



**Asia-Pacific
Economic Cooperation**

2016/SOM1/CTI/002

Agenda Item: 3

Chair's Summary Record of Discussion on CTI3 2015

Purpose: Consideration
Submitted by: CTI Chair



**First Committee on Trade and Investment Meeting
Lima, Peru
28-29 February 2016**

**APEC COMMITTEE ON TRADE AND INVESTMENT (CTI)
THIRD MEETING FOR 2015: CEBU, PHILIPPINES
31 August-1 September 2015**

CHAIR'S SUMMARY RECORD OF DISCUSSION

1. The Third Meeting of the Committee on Trade and Investment (CTI) for 2015 was held in Cebu, Philippines on 31 August-1 September 2015. Mr. John Larkin of Australia's Department of Foreign Affairs and Trade chaired the meeting. All 21 APEC member economies, ABAC, PECC were represented. The APEC Secretariat was also present.

CHAIR'S OPENING REMARKS AND BUSINESS ARRANGEMENTS

2. The CTI Chair welcomed all delegates to the Committee's third meeting for the year. On behalf of the Committee, he thanked the Philippines for the hosting of the meeting, the excellent hospitality, facilities and arrangements in Cebu. He outlined the business arrangements for the meeting.

ADOPTION OF AGENDA

3. The Committee adopted the draft annotated agenda (see 2015/SOM3/CTI/001) with some adjustments to the order of the discussion.

MATTERS ARISING FROM RECORD OF THE LAST MEETING

4. The Committee approved the Chair's Summary Record of Discussion of the CTI Meeting held on 15-16 May 2015 in Boracay, Philippines (see 2015/SOM3/CTI/002).

SUPPORT FOR THE MULTILATERAL TRADING SYSTEM

5. CTI discussed and received updates on economies' progress in notifying the WTO of acceptance of the WTO Agreement on Trade Facilitation (TFA) as indicated in the table at Annex 14 of CTI Chair's Report to SOM (See 2015/SOM3/021anx14) . CTI agreed that economies should expedite their domestic procedures for notifying acceptance of the TFA to the WTO by 10th Ministerial Conference (MC10) in line with the MRT Statement on Supporting the Multilateral Trading System on 23-24 May 2015.
6. CTI was briefed by the United States on the APEC Fisheries Support Program - Update Compendium (see 2015/SOM3/CTI/005-03) and noted the call by the United States for more economies to complete the questionnaire on support programs in the fisheries sector.
7. CTI discussed and agreed to Launching an APEC Trade Repository (APECTR) in November 2015 and the APEC Trade Repository (APEC TR) Implementation Guide (see 2015/SOM3/CTI/005-01, 2015/SOM3/CTI/005-02rev1) and agreed that economies should provide inputs/links to the Philippines by 13 October as specified in the Launching an APEC Trade Repository paper.

ADVANCING REGIONAL ECONOMIC INTEGRATION

Achieving the Bogor Goals

8. CTI discussed and agreed to the timeline and process for the Second-Term Review in 2016 of economies' progress towards the Bogor Goals (see 2015/SOM3/CTI/006.1-02), based on the revised Individual Action Plan (IAP) template (see 2015/SOM3/CTI/006.1-01) which was agreed intersessionally prior to CTI3.
9. CTI received a presentation from the PSU on the final report of the study on Promoting Products contributing to Sustainable and Inclusive Growth through Rural Development and Poverty Alleviation (see 2015/SOM3/CTI/006.1-04).
10. CTI welcomed the report from Indonesia on the outcomes (see 2015/SOM3/CTI/006.1-06rev1) of the Trade Policy Dialogue on Promoting Products contributing to Sustainable and Inclusive Growth through Rural Development and Poverty Alleviation held on 28 August in the margins of SOM3/CTI3. CTI discussed a proposal by Indonesia on Draft Concept Paper: Next Action Plan on Promoting Products Which Contribute to Sustainable and Inclusive Growth Through Rural Development and Poverty Alleviation (see 2015/SOM3/CTI/006.1-05rev1) and agreed that economies should provide comments by 2 October.
11. CTI discussed and agreed to the proposal of New Zealand on Self-Funded Workshop on Increasing Transparency, Predictability and Reviewing Import License Regimes (see 2015/SOM3/CTI/006.1-03). CTI agreed that economies could provide inputs to New Zealand by 2 October.
12. The Market Access Group (MAG) Convenor reported on the outcomes of the MAG meeting held on 27 August 2015 in Cebu (see 2015/SOM3/CTI/005-05), referring to the issues including the Joint MAG-GOS meeting, and the decision point to seek endorsement by CTI of a proposal on "Addressing Barriers to Trade and Investment in the Context of Global Value Chains: Increasing Transparency of Measures Affecting Exports" endorsed by MAG. CTI welcomed and endorsed the report.

Exploring the FTAAP

13. CTI, through its FoTC on Strengthening REI and Advancing the FTAAP, co-led by China and the United States, discussed the progress of actions under the Beijing Roadmap for APEC's contribution to the Realization of the FTAAP. On the Collective Strategic Study on Issues Related to the Realization of the FTAAP, CTI welcomed the development of chapter work plans by lead drafting economies as living documents to guide the preparation of draft chapters by 15 January 2016 as provided for under the Terms of Reference. CTI agreed that economies could provide inputs/comments to the chapter lead economies during the drafting process. CTI further agreed that China and the United States would circulate a draft proposed mechanism for the final editing of the Collective Strategic Study intersessionally for comments.
14. CTI welcomed the briefing by China on the outcomes of the Seminar on the Collective Strategic Study on Issues Related to the Realization of the FTAAP held on 29 August in the margins of SOM3 and noted China's intention to circulate a written summary report intersessionally.
15. CTI welcomed a progress report from Korea on the 2nd Regional Economic Integration (REI) capacity building needs initiative (CBNI) 2015-17. CTI noted forthcoming

workshops covering the areas of rules of origin to be held in September (Korea) (see 2015/SOM3/CTI/006.2-03); dispute settlement in investment to be held in the margins of SOM1 2016 (Peru); negative list scheduling methodologies for services to be held in the margins of SOM3 2016 (Peru); and technical barriers to trade (Vietnam).

16. On the APEC RTAs/FTAs Information Sharing Mechanism, CTI received an update from the Philippines on the SOM Dialogue on RTAs/FTAs held on 2 September in the margins of SOM3 (see 2015/SOM3/CTI/006.2-02), which will include a presentation by the PSU on the annual report on Trends and Developments in Provisions and Outcomes of RTAs/FTAs implemented in 2014 by APEC economies (see 2015/SOM3/CTI/006.2-01).
17. CTI discussed the preparation of the progress report to CSOM/AMM/AELM on actions to implement the Beijing Roadmap for APEC's contribution to the Realization of the FTAAP. CTI agreed that China and the United States would circulate a draft progress report intersessionally for comments, which would incorporate inputs from lead economies for the FTAs/RTAs information sharing mechanism (Australia/Philippines), and the 2nd Regional Economic Integration (REI) capacity building needs initiative (CBNI) 2015-17 (Korea), which should be submitted by 20 September.

Global Value Chain Cooperation and fostering SMEs participation in regional and global markets

18. CTI welcomed a progress report by China, as lead of the FoTC on Global Value Chains (GVCs), on implementing the APEC Strategic Blueprint for promoting Global Value Chains Development and Cooperation.
19. In relation to work stream 2 (APEC GVCs and TiVA measurement), CTI welcomed the update from China and the United States in implementing the strategic plan of the APEC Trade in Value-Added (TiVA), and noted forthcoming capacity building workshops in Beijing from 27 October to 5 November and in Shanghai in the first week of November and the intention of the United States to convene another workshop in 2016.
20. In relation to work stream 3 (Realize the critical role of trade in services within GVCs), CTI welcomed the update from Australia on Services in GVCs: Case Studies of Market Opening Reforms, including the outcomes of the joint MAG-GOS meeting held on 26 August and forthcoming PSU study.
21. In relation to work stream 5 (Assist SMEs to benefit from GVCs), CTI welcomed the update from Korea (see 2015/SOM3/CTI/006.3-05), as project coordinator of the initiative on promoting SMEs' Integration into GVCs in Major Industries. CTI noted recent or proposed activities by the sector leads, including workshop on IT/Electronics on 24 September in Seoul; the workshop on Strengthening SMEs Integration to Automotive GVCs in the Asia-Pacific: Understanding Non-Tariff Measures on 28 August in Cebu conducted by the Philippines as part of the Automotive Dialogue; Project update on Global Value Chain (GVC) /SME Automotive Sector (GSAS) Survey conducted by Malaysia (see 2015/SOM3/CTI/006.3-08); proposed workshop by Vietnam on SMEs in the GVCs in the textile/apparel sector in 2016; the GVCs Forum/Workshop on the healthcare sector held on 8 June in Atlanta; and the proposed workshop by Thailand on GVCs in the agribusiness sector subject to the outcome of the 2015 APEC session 2 funding. CTI discussed a presentation by the United States on the draft study on policies affecting healthcare products in APEC (see

2015/SOM3/CTI/006.3-03) and agreed that economies should provide comments to the United States by 2 October.

22. In relation to work stream 6 (Improve the investment climate for GVCs development), CTI welcomed the update from Japan including on the Progress Report (see 2015/SOM3/CTI/006.3-02) of the Work Plan on the 'Improving the Investment Climate for Global Value Chains (GVCs) Development (see 2015/SOM3/CTI/006.3-06) Under APEC Strategic Blueprint for Promoting GVCs Development and Cooperation and the intention of Australia and Peru to hold Public-Private Dialogues (PPDs) in support of this work stream in 2016 subject to the outcome of 2015 APEC session 2 funding. In relation to work stream 7 (Adopt effective trade facilitation measures), CTI noted the intention of Singapore to hold a PPD with Peru in 2016 addressing challenges in relation to the implementation to the WTO Agreement on Trade Facilitation.
23. In relation to work stream 8 (Enhance resiliency of GVCs), CTI discussed a draft APEC Guidebook on Resilience of Global Value Chains (GVCs) Against Natural Disasters (see 2015/SOM3/CTI/006.3-06) by Japan and agreed that economies should provide comments to Japan by 2 October.
24. CTI discussed and agreed to the proposal by the United States on Addressing Barriers to Trade and Investment in the Context of Global Value Chains: Increasing Transparency of Measures Affecting Exports (see 2015/SOM3/CTI/006.3-01).
25. CTI discussed progress of the Boracay Action Agenda to Globalize Micro, Small and Medium Enterprises (MSMEs) including the draft Implementation Plan (see 2015/SOM3/CTI/006.3-09rev1). CTI noted the call by the Philippines that economies should submit comments by 12 September. CTI noted the intention of the Philippines to provide for another round of comments from economies and relevant sub-fora by 10 October after the SME Ministerial Meeting. CTI noted the briefing by the PSU on Indicators Mapping for the Boracay Action Agenda to Globalize MSMEs (see 2015/SOM3/CTI/006.3-07).
26. CTI discussed and agreed to the proposal by Korea on Promoting e-Commerce to Globalize MSMEs (see 2015/SOM3/CTI/006.3-04). CTI noted the intention of Korea to consult with the PSU on the implementation of the proposal.
27. CTI welcomed the summary by the United States of discussions at the Trade Policy Dialogue on how the "APEC Best Practices to Create Jobs and Increase Competitiveness" could also apply to other types of localization policies set out in the outcomes document (see 2015/SOM3/CTI/006.3-10rev2). CTI agreed to the next steps and timeline set out in that document.
28. CTI welcomed updates from Japan and Peru on progress of the study on Enhancement on Integration of Regional Value Chains in Asia and Latin America and the Caribbean and noted the intention of Japan and Peru to hold a seminar in SOM3 2016

Next Generation Trade and Investment Issues

29. CTI, through its FoTC lead (United States) on Next Generation Trade and Investment Issues, discussed and agreed to the proposal by Korea and the United States on a Work Plan for Advancing "Facilitating Digital Trade for Inclusive Growth" As a Potential Next Generation Trade and Investment Issue (see 2015/SOM3/CTI/006.4-05).

30. CTI discussed the proposal by Japan on Manufacturing Related Services Action Plan (MSAP) (see 2015/SOM3/CTI/006.4-01rev3). However, some economies expressed concerns. CTI noted that consultations among economies on the proposal were continuing with a view to building consensus before the conclusion of SOM3. (Afternote: As a result of consultations made, the revised version of the draft MSAP was presented to SOM3, where it was agreed that one economy would consult their capitals to conduct further inter-sessional consultations. Based on the inter-sessional consultations, the final draft of MSAP was endorsed by the Ministers in November 2015). CTI received a presentation from the PSU on the final report on the Manufacturing Related Services in Supply Chains / Value Chains (see 2015/SOM3/CTI/006.4-02, 03, 04).

Environmental Goods and Services/Green Growth

31. CTI, through its FoTC lead (New Zealand), received an update on progress by economies in implementing their tariff reduction commitments under the 2012 APEC List of Environmental Goods. CTI noted that 20 economies have submitted detailed implementation plans as indicated in the table at Annex 15 and noted the intention of the remaining economy to submit its detailed implementation plan as soon as possible. CTI agreed that members should intensify their efforts to examine the implementation plans, exchange questions/comments and responses on the plans, and expedite domestic consultation and coordination processes to implement outstanding tariff reductions ahead of CSOM/AMM/AELM. CTI further agreed that members should submit revised plans, as necessary, by 2 October.
32. CTI discussed and agreed to the Environmental Services Action Plan (see 2015/SOM3/CTI/006.5-01) proposed by Japan.

Services

33. CTI discussed a SOM-level proposal by the Philippines for an APEC Services Cooperation Framework and APEC-Asian Institute of Management (AIM) Virtual Knowledge Center on Services, and agreed that economies should provide comments to the Philippines ahead of SOM3.
34. The Group on Services (GOS) Convenor reported on the outcomes of the GOS meeting held on 25 August 2015 in Cebu (see 2015/SOM3/CTI/006.6-03), including the implementation of phase IV of the STAR Data Base, issue on services statistics, APEC Knowledge Center, and discussions on services-related works on GVCs. CTI welcomed and endorsed the report.

Investment

35. CTI discussed and agreed to the concept note by the Philippines on APEC High Level Dialogue on Inclusive Business (see 2015/SOM3/CTI/006.7-02).
36. The Investment Experts` Group (IEG) Convenor reported on the outcomes of the IEG meeting held on 28-29 August 2015 in Cebu (see 2015/SOM3/CTI/006.7-01), including the agreement on themes and priority actions for the Investment Facilitation Action Plan (IFAP) 2015-2016 and the outcomes of IEG Public-Private Dialogue "Fostering SME Growth through Inclusive Business" held in August 2015. CTI welcomed and endorsed the report.

Economic and Technical Cooperation

37. CTI welcomed an update from China on the three sub-funds (see 2015/SOM3/CTI/006.8-01) under APEC Support Fund to support further APEC capacity building in relation to the FTAAP and GVCs; innovative development, economic reform and growth; and connectivity.

STRENGTHENING COMPREHENSIVE CONNECTIVITY AND INFRASTRUCTURE DEVELOPMENT

38. CTI received an update from the United States on progress of the five projects in the Capacity Building Plan to Improve Supply Chain Performance (pre-arrival processing, advance rulings, expedited shipments, release of goods and electronic payments). CTI noted the call by the United States for more developing economies to volunteer to participate in the projects.
39. CTI welcomed the report on the outcomes by the United States on the third APEC Alliance for Supply Chain Connectivity (A2C2) meeting (see 2015/SOM3/CTI/007-08) held on 29 August, including the review by A2C2 of its working group terms, membership and management, and agreed that A2C2 should continue in 2016.
40. CTI received a presentation (see 2015/SOM3/CTI/007-04) from the PSU on possible modalities/indicators for the final assessment in 2016 of economies' progress towards the APEC-wide target of a ten percent improvement in supply chain performance in terms of reduction of time, cost and uncertainty under the APEC Supply Chain Connectivity Framework Action Plan (SCFAP). CTI discussed and agreed on the process and timeline for the final assessment (see 2015/SOM3/CTI/007-05).
41. CTI received updates from New Zealand and Hong Kong, China on actions to promote a wider use of interoperable Global Data Standards (GDS), including the PSU study (see 2015/SOM3/CTI/007-11) on the assessment of GDS costs and benefits based on the pilot projects. CTI noted calls from New Zealand and Hong Kong, China for more economies to participate in and nominate new pilot projects.
42. CTI welcomed update on progress (see 2015/SOM3/CTI/007-09) of the Asia-Pacific Model E-Port Network (APMEN) and the summary report (see 2015/SOM3/CTI/007-07) by China on the Second Meeting of APMEN Joint Operational Group (AJOG2) held on 21 August in Shanghai, China. CTI noted the call from China to have more ports to join the initiative.
43. CTI discussed and agreed to the Work Plan on APEC Cooperation Network on Green Supply Chain (see 2015/SOM3/CTI/007-02), and welcomed its progress report (see 2015/SOM3/CTI/007-01). CTI noted the call from China for more pilot centers nominated by economies to join the network.
44. CTI discussed and agreed to the Draft Reference Guide for Peer Review and Capacity Building on APEC Infrastructure Development and Investment (see 2015/SOM3/CTI/007-03). CTI received an update on the Study on Infrastructure Investment in the APEC Region and noted the intention of Japan to circulate the draft study for comments intersessionally.
45. CTI noted Japan's intention to share updates on the Initiative for enhancing Quality of Electric Power Infrastructure proposed by Japan under the Energy Working Group (EWG), as cross-fora collaboration.

