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## **APEC Services Competitiveness Roadmap**

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# APEC Services Competitiveness Roadmap (ASCR)

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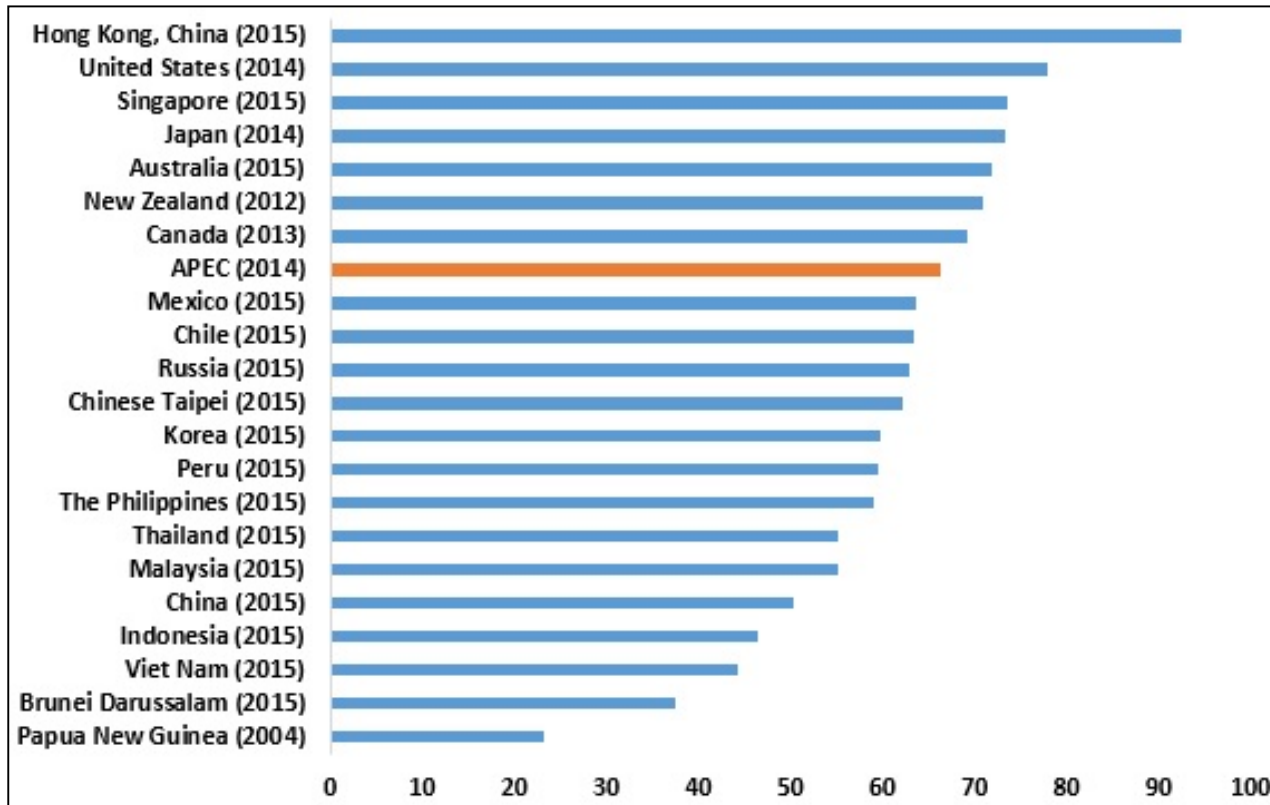
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# Services in our daily lives



# Importance of services in APEC

## Share of services in GDP of APEC economies



Note: For the APEC aggregate, data for Canada referred to 2013 data, while data for New Zealand used 2012 data. Data excludes Papua New Guinea.

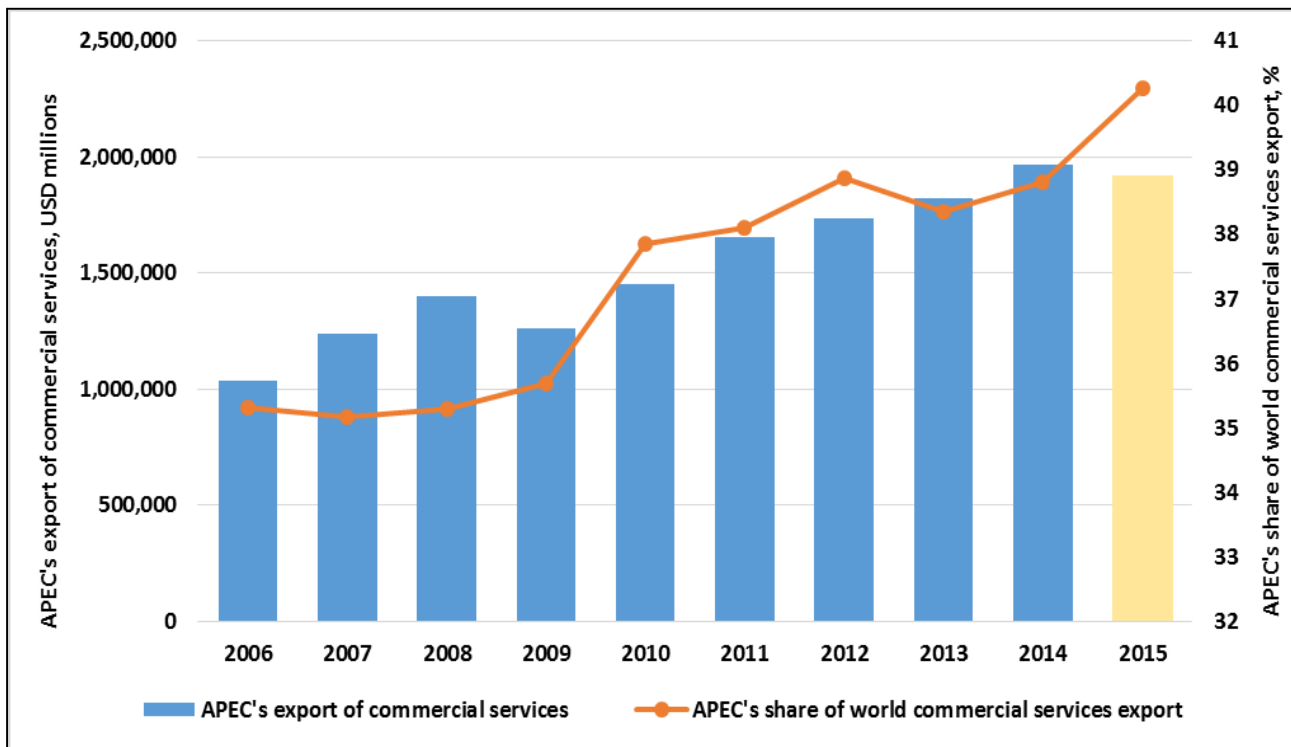
Source: PSU calculations, World Bank World Development Indicators (WDI) (<http://data.worldbank.org/indicator/NV.SRV.TETC.ZS>), and Chinese Taipei's National Statistics (<http://eng.stat.gov.tw/ct.asp?xItem=37408&CtNode=5347&mp=5>), accessed 21 April 2017.

- 17 economies have services share of GDP exceeding 50 percent.
- Services share for APEC as a whole is two-thirds of GDP.



# Importance of services in APEC

APEC's export of commercial services and its share of world commercial services export, 2006-2015



- Exports of commercial services have almost doubled between 2006-2015.
- Share of world commercial services export reached 40 percent in 2015.

