



**Asia-Pacific
Economic Cooperation**

Advancing Free Trade for Asia-Pacific Prosperity

APEC Committee on Trade and Investment 2020

Annual Report to Ministers





**Asia-Pacific
Economic Cooperation**

**2020
ANNUAL REPORT TO MINISTERS**

COMMITTEE ON TRADE AND INVESTMENT

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Prepared by

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Dear Ministers,

This year was exceptional in many ways for the Committee on Trade and Investment (CTI) and its sub-fora. 2020 did not only mark a turning point in APEC in which many high-level initiatives came to their end, but also was severely impacted by the challenges of the COVID-19 pandemic. Nevertheless, I am very pleased to report that the CTI has done a remarkable job by adapting well to the logistical and substantive challenges brought about by the pandemic and by maintaining, or even increasing, its high level of commitment, ambition and dedication – with more than 67 initiatives in the CTI’s pipeline and around 40 endorsed since January 2020.

Although this APEC year was almost entirely virtual, the CTI managed to hold its three regular meetings and an extraordinary CTI meeting focused on COVID-19 in-between CTI1 and CTI2, in addition to an Informal CTI Meeting in December 2019 for preparing the year ahead.

The CTI did not only advance substantive work under its four main pillars - Support for the Multilateral Trading System (MTS), Regional Economic Integration, Trade Facilitation and Connectivity, and Innovative Development and Inclusive Approaches – but also made special efforts to respond to the unprecedented challenges of the COVID-19 pandemic by developing new and implementing ongoing projects, in which it was actively supported by its sub-fora (see Section I).

To initiate collaborative approaches to these challenges, the CTI and several of its sub-fora developed voluntary questionnaires that gathered information regarding the policy responses and measures economies undertook in response to COVID-19. In a record time of only 2 months, 20 economies participated in the CTI’s questionnaire. Furthermore, CTI members explored ways to facilitate the trade of medical and other essential goods and services and developed several initiatives for improving the resilience of global value and supply chains. Trade facilitation, digital trade and transparency in notification of emergency measures were also addressed with a COVID-19 lens. Finally, discussions on facilitating the essential movement of people across borders, which is a quite novel topic in the CTI, were initiated.

But besides these projects and initiatives, it is also important to highlight that a myriad of the CTI’s and its sub-fora’s ongoing projects from the pre-COVID time contribute to our collective fight against the pandemic, for example, the implementation of the WTO Trade Facilitation Agreement, the Strategic Blueprint for Promoting GVCs (Blueprint 2.0), the Supply-Chain Connectivity Framework Action Plan II or the APEC Services Competitiveness Roadmap. In consequence, during 2020, the Committee played an important role for the effective implementation of the Statement on COVID-19 by APEC Ministers Responsible for Trade.

Under the four main pillars of the CTI’s agenda, members continued to share views throughout 2020 on the multilateral trading system and how APEC can contribute to its strengthening and well-functioning, particularly on e-commerce, fisheries subsidies, domestic regulation of services sectors, and transparency.

On trade facilitation and connectivity, work continued under the umbrella of the Supply Chain Connectivity Framework Action Plan (SCFAP II) and the APEC Connectivity Blueprint 2025. Regarding Innovative Development and Inclusive Approaches, progress was made with the endorsement of two projects related to economic inclusion through trade and investment, as well as inclusive and responsible businesses.

Finally, work related to regional economic integration as the mainstay of CTI's work includes two of the major deliverables of 2020: the Final Review of APEC's Progress towards the Bogor Goals and the Report of the Free Trade Area of the Asia Pacific (FTAAP), both submitted for Ministers' noting.

On the FTAAP Report (see Section III – Implementation of the Lima Declaration on the FTAAP), it is important to highlight that the endorsement of it involved challenging negotiations, but which finally could be solved due to CTI members' flexibility, constructive engagement and collaboration. I am pleased to summarize the progress on the FTAAP as follows:

As of 2018, 64 intra-APEC agreements are in force, covering between 47.4 to 77.5% of intra-APEC trade flows (calculated on a value basis). As a contribution to the eventual realization of an FTAAP, APEC economies have engaged in 18 capacity building projects under the CTI's Capacity Building Needs Initiative, four Trade Policy Dialogues on WTO-plus elements under the CTI's Information Sharing Mechanism and more than 120 initiatives under the CTI's "FTAAP Work Program to Advance Regional Economic Integration" from 2017 to 2020. Despite these activities, there is an opportunity to better address next generation trade and investment issues and emerging trends.

I thank all member economies for their hard work and flexibility which allowed the endorsement of the FTAAP Report. Furthermore, on behalf of the Committee, I would like to pass on our appreciation to the PSU for their technical support on the FTAAP Report and evidence-based advice on trade and investment issues. A special thanks also goes to the Convenors of the CTI sub-fora and industry dialogues, as well as to the APEC Secretariat. Without the help of the Secretariat it would not have been possible to successfully hold the CTI meetings. Finally, our gratitude is also extended to Malaysia for its role as the host economy in 2020.

Last but not least, it is also important to mention that the substantive results were also supported by a series of measures to improve the CTI's functioning. The agenda was streamlined in order to create space for more substantive discussion and dialogues on key topics. This was possible by shortening the meetings and making an extensive use of the Items for Noting Document of which its format was updated to capture accurately the projects and initiatives in the COVID-19 context. Moreover, the sub-fora convenors' report templates were strengthened to promote consistency and facilitate the CTI's understanding of sub-fora work. So, in addition to its regular agenda, at CTI1 in February, the Committee was able to hold a policy dialogue on "Women in Trade and Investment: CTI's contribution to the implementation of the La Serena Roadmap", in which ABAC participated, and a CTI Retreat to exchange views on ways to improve the narrative on trade and investment. This CTI Retreat was introduced in 2020 as a novel and innovative way for members to hold an informal, open and frank discussion. Furthermore, at CTI2 in September, members held an Information-

Sharing Mechanism during CTI2 to discuss the WTO Joint Statement Initiative – E-Commerce Negotiations.

The operational improvements of the Committee also included the strengthening of its engagements with other APEC fora, the private sector and other international organizations. In addition to the already mentioned activities, a CTI-OECD Webinar on the “Impacts of COVID-19 on International Trade and Investment: Insights and Policy Responses for APEC” was held in September and a joint webinar with the World Economic Forum in December 2020 to discuss trade levers for environmental action and the circular economies is planned for December.

Considering all these important results the CTI achieved in 2020 despite the tremendous challenges, I am confident that the CTI will continue with the same level of commitment, dedication and ambition to advance the CTI agenda in 2021.

Sincerely,



Krasna Bobenrieth
Chair, APEC Committee on Trade and Investment

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Introduction

The APEC Committee on Trade and Investment (CTI) was established in 1993 by the Ministerial *Declaration of an APEC Trade and Investment Framework*. The objectives of the CTI are to:

1. Create a coherent APEC perspective and voice on global trade and investment issues and increase cooperation among Members on key issues.
2. Pursue opportunities to liberalize and expand trade, facilitate a more open environment for investment and develop initiatives to improve the flow of goods, services, capital and technology within the region; consult on issues of importance in that context and develop consensus to expand and strengthen these flows within the region and globally, and to reduce and remove distortions which impede these flows in a manner consistent with applicable General Agreement on Tariffs and Trade (GATT) principles.

The 1993 Declaration's objectives remain highly relevant to the CTI's work today and continue to provide high-level guidance to CTI's work program. Under this mandate, in 2020, the CTI continued its work towards achieving *the Bogor Goals* as set by APEC Leaders in 1994 to achieve the goal of free and open trade and investment in the Asia-Pacific no later than the year 2020. The CTI's work is further guided by the *Osaka Action Agenda* and supported by economic and technical cooperation initiatives, aimed at building capacity in member economies to assist them in undertaking trade and investment liberalization and facilitation.

The CTI oversaw 11 sub-fora in 2020:

- The Automotive Dialogue (AD)
- The Business Mobility Group (BMG)
- The Chemical Dialogue (CD)
- The Digital Economy Steering Group (DESG)¹
- The Group on Services (GOS)
- The Intellectual Property Experts Group (IPEG)
- The Investment Experts Group (IEG)
- The Life Sciences Innovation Forum
- The Market Access Group (MAG)
- The Sub-Committee on Customs Procedures (SCCP)
- The Sub-Committee on Standards and Conformance (SCSC).

The 2020 CTI Annual Report to Ministers highlights the CTI and sub-fora's progress and achievements in the key priority areas of APEC's Trade and Investment Liberalization and Facilitation (TILF) agenda in support of Malaysia's APEC 2020 priorities:

- Improve the narrative of trade and investment
- Inclusive economic participation through digital economy and technology
- Driving innovative sustainability.

The CTI responded to the unprecedented challenges posed by the COVID-19 pandemic by undertaking several initiatives and projects to implement the Statement on COVID-19 by APEC Ministers Responsible for Trade.

The 2020 CTI Annual Report to Ministers is structured around the CTI's priorities and key activities as set out by the CTI Chair:

- Section I: Responses to the COVID-19 pandemic

¹ In relation to matters of the former Electronic Commerce Steering Group's existing work program on e-commerce and trade-related digital economy issues

- Section II: Support for the multilateral trading system
- Section III: Advancing APEC's regional economic integration agenda
- Section IV: Trade facilitation and strengthening comprehensive connectivity and infrastructure
- Section V: Promoting innovative development and inclusive approaches
- Section VI: Engagement with the business sector and industry dialogues
- Section VII: Streamlining CTI and CTI sub-fora.

CTI 2020 Recommendations and Highlights

CTI recommends that Ministers **note**:

- APEC's work towards the realization of the Free Trade Area of the Asia-Pacific (FTAAP) and the FTAAP Report, as mandated in the 2016 Lima Declaration on FTAAP (see Section III: Advancing APEC's Regional Economic Integration Agenda)
- 2020 Final Assessment of Economies' Progress towards the Bogor Goals (Appendix 15)
- CTI's support to WTO negotiations, including implementation of the WTO Trade Facilitation Agreement, fisheries subsidies and e-commerce.
- Special efforts by the CTI and its sub-fora to respond to the COVID-19 pandemic and the Ministers Responsible for Trade (MRT) Statement on COVID-19.
- Increased stakeholder engagement through joint events with the Organisation for Economic Co-Operation and Development (OECD) and the World Economic Forum (WEF).
- Initiative on the progress of the APEC Cross Cutting Principles on Non-Tariff Measures: Study of APEC Economies' TBT and SPS Specific Trade Concerns (Appendix 14)
- Table Monitoring APEC Economies' Implementation of the WTO Trade Facilitation Agreement (Appendix 13)
- Final Review of the Environmental Services Action Plan (Appendix 16)
- Final Review of the Manufacturing Services Action Plan (Appendix 17)
- CTI sub-fora reports (Appendices 1 – 11).

Section I: Responses to the COVID-19 Pandemic

On 5 May 2020, MRT issued a Statement on COVID-19, agreeing to work together towards a healthy, resilient and inclusive Asia-Pacific community. In this Statement, Ministers recognized:

“the importance of keeping our markets open and working together to deliver a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment, to ensure that trade and investment continue to flow in these trying times.”

Further, Ministers agreed that APEC will:

“work to facilitate the flow of essential goods and services to fight the pandemic including medicines, medical supplies and equipment, agriculture and food products and other supplies across borders, and minimize disruptions to the global supply chains. We will also ensure that trading links remain open and explore ways to facilitate essential movement of people across borders, without undermining the efforts to prevent the spread of the virus. We will work closely to identify and resolve any unnecessary barriers to trade.”

To implement the MRT Statement on COVID-19, the CTI held a Virtual and Extraordinary CTI meeting on 23 June 2020 to discuss work that CTI could undertake in response to the COVID-19 pandemic. As a result, several initiatives and projects were undertaken in 2020.

Malaysia, New Zealand and Singapore led the initiative *Declaration on Facilitating the Movement of Essential Goods*, which was endorsed by the APEC MRT. The Declaration outlined commitments to respond effectively to the economic consequences of the COVID-19 pandemic, related to export restrictions and prohibitions; non-tariff barriers; and trade facilitation. Members took note of ABAC's recommendation for economies to take tariff liberalization measures for essential medical supplies. The Declaration included a review mechanism, whereby APEC economies will update the progress of this initiative annually, until such time when COVID-19 is no longer determined to be a public health emergency of international concern.

A proposal to *Review Measures Facilitating Essential Movement of People Across Borders*, led by Korea, was endorsed by the CTI and noted by MRT. The initiative promoted a voluntary information exchange on economies' measures undertaken to ease travel restrictions in order to keep global supply chains open, secure and stable. Korea has undertaken a survey of economies' measures being explored or implemented, which will inform voluntary information exchange event. In addition, Korea and the CTI Chair have encouraged the BMG, GOS, Human Resources Development Working Group (HRDWG) and Health Working Group (HWG) to engage in the initiative by developing ideas for work in their respective areas of subject matter expertise that facilitate the essential movement of people across borders.

To provide APEC members with information and guidance on notifying emergency measures to the WTO, as well as monitoring other members' notifications, Australia led the self-funded project *Notifying COVID-19 related Emergency Measures to the WTO*. The project comprised of a series of online workshops with the WTO Secretariat to provide guidance to trade and health officials on notifying measures, as well as new tools to monitor notifications. The workshops were attended by over 150 participants from APEC's 21 member economies across from the CTI, SCSC and the Policy Partnership on Food Security (PPFS).

Australia also implemented the self-funded project *Building Resilient Supply Chains 2020: Survey and Analysis* to identify the levels of disruption, resilience, and adaptability of supply chains under the current COVID-19 pandemic and beyond; and provide informed and pertinent data analysis on how to better pair the needs of businesses in supply chains with government's policies and recovery programs. Australia surveyed over 800 businesses and industry and government organizations across all 21 economies. SMEs made up the majority of respondents. To encourage participation, the surveys were translated to Spanish, Japanese, Russian, Bahasa Indonesia and Malay. Two webinars were held on 12 August and 28 October to discuss the survey. The full report summarizing the survey will be presented to CTI in November.

China's self-funded project *APEC Webinar on Stabilizing Supply Chain to Support Trade and Economic Recovery during/after the COVID-19 Pandemic* was endorsed by CTI. The project aims to bring together experts from the public and private sectors that are involved in maintaining and managing supply chains to share their overall strategies and actions amid the pandemic, to identify joint solutions within the APEC community.

A CTI-OECD Webinar on the Impacts of COVID-19 on International Trade and Investment: Insights and Policy Responses for APEC was held on 17 September. The joint event was attended by over 60 participants from 16 economies and the Pacific Islands Forum. Participants discussed the OECD Policy Tracker, analysis on trade and investment measures amid COVID-19 and leveraging the use of technologies in trade.

Japan's APEC-funded project *Utilizing Digital Technology in the Field of Trade Facilitation under the Current COVID-19 Pandemic and Beyond* was endorsed. Through workshops planned for 2021, the project seeks to share best practices in light of the new reality of COVID-19; and deepen and align economies' digital technologies in the field of trade facilitation.

Chile submitted a proposal for *Sustainable and Resilient Recovery to the COVID-19 Pandemic from a Trade Perspective*, which seeks to strengthen the capacities of APEC economies for implementing trade and investment measures, policies and regulations that generate economic recovery from the COVID-19 pandemic which is sustainable and resilient. The initiative continues to be discussed by CTI members.

New Zealand submitted a self-funded project proposal for *APEC Non-Tariff Measures (NTMs) on Essential Goods During COVID-19: Lessons for the Future*. The project seeks to undertake research on the range of NTMs implemented on essential goods during COVID-19 by APEC economies; share best practice of where APEC economies are doing well with respect to NTMs implemented during COVID-19 on essential goods; and advise options to MRT in 2021 for avenues to continue future work to enhance the benefits of trade-facilitating NTMs and decrease the costs of trade-restrictive NTMs. The initiative was endorsed by CTI members and will be undertaken between November 2020 and May 2021.

In addition, several existing CTI projects and initiatives were adjusted to include elements to respond to COVID-19.

Several CTI sub-fora undertook work in response to COVID-19, including:

- On 23 September 2020, LSIF and the Health Working Group (HWG) co-hosted the 10th APEC High-Level Meeting on Health and the Economy (HLM10) convened virtually under the theme, "Building a Resilient Asia-Pacific in a COVID-19 World". APEC Health Ministers, senior officials, and high-level representatives from academia, industry, civil society, and international organizations contributed to discussions on regional policy responses to the dual economic and health crisis of COVID-19, the importance of strengthening the resiliency of health

systems and supply chains, and the important role that digital health should play moving forward. The meeting concluded with the endorsement of the [10th APEC High-Level Meeting on Health and Economy Joint Statement](#).

- In support of the MRT Statement on COVID-19, on 12 June 2020 the APEC Life Sciences Innovation Forum endorsed a Statement on COVID-19: http://apec.org/Press/News-Releases/2020/0612_Isif.
- AD members discussed impacts of COVID-19 on their respective automotive markets and policy responses.
- During the GOS2 meeting convened virtually in September 2020, the GOS discussed the impact of COVID-19 on services trade, including presentations from the WTO Secretariat and the Asia-Pacific Services Coalition.
- The GOS approved a self-funded project on “APEC Financial Services — Increasing APEC’s fintech and regtech capabilities post COVID-19” that seeks to share regulatory best practices to enable APEC economies to respond to the shift towards digital delivery and regulation of financial services.
- IPEG members agreed to maintain transparency and to continue to update each other with any new or amended IP-related COVID 19 measures put in place by their economy.
- During the second SCCP meeting, member economies and WCO shared the information of policies, measures and best practices on Customs response to COVID-19 pandemic.
- During November – December 2020, seven SCCP members participated in a *Mutual Enforcement Operation focusing on counterfeit goods related to the detection and treatment of COVID-19* led by the United States. This operation placed emphasis on increasing information sharing with all participating customs authorities and the expertise developed would serve as a resource for future capacity building work for SCCP in this area. The outcomes of this operation will be presented at SCCP1 2021.
- In the SCCP, as part of self-funded project, *The Future of Trade and Implications for the Border Policy Dialogue*, Australia created a live APEC Border Management Dashboard showcasing member economy approaches to trade modernisation and implementation of the building blocks. The digital dashboard provides APEC members with a map of regulations, developments and practices across the region, providing data points of where an economy is at or an initiative being undertaken or challenge being faced. The digital dashboard, to be linked on the APEC website, is aimed to become a live tool for the SCCP that will support capacity building, greater collaboration and coordination as well as information sharing regarding COVID-19 responses and measures taken by APEC member economies.
- In the MAG, the United States is implementing the self-funded project “Study: Trade of Remanufactured Goods in APEC”, which focuses on medical machinery, that could help to address shortages of medical machinery related to the COVID-19 pandemic. The study will also identify possible benefits to trade remanufactured goods in the region with a specific focus on healthcare goods in the region.
- IEG discussed Japan's proposal to identify a balanced policy approach during the crisis period.
- IEG shared the impact of COVID-19 on foreign direct investment and investment policy responses, including investment screening mechanisms, contributed by OECD and continue to discuss what policy measures will be necessary to respond to the pandemic and economic recovery in APEC.

- SCSC endorsed Indonesia's proposal on capacity building of smart city standards for sustainable cities and communities in the APEC Region in dealing with the COVID-19 pandemic.
- The CD has several ongoing and new initiatives to help facilitate the flow of critical inputs for essential goods including:
 - Ongoing initiatives on regulatory cooperation in the chemical sector and sharing of information on customs practices for chemicals and new regulatory developments.
 - Ongoing work through the Virtual Working Group on Marine Debris to help build more circular economies in APEC which can help to reduce shortages of key supplies by keeping materials in use.
 - A new APEC funded project on risk assessment in the chemical sector which will enable economies to better assess the risks of innovative new products or substances that could help combat the pandemic.
 - Revising the CD's strategic framework to incorporate a forward looking strategic focus on emphasizing efforts that will facilitate and enhance regional COVID-19 response.

Section II: Support for the Multilateral Trading System

In the Ministers Responsible for Trade Virtual Meeting Joint Statement, issued on 25 July, Ministers noted key APEC work programmes and initiatives that support the WTO's work. The CTI continued to share views throughout 2020 on the multilateral trading system and how APEC can contribute to its strengthening and well-functioning through initiatives in CTI. Several economies noted their interest in various negotiations ongoing under the World Trade Organization (WTO), and how APEC can contribute, including on e-commerce, fisheries subsidies, domestic regulation of services sectors, and transparency.

E-Commerce

The CTI held an information-sharing mechanism during CTI2 to discuss the WTO Joint Statement Initiative – E-Commerce Negotiations. The co-convenors of the Joint Statement Initiative (JSI), Australia, Singapore and Japan, provided an update on negotiations and highlighted APEC's potential role as a thought leader in the subject matter. CTI members exchanged views on the importance of the e-commerce negotiations, APEC's contributions and the current challenges, with many highlighting the relevance of the digital economy in the light of COVID-19 and APEC's role as incubator of ideas. A number of economies encouraged others to join the WTO negotiations on e-commerce under the JSI and to work towards tangible outcomes, while also reiterating that APEC's discussions are without prejudice to members' positions in the WTO negotiations. Currently 19 APEC members are part of the WTO negotiations on e-commerce under the JSI.

To support APEC economies' engagement in WTO negotiations on trade-related aspects of e-commerce, CTI endorsed Japan and Chile's proposal for a Study Project on *Assessment of capacity building needs on trade related aspects of e-commerce*. The study is currently being undertaken by APEC's Policy Support Unit (PSU). The initiative aims to raise awareness and deepen understanding of the technical aspects related to cross-border e-commerce, including the internet and related technologies, and how the technical design of the Internet interacts with the economic environment. The Study found that there are still a number of factors that could be improved to create a supportive regulatory environment where e-commerce can thrive; and highlights findings across six different focus areas, namely: i) electronic transactions framework; ii) openness and cross-border related issues; iii) consumer protection and privacy issues; iv) cybersecurity/network security; v) infrastructure-related aspects; and vi) market access.

In addition, China's *Symposium on APEC Supporting the WTO Negotiations on Trade Related Aspects of E-Commerce* was endorsed in 2020. The two-day Symposium, planned for 2021, seeks to support and facilitate WTO-e-commerce negotiations by holding technical discussions and identify opportunities and challenges faced by APEC members.

Fisheries Subsidies

To support the Eleventh WTO Ministerial Conference's decision to eliminate subsidies that contribute to IUU fishing through the WTO fisheries subsidies negotiations, New Zealand led the initiative *Information-Sharing to Support APEC Economies to Implement the WTO's 2017 Decision to Eliminate Subsidies that Contribute to Illegal, Unreported and Unregulated (IUU) Fishing*. New Zealand undertook a voluntary stocktake, which analyzed the wide range of approaches taken by APEC economies to curb subsidies that contributed to IUU fishing, and identified elements that constituted

good practice in policy design. The Stocktake was noted by MRT at the Virtual MRT meeting held on 25 July and was published on the APEC website.

To build on the findings of the *Stocktake of APEC Economies' Existing Measures on Withdrawal of Subsidies in Cases Where There Has Been a Determination of IUU Fishing*, New Zealand will also hold a self-funded virtual workshop between November 2020 and February 2021 to facilitate information sharing and best practices relating to measures for addressing fisheries subsidies that contribute to IUU fishing in the APEC context. The workshop will provide APEC economies the opportunity to elaborate on the report's findings, including through the presentation of case studies on policy initiatives adopted by APEC economies, and discussion of the applicability and relevance of regional and international best practices.

Implementation of the WTO Trade Facilitation Agreement (TFA)

Throughout 2020, Singapore led work on consolidating economies' progress in implementing the WTO TFA, including implementation of Article 3.6 & 3.8 (Advance Rulings (AR)) of the WTO TFA. By February 2020, all APEC economies had submitted their "Definitive Date for Implementation" of Category B and C provisions (see *Appendix 13 – Table Monitoring APEC Economies' Implementation of the WTO Trade Facilitation Agreement*).

The United States is undertaking three capacity building and technical assistance projects to support volunteer economies' implementation of the WTO Trade Facilitation Agreement:

- *Article 1 (Publication and Availability of Information) – Phase 2*: Building on ongoing technical assistance to volunteer economies begun under Phase 1, this project engages developing economy customs authorities; trade and finance ministries; and private sector stakeholders in assessing their own capacity to implement WTO TFA Article 1. The United States has worked with its Phase 1 volunteer economy, Peru, to ensure uniformity of all trade-related websites and improve inter-ministerial coordination regarding the sharing and updating of trade-related information
- *Article 3 (Advance Rulings) – Phase 3*: This project builds on technical assistance and sensitization work conducted under earlier project phases in volunteer economies. The United States held an *APEC Workshop on Advance Rulings Best Practices* in the margins of SOM1 2020, which enabled participants to discuss economies' implementation of advance rulings and to identify overlaps and differences in their systems. The workshop focused on the usability of advance rulings systems and honed in on the ways economies could make their application of rulings more user-friendly, efficient, and transparent.
- *Article 8 (Border Agency Cooperation)*: This project will provide economy-level technical assistance to APEC economies requesting assistance for WTO TFA Article 8 implementation. It will also share best practices/lessons learned at a regional workshop on the margins of SOM1 in 2021.

For further work supporting trade facilitation, see 'Trade Facilitation and Improvement of Supply Chain Performance' under *Section IV: Trade Facilitation and Strengthening Comprehensive Connectivity and Infrastructure*.

Technical Barriers to Trade

To facilitate transparency and predictability of Technical Barriers to Trade (TBT) WTO notifications, Peru's initiative on *Promoting Transparency of TBT WTO Notifications: Improving Completeness and Clarity of Information* was endorsed by the CTI. The initiative seeks to identify best practices and capacity building opportunities to improve the quality and completeness of WTO TBT notifications,

within the scope of the current TBT Agreement. Peru will undertake a self-funded study and a Public-Private Dialogue (PPD) to identify the major challenges that both, public and private sector, must face in the instances where proposed technical regulations or conformity assessment procedures are not properly explained or notified. The initiative calls APEC members to identify best practices and capacity building opportunities to improve the quality and completeness of WTO's TBT notifications, within the scope of the current TBT Agreement.

Non-Tariff Measures (NTMs)

Peru undertook an *Initiative on the progress of the APEC Cross Cutting Principles on NTMs: Study of APEC Economies' TBT and SPS Specific Trade Concerns*. The initiative supports the implementation of the APEC Cross-Cutting Principles on NTMs, which were endorsed by APEC Ministers in 2018, by reviewing whether specific trade concerns on WTO TBT and sanitary and phytosanitary (SPS) issues are related to APEC's Cross-Cutting Principles on NTMs. The Study recommended that APEC economies could focus their efforts on initiatives, workshops, exchange of experiences that build on transparency, trade facilitating approaches and the harmonization of measures with international standards, where appropriate. Members endorsed the study (see *Appendix 14 - Study of APEC Economies' TBT and SPS Specific Trade Concerns: An Analysis from the APEC Cross Cutting Principles on Non-Tariff Measures*).

Export Subsidies

Papua New Guinea continued to implement the *Work Plan on Export Subsidy*, adopted by members in 2017. The Work Plan seeks to compile information on economies' aggregate budgetary outlay and reduction commitments to implement the 2015 WTO Ministerial decision on agricultural export subsidies. As at 2020, two economies are yet to implement the MC10 decision on agriculture export subsidies.

Trade Policy Transparency

Members endorsed Russia's proposal for *Enhancing Trade Policy Transparency in APEC: Tariff Policies*. The initiative seeks to enhance transparency in applied tariffs and facilitate participation in international trade by collecting data on existing practices and international obligations of APEC economies and ongoing transparency work in other international fora, including the WTO Secretariat; exchange views on existing practices, international requirements, and possible ways to enhance transparency on tariff policies; and identify possible next steps to enhance transparency tariff policies in the APEC region.

Information Technology Agreement

The MAG followed-up on the implementation of the WTO Information Technology Agreement (ITA) expansion by APEC economies. The WTO ITA expansion agreed in 2016 requires participant economies to eliminate tariffs in an additional 201 products as compared to the WTO ITA agreed in 1996. The MAG highlighted the importance of the agreement expansion with a view to facilitate the trade of IT products and economies that are not part of the ITA Expansion were encouraged to join the initiative.

Section III: Advancing APEC's Regional Economic Integration Agenda

Achieving the Bogor Goals

With the Bogor Goals of free and open trade and investment in the Asia-Pacific intended to be completed in 2020, the PSU undertook the *2020 Final Review of APEC's Progress towards the Bogor Goals* (See *Appendix 15*). Members provided updates on trade and investment liberalization and facilitation, utilizing the Individual Action Plan (IAP) and fact sheet templates. The Assessment found that progress has been made in many areas, including in trade facilitation measures in spite of the COVID-19 pandemic. However, unfinished business remains, such as uneven sectorial tariff liberalizations; the high-prevalence of non-tariff measures; new temporary export prohibitions; restrictions on cross-border data transfer, storage and processing; and a slowdown in improvement of investment conditions in primary sectors and some services sectors.

In 2020 the GOS implemented the “*final push*” on services to address the unfinished business of the Bogor Goals. This included work plans in five priority areas, each under the guidance of a “champion” economy:

- **Domestic Services Regulation** (championed by the United States) – the GOS is implementing a project, “Next Generation Regulatory Approaches in Services Authorization”. The project, which involves a research study and a capacity-building workshop, will develop APEC members’ awareness of innovative, effective and emerging regulatory practices related to services authorization in the region.
- **Development of the APEC Index** (championed by Korea) – the GOS finalized the “Pilot Program for Measuring the Regulatory Environment of Services Trade in the APEC region” in collaboration with the OECD. Four economies (Chile, Peru, Chinese Taipei, and Vietnam) participated in the Pilot Program which covered the computer, telecommunications, distribution, and logistics (storage and warehousing) sectors.
- **Mutual Recognition of Qualifications and Licensing** (championed by Australia) – the GOS held a workshop on “Mutual Recognition of Qualifications and Skills as part of the Final Push to achieve the Bogor Goals” in February 2020. The workshop increased APEC economies’ understanding of the types of Mutual Recognition Agreements (MRAs) and their benefits, increased transparency on existing MRAs, and built capacity across APEC economies to help develop MRAs. To build on the outcomes of this workshop the GOS has approved two additional projects – “APEC Professional and Skilled Services Gateway - an Inventory on Mutual Recognition Agreements” and “APEC Mutual Recognition Online workshops - Digital credentialing of professional and skilled services providers” to help fast-track the mobility of professional and skilled service providers post-COVID-19 are being implemented by the GOS.
- **Environmental Services** (championed by New Zealand) – the GOS held the “Workshop to Advance the APEC Environmental Services Agenda: Enhancing APEC Economies’ Understanding of Environmental Services” in February 2020. The workshop enhanced APEC economies’ understanding of environmental services, including the current challenges and barriers to liberalisation. The GOS is also implementing a follow-up project, “Advancing the APEC Environmental Services Agenda: Future Directions”; research being undertaken under this project on best practices in Environmental Services will be presented in the margins of GOS1 2021.

- **Manufacturing-related Services** (championed by Malaysia). The GOS endorsed a work plan seeking to increase awareness of the “servicification” of manufacturing across APEC economies and to develop a common understanding of manufacturing-related services to support relevant policy formulation.

To facilitate information sharing and increased transparency, the APEC Trade Repository (APEC TR), an online source of members’ trade and tariff information, is continuously updated through the MAG. The Philippines is the administrator of the online portal and is responsible for the monitoring and timely updating of links provided by each economy. From 2 January to 30 October 2020, APEC TR usage recorded an increase in terms of the number of users, sessions and page views. For this period, all 21 APEC member economies registered in the top 30 of users worldwide.

The MAG continued to keep the information on the APEC TR up to date to improve transparency and facilitate trade. MAG further utilized the APEC TR by including the Timber Legality Guidance Templates (TLGTs) in the platform as requested by the Experts Group on Illegal Logging and Associated Trade (EGILAT). Additionally, the updated results of the Survey on Implementation of Articles 3.6 & 3.8 of the WTO TFA and the DESG’s APEC Survey on E-Commerce Regulations were also incorporated into the APEC TR.

The APEC TR incorporates the following information:

- Most favoured nation (MFN) tariff rates
- Preferential tariff rates
- Rules of origin (ROO) on existing RTAs/FTAs
- Best practices in trade facilitation
- Domestic trade and customs laws and regulations
- Procedures and documentary requirements for imports and exports
- Authorized economic operator (AEOs) and information on mutual recognition arrangements (MRAs)
- List of AEOs (as available)
- The Timber Legality Guidance Template (TLGT), provided by the Experts Group on Illegal Logging and Associated Trade (EGILAT)
- APEC Survey on E-commerce Regulations
- APEC Economies’ Implementation of Advance Rulings.

MAG members shared views on the APEC Pathfinder for Self-Certification of Origin and economies were encouraged to join. It was noted that different APEC economies already implemented self-certification of origin under FTAs.

See *Appendix 9 – Market Access Group Report*.

Implementation of the Lima Declaration on the Free Trade Area of the Asia-Pacific (FTAAP)

In accordance with our Leaders' instruction in the Lima Declaration on FTAAP, we report the following developments:

- Progress has been made with the finalization of a number of bilateral and plurilateral trade agreements in the region, including those which represent possible pathways. As of 2018, 68 signed intra-APEC agreements exist, with 64 in force. The percentage of APEC members with bilateral FTAs/RTAs among them increased from 13.3% in 1998 to 51.9% in 2018, with intra-APEC trade flows rising by almost four times between 1998 and 2018. Calculated on a value basis, 77.5% of the trade flows between APEC developed economies, 77.9% between APEC developing economies and 47.4% between APEC developed and developing economies were between RTA/FTA partners.² By 2018, 50.3% of APEC exports went to RTA/FTA partners and 46.9% of APEC imports came from RTA/FTA partners.³
- Since the issuance of the Lima Declaration on FTAAP, 18 capacity building projects have been carried out under the Committee on Trade and Investment's (CTI) "Capacity-Building Needs Initiative (CBNI)" between 2017 and 2020, in the following areas: services trade, investment measures, tariffs, non-tariff measures, trade facilitation, trade remedies, technical barriers to trade, e-commerce, competition policy, intellectual property, small and medium-sized enterprises, transparency, domestic consultation, women and trade. E-commerce and competition law/policy have been the most recurrent topics for the CBNI.
- Since the issuance of the Lima Declaration on FTAAP, four Trade Policy Dialogues on WTO-plus elements were carried out under the "APEC Information Sharing Mechanism on Regional Trade Agreements/Free Trade Agreements" (ISM) between 2017 and 2020.⁴ Two SOM-level policy dialogues on RTA/FTAs were also held.
- In addition, more than 120 initiatives⁵ aimed at improving regional economic integration have been carried out, through the CTI or its sub-fora, under the CTI's "FTAAP Work Program to Advance Regional Economic Integration", in the following areas: tariffs, non-tariff measures, services, investment, customs procedure and trade facilitation, global value chains, sanitary and phytosanitary measures, technical barriers to trade, intellectual property, competition policy, rules of origin, digital trade and e-commerce, small and medium-sized enterprises, transparency, environment.
- Projects on state-owned enterprises and labor did not achieve consensus thus far, even as these themes are already present in an RTA/FTA of a majority of APEC economies.
- CTI sub-fora contributed to this work with their specific technical expertise, especially in areas like modernization of value chains and customs procedures, tariff liberalizations, services competitiveness and specific services sectors, investment policies, cross-border e-trade, and trade facilitation.

² The percentage of trade flows that took advantage of RTA/FTAs' preferential treatments could be lower since numerically it is not possible to quantify the exceptions for preferential treatment as well as other factors that might prevent the use of those preferential treatment provisions.

³ PSU (2020): <https://www.apec.org/Publications/2020/03/Trends-and-Developments-in-Provisions-and-Outcomes-of-RTA-FTAs-Implemented-in-2018-by-APEC-Economies>, p. 2-4. This is the most recent data published in 2020.

⁴ The following topics were addressed: CETA progressive elements, technical barriers to trade, state-owned enterprises (in CETA and CPTTP), gender, small and medium enterprises in CPTTP, indigenous cooperation in ANZTEC, and the WTO Joint Statement Initiative – E-commerce negotiations.

⁵ Included are all initiatives endorsed or realized between 2017 and 2020 as per the CTI's Annual Reports 2017-2019 and CTI's Summary Records of 2020 under the chapter "FTAAP-Regional Economic Integration".

Despite the above-mentioned activities, there is an opportunity to better address next generation trade and investment issues and emerging trends.

There are areas that require more focus and further work to adapt to emerging and predominant trends and next generation trade and investment issues, including work that has not achieved consensus in APEC. APEC should reinforce its role as an effective incubator of ideas with reference to still pending and future proposals; a call for APEC economies' flexibility is made for the effective exchange of information in the CTI.

We acknowledge ABAC's and PECC's call to continue to work towards the FTAAP to implement the Lima Declaration on FTAAP and to address the new challenges faced by business.



Since 2012, APEC has undertaken several workshops under the Capacity Building Needs Initiative (CBNI) to enhance developing economies' capacity for FTA/RTA negotiations, thereby supporting the eventual realization of the FTAAP. The 3rd CBNI implementation period was due to end in December 2020, however, due to disruptions from COVID-19, members agreed to extend the implementation period to December 2021.

Japan held the *CTI-Economic Committee (EC) FTAAP Policy Dialogue on competition related provisions in FTAs/Economic Partnership Agreements (EPAs) from a Business Perspective* on 17-18 September 2020. The virtual event, which involved cross-fora collaboration with the EC, was built on workshops held in 2017, 2018 and 2019. The workshop was attended by over 100 participants from Government, academia and business leaders to deepen their understanding of what constitutes high-quality, comprehensive competition policies and how these policies are reflected in FTAs/EPAs to promote enabling business environment through ensuring a level playing field and inclusiveness in the region. Participants also discussed the impact of COVID-19 on the implementation of competition-related policies.

Indonesia held a Virtual PPD on *Understanding Non-Tariff Measures (NTMs) on Agriculture, Forestry and Fisheries Sectors to Enhance Trade to Improve Rural Development and Poverty Alleviation in the Asia Pacific Region* on 1-2 October 2020. The PPD brought together policy makers, researchers, academics and the private sector to develop a better understanding of various aspects of NTMs in agriculture, forestry and fisheries sectors to advance the Rural Development and Poverty Alleviation (RDPA) agenda. The participants from other relevant APEC fora (e.g. MAG, Ocean and Fisheries Working Group, Experts Group on Illegal Logging and Associated Trade, and Policy Partnership on Food Security) also attended the virtual PPD. The keynote address on the PPD highlighted that NTMs should be transparent, consultative, timely, and resulting in a predictable, coherent, and non-discriminatory application. The keynote also mentioned that APEC member economies should be able to understand clearly the strategic importance of managing NTMs to our common goal of promoting RDPA in those three focused sectors. Indonesia also prepared a research report titled *Mapping NTMs in Asia Pacific Economies: Agriculture, Forestry and Fisheries Sectors*, to support discussions in the PPD.

Indonesia is also undertaking the self-funded project *Trade Policy Dialogue on Understanding NTMs on Agriculture, Forestry, and Fisheries Sectors to Enhance Trade to Improve Rural Development and Poverty Alleviation in the Asia Pacific Region*, which will build on several key findings resulting from the PPD. Due to the pandemic of COVID-19, the TPD couldn't be implemented in 2020. Indonesia will conduct domestic consultation on the feasibility to organize the TPD in 2021. The implementation is subjected to domestic conditions and readiness.

Singapore continued to lead the *Review and Update of the 2007 APEC Model Measures for RTAs/FTAs on Rules of Origin*. An informal discussion was held in February 2020. Once completed, the updated model measures will be circulated to the APEC economies. The model measures will serve as a voluntary reference for member economies when negotiating or reviewing their FTAs.

Russia implemented the initiative *Enhancing Trade Policy Transparency in APEC as part of the work plans on FTAAP*, which aims to summarize work undertaken by APEC economies in the area of trade policy transparency and identify future possible steps to promote a transparent and predictable trade and investment environment in the region. Russia undertook a stocktake of ongoing and completed APEC initiatives on transparency, which was endorsed by members.

Russia also led its initiative *Work Program on Environment-related Provisions in FTAs/RTAs*, which aims to update and document existing data and information on inclusion of environment-related provisions into RTA/FTAs, with a focus on APEC members' experience and practices in this area, as well as to identify prospective areas for further exploration. A stocktake of environment-related provisions in FTA/s RTAs and desk research on existing APEC initiatives and projects related to environmental provisions were undertaken in 2020.

Japan continued to implement the *Work Plan on Digital Trade and E-Commerce for the Realization of the FTAAP*. The initiative seeks to contribute to FTAAP by analyzing and building capacity on digital trade and e-commerce elements through desk research and capacity building workshops. In 2020, Japan undertook a questionnaire of APEC members to understand current policies and views of each APEC economy regarding digital trade and e-commerce. The final report will be completed by MRT 2021.

CTI endorsed Korea's project *FTAAP Capacity Building Workshop on E-commerce Elements in FTAs/RTAs (Phase 2)*, which builds on a workshop held in 2019 and looks to strengthen the negotiating capacity of government officials and policymakers who are directly involved in FTAs/RTAs negotiations on e-commerce issues. The workshop will help the participants from APEC member economies to gain better understanding on e-commerce related provisions in FTA/RTAs through recent case studies such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, the United States-Mexico-Canada Agreement, the Digital Economy Partnership Agreement, Trade Protocol of the Pacific Alliance, and the e-commerce negotiations at the WTO. A workshop is planned for 2021.

Viet Nam continued to implement the project *APEC Capacity Building Workshop on RTA/FTA Negotiation Skills on Transparency*, which was endorsed in 2019. The objective of the project is to build capacity of negotiators, policymakers, and regulators to participate in FTA negotiations on transparency. The workshop will be held in 2021.

CTI continued discussions on the United States' proposals for *Work Program related to FTAAP addressing State-owned and Controlled Enterprises (SOEs)*, *APEC FTAAP Investment Provisions Focused on SOEs* and *Work Program on Labor-Related Provisions in FTAs/RTAs*. Consensus was not reached on these proposals.

Other Issues from FTA/RTA Practices

The CTI continued discussions on the United States' self-funded proposal for *Survey and Capacity-Building Workshop on the Inclusion and use of Labor-related Technical Assistance and Cooperation under FTAs/RTAs*. The project aims to strengthen the capacities of economies to negotiate and participate in high standard, comprehensive trade agreements with labor provisions. Consensus was

not reached on this proposal. It is anticipated that economies will further discuss the proposals in 2021.

Next Generation Trade and Investment Issues

Japan undertook the final Review of the Manufacturing related Services Action Plan (MSAP). The MSAP (endorsed by APEC Ministers in 2015), seeks to increase the availability and accessibility of services, through the liberalization and facilitation of manufacturing-related services, and to further deepen economic integration in the region. The final review of MSAP, approved by GOS in November 2020, reflects the following work (see *Appendix 17 – Manufacturing Related Services Action Plan (MSAP) – Final Review*):

- Studying how manufacturing related services are classified in the Central Product Classification (CPC version 2.1) and analyzing the chronological changes of APEC member economies' commitments for manufacturing related services in the WTO General Agreement on Trade in Services (GATS) and FTAs.
- Studying on how FTAs among APEC member economies have contributed to the liberalization of manufacturing related services in the APEC region
- Updating on regulatory regimes, the policy environment and positive progress on key action agendas of 7 APEC economies since the release of the interim MSAP report in 2018
- Reflecting the recommendation and discussions of MSAP workshop held on August 2020, to convene APEC stakeholders to discuss MSAP challenges, as well as opportunities for future action and collaboration or capacity-building.

Chile submitted a proposal titled *Dispute Settlement Mechanisms in Trade Agreements*. By undertaking a questionnaire, a report and a webinar, the initiative looks to foster a dialogue to improve understanding of the different dispute settlement mechanisms APEC economies have agreed upon in order to settle controversies between them. The initiative was endorsed by CTI members.

Investment

CTI members endorsed Japan's project proposal for *Toward Building Resilient Supply Chains – a Possible Role of Investment Policy*. The project seeks to promote liberalization of investment from the perspective of the supply chain resilience by holding a two-day virtual workshop in 2021 to discuss various examples of recent investment provisions in FTAs/EPAs and bilateral investment treaties, as well as a stocktake of good practices of liberal investment policy to promote an adequate business climate for all investors. The project will also consider investment policy measures introduced by economies to mitigate the impact of COVID-19 and explore a balanced approach between investment policy measures and regulatory perspective in treaties referring APEC Non-Binding Investment Principles.

China continues to develop its proposal for an *APEC Collaborative Framework on Optimizing Investment Measures*. The initiative proposes a framework to optimize investment measures, including a report, an annual workshop and a database. Members provided feedback and the proposal will be discussed in 2021.

With regard to the Malaysia's first priority on "Improving the Narrative of Trade and Investment," IEG include Inclusive and Responsible Business and Investment (IRBI) as a permanent agenda item for IEG meeting. In initiating the agenda, Malaysia hosted a Public-Private Dialogue (PPD) on IRBI on 2 November 2020 on the sidelines of the second IEG meeting, which aims to provide a platform among policy makers and business community across economies in APEC region to interact and exchange

views in promoting and implementing IRBI. The PPD has provided the participants greater awareness and understanding on the importance of IRBI – not only to advance the Sustainable Development Goals but also charting our future business and investment strategies as economies entering post COVID-19 pandemic era.

IEG completed its work on the *APEC Investment Commitment Handbook* led by Australia. The handbook provides an overview of the obligations contained in international investment treaties and the risks that states face in the event its officials violate those obligations. The Handbook was published in APEC homepage in September 2020.

IEG members agreed to the work plan for the Fifth phase of *Investment Facilitation Action Plan (IFAP)*. For next 3 years, IEG members will review eight Investment Facilitation Principles agreed in 2008 to see if they are still relevant and effective. IEG will also involve the private sector, such as ABAC, to share the result of IFAP IV Review Report provided by PSU and ask for feedback to further improve Investment facilitation in APEC region.

See *Appendix 7 – Investment Experts Group Report*

Internet and Digital Economy and E-Commerce

Australia's self-funded *Digital Symposium Series* was held on 8-10 September 2020. The Series comprised of three online webinars and brought together key experts and stakeholders to identify current developments and opportunities in digital trade. Participants discussed emerging technologies, digital privacy, and digital trade standards.

The United States held the *APEC Digital Trade Policy Dialogue Webinar* on 13-14 October 2020. Trade Policy Dialogues have been held since 2016 and bring together APEC government officials to discuss common issues related to digital trade, explore emerging policy topics, and further deepen an understanding of the opportunities to increase participation in the digital economy. Participants discussed policies and regulatory frameworks to facilitate digital trade, facilitating the commercial development, and adoption of emerging technologies, particularly in the COVID-19 environment.

Following the *PPD on Advertising Standards in the Digital Economy* that was held in SOM3 2019, Peru is developing a guide of recommendations to promote voluntary self-regulation and alignment standards for online advertising in electronic commerce. The recommendations will be based on the policies and experiences of APEC economies on best practices on advertising, e-commerce, compliance and self-regulation in the digital economy.

Peru continues to implement its project *PPD on Promoting Consumer Protection in the Dispute Resolution and Redress Mechanisms in E-commerce*, which was endorsed in 2019. Peru will hold a virtual workshop in the margins of SOM1 2021 to increase the capacity of government officials and representatives from the private sector related to consumer protection in dispute resolution and redress mechanisms in e-commerce. Participants will discuss the barriers and challenges related to consumer confidence on e-commerce and exchange experiences on regulatory frameworks.

Members endorsed Korea's project *Consumer Protection in Digital Trade/E-Commerce: Towards Building an APEC Regional Consumer Protection Framework*. The project is a follow-up to the 2019 project *Consumer Protection in Digital Trade: Challenges and Opportunities*; and seeks to share information and practices in relation to consumer protection in the region, explore principles for promoting consumer protection in digital trade/e-commerce and exchange views on the possibility of

formulating a regional framework for consumer protection as a future project. The workshop will be held in 2021.

Viet Nam will hold a workshop titled *APEC Capacity Building on Promoting Digital Economy* in October 2021. The project will build economies' capacity to promote a better understanding of the digital economy; examine how institutions, policies and regulations can keep up with digital transformation for sustainable connectivity and growth; and share views and experiences on how to support MSMEs take advantage of the digital economy.

Members discussed a self-funded project proposal by Malaysia titled *APEC Expert Meeting and Workshop on Sharing, Gig and Freelance Economy – Cross Border Perspective and Challenges*. The proposal intends to hold a workshop to facilitate and initiate discussions to identify and resolve policy and regulatory issues that relates to freelance economy.

On March 9, 2020, the APEC Cross-Border Privacy Rules (CBPR) system Joint Oversight Panel approved the Philippines' application to join the APEC CBPR system. The Philippines becomes the ninth APEC economy to join the CBPR system, joining the United States, Mexico, Canada, Japan, Korea, Singapore, Chinese Taipei and Australia. In 2020, the DESG also endorsed two additional accountability agents (AAs), bringing the total number of AAs to seven for the CBPR system. AAs perform a key role by certifying that the privacy policies and practices of participating companies are compliant with the CBPR requirements.

DESG completed the project "Promoting the participation of MSMEs in the regional market to bridge the digital divide in APEC economies" with the publication of its report in March 2020. The report provides information on policies, initiatives and best practices to develop the e-commerce and trade related digital economy. The report also draws on wide ranging desk research and interview with experts and policymakers in developed economies to uncover successful policies to assist and encourage MSMEs to participate in the regional market via e-commerce and trade related digital economy.

DESG completed the project *Promoting Consumer Protection in Digital Trade: Challenges and Opportunities*. Published in June 2020, the project's workshop report captures in-depth discussions on: i) the challenges consumer protection agencies face in digital trade; ii) international norms and principles that APEC can refer to in order to improve consumer protection mechanisms; and iii) ways to promote regional cooperation in the field of consumer protection, including development a framework for enforcement cooperation.

See *Appendix 4 – Digital Economy Steering Group Report*.

Global Value Chain Cooperation

CTI continued to implement the *APEC Strategic Blueprint for Promoting Global Value Chains 2020-2025 (Blueprint 2.0)*, led by Chile and endorsed by MRT in 2019. *Blueprint 2.0* builds on the *APEC Strategic Blueprint for Promoting Global Value Chains Development and Cooperation* endorsed in 2014, by identifying areas of improvement and incorporating with next generation trade and investment issues, recent business trends and other initiatives undertaken by APEC. *Blueprint 2.0* will contribute to free and open trade that will benefit GVCs and support sustainable and inclusive growth, taking into consideration women and disadvantaged groups.

To implement *Blueprint 2.0*, champion economies are responsible for leading the Blueprint's workstreams:

WORKSTREAM		CHAMPION(S)
1	Addressing trade and investment issues and barriers that impact GVCs	United States
2	Realize the critical role of the digital economy within GVCs	Korea, Chile
3	Cooperate on implementing and taking full advantage of statistics related to GVCs	China, United States, Indonesia
4	Strengthening the role of services within GVC	Australia
5	Promoting access to GVCs for sustainable and inclusive growth	China, Chile
6	Improve the business climate for GVCs	Chile, Russia
7	Deepen efforts to promote trade facilitation	Singapore

To contribute to workstreams 2 of *Blueprint 2.0*, Korea and Chile proposed the project *The APEC GVCs Blueprint 2020-2025: Realizing the Role of the Digital Economy within GVCs*, which was endorsed by the CTI. The project will comprise of a research report analyzing business and policy cases and establishing successful factors that enable the efficient access of businesses to the digital economy and GVCs; and a capacity-building workshop will provide participants with the opportunity to share success factors to facilitate mutual learning. The project will be undertaken throughout 2021.

CTI members endorsed the *Work Plan on Cooperation on implementing and taking full advantage of statistics related to GVCs* led by China, Indonesia and the United States. The Work Plan supports workstream 3 of *Blueprint 2.0* and its objectives are to: i) help APEC economies to better utilize the existing APEC Trade in Value Added (TiVA) Database, especially for policy makers, academia or private sectors; and ii) improve the quality of TiVA measures by assisting APEC economies in developing better underlying statistics that goes into TiVA compilation. The Work Plan will undertake a survey of economies' needs and challenges in developing and utilizing TiVA data, provide capacity building to assist economies better utilize TiVA data in policy decision making and assess ways to improve the quality of TiVA data by helping economies to collect and compile more complete statistics.

In addition, the United States and China continue to implement the APEC TiVA Database. The TiVA will serve as an important tool to help understand better the impact of global production networks on APEC economies, and to help economies develop effective economic policies that would improve the opportunities for businesses to participate in the global economy. Following the 4th Capacity Building Workshop on *Strategic Framework on Measurement of APEC TiVA under GVCs and its Action Plan*, which was held in 2019, the United States and China are:

- Revising the APEC inter-economy input-output tables based on the review comments from member economies
- Finishing the revision of the APEC TiVA indicators based on the revised APEC inter-economy input-output table
- Finalizing the APEC TiVA Initiative Report Two, which presents results from the APEC TiVA database.

To contribute to workstream 6 of *Blueprint 2.0*, Russia undertook the initiative *Compilation of modern-day factors affecting the formation and development of global value chains*, endorsed in 2019. The initiative comprises of a comprehensive survey of factors arising from a changing global economic

environment that could impact the formation and development of GVCs to support policy recommendations that could promote a business-friendly trade and investment environments and improve the overall business climate for GVCs. In 2020, Russia undertook desk research to compile a stocktake of past work undertaken by APEC to support GVCs, which was endorsed by CTI. Russia is currently developing a questionnaire modern-day factors affecting the formation and development of GVCs, which will be circulated to APEC economies for completion.

In addition, Russia continues to implement its project *Workshop on Effective Domestic Policymaking for Stimulating Economic Upgrading through GVCs*, which was endorsed in 2019. The workshop, planned for 2021, will focus on sharing best practices and policymaking experiences that led to increased gains from domestic value added production. The workshop will examine the key challenges that impede APEC economies' ability to economically upgrade through GVCs, review existing APEC economies' domestic policies that contribute towards their more effective GVCs participation and higher value added production and compile best practices in APEC region that stimulate economic upgrading through GVCs.

Members discussed the draft *Work Plan on Promoting access to GVCs for sustainable and inclusive growth*, led by China and Chile. Once endorsed, the Work Plan intends to contribute to Workstream 5 of *Blueprint 2.0* and seeks to:

- Enhance understanding and awareness of the importance of GVCs as a means to sustainable and inclusive growth in coordination with the Sustainable Development Goals
- Identify APEC economies' needs, challenges and key human capital requirements in promoting access to GVCs for sustainable and inclusive growth
- Build a series of capacity-building programs (training activities, seminars, joint research, etc.) with the objective of sharing information, experiences and lessons in promoting and achieving access to GVCs for sustainable and inclusive growth.

Contribution to Micro, Small and Medium Enterprises' (MSMEs') Integration into Global and Regional Markets

The CTI and its sub-fora continued to collaborate with the Small and Medium Enterprises Working Group (SMEWG), particularly to contribute to the implementation of the *Boracay Action Agenda (BAA) to Globalize MSMEs*, which seeks to foster the participation of APEC MSMEs in regional and global markets. The Philippines commenced the final review of the BAA in July 2020 and has finalized the Consolidated 2016-2020 BAA Stocktake for noting by Senior Officials at CSOM 2020.

Malaysia continued to implement the project *Next Generation MSME-Specific Provisions and Possible Next Steps*, which was endorsed in 2019. The project builds on outcomes of the Survey on MSME/MSME-Related Provisions in APEC Economies' FTAs/RTAs undertaken by the Philippines and seeks to identify potential next generation MSME-specific provisions and possible next steps for the Work Programme on MSMEs in FTAAP. Malaysia will hold a workshop in 2021, which will discuss possible MSME-specific provisions in an eventual FTAAP that would increase the ability of MSMEs to internationalize and increase engagement in global trade.

Environmental Goods and Services / Green Growth

The MAG continued to monitor the implementation of the Environmental Goods List (EGL). An updated stocktake was presented in MAG 1 2020 in Putrajaya, Malaysia, and shared to CTI1 2020. Chile, Indonesia and Thailand had been working towards full implementation of the commitment to reduce tariffs to five per cent for all products on the EGL. It was noted that the COVID-19 pandemic led to delays in implementation, however, all three economies will endeavour to meet EGL objectives.

In particular, Indonesia advised that tariffs for all products on the EGL will meet the five per cent tariff from 1 January 2021.

Japan undertook the final Review of the Environmental Services Action Plan (ESAP). The ESAP (endorsed by APEC Ministers in 2015), seeks to promote liberalization, facilitation, and cooperation in environmental services. The final review of ESAP, approved by GOS in November 2020, reflects the following work (see *Appendix 16 – Environmental Services Action Plan (ESAP) – Final Review*):

- Reviewing the progress in Phase 1 and 2 of the ESAP, summarize the whole initiatives, and consider the way forward as necessary.
- Providing justification for APEC economies to pursue liberalization based on the cluster approach, produced suggestions regarding how environmental services may be defined, and recommending how proponents of liberalization may be able to frame and approach agreements more successfully going forward.
- Gathering good practices and to propose a capacity-building plan on Recommended Action Agendas.

Furthermore, the ESAP Workshop held on August 2020, provided a valuable forum for stakeholders from industry, government, and academia to discuss issues concerning environmental services. The participants considered new opportunities for collaborative activities for APEC member economies to better support the future liberalization of services trade across the Asia-Pacific region.

Members endorsed the United States' self-funded project proposal for Recyclable Materials Policy Program (RMPP). The RMPP will develop the capacity of APEC economies to identify and frame domestic policies that promote waste management and recycling (WMR) infrastructure, addressing barriers to trade and increasing markets for recyclable materials while respecting respective economies' domestic laws and regulations. The program will focus on four key policy areas:

1. Supporting environmental regulation
2. Survey of existing practice in identifying and processing of waste and recyclable materials
3. International materials quality and processing health and safety standards
4. Enabling policies for recycling infrastructure investments (including Public Private Partnerships).

The United States is undertaking a study of current and emerging practices on the four policy areas. The study's outcomes and results will be discussed in a workshop/roundtable.

China held the *Annual Conference and Expert Group Meeting of APEC Cooperation Network on Green Supply Chain (GSCNET) 2020* on 16 October. The Conference discussed economies' views on impacts of COVID-19 on supply chains and economic development, the role of green supply chains in promoting the green recovery of APEC and views of promoting green supply chain management in the post-COVID-19 era.

The CTI and the World Economic Forum will hold a joint webinar on 3 December 2020 to discuss trade levers for environmental action and circular economies. The webinar will involve subject matter experts and representatives from business to discuss trade and investment actions to increase carbon efficiency, the question of embedded carbon and trade facilitation actions to enable high-quality recycling.

Advancing the Services Trade Agenda

In addition to the GOS' implementation of the *"Final Push" on Services to Address the Unfinished Business of the Bogor Goals* (see Section III: Advancing APEC's Regional Economic Integration Agenda), the GOS continued to lead on the implementation and monitoring of the APEC Services Competitiveness Roadmap (ASCR) to develop services sectors in the APEC region as enablers of economic growth and inclusion.

The GOS held the first of three webinars as part of the project "Advancing the Services Agenda in APEC: expanding sectoral data collection, measurement, and analysis for the APEC Index" in September 2020. The project seeks to improve the quality and availability of internationally comparable services trade data in the APEC region and increase members understanding of barriers to services trade and pro-competitive policies.

The GOS will lead on implementation of the ASCR Mid-Term Review in 2021, which will assess what individual and APEC-wide actions will be required to complete the ASCR objectives by 2025. A proposal will be presented to SOM for endorsement.

See *Appendix 5 – Group on Services Report*.

Japan completed its project *Research on Promoting Trade in Services by SMEs and Women Entrepreneurs*. The project delivered a research report addressing the issue of the promotion of trade in services by SMEs and women entrepreneurs through data analyses and case studies. The report found that fixed costs associated with overseas business expansion make SMEs and women entrepreneurs unable or reluctant to participate in services trade, highlighting that funding mechanisms and possible ICT-based affirmative actions, in line with the BAA, are needed. The report was endorsed by members and published on the APEC website. Japan intends to hold a follow-up project, in the form of a seminar or workshop to address the issue of promoting trade in services by SMEs and women entrepreneurs, together with the emerging issue of how to cope with COVID-19.

Section IV: Trade Facilitation and Strengthening Comprehensive Connectivity and Infrastructure

Trade Facilitation and Improvement of Supply Chain Performance

The CTI and the SCCP continued to collaborate to implement *the Phase II of the Supply Chain Connectivity Framework Action Plan (SCFAP II)*. The goal of SCFAP-II is to reduce trade costs across supply chains and to improve supply chain reliability in supporting the competitiveness of businesses in the Asia Pacific region by addressing five chokepoints:

- Chokepoint 1: lack of coordinated border management and underdeveloped border clearance and procedures
- Chokepoint 2: Inadequate quality and lack of access to transportation infrastructure and services
- Chokepoint 3: Unreliable logistics services and high logistical costs
- Chokepoint 4: Limited regulatory cooperation and best practices
- Chokepoint 5: Underdeveloped policy and regulatory infrastructure for e-commerce.

In 2020, the CTI and PSU Board approved the request for the PSU to undertake the final review of the APEC Supply-Chain Connectivity Framework Action Plan 2017-2020 (SCFAP-II). The aim of the project is to provide a final review of how APEC has fared in “unblocking” five supply chain chokepoints that were identified in SCFAP-II. The analysis will be based on: (1) voluntary case study submissions from economies; (2) external indicators that were included in the Review of External Indicators to Monitor Progress for the APEC SCFAP-II. The final review will be implemented in 2021, with the aim of finalization by November 2021.

Chile, China and Peru continued to implement *Supply Chain Integration 4.0 Through Single Window Interoperability – Action Plan (2019-2021)*, which was endorsed in 2019, and promotes interoperability among APEC economies trade electronic single window systems (single windows), taking into account important advances in the development of domestic single windows and current examples of interoperability in the APEC region and worldwide. In 2020, the Lead Team continued bilateral engagements with interested economies to join the pilot to determine the final parameters of the pilot. The initiative will continue in 2021.

Members endorsed the 2020 work plan for the *Asia-Pacific Model E-Port Network (APMEN)*, led by China. APMEN’s objective is to create an enabling environment for model e-ports and promote supply chain connectivity and trade facilitation in the Asia-Pacific region. PNG Ports Corporation joined APMEN in February 2020, bringing the total members of APMEN to 23. APMEN held its 6th PPD on 29 September 2020, which provided a platform for trade regulators, trade experts and business communities to discuss stabilizing supply chains and optimizing trade facilitation in response to market disruptions caused by the COVID-19 pandemic. APMEN also looked to expand participation in and the scope of its supply chain connectivity pilot projects:

- i) Phase Two of Sea Freight Logistics Visualization with the aim to achieve automated data exchange among different systems;
- ii) Phase Two of Digitalization of Air Freight Logistics from import e-Air Waybill (e-AWB) to export e-AWB in order to gradually achieve the end-to-end air freight paperless procedure.

Members endorsed the renewed Terms of Reference for the *APEC Alliance for Supply Chain Connectivity (A2C2) 2021-2023*. The A2C2 is an advisory group consisting of supply chain and customs experts from the public and private sectors. The renewed Terms of Reference emphasizes the critical role of A2C2 in highlighting supply chain connectivity issues related to the flow of essential goods and

services and to strengthening supply chain resilience. The A2C2 held its 10th and 11th meetings in February and October 2020 respectively. The meetings discussed opportunities and challenges related to border agency cooperation and the effect of the COVID-19 pandemic on supply chains, including company innovations, reinventing supply chains and the pandemic's lasting impact.