46. The Business Mobility Group (BMG) reported on the outcomes of the BMG meeting held on 24 August 2015 in Cebu (see 2015/SOM3/CTI/007-10), including BMG members' preparations to support commencement of the change on 1 September 2015 to extend the validity of the ABTC from three to a maximum of five years, continued improvements to ABTC growth and client service outcomes, and continued progress of several recommendations, based on the SOM1 2015 prioritisation of the 2014 End-to-End Review recommendations. CTI welcomed and endorsed the report.
47. The Sub-Committee on Customs Procedures (SCCP) reported on the outcomes of the SCCP meeting held on 26-28 August 2015 in Cebu (see 2015/SOM3/CTI/007-12), including developments on Authorized Economic Operator, adoption of the guiding principle of the Collective Action Plan. CTI welcomed and endorsed the report.

EXPANDING REGULATORY COOPERATION AND ADVANCING REGULATORY CONVERGENCE

48. CTI received an update from the United States and the Convenor of the Automotive Dialogue on the development of the APEC Roadmap for Electric Vehicles, and agreed that comments should be submitted to the United States by 2 October.
49. CTI discussed a document by the United States on Government's Role in Promoting Effective Advertising Standards: Principles (see 2015/SOM3/CTI/008-01) and agreed that economies should provide comments to the United States by 2 October.
50. CTI noted that the United States was considering solid waste management as a possible topic for the 4th ARCAM dialogue in 2016 and noted CTI Chair's call for economies to consider this and other possible topics.
51. The Chair of the Economic Committee (EC) briefed CTI on a range of works conducted by the EC. This included preparations for the Structural Reform Ministerial Meeting to be held on 7-8 September in Cebu to set the new strategic direction for structural reform for 2016-2020; 2015 APEC Economic Policy Report (AEPR) highlighting the linkage between effective structural policy and innovation; EC's collaboration with SCSC and CD on Good Regulatory Practices (GRP). The EC Chair stressed that there is an increasing overlap between the works of EC and CTI, such as regulatory reform and services, GRP and standards, which necessitates further collaboration between the two Committees. CTI welcomed the EC Chair's briefings.
52. The Sub-Committee on Standards and Conformance (SCSC) reported on the outcomes of the SCSC meeting held on 29-30 August 2015 in Cebu (see 2015/SOM3/CTI/008-02rev1), including projects related to food safety and related regulations, promoting collaboration with SMEWG to promote SMEs participation to the GVCs through addressing standard and conformance issues, the forum's collaboration with the Economic Committee on GRP. CTI welcomed and endorsed the report.

PROMOTING INNOVATIVE DEVELOPMENT, ECONOMIC REFORM AND GROWTH; CONTRIBUTIONS TO OTHER CROSS-CUTTING INITIATIVES

53. CTI discussed Japan's concept note on Exploration on Strengthening of Maritime Connectivity (see 2015/SOM3/CTI/009-01) and agreed that economies should provide comments to Japan by 2 October.

