



**Asia-Pacific
Economic Cooperation**

2022/SOM3/CTI/024

Agenda Item: XIV

Group on Services Convenor's Report

Purpose: Information
Submitted by: GOS Convenor



**Third Committee on Trade and Investment
Meeting
Chiang Mai, Thailand
26-27 August 2022**

GROUP ON SERVICES (GOS)

CONVENOR'S REPORT

2022 CTI ANNUAL REPORT TO MINISTERS

Specific to CTI

Was quorum reached at the most recent plenary meeting? Please advise how many economies participated in the most recent plenary meeting.

- **Quorum was reached with 20 economies present.**

Key outcomes from your SOM3 meeting

- GOS members reviewed **updates provided by the five champion economies leading workstreams under the “Final Push in Services”**, namely:
 - **Domestic Regulation of Services (United States):** members noted the organization of the workshop “Translating Services Domestic Regulations Initiatives into Practice – capacity building on accessing economic benefits through implementation of the disciplines” on 25 August. The event will discuss experiences, good practices and next steps for the implementation of enhanced domestic regulation disciplines in the APEC region, including the WTO DR Joint Statement Initiative, as well as regional agreements such as RCEP, CPTPP and USMCA. A related research brief on the opportunities posed by improved services domestic regulations will be presented.
 - **Developing an APEC Index to Measure the Regulatory Environment in Services Trade of APEC (Canada):** a Technical Group meeting was held on 23 August. The group was presented with collected data allowing the Index to include 16 economies covering 22 services sectors. Members welcomed this new information, and some economies not yet covered described steps they are taking to participate in the future, and others described availability of technical assistance for this work. One economy cautioned that this should remain a technical exercise without timeline, that much work remains to be done, and that there are limits on the Index. Economies agreed that, to allow review in a familiar format, the APEC Index website should be updated with the new data by the end of September 2022.
 - **Mutual Recognition of Qualifications and Licensing (Australia):** Australia noted that mutual recognition enables trade, recognising that professional services underpin increasingly complex global value chains and the transactions. The freer movement of professional services can also help to achieve broader trade goals, like inclusivity, and to address sustainability. It was stressed that it is important to continue to evolve mutual recognition practice in the region so that the full potential of mutual recognition's enabling role can be realised. A community of practice has been established to support this.

- **Manufacturing-related Services (Malaysia):** Following up on a successful workshop held at the end of 2021, the Concept Note “Manufacturing-Related Services: Definition, Contribution, Issues and Challenges” was submitted and approved in principle in Project Session 2, 2022. A public-private policy dialogue will be organized accordingly in 2023 and could explore MRA frameworks for MRS. The corresponding project proposal will be submitted in September.
- **Environmental Services (New Zealand):**
 - New Zealand is implementing the self-funded project “Supporting the APEC Environmental Services Agenda: Developing a Model Schedule for Environmental and Environmentally Related Services” to develop a model schedule (positive list) of environmental and environmentally related services. NZ aims to provide the model schedule to the GOS in September with a view to securing endorsement by October.
 - As part of its “Dialogue on Sustainable and Inclusive Growth” ,held on 23 August, Australia presented a draft research report on Trade in Marine Debris Collection Services with key recommendations to create a framework to mobilize trade in services in order to address this environmental crisis.
- The GOS Convenor encouraged members to consider ways to **update the “Final Push in Services”** and its workstreams with a view to consider potential additional priority areas of work in support to the Aotearoa Plan of Action. Further discussions will take place intersessionally.
- The GOS Convenor presented the **proposal “Decision on Monitoring Pandemic Recovery under the APEC Services Competitiveness Roadmap (ASCR)”**, which is being submitted to Senior Officials for endorsement during SOM3. With the support of the PSU, the proposal considers to report annually for the remainder of the ASCR to Senior Officials on growth and developments concerning barriers to trade in the sectors most negatively impacted by the economic contraction of the pandemic: travel, transport (including logistics), and other business services. An assessment of growth and remaining barriers in these sectors shall also be included in the final report of the ASCR. Members reiterated their support for including pandemic recovery as a key element of the ASCR analysis.
- GOS members noted **presentations and updates from relevant stakeholders:**
 - The **CTI Chair’s representative** recalled the CTI’s tasking to the GOS regarding i) support to the movement of essential goods and ii) taking forward discussions on how to increase trade in environmental and environmentally related services. The CTI shared work to support regional integration and the implementation of the Aotearoa Plan of Action (APA).
 - **ABAC** highlighted recommendations included in a letter that the ABAC Chair addressed to the GOS Convenor. These recommendation supported completion of the APEC Index, encouraged a strengthened focus on digital trade, e-commerce, and barriers to the digital ecosystem, urged removing barriers to the movement of people, stressed the need to upgrade workers’ digital skills and improve their connectivity, , and proposed that all APEC economies join the WTO Joint Initiative on Services Domestic Regulation.
 - **PSU** informed the meeting on the policy brief “Resiliency in a Post-Pandemic APEC: Approaches to Driving Growth in Digital Services”.

