



**Asia-Pacific
Economic Cooperation**

2021/SOM3/MAG/002

Agenda Item: 3

Summary Report - 60th Market Access Group Meeting

Purpose: Consideration
Submitted by: MAG Convenor



**61th Market Access Group Meeting
12 August 2021**

Summary Report
60th APEC Market Access Group (MAG) Meeting
Friday, 26 February 2021
10:00-12:00 (Singapore time)
Virtual Meeting

The Market Access Group (MAG) held a virtual meeting on 26 February 2021. All 21 APEC economies attended the meeting. Costa Rica participated as guest economy.

1. CONVENOR'S OPENING REMARKS

The Convenor welcomed all delegates and informed of housekeeping arrangements for MAG's meeting.

2. ADOPTION OF THE FINAL AGENDA

MAG members adopted the agenda for the meeting without amendments.

3. ADOPTION OF THE SUMMARY REPORT

MAG members endorsed the Summary Report of the 59th MAG Meeting held virtually on 3 November 2020.

4. PRIORITIES FOR 2021

i) New Zealand to present APEC priorities in 2021

New Zealand presented its three priorities as APEC host economy in 2021: (i) Economic and Trade Policies that Strengthen Recovery; (ii) Increasing Inclusion and Sustainability for Recovery; (iii) Pursuing Innovation and a Digitally-Enabled Recovery. New Zealand stressed that focus would be placed on economic recovery post COVID-19, addressing regional trends, transformations and challenges, and the development of the Implementation Plan of the APEC Putrajaya Vision 2040.

ii) Presentation by the CTI Chair on priorities for 2021

The CTI Chair, Krasna Bobenrieth, presented CTI's priorities for 2021 through a pre-recorded video presentation. The CTI Chair asked economies to contribute to the objectives for 2021 and collaborate in the work related to the assessment of CTI sub-fora, the Putrajaya Vision Implementation Plan and the La Serena Roadmap Implementation Plan.

The priorities for CTI will include responding to the COVID-19 pandemic, supporting the multilateral trading system, advancing regional economic integration, and promoting digital trade and e-commerce, and strengthening inclusive approaches. The CTI Chair also encouraged trade facilitation, strengthening connectivity and infrastructure, as well as engagement with the business sector and industry dialogue.

iii) ABAC to provide a brief report on the outcomes of the 1st ABAC meeting held on 9 February 2021, including any areas of relevance for the work of MAG

ABAC representative from the United States, Alex Parle, presented the outcomes of ABAC 1, including the Review of the Work Programme for 2021. Under the theme “People, Place, Prosperity”, ABAC will be working towards supporting the rules-based trading system, working to realise FTAAP, building an enabling environment for digital technology, and rebuilding and revitalising economies. Working Group Priorities will be centred in five areas: regional economic integration, sustainability, inclusion, digital and economy. It was noted that ABAC members emphasised the need for ambition in the Putrajaya Vision Implementation Plan overall, the need for ‘early harvest’, the centrality of FTAAP and the importance of including action on climate change. A further discussion on the Implementation Plan with SOMs would be held during the ABAC-SOM Dialogue on 8 March 2021.

5. SUPPORT FOR THE MULTILATERAL TRADING SYSTEM (MTS)

i) WTO Trade Facilitation Agreement (TFA):

a) Singapore to update on economies’ implementation of the WTO TFA

Singapore presented an updated version of the Table on APEC economies progress in implementing the WTO TFA. Two economies submitted updates. One economy informed that four Category B provisions were implemented, while the request from another economy for an extension of a Category C provision was approved by the WTO TFA Committee. Economies were encouraged to fully implement the WTO TFA, in particular provisions that help operationalising the trade facilitation pillar of the Declaration on Facilitating the Movement of Essential Goods by the APEC Ministers Responsible for Trade (MRT) in July 2020. Looking forward, Singapore encouraged economies to submit suggestions intersessionally regarding areas of interest in trade facilitation that could lead to pursue joint initiatives.

Papua New Guinea informed that the implementation of articles of the WTO-TFA had been affected by the pandemic but would resume soon. They would be seeking assistance from certain economies to implement the articles, particularly those from Category C.

b) The United States updated on Capacity Building and Technical Assistance to Implement Programs related to Article 1, 3 and 8 of the WTO Trade Facilitation Agreement.