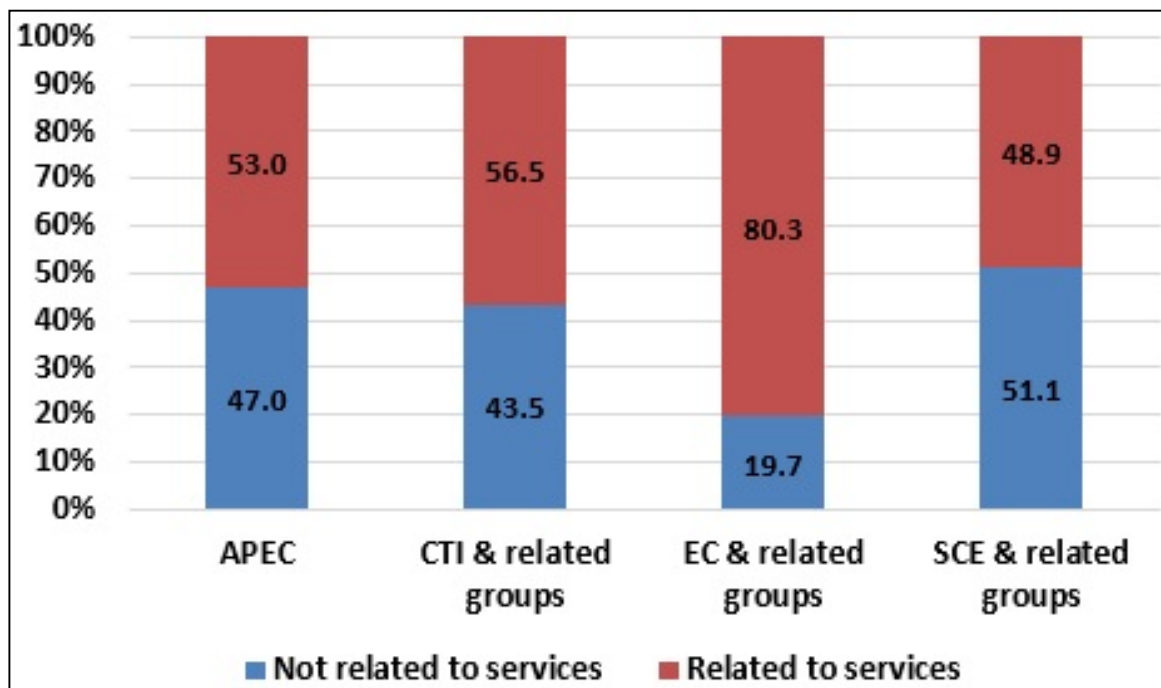
Source: PSU calculations, and World Trade Organization (WTO) Time Series (<http://stat.wto.org/StatisticalProgram/WSDStatProgramSeries.aspx?Language=E>), accessed 20 April 2017.



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# APEC work on services

Services-related projects by Committee (2006-2015)



Source: PSU computations based on evaluation of project database.

More than half of projects are relevant to services sector.



# APEC work on services

## Examples of APEC initiatives related to services

| No. | Name   | Link to services  |
|-----|--|---|
| 1   | APEC Business Travel Card (1997)   | Facilitate movement of natural persons                                    |
| 2   | APEC Blueprint for Action on Electronic Commerce (1998)                      | Facilitate provision of financial services and other cross-border trade   |
| 3   | APEC Policy Framework for Work on Services (2000)                            | Facilitate trade and investment in services sector                        |
| 4   | Statement to Implement APEC Policies on Trade and the Digital Economy (2004) | Facilitate cross-border trade in services                                 |
| 5   | APEC Privacy Framework (2005)  | Facilitate cross-border trade in services                                 |
| 6   | APEC Principles for Cross-Border Trade in Services (2009)                    | Facilitate cross-border trade in services                                 |
| 7   | APEC Services Action Plan (2009)   | Facilitate trade and investment in services sector                        |
| 8   | APEC Strategy on Movement of Business People (2010)                          | Facilitate trade and investment in services sector and movement of people |
| 9   | Implementation of Good Regulatory Practices (2011)                           | Facilitate services provision   |
| 10  | APEC Non-Binding Investment Principles (1994, updated 2011)                  | Facilitate investment in services sector                                  |
| 11  | APEC Action Plan on Statistics on Trade in Services (2012)                   | Facilitate trade and investment in services sector                        |
| 12  | Work Plan on Promoting Cross-Border Education Cooperation in APEC (2013)     | Facilitate provision of education services                                |
| 13  | APEC Privacy Recognition for Processors (2015)                               | Facilitate cross-border trade in services                                 |

Source: PSU compilations.



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# APEC PSU work on services

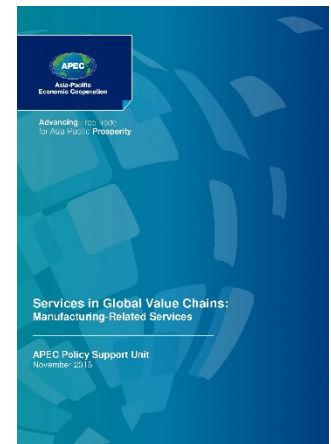


## Linkage between services, manufacturing and productivity

- Analyze available information to understand the role of services in manufacturing.
- Identify regulations that are likely to affect negatively the provision of these services.

