

2023/SOM2/015 Session 2.2

CTI Chair's Report

Purpose: Consideration Submitted by: CTI Chair



Second Senior Officials' Meeting Detroit, United States 24-25 May 2023

Executive Summary

The Committee on Trade and Investment (CTI or "the Committee") met on 21 and 22 May, 2023, in Detroit, Michigan, United States, under the chairmanship of Blake van Velden of New Zealand.

The report highlights the discussions and outcomes arising from the meeting. Overall, CTI members are actively engaged in the CTI's very comprehensive agenda and there are a number of wide-ranging initiatives under way. Since our first meeting in Palm Spring in 2023, there have been a number of initiatives put forward for endorsement, a number of which the Committee is still working towards achieving consensus.

CTI's work program in 2023 continues to be organized around priority areas that contribute to the overall APEC 2023 priorities, as well as the implementation of the Putrajaya Vision, and Aotearoa Plan of Action: (i) Support for the Multilateral Trading System; (ii) Deeping Economic Integration in the Region, (iii) Trade Facilitation, Connectivity, Digitalisation and Innovation; and (iv) Inclusion & Sustainability.

We had in-depth discussions on members' priorities at the WTO ahead of the 13th Ministerial Conference. We also took the first step towards implementing the FTAAP agenda Work Plan.

Prior to the CTI plenary meeting, the Automotive Dialogue held its meeting and its Co-Convenor reported to CTI. The GOS Convenor updated members on the three-day ASCR Dialogue. The representative from the Chemical Dialogue Co-Convenor presented the chemical industry's letter to CTI. The Chair of the Transportation Working Group joined the meeting. The representative for the PPWE Chair presented on PPWE's priorities. The representative for the MAG Convenor updated on the status of the HS Transposition.

At the CTI plenary meeting, three CTI proposals/initiatives were endorsed.

The report is submitted to Senior Officials for information and endorsement.

Recommendations

CTI recommends that Senior Officials:

- endorse the CTI Chair's report from this meeting;
- note status of members' acceptance of the WTO Agreement on Fisheries Subsidies (Annex A)
- **note** the Automotive Dialogue Convenor's report (Annex B);
- **note** the document *"Items for Noting"* (Annex C);

23 May 2023

The SOM Chair Second APEC Senior Officials' Meeting (SOM2)

APEC COMMITTEE ON TRADE AND INVESTMENT (CTI): CTI CHAIR'S REPORT

Introduction

1. The Committee on Trade and Investment (CTI) met on 21 and 22 May 2023, in Detroit, Michigan, United States. 20 APEC economies were represented.¹ In terms of the CTI subfora, the GOS Convenor joined the meeting along with representatives for the Conveners of the Automotive Dialogue (AD), the Chemical Dialogue (CD), and the Market Access Group (MAG). We were also joined by the Chair of the Transportation Working Group (TPTWG), as well as the representative from the Chair of the Policy Partnership on Women and the Economy (PPWE). The APEC Business Advisory Council (ABAC), and the Pacific Economic Cooperation Council (PECC) also joined the meeting. The APEC Policy Support Unit (PSU) was also present and contributed to a number of items, including those which it is leading work for CTI.

2. In line with the Putrajaya Vision and the Aotearoa Plan of Action, the meeting was organised under the following four key areas:

- a. Support for the Multilateral Trading System (MTS);
- b. Deepening Economic Integration in the region, including through discussion of the Free Trade Area of the Asia Pacific (FTAAP) Agenda;
- c. Trade Facilitation, Connectivity, Digitalisation, and Innovation;
- d. Inclusion and Sustainability issues.
- 3. One CTI-level event was held intersessionally:
 - Workshop on Promoting "One Village One Product" Through E-Commence (6 & 7 April 2023)

4. The Automotive Dialogue (AD) and the Group on Services (GOS) met on the margins of SOM2.

Progress on the 2023 CTI Work Program

5. The main discussion points of the meeting were as follows. Where deadlines for comments have been set, and if no comments are received by the deadline, the proposal will be deemed endorsed.

Support for the Multilateral Trading System (MTS)

6. The **Secretariat** provided an update on the status of members' acceptance of the World Trade Organization (WTO) Agreement on Fisheries Subsidies. Three APEC members²

¹ Mexico was not represented.

² Canada, Singapore and United States

have accepted the agreement while the remainder are in various stages of doing so. The document is attached as Annex A.

7. **ABAC** provided key priorities from its Statement on the WTO. ABAC's view was that APEC should strongly champion the WTO, including in Geneva.

- 8. In terms of ABAC's priorities for the WTO, ABAC called for:
 - a. Implementation of the Agreement on Fisheries Subsidies and continued negotiations for Phase II;
 - b. Elimination of distorting subsidies in the area of agriculture subsidies and food security;
 - c. Making permanent the WTO Moratorium on Customs Duties on Electronic Transmissions;
 - d. Having an ambitious outcome on the Joint Statement Initiative (JSI) on E-commerce;
 - e. Robust outcomes in the WTO Trade and Environmental Sustainability Structured Discussions (TESSD), and Environmental Goods Agreement
 - f. Restoration of the WTO Appellate body, reform the disputes system, and greater transparency.

9. Members took note of ABAC's letter and identified areas of convergence with ABAC's priorities, including a potential visit by ABAC members to Geneva this year. As a way to build cooperation and transparency, it was suggested the CTI and ABAC could look at different tools to check which ABAC recommendations had been taken up at CTI and the CTI sub-fora.