- Under Article 1 economies are required to publish trade related information to create a transparent and predictable trade environment. Phase 2 of the project was launched in 2019 and would provide technical assistance and training for developing member economies to implement the Article 1

obligations. The US-SEGA and Peru have been working to analyse the publication of trade related information. The report was circulated in early February 2021 and includes information on best practices for trade portals featured as modules within broader single windows. The report also features a framework for an import/export guide for agricultural products.

- Regarding the implementation of Article 3 on advanced rulings, Phase 3 of the project was launched in 2019. The United States hosted a one-day workshop on advanced rulings best practices in February 2020 in Putrajaya, Malaysia. The workshop allowed discussion of economies' implementation of advanced rulings and to identify overlaps and differences in their systems. The workshop focused on advanced ruling systems and the way economies can make the application more user friendly, efficient and transparent. The revised report was circulated in early February 2021.
- Regarding Article 8 on border agency cooperation, work on the capacity building and technical assistance to implement programs was ongoing. A related workshop would be held on the margins of SOM3 2021.

The United States invited any economies interested in capacity building related to these projects to reach out for opportunities to support the implementation of WTO TFA obligations.

China thanked the United States for their contribution through the implementation of these projects.

New Zealand thanked the United States and informed that a study would be circulated in the CTI regarding non-tariff measures on essential goods during the COVID-19 pandemic that will be looking into trade facilitating measures, as well as trade restrictive measures. The study shows that economies implemented trade facilitation practices such as pre-clearance and expedited shipments, e-certification, e-documentation or e-payments. APEC responded in a remarkable way to ensure the free flow of essential goods. New Zealand suggested to further discuss how to make permanent some measures undertaken in the context of COVID-19 with respect to trade facilitation. Additionally, in light of APEC's economies performance in implementing the WTO TFA obligations, New Zealand asked whether there was opportunity for further discussions on WTO TFA-plus elements.

6. MAG WORK ON TARIFFS

i) WTO Information Technology Agreement (ITA) Expansion

The Convenor invited MAG members to share experiences on the implementation of the ITA Expansion and invited economies that have not yet joined the agreement to consider doing so.

Australia expressed support for the WTO ITA Expansion and informed that the tariff on the final line would be eliminated by 1 July 2021.

Singapore highlighted the benefits of the WTO ITA to beneficiaries, particularly for developing economies in the context of the pandemic and the growing importance of ICT products and services.

Chinese Taipei noted that the WTO ITA can contribute to the digital transformation and e-commerce in member economies. Businesses benefit from more competitive prices in related products and can support recovery efforts from the COVID-19 pandemic. Members were encouraged to join the WTO ITA.

ii) Implementation of the APEC Environmental Goods (EG) List

The Convenor invited Chile, Indonesia and Thailand to provide updates on the implementation of the EG List.

Chile informed that the proposed modification of duties on Environmental Goods that would decrease the tariffs from 6% to zero is still under legislative process. Efforts were being made to move forward the proposal, as it was in second reading in the Senate.

Indonesia informed that as of 1 January 2021, all EG List commitments had been fully met for all products included in the list.

Thailand indicated that the reduction of tariffs on the remaining EG List commitments was still under consideration in the Ministry of Finance.

iii) iii. Non-Paper on Updated EG List

The Convenor noted that the Non-Paper would be formally discussed at the CTI plenary meeting, so the discussion at MAG would serve as initial feedback on these efforts.

New Zealand highlighted the importance of the EG List as a success story in APEC. The Non-Paper seeks to focus on future work in this area for an updated Environmental Goods List to ensure that it is relevant and keeps up with the changes that occurred in the last 10 years since the EG List was established, such as environmental challenges, new technologies, changes in the regulatory environment and HS codes. An updated list could be used as a reference point for further tariff liberalisation, trade facilitation or work on non-tariff barriers. Further tariff reductions would not be sought. Efforts to update the Environmental Goods List could be done through a study project, dedicated Friends of the Chair or Task Force to discuss how the list could be updated.

Canada reaffirmed its commitment with environmental protection and noted the importance of the APEC EG List in support of the WTO's negotiation on environmental goods.