The SCCP held a Policy Dialogue on *The Future of Trade and Implications for the Border* on 6-7 February 2020 (SCCP 01 2019S - Australia) where participants discussed on regulatory changes and opportunities for digital enable trade through border management as well as the coordination and alignment of border management and what are the opportunities for APEC region. Members also identified challenges in trade and border management reforms and highlighted the relevance of data collection regarding border management experiences and the importance of coordination across governments, private sector and stakeholders in the APEC region. As part of the Project, a digital "APEC Border Management Dashboard" will be produced by Australia to showcase member economies approaches to trade modernization and implementation of key building blocks across three dimensions: policy and regulation; technology and ICT; and industry and supply chains. The Dashboard will also include information on what economies are doing to address COVID19 impact and recovery, giving the opportunity to members to identify capacity-building needs.

During 2020, Chile and Chinese Taipei carried out the second phase of the APEC Funded Project (SCCP 01 2019A) *Integrating SMEs in AEO Certification: Improving SMEs Participation in APEC Secure Trade*. A second Workshop on "Integrating SMEs and E-Commerce in AEO Supply Chains" was successfully held in a hybrid format on 15 October 2020. 16 APEC member economies and 161 participants attended the Workshop. On the other hand, two self-funded reports have been produced by Chinese Taipei to become APEC Publications by the end of the year: a "Manual of Best Practices according to the AEO Benefits Survey under Pillar 3 WCO Safe Framework" and a "APEC Time Release Comparison Study".

During the second virtual SCCP meeting of 2020, Japan presented the outcomes of a Questionnaire on Cruise Ship Advance Information, which was carried out during April-May, to understand further the current situations and the advance information systems regarding Customs control on Cruise Ships operated in the APEC economies. The key results were that although the circumstances were widely different among economies, there were the similarities on members' concerns and interests regarding customs control on cruise passengers and that this kind of initiative could contribute to reaching the common understanding among the members. To achieve further mutual understanding among the members, as a new action plan, Japan also expressed its intention to study during 2021 on the measures taken by APEC customs authorities during COVID-19 pandemic, especially focusing on the customs' internal management such as work arrangement, performance evaluation and mental care for customs officers.

See *Appendix 10 – Sub-Committee on Customs Procedures Report*.

Strengthening Connectivity and Infrastructure

The CTI continued to undertake projects and initiatives to contribute to the *APEC Connectivity Blueprint 2015-2025*. The APEC Connectivity Blueprint aims to achieve a seamless and comprehensively connected and integrated Asia Pacific in three pillars:

- Physical connectivity
- Institutional connectivity
- People-to-people connectivity.

Malaysia successfully held a virtual PPD on *Emerging Opportunities and Challenges in Implementing the APEC Connectivity Blueprint 2025* on 15 September 2020. Participants exchanged ideas on progressing implementation of the APEC Connectivity Blueprint's through stronger collaboration between public and private sectors including SMEs and emerging challenges, risks and opportunities. To contribute to discussions, Malaysia also held a focus group discussion to gather views from members and stakeholders on the current progress of the implementation of the APEC Connectivity Blueprint, and their ideas on how should it be strengthened in view of current development in all pillars of connectivity. Malaysia is developing a checklist, for endorsement in early 2021, to provide guidance to project proponents in implementing the APEC Connectivity Blueprint.

Japan continued to lead the *Peer Review and Capacity Building for APEC Infrastructure Development and Investment*. The objective of the peer review and capacity building is to support and promote initiatives by APEC member economies in advancing cross-sectoral issues under Physical Connectivity. The process consists of the following:

- Conduct peer review on policies and practices, including relevant laws, regulations and guidelines relating to the planning, selection and implementation process of infrastructure projects.
- Identify capacity building needs of the reviewed economy through peer review, and provide capacity building activities based on the identified needs.
- Deepen knowledge through information sharing among member economies.

In 2020, Papua New Guinea joined the Peer Review as a reviewed economy and Japan (lead economy), Australia and the United States as facilitating economies. The CTI and the PSU Board endorsed the Terms of Reference for the PSU to participate in the Review as the ad hoc review team secretariat. Japan continued to provide capacity building to Viet Nam and intends to hold a workshop in 2020-2021.

Further, Japan continued to implement its project *Promoting Smart Cities through Quality Infrastructure Investment in Rapidly Urbanizing APEC Region*, which was endorsed in 2019. The project aims to deepen the discussions on smart city and quality infrastructure investment (QII), and contribute to the capacity building among officials in charge of smart cities development as well as infrastructure investment and planning sectors. Japan will hold the conference *Promoting Smart Cities through Quality Infrastructure Investment* in 2021.

The BMG held a 'soft launch' of the APEC Business Travel Card (ABTC) Mobile Application during the APEC Business Advisory Council (ABAC) Conference in Sydney in February 2020. The ABTC Mobile Application will provide access to a digital version of the ABTC for cardholders from fully participating member economies to display on their mobile electronic devices instead of a physical card when entering an APEC economy, providing cardholders from fully participating members with a more efficient, convenient and user-friendly service. The BMG held a Virtual Plenary Meeting in August 2020 to further discuss the launch of the ABTC Mobile Application at Leaders' Week in November 2020. The Group was in support of the launch at the 2020 APEC Leaders' Week. See *Appendix 2 – Business Mobility Group* for further details.

Expanding Regulatory Cooperation and Advancing Regulatory Coherence

Members endorsed Peru's self-funded project proposal titled *Outcomes on the Application of the Test of Ex Ante Control of Regulations on Advertising*. The project seeks to analyze the results obtained from the study *Test of Ex Ante Control of Regulations on Advertising*, which was undertaken in 2018. The project will evaluate the impact of the application of the Test and the effects of regulations on

advertising of sales promotions and of the elimination of unnecessary regulations on competitiveness. The project will be completed in 2021.

The SCSC looks to reduce the negative effects that differing standards and conformance arrangements have on trade and investment flows in the Asia-Pacific Region. The Food Safety Cooperation Forum (FSCF) and the Joint Regulatory Advisory Committee (JRAC) report to the SCSC as its subsidiary bodies and as official groups of APEC.

In SCSC, Japan presented the results of the survey on alignment of standards for the 8th Voluntary Action Plan (VAP) alignment work. The survey looked at 55 International Standards in the field of electrical appliances, cyber security environmental management, greenhouse gases, smart cities, etc.

In addition, Japan implemented a workshop for the project “Capacity Building on the Development of Climate Actions of Sustainable Growth by use of ISO 14080” which aimed at raising awareness of climate actions among SMEs, NGOs and the public sector and to encourage them to develop climate actions.

The US implemented a SCSC workshop for the project “APEC Workshop on Internet of Things (IoT) Security Best Practices” to support economies’ implementation of cybersecurity policies, specific to state of the art IoT security practices and related baseline core capabilities and standards. The project aims to increase dialogue, cooperation, and sharing of state-of-art practices specific to IoT security between governments and industry to robust digital trade flows.

The FSCF implemented a workshop for the project on “trade facilitation through the development of an APEC food safety risk communication framework” which attracted the participation of approximately 100 representatives from food safety regulatory agencies and food industry organizations of APEC member economies, and FAO and WHO Western Pacific Regional Office. The workshop explored challenges faced by food safety regulatory agencies and food industry in dealing with food safety risk communication and agreed the outline to a Risk Communication Framework.

The US will hold a virtual two-day workshop under the SCSC FSCF on Enforcement of Pesticide Maximum Residue Limits (MRLs), in December, 2020. This workshop will further explore current practices among APEC economies on MRL enforcement and compliance.

See Appendix 11 – Sub-Committee on Standards and Conformance Report.

Section V: Promoting Innovative Development and Inclusive Approaches

Inclusive Approaches

The CTI held a Policy Dialogue on *Women in Trade and Investment: CTI's contribution to the implementation of the La Serena Roadmap* on 18 February. Expert speakers from Canada presented "Canada's Progress in Integrating Women into Trade", including Gender-Based Analysis Plus (GBA+), a quantitative and qualitative assessment process to consider how diverse groups of women and men experience policies, programs and initiatives. ABAC presented "Views on Women in Trade and Investment from ABAC's perspective". Chile presented the La Serena Roadmap for Women and Inclusive Growth and initial plans for its implementation. CTI members exchanged views on how the CTI can contribute to the implementation of the La Serena Roadmap and to women's economic empowerment from a trade perspective. Potential areas identified by economies included investment and FDI; sectors where women were most likely to be concentrated like the services sector and education; women-led SMEs; and access to credits and loans. Following the Policy Dialogue, the CTI Chair sent a letter to the Policy Partnership on Women and the Economy Chair outlining the summary and outcome of the Policy Dialogue in order to foster better communication and coordination with the PPWE to implement the La Serena Roadmap.

CTI members endorsed China's proposal for the initiative *Advancing Economic Inclusion through Trade and Investment in Asia Pacific Region*. The initiative aims to:

1. Promote a better understanding of the importance of economic inclusion and policies that make trade and investment work for all.
2. Identify current trade and investment initiatives that support economic inclusion, and explore, if necessary, more collective actions by APEC economies to further promote economic inclusion.
3. Encourage the sharing of best practices on trade and investment that contribute to economic inclusion among APEC economies.
4. Explore how to incorporate economic inclusion into CTI's agenda with emphasizing cross-fora coordination and avoiding duplication.

To implement the initiative, China will hold a seminar, undertake a stocktake of trade and investment policies that support and advance economic inclusion and prepare an APEC Case Study for Advancing Economic Inclusion through Trade and Investment.

In addition, China's project proposal for *Building Capacity in Promoting Inclusive and Responsible Business for Sustainable Growth in Digital Society* was endorsed by the CTI. The project looks to study inclusive and responsible business (IRB) practices by digital businesses in the APEC region, and how these activities help to improve people's livelihoods, address social challenges and facilitate sustainable economic growth. The project comprises of a research study, a webinar, a capacity building workshop and a summary report.

Intellectual Property

Russia continues to prepare for its project *Workshop on Protection of Intellectual Property Rights (IPR) in Digital Content Trade*, which was endorsed in 2019. The workshop will be held virtually in 2021. The project intends to examine existing challenges experienced by APEC members in the field of IPR protection in digital content trade; facilitate a better understanding of how issues relating to IPR protection in digital content trade are regulated on international, regional and domestic level; and

review APEC economies' best practices and exchange experiences in promoting more effective protection of IPR in digital content trade.

Throughout 2020, the IPEG continued to share respective best practices and experiences on intellectual property (IP) within the Asia-Pacific region to advance trade and investment liberalization. The IPEG adopted a revised standing agenda that aligns with CTI priorities and reflects current and evolving IP issues.

The United States conducted a survey on the treatment of illicit streaming devices receiving a 100 per cent response rate from APEC economies, presenting the preliminary results to IPEG members.

Russia implemented its IP Commercialization for SMEs project. Key outcomes included an exchange of experiences regarding best practices in IP management and commercialization for SMEs, such as methods and strategies to address SME challenges, as well as a seminar with participants from several APEC economies and the World Intellectual Property Organization, which identified ongoing challenges and practices APEC economies could further consider to support SMEs.