10. Members discussed their priorities in supporting the WTO and the MTS, including those ahead of the 13th Ministerial Conference. These covered APEC's role as an incubator of ideas; support of live and outstanding issues; and implementation of existing and new initiatives. APEC's significance in the global economy was noted, as well as APEC members' active participation in a wide range of WTO initiatives.

Economic Integration in the Region

11. **ABAC** provided highlights from their Statement on the Free Trade Area of the Asia-Pacific (FTAAP). ABAC stressed that FTAAP was its foremost trade and economic priority.

12. ABAC listed five specific priority initiatives:

- a. Enhancing supply chain connectivity, building resilience;
- b. Facilitating digital trade;
- c. Creating a coherent digital regulatory environment ;
- d. Leveraging trade for climate;
- e. Enhancing inclusion in trade.

13. ABAC stressed that progress should be "measurable" and be an "iterative process". Members expressed appreciation to ABAC, noting that a number of issues raised aligned with their priorities, and welcomed greater cooperation and communication.

14. Christopher Langman, Chair of the **Australian PECC committee (AUSPECC)**, provided an update on the PECC FTAAP project.

15. The **CTI Chair** led a discussion on the *FTAAP agenda Work Plan*. Australia, Japan and Peru updated members on their focus areas. This was the first time the Work Plan had received inputs, after being agreed late last year. The CTI Chair thanked the three economies for providing updates and encouraged others to do table initiatives for further discussion at CTI meetings.

16. **China** provided an update on the Regional Economic Comprehensive Agreement (RCEP).

17. **New Zealand** provided an update on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

18. **Chile** provided an update on the Digital Economy Partnership Agreement (DEPA).

19. **New Zealand** provided an update on the Inclusive Trade Action Group (ITAG) and the Global Trade and Gender Arrangement (GTAGA).

20. Members <u>endorsed</u> Peru's proposal *"A new look at the FTAAP. A proposal for a Focus Area to be part of the FTAAP Agenda Work Plan"*. The proposal includes two elements, i.e. a Review and a Study. The review and the study will assess whether the work done by APEC is moving the FTAAP agenda forward consistent with the mandate from the Putrajaya Vision and Aotearoa Plan of Action.

21. The **United States** sought endorsement of initiative *FTAAP Agenda Work Program* on Labor-related Provisions in *FTAs/RTAs, including information-sharing on Technical* Assistance and Capacity Building provisions which had been tabled at CTI1. The US shared its responses to queries – circulated to members on 25 April. However, one economy indicated that it had concerns. The Chair set a deadline of 7 June for comments.

22. **Japan** spoke on its revised joint proposal *FTAAP Agenda Work Program on Stateowned Enterprises (SOEs).* Proponents suggested tasking the PSU to undertake a compilation of provisions - divergences as well as convergences - related to SOEs in members' RTAs/FTAs. The proposal was unable to achieve consensus as one economy sought further clarifications. The Chair set a deadline of 7 June for comments.

23. **China** updated its concept note *FTAAP Work Program on Digital Identity and Interoperability.* The proposal would involve a stock take, a study and a capacity building workshop. China noted that one economy had concerns on "interoperability" and shared that it was prepared to narrow the scope of the proposal. The Chair asked that members work intersessionally so that the proposal could be submitted in time for Project Session 2.

Trade Facilitation, Connectivity, Digitalisation and Innovation

24. The **PSU** updated members on its Policy Brief "Artificial Intelligence in Economic Policymaking". The CTI Chair noted more attention was being placed on AI issues in trade, and members welcomed the update.

25. **China** sought endorsement for the draft Terms of Reference (TOR) for the *Asia-Pacific Model E-port Network (APMEN)*, and the *Annual Work Plan*. APMEN provided an update on its work. The proposals were unable to achieve consensus due to further clarifications being sought. The Chair set a deadline of 7 June for comments.

26. **Japan** updated members on its proposed Terms of Reference "Research on how economies can help utilize digital trade platform in post-COVID 19 era". Japan noted that it had received comments on the draft TOR and would re-circulate a revised version intersessionally.

27. **Japan** provided updates on *Peer Review and Capacity Building on APEC Infrastructure Development and Investment* which would see it partner with Chile. Japan also noted that it would be providing capacity building to Papua New Guinea in 3Q 2023.

28. **Singapore** updated members on the champions-leads for the SCFAP III. In addition, to those identified in Singapore's presentation, Korea and Peru were added at CTI1 as champion economies for Chokepoint One. The **APEC PSU** shared with the meeting Proposed Quantitative Indicators to Measure Progress of SCFAP III. The PSU also shared perspectives on Supply Chain Connectivity Policy Practices for Benchmarking to Measure Progress of SCFAP III.

29. The **United States** sought endorsement (a) of its proposal to hold a *Digital Trade Policy Dialogue* at SOM3 and (b) a self-funded proposal for a *"Workshop on "Implementing the APEC Pathfinder on Building Blocks for Facilitating Digital Trade"* which would see the workshop being held in the margins of SOM3 in 2023 to pursue work related to the implementation of the Pathfinder. One economy noted that there were concurrent discussions under the Pacific Digital Agenda and noted that it was currently undergoing domestic consultations. The Chair set a deadline of 7 June for comments.

30. The **United States** shared that it would hold an APEC Alliance for Supply Chain Connectivity (A2C2) meeting at SOM3. The focus would be on operationalising the SCFAPIII.