Japan informed that internal consultations were being conducted at ministerial level in relation with environmental goods. Japan also inquired the relation between the proposal and ongoing discussions at the WTO Trade and Environmental Committee, the planned usage of the EG List, and sectors to be covered in the possible expansion of the EG List.

Malaysia welcomed the idea to discuss the possible expansion of the EG List and suggested that transposing the 2012 commitments to 2022 nomenclature should be the first step in updating the EG List. However, incorporating new products to the list was not urgent and economies might embark on review of the past approach in the EG List, such as addressing the ex-outs in the 54 products.

The Philippines thanked New Zealand for the proposal, encouraged economies who had not fulfilled their commitments to do so, and informed that internal consultations were taking place.

The United States expressed its commitment to tackling environmental challenges, noted the need for clarity in the environmental objectives that were being sought but reserved its position on the specifics of the proposal. The United States considered the MAG as the adequate forum to discuss next steps in this area.

Australia strongly supported New Zealand's Non-Paper and looked-forward to supporting the environmental agenda in APEC.

Hong Kong, China congratulated Indonesia for meeting the EG List targets, expressed support for New Zealand's initiative, recognised the positive impact of the EG List on free trade and environmental protection, and looked forward to knocking out more details so that more economies could support this initiative

Chinese Taipei expressed support for Indonesia's accomplishment of its commitments under the EG List and welcomed the proposal from New Zealand, while suggesting to establish a timeframe for work in the future.

Singapore congratulated Indonesia for the successful accomplishment of the EG List commitments and expressed support for the proposal from New Zealand. It emphasised that work to expand the EG List should not leave aside efforts to stocktake and review the implementation of the EG List.

China generally agreed with New Zealand's proposal and praised Indonesia for fully implementing their EG List commitments. China considered that CTI should be the most adequate forum for further discussion and supported the proposal in general terms.

Indonesia considered a careful review of the results achieved to tackle environmental challenges after eight years of implementing of the 2012 APEC EG List. This step was needed as a consideration of success indicator of the 2012 APEC EG List before engaging in discussion to update the EG List. Economies needed to learn from the

experience of the original EG List before undertaking the task to update it. Moving forward, Indonesia opined that it would be necessary to arrive at a common reference on the definition of environmental goods. Besides, as tariff reductions of the original EG List also accords to other non-APEC members on most-favour-nation (MFN) basis, APEC members should consider how to ensure the benefits of the updated EG List go to APEC members instead of non-APEC members. Identifying the correlation between environmental goods and environmental challenge could help to evaluate the 2012 APEC EG List and provide insight on products that positively contribute to mitigate environmental breakdown. Identifying policy best practices could be an alternative to tariff reductions. Additional tariff reductions might entail lengthy processes and negotiations ahead. Indonesia indicated that more time was required to conduct internal consultations.

Thailand thanked New Zealand for addressing environmental challenges and noted that consultations were being held on the proposed work in this area.

Mexico mentioned that contributions should be further advanced in the CTI.

New Zealand thanked economies for their feedback and hoped to have concrete outcomes by November 2021, ensuring that the list would be fit for purpose in addressing environmental challenges.

7. SUPPORT FOR REGIONAL ECONOMIC INTEGRATION (REI)

i) APEC Trade Repository (APEC TR)

a) Philippines to update on the usage of the APEC TR.

The Philippines provided a status update on the use of the APEC Trade Repository between 1 November 2020 and 15 February 2021. The number of users and sessions dropped in comparison to the previous report, but the period covered was shorter (4 months only). In this period of time there were 1 878 users, 2 232 sessions and 3 643 page views. All APEC economies used the APEC TR and the top ten main users are from China; Indonesia; Malaysia; the United States; Chinese Taipei; Hong Kong, China; Peru; Japan; the Philippines and Singapore. The top referral sites were the World Customs Organization (WCO) and domestic sites in Peru, Brunei Darussalam and Indonesia. The Philippines reiterated its commitment to make the APEC TR a useful tool for APEC economies and stakeholders.