## Manufacturing-related services

- Collect firm insights on contribution of services in their GVCs.
- Analyze how policies affecting services can have implications on firm's configuration, operation and location of value chains.





# APEC PSU work on services

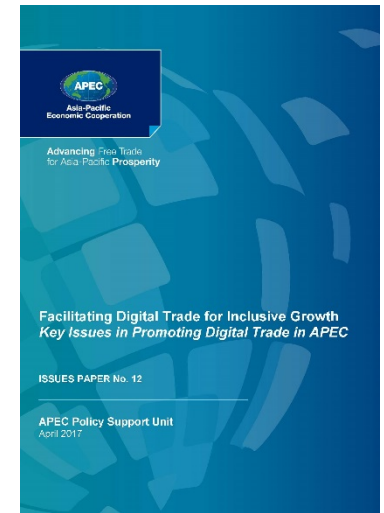


## Structural reform and services

- Made up of several case studies, each of which provides an in-depth analysis of the impact of services sector reforms.
- Aims to contribute to better understanding of service sector reforms, the benefits they bring and the challenges faced during implementation.

## Facilitating digital trade for inclusive growth

- Attempts to survey some of the key issues in digital economy.
- Highlights some issues with potential to negatively affect digital trade.



# APEC Services Competitiveness Roadmap (ASCR)

## Background

- In 2015, APEC Leaders endorsed the APEC Services Cooperation Framework (ASCF) which called for the development of a strategic and long-term Services Competitiveness Roadmap.
- In 2016, APEC Leaders endorsed the APEC Services Competitiveness Roadmap (ASCR) and its accompanying Implementation Plan.
- The Roadmap contains actions and mutually agreed targets to be achieved by 2025, with mid-term review to be conducted in 2021.

# APEC Services Competitiveness Roadmap (ASCR)

## APEC-wide actions

- Indicated in Annex 3 of the ASCR Implementation Plan ([http://mddb.apec.org/Documents/2016/MM/AMM/16\\_amm\\_012.pdf](http://mddb.apec.org/Documents/2016/MM/AMM/16_amm_012.pdf))
- A total of 18 APEC-wide actions.
- Additional APEC-wide actions can be agreed at any time.
- Fora identified as accountable for APEC-wide actions:

| Original list   |   | Newly-identified in SOM1 2017 endorsed-paper  |
|---|---|---|
| <ul style="list-style-type: none"><li>• CTI</li><li>• EC</li><li>• HRDWG</li><li>• BMG</li><li>• GOS</li><li>• ECSG</li></ul> | <ul style="list-style-type: none"><li>• AHSGIE</li><li>• PPFS</li><li>• TPTWG</li><li>• FMP</li><li>• TWG</li></ul> | <ul style="list-style-type: none"><li>• EWG</li><li>• IEG</li><li>• TELWG</li><li>• SMEWG</li><li>• PPSTI</li></ul> |



# APEC Services Competitiveness Roadmap (ASCR)

## Role of fora and PSU for each APEC-wide action

### Fora:

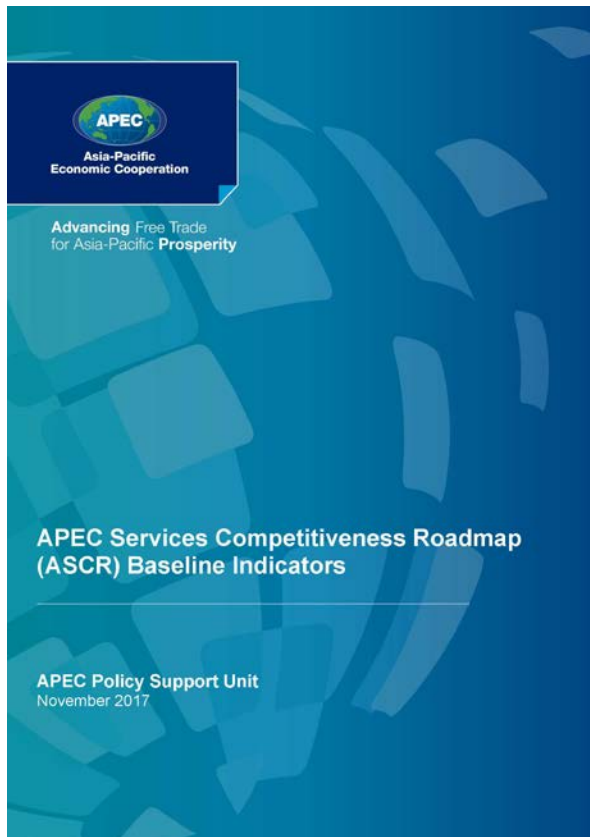
- Ownership of APEC-wide action and corresponding assessment.
  - Identify and propose APEC-wide action (incl. background, outputs, targets and indicators).
- Report to Senior Officials through GOS (Matrix of Action).

