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APEC COMMITTEE ON TRADE AND INVESTMENT
2024

Annual Report
to Ministers

2024
ANNUAL REPORT TO MINISTERS

APEC Committee on Trade and Investment

November 2024

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Dear Ministers,

The APEC Committee on Trade and Investment (CTI) serves as a crucial forum for APEC economies to deliberate on all trade and investment issues. Guided by the Putrajaya Vision 2040 and in alignment with the Aotearoa Plan of Action (2021), the Bangkok Goals (2022), and the San Francisco Principles (2023), the CTI achieves its objectives with the support of eight sub-fora covering all aspects of trade and investment, as well as two industry dialogues for the automotive and chemical sectors.

Given the current economic challenges worldwide and within the WTO, the CTI's role has become even more vital in ensuring APEC continues to progress in reducing trade and investment barriers in the Asia-Pacific region. There is also greater demand for APEC to develop and incubate ideas that address contemporary economic issues and scalable for APEC and beyond.

As the CTI Chair, I have actively engaged all eight CTI sub-fora and the two industry dialogues to align our objectives and encourage progress in our priorities. The energetic participation of APEC economies in the CTI, its sub-fora, and dialogues in 2024 reflects our common commitment to fostering a free, open, fair, non-discriminatory, transparent, and predictable trade and investment environment.

Our meetings in 2024 commenced following the WTO 13th Ministerial Conference (MC13) in Abu Dhabi. While MC13 achieved meaningful results, it also left many APEC economies feeling disappointed. CTI's priority of **Supporting the Multilateral Trading System** was demonstrated through active discussions led by Peru. In addition to implementing MC13 outcomes and addressing unfinished business, economies offered new ideas for the WTO during the CTI3 Plenary. APEC's role as an incubator of ideas would be crucial as we work towards the WTO 14th Ministerial Conference in 2026.

Our focus on **Economic Integration in the Region** took on greater significance this year, given the slow progress in multilateral negotiations. APEC economies shared information on economic integration initiatives across the Asia-Pacific, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Regional Comprehensive Economic Partnership (RCEP), Pacific Alliance FTA, and Digital Economy Partnership Agreement (DEPA).

Building on the **Free Trade Area of the Asia-Pacific (FTAAP) agenda** work program, the CTI made strides in advancing the FTAAP agenda through dialogues led by Peru, with support from the APEC Policy Support Unit (PSU), APEC Business Advisory Council (ABAC), and the Pacific Economic Cooperation Council (PECC). These dialogues provided opportunities for APEC economies to discuss a new perspective on the FTAAP and potential new workstreams, culminating in the Ichma Statement that would be annexed to the Leaders' Declaration in November 2024.

The CTI also advanced in our work on **Trade Facilitation, Connectivity, Digitalization, and Innovation**, with a PSU-led Midterm Review of Phase Three of the Supply Chain Connectivity Framework Action Plan (SCFAP III) that captured progress across five supply chain chokepoints and made policy recommendations to address gaps. Active discussions also focused on implementing paperless trade in the Asia-Pacific region, particularly regarding the adoption of the UNCITRAL Model Law on Electronic Transferable Records (MLETR).

In response to the 2023 San Francisco Principles on integrating Inclusivity and Sustainability into Trade and Investment Policy and earlier progress made in the 2022 Bangkok Goals on

Bio-Circular-Green (BCG) Economy, **Inclusivity and Sustainability** were prioritized in the CTI's 2024 workplan. This aligns with Peru's 2024 theme "Empower, Include, Grow" and priority "Sustainable growth for resilient development". On Inclusivity, the CTI organized workshops and dialogues addressing MSME growth, transition from informal to formal economy, and women's empowerment through trade.

On Sustainability, the CTI held workshops on low-carbon trade and green logistics. The Market Access Group (MAG) was tasked with developing an APEC workplan for environmental goods and considering a Voluntary, Non-Binding Reference List of Environmental Goods. APEC economies also initiated projects for 2025 in areas such as green supply chains and logistics, sustainable investment, and trade and environment.

Engagement with economic stakeholders remains a key feature of the CTI and its sub-fora and dialogues. Regular participation from ABAC, PECC, and PSU, as well as representatives from regional and international organizations like the WTO, WIPO, OECD, and World Economic Forum, fosters the development of new ideas and potential collaborations to further APEC objectives.

From an institutional **governance** perspective, the CTI renewed the terms of reference for the Asia-Pacific Model E-port Network (APMEN), the APEC Alliance on Supply Chain Connectivity (A2C2), and the Regulatory Harmonization Steering Committee (RHSC) under the SCSC. The initiation of the review and assessment exercise of CTI's sub-fora in 2024 will determine the renewal of their Terms of Reference for another four years.

In 2024, the CTI, its sub-fora, and the industry dialogues continued to progress towards the Putrajaya Vision 2040, thanks to the contributions of all APEC economies, the commitment of CTI sub-fora convenors and industry dialogues, and the support from the APEC Secretariat and PSU. I also extend my gratitude to Peru for its hospitality and logistical support.

The CTI looks forward to the Ministers' guidance as we close our work in Peru 2024 and embark towards Korea 2025.

Sincerely,
Christopher Tan
CTI Chair

Contents

Appendices

Tables

Introduction

APEC Economic Leaders launched the Putrajaya Vision 2040 (PV2040) in 2020 and the Aotearoa Plan of Action (APA) in 2021. The Bangkok Goals on the Bio-Circular-Green (BCG) Economy, the San Francisco Principles on Integrating Inclusivity and Sustainability into Trade and Investment Policy (SFP), were endorsed by APEC Economic Leaders in 2022 and 2023 respectively. In order to implement our Leaders' instructions, the Committee on Trade and Investment (CTI) is actively contributing to all three economic drivers under the PV2040, namely (a) Trade and Investment; (b) Innovation and Digitalisation; and (c) Strong, Balanced, Secure, Sustainable and Inclusive Growth.

With Peru as the host economy for 2024, the three CTI plenary meetings in 2024 were aligned with the overall CTI work programme, principally to (a) support the Multilateral Trading System; (b) deepen Economic Integration in the Region; (c) promote Trade Facilitation, Connectivity, Digitalisation, and Innovation; and (d) promote Inclusion and Sustainability. Within these areas, the CTI also focussed on specific Leaders' and Ministers' instructions from recent years, on issues such as environmental goods and services, inefficient fossil fuel subsidy reform and calling on "members of the WTO E-commerce Joint Statement Initiative to advance work towards the conclusion of the first set of e-commerce commitments".[1]

With its large body of work, CTI in 2024, as APEC's lead body on trade and investment issues, continues to oversee and is supported by 10 sub-fora and its subsidiary bodies as well as a number of entities and platforms.[2]

  i.   Automotive Dialogue (AD)
 ii.   Business Mobility Group (BMG)
iii.   Chemical Dialogue (CD)
 iv.   Digital Economy Steering Group (DESG)
         a. Data Privacy Subgroup (DPS)
  v.   Group on Services (GOS)
 vi.   Intellectual Property Rights Experts Group (IPEG)
vii.   Investment Experts' Group (IEG)
viii.   Market Access Group (MAG)
 ix.   Sub-Committee on Standards and Conformance (SCSC)
         a. Joint Regulatory Advisory Committee on Electrical and Electronic Equipment (JRAC)
         b. Food Safety Cooperation Forum (FSCF)
         c. Regulatory Harmonization Steering Committee (RHSC)
  x.   Sub-Committee on Customs Procedures (SCCP)

All CTI sub-fora met twice with the majority of meetