



**Asia-Pacific
Economic Cooperation**

2022/SOM2/CTI/008

Agenda Item: VI k

**Self-Funded Project Proposal Coversheet - Free
Trade Area of the Asia-Pacific Work Program on
APEC Efforts to Address Inclusion in Trade
Agreements**

Purpose: Information
Submitted by: United States



**Second Committee on Trade and Investment
Meeting
Bangkok, Thailand
15-16 May 2022**

APEC Self-Funded Project Proposal Coversheet

Submit through Secretariat Program Director. Please ensure the proposal is no longer than 4 pages.

Project Title:	FTAAP work program on APEC efforts to address inclusion in trade agreements
Project Number: (Assigned by Secretariat)	
APEC Forum:	Committee on Trade and Investment (CTI)
Proposing APEC Economy:	United States
Co-sponsoring Economies (if any):	Australia; Brunei; Canada; Chile; Hong Kong, China; Japan; Peru; Philippines; Chinese Taipei; Thailand
Expected Start Date:	April 2022
Project Completion Date:	April 2023
Project Summary: <i>In 150 words -</i> <ul style="list-style-type: none"> • What is the issue that you will address or examine in your project? • Outline the key things your project will do, in terms of what, where, when and with whom. <i>(Summary must be no longer than the box provided. Cover Sheet must fit on one page)</i>	People with untapped economic potential in the Asia Pacific continue to face significant barriers to gaining the benefits of trade agreements. As a result, APEC economies have prioritized elements of trade agreements that foster an inclusive trade and investment environment to drive more inclusive economic development. These priorities play a key role in contributing to the FTAAP agenda, which seeks to build the capacity of APEC economies to participate in high quality and comprehensive trade agreements. This project consists of two workshops and a stock-take report aiming 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.
Total cost of project (USD):	\$70,000
List all project outputs: <i>For example:</i> <ol style="list-style-type: none"> 1. Research and Background Paper 2. Workshop 3. Project Summary Report 	<i>Project Overseers are encouraged to limit outputs to 3 or fewer</i> <ol style="list-style-type: none"> 1. 2 Workshops 2. Stock-take report

Project Overseer Information and Declaration

Name: Carrie Esko / Ann Katsiak

Title: Director, APEC Affairs / Chief of Party

Organization: Office of

the U.S. Trade Representative (USTR) / US-Support for Economic Growth in Asia (US-SEGA)

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As Project Overseer and on behalf of the above said Organization, I declare that this submission was prepared in accordance with the **Guidebook on APEC Projects** and any ensuing project will comply with said Guidebook. Failure to do so may result in the BMC denying or revoking funding and/or project approval. I understand that any funds approved are granted on the basis of the information in the document's budget table, in the case of any inconsistencies within the document. By submitting this APEC Project Proposal to the APEC Secretariat, I agree that the APEC Secretariat will collect, use, disclose, and transmit the data contained in the APEC Project Proposal, which I have provided to the APEC Secretariat in accordance with Singapore's Personal Data Protection Act 2012 and the APEC Secretariat's data protection policy (<https://www.apec.org/PrivacyPolicy>). The APEC Secretariat will transfer any data provided on this form, which may contain personal data of Project Overseer(s), to APEC member economies overseas via the APEC Secretariat.

Carrie Esko / Ann Katsiak

Name of Project Overseer

Blake van Velden

Name of Fora Chair/Lead Shepherd

Date: February 7, 2022

Project Synopsis

Project Objective:

- State the overarching objective of the project in 100 words or less.

The objective is to build the capacity of APEC economies to develop trade agreements that promote the inclusion of MSMEs, women, and others with untapped economic potential in the global economy. Further, this initiative and resulting outcomes seek to address an overarching goal to build the capacity of APEC economies to fully partake in high quality, comprehensive trade agreements.

1. **a) Relevance – Issues: What problems does the project seek to address? Does it have sustained benefits for more than one economy in the APEC region?**

Trade and investment policies in trade agreements allow economies to pursue, promote, and enforce practices in support of widespread growth, economic security, and social protection domestically and amongst trading partners. Findings from the World Bank indicate that women are able to realize labor force participation benefits from trade in developing economies globally, with women comprising 33% of the workforce of trading firms compared to 24% of non-exporting firms. In addition, workers in both developed and emerging economies are nearly 50% more likely to hold formal jobs if they work in sectors that trade or are included in global value chains. However, MSMEs, women, and others with untapped economic potential face disproportionate barriers to trade. For example, findings from the World Bank indicate that almost 30 percent of U.S. manufacturing SMEs find customs procedures burdensome compared to less than 10 percent of large firms, and customs paperwork delays, supply chain governance issues, and barriers to trade finance are seen as key constraints for SMEs across developing economies.¹ Understanding the significant benefits trade and investment liberalization offers to communities within the APEC region, APEC economies remain committed to policy actions that lower trade barriers faced by underrepresented communities and support an open, inclusive, and cooperative trade and investment environment. Considering the rising trend of integrating inclusion aspects into trade agreements, these priorities play a key role in the Free Trade Area of the Asia Pacific (FTAAP) agenda, which seeks to build the capacity of APEC economies to participate in high quality and comprehensive trade agreements.

b) Relevance – Alignment to APEC: Describe specific APEC priorities, goals, strategies and/ or statements that the project supports, and explain how the project will contribute to their achievement.