### PSU:

- Work with fora to identify possible statistics that fora may collect to monitor progress.
- Collect data/information to monitor progress (with fora support).

# APEC Services Competitiveness Roadmap (ASCR)

## Report on Baseline indicators



- PSU uses the indicators proposed in the ASCR Implementation Plan as guide.
- Alternative indicators are used either if:
  - The relevant fora make an alternative proposal; or
  - PSU deems that the indicators proposed in Annex 3 and/or by fora are not ideal by taking into account such factors as availability, regularity, comparability, and credibility of source.

# Examples of APEC-wide actions and progress to date



# APEC Services Competitiveness Roadmap (ASCR)

## APEC-wide action #2

*Supporting cross-border mobility for professionals, building on initiatives such as the APEC Architects and Engineers Registers to facilitate mutual recognition arrangements (MRAs).*

- Accountable fora: HRDWG.
- Examples of progress:
  - Australia proposed the “APEC Initiative on Labour Mobility Cooperation” whose implementation plan was discussed at 43th HRDWG in Port Moresby, PNG.
  - APEC Occupational Standards Framework and Occupational Standards for the transport, logistics and tourism sectors were endorsed at the same meeting.
  - Singapore initiated a project on “Promoting Regional Connectivity of Professional Qualified Engineers in APEC” with a workshop expected this year.

# APEC Services Competitiveness Roadmap (ASCR)

## APEC-wide action #9

*Collaboration in responding to the rapid developments in internet-based technology to promote a regulatory approach that provides appropriate prudential oversight, legitimate consumer and security protections while enabling the flow of trade-related data in the context of an increasingly digitalized world.*

- Accountable fora: CTI, ECSG and AHSGIE.
- Examples of progress:
  - PSU finalized a report on “Promoting E-commerce to Globalize MSMEs” to identify barriers/difficulties for MSMEs to participate in e-commerce.
  - Chinese Taipei conducted a seminar on “Capacity-building for Compliance with CBPR System in APEC” in October 2017.
  - Japan submitted a concept paper on “Global Data Flow Facilitation” to CTI to deepen discussions on the issue.

# APEC Services Competitiveness Roadmap (ASCR)

## APEC-wide action #10

*Supporting certain cross-border provision of financial services subject to practical needs, domestic circumstances and regulations of each economy, including by engagement by interested economies in the building on the Asia Region Funds Passport (ARFP) initiative.*

- Accountable fora: CTI, GOS and FMP.
- Example of progress:
  - Australia has provided targeted capacity building to assist several developing economies who are interested in strengthening their regulatory requirements in order to join ARFP in the future.

# Examples of indicators to monitor APEC-wide actions



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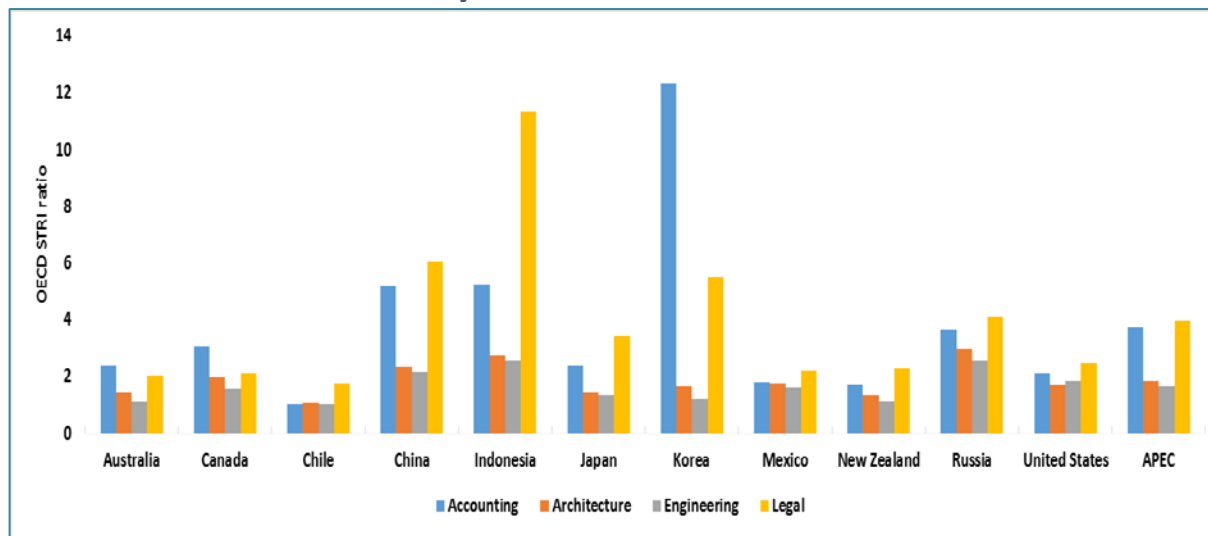
## Examples on baseline indicators: APEC-wide action #2