31. **China** sought endorsement of its self-funded proposal *"Literature review and best practices of cooperation on data flows and cross-border payments to support digitalized supply chains among APEC economies"*. As there were comments, the Chair set a deadline of 7 June for further comments.

32. **ABAC** took note of members' updates and shared that it is doing work on Artificial Intelligence and would provide an update at CTI3. It noted that it was organizing a SOM lunch focusing on SME Supply Chain Resilience on May 24 and would organise an event on digital trade at SOM3.

Inclusion and Sustainability Issues

33. **China** sought endorsement for the TOR for the *APEC Cooperation Network on Green Supply Chain (GSCNET)*. China noted it had incorporated the majority of comments from members. A few members sought further clarifications. The Chair asked that members find consensus as soon as possible.

34. **China** sought endorsement of its proposal *Priorities of cooperation for promoting an inclusive digital economy development in the APEC region.* A few members sought further clarifications. The Chair asked that members find consensus as soon as possible.

35. **China** gave a progress update on its self-funded proposal *Research on Key Areas* and *Implementation Paths for Deepening APEC Inclusive Trade and Investment Cooperation.* The objective of this proposal is to strengthen cooperation in inclusive trade and investment through a seminar and research. A report had been circulated intersessionally.

China provided an update and said it would seek for the endorsement of the report intersessionally.

36. The **United States** updated members on its proposal *"Circular Economy Approaches to Promote E-waste Recovery in the Asia Pacific Region"*. The US thanked co-sponsors and noted that it has tried to incorporate comments and was of the view that the proposal did not contradict the Basel convention. One economy continued to express concerns. The Chair set a deadline for comments of 7 June for comments.

37. **Canada** self-funded proposal *"Workshop on the prospects of low carbon trade in the APEC region"* <u>was endorsed.</u>

38. **Australia** sought endorsement for its self-funded proposal "Women's Business Activator". Two economies said that they still have outstanding comments. The Chair asked that the proponent work with the concerned economies and seek consensus in the short term.

39. **Australia** sought endorsement for a self-funded proposal "Enabling Trade by Indigenous Peoples". One economy said it still had concerns. The Chair asked that members find consensus as soon as possible.

40. **Russia**'s draft questionnaire for its initiative *Exploring interoperability in APEC* approaches on Green Finance and Sustainable Investing **was endorsed** by CTI.

Other Initiatives and Projects

41. There were no items under this agenda item.

Reports of Sub-Fora Convenors & Endorsement Sub-fora Convenors' reports and Participation from other Fora

42. The **Automotive Dialogue** Co-Convenor presented its report (Annex B) from the 37th AD meeting. which took place on 19-20 May. CTI endorsed the AD Convenor's Report.

43. The **Chemical Dialogue** Co-Convenor elaborated on its Industry letter to CTI. Members took note of the letter.

44. The **Chair of the TPTWG** was invited to share their priorities and outcomes of the Transportation Ministerial Meeting (TMM).

45. A representative of the **PPWE** Chair provided updates from the PPWE Chair's office. The representative suggested a potential joint dialogue between CTI and PPWE in the margins of SOM3, which was welcomed by some economies.

46. The **GOS Convenor** updated members on the three-day APEC Services Competitiveness Roadmap (ASCR) Dialogue which took place from 18-20 May 2023.

Taskings from Leaders and Ministers

47. The **GOS Convenor** sought and received CTI's approval of the "*Non-Binding Guidelines on Services That Support the Clean-Up of Marine Debris*". The Convenor also

provided a status update on the "Non-Binding Guidelines on Logistics-related Services that Support the Movement of Essential Goods in Periods of Crisis".

48. The **MAG Convenor**'s representative updated members on the HS Transposition. MAG has been leading the process on the next phase of transposing the environmental goods list from HS2017 to HS2022. Most of the work has been completed with two outstanding HS lines.

49. **Australia** updated members on its work on the Ministerial mandate for recommendations for potentially producing a voluntary, non-binding reference list. A document containing draft recommendations to Ministers was circulated to the MAG after the CTI plenary. It was hoped that CTI would be able to endorse it prior to the MRT.

50. **New Zealand** updated members on work on Inefficient Fossil Fuel Subsidy reform and encouraged members to participate in the voluntary transparency exercise.

Implementing the Putrajaya Vision, including through the Aotearoa Plan of Action

51. **Singapore and Viet Nam** voluntarily showcased a number of their individual actions under the APA. This was the third time CTI had highlighted individual actions under the APA, following Peru and Canada at CTI3/2022 and Australia and Hong Kong, China at CTI1/2023. The Chair thanked both economies for stepping forward, and encouraged other members to do so at CTI3.

52. The **CTI Chair** and **the PSU** led a discussion on *Evaluating Progress under the APA*.

Updates from ABAC and Observers

53. **PECC** encouraged greater stakeholder engagement on issues such as tackling the high cost of living and protectionism.

Updates from the APEC Secretariat

Project Update

54. The **APEC Secretariat** provided an update on Projects including key dates for Project Session 2, as well as the implementation of the APEC Project Administration System (APAS) that would come into effect from second half of 2023.

Items for noting

55. CTI continued with the practice of having *Items for Noting* which serves as an update to committee members. We **endorsed** this document (Annex C) and submit this to Senior Officials for your noting.

