



Asia-Pacific
Economic Cooperation

Advancing Free Trade
for Asia-Pacific Prosperity

APEC Committee on Trade and Investment 2021 Annual Report to Ministers





**Asia-Pacific
Economic Cooperation**

2021
ANNUAL REPORT TO MINISTERS

APEC Committee on Trade and Investment

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Asia-Pacific Economic Cooperation Secretariat
35 Heng Mui Keng Terrace, Singapore 119616
Tel:(65) 6891 9600 | Fax: (65) 6891 9690
Email: info@apec.org | Website: www.apec.org

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Dear Ministers,

2021 marked the second year that APEC, including the Committee on Trade and Investment (CTI) and its sub-fora, could not meet in-person. Nevertheless, I am very pleased to report that the CTI has done a remarkable job by adapting well despite meeting only virtually. This year, we saw implementation of more than 60 initiatives and a dozen projects and initiatives endorsed since January 2021. Adapting to this “new normal”, the CTI continued with our regular work, holding multi-day plenary meetings in addition to a CTI retreat in March 2021 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 Inclusive Approaches – but also made special efforts in 2021 to respond to the Ministerial instructions to meet challenges of the COVID-19 pandemic and the environmental/sustainable challenges. Members made efforts to implement APEC MRT Statement on COVID-19 Vaccine Supply Chains and the MRT Statement on Services to Support the Movement of Essential Goods as well as further discussed the issue of resumption of travel with other APEC groups and the APEC Business Advisory Council. I am particularly pleased inform Ministers on that the CTI has reviewed the APEC MRT commitments on COVID-19 goods trade as well as identified actions on addressing inefficient fossil fuel subsidies.

Under these four main pillars of the CTI’s agenda, members continued to share views throughout 2021 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.

In the area of Services, the mid-term review of the APEC Services Competitiveness Roadmap (ASCR) found that while APEC has made good strides in advancing ASCR across multiple levels, but we need to re-double efforts considering the uneven progress.

On trade facilitation and connectivity, the final report for the Supply Chain Connectivity Framework Action Plan (SCFAP II) also revealed mixed results in unblocking supply chain chokepoints. The more recent deteriorating environment would also negatively impact both supply chain connectivity and connectivity in general.

On Inclusive Approaches, progress was made with implementation of projects related to economic inclusion through trade and investment, as well as inclusive and responsible businesses.

Last but not least, it is also important to mention that the substantive results were due to a series of measures including a more streamlined agenda which allowed for more substantive discussion and dialogues on key topics. Topics included support for the MTS in view of the 12th WTO Ministerial Conference, the Free Trade Area of the Asia-Pacific Agenda (with the APEC Business Advisory Council), trade and sustainability, trade policy responses to COVID-19 and Development and Economic Cooperation in trade agreements. Members also made use of the “Items for Noting” document which provided details updates without taking up air time at meetings. Sub-fora convenors’ reports were strengthened to promote consistency and facilitate the CTI’s understanding of sub-fora work.

Considering all these important results the CTI achieved in 2021 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 2022.

Sincerely,

A handwritten signature in blue ink that reads "Krasna Bobenrieth". The signature is written in a cursive style with a large initial 'K'.

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, as stated in the 1993 Declaration:

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 relevant to the CTI's work today and continue to provide high-level guidance to CTI's work program. Under this mandate, the CTI continued its work towards achieving *the Putrajaya Vision 2040 (PV2040)* as set out by APEC Leaders in 2020 as well as the *Bogor Goals*.

As we develop the Putrajaya Vision's Implementation Plan this year, the CTI continues to take reference from various roadmaps, and action plans including 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 oversees 11 sub-fora:

- 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 (LSIF)
- The Market Access Group (MAG)
- The Sub-Committee on Customs Procedures (SCCP)
- The Sub-Committee on Standards and Conformance (SCSC).

The 2021 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 New Zealand's APEC 2021 priorities:

- Economic and trade policies that strengthen recovery, with a focus on the relevant macroeconomic, microeconomic and trade policy choices;
- Increasing inclusion and sustainability for recovery by building a better society for all people and generating a green recovery; and
- Pursuing innovation and a digitally enabled recovery by accelerating the APEC region's work in these areas.

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

In 2021, all three CTI plenary meetings contained several substantive policy discussions which included Support of the multilateral trading system (MTS); taking forward the Free Trade Area of the Asia-Pacific (FTAAP) agenda; Trade and Sustainability; Trade policy responses to COVID-19; and Development and Cooperation. Organizations outside of APEC were invited to share their views on the issues.

The 2021 CTI Annual Report to Ministers is structured around the CTI's priorities and key activities as set out by CTI:

- Section I: Responses to the COVID-19 pandemic
 - (a) Review of APEC Ministers Responsible for Trade commitments on COVID-19 goods trade;
 - (b) Facilitating safe travel in the region
- Section II: Support for the multilateral trading system
- Section III: Advancing APEC's Economic Integration in the Region Agenda
- Section IV: Trade facilitation and strengthening comprehensive connectivity and infrastructure
- Section V: Promoting trade and sustainability, inclusive trade and innovative development
- Section VI: Engagement with the business sector and industry dialogues
- Section VII: Governance

CTI 2021 Recommendations and Highlights

CTI recommends that Ministers **note**:

- Review of APEC Ministers Responsible for Trade commitments on COVID-19 goods trade (Appendix 1)
- CTI sub-fora reports:
 - The Automotive Dialogue (AD) (Appendix 2)
 - The Business Mobility Group (BMG) (Appendix 3)
 - The Chemical Dialogue (CD) (Appendix 4)
 - Executive Summary to the Report to APEC Ministerial Meeting (AMM) on Implementation Convergence of the Globally Harmonised System of Classification and Labelling of Chemicals (GHS) in APEC Economies (Appendix 4.1)
 - The Digital Economy Steering Group (DESG) (Appendix 5)
 - The Group on Services (GOS) (Appendix 6)
 - The Intellectual Property Experts Group (IPEG) (Appendix 7)
 - The Investment Experts Group (IEG) (Appendix 8)
 - The Life Sciences Innovation Forum (LSIF) (Appendix 9)
 - The Market Access Group (MAG) (Appendix 10)
 - The Sub-Committee on Customs Procedures (SCCP) (Appendix 11)
 - The Sub-Committee on Standards and Conformance (SCSC) (Appendix 12)
- Table Monitoring APEC Economies' Implementation of the WTO Trade Facilitation Agreement (Appendix 13)
- 2021 Update on CTI Pathfinder Initiatives (Appendix 14)
- Addressing Inefficient Fossil Fuel Subsidies in APEC (Appendix 15)

Section I: Resilience in the Midst of the Pandemic

- Under the shadow of the threat of a prolonged economic and health crisis and uncertainties, members have *joined, worked, and grown together* based on the shared belief that more trade and more openness, together with structural reform and enhanced collaboration represent the best response to the pandemic. Officials have been instructed by ministers to consider how trade can help address the immediate crisis and help drive economic recovery across the region. This includes work to ensure vaccine manufacturing, supply and distribution, supporting global vaccine-sharing efforts, and addressing barriers to the flow of essential goods and services to ensure that the region's health systems cover all people.

- In their Ministers Responsible for Trade Statement issued on 5 June 2021, Ministers declared that they were *united behind the essential role of trade in tackling the impacts of the COVID-19 pandemic and in enabling a strong economic recovery for all our people* and would use “*trade as a tool to respond to the COVID-19 pandemic*”

- The following sections provide a summary of work done to fulfil various Ministerial mandates in responding to the pandemic

(a) Review of APEC Ministers Responsible for Trade commitments on COVID-19 goods trade

- This section provides a descriptive, rather than evaluative, assessment of publicly available data and APEC member survey responses to inform APEC Ministers' discussions on the implementation and effectiveness of Ministerial commitments related to trade in essential goods, vaccines and related goods, medical supplies and digital trade facilitation.

- The main report can be found in Appendix 1

Ministers Responsible for Trade (MRT) Declaration on Facilitating the Movement of Essential Goods, 25 July 2020

- After 51 measures were implemented between January and July 2020, APEC economies since have introduced very few new trade measures on essential goods.
- In the year since the 2020 MRT Declaration, only six new trade measures have been introduced, four of which were facilitating.
- The median duration of trade measures with end dates on essential goods was around three months, with facilitating measures being slightly longer than restrictive measures.
- Over 60% of trade measures introduced on essential goods have since been withdrawn, with proportionately more of these being restrictive measures.
- APEC economies have tended to use restrictive measures on exports and facilitative measures on imports (largely tariff reductions and exemptions).
- Almost all export bans and quantitative restrictions in the Global Trade Alert database were notified to the World Trade Organisation (WTO).
- Almost all survey respondents confirmed they had taken note of ABAC's recommendation for tariff liberalisation on medical supplies.
- Facilitating measures are much more likely than restrictive measures to have no end date specified. Survey responses indicate several APEC economies plan to make permanent their temporary tariff and other tax exemptions on essential goods.

- Economies introduced a wide range of initiatives to facilitate trade in essential goods and expedite their border clearance procedures, including paperless documentation, pre-arrival clearance for sea and air freight, and ‘Green channels’ for no-delay customs clearance.
- There is some evidence that APEC governments worked collaboratively in multiple regional and multilateral fora to encourage the facilitation of trade in essential goods.
- While survey responses did not provide many concrete examples of economies working together bilaterally to identify and resolve any unnecessary barriers to trade in essential goods, neither was there any indication that any issues went unresolved.
- Intra-APEC trade in medical supplies has expanded rapidly, from US\$179 billion in the year to June 2019 to US\$207 billion (16%) in the year to June 2020, and further to US\$248 billion (20%) in the year to June 2021.
- Intra-APEC medical supplies trade grew most strongly for hand sanitiser (280%) and Personal Protective Equipment (PPE) items such as textile masks/N95 respirators (295%) in the year to June 2020 as APEC governments sought to protect their workforces and populations.
- In the year to June 2021, following the Declaration, COVID-19 test kits and swabs demonstrated strong intra-APEC trade growth as more of the APEC population left their lockdowns and headed back into the workforce.
- In aggregate, intra-APEC trade in medical supplies grew slightly slower than APEC’s exports to the World as APEC economies provided vital goods such as test kits to consumers outside of the region.
- This report does not seek to reach a conclusive view on the extent to which the MRT Statements have had a causal impact on APEC trade policy or flows during the pandemic, given the multitude of policy and non-policy factors that will have changed since the pandemic began.
- However, it does provide additional context into how trade policy and trade in a basket of essential goods in the APEC region shifted as the pandemic evolved:
 - The initial focus was on protecting the health system and populations by maintaining domestic availability of essential goods and incentivising imports through facilitating trade measures.
 - As vaccines became available, APEC economies imposed fewer and fewer new trade measures on medical supplies and sought to ensure trade in vaccines was facilitated.
- This indicates APEC economies' use of trade measures on essential goods has evolved in line with knowledge about COVID-19 and how best to treat it.

Statement on COVID-19 Vaccine Supply Chains, 5 June 2021

- APEC trade policy attention has seemingly shifted away from essential goods towards vaccines and related goods since late 2020.
- Seven trade measures have been implemented by APEC economies on vaccines and related goods. All took place prior to the 5 June 2021 APEC MRT Statement on COVID-19 Vaccine Supply Chains, indicating it is too early to assess with confidence the effectiveness of the Statement.
- Six measures were facilitating in nature, all via lower tariffs or internal taxes on vaccines. Only one measure was restrictive, and that covered vaccine-related products, rather than the COVID-19 vaccine itself.
- Survey responses illustrate that APEC economies took a range of steps to facilitate trade in vaccines and related goods, including flexibility on inspection locations for time-sensitive products, relaxing regulations on dry ice used to transport vaccines, and guidance to customs officials to expedite the arrival of vaccines and related products.

- Of the sixteen economies that responded to a survey question on their implementation of the Best Practice Guidelines for APEC Customs Administrations to Facilitate the Distribution of COVID-19 Vaccines and Related Goods, four had implemented it fully and a further seven had implemented at least 80% of the guidelines. Economies' feedback was very positive.
- SCCP held policy dialogues to identify initiatives to reduce the risk of counterfeit vaccines and related goods entering supply chains such as collaboration with the private sector, enhanced information exchange between economies including through the WCO information exchange platform, advanced technology, and implementing the Best Practice Guidelines.
- A small number of APEC economies reported to the Regulatory Harmonisation Steering Committee that they took steps to combat illegal, dangerous or sub-standard or counterfeit vaccines and related goods
- Once they became available, vaccines trade within APEC grew very rapidly: by 319% in the year to June 2021.
- In aggregate, APEC exports of vaccines and related goods to the World grew faster than intra-APEC trade, largely due to very strong growth in the exports of test kits to non-APEC economies.

MRT Joint Statement 2021: Medical supplies, 5 June 2021

- Trade Ministers agreed to consider options to facilitate trade in a broader list of medical supplies during MRT. In response, the APEC Sub-Committee on Customs Procedures (SCCP) has considered several ways to facilitate this trade:
 - Contributing to maintaining resilient supply chains, including customs administrations' role in advising on and implementing tariff changes.
 - Actively collaborating within government and with the private sector to expedite shipments effectively and efficiently, and to build capacity for long-term ability to locally manufacture vaccines.
 - Simplifying paperwork and the implementation of an efficient digital border processing system.
 - Potentially broadening the scope of the Best Practice Guidelines to cover medical supplies.

MRT Joint Statement 2021: Digital trade facilitation, 5 June 2021

- Based on survey responses, APEC economies that already had WTO TFA measures in place reported they were better able to respond to the challenges posed by the pandemic, especially the digitalisation of Customs procedures.
- Since the pandemic began, 17 economies have adopted new digital trade facilitation measures, largely:
 - Accepting electronic versions of trade documents/paperless trading.
 - Accepting electronic payments.
 - Expedited clearance of essential goods via pre-clearance of shipments.
 - Deferral of customs fees and taxes.
 - Introducing new ways of risk-managing cargoes.
- Eleven economies have worked to embed some or all of their digital trade facilitation measures and retained them.

Conclusions

- Overall, the available evidence from data on trade measures and trade flows and APEC economies' survey responses suggests the region as a whole has responded to the COVID-19 pandemic without resorting to significant or permanent use of restrictive trade measures on essential goods and vaccines and related goods.
- Indeed, APEC economies have collectively introduced more facilitating measures than restrictive measures.
- These facilitating measures are more likely to have remained in place as the pandemic unfolded, whereas restrictive measures tended to be of short duration and have since been withdrawn.

(b) Facilitating safe travel in the region

- Noting Ministers' call to pave the way for the safe resumption of cross-border travel, without undermining efforts to prevent the spread of COVID-19, and to report back by the AMM, CTI is reporting on the following initiatives related to the facilitation of safe travel that have been completed, or are under discussion:

- The APEC Policy Support Unit (PSU) published its [study](#), "Passports, Tickets and Face Masks: COVID-19 and Cross-Border Mobility in the APEC Region" which builds on a survey, initiated by Korea and completed by APEC economies and discusses commonalities and differences in economies' COVID-19 border policies, the economics of cross-border mobility, the effectiveness and impacts of cross-border closures and regional and multilateral initiatives and protocols to facilitate safe reopening. The study further provides recommendations to address the current crisis and prepare for future events.

- The Business Mobility Group (BMG) conducted a two-day capacity building workshop on *Improving the Utilization of APEC Business Travel Card (ABTC)* in September that was initiated by Indonesia. One of the sessions explored the topic of "Reopening Borders: Current Development and Future Engagement of ABTC in post COVID-19 Era". The session covered perspectives from government, as well as businesses and international organizations on how the ABTC scheme could facilitate and support economic recovery, including discussions on the current development of Virtual ABTC (VABTC).

- Thailand has submitted two proposals in the BMG. The first is for APEC to mutually recognize one of the ongoing digital solutions for COVID-19 health certificates such as the IATA Travel Pass and ICAO's Visible Digital Seal for non-constrained environments. The proposal also recommends that guidelines on the use of COVID-19 health certificates be developed. Participation would be on a voluntary basis and travelers would not be exempt from domestic public health measures once admitted. The second is to introduce an APEC Frequent Travel Card for visa-free travel for middle-level managers and members of trusted professional associations to help reinvigorate travel and support COVID-19 economic recovery.

- The United States has developed a self-funded project in the Life Sciences Innovation Forum (LSIF) on "*Exploring Health Technologies to Restoring Cross-Border Travel in APEC Post-COVID-19*" which aims to convene relevant economic, health, travel and customs authorities, as well as the private sector, in an online workshop to exchange views and share technologies that can be used to facilitate the resumption of travel, accounting for the specific pandemic conditions facing each APEC economy. This project is currently pending endorsement in the LSIF.

- Korea has developed a project proposal in the Digital Economy Steering Group (DESG) to address elements of COVID-19 travel industry recovery, by leveraging biometric identification in

airports, reducing the need for physical documents. The project proposal was endorsed by the DESG and is pending approval for APEC funding.

- The CTI Chair and relevant subfora convenors attended two Roundtables on Safe Passage in May and September;
- Participation of CTI members in the May ABAC Public-Private Dialogue on Reopening Borders for Safe and Seamless Travel and Recommendations on Reopening Borders for Safe and Seamless Travel.

Section II: Support for the Multilateral Trading System

1. At the July 2021 APEC Economic Leaders' informal retreat, APEC Leaders reaffirmed that the WTO should continue to demonstrate that global trade rules can support the recovery from the health and economic crisis. Leaders pledged to work constructively to that end.² A month earlier, in June 2021, Trade Ministers expressed their determination to cooperate to ensure the 12th WTO Ministerial Conference (MC12) is successful and delivers tangible results. Ministers agreed to work proactively and urgently in Geneva to support text-based discussions, including for a temporary waiver of certain intellectual property protections on COVID-19 vaccines. Ministers further agreed to deliver pragmatic and effective solutions on trade and health to facilitate the recovery from the pandemic. Ministers also noted key APEC work programmes and initiatives that support the work of the WTO.³

2. Amongst the discussions on ongoing WTO negotiations, there were discussions and initiatives on the renewal of the practice of not imposing customs duties on electronic transmissions and the possibility of making it permanent. Economies also continued to advance implementation of the WTO Trade Facilitation Agreement (TFA)

Implementation of the WTO Trade Facilitation Agreement (TFA)

3. The WTO TFA is the first and thus far, the only multilateral deal concluded since the establishment of the WTO. APEC members continued working on the full implementation of the WTO TFA (see *Appendix 13 – Table Monitoring APEC Economies' Implementation of the WTO Trade Facilitation Agreement*). Based on information from the WTO's TFA [database](#), APEC's average implementation rate of the WTO TFA is 92.8%; with 14 members having fully implemented the TFA. Out of the seven remaining members, four members' implementation is above 90%, while the remaining three range from 26.9% to 88.7%.

4. With a view to supporting economies' implementation of the WTO TFA, the United States further consolidated capacity building and technical assistance projects. Specifically, in 2021, the US hosted the *APEC Workshop: Border Agency Cooperation (WTO TFA Article 8)* on 11 Aug 2021 which shared best practices and lessons learned, especially on the criticality of border agency cooperation during the pandemic. In addition to the workshop, the project also funded economy-level work with Peru on implementing TFA Article 8. Peru presented on this project at the workshop. The United States noted that several assistance-eligible APEC economies have notified WTO TFA Article 8 as Category B or C, signaling the need for technical assistance and training to comply with Article 8 requirements.

5. 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*.

Information Technology Agreement

6. The MAG continued the monitoring of 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. Members 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. Currently, 13 APEC members are parties to the ITA expansion agreement.

E-Commerce & the Moratorium on Customs Duties on Electronic Transmission

² https://www.apec.org/Meeting-Papers/Leaders-Declarations/2021/2021_ILR

³ https://www.apec.org/Meeting-Papers/Sectoral-Ministerial-Meetings/Trade/2021_MRT

7. To advance discussions on E-Commerce, China organised two events in February and March 2021 on *Supporting the WTO Negotiations on Trade-related Aspects of E-commerce*. The March symposium sought exploratory and introductory efforts by stakeholders to deepen technical discussions and enhance understanding on issues, which hoped to (a) contribute positively and actively to the WTO e-commerce negotiations and (b) further expand discussions and identify opportunities and challenges faced by APEC members for the facilitation of each economy's further consideration on e-commerce negotiations at the WTO. Currently 19 APEC members are part of the WTO negotiations on e-commerce under the JSI.

8. Russia organized a two-day workshop, "*Protection of Intellectual Property Rights (IPR) in Digital Content Trade*" in April 2021, which aimed to (a) examine existing challenges APEC economies are facing in the field of IPR protection in digital content trade; (b) facilitate better understanding among APEC economies of how the issues relating to IPR protection in digital content trade are regulated on international, regional and domestic level; (c) review APEC economies best practices and exchange experiences in promoting effective protection of IPR in digital content trade. The key findings of the workshop could contribute to potential future work that addresses enhancing cooperation, facilitating digital content trade, and creating sustainable, effective and balanced systems.

9. At each WTO Ministerial Conference, members agree to extend the Customs Duty Moratorium on Electronic Transmissions. Some APEC members have made this moratorium permanent, and also included content transmitted electronically, via an APEC Pathfinder.

10. New Zealand organised a workshop, "*Supporting Discussions in the WTO: Workshop on the Application of Non-Discriminatory Internal Taxes to Electronic Transmissions*" in August which aimed to strengthen APEC's role as an incubator of ideas and provide an opportunity for sharing experiences on how an internal tax (such as VAT or GST) can be applied to electronic transmissions to achieve certain policy goals (such as revenue raising) in a fair, transparent and non-discriminatory manner as an alternative to customs duties.

Joint Statement Initiatives Services Domestic Regulation

11. On 15 September, the Group on Services released a statement "*Encouraging Completion of the WTO Services Domestic Regulation*".⁴ The GOS encouraged participants in the WTO Services Domestic Regulation Joint Statement Initiative to redouble efforts to conclude the negotiations by the MC12, and encouraged other WTO members to consider joining the Joint Initiative.

Fisheries Subsidies

12. See Section V "*Promoting trade and sustainability, inclusive trade and innovative development*"

Technical Barriers to Trade

13. APEC continued work to facilitate transparency and predictability of Technical Barriers to Trade (TBT) WTO notifications. Led by Peru, the 2020 initiative on *Promoting Transparency of TBT WTO Notifications: Improving Completeness and Clearness of Information* initiative includes a self-funded study and received support in 2021 for an APEC-funded Public-Private Dialogue (PPD) to identify the major challenges that public and private sector face 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

⁴ https://www.apec.org/Press/News-Releases/2021/0915_GOS

completeness of WTO's TBT notifications, within the scope of the current TBT Agreement. This work on TBT complements its earlier work on Sanitary and Phytosanitary (SPS).

Environmental Goods and Services

14. See Section V: Promoting trade and sustainability, inclusive trade and innovative development.

Section III: Advancing APEC's Economic Integration in the Region Agenda

Achieving the Putrajaya Vision 2040

1. Leaders launched the PV2040 in November 2020 and will endorse the Implementation Plan (IP) at the upcoming APEC Economic Leaders Meeting (AELM). Aligning CTI with the PV2040, CTI's main focus is on the first two economic drivers, namely (a) Trade and Investment and (b) Innovation and Digitalisation. In this regard, members have been playing an active role in providing input in shaping the outcomes for the IP.

The Free Trade Area of the Asia-Pacific (FTAAP) Agenda

2. On the *Trade and Investment* driver, APEC members agreed to “further advance the Bogor Goals and economic integration in the region in a manner that is market-driven, including through the work on the FTAAP agenda which contributes to high standard and comprehensive regional undertakings”.

3. At CTI1, ABAC shared its views on the FTAAP noting that the 2020 ABAC Letter and Report to leaders had called for FTAAP to be “at the heart” of the Putrajaya Vision. ABAC was of the view that the PV2040 implementation plan should include specific, ambitious and concrete outcomes and be the fundamental organising principle for the APEC business community. ABAC also saw “FTAAP as a journey, not as a destination to be achieved in a fixed time in the future”. Top priorities for businesses include reducing costs and complexity through tariff elimination, regional sourcing, a single set of rules of origin (ROO), simplified documents and processes, and harmonised standards and mutual recognition on conformity assessment. On services, businesses wanted greater market access and the inclusion of more sectors and the greater use of the “negative-list” approach in FTAs. For investments, businesses priorities were greater market access through an expansion of the sectors that businesses can enter, greater transparency on rules and approvals required, as well as investment protection against unfair or unjust actions. For intellectual property, businesses wanted strong intellectual property rights and, to reduce complexity, a single filing for protection across multiple economies. ABAC further noted that in light of COVID-19, supply chain resilience had become a key issue for businesses affected by export trade restrictions and bans, especially on food and essential medical supplies and personal protective equipment (PPE). While many of these measures have eased, businesses wanted assurance of smooth custom clearance. ABAC noted that COVID-19 had made businesses even more reliant on the digital economy. With the pandemic businesses have seen a rise in use of electronic platforms and apps to conduct business. ABAC highlighted the value of digital economy agreements (DEAs) which addressed issues in cross-border digital trade and services, such as the interoperability of systems and free flow of data across borders, as well as harmonised rules on data protection and personal data transfer and mutual recognition of digital identity and e-certification. ABAC wanted these issues to be addressed through the FTAAP discussions. ABAC also saw FTAAP as a living process which would be responsive to the dynamic changes of the business environment. ABAC suggested three key priorities for action, to (i) agree on a sectoral initiative to eliminate tariffs, non-tariff barriers and export restrictions on essential medical supplies, vaccines and related services; (ii) make progress in agriculture, non-tariff barriers, services and investment; and (iii) seek convergence in the priority areas of rules of origin, customs procedure and investment provisions. ABAC also shared their FTAAP workplan for 2021, which included (i) FTAAP Investment Policy that would look at issues and challenges impacted by COVID-19 on GVCs and cross-border investment; (ii) Analysis Economic Impact of CPTPP-RCEP.

4. In order to assist members to attain the necessary capabilities to sign up to these and other regional undertakings, CTI continued holding the *FTAAP Capacity Building Workshop on E-Commerce Elements in Free Trade Agreements and Regional Trade Agreements* under CTI's “Capacity-Building

Needs Initiative (CBNI)". Launched in 2012, the CBNI has contributed to narrowing the gap in FTA negotiating capacities among APEC member economies, which is often considered to be one of the stumbling blocks to achieving the FTAAP. The objective of this Korea-led workshop is to strengthen the negotiation capacity of policy makers and trade negotiators who are directly involved in e-commerce, by helping them have better understanding on recent trends and main issues in e-commerce negotiations. The workshop explored (i) the recent progress (since the CBNI Phase 1 Workshop in 2019) on the e-commerce chapters in RTAs/FTAs, examining achievements and limitations and comparing the rules/regulations of newly adopted agreements; (ii) recent trends and main issues in relation to electronic commerce in the WTO as well as expected outcomes of MC12; opportunities and challenges that the private sector faces; (iii) share the experiences and lessons-learned in RCEP, CPTPP and the USMCA and Digital Economy Partnership Agreements (DEPA); and (iv) Data Privacy & Digital Platform Competitions on E-commerce.

5. CTI also held a policy dialogue looking at "*Development and Economic Cooperation in FTA Chapters*" under its "*Information Sharing Mechanism*" to share WTO-plus aspects of RTAs. This year, members discussed the development and economic cooperation chapters in (a) Pacific Agreement on Closer Economic Relations Plus (PACER-Plus); (b) RCEP; and (c) ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA).

6. Indonesia led a trade policy dialogue on "*Understanding Non-Tariff Measures on Agriculture, Forestry and Fisheries Sectors to Enhance Trade to Improve Rural Development and Poverty Alleviation in the Asia Pacific Region*" in August. Arising from the workshop, Indonesia suggested a number of follow ups for possible future work, including (a) the adoption of Good Regulatory Practice (GRP) and conducting sustainability impact assessments of both new and existing regulations to provide clearer/better guidelines; (b) Capacity building on training partner standards; (c) three important principles in viewing NTMs, consisting of (i) scientifically justified, (ii) evidence based; and (iii) risk management and (d) development of the quality infrastructure supported by mutual recognition of standards and accreditation.

7. Hong Kong, China and the PSU are also conducting the *Study on Tariffs – Analysis of the Regional Comprehensive Economic Partnership (RCEP) Tariff Liberalisation Schedules* which is an extension of the earlier study⁵ on tariffs as part of the FTAAP Work Programme on Tariffs. The study (still in draft) analysed RCEP tariff liberalisation schedules, examining base tariffs, products under immediate liberalisation, products liberalised in 10 years or more, partial liberalisation and exclusions. The study highlighted the increased market access brought about by RCEP, and its importance due to regional significance and large market coverage. It also included important bilateral flows not previously covered by any existing FTAs. The study also found that the complex tariff liberalisation schedules in RCEP, which could be harder and costlier to manage from the administrative perspective. With 39 schedules, the RCEP probably has the highest number of tariff liberalisation schedules in any RTA/FTA in the world. The number of parties and the differentiated development levels also led to exclusions, goods under partial liberalisation, and long liberalisation periods in RCEP.

Advancing the Services Trade Agenda

8. Under the APEC Services Competitiveness Roadmap (ASCR) Implementation Plan, the CTI has been tasked to report on APEC measurement of trade and investment in services both to support implementation of the Roadmap and to improve the collective understanding of key issues that arise in this area.

9. Based on the PSU's Mid Term Review of the ASCR, data from the WTO showed that export of commercial services by APEC economies has increased from USD 1.95 trillion in 2016 to USD 2.31 trillion in 2019. Despite the year-to-year increase between 2016 and 2019 of APEC's commercial services exports, APEC's share of total world services exports has declined slightly over the same

⁵ <https://www.apec.org/Publications/2019/11/Study-on-Tariffs>

period, from 38.8 percent in 2016 to 38.1 percent in 2019. This means that although APEC has increased its commercial services exports between 2016 and 2019 in nominal terms, the increase in commercial services export by the rest of the world has outpaced that of APEC for the same period. The containment measures put in place by economies in response to COVID-19 pandemic had led to a significant drop in the value of trade, including that of commercial services. For the first three quarters (Q1-Q3) of 2020, the value of trade in commercial services by APEC economies was only approximately 76.3 percent of the same period in 2019. Unless there is a significant increase in the 2020's Q4 value, it is highly likely that the value for the whole of 2020 would be lower than that of 2019. Therefore, the compound annual growth rate (CAGR) between 2016 and 2020 would likely be lower than 5.3 percent. Also taken from the PSU's review, comparing the OECD Services Trade Restrictiveness Index (STRI) scores for the years 2016 and 2020, it showed mixed progress where some sectors have become more open, while others have become more restrictive. Sub-sectors that have become more open, include commercial banking and courier and logistics cargo handling. On the other hand, sectors that have become more restrictive include road freight transport, accounting, and motion pictures.

Investment

10. The IEG continued deliberating the key areas under Phase V of the Investment Facilitation Action Plan (or IFAP) Work Plan for 2021-2023; in addition, to uphold trade facilitation and connectivity, the IEG continued to constructively deliberate augmenting the aforementioned IFAP Phase V with ABAC's proposal to consider three new investment facilitation principles; namely (i) alignment of investment facilitation efforts at different levels so these are mutually supportive; (ii) ensuring that investment facilitation focuses on increasing investment's contribution to sustainable development; and (iii) facilitating Digital Foreign Direct Investment (FDI), including mechanisms to at once address any screening concerns by policymakers while ensuring new and increasing Digital FDI opportunities. There are also plans to hold a workshop to help further implement the APEC Investment Commitment Handbook. The IEG has also worked with relevant organisations such as the WTO and UNCITRAL on a wide-range of issues from the current state-of-play of the WTO Investment Facilitation for Development discussions to the current Investor-State Dispute Settlement (ISDS) reform discussions.

11. A Japan-led workshop on "Toward building resilient supply chains – a possible role of investment policy" was held. A report (pending) puts forward the view of the possible role to be played by Bilateral Investment Treaties and investment provisions in FTAs/EPAs to foster cross-border investment and establish resilient supply chains in the Asia-Pacific region, by highlighting the importance of monitoring the area during and after the COVID-19 crisis, with the aim of pursuing the APEC FTAAP agenda.

12. Peru held the "FTAAP Capacity Building Workshop on New Trends in Investment Elements Negotiations in FTAs/RTAs" in August. During the two-day virtual workshop, participants were provided with deep knowledge and experiences regarding the background of the new trends and provisions, their impact on IIAs, their scope, and their application. In addition, the discussions and exchange of views allowed participants to strengthen their capacity to engage on important topics, such as the right to regulate, responsible business conduct, small and medium-sized enterprises (SMEs) development, indigenous people's rights compensation in IIAs and protection of the environment. From the workshop, a Summary Report is being prepared and its intended to be published at the APEC website.

Other areas

13. Work was also undertaken under a Canada-Chile-led initiative examining "The Role of Government Procurement (GP) in Responding to COVID-19". A survey was conducted in Q1/2021 and a webinar was hosted on 5 October gathering international experts and experts from APEC economies on the area of government procurement to share experiences on policies, and guidelines in government

procurement, and institutional arrangements to address the obstacles resulting from the COVID-19 pandemic, including specific challenges, and opportunities faced by MSMEs in participating in GP. A final report with recommendations was presented to CTI.

14. Work is also underway on a Chilean initiative on “Dispute Settlement Mechanisms in Trade Agreements”, The initiative aims to get a better understanding of the operation and importance of DSM and their relevance to trade facilitation and liberalisation; collect data on the existing DSM and their effect in matters that may arise between Parties to a trade agreement and build capacity among negotiators with a view to improving the quality of future trade agreements and mechanisms to solve disputes between Economies. A survey was conducted in Q1/2021 and a webinar will be conducted in 2022 to gather APEC economies negotiators in the area. Key findings will be presented to CTI to inform current and future work in this area.

15. A workshop on “Regional Consumer Protection Framework” was held and discussed (i) current policies or systems, including the proposed regulatory reform, for consumer protection in digital trade / e-commerce; (ii) recent information on enforcement mechanism and the use of alternative dispute resolutions in providing resources for consumer protection; (iii) minimum international principles that help mitigate difficulties that economies and organizations face; (iv) a possibility of establishing an online-based autonomous dispute resolution platform (ODR) to address consumer complaints in cross-border trades and incorporating it into the principles.

16. Peru held the Public-Private Dialogue on “Promoting Consumer Protection in the Dispute Resolution and Redress Mechanisms in E-Commerce” in April. The PPD looked into (a) Cross-border consumer protection in digital markets; (b) challenges on dispute resolution and redress mechanisms for consumers in cross-border digital trade; and (c) Improving consumers’ confidence in cross-border digital trade through best practices, self-regulation and compliance policies in dispute resolution and redress mechanisms processes. A [Summary Report](#) containing a set of voluntary recommendations was endorsed by CTI and been published at the APEC website.

Innovation and Digitalisation

17. On the *Innovation and Digitalisation* driver, CTI members focused on the digital aspects of this driver. CTI continued to conduct biannual Trade Policy Dialogues on Digital Trade which were held in May and October. Trade Policy Dialogues have been held since 2016 and bringing 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. The [May webinar](#) covered key issues including cross border data flows, data transfer mechanisms and their impact on these data flows, and the role of trade agreements in addressing issues surrounding digital trade and e-commerce. In addition, there were discussions on regulatory frameworks and cooperation on Artificial intelligence (AI). The October webinar built on the earlier discussions and examined the issues of how data flows help to build a more inclusive digital economy; the economic impact of data flow barriers and the scope of data transfer mechanisms in a data flows world.

18. Led by Singapore, the DESG continued to update its [database](#) on E-Commerce Regulations, which is available to the public on the APEC Trade Repository, facilitates the transparency of economies’ domestic regulations and approaches on e-commerce.

19. The DESG Data Privacy Subgroup continues to pursue work on the Cross-Border Privacy Rules (CBPR) and Privacy Recognition for Processors (PRP) Systems which promote interoperability between different data privacy regulations to facilitate trade and build trust in e-commerce, included (a) re-certification of two Accountability Agents (AA) from Korea and the United States; (b) certification an CBPR AA for Chinese Taipei. In addition, the DESG DPS issued a Statement on COVID-19 in March 2021 which amongst others recognised the importance of data in addressing the challenges posed

by the pandemic and the need for an accessible, open, interoperable, reliable and secure environment for the use of ICTs.⁶

20. At the DESG, amongst others, members discussed possible ways to make Data Privacy Individual Action Plans more useful, for example, by creating a comparison table or matrix to identify similarities or gaps. Chile also updated members on its project “Comparative study on best practices to detect and avoid unintended biases in Artificial Intelligence systems”.

21. Viet Nam will hold a workshop entitled *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.

22. A webinar “Promoting Trade by Utilizing Digital Technology” led by Chinese Taipei, was held to raise awareness of the vast potential created by advanced technology in facilitating trade promotion and reshaping business models. Advanced technology has led to digital transformation (particularly in the MICE industry) within the APEC region. This project aims to benefit the economic development of members by reshaping business models in the post-COVID-19 period.

Trade Facilitation and Global Value Chain Cooperation

23. Under the Japan-led project “Utilising Digital Technology in the Field of Trade Facilitation under the current COVID-19 Pandemic and Beyond: Best Practices Sharing Workshops”, four virtual workshops were held in 2021. The workshops explored various issues looking at Trade Platforms; E-Commerce-Enabling Technologies; Interoperability and Data Security for Single Windows; & MSMEs”, as well as new digital technology such as block chain; Use of accessible digital front doors, such as Single Window; online lodgement applications and Mobile Apps; use of digital signatures and other electronic validations; Single Windows interoperability; electronic application of certification documents; Electronic Customs Declaration Gate System and e-payments. The report will be circulated in due course. A second phase of this workshop will take place in 2022.

24. The four-part [report](#) for the “APEC Global Supply Chains Resiliency Survey: Key Highlights and Policy Recommendations”, led by Australia, was published in May 2021. The report summarizes the key trends of large businesses, SMEs, and industry and government organizations. It also offers a series of policy recommendations. The survey was conducted between 25 July and 30 November 2020. A total of 1,511 responses were received, divided into 911 for the SMEs survey, 188 for the large businesses survey, and 312 for the industry and government organizations survey. About 106 respondents replied that they do not participate in global trade. To build on this work, Australia proposed a self-funded project to support SMEs with obtaining greater transparency of their supply chains by identifying potential risks and areas for improvement through an online self-assessment health check tool, resources and training.

25. CTI continued to implement the *APEC Strategic Blueprint for Promoting Global Value Chains 2020-2025 (Blueprint 2.0)*, led by Chile. To contribute to workstreams 2 of *Blueprint 2.0*, Korea hosted *Workshop on Realizing the Role of the Digital Economy Within GVCs* in July 2021. The workshop discussed trends in GVC structural changes in digital transformation and shared challenges for responding them from a private and public policy perspective. Topics discussed included recent GVC concepts and structures within the digital economy and recent business model examples and policy practices that affect digital transformation within the GVCs. The event provided participants

⁶ https://www.apec.org/Press/News-Releases/2021/0315_DPS

opportunity to share knowledge and to facilitate mutual learning in the APEC region as well as analysis and study regarding APEC economy. A report will follow.

26. To support implementation of the Blueprint, Viet Nam intends to hold a two-day capacity building workshop under its proposed *Workshop on Opportunities and Challenges for GVCs during COVID-19 Pandemic and Post-pandemic Economic Recovery* scheduled for Q4/2022. The workshop is expected to build awareness and capacity in facing the challenges and opportunities of GVCs during and post COVID-19. A number of recommendations will accompany the summary report arising from this workshop.

27. In addition, the United States and China continued work on 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. The website addresses are as follow:

APEC TiVA portal URL: <http://www.apectivagvc.org>

Visualized Database URL: [http://www.apectivagvc.org/dist/index.html#/.](http://www.apectivagvc.org/dist/index.html#/)

Section IV: Trade Facilitation and Strengthening Comprehensive Connectivity and Infrastructure

Trade Facilitation and Improvement of Supply Chain Performance

1. The PSU undertook the final review for the APEC Supply-Chain Connectivity Framework Action Plan II 2017-2020 (SCFAP II) which addresses five major chokepoints in supply chains, namely (i) Lack of coordinated border management and underdeveloped border clearance and procedures; (ii) Inadequate quality and lack of access to transportation infrastructure and services; (iii) Unreliable logistics services and high logistical costs; (iv) Limited regulatory cooperation and best practices; and (v) Underdeveloped policy and regulatory infrastructure for e-commerce. As of 2019, APEC economies have generally performed well for chokepoints 1 and 2. Cost and time to import and export have fallen, connectivity has increased, and transparency has improved. Quality of transportation services and infrastructure under chokepoint 2 has also improved since 2016 both in terms of ensuring better shipping connectivity as well as a more stable environment for infrastructure investment. Indicators used to measure chokepoint 3 were most affected by the lack of updates available. Of all the indicators used in chokepoint 3, only the DHL Connectedness Index was updated to reflect scores in 2019. Overall, performance for chokepoint 3 remains mixed, however, given the absence of updates for most indicators under this chokepoint, it is important to keep in mind that the overall assessment of logistics services is indicative. Based on literature, the COVID-19 pandemic has worked against improvements in this area as warehouse capacity contracted and inventory costs shot up in 2020 and early 2021. Several APEC economies are leveraging on digital technologies to reduce costs and improve coordination and transparency in logistics services. Alignment of processes and digitalisation of systems have facilitated sharing of information and cooperation. Conscious efforts have also been made to implement article 12 of the TFA which encourages customs cooperation, particularly in facilitating the exchange of information between customs agencies. As a result, the performance of APEC economies on chokepoint 4 has been notably better since 2015. Moreover, in line with the rise of e-commerce, there has been a greater focus on the digitalisation of operational processes and procedures to streamline workflow. Despite the greater focus, the performance of APEC economies on chokepoint 5 have been mixed. The performance of postal systems worsened as COVID-19 restrictions severed supply chains and placed undue pressure on postal services. Moving forward, some key issues to be considered include improving resilience of supply chains, need to manage rising trade costs, promote interoperability of systems and quality infrastructure, improved logistics services, regulatory reform and sustainability.

2. 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 2021, the participating economies in the pilot were defined with Chile, Perú and Singapore joining the pilot, while Korea and New Zealand will participate as observers. The final parameters of the pilot are being determined. This work is still in process and will continue in 2022.

3. The *Asia-Pacific Model E-Port Network (APMEN)*, led by China, continues to make progress in 2021. APMEN's objective is to create an enabling environment for model e-ports and promote supply chain connectivity and trade facilitation in APEC. In 2021 APMEN added a new member, the Port Authority of Thailand (PAT). This brings the membership of APMEN to 14 economies comprising 24 members. In addition, in 2021, APMEN conducted the second phase of freight logistics visualization project and the second phase of digitalization of air freight logistics project.

4. The *APEC Alliance for Supply Chain Connectivity (A2C2)* held its 12th and 13th meeting in 2021. The A2C2 is an advisory group consisting of supply chain and customs experts from the public and private sectors. The A2C2 aims to foster innovative approaches to ongoing supply chain challenges by bringing together stakeholders to discuss potential local or regional solutions. In addition, A2C2's

work continues to provide guidance and technical input surrounding implementation of the WTO TFA. The 12th A2C2 meeting focused on reinventing supply chains in a post COVID-19 world. Panels discussed challenges with vaccine distribution, and the reshaping of supply chains responding to the sudden burst in e-commerce during the pandemic. In conjunction with the Life Sciences Innovation Forum, A2C2 also discussed models for shoring up supply chains for medical products. The 13th meeting held a panel discussion on COVID-19's impact on supply chains and the potential to embed trade facilitative measures implemented during the pandemic and make them permanent. A panel on e-commerce and low-value shipments, helped outline the potential to move tax and duty assessments away from the border so that customs could focus on safety, security and efficiency.

5. The SCCP endorsed its Strategic Plan 2022-2025 focused on cooperation, harmonization and promoting inclusive growth. The SCCP is also working on Guidelines for Paperless Trade which would support the WTO TFA as it encourages economies to facilitate and streamline trade through enabling infrastructure, legislative frameworks and procedures. The SCCP continues to make progress on implementing the *Best Practice Guidelines for APEC Customs Administrations to Facilitate the Distribution of COVID-19 Vaccines and Related Goods* which were endorsed by both the SCCP and the CTI to facilitate the trade of COVID-19 vaccines and other related goods, such as dry ice, syringes, and testing kits as well as prevent entry of counterfeit vaccines at the border. This will be a valuable tool for recording and accessing measures relating to trade facilitation and customs procedures in the APEC region. A New Zealand led *Guidelines for Paperless Trade: New Zealand* is being discussed. This initiative aims to support the WTO TFA as it encourages economies to facilitate and streamline trade through enabling infrastructure, legislative frameworks, and procedures for paperless trade. Japan and Mexico conducted surveys on the responses that APEC customs authorities had taken in order to maintain necessary customs procedures while protecting the customs officials from COVID-19, and the final report is being drafted.

Strengthening Connectivity and Infrastructure

6. 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.

7. Following the successful September 2020 virtual PPD on *Emerging Opportunities and Challenges in Implementing the APEC Connectivity Blueprint 2025* on 15 September 2020, CTI endorsed the Summary Report in August 2021 which contained amongst others the following recommendations: importance of digital connectivity to support cross-border connectivity and access to remote working, health, and learning technologies; support opening of infrastructure such as port and airports, services such as maritime and aviation and digital infrastructure to support free flow of trade in goods and services during and post pandemic; adoption of digital technology including to facilitate business travellers and other stakeholders; collaboration between private sectors and policy makers should be nurtured in reducing the connectivity gaps. Malaysia is also looking to develop a checklist to provide guidance to project proponents implementing the APEC Connectivity Blueprint.

8. 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. In 2021, Papua New Guinea was the fourth economy to be peer reviewed and a report

was published.⁷ The review showed that PNG is equipped with the high-level legal and policy frameworks that enable the development of quality infrastructure. It recommended seven priority areas for capacity building for PNG, including adding rigour to the project review process, adding a process to the project cycle to deal with unsolicited bids, further strengthening the incorporation of life cycle costs into projects, and strengthening government procurement and the funding aspects of infrastructure. The recommendations take into consideration the significant and long history of support from the development partners to PNG. Japan expressed its intention to continue these peer review and capacity building initiatives.

9. Under the *Promoting Smart Cities through Quality Infrastructure Investment in Rapidly Urbanizing APEC Region*, which 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, a conference was held in September. The virtual conference discussed Good Practice on Smart Cities through QII; and shared the experience and technologies of private companies on Smart Cities through QII and touched on capacity building in terms of planning, procurement, implementation and operation among officials in charge of smart cities development as well as infrastructure investment and planning sectors.

10. Following the successful launch of the Virtual ABTC in end-November 2020, the BMG continued to discuss modernization of the ABTC to the extent feasibly possible, on having the virtual ABTC to increase the accessibility, efficiency, integrity, security and usability of the ABTC Scheme; an APEC-wide Online Lodgement functionality to reduce the burden and timeframes in assessment of ABTC applications and increase efficiencies in the operation of the Scheme APEC economy-wide; future automation and integration between the ABTC Systems; Improvements of the consistency and accessibility of ABTC processes, regulatory requirements and availability of public information across member economies as far as possible, consideration of broader developments in business mobility and their interaction with the ABTC (e.g. e-gates, biometrics, face-on-the-move and e-visa related technology) in order to inform avenues for development of business travel facilitation (including of the ABTC) in future years, including through a survey of the future of the ABTC Scheme; and consideration on the changes and challenges with the resumption of international travel Post-COVID-19 and how the ABTC Scheme can facilitate and support COVID-recovery with the resumption of business mobility.

Expanding Regulatory Cooperation and Advancing Regulatory Coherence

11. 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.

12. Results of the survey on alignment of standards for the 9th Voluntary Action Plan (VAP) alignment work were presented. The survey looked at 55 International Standards in the field of electrical appliances, cyber security environmental management, greenhouse gases, smart cities, etc. The 9th VAP focuses on standards of measures against COVID-19 and future pandemics. Standards on medical equipment such as ventilators, biological evaluation and PPE were the most highly selected. This survey aims to determine the alignment priority that contributes to the mitigation of COVID-19 impacts in the regions.

13. Japan reported on “Capacity Building on the Development of Climate Actions for Sustainable Growth by use of ISO 14080”. The aim is to share challenge and potential needs of harmonisation for reporting climate action (ISO 14080) and sustainable finances (ISO 14030; ISO14100 and ISO 14097) to improve communication between financiers and ISO standards.

⁷ <https://www.apec.org/Publications/2021/09/Peer-Review-and-Capacity-Building-on-APEC-Infrastructure-Development-and-Investment>

14. Other trade facilitation projects reported include testing methods for Internet of Things (IoT) products; development of food safety risk communication framework; non-tariff measures (NTMs) affecting grain trade; developing standards and conformity assessment for an ageing-inclusive digital economy; and standards, policy and regulations to support addressing issues shortages of Personal Protective Equipment PPE.

15. The United States continued work on Good Regulatory Practices (GRP) through three self-funded projects: GRP capacity building with volunteer economies; a virtual workshop on public consultations in urgent situations; and the development of case studies on APEC regulatory cooperation successes. The United States and Peru are collaborating on public consultation practices that support implementation of Peru's new Regulatory Impact Assessment law. Virtual trainings were held for ministry representatives in February 2021 and for private sector representatives in June 2021. Second, the United States organized a virtual conference on public consultation processes in urgent situations and using technology tools for consultations. A key theme was the importance of following good regulatory practices and conducting consultations even in challenging situations, although a shorter consultation time period might be necessary and the entire rulemaking process expedited. The third project comprises preparation of regulatory cooperation case studies for four APEC groups: Automotive Dialogue; Chemical Dialogue; Food Safety Cooperation Forum; and Life Sciences Innovation Forum. The case studies will be included in the APEC-OECD International Regulatory Cooperation resource being developed by New Zealand.

Section V: Promoting Trade and Sustainability, Inclusive Trade & Innovative Development

1. Increasing inclusion and sustainability for recovery by building a better society for all people and generating a green recovery is one of New Zealand's priorities for 2021. Specific areas were highlighted the 2021 July APEC Economic Leaders' Statement and this year's APEC MRT Statement

Trade and Sustainability

2. In December 2020, the CTI and WEF held a virtual discussion on *Trade Levers for Environmental Action and Circular Economies*. The discussion covered issues on how trade policy and practice could contribute to environmental objectives, in particular regarding climate change and the circular economy.

3. In June 2021, members held a webinar, *Improving Waste Management and Recycling Policies in the APEC Region* which discussed Recyclable Materials Policy Program (RMPP) in the region. The project objective was to build the technical capacity of policy makers to identify appropriate domestic policies that promote environmentally sound and economically viable waste management and recycling (WMR) infrastructure. The RMPP sought to develop the capacity of APEC economies to identify and frame domestic policies that promote (WMR) infrastructure, addressing barriers to trade and increasing markets for recyclable materials. The program focused on four key policy areas: (a) supporting environmental regulation, (b) survey of existing practice in identifying and processing of waste and recyclable materials, (c) international materials quality and processing health and safety standards, and (d) enabling policies for recycling infrastructure investments (including Public Private Partnerships).

Technical updates to the 2012 APEC List of Environmental Goods

4. Fulfilling the MRT tasking, the MAG endorsed (i) the updated APEC List of Environmental Goods in HS2017; and agreed that each economy to, on a voluntary basis, update their individual environmental goods implementation plans using the list in HS2017 as a reference point by November 2021, if they have not already done so. MAG has also agreed to continue the additional work of transposing the list from HS2017 to HS2022. New Zealand has circulated the updated draft transposition list from HS2017 to HS2022 for members' consideration, and has volunteered to shepherd engagement on the potential splits. To this end, New Zealand has asked economies to progress intersessional consultations and provide feedback/comments, including specific ex out language. The MAG will continue to engage in discussions and exchange written comments on the draft transposition document from HS2017 to HS2022 intersessionally.

Review of the 2012 APEC List of Environmental Goods

5. The APEC Policy Support Unit completed a review of the 2012 List of APEC Environmental Goods (EGL), as per the tasking by MRT. The PSU noted that the EGL was a positive initiative for supporting the growth of trade in environmental goods and promoting their use. Since its endorsement, APEC economies experienced a significant increase of their trade flows and reduced their tariffs. The PSU noted that the currently EGL only covered 54 HS sub-headings, which therefore has a limited product coverage. From a trade perspective, a more meaningful contribution to green growth requires a more comprehensive range of products. The review found that APEC economies should explore an expansion of the current list of environmental goods, in a way that it could cover new technologies that could contribute to green growth, but did not exist or had limited applications back in 2012; and also encouraged members to consider goods that are cleaner or more environmentally friendly. Similarly, an approach taking into account the global value chain of environmental goods and services could allow more APEC economies to benefit broadly from any future expansion of the list.

Potential Expansion of the scope of Environmental Goods (EGs)

6. Australia, through its APEC Study Centre, produced a self-funded study report which suggested members consider ways to increase trade in new EGs. The report noted that since the initial APEC List of Environmental Goods was created in 2012 there have been significant developments in the regional landscape for trade in EGs. Since then, government policy to support EGs has grown, technology has advanced, and trade in these goods has expanded. The report noted growing support among APEC economies for reducing barriers to trade as part of a wider strategy to address climate change and support sustainable development goals, and therefore suggested that members consider expanding the list to include new goods focusing on new and emerging renewable energy, products and technologies that contribute to emissions reduction and mitigation. It should be capable of being expanded, updated, and built on over time. More specifically, the report proposed that data collection and analysis on new EGs should be improved to permit more accurate calculation of trade flows and allow for transparent and targeted tariff cuts. FTA liberalisation outcomes and disciplines could be considered as a baseline for future reduction of tariffs and non-tariff barriers. More work can also be advanced on NTMs and their impact across supply chains. As EG technologies develop, trade expands and regulation evolves, more NTMs may emerge in future. Knowledge sharing and dissemination on EG regulation among government, business and civil society should be encouraged, particularly as EG markets further develop. Australia also organised an Environmental Goods Scoping Workshop on 30 September to introduce and discuss the report and consider potential steps. The findings in the study and workshop are without prejudice to the positions of APEC member economies or negotiations in other fora.

Technologies and Regulatory issues

7. Japan organised a policy discussion “*Trade-related Policies to Promote Trade in Environmental Products and Technologies including Regulatory Issues, Contributing to Global Carbon Neutrality*”, on 9 September. The purpose of the policy dialogue is to discuss and identify possible approaches to address trade-related policies relating to products and technologies which contribute to Green House Gas emission reduction through APEC process in 2021 in an open-ended manner. A summary report containing potential next steps will be circulated in due course.

Environmental Services

8. Efforts are underway in the APEC Group of Services to identify environmentally related services across services sectors, in response to the corresponding task included in the 2021 MRT statement. It is proposed that economies develop a Reference List of Environmental and Environmentally Related Services (non-binding, non-exhaustive, developed for reference purposes and open for future review at a time to be determined by the membership).

9. A study *Environmental Services in the APEC Region: Definition, Challenges and Opportunities* was published by the Group on Services in May 2021. The report examines the formal classifications for environmental services and the range of tasks that have environmental benefits, before offering a new, updated model list as a suggested basis for discussions of regulatory and other barriers that currently impede trade in environmental services. Amongst others, the study recommended using CPC Ver. 2.1 division 94 as a basis for defining environmental services, extend the coverage to environment-related services classified under divisions outside of division 94, including those that would fall under the 2007 list of categories prepared by the Friends of the Chair of the EGS Group.

Addressing Inefficient Fossil Fuel Subsidies

10. New Zealand organised a workshop in August and a subsequent policy discussion in September on “Options for a Voluntary Standstill on Inefficient Fossil Fuel Subsidies”. The August workshop saw experts offering views on what some potential standstill options could look like and the relevance of this work to the grander scheme of reforming inefficient fossil fuel subsidies; as well as the certain

strengths and risks of standstill policies. In the September policy discussions, New Zealand, requested members to build an understanding of their own domestic inefficient fossil fuel subsidies programmes, which could provide officials a basis for better assessing which areas reform or a standstill could target. There was discussion on the need for wide participation in such an initiative for it to be effective, and the importance of the voluntary standstill in supporting economies' fulfilment of APEC Leaders' 2009 commitment to rationalize and phase out inefficient fossil fuel subsidies. During the policy discussions, member economies discussed the proposed template from New Zealand for facilitating the self-reporting of subsidy schemes that economies are prepared to standstill, and broader reform activity, and noted the suggestion of phasing out inefficient fossil fuel subsidies by a certain date. Some member economies have additionally noted that the need and efficiency of the proposed fossil fuel subsidy reform is not clear yet so requires further exploration. In particular, some members have suggested capacity-building activities and further discussions on the positive and negative impacts of a potential standstill to support this work. New Zealand noted that this project and any outcomes are voluntary in nature. Discussions are still ongoing. As part of this initiative, CTI also endorsed the commissioning of the New Zealand self-funded study that identifies potential options economies could take should they decide to implement a standstill on inefficient fossil fuel subsidies, discusses the advantages and shortcomings of the pursuit of standstill measures, and highlights how standstill action can support the fulfilment of international obligations on addressing climate change and environmentally adverse subsidies.

11. Based on the above discussions and scoping work, CTI has identified a set of actions – See Appendix 15

Fisheries Subsidies

12. New Zealand organised a virtual workshop “*Best Practices addressing Subsidies that Contribute to IUU Fishing*” on 22 February that shared information and best practices on approaches members have undertaken to ensure that fisheries subsidies did not contribute to Illegal, unreported, and unregulated (IUU) fishing. The workshop found that mechanisms to prevent the granting of subsidies to IUU fishing, or to withdraw subsidies in cases of IUU, constitute powerful instruments to encourage compliance under an integrated approach to IUU enforcement and that several economies had already established mechanisms to prevent or withdraw subsidies to IUU fishing. The emerging practices constitute critical elements of good practices in the region and a timely contribution to unresolved issues in ongoing multilateral deliberations, including WTO negotiations on subsidies to IUU fishing. Discussions highlighted the importance of clear and transparent rules regarding IUU determinations and the sanctions applied including the withdrawal of subsidies. It also stressed the need for effective coordination between the relevant ministries making the IUU determination and those activating the withdrawal of subsidies.

Inclusive Trade

13. There were three major CTI initiatives in inclusive trade.

14. First, CTI held a series of three workshops in September for the Second APEC Cross Border E-commerce Training (CBETII) Workshop “*Accelerating Digital Transformation toward Inclusive Growth – the COVID-19 Impact*”. The workshops aimed to provide participants with insights and key trends related to the surge in digital trade, which could enable trade officers to adjust policies facilitating free and open trade through the digital initiatives and practices in their respective economies and empower MSMEs to embrace the digital transformation during and after the pandemic. During the workshop, best practices were shared, so as to build a resilient global supply chain to deal with the global challenges. A summary report will be circulated to members.

15. Second, a seminar on “*Advancing Economic Inclusion through Trade and Investment in Asia-Pacific Region*” was held in May. Chile’s Vice-Minister for Trade, Mr. Rodrigo Yáñez, provided the opening remarks where he highlighted the work APEC and Chile has been doing in particular on the

implementation of La Serena Roadmap. The outcomes of the seminar was to (a) promote understanding of the importance of economic inclusion and policies that make trade and investment work for all the people; (b) identify current trade and investment initiatives that support economic inclusion, and explore collective actions by APEC economies to further promote economic inclusion; (c) encourage sharing of best practices and (d) explore how to incorporate economic inclusion into CTI's agenda with emphasizing cross-fora coordination.

16. Third, a webinar and a capacity building workshop on “Promoting Inclusive and Responsible Business for Sustainable Growth in Digital Society” was held in November 2020 and May 2021 respectively. The project saw discussion on definitions and key elements, current policies, case studies and challenges for Inclusive and Responsible Business (IRB) development in the region. It was agreed at the seminar that the Covid-19 pandemic has highlighted the role of innovation and digital companies in building resilient communities. The subsequent report⁸ urges APEC economies to foster stronger public-private partnership and bridge regulation gaps across the border to develop an enabling environment for IRB for sustainable growth in the region.

17. At the sub-fora level, the GOS held a workshop on “Promoting Trade in Services by SMEs and Women Entrepreneurs: Best-Practice Sharing and the Potential of Emerging Digital Technologies” which took place in October. This workshop built on an earlier project. The project aims to make practical and policy-related proposals for promoting participation of SMEs and women entrepreneurs in services trade with view to: sharing key findings and policy recommendations; challenges for SMEs and women entrepreneurs in expanding their services to global markets). In particular, there was also a focus on cross-border provision of services under pandemic conditions as well as the use of emerging digital technologies

Intellectual Property

18. A virtual workshop “Protection of Intellectual Property Rights in Digital Content Trade” was held in April 2021. The objectives of the workshop were to (i) examine existing challenges APEC economies are facing in the field of IPR protection in digital content trade; (ii) facilitate better understanding among APEC economies of how the issues relating to IPR protection in digital content trade are regulated on international, regional and domestic level; (iii) review APEC economies best practices and exchange experiences in promoting effective protection of IPR in digital content trade. A report from the workshop can be found [here](#)

19. Throughout 2021, 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 WTO, World Intellectual Property Organization (WIPO) and Korea Patent Attorneys Association (KPAA) attended IPEG meetings and shared their views on the role of IP in response to the pandemic.

20. Results of Survey Questionnaire on Domestic Treatment of Illicit Streaming Devices by APEC Economies was published in March.⁹ In the same month, APEC organised a webinar on *Content Protection and Illicit Streaming: Enforcement Approaches and Strategies* to discuss the need for greater content protection and enforcement against illicit streaming of copyright protected content.

⁸ <https://www.apec.org/Publications/2021/09/Building-Capacity-in-Promoting-Inclusive-and-Responsible-Business>

⁹ <https://www.apec.org/Publications/2021/03/APEC-Report-on-Domestic-Treatment-of-ISDs>

Section VI: Engagement with the Business Sector and Industry Dialogues

Engagement with the APEC Business Advisory Council (ABAC)

1. 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. To this end, throughout 2021, ABAC representatives' participation was actively sought in CTI and subfora meetings and events.
2. Highlights of private sector engagement in CTI projects and initiatives include:
 - Discussion at CTI1/2021 where ABAC shared its views next steps for the FTAAP Agenda;
 - Policy discussion with ABAC at CTI2/2021 on "*Trade and sustainability*"
 - Participation by the business community at the following CTI events
 - Digital Trade Policy Dialogues (two);
 - APEC Alliance for Supply Chain Connectivity (A2C2) meetings (two);
 - Webinar Promoting Trade by Utilizing Digital Technology;
 - APEC Seminar on Advancing Economic Inclusion through Trade and Investment in the Asia Pacific Region;
 - APEC Cross Border E-commerce Training (CBET) Workshop II "Accelerating Digital Transformation toward inclusive growth – the COVID-19 Impact";
 - Seminar on Building Capacity in Promoting Inclusive and Responsible Business for Sustainable Growth in Digital Society
 - Workshop: Border Agency Cooperation (WTO Trade Facilitation Agreement Article 8)
 - FTAAP Capacity Building Workshop on E-commerce Elements in FTAs/RTAs (Phase 2)
 - Symposium on APEC Supporting the WTO Negotiations on Trade Related Aspects of E-Commerce

Automotive Dialogue (AD)

3. The AD is a forum where APEC officials and senior auto industry representatives work together to map out strategies for increasing the integration and development of the automotive sector within the region. It 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. (AD)

Major Outcomes for 2021

4. At the May plenary meeting, a panel discussed the topic "Transitioning to Electric - Policy Best Practice to Accelerate EV Adoption. The panel highlighted several recommendations for policy makers, including the need to support EV uptake and reduce harmful greenhouse gas emissions from the transport sector, APEC should develop policy frameworks which focus on tackling the key barriers to EV uptake. At the September plenary meeting, there were two panel discussions addressing 'Preparing for the Transition: Electric Vehicle Infrastructure, Opportunities & Challenges'. The first panel discussed, 'Preparing for the Transition to Electric- Charging Infrastructure Rollout' Items discussed included, "What is the role of government and industry stakeholders?'. The second panel discussed, 'Preparing for the Transition to Electric- 'Challenges & Opportunities'. Items discussed included, 'What challenge are facing EV supply chains, how can APEC collaborate to overcome these?'.