*Supporting cross-border mobility for professionals, building on initiatives such as the APEC Architects and Engineers Registers to facilitate mutual recognition arrangements.*

### **Proposed indicator (by PSU):**

- OECD - STRI in accounting, architecture, engineering, and legal sector.
- World Bank (WB) – STRI in accounting, auditing, and legal sector.

### **Ratio of member economy's OECD STRI to lowest OECD STRI value, 2016**



- Legal sector was the most restrictive professional sector in 8 out of 11 economies when measured in terms of ratio.

Note: A higher ratio corresponds to a higher degree of restrictiveness. China data have not been officially ratified. APEC data exclude Brunei Darussalam; Hong Kong, China; Malaysia; Papua New Guinea; Peru; the Philippines; Singapore; Chinese Taipei; Thailand; and Viet Nam. Source: PSU calculations, and OECD (<http://stats.oecd.org/Index.aspx?DataSetCode=STRI>). Accessed 8 March 2017.



# APEC Services Competitiveness Roadmap (ASCR)

## Examples on baseline indicators: APEC-wide action #9

*Collaboration in responding to the rapid developments in internet-based technology.*

### **Proposed indicator (by fora and PSU):**

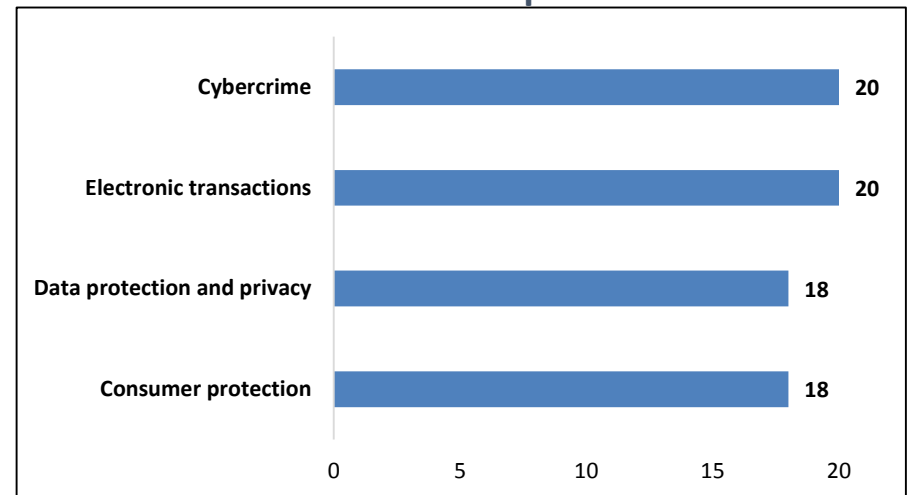
- Fora update – Number of economies and firms participating in APEC Cross-Border Privacy Rules (CBPR) and Privacy Recognition for Processors (PRP) Systems.
- UNCTAD and member survey – Status of online protection laws.

### No. of economies and firms participating in CBPR and PRP Systems

|                  | CBPR | PRP |
|------------------|------|-----|
| No. of economies | 5    | 0   |
| No. of firms     | 20   | 0   |

Source: APECECSG. Accessed 2017.