Governance

56. The **United States** provided the background to the SOM-level proposal, "*The future of the APEC Regulatory Harmonization Steering Committee (RHSC) and recommendations on the way forward*". Korea also provided context to the proposal and hoped to see consensus on the way forward soon.

57. Selection of the next CTI Chair. The **Secretariat** noted that members had endorsed the "Process for Selecting the Next Committee on Trade and Investment (CTI) Chair 2022-2023" (2021/SOM2/CTI/IS07)" and the deadline for nominations is set at 16 June 2023.

Other Business

58. **Indonesia** shared information on its ASEAN Chairmanship for 2023.

Summary and conclusion

59. The CTI Chair closed the meeting by thanking CTI members, and stakeholders for their active participation, and the United States' generous hospitality.

Fran Velden

Blake van Velden Chair, APEC Committee on Trade and Investment

Enclosed

Annex A	Table on APEC economy progress in notifying acceptance of the
	WTO Agreement on Fisheries Subsidies
Annex B	Automotive Dialogue Convenors' report
Annex C	Items for Noting

Table on APEC economy progress in notifying acceptance of the WTO Agreement on Fisheries Subsidies

21 May 2023

Economy	Date of notification to WTO of acceptance (if applicable)	Status of domestic approval processes if not yet accepted and notified to WTO	Overview of domestic processes; and, if known, expected timeframe for completion /notifying acceptance to WTO
Australia	-	Currently undergoing the required scrutiny by Australian Parliament and approval by Executive Council	Anticipate lodgement of instrument of acceptance early in the second half of 2023.
Brunei Darussalam	-	Ongoing internal procedures	TBD
Canada	2 May 2023		
Chile	currently undergoing domestic approval in Chile	Ongoing internal procedures	domestic process in progress. The timeframe is still being confirmed.
People's Republic of China	-	Ongoing internal procedures	The Agreement shall be approved by the State Council. It's expected to be finished within 2023.
Hong Kong, China	-	Ongoing	Preparation is in progress, and it is expected that HKC will accept the Agreement in Q3 2023
Indonesia	-	Internal consultation	TBD
Japan	-	Ongoing internal procedures	TBD
Republic of Korea	-	Under review by Ministry of Government Legislation	TBD

Malaysia	N/A	Ongoing domestic procedures	In the process of amending relevant Acts prior to ratification
Mexico	-	Ongoing internal procedures	Once the administrative authorities finishes an inform about the Agreement and in the due moment, the agreement has to be reviewed by the Mexican Congress (Senate) for its ratification; timeframe (TBD)
New Zealand	N/A	Ongoing domestic processes, requires Parliamentary approval	Domestic processes include Cabinet Approval and Parliamentary Treaty Examination. The timeframe is still being confirmed
Papua New Guinea	-	Currently undergoing internal consultations	Complete the consultations, seek Cabinet's approval to be tabled in Parliament and then have the instrument of acceptance deposited to the WTO. Timeframe yet to be confirmed.
Peru	-	Currently undergoing internal procedures	Domestic process in progress, sectoral consultations have been completed. Currently undergoing reviews in Congress. Acceptance process expected to be finished within 2023.
The Philippines	-	The domestic process of ratification is ongoing.	The Department of Agriculture, as the lead authority, has begun preparations for the issuance of the ratification instrument.
Russia	-	Ongoing internal procedures	TBD
Singapore	10 February 2023		
Chinese Taipei	-	Ongoing internal procedures	TBD
Thailand	N/A	Ongoing domestic procedure	In the process of amending relevant laws and regulations. The timeframe cannot be estimated.
United States of America	11 April 2023		
Viet Nam	-	Ongoing internal procedures	TBD

Annex B: Convenor Reports - Automotive Dialogue (AD)

AUTO DIALOGUE CONVENOR'S SUMMARY REPORT TO CTI1 2023

1. Forum Main Objectives/Deliverables expected for 2023

Please provide a brief list of the forum's 2023 objectives and expected outcomes/deliverables.

The objectives of Auto Dialogue 37:

•Examine the impact that the transition to EVs has on the Auto Parts Industry. Looking further into topics such as: new components and supply chains, economic disruptions as fewer parts are needed and existing producer's transition to EV future.

•Examine how the transition to EVs impacts the auto workforce.

•Examine the Circular Economy for Battery Recycling and Re-use. Looking further at the use of new technologies to recycle EV batteries/critical minerals, safe transport and mitigation of hazardous materials, development of "circular economy" for EV batteries.

•Examine the implications of Equity, Access, and Inclusivity in EV/AV Adoption and Access in a multi-modal environment including personal vehicles, buses, tram and rail, shared mobility, etc.

•Examine the implications that a transition to EV has on Micro-Transit Applications and Integration in Urban Transit and Infrastructure including 2/3 wheeled vehicles, particularly E-scooters and E-bikes.

2. How the forum's work contribute to APEC and CTI's objectives,

Please provide a brief list of the forum's work under each sub-heading.

a. Implementing the Putrajaya Vision , including through the Aotearoa Plan of Action

In-line with the Putrajaya Vision; the AD will promote policies, cooperation and growth in the automotive industry, which support efforts to address climate change by engaging in dialogue on best practices to facilitate the introduction of new, low emission vehicle technologies such as electric vehicles, hydrogen fuel cell vehicles and autonomous vehicles to all of APEC.

b. Implementing Leaders or Ministerial mandates from previous years, including the 2022 Bangkok goals

The Auto Dialogue supports the Bangkok Goals for the Bio-Circular-Green (BCG) Economy, which outlines targets on APEC's sustainability development agenda, such as climate change mitigation, sustainable trade and investment, environmental resources conservation and waste management through a program that supports all aspects of APEC's transition to EVs. AD37 held a panel discussion that focused on the Circular Economy and Trade that included best practices of battery recycling.

c. Support for the Multilateral Trading System

"...Growth of international trade flows in the region become more stable and predictable including with increased coverage of WTO rules, through APEC members' effective and transparent implementation of existing and future commitments..."

