



**Asia-Pacific
Economic Cooperation**

2021/SOM3/CTI/015
Agenda Item: VI viii

Automotive Dialogue Convenor's Report

Purpose: Information
Submitted by: AD Convenor



**Third Committee on Trade and Investment
Meeting
24-26 August 2021**

AUTO DIALOGUE CONVENOR'S SUMMARY REPORT TO CTI 3 2021

1. During 2021, how has the forum's work contributed to CTI's objectives of:

Please provide a brief list of the forum's work under each sub-heading. Please refer to Appendix A for further detail on CTI's objectives.

a. Support for the Multilateral Trading System

Thus far in 2021, the AD has continued to focus much of its work on the various multilateral, trade-related regulatory issues that pose challenges to the healthy and sustainable growth of the automotive industry in developing and developed APEC auto economies. While the ongoing pandemic has limited the personal interaction among our participants and stakeholders, in 2021 the AD has continued to provide an effective forum for information and best practice sharing on a variety of trade-related issues. Much of that dialogue has included important updates – as well as an open discourse – on the state of participating economies' automotive situation in the wake of the global pandemic. In doing so, the AD has provided an efficient and transparent means of connecting APEC trading partners with critical information and – perhaps above all – with each other, as each economy contends with the unique challenges posed by the ongoing pandemic.

b. Regional Economic Integration, including taking forward the Putrajaya Vision 2040 and contributing to the development of the Implementation Plan in 2021

Building on the success of its initial foray into advanced technologies and – more importantly – in line with the Putrajaya Vision, thus far in 2021 the AD has placed a special focus on promoting regional economic integration in the context of electric vehicle (EV) readiness.

Recognizing that – in terms of their existing EV infrastructures, regulatory environments, and consumer preferences – each APEC economy is unique, the AD is working to ensure that all of its EV-related discussions in 2021 and beyond are relevant to all participants. Given the nascency of EV adoption throughout the region (even in more advanced APEC economies), we believe the AD has provided all participating government and industry participants with useful information as they work to ensure that EVs can reach their economic and environmental potential across the APEC region.

c. Trade Facilitation and Connectivity

In light of the continuing, severe shortage of automotive-grade semiconductors around the globe, the upcoming AD in September will include a special focus on EV supply chain connectivity within the APEC region. While some of that discussion will examine the urgent need for a secure and reliable supply of auto-grade semiconductors, the discourse will also touch upon unique supply chain issues confronted by the transition to EVs, particularly EV batteries and the raw materials needed to produce them.

Over the past several years, the AD has spent a significant amount of its time on the benefits of environmental and vehicle safety regulatory cooperation, convergence,

and harmonization – a critical issue in the trade facilitation/connectivity arena. In the context of transitioning to EVs and other zero-emission vehicles, this is particularly important, as the APEC region – and the global auto industry as a whole – should strive to avoid creating a patchwork of regulations governing these future modes of transportation. It is also critical on the industry side of the equation, especially as it pertains to the varying EV charging technologies currently being used by major automakers in the APEC region. Some time was spent on this “EV charging interoperability” topic during the May AD session, and it will continue to be a sub-theme of our discussions at the next AD session and beyond.

d. Inclusion

The AD has historically focused much of its work to advance economic, financial, and social inclusion on SMEs, where programs have been implemented to help build and strengthen access to opportunities for these small- and medium-sized enterprises throughout the APEC region’s automotive value chain; however, the AD is now looking to broaden the scope of its work on inclusion. This year efforts have been made to improve diversity – especially gender diversity – in the AD’s work and its discussions. During the first AD session in 2021, the four-member panel discussion on best practices to accelerate EV adoption included two female EV experts. And at its upcoming meeting in September, the AD is committed to similar panelist diversity.

In addition, plans are in the works to create a workstream – and possibly a new industry-led AD program – aimed at increasing women’s opportunities and access to opportunities in STEM careers within the automotive industry. At the upcoming AD session, the current AD co-chair will offer some preliminary ideas and solicit additional feedback from participants, with an eye to committing significant portions of future sessions to this effort; hopefully expanding it to address other challenges the auto industry faces in achieving social, financial, and economic equity in key sectors of the automotive industry.

e. Any other issues

Nil

2. How has the forum helped to fulfil the mandate of the [2021 Ministers Responsible for Trade Statement](#) & [2020 Declaration on Facilitating the Movement of Essential Goods by the MRT](#) (see Appendix B)

3. Main outcomes from most recent plenary meeting

As mentioned in the response to Question 2.d, above, the most recent plenary included a panel discussion entitled ‘Transitioning to Electric- Policy Best Practice to Accelerate EV Adoption’. The panel highlighted several Key Recommendations for APEC Policy Makers. To support EV uptake and reduce harmful Greenhouse Gas emissions from the transport sector, APEC Governments should develop policy frameworks which focus on tackling the key barriers to EV uptake. Policy makers are recommended to;

- ***Develop awareness campaigns to educate consumers of EV’s benefits.***

- **Invest/Incentivize** charging infrastructure rollout to tackle consumers' range anxiety.
- **Craft subsidy schemes** to reduce capital cost- e.g. tax credits, subsidies, feebates, combine with disincentivizes for ICE vehicles.
- **Provide non-monetary incentives**- e.g. priority parking and special vehicle lane access.
- **Implement battery schemes** to replace, repurpose and recycle EV batteries.