### No. of economies with legislated regulations in various areas of online protection



Sources: UNCTAD ([http://unctad.org/en/Pages/DTL/STI\\_and\\_ICTs/ICT4D-Legislation/eCom-Global-Legislation.aspx](http://unctad.org/en/Pages/DTL/STI_and_ICTs/ICT4D-Legislation/eCom-Global-Legislation.aspx)); Hong Kong, China; and Chinese Taipei data, PSU compilation from various sources. Accessed 06 June 2017.



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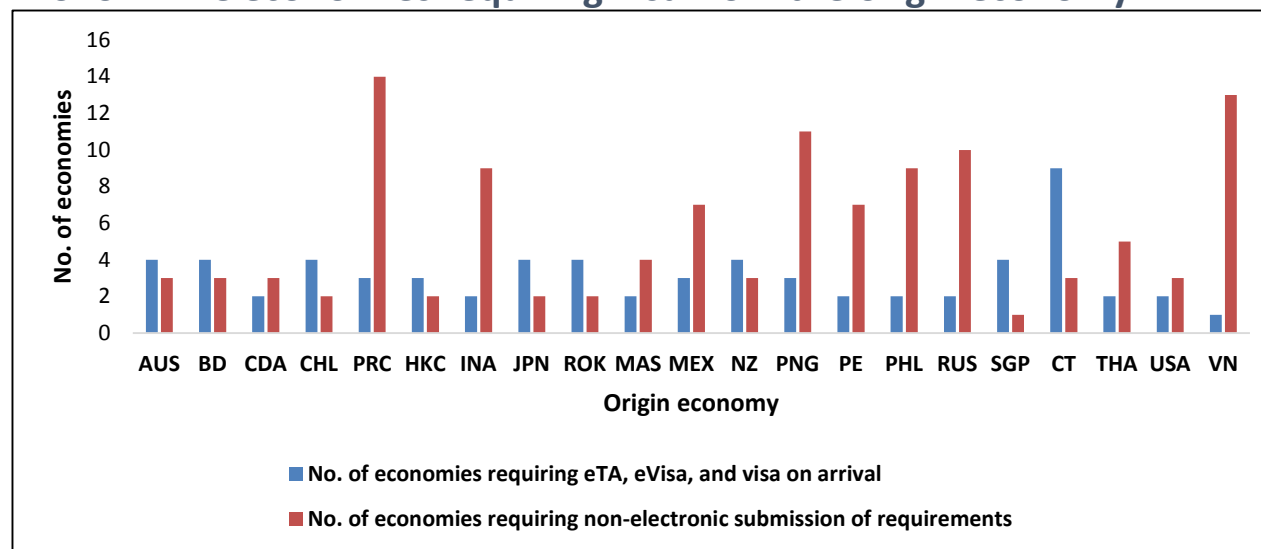
## Examples on baseline indicators: APEC-wide action #12

*Support APEC's work on developing the travel and tourism sector for sustainable and inclusive growth, building on the work of the APEC Tourism Strategic Plan.*

### Proposed indicator (by fora):

- Passport Index – Intra-APEC visa restrictions.

### No. of APEC economies requiring visa from the origin economy



- From the perspective of the origin economy, between 5 to 17 other APEC economies require their nationals to obtain visas.
- It should be acknowledged, however, that economies have facilitated the process through the use of electronic travel authorization (eTA), eVisa and visa on arrival.

Note: eTA refers to electronic travel authorization. Passport index data have been adjusted using economy sources, e.g. Hong Kong, China residents do not need visa for China but nevertheless need to have "Home Return Permit" (HRP). The table above considers the two as distinct and, for the purpose of the Table, HRP is not counted as visa requirement.

Source: Passport Index (<https://www.passportindex.org/comparebyPassport.php?p1=nz&s=yes>), accessed 15 November 2017 and economy sources.

# APEC Services Competitiveness Roadmap (ASCR)

## Role of APEC Index

- Identified as indicators in several APEC-wide actions.
- Development would extend coverage and lead to better measure of progress.
- Updates:
  - Support from all economies – GOS as the lead fora.
  - Endorsement of the TOR of the technical group at GOS1 & CTI1.
  - The first meeting of the technical group was held at the margins of SOM2 in Port Moresby.



# APEC Services Competitiveness Roadmap (ASCR)

## Food for thoughts

- Cross-cutting nature of services.
- Varying perspectives on services.
- Awareness of linkage of fora's work and services.
- Data availability.



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