The AD continues to focus much of its work on trade-related regulatory issues affecting the healthy, sustainable development of the automotive industry in developing and developed APEC auto economies. Much of that dialogue has included important updates on the state of participating economies in the supply chain challenges 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 supply chain challenges. The AD continues to focus its discussion on issues related to low emission vehicles; and economic and technical cooperation related to the automotive industry in the Asia-Pacific region.

d. Regional Economic Integration

- "...APEC's trade and investment environment is free, open, fair, nondiscriminatory, transparent and predictable..."
- "...further advance the Bogor Goals and economic integration in the region in a manner that is market-driven, including through the work on the Free Trade Area of the Asia-Pacific (FTAAP) agenda which contributes to high standard and comprehensive regional undertakings..."

Building on the success of its initial foray into advanced technologies and – more importantly – in line with the Putrajaya Vision, thus far in 2023 the AD has placed a special focus on promoting regional economic integration in the context of electric vehicle (EV) readiness. Industries will continue to discuss how economies can prepare for the transition to electric and develop charging infrastructure rollout strategies with a focus on how governments and industry can collaborate to ensure the adequate supply of EVs and key components.

Recognizing that – in terms of their existing EV infrastructure, regulatory environment, and consumer preferences – each APEC economy is unique, the AD is working to ensure that all of its discussions in 2023 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 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. In-line with the Putrajaya Vision; the AD will promote policies, cooperation and growth in the automotive industry, which support efforts to address climate change by engaging in dialogue on new, low emission vehicle technologies such as electric vehicles, hydrogen fuel cell vehicles and autonomous vehicles

e. Trade Facilitation and Connectivity

"...promote seamless connectivity, resilient supply chains and responsible business conduct, APEC economies will improve physical, institutional and people-to-people connectivity

Much of that dialogue has included important updates on the state of participating economies in the supply chain challenges in the wake of the global pandemic with focus on EV battery raw materials and the availability of these materials in several developing APEC economies, as well as updates on automotive semiconductor supply chains.

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 supply chain challenges.

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.

f. Innovation and Digitalisation

- "...To empower all our people and businesses to participate and grow in an interconnected global economy, we will foster an enabling environment that is, among others, market-driven and supported by digital economy and innovation."
- "...strengthen digital infrastructure, accelerate digital transformation, narrow the digital divide, as well as cooperate on facilitating the flow of data and strengthening consumer and business trust in digital transactions."

During a session on Future Mobility Developments and Priorities, all of the presentations touched on equity, access and inclusivity in EV/AV adoption and access.

g. Sustainable and Inclusive Growth

- "Advancing inclusive policies, including under the economic drivers of trade & investment, and innovation and digitalisation, to promote sustainable economic growth opportunities and improve quality of life..."
- "...develop, encourage and exchange best practice policies, and promote capacity building programmes, that address all environmental challenges including climate change - and support sustainable growth, such as through trade, including APEC's work on facilitation of trade in environmental goods and services"

The AD has placed a special focus on promoting regional economic integration in the context of electric vehicle (EV) readiness. Industries will continue to discuss how economies can prepare for the transition to electric and develop charging infrastructure rollout strategies with a focus on how governments and industry can collaborate to we ensure the adequate supply of EVs and key components Inclusive growth includes studying the EV Transition Impacts on Auto Workforce because of disruptions in traditional employment in the near-future

Workforce because of disruptions in traditional employment in the near-future due to the transition to EVs. While also looking at the unique opportunities offered by EV transition. Inclusive sustainable growth also includes Equity, Access, and Inclusivity in EV/AV Adoption and Access in vehicles other than cars such as buses, tram, rail,2/3 wheeled vehicles, particularly E-scooters and E-bikes.

3. Planned private sector / stakeholder engagement in 2023

Please provide a list of planned private sector engagement in 2023

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.

- AD37 on 19, 20 May
- AD38 TBD

4. Planned cross-fora collaboration in 2023

Please provide a list of planned cross-fora collaboration in 2023

The TPTWG and the Energy Working Group were engaged in the development of the APEC Advanced Vehicle Technologies Technical Engagement Program. This is a 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 APEC Advanced Vehicle Technologies Technical Engagement Program is scheduled to begin two projects with two participating APEC economies.

Attendees from the Transportation Ministerial and the Energy Working Group were invited and attended the Auto Dialogue in May 2023.