54. The Intellectual Property Rights Experts' Group (IPEG) reported on the outcomes of the IPEG meeting held on 22-23 August 2015 in Cebu (see 2015/SOM3/CTI/009-03). CTI welcomed and endorsed the report. CTI received an update from IPEG and the United States on the progress of the initiative in IPEG on Best Practices in Trade Secret Protection and Enforcement Against Misappropriation to identify APEC best practices for trade secrets protection and enforcement and agreed that comments should be provided by economies by 2 October. CTI noted that IPEG had its internal timelines for comments, but agreed that any outstanding comments should be submitted no later than 2 October.
55. The Electronic Commerce Steering Group (ECSG) Convenor reported on the outcomes of the ECSG meeting held on 30 August 2015 in Cebu (see 2015/SOM3/CTI/009-02), including the works on updating the CBPR framework, endorsement of 4 related documents on Privacy Recognition for processors (PRP), further collaboration between CBPR and the EU BCR. CTI welcomed and endorsed the report.

INDUSTRY DIALOGUES

56. The Convenor of Automotive Dialogue (AD) reported on the outcomes of AD meeting which was held on 26-29 August 2015 (see 2015/SOM3/CTI/010-01), including AD's works related to SMEs integration to Automotive GVCs (AD workshops, GSAS Survey), Compendium on Motor-Vehicle Related Taxes in APEC, and Roadmap on EVs. CTI welcomed and endorsed the report.
57. The Convenor of Chemical Dialogue (CD) provided updates on the activities of CD (see 2015/SOM3/CTI/010-02rev1). This included a series of discussions related to providing inputs to regional economic integration such as Chemicals and FTA/RTA Issues, collaboration with the Economic Committee on Good Regulatory Practices, cross-fora collaboration with the Oceans and Fisheries Working Group (OFWG) through the CD's Virtual Working Group on Marine Debris. CTI welcomed and endorsed the report. As a decision point, CD asked CTI to request Senior Officials to approve the participation of a representative of the Chemical Dialogue (CD) in the ICCM-4 meeting to present its report (once finalized) on "CD Contribution to ICCM-4", to which CTI agreed.
58. Life Science Industry Forum (LSIF) provided updates on the activities of LSIF (see 2015/SOM3/CTI/010-03). The update referred to a wide range of activities including a. the progress in 2015 to establish an APEC Regulatory Sciences Center of Excellence (CoEs) as a new and sustainable model for advancing regulatory convergence on a global scale; b. endorsement of the establishment of the APEC Health Sciences Academy at Peking University in Beijing, China; c. endorsement of the Healthy Asia Pacific 2020 Roadmap developed jointly by the HWG and LSIF to guide implementation of the Healthy Asia Pacific 2020 initiative; d. endorsement of the APEC Blood Supply Chain 2020 Roadmap and the establishment of the APEC Blood Supply Chain Partnership Training Network (PTN); e. LSIF RHSC - ABAC pilot project on Global Data Standards (GDS) for Pharmaceutical Products (Phase I, completed in early 2015). CTI welcomed and endorsed the report.

PRIVATE SECTOR ENGAGEMENT

59. There was no discussion under this item.

OTHER ISSUES

APEC Economic Trends Analysis Report

60. The PSU made presentation on the latest Economic trends of the APEC Region in 2015 (see 2015/SOM3/CTI/012.2).

Budgetary/Administrative Matters

61. The APEC Secretariat updated on project management issues including the situation of the project requesting APEC funding for BMC Session 2 and further approval process, as well as the status of new sub-funds to be established (see 2015/SOM3/CTI/012.3).

Outreach

62. There was no discussion under this item.

OTHER BUSINESS

63. CTI discussed and agreed on the proposal by Chile on the Motion for Paperless CTI (see 2015/SOM3/CTI/012.1).

64. CTI considered the outcomes of the process for electing a CTI Chair for 2016-2017 and agreed that Ms. Marie Sherylyn (Lyn) Deleña Aquia, Department of Trade and Industry, the Philippines, will be the next CTI Chair.

MEETING DOCUMENTS

65. The Committee considered the public release of documents tabled at the meeting and agreed by consensus that with the exception of draft documents and preliminary work plans, all documents would be accessible to the public. The list of documents was tabled as 2015/SOM3/CTI/000.

SUMMARY AND CONCLUSION

66. The CTI Chair concluded the meeting by thanking CTI members for their efforts and engagement in constructive discussions during SOM3, noting that agreements were reached in many of the issues that would form a basis of Leaders` and Ministers` achievements for the Philippines year as well as for furthering the works in the Peru Year. He also thanked CTI members for their cooperation and dedication during his chairmanship, and expressed his wish for further success under the new CTI Chair.