The United States completed its first virtual series of workshops regarding industrial design protection and enforcement, focusing on the benefits of partaking in international industrial design protection systems, emerging technologies, infringement and enforcement case studies. Many participants from both APEC economies and the private sector took part in the workshops.

The IPEG adopted a number of topics for enhanced engagement, including where the IPEG might play a role in shaping the international policy discussion going forward, such as: Trademark Link, New Technologies, Patent Grace Periods, International IP Dispute Resolution, IP Enforcement, and IP Commercialization and Securitization of IP Assets.

Economies also shared information on their domestic programs that contribute to a robust IP system within the APEC region, such as: the US' developments on trademark and GI examination, and the profile of women inventors; Hong Kong, China's IP regime updates; and the Philippines' facilitation in the entry of university innovations to the global patent system.

See Appendix 6 – Intellectual Property Experts Group Report.

Section VI: Engagement with the Business Sector and Industry Dialogues

Engagement with the APEC Business Advisory Council (ABAC)

The CTI and its sub-fora collaborated with the business community to ensure that private sector perspectives contribute to APEC's trade and investment outcomes. Throughout 2020, ABAC representatives actively participated in CTI's plenary meetings and the CTI Chair participated in ABAC's meetings. CTI members participated in an ABAC-led PPD on *Blockchain and Trade Facilitation: Pathway to Resilience*.

The BMG Convenor presented at the APEC Business Advisory Council (ABAC) Conference in Sydney in February 2020, which provided a platform for the 'soft launch' of the ABTC Mobile Application.

Highlights of private sector engagement in CTI projects and initiatives include:

- Engagement with ABAC and business representatives in the *CTI-EC FTAAP Policy Dialogue on Competition Related Provisions in FTAs/EPAs from a Business Perspective held on 17-18 September*.
- Engagement with the business community and SMEs for the project *Building Resilient Supply Chains 2020: Survey and Analysis*.
- Participation by the business community during the *Digital Trade Policy Dialogue*.
- Participation by ABAC and the business community in the *Webinar on Promoting Inclusive and Responsible Business (IRB) for Sustainable Growth in Digital Society*.
- Inclusion of business stakeholder case studies in the *Assessment of capacity building needs on trade related aspects of e-commerce*.
- Participation by the business community in the *Digital Symposium Series*.
- Discussion on ABAC's recommendations on Enhancing Connectivity in APEC and participation of the business community during the *Virtual Public-Private Dialogue (PPD) on Emerging Opportunities and Challenges in Implementing the APEC Connectivity Blueprint 2025*.

Automotive Dialogue (AD)

The AD is a public-private forum in which regulators and producers collaborate to reduce regulatory barriers and to promote trade in vehicles, parts, technologies and related products throughout the APEC region.

The AD held its first virtual Thematic Meeting of AD 32 on Capacity Building and Economy Updates including Impacts of COVID-19 on 28 August 2020. The AD will convene the second virtual Thematic Meeting of AD 32 on New Technologies on 13 November 2020.

AD will finalize its policy initiative on autonomous vehicles (AVs) titled *APEC AV Principles and Guidelines* at the second meeting of AD 32, which look to encourage harmonization of approaches to AVs across the region

As part of cross-fora collaboration, an AD Representative presented the APEC AV Principles and Guidelines to TPTWG members for their comments at the first virtual Thematic Meeting of TPTWG 49 on Autonomous Vehicles, which was held in 17 September 2020.

See *Appendix 1 – Automotive Dialogue Report*.

Chemical Dialogue (CD)

The CD endorsed a United States self-funded project proposal on regulatory cooperation in Southeast Asia and held a policy dialogue on the margins of SOM1 in February 2020 to identify and share best practices and actionable approaches for APEC chemical regulators seeking to engage in regulatory cooperation with trade partners.

The CD developed a regulatory cooperation report to capture a range of regulatory cooperation activities underway in the chemical sector across the Asia-Pacific, in other regions, and globally, along with best practices associated with those activities.

The CD successfully submitted a project proposal for APEC funding to build capacity of member economy chemical regulators by increasing awareness of objective, scientifically sound, risk assessment principles, and facilitating their use in decision-making across the public and private sectors.

The CD developed a new strategic framework for 2020 – 2023 for endorsement by CTI intersessionally prior to the end of 2020.

The CD conducted a survey of APEC economies regarding their implementation of the Globally Harmonized System for the Classification and Labeling of Chemicals (“GHS”), which was used to produce a report and recommendations to promote consistency of GHS implementation.

The CD collaborated with the Ocean and Fisheries Working Group to organize a series of webinars on promoting investment and innovation to combat marine litter and build a more circular economy in APEC.

Industry representatives within the CD developed a statement on the economic importance of the chemical sector and the need for greater regional economic integration.

See *Appendix 3 – Chemical Dialogue Report*.

Life Sciences Innovation Forum (LSIF)

The LSIF is APEC’s leading initiative on health and health sciences innovation. The LSIF engages representatives from the highest levels of government, industry and academia to create the right policy environment for life sciences innovation.

On 23 September 2020, LSIF and the Health Working Group (HWG) co-hosted the 10th APEC High-Level Meeting on Health and the Economy (HLM10) convened virtually under the theme, “Building a Resilient Asia-Pacific in a COVID-19 World”. APEC Health Ministers, senior officials, and high-level representatives from academia, industry, civil society, and international organizations contributed to discussions on regional policy responses to the dual economic and health crisis of COVID-19, the importance of strengthening the resiliency of health systems and supply chains, and the important role that digital health should play moving forward. 18 APEC economies were represented. The meeting concluded with the endorsement of the [10th APEC High-Level Meeting on Health and Economy Joint Statement](#).

In support of the MRT Statement on COVID-19, on 12 June 2020 the APEC Life Sciences Innovation Forum endorsed the [APEC Life Sciences Innovation Forum Statement on COVID-19](#). The LSIF Statement outlines LSIF’s commitment to leverage its work on enabling innovation, medical product supply chains, regulatory convergence, innovative healthcare financing, and digital health to support APEC economies in addressing the COVID-19 pandemic and building more resilient health systems and economies.

The LSIF developed the *APEC Action Plan on Vaccination Across the Life-Course* to serve as a comprehensive strategy for enhancing the resilience and sustainability of immunization programs in the APEC region. The COVID-19 pandemic underscores the urgency of protecting populations and ensuring the highest coverage against vaccine-preventable diseases.

Throughout 2020 the LSIF convened a webinar series titled “Enhancing Innovative Healthcare Financing in Pursuit of Strong and Resilient Health Systems” to provide information and share best practices and case studies to enable APEC economies to deploy innovative and alternative healthcare financing mechanisms. The webinar series helped APEC economies improve their policy and regulatory environments to enable the use of a wide range of solutions including social impact bonds and blended financing arrangements; innovative insurance schemes; and FinTech and digital technologies, among other solutions, to increase fiscal space for healthcare. The webinars were based on previous LSIF work including the APEC Checklist of Enablers for Alternative Health Financing developed in 2017 and the 2019 LSIF report on “Enhancing Innovative Healthcare Financing in Pursuit of Sustainable Healthcare”.

The LSIF continues to collaborate with the HWG on prevention and control of cervical cancer in the APEC region through the ongoing implementation of the APEC Roadmap to Promote Sustainable Economic Advancement for Women through Cervical Cancer Prevention and Control (2016-2021). Under the leadership of the United States, LSIF and HWG convened the 6th APEC Policy Dialogue on Cervical Cancer in November 2020 to focus on capacity strengthening, sustainability, and community engagement in cervical cancer control in the new setting of the ongoing COVID-19 pandemic.

The LSIF also continues to lead projects on rare diseases, tuberculosis, and cancer control, among other issues.

See *Appendix 8 – Life Sciences Innovation Forum Report*.

Section VII: Streamlining CTI and CTI Sub-Fora and Fostering Substantive Discussions

Streamlining CTI processes and fostering substantive discussions

A key objective of the CTI in 2020 was to streamline the agenda, creating more opportunities for substantive discussion and dialogues on key topics.

To support Malaysia's host year priority *Improving the Narrative on Trade and Investment*, members held a CTI Retreat to exchange views on ways to improve the narrative on trade and investment, explore new areas of work and ways to restore public confidence in trade and investment liberalization and regional economic integration. The CTI Retreat was introduced in 2020 as an innovative way for members to hold an informal, open and frank discussion to generate and explore ideas for future work in the CTI.

The CTI held a policy dialogue on *Women in Trade and Investment: CTI's contribution to the implementation of the La Serena Roadmap* as part of its first plenary meeting in 2020 (see *Section V: Promoting Innovative Development and Inclusive Approaches* for further details). In addition, members held an information-sharing mechanism during CTI2 to discuss the WTO Joint Statement Initiative – E-Commerce Negotiations (see *Section II: Support for the Multilateral Trading System* for further details).

In 2020, the CTI increased its engagement with international organizations. The OECD and CTI collaborated to hold the *CTI-OECD Webinar on the Impacts of COVID-19 on International Trade and Investment: Insights and Policy Responses for APEC* (see *Section I: Responses to the COVID-19 Pandemic*). The CTI is also planning to hold a joint webinar with the World Economic Forum on 3 December 2020 to discuss trade levers for environmental action and circular economies.

To streamline the agenda, the CTI undertook the following process improvements:

- Increased use of the 'Items for Noting' document, which allowed members to provide written updates on its projects and initiatives. The Items for Noting document was also updated to include questions to assist with members in providing their updates. This model has been adopted by several APEC fora, as they also transitioned to virtual meetings.
- Strengthened sub-fora convenors report templates to promote consistency and enhance the updates provided.

These process improvements also supported the CTI's transition from face to face meetings to virtual meetings due to the COVID-19 pandemic.

CTI Sub-Fora Assessments

In 2021, the CTI will assess its 11 sub-fora and make recommendations to Senior Officials regarding the continuation prior to the expiry of its terms of reference. The CTI endorsed a sub-fora assessment methodology in 2019. The methodology will use both quantitative and qualitative information to produce an overall assessment report for each of the 11 sub-fora.

Pathfinder Initiatives

Economy leads for four CTI Pathfinder initiatives provided an update to members on recent activities under their Pathfinder (see *Appendix 12 – 2020 CTI Pathfinder Initiatives*). Four Pathfinders continue to be implemented in the CTI:

- Pathfinder on the APEC Technology Choice Principles
- Pathfinder to Enhance Supply Chain Connectivity by Establishing a Baseline De Minimis Value
- Pathfinder on Permanent Customs Duty Moratorium on Electronic Transmissions, Including Content Transmitted Electronically
- Pathfinder on Building Blocks for Facilitating Digital Trade.

Hong Kong, China announced support for the *Pathfinder on a Permanent Customs Duty Moratorium on Electronic Transmissions, including Content Transmitted Electronically* at SOM 1 2020, bringing the number of participating economies to 13.

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