5. Main outcomes from most recent plenary meeting

Please provide in list format

To deliver on climate goals, economies are supporting the uptake of low/zero emission vehicles, by;

- Developing economy-wide low/zero emission vehicle plans and strategies with input from all relevant sectors
- Subsidizing low emission vehicle sales that target the cleanest vehicles
- Using 'feebates' to disincentivize inefficient vehicles and more efficient vehicles
- Subsidizing the cost of charging infrastructure development
- Demonstrating leadership on climate change by procuring low emission vehicles for govt fleets.
- Establishing Vehicle Efficiency Standards

• Exempting import and excise duty, and sales taxes for EVs

However more could be done to stimulate demand for low emission vehicles and ensure a just transition. APEC economies could;

- Support the rollout of EV charging infrastructure to ensure a comprehensive and coherent public charging network to ease 'range anxiety'
- Work with the electricity sector to ensure the grid is increasingly smart, reliable and low emission to support charging and manufacturing
- Develop consumer awareness and education campaigns to ensure the benefits of low/zero emission vehicles are realized

Despite economies' applaudable efforts to stimulate demand, vehicles manufacturers will face challenges in meeting demand. These include:

- Significant challenges in the supply of critical minerals and materials will require government leadership to develop long term resource plans
- Invest in Battery R&D to incentivize innovation and tech break throughs
- Collaborate to resolve supply chain issues and minimize costs
- Enhance industry collaboration across the battery life-cycle to ensure that batteries are designed for easy reuse, repurpose, and recycling.
- Create a more stable and predictable source of materials for EV batteries
- Develop a circular economy model for batteries and EVs as a whole
- Collaborate to resolve supply chain issues and minimize costs
- Develop international standards for sustainable batteries and supply chains
- Develop a circular economy model for batteries and EVs as a whole

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

Please advise how many economies participated in the most recent plenary meeting and indicate efforts to increase participation from members

16 economies participated, with over 100 Participants in-person and on-line.

7. What is your Forum doing to increase participation from its members?

Please provide a brief list of planned efforts to increase participation from 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 starting two projects 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), electric vehicles and hydrogen fuel cell vehicles technologies. This project seeks to address issues relating to connected vehicles, electric vehicles, infrastructure development, and future road mobility with a focus on addressing pertinent issues such as gridlock reduction. Through a research and stock-take 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 pertinent to communications, cybersecurity, electric vehicles, 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 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 Convenor's Report.

Please add any additional decision points needed from CTI

Nil

Items for Noting – Second Committee on Trade and Investment Meeting (CTI2) 2023

No.	Initiative or item ³	CTI agenda topic	Lead economy	Progress update or other information to note
1.	Fostering Greater SME Participation in Global Value Chains – Phase 2: Utilisation of Digital Technologies and Digitalisation CTI 01 2023S	Trade facilitation, connectivity, digitalization and innovation	Australia	 Current status and progress/update: This project was endorsed on 3 April 2023. Preparations have started for the upcoming online and in person events to be held later this year. Invitations to APEC economies to nominate participants in the project will be sent out in the coming weeks, together with additional information about the events. The first event is tentatively scheduled in late July to be hosted online. Request to CTI members We encourage APEC economies to nominate at least two SME participants.
2.	APEC Single Window Interoperability Action Plan	Supply Chain Connectivity	Chile, China & Peru	 Current status and progress/update: In 2021 the technical group comprised of Chile, Peru and Singapore (as pilot participants) and Korea and New Zealand (as observers) met several times to start developing the technical parameters of the pilot. The participants agreed, as first approach, that the document to exchange in the pilot would be the customs data declaration form. Subsequently they exchanged their own forms, as to familiarize with the design and particularities of the document in each Economy. Next steps: The participants continue to discuss on the best technology to use to interoperate and the standards that will define the pilot

³ For members' ease of reference, a document number from past CTI meetings will be provided

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3		Economic	Chile	 like, for example, applicable international regulations or treaties. Once this analysis is concluded the group will work on a Harmonization Matrix and Service Contracts for the document to be exchanged. A new set of technical meetings will soon be scheduled for 2022. Request to CTI members Nil
3.	Initiative "Dispute Settlement Mechanisms in Trade Agreements"	Economic Integration in the Region	Chile	 Current status and progress/update: The PO is currently working in the final report of the initiative that we expect to circulate to CTI members after SOM1. Next steps: To circulate to CTI members for comments and eventual endorsement the final report of the initiative Request to CTI members Nil. CTI members should note that several Economies have expressed interest in a continuation of this discussion at CTI.
4.	APEC "Workshops for Capacity Building in Self- Declaration of Origin for FTAs/RTAs" SCCP 02 2022T	Economic Integration in the Region	Japan	 Current status and progress/update: Japan has been working on completing the draft agenda and coordination between relevant ministries. Next steps: Holding a workshop in the margin of SOM3 in Seattle. Request to CTI members N.A.

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5.	Sharing best trade policy practices to enhance synergies between trade and innovation	Trade Facilitation, Connectivity, Digitalisation and Innovation	Japan	 Current status and progress/update: Japan has been working on revision of project proposal. It will be circulated among CTI members. Next steps: The project proposal will be circulated among CTI members for endorsement intersessionally. Request to CTI members Economies are encouraged to review the project proposal and cast their views on that, if any.
6.	Research on practices on building open, secure and resilient supply chain for business	Trade Facilitation, Connectivity, Digitalisation and Innovation	Japan	 Current status and progress/update: Japan has been working on completing the draft report, gain feedbacks from various economies. Next steps: The final version, revised based on comments and feedback from economies will be circulated and asked for endorsement intersessionally. Request to CTI members N.A.
7.	Study on the Impact of Information Technology Agreement (ITA) and future of ICT trade MAG 01 2022T	Trade Facilitation, Connectivity, Digitalisation and Innovation	Japan	Current status and progress/update: - Japan has been working on completing the contract procedures. After the process, Japan will draft possible agenda for workshop. Next steps: - Holding a workshop intersessionally. Request to CTI members - N.A.