Governments can also;

- **Convert existing (internal combustion engine) vehicle fleets to EVs** to demonstrate leadership, support used car market, infrastructure rollout.
- **Use tax programs to incentivize manufacturing** of components, production of minerals and other opportunities along the EV supply chain (e.g. batteries, buses, e-motorbikes, charging hardware).
- **Support distributed, renewable energy projects**, load and demand-side management to meet increasing electricity demand incl. power market reforms, allow EVs to provide demand response.
- **Structure future fuel taxes to support EVs** and ensure road costs are recovered- e.g. congestion charges, road usage. Collaborate with APEC partners to harmonize standards.

4. Private sector engagement in 2021

The AD is a unique government-industry entity that has brought together a broad array of auto industry experts and policymakers. The private sector is very active in all aspects of the AD and is always a co-chair.

The AD will hold two events in 2021-

- **AD33 on 18 May** 'Transitioning to Electric- Policy Best Practice to Accelerate EV Adoption' (see outcomes above). The event attracted 146 participants from energy, transport and auto sectors.
- **AD34 on 28 Sept:** 'Preparing for the Transition: EV Infrastructure & Technology Supply'- this event will bring together public and private sector delegates from the transport, energy and auto industries to discuss how economies can prepare for the transition to electric and develop charging infrastructure rollout strategies. The second half of the meeting will focus on how governments and industry can collaborate to we ensure the adequate supply of EVs and key components.

5. Cross-fora collaboration in 2021

The TPTWG and the Energy Working Group were engaged in the APEC Advanced Vehicle Technologies Technical Engagement Program. This is a new multi-year AD program which identifies developing economies that will receive in-depth technical and policy assistance on their transition to EV and other new technologies.

The TPTWG and the Energy Working Group were invited and attended the Auto Dialogue in May 2021.

6. Was quorum¹ reached at the most recent plenary meeting?

Yes, 18 member economies attended, with a total of 145 participants – the second-largest group ever convened by the group.

7. Taking into consideration the forum’s Assessment Report, what is your Forum doing to maintain/increase its relevance to APEC member economies and increase participation from its members?

Over the coming years, the AD’s priorities will include moving APEC economies towards lower emissions and reducing energy use in the transport sector. The AD will do this by developing roadmaps, guiding principles, and holding workshops and discussions on the topic.

One of the main priorities for the AD is the APEC Advanced Vehicles Technologies Technical Engagement Program. The program will pursue technical coordination to support harmonized standards and regulatory approaches in the region for new auto technologies including a focus on connected and autonomous vehicle (CAV), EVs, and hydrogen fuel cell vehicles technologies. This project seeks to address issues relating to CAVs, electric vehicles, infrastructure development, and future road mobility, with a focus on addressing pertinent issues such as gridlock reduction. Through a research and stock-taking report on new and emerging automotive technologies, the project will first update the March 2019 study “Electric Vehicles in APEC: Overview of Regulations and Standards”, while also expanding to include other advanced technologies. Following this assessment, the project will look to support selected volunteer developing economies in conducting a self-assessment to determine needs and possible engagement in capacity building. Gaps identified in the economies may include issues related to communications, cybersecurity, EVs, advanced materials, and related infrastructure. The project will also include workshops on the sidelines of the Automotive Dialogue to discuss the report and identify opportunities for policy engagement and technical assistance.

The transportation sector, including passenger vehicles, is among the largest contributors to greenhouse gas emissions. One of the biggest reductions in emissions can come when the auto industry works with governments to transition to electric vehicles.

The AD developed a list of policy recommendations for governments to utilize on tackling the key barriers and using direct and indirect incentives to facilitate the wider adoption of EVs. That list of specific recommendations was passed along to CTI for consideration. The AD ensures that all economies – not only those with advanced auto sectors and infrastructures – will benefit from the transition to cleaner vehicles and safer roads.

8. Decision points needed from CTI

- Seek CTI’s endorsement of the AD Convenor’s Report.

¹ Quorum requires 14 economies or more. Quorum is measured by member economies (not including private sector) participating. Remote participation is counted.

Please add any additional decision points needed from CTI - Nil

APPENDIX A

FORUM'S CONTRIBUTION TO CTI'S OBJECTIVES

Appendix A provides examples of work that contributes to CTI's objectives

Support for the Multilateral Trading System

Initiatives that support:

- The multilateral trading system as embodied by the World Trade Organization (WTO) including the 12th WTO Ministerial Conference
- The implementation of WTO Agreements / Decisions

Regional Economic Integration

Initiatives that support:

- Achievement of *the Putrajaya Vision 2040* and development of its Implementation Plan/Action Agenda
- Eventual realization of the Free Trade Area of the Asia Pacific (FTAAP)
- Next Generation Trade and Investment Issues
- Internet and Digital Economy, E-Commerce and Digital Trade
- Global Value Chain Cooperation and Development
- MSMEs' Internationalization
- Environmental Goods and Services/Green Growth
- Services, including implementation of the APEC Services Competitiveness Roadmap
- Investment
- Market Access and reducing impact of Non-tariff Measures
- Intellectual Property
- Business Mobility through e.g. APEC Business Travel Card

