trade	In the CPTPP text, there are several provisions that test the commitment from the Parties to promote trade and investments under a predictable framework based on principles such as transparency, inclusiveness, sustainable development, fair competition, non-discrimination and cooperation; for instance, article 5.1 establishes that the Parties shall guarantee that its customs procedures are applied in a way that is transparent, consistent and predictable.
the APEC Principles for Cross-Border Trade in Services	The CPTPP includes most of these APEC principles along its text including those related to promote open services markets, to enhance regulations, to improve transparency and predictability and to facilitate services delivered either through the presence of Natural Persons or electronically.

II. COMPARATIVE ANALYSIS OF THE MSAP AND THE CPTPP *CAPACITY BUILDING AND COOPERATION*

Sharing experiences

- the CPTPP preamble states clearly the will of the Parties to boost further regional economic integration and collaboration with each other and to work together to “strengthen the bonds of friendship and cooperation between them and their peoples.”
- In Chapter 21 “Cooperation and capacity building” of the CPTPP, the Parties highlight the relevance of joint efforts and supporting each other in order to succeed in the implementation of the agreement and to reap the economic benefits of the CPTPP.

Enhancing Transparency

- Transparency is a core principle in the CPTPP text and this is shown not only in the extensive reference to this concept throughout the agreement, but also in the inclusion of the stand-alone chapter titled Transparency and Anti-corruption (Chapter 26).
- the MSAP defines another way to promote cooperation, the development of indices that assist in measuring trade restrictiveness in services. However, the CPTPP text does not include a specific provision that addresses the design of these kinds of indicators.

III. CPTPP PROVISIONS FOR CONSIDERING IN THE MSAP POST 2020

CPTPP

Cross-Border Trade in Services

Chapter 10 takes a broad approach to cross-border trade in services including provisions on national treatment, most-favoured-nation treatment, market access, local presence and transparency. Art. 10.8 states that Parties shall ensure that all measures of general application affecting trade in services are managed impartially.

Temporary Entry for Business Persons

Chapter 12 offers good reference to improve access for business persons engaged in the delivery of services, trade of products or undertaking investments.

Competition law

Some of the most important principles of chapter 16 (Competition Policy) are the provisions related to anti-competitive activities, non-discrimination, transparency and procedural fairness. Article 16.1 establishes that all the Parties shall adopt or have domestic competition laws that prescribe anti-competitive business practices.

Cooperation and Capacity Building

There are 20 relevant clauses from 18 different CPTPP chapters related to cooperation and capacity building activities that would be a good reference to extend the scope of the MSAP post 2020.

CPTPP Chapter	CPTPP articles on cooperation and Capacity Building
Ch. 5: Customs Administration and Trade Facilitation	Art. 5.1: Customs cooperation
Ch. 8: Technical Barriers to Trade	Art. 8.9: Cooperation and Trade Facilitation
Ch. 10: Cross-Border Trade in Services	Annex 10-A: Professional Services
Ch. 12: Temporary Entry for Business Persons	Art. 12.8: Cooperation
Ch. 14: Electronic Commerce	Art. 14.15 Cooperation & 14.16: Cooperation on Cyber Security Matters
Ch. 15: Government Procurement	Art. 15.22: Cooperation
Ch. 16: Competition Policy	Art. 16.4 Cooperation & 16.5 Technical Cooperation
Ch. 17: State-Owned Enterprises and Designated Monopolies	Art. 17.11: Technical Cooperation
Ch. 18: Intellectual Property	Art. 18.13: Cooperation Activities and Initiatives
Ch. 19: Labour	Art. 19.10: Cooperation
Ch. 20: Environment	Art. 20.12: Cooperation Frameworks
Ch. 21: Cooperation and Capacity Building	Art. 21.2: Areas of Cooperation and Capacity Building
Ch. 22: Competitiveness and Business Facilitation	Art. 22.3: Supply Chains
Ch. 23: Development	Art. 23.4: Women and Economic Growth
Ch. 24: Small and Medium-Sized Enterprises	Art. 24.1: Information Sharing
Ch. 25: Regulatory coherence	Art. 25.7: Cooperation
Ch. 26: Transparency and Anti-corruption	Art. 26.9: Application and Enforcement of Anti-Corruption Laws
Ch. 28: Dispute Settlement	Art. 28.2: Cooperation

Note: Elaborated by Navarro, J (author) Source: Text of the CPTPP agreement

IV. RECOMMENDATIONS

- The MSAP post 2020 should remain true to their origins and incorporate strong elements to promote a free, open, fair, non-discriminatory, transparent and predictable trade and investment environment by leveraging on digital connectivity, refraining from imposing new obstacles to trade and investments, facilitating even more cross border trade in services, and supporting collective efforts to engineer a more resilient and inclusive multilateral trading system. Improving, updating and readdressing the MSAP post 2020 by considering the new reality should be prioritized by APEC economies.
- The current global pandemic has added high levels of uncertainty, but it has also carried with it an opportunity for APEC economies to play a leadership role and come together to make use of their vast experience and resilience in order to overcome this emergency. For the next stage of the MSAP, APEC economies may want to define together a specific set of statistics that could be utilized to measure progress under the action plan and capture the impact of services in manufacturing.
- Creating awareness of the close relationship and interaction between manufacturing and services into global supply chains should be promoted as an ongoing objective in the MSAP. Likewise, understanding the different kinds of business models that services suppliers are using to operate and engage in regional and global markets with a view to providing effective solutions should be highlighted. High-standard regulations and comprehensive solutions in manufacturing-related services may contribute to economic recovery and set out the foundations for the eventual Free Trade Area of the Asia-pacific (FTAAP).



THANK YOU

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