The APEC 2021 Leaders' Declaration outlines APEC's support for the wellbeing, security, and equitable economic participation of all people, committing APEC economies to deepen cooperation and ensure that MSMEs, women, and others with untapped economic potential can gain economic opportunities through improved access to global markets. Furthering this commitment, the Aotearoa Plan of Action, the implementation plan for the Putrajaya Vision 2040, sets forth a call-to-action to effectively advance efforts on the FTAAP agenda by encouraging regional trade undertakings that are inclusive and responsive to next generation trade and investment issues. This work also aligns with the La Serena Roadmap for Women and Inclusive Growth (2019-2030) objectives to contribute to inclusive growth, help ensure access to decent work, narrow the gap in economic development, and advance development in rural and remote areas.

c) Relevance – Alignment to Forum: How does the project align with your forum's work plan/ strategic plan?

CTI's current priorities and key activities include promoting innovative development and inclusive approaches, as well as advancing economic integration in the region through the FTAAP agenda on issues such as trade and inclusion. The Lima Declaration instructs APEC officials to focus efforts through CTI and its sub-fora, leveraging CTI to encourage participation of a wide set of stakeholders in these discussions.

2. **Capacity Building: How will the project build the capacity of APEC member economies.**

This project seeks to build the capacity of APEC economies to better incorporate inclusion aspects into trade agreements by stocktaking current APEC economy practices and lessons learned. This project will employ a three-step approach:

¹ World Bank. 2020. *Women and Trade: The Role of Trade in Promoting Women's Equality*.

- **Primary Workshop:** This workshop serves to raise APEC economies' awareness of persisting barriers to accessing the benefits of trade agreements for MSMEs, women, and others with untapped economic potential. These barriers will be recognized through in-depth research, interviews, and consultations. This discussion seeks to examine the initial findings of the stock-take report described below and will focus on trade facilitation broadly, with an opportunity to explore specific areas in depth, such as digital trade/e-commerce, customs, and services, which will be identified through a survey and consultations. APEC economies could introduce practices they have implemented on a voluntary basis when evaluating and addressing these barriers through the development and formulation of trade agreements.
- **Stock-take Report:** This analytical report will map the various efforts of APEC economies to incorporate inclusion aspects in trade agreements, building on the themes and practices shared by economies in the primary workshop, and supplementing workshop outcomes with additional desk research and economy consultations, either through a written survey or virtual consultations. The report will also be submitted to CTI for opinions and endorsement. 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. In addition to mapping current inclusion aspects in trade agreements, this report will equip APEC economies with an understanding of regional best practices and lessons learned to build the capacity of APEC economies with regard to participating in high quality and comprehensive trade agreements.
- **Follow-on Workshop:** The workshop will engage APEC economies, inclusive trade experts, the private sector, and representatives from underserved groups to identify steps that economies can undertake to facilitate more inclusive trade and investment environments through the design of trade agreements. For further capacity building, this workshop will offer an opportunity for dialogue between APEC economies on the implementation of recommendations arising from the survey and targeted consultations undertaken for the primary workshop and stock-take report, as well as a discussion on potential subsequent trade and inclusion policy objectives and activities under CTI.

3. **Methodology:** How do you plan to implement the project? Briefly address the following:

- **Workplan:** In a simple table, outline the project from start to end. Show key project outputs and activities and associated dates or timelines. Indicate if you intend to record any project event. Refer to the *APEC Project Event Recording Policy* at Annex N of the Guidebook.

The United States seeks to conduct two trade and inclusion capacity building workshops and undertake a stock-take report, with all activities expected to be completed by Quarter 1 of 2023. The first workshop, tentatively scheduled for Quarter 2 of 2022, serves to discuss ongoing gaps and issues resulting in trade barriers for MSMEs, women, and others with untapped economic potential, as well as introduce economy practices and experiences to evaluate and address these barriers through trade agreements. One month prior to the workshop, POs will develop the workshop agenda, identify relevant speakers for the session topics, distribute an invitation to CTI members to collect APEC economy participant nominations, and undertake procedures to identify and seek approval for Non-member Participation (NMP) speakers and attendees in accordance with APEC NMP procedures.