Trade Facilitation and Connectivity

Initiatives that support:

- Supply Chain Connectivity, including implementation of Phase II of the Supply Chain Framework Action Plan (SCFAP II), GVC Blueprint 2.0
- Trade Facilitation, including work that supports implementation of the WTO Trade Facilitation Agreement
- Connectivity
- Regulatory Cooperation and Convergence

Inclusion

Initiatives that support:

- Implementation of the Action Agenda on Economic, Financial and Social Inclusion

APPENDIX B

Extracts from 2021 Ministers Responsible for Trade Statement & the 2020 Declaration on Facilitating the Movement of Essential Goods by the MRT

Facilitating the Movement of Essential Goods

Export Restrictions and Prohibitions

- Each APEC economy will ensure that any emergency trade measures designed to tackle COVID-19 are consistent with WTO rules.
- Each APEC economy will ensure that any trade measure introduced in response to COVID-19 is notified in accordance with relevant WTO obligations.

Non-Tariff Barriers

- APEC economies are encouraged to work together to identify and resolve any unnecessary barriers to trade in essential goods.

Trade Facilitation

- Each APEC economy, consistent with its obligations under the WTO Agreement on Trade Facilitation, should expedite and facilitate the flow and transit of essential goods.
- APEC economies remain committed to enhance coordination, efficiency and transparency of the border clearance of essential goods, and full implementation of the WTO Agreement on Trade Facilitation, to help facilitate trade.
- Each APEC economy should endeavour to expedite the release of essential goods upon arrival, including adopting or maintaining procedures allowing for submission of import documentation and other required information, such as manifests, in order to begin processing prior to the arrival of goods.
- Each APEC economy will endeavour to facilitate the entry, transit and departure of air cargo containing essential medical supplies.
- APEC economies are expected to abide by the International Health Regulations (IHR) (2005)

Tariffs

- APEC economies take note of ABAC's recommendation for economies to take tariff liberalisation measures for essential medical supplies

APEC Ministers Responsible for Trade Meeting Joint Statement 2021

Medical supplies:

Today, we are pleased to announce a standalone statement on COVID-19 Vaccine Supply Chains (Annex 1), which outlines our approach to ensuring the trading environment supports the safe and efficient distribution of COVID-19 vaccines and related goods. We welcome the *Best Practice Guidelines for APEC Customs Administrations* as an operational and practical contribution to help facilitate the distribution of COVID-19 vaccines and related goods. To continue APEC's strong work in responding to the challenges of COVID-19, APEC economies will also agree to consider how to facilitate trade in medical supplies such as those included in the World Customs Organization (WCO) COVID-19 list,² and report to us before our APEC Ministerial Meeting in November.

Digital:

... we will accelerate implementation of the WTO Trade Facilitation Agreement, particularly those articles relating to: the accelerated use of digitalisation for border processes; pre-arrival processing of electronic declarations; electronic documents, electronic certification, electronic payments; expedited shipments; and border agency cooperation.... We agree to embed digital trade facilitation measures taken by APEC members during COVID-19. We task officials to report on progress when we meet again at the APEC Ministerial Meeting in November

² [World Customs Organization: HS classification reference for Covid-19 medical supplies](#)

APEC MRT Statement on COVID-19 Vaccine Supply Chains (Annex 1)

Vaccines statement: Review Mechanism:

The APEC Secretariat will make a summary report on the actions implemented by economies under this initiative by the APEC Ministerial Meeting in November 2021

- use the WCO-WHO list of COVID-19 vaccines and related goods as a reference for facilitating trade. APEC economies will expedite the flow and transit of all COVID-19 vaccines and related goods through their air, sea and land ports. We will expedite their release upon arrival, including by providing for advance electronic submission and processing of information to enable immediate release upon arrival.
- advance the implementation of the *Best Practice Guidelines for APEC Customs Administrations to Facilitate the Distribution of COVID-19 Vaccines and Related Goods*. We agree to embed the trade facilitation measures implemented during the pandemic, including digitising customs procedures, expediting the flow of goods across borders, and boosting coordination between traders and border agencies.
- While WTO rules permit export restrictions or prohibitions in certain circumstances, we emphasise economies who adopt such measures with respect to COVID-19 vaccines and related goods will evaluate their ongoing necessity as COVID-19 conditions change, in order to ensure they remain targeted, proportional, transparent, temporary, and do not create unnecessary barriers to trade.
- We will consider voluntary actions to reduce the cost of these products for our people, particularly by encouraging each economy to review its own charges levied at the border on COVID-19 vaccines and related goods.
- We will take appropriate measures to prevent criminal exploitation of supply chains and to prevent the entry and import of illegal, dangerous, sub-standard or counterfeit COVID-19 vaccines and related goods. This could include further implementing the *APEC Roadmap to Promote Global Medical Product Quality and Supply Chain Security and related toolkit*.