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8.	PSU Study "Non-Tariff Measures Affecting Trade in Goods Reducing Greenhouse Gas (GHG) Emissions"	Sustainability	Japan	 Current status and progress/update: Japan has been working on completing the draft report, gain feedbacks from various economies. Next steps: The final version, revised based on comments and feedback from economies has been circulated and asked for endorsement intersessionally. Request to CTI members Economies are encouraged to review the report and cast their views on that, if any.
9.	APEC Trade Repository	Updates from Sub-Fora Convenor/ Chair	Philippines	 Current status and progress/update: The Philippines provided MAG members the latest APECTR usage report covering the period 1 August 2022 to 15 February 2023. In 2022, the APECTR was updated to reflect changes in the links and new information from respective member economies. The Philippines also uploaded the APECTR with the latest version of the APEC Survey on E-commerce Regulations (led by Singapore). Next steps: Nil. Request to CTI members
10.	Study on Strategy to Promote the Utilization of the APEC Trade Repository	Updates from Sub-Fora Convenor/ Chair	Indonesia	 Current status and progress/update: All the project outputs (draft of study report, infographics and video graphics) have been endorsed by MAG on 09 May 2023.

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	MAG 01 2021T			 Next steps: N/A Request to CTI members Encourage Members to use the infographics and video graphics on the stakeholders with their respective platforms to increase the utilization of the APECTR
11.	Exploring interoperability in APEC approaches on Green Finance and Sustainable Investing	Sustainability	Russian Federation	 Current status and progress/update: The proposal was endorsed by APEC economies on March 17, 2023. It aims to promote a better understanding of the existing and emerging alignment approaches in the APEC region As part of its implementation, a questionnaire is being developed to conduct a respective survey. Next steps: Economies are encouraged to fill out the questionnaire when it is circulated.
12.	Blueprint 2.0.: Work Plan on Cooperation on Implementing and Taking Full Advantage of Statistics Related to GVCs 2020/SOM1/CTI/033 2020/CTI-E/IS02 2020/CTI3/IS02	Trade Facilitation and Connectivity	China, Indonesia and United States	 Current status and progress/update: China, Indonesia, and the United States Work Plan on Cooperation on Implementing and Taking Full Advantage of Statistics Related to GVCs⁴ for workstream 3 of Blueprint 2.0 was endorsed on 9 March 2020. The Work Plan seeks to help APEC economies to better utilize the TiVA database by undertaking a survey of economies' needs and challenges in developing and utilizing TiVA data; providing capacity building; and assisting APEC economies in developing better underlying statistics that goes into TiVA compilation. Phase 1 of the five-year work plan calls for a survey to be conducted to

⁴ 2020/SOM1/CTI/033

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				identify the level of understanding TiVA statistics; assess capacity building needs; and identify the type of extended SUTs and supporting data that are needed by each economy. On 9 September 2020, the draft survey was circulated in CTI for comments and endorsement. On 2 December 2020, the survey was circulated to economies for completion and re-circulated on 22 January 2021. Responses were received from 14 economies.
				 Next steps: Individual economies will have engaged with ministries, departments, and agencies that are interested in the use of statistics that are related to global value chains in their work, and will have submitted one (1) consolidated response that reflects the input from the various organizations that were consulted. China, Indonesia, and the United States will circulate a summary of results from the survey and a capacity building plan will be developed that addresses various needs from APEC economies on how to access the database and how to effectively use and improve the quality the TiVA data for policy analysis.
				 We ask economies to participate in capacity building activities when scheduled.
13.	APEC Alliance for Supply Chain Connectivity (A2C2), including its extension until the end of 2023 2020/CTI2/008	Trade Facilitation and Connectivity	United States	 Current status and progress/update: The Unites States virtually hosted the 14th Meeting of the APEC Alliance for Supply Chain Connectivity (A2C2) on October 6, 2022, and the meeting report was subsequently endorsed by CTI. Panels included a focus on challenges faced by public and private sector stakeholders and effective strategies to address SCFAP III chokepoints. The event closed with a facilitated discussion, where there was robust dialogue involving panelist and participants from both government and the private sector. Participants highlighted

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				the benefits of the A2C2 forum that allows APEC to discuss these supply chain issues, with an emphasis on the fact that all of these issues connect and small improvements in one area can greatly impact other aspects of the supply chain as well. We heard of additional initiatives that tie into the SCFAP chokepoints, including electronic certifications that are helping to speed-up agricultural trade, new training programs for MSMEs, and payment digitization for e-commerce shipments that make trade simpler.
				 Next steps: Building on this 2022 meeting, The United States looks forward to hosting the first in person A2C2 meeting at SOM3 this year in Seattle, CA. this will be an opportunity for industry from around the region to continue engagement around themes related to SCFAP3 implementation. We encourage all economies to cast a wide net for industry participation and use the opportunity of the SOM3 meeting to bring in a robust and diverse set of stakeholders into the dialogue.
				 Request to CTI members The United States welcomes ideas from economies on ways to support implementation of SCFAPIII utilizing the A2C2.
14.	Study: Policies and Regulatory Frameworks on Modern Digital Economy Issues – Open Government Data <u>CTI 05 2021S</u>	Internet and Digital Economy and E-Commerce	United States	 Current status and progress/update: A self-funded proposal on open government data was endorsed by economies on May 12, 2021. A study was endorsed in April by the CTI to identify emerging practices across the APEC region on the subject of facilitating access to open government data (OGD). This study is part of a project led by the United States aimed at highlighting emerging practices in the region surrounding OGD. It is hoped that through this stock take and subsequent policy discussions, CTI regulators and other APEC economy officials can gain a better understanding of the various policies and regulatory