Economy insights from this first workshop will form initial contributions to a stock-take report that maps out the various efforts of APEC economies to incorporate inclusion aspects into trade agreements. These contributions will be supplemented by research, analysis, and APEC economy consultations in Quarter 2 and 3 of 2022, leading to report circulation to CTI members in Quarter 3/4 2022. To disseminate and build upon the findings of the study, the United States seeks to hold a second workshop, tentatively scheduled for Quarter 3/4 of 2022 or Quarter 1 of 2023, providing recommendations that APEC economies can consider to foster a more inclusive trade and investment environment, and further socializing identified good practices to provide a foundation for complementary initiatives over the coming years. One month prior to the workshop, POs will develop the workshop agenda, identify relevant speakers for the session topics, distribute an invitation to CTI members to collect APEC economy participant nominations, and undertake procedures to identify and seek approval for NMP speakers and attendees in accordance with APEC NMP procedures.

Activity	Output	Timeline
Capacity building workshop: Ongoing gaps and issues resulting in barriers to gaining the benefits of trade agreements for people with untapped economic potential; introduce economy practices to evaluate and address these barriers	1 workshop	Q2 2022

Stock-take report: APEC economies' efforts to incorporate inclusion aspects into trade agreements	1 report	Q3/4 2022
Capacity building workshop: identified practices and recommended considerations to foster a more inclusive trade and investment environment	1 workshop	Q3/4 2022 or Q1 2023

- **Beneficiaries: Selection criteria for participants, beneficiary profiles (e.g. participants, end users, policy makers, researchers/ analysts, gender) and how they will be engaged.**

The primary audience consists of APEC economy trade negotiators and policymakers with the authority to drive the development and formation of trade agreements. To achieve capacity building objectives of the project, the POs will work with economies to ensure economies will nominate participants that possess relevant skills and can engage effectively in discussions at the workshop. In accordance with APEC Non-Member Participation (NMP) procedures, POs will seek approval for private sector speakers and attendees that will augment the workshops by representing private sector perspectives and experiences in empowering people and groups with untapped economic potential in cross-border trade. Outcomes of these activities will benefit MSMEs, women, and others with untapped economic potential within APEC by building the capacity of APEC economies to develop and participate in trade agreements that support the economic empowerment of these groups.

- **Evaluation: Outline the indicators which will be used to measure progress towards the project outcomes. Where possible, provide indicators which could assess impacts on women.**

The extent to which APEC economies utilize and leverage the key findings and recommendations from the study within the domestic and APEC context; begin to adopt trade policies that benefit underrepresented communities; begin to implement practices and procedures to integrate the needs and interests of underrepresented communities in the design of trade agreements; begin to implement practices to measure the impact of trade on underrepresented communities; and request follow-on capacity building assistance will be indicators to measure the progress and outcome of this project. The principal mechanism through which the POs will seek to evaluate the outputs and outcomes of the two workshops will be through a participant questionnaire. The questionnaire will not only seek the views of participants on the usefulness of the training, but also elicit information that can inform the design of follow-up capacity building activities. Responses to the workshop participant questionnaire will be compiled and summarized by the POs and the results reflected in the final APEC project report which will be presented to members for information. Members will be requested to ensure that a gender balance is maintained when submitting nominations for the workshop. Workshop data will be aggregated by gender to assess how the training benefited women.

- **Linkages: Information on other APEC and non-APEC stakeholders and how they will be engaged. If and how this proposal builds on (but does not duplicate) the work of other projects. How will this activity promote cross fora collaboration?**

Considering the project focus on underrepresented groups in the economy including women and MSMEs, the outcomes of this project can contribute to the policy directions of the Policy Partnership on Women in the Economy (PPWE) and the Small and Medium Enterprises Working Group (SMEWG). In addition, the project outcomes can contribute to the SOM Steering Committee on Economic and Technical Cooperation (SCE) and cross-cutting fora discussions on understanding and valuing Indigenous communities in APEC economies. Aligned with the 2021 APEC Economic Policy Report (AEPR) on Structural Reform and the Future of Work, specifically the section on promoting tripartism in APEC, learnings on engaging underrepresented groups in trade and economic policy development can contribute to the Economic Committee (EC) pillar on “ensuring that all groups in society have equal access to opportunities for more inclusive, sustainable growth, and greater well-being”. POs will look to engage APEC economies who have championed greater inclusion of specific underrepresented communities with untapped economic potential, such as New Zealand’s leadership in advancing efforts related to Indigenous Peoples.