Indonesia thanked the Philippines for the work undertaken, encouraged economies to provide updated information and highlighted the importance of the APEC TR for transparency.

b) Indonesia to present the proposed Study on Strategy to Promote the Utilization of the APEC Trade Repository

Indonesia highlighted the relevance of the APEC TR, but noted that the number of users was still relatively low. For this reason, Indonesia suggested to conduct a study to promote

the utilisation of the APEC TR with relevant stakeholders to advance regional economic integration by strengthening trade facilitation. The study was expected to be completed in April 2022.

Papua New Guinea thanked Indonesia for the proposed study. One of PNG's main priorities was to realise regional economic integration and looked forward to learn from the best practices.

Malaysia echoed the importance of the APEC TR from the perspective of transparency and trade facilitation, and stressed the importance of accuracy and reliability of content. To optimise resources, possible synergies could be found with the project submitted by Russia in the CTI on Tariff Policy Transparency initiative.

The Philippines supported the initiative to increase visibility of the APEC TR and put forward recommendations for its improvement, reiterating the importance of member's support to ensure accuracy of the latter.

ii) Rules of Origin (ROO)

Singapore suggested to remove this item "update on the informal discussion on the Revision of 2007 APEC Model Measures for RTAs/FTAs on ROO" from the MAG agenda. Singapore informed that progress on discussions has not gained traction since the last discussion in 2020. With the recent successful signing of the Regional Comprehensive Economic Partnership (RCEP), coupled with the implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Singapore believes that there is little appetite for future work in this area at the moment.

Looking forward, Singapore suggests to focus efforts on a comparative analysis of ROOs between the RCEP and CPTPP, which could potentially take place after the study of RCEP tariffs liberalisation to be done in 2021. A starting point could be a policy brief from PSU focused in one or two sectors. Singapore welcomed any ideas from economies on possible sectors of interest for this purpose.

Australia thanked Singapore for the work done on ROOs and supported the proposal to focus on a comparative study of RCEP and CPTPP.

Mexico supports Singapore's suggestion to focus efforts on a comparative analysis of ROOs between the RCEP and CPTPP.

iii) MAG members are welcome to discuss the way forward in implementing REI Agenda, including:

a) Supply Chain Framework Action Plan Phase II (SCFAP II)

Singapore reminded that the overall goal of the project is to reduce costs across the supply chain and improve supply chain reliability in supporting the competitiveness of

businesses in the Asia-Pacific region. The PSU Board approved the request for the PSU to undertake the Final Review of the APEC Supply-Chain Connectivity Framework Action Plan 2017-2020 (SCFAP-II) on July 2020. PSU's Final Review would be completed in 2021 and the corresponding Terms of Reference had been finalised. More details on the work undertaken would be provided to the CTI. Singapore encouraged economies in MAG to submit case studies that highlighted practical examples that contributed to unblocking the five chokepoints of the SCFAP II framework, including pre- and post-COVID cases. In 2021 Singapore also welcomed ideas and suggestions for the next phase of SCFAP to be developed after the Final Review.

The Philippines thanked Singapore and the PSU for the work done under SCFAP-II and also thanked the United States for organising the A2C2 meeting, particularly regarding the use of block chain technology to address supply chain gaps. The need for government and businesses to work together was highlighted and APEC should be engaged in these efforts.

Indonesia thanked Singapore and PSU for the work undertaken in this area and highlighted the importance of strengthening supply chains. Indonesia looked forward to future work in Phase 3 to support recovery efforts.

b) 12th Meeting of the APEC Alliance for Supply Chain Connectivity (A2C2).

The United States informed that the 12th Meeting of the A2C2 took place on 24 February 2021. Panel discussions focused on trade facilitating actions for vaccine supply chains, recent developments in contactless trade and focus on possible policies and actions on supply chains in the future. Takeaways included the importance of proactive communication for successful vaccine distribution and the idea that taking small steps towards electronic supply chains and customs procedures can have a snowball effect for digitisation. The next A2C2 meeting would be held on the margins of SOM3 2021.

Singapore congratulated the United States for holding the event and stressed its value in addressing vaccine supply chains. It was highlighted that economies' and the private sector should be taken into consideration while framing the next steps of SCFAP II.