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				 frameworks on OGD measures to better facilitate ways for companies to make more effective use of data that is growing across the region. As this report shows, OGD mechanisms and initiatives are already well established in every APEC member economy, across all types of organizations, and through many key sectors. The report was endorsed by the CTI on April 19, 2023. Next steps: Following endorsement of the study, activities under this project have been completed. Request to CTI members None
15.	Trade Policy Dialogue on Digital Trade (CTI 01 2021S)	Internet and Digital Economy and E-Commerce	United States	 Current status and progress/update: The proposal for Digital Trade Policy Dialogues (TPD) was endorsed on February 9, 2022. The first TPD was held on April 6, 2022 and included discussions on emerging issues such as policies and regulatory frameworks that can be used to address barriers, examining the impact of regulatory measures, as well as the use of emerging technologies that can serve to facilitate digital trade/e- commerce and a more inclusive digital economy. An in person trade policy dialogue was held in Palm Springs on the margins of SOM1. The focus of SOM1 discussions was on common approaches to digital trade, exploring emerging policy topics, and highlighting opportunities to increase participation in the digital economy. Sessions will focus on building conducive regulatory environments that maximize the flow and impact of data.
				 Next Steps: A summary report from the February 2023 trade policy dialogue was circulated on April 16.

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				 A revised concept note was circulated for the next Digital TPD was last circulated to CTI members on April 26. Request to CTI members Economies are requested to endorse the summary report. Economies are requested to endorse the concept note for the next digital TPD.
16.	Promoting Compostable Bio- Plastics in the Asia Pacific Region CTI 04 2022S	Sustainability	United States	 Current status and progress/update: The self-funded proposal on promoting compostable bio-plastics in the Asia Pacific region was endorsed by economies on April 29, 2022. Chile is a co-sponsor of this work. This project seeks to strengthen the policy environment in APEC to guide the use of compostable bioplastics as well as provide more clarity for labeling and composability standards, with the aim of reducing plastic pollution in the region. A study was undertaken to provide a comprehensive assessment of the policy frameworks that govern the use and trade of compostable bioplastics. This study involved a survey distributed in September 2022 that gathered economy-level information on the issues related to compostable bioplastics. During 2023 SOM1, the U.S. hosted a workshop to share and build upon the findings of the study and to showcase regional best practices in regulating compostable bioplastics with a focus on promoting greater compatibility of compostability standards and labeling requirements. Next steps: The United States will circulate a workshop summary report.

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17.	FTAAP Work Program on APEC efforts to address inclusion in trade agreements CTI 08 2022S	Economic Integration in the Region	United States	 Current status and progress/update: A self-funded proposal on an FTAAP work program on APEC efforts to address inclusion in trade agreements was endorsed by APEC economies on May 15, 2022. This workstream consists of a primary workshop, a stock-take study, and a follow-on workshop. Next steps: The U.S. led projectkicked off at SOM1, where the United States is held a half day dialogue on Feb 22. The dialogue, as well as a stock-take report and subsequent SOM3 workshop, aims to promote dialogue and information sharing on experiences and lessons learned to incorporate inclusion aspects in trade agreements. Through these activities, participants will learn best practices that help address and reduce trade barriers faced by micro, small and medium-sized enterprises (MSMEs); women; and others with untapped economic potential, while simultaneously learning how to apply these practices to enhance their trade agreements. Work is also underway on the stock-take report, which will map the various efforts of APEC economies to incorporate inclusion aspects in trade agreements. Work is also underway on the stock-take report, which will map the various efforts of APEC economies to incorporate inclusion aspects in trade agreements. Potential areas of consideration include evaluating the extent of gender impact assessments as well as identifying indicators and processes to measure progress in achieving more inclusive trade agreements both in the context of specific groups as well as various intersections of these groups.
18.	FTAAP Work Program on Multi-stakeholder Engagement	Economic Integration in the Region	United States	 and provide feedback when circulated. Current status and progress/update: This project was endorsed during SOM2 2022. On August 11, 2022, the U.S. circulated a survey to CTI members to stock-take current

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	<u>CTI 06 2022S</u>			 APEC economy approaches and procedures to undertake multistakeholder engagement in developing trade agreements. In 2022, under APEC's FTAAP agenda, the United States launched a work program on strengthening multistakeholder engagement approaches for the development of trade agreements. The United States conducted an economy-level survey for a more in-depth understanding of the topic in mid-2022. Through this survey, CTI members and other trade stakeholders shared individual experiences and lessons-learned from administering and participating in these approaches. The United States appreciates the robust responses to the survey, where 139 respondents from 11 economies responded. The United States hosted a half day workshop at SOM1, where participants considered how multistakeholder engagement can help economies pursue trade objectives, how to identify and reach trade stakeholders, and how to mitigate potential obstacles or concerns. Next steps: Following the workshop, the United States will develop an outcomes report to highlight the landscape of multistakeholder engagement approaches and procedures, along with their resulting outcomes and lessons learned. This report will also suggest initial steps APEC economies could take as reference.
				report when it is circulated.