- The **WEF** updated the meeting on ways to support WTO’s work on Domestic Regulations, including public-private dialogues, working with pilot economies, identify bottlenecks to services trade and develop good practice principles.
- GOS members noted **updates on project management**:
 - Australia updated the GOS on the “**Joint EC and GOS Symposium on Services and Structural Reform**” scheduled on 25 August 2022. The Joint Symposium will discuss the link between services and structural reform, how services innovations create challenges for regulators and pressure for reform, and next steps for regional cooperation. Joint takeaway messages will be sent to Ministers.
 - Chinese Taipei briefed on the “**Public Private Dialogue (PPD) on Digitally Enabled Services: Challenges and Opportunities**” held virtually on 6 July 2022. The event introduced opportunities that digitally-enabled services bring. It was noted that more cooperation is needed to enhance regulatory coherence on cross-border data flows while ensuring privacy protections, and the facilitation of access to ICT services and developing digital skills is necessary. It suggested that APEC needs to strengthen engagement with private sectors and promote cross-fora collaboration to ensure better synergy between the ASCR and AIDER.
 - The United States briefed on the implementation of the project “**Negative List Scheduling in Services Negotiations – Scheduling services commitments in key sectors**”. A related study is being undertaken and a workshop will be held by the end of 2022 to increase services negotiators and policymakers understanding of negative list scheduling for services liberalization efforts in recent FTAs.

Australia briefed on the “**Private Public Dialogue on Essential Services: The Challenges of Logistics in Ensuring Supply Chain Connectivity**” held on 23 August in response to CTI’s task to the GOS to support the movement of essential goods. The Dialogue focused on logistics services, featuring high-level executives in several global logistics industries with extensive operations in the Asia Pacific, including express delivery services, air transport, shipping, port operations and container operations. These valuable private sector views were meant to complement earlier work of the project carrying out the mandate for examining services for the movement of essential goods given by the APEC Ministers Responsible for Trade in 2021 and the adoption of an APEC-wide agreed definition for logistics-related services agreed earlier this year.

The PPD speakers and participants discussed the challenges of operating in the logistics sectors, examining what caused the major bottlenecks and delays that so severely impacted supply chain connectivity in the region over the past two and a half years. They provided suggestions for how APEC governments could address the regulatory and operational challenges that logistics firms have had to grapple with during the pandemic and in the post-pandemic recovery.

There was general consensus by the private sector experts that APEC work in the logistics area was of great usefulness and should be continued. In particular, support was expressed for the development of a platform for APEC economies that would contain relevant information helping officials to evaluate logistics policy and logistics performance on a regular basis, as part of the process of reviewing APEC’s competitiveness in the services area.

- GOS Sustainable and Inclusive Growth:
 - Chile introduced the Concept Note “**Knowledge Intensive Business Services (KIBS) and barriers faced by women in international trade in services**” submitted and approved in principle for Project Session 2, 2022. Linkages with PSU’s work on digital services might be explored. The project proposes to hold a workshop during SOM3 2023 in an effort to support inclusive growth.
 - Australia led an APEC GOS Dialogue on Sustainable and Inclusive Growth on 23 August, intended to offer a sampler of discussions to inspire the GOS program for future work. In addition to the topic of environmental services (marine debris), discussed above, the dialogue began exploration of women’s economic participation, and Indigenous economic participation. A deep-dive breakout session discussed mechanisms to increase women’s economic participation in trade in services, and a rapporteurs report will be prepared for GOS with identified areas for a future work program.

Decision points needed from CTI

- **Seek CTI’s endorsement of the Group on Services Report.**

For AMM’s information

(a) Key outcomes and achievements in 2022

- A cross-fora and industry dialogue focused on the progress of the APEC Services Competitiveness Roadmap (ASCR) was held during SOM2. The event will be held annually for the remainder of the ASCR, until 2025.
 - A common definition of “logistics related services” was endorsed by the GOS and the CTI, and adopted by Ministers Responsible for Trade in May. The definition is non-binding, non-exhaustive, and open for future review. It aims to facilitate further discussion and to assist APEC economies to have a better understanding of the impact of these services sectors on the movement of essential goods.
 - The GOS Convenor submitted for endorsement a proposal “Decision on Monitoring Pandemic Recovery under the APEC Services Competitiveness Roadmap (ASCR)” to GOS members and Senior Officials.
 - The “APEC Index to measure the regulatory environment of services trade in the APEC region” was expanded in 2022 to cover 16 economies in 22 services sectors.
- Work undertaken by the forum in pursuit of the [Putrajaya Vision 2040](#) and in particular in implementing the [Aotearoa Plan of Action \(APA\)](#)

Kindly refer to the “Collective Actions” (in the APA) for the relevant fora

GOS activities support all objectives under the APA economic driver of “Trade and Investment” and supports the following collective actions:

- Progress liberalisation of trade in goods by reducing unnecessary barriers, strengthening trade facilitation, and fostering regulatory reform;
- Progress services liberalisation, facilitation and cooperation, including by implementing the APEC Services Competitiveness Roadmap;
- Increase trade predictability and openness by improving economies’ transparency through trade measures and policies.
- Support APEC’s role as an incubator of ideas by advancing new approaches that help deliver a well-functioning multilateral trading system, with the WTO at its core;
- Support progress of negotiations at the WTO to deliver a trade and investment environment that is free, open, fair, non-discriminatory, transparent and predictable;
- Support implementation of WTO disciplines arising from negotiations, including in prospective areas such as harmful fisheries subsidies, and agriculture negotiations;
- Complete the unfinished business of the Bogor Goals and further deepen economic integration in the region in a manner that is market-driven;
- Strengthen APEC’s key role as an incubator of ideas on trade and investment issues in the region;
- Advance capacity building programmes and cooperate on best practice for the development of and participation in high standard regional undertakings; and
- Promote capacity building to improve physical, institutional and people-to-people connectivity.

In support of the second economic driver “innovation and digitalisation” GOS supports the following collective actions:

- Collaborate across relevant APEC fora on such issues related to macro-economic policies, including services and the digital economy.
- Collaborate across relevant APEC fora on issues related to structural reform, including services and the digital economy.
- Support the identification and integration of new and emerging sustainable transportation and mobility technologies and services.
- Cooperate to accelerate digital transformation, including by supporting the digitalisation of industries such as services, manufacturing and agriculture;

Finally, the economic driver “Strong, Balanced, Secure, Sustainable and Inclusive Growth” is being supported by work on Environmental Services and services that support the clean-up of marine debris.

- Cooperate in relevant APEC fora to develop, encourage and exchange best practice policies, and promote capacity building programmes, that address all environmental challenges - including climate change - and support sustainable growth
- Build on APEC’s Agenda on Advancing Economic, Financial and Social Inclusion to enhance economic inclusion for all.

- Build on existing APEC work on mutual recognition of qualifications to deepen and widen its coverage.

(c) Work Undertaken by the forum in response to Ministerial, SOM and CTI direction

SOM mandate to monitor the implementation of the APEC Services Competitiveness Roadmap

- In response to recommendations issued in the APEC Services Competitiveness Roadmap (ASCR) Mid Term Review and its Summary Report endorsed by Ministers in 2021, the GOS updated its Terms of Reference to include a requirement to organise an **annual cross-fora and industry dialogue focused on the progress of the ASCR**. The event will be held annually during SOM2, until 2025, to improve the monitoring of the ASCR process and receive inputs from relevant stakeholders. The first event was successfully held on 13 May 2022 in Bangkok, Thailand.

CTI tasking to update in 2022 the progress of initiatives supporting the 2021 APEC MRT Statement on Services that Support the Movement of Essential Goods

- Australia facilitated a virtual workshop “Understanding the key role of logistics services in moving essential goods across borders in the Asia Pacific” on 23-24 March.
- A definition of “logistics related services” was endorsed by the GOS and the CTI in May. (see above “key outcomes and achievements in 2022”)
- A “Private Public Dialogue on Essential Services: The Challenges of Logistics in Ensuring Supply Chain Connectivity” was held on 23 August. As recommendations, it was suggested to develop a “Logistics Tracker” to assist economies to have a better understanding of the link between policy and performance and organisation of an annual workshop on logistics. These activities could possibly include cross-fora support from other APEC bodies focused on this area. A follow-up proposal will be suggested before the end of 2022.
- The report “Services to Support the Movement of Essential Goods. Background Paper on Logistics Services” is being released as an APEC Publication.

CTI tasking to take forward discussions on how to increase trade in environmental and environmentally related services, including by supporting liberalisation, facilitation, and cooperation, as agreed in the 2021 APEC Ministerial Statement

- New Zealand is implementing a self-funded project to develop a model schedule (positive list) of environmental and environmentally related services, drawing on the Reference List of Environmental and Environmentally Related Services.
- Australia is implementing a self-funded project proposal “APEC - Services that support the clean-up of marine debris”. A research report on Marine Debris was presented with key recommendations to address this environmental crisis through the mobilization of trade in services. A follow-up activity should be organized in the second half of 2022.

(c) Key Issues Under Discussion by the Fora (if any); &

- GOS members will continue discussing intersessionally ways to update the “Final Push in Services” and its workstreams.

- Members discussed the need for guidance from AMM in support of cooperation between GOS and the Economic Committee on services and structural reform.

(d) Items to submit to Senior Officials or Ministers (if applicable)

- The “Decision on Monitoring Pandemic Recovery under the ASCR” was submitted to Senior Officials for endorsement. The document was previously endorsed by GOS and seeks PSU’s support to report on pandemic recovery, as part of the ASCR.