5. The AD endorsed and began work on the Development of the Advanced Vehicles Technologies Technical Engagement Program. The program will pursue technical coordination to support harmonized standards and regulatory approaches in the region for new auto technologies including a focus on connected and autonomous vehicle (CAV), EVs, and hydrogen fuel cell vehicles technologies. The project will look to support selected volunteer developing economies in conducting a self-assessment to determine needs and possible engagement in capacity building.

Supporting the Putrajaya Vision

6. Building on the success of its initial foray into advanced technologies and – more importantly – in line with the Putrajaya Vision, thus far in 2021 the AD has placed a special focus on promoting regional economic integration in the context of electric vehicle (EV) readiness. Recognizing that – in terms of their existing EV infrastructures, regulatory environments, and consumer preferences – each APEC economy is unique, the AD is working to ensure that all of its EV - related discussions in 2021 and beyond are relevant to all participants. Given the nascency of EV adoption throughout the region (even in more advanced APEC economies), the AD has provided all participating members and industry participants with useful information as they work to ensure that EVs can reach their economic and environmental potential across the APEC region.

7. Over the past several years, the AD has spent a significant amount of its time on the benefits of environmental and vehicle safety regulatory cooperation, convergence, and harmonization – a critical issue in the trade facilitation/connectivity arena. In the context of transitioning to EVs and other zero - emission vehicles, this is particularly important, as the APEC region – and the global auto industry as a whole – should strive to avoid creating a patchwork of regulations governing these future modes of transportation. It is also critical on the industry side of the equation, especially as it pertains to the varying EV charging technologies currently being used by major automakers in the APEC region. Some time was spent on this “EV charging interoperability” topic during the May AD session.

8. See *Appendix - Automotive Dialogue Report*.

Chemical Dialogue (CD)

9. The Chemical Dialogue (CD) serves as a forum for regulatory and trade officials and industry representatives to find solutions to challenges facing the chemical industry in the Asia-Pacific region. It reflects APEC members' recognition of the importance of both engaging with the private sector and building public-private dialogue and sustained cooperation for the benefit of both sectors. The CD focuses on chemical-sector trade liberalization and facilitation by improving trade and regulatory policies and practices. It seeks workable programs which ensure that regulatory, safety and environmental goals can be implemented by both governments and businesses.

Major Outcomes for 2021

10. The CD welcomed proposed work from subgroups on regulatory cooperation, Globally Harmonized System for the Classification and Labelling of Chemicals (“GHS”), data exchange, marine debris and advanced recycling. This included encouraging feedback and endorsement of the APEC Regulatory Cooperation Checklist; endorsement of the 2021 GHS Survey and the Executive Summary of the GHS Recommendations; and welcoming the outcomes of the two risk assessment capacity building virtual workshops;

Supporting the Putrajaya Vision

11. The CD continues its efforts to address marine debris including work to examine and overcome barriers to investment in waste management infrastructure that would support a more circular economy. In this regard, the CD will look to support CTI efforts on sustainable materials management policy and help APEC economies identify and frame domestic policies that promote waste management and recycling (WMR) infrastructure, addressing barriers to trade and increasing markets for sustainable materials.

12. The CD continued work to support the implementation of Good Regulatory Practices in the chemical sector. The CD built on the outcomes of the 2020 Regulatory Cooperation Report by drafting an APEC CD Regulatory Cooperation Checklist that can be used by economies seeking to promote regulatory cooperation efforts, regardless of their stage of development.

13. The CD will continue work to promote more consistent international implementation of the GHS. The GHS is an UN-developed system that was designed to promote a globally harmonized approach for all chemical labelling. The CD has revised the GHS comparison report and convergence recommendations to consider recent developments and will develop additional capacity building efforts to help APEC economies address GHS divergences.

14. See *Appendix - Chemical Dialogue Report*.

Life Sciences Innovation Forum (LSIF)

15. 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.

Major Outcomes for 2021

16. In August, the LSIF launched the [*APEC Action Plan on Vaccination across the Life-Course*](#) which details key pillars for a successful immunization program and policy targets. With a collective goal that by 2030, all 21 APEC member economies will have implemented resilient and sustainable life-course immunization programs to protect the health and well-being of all populations

17. In February, LSIF's subsidiary body's Regulatory Harmonization Steering Committee (RHSC) launched the [*RHSC Vision 2030 and Strategic Framework*](#) and welcomed of new APEC Training Centers of Excellence for Regulatory Science bringing the total to 29 centers hosted at 20 institutions across nine APEC economies.

18. The LSIF also endorsed the *APEC Healthcare Financing Roadmap*

Supporting the Putrajaya Vision

19. LSIF promotes a free, open, fair, non-discriminatory, transparent and predictable trade and investment environment for life sciences and medical products through the [*RHSC*](#), which helps to implement the WTO Technical Barriers to Trade (TBT) Agreement.

20. The [*RHSC Vision 2030 and Strategic Framework*](#), has a common vision to accelerate regulatory convergence for medical products in the APEC region as much as possible by 2030. Regulatory convergence is a voluntary process whereby regulatory requirements across economies become more aligned over time as a result of the adoption of internationally recognized technical guidance, standards and best practices. The WTO TBT Agreement strongly encourages members to base their measures on international standards as a means to facilitate trade.

21. There are currently 29 [APEC LSIF RHSC Training Centers of Excellence for Regulatory Science](#) across nine economies conducting training to build skilled human capacity at scale to support the adoption of internationally recognized technical guidance, standards and best practices. In 2021 LSIF RHSC executed 21 such trainings.

22. In 2021 LSIF RHSC conducted policy dialogues in collaboration with the [APEC Harmonization Centre](#) on topics such as:

- “Facilitated Regulatory Pathways” (September 2021)
- “Post-Pandemic Regulatory Innovation & Convergence for Medical Devices” (October 2021)
- “Post-Pandemic Regulatory Innovation & Convergence for the Biopharmaceutical Sector (October 2021)

23. LSIF promotes networking, best practices sharing and collaboration among researchers, industry and government in the life sciences sector, thereby empowering interconnected, innovation global ecosystems that are able to commercialize new ideas and bring them to market in the APEC region.

24. LSIF has and continues to support the region’s ability to bring treatments and vaccines to market, allowing the region to respond to current and future pandemics and promote quality growth that brings palpable benefits and greater health and wellbeing to all.

25. The LSIF continues to work with APEC members and its network of [APEC Training Centers of Excellence for Regulatory Science](#) to ensure the wide dissemination of the [APEC Supply Chain Security Toolkit for Medical Products](#) and to promote the adoption of best practices by industry stakeholders and regulators throughout the region.

26. LSIF continues to address barriers to the deployment of innovative healthcare financing mechanisms, which enhance access to greater health and wellbeing to all. In 2021 LSIF held three workshops examining issues such as increasing the use financial services including insurance; innovative digital, fintech, and insurtech solutions, and the role of impact investors attracting nearly 500 participants.

27. LSIF facilitates the sharing of policies and best practices to reduce barriers to healthcare services for people living with a rare disease and caregivers, and to harness digital technologies to drive innovation in rare disease diagnosis, treatment, and management. In 2021 LSIF held four workshops examining issues such as orphan drug policy, newborn genetic screening, and patient registries, among others.

28. See *Appendix - Life Sciences Innovation Forum Report*.

Engagement with Non-members

29. Throughout 2021, CTI engaged with a number of non-members to enrich discussions. These included the WTO, OECD, World Economic Forum (WEF), International Institute for Sustainable Development (IISD), and the Hinrich Foundation.

30. In December 2020, the CTI and WEF held a virtual discussion on *Trade Levers for Environmental Action and Circular Economies*. The discussion covered issues on how trade policy and practice could contribute to environmental objectives, in particular regarding climate change and the circular economy.

Section VII: CTI Governance

Sub-fora assessments and renewal

1. 2021 saw CTI sub-fora undergo fora-assessment and renewal process. To facilitate this process, CTI members adopted the methodology that was agreed in 2019. This involved the sub-fora first assessing themselves, before being assessed by CTI. The assessment reports were then submitted to the Ad Hoc Group on sunset reviews. Terms of Reference for the sub-fora were updated and submitted to the CTI for endorsement, after which, they were recommended to Senior Officials for renewal.
2. [With the exception of the [SCSC's subsidiary body, the APEC Food Safety Cooperation Forum (FSCF) and the LSIF], all other groups were renewed for another four years.]

Streamlining CTI processes and fostering substantive discussions

3. Despite not being to have physical meetings, CTI continued work to streamline the agenda, creating more opportunities for substantive discussion and dialogues on key topics. To support New Zealand's host year priority members held a CTI Retreat on the margins of CTI1 to exchange views in an informal, open and frank manner to generate and explore ideas for work in the CTI.

Pathfinder Initiatives

- Economy leads for four CTI Pathfinder initiatives provided an update to members on recent activities under their Pathfinder (see *Appendix 14 – 2021 CTI Pathfinder Initiatives*). Four Pathfinders continue to be implemented in the CTI:
 - a. Pathfinder on the APEC Technology Choice Principles
 - b. Pathfinder to Enhance Supply Chain Connectivity by Establishing a Baseline De Minimis Value
 - c. Pathfinder on Permanent Customs Duty Moratorium on Electronic Transmissions, Including Content Transmitted Electronically
 - d. Pathfinder on Building Blocks for Facilitating Digital Trade.

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Asia-Pacific Economic Cooperation Secretariat
35 Heng Mui Keng Terrace, Singapore 119616
Telephone:(65) 6891 9600 Facsimile: (65) 6891 9690
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