New Zealand thanked the United States and noted the importance of attracting business representatives in conversations in the APEC context. Discussions held in A2C2 echoed New Zealand's priorities in 2021.

iv) Promoting transparency

Peru presented the Concept Note "PPD on Promoting Transparency of TBT WTO Notifications: Improving Completeness and Clearness of Information" which was circulated to MAG members for comments and was previously endorsed by the CTI. The proposal sought to address adverse effects to businesses (particularly MSMEs) in relation to lack of information and transparency on TBT. The initiative comprised a self-funded

study and a Public-Private Dialogue to be held tentatively on the margins of SOM1 2022 to complement WTO guidelines on transparency.

Canada expressed support for Peru as co-sponsor of the initiative.

The Philippines thanked Peru for its efforts on transparency and strengthening information sharing and capacity building in this area.

8. STRENGTHENING COMPREHENSIVE CONNECTIVITY AND INFRASTRUCTURE DEVELOPMENT TO SUPPORT FOR REGIONAL ECONOMIC INTEGRATION (REI)

i) Enhancing Regional Connectivity and Promoting Trade Facilitation

a) APEC Pathfinder for Self-Certification of Origin

The Convenor reminded that the APEC Pathfinder for Self-Certification of Origin was endorsed in 2018 and comprised 11 economies. Economies that are not part of the pathfinder were invited to consider doing so.

b) APEC Pathfinder on Facilitating Trade in Remanufactured Goods and Study: Trade of Remanufactured Goods in APEC

The United States reminded economies that remanufacturing promotes material and energy savings, reduces the generation of solid waste and uses innovating cutting edge technologies. A study was proposed in August 2020 on trade of remanufactured goods in APEC related to refurbishment of medical devices. The study indicates that trade in remanufactured healthcare products could contribute to greener and more circular economies, as well as bring solutions to the shortage of health care equipment and increased medical spending due to the COVID-19 pandemic. The importation of remanufactured goods is heavily regulated and/or banned in several APEC economies, or face tariff or non-tariff barriers.

The study was ongoing and would focus on how APEC economies define and regulate importation of refurbished medical devices, and will provide an update on the APEC refurbished medical device market. It would also look at how these products are addressed in key free trade agreements in APEC economies. A first draft of the study should be ready in May or June 2021 and a related workshop would be organised on the margins of SOM3 to highlight the results of the study.

Singapore welcomed the project from the United States and highlighted its relevance in the COVID-19 pandemic context and supply chain resilience efforts, while contributing to circular economy.

9. OTHER ISSUES

i) MAG members to discuss MAG inputs for the implementation plan of the APEC Putrajaya Vision 2040.

The Convenor briefed MAG members on the request from CTI to sub-fora to provide inputs for the implementation plan of the APEC Putrajaya Vision 2040 and noted that some economies had already submitted input ahead of the meeting. Members were informed that consolidated inputs would be circulated after the meeting.

ii) Convenor to brief on the revision of MAG Terms of Reference, CTI sub fora assessment and renewal of MAG's mandate.

The Convenor informed that CTI sub-fora assessments would be conducted in 2021 to renew the mandate of the group for another four years. The Terms of Reference of the group would have to be updated for this purpose. No written feedback had been received prior to the meeting. At least two new elements would be incorporated: (i) support for the Putrajaya Vision Implementation Plan and (ii) procedures in case the MAG Convenor is unable to complete his/her term. The Convenor invited economies to submit suggestions, if any, on the TOR revision process. Work would be conducted intersessionally to submit the endorsed TOR to the CTI by SOM3.

Additionally, the MAG Convenor invited economies to submit input to the Key Actions Framework for the La Serena Roadmap Implementation Plan by the 10 June 2021 deadline.

10. UPDATE FROM THE APEC SECRETARIAT

APEC Secretariat briefed members on the project management process. MAG members were encouraged to submit Concept Notes and implement projects in support of MAG's work.

11. MEETING DOCUMENTS

MAG's Program Director informed that the Document Classification List was included in the ACS for members' consideration and comments, if any, should be sent to the Secretariat by 29 February 2021.

12. CONVENOR'S CLOSING REMARKS

MAG Convenor thanked members for their participation and informed the next meeting would take place in August 2021. The meeting was adjourned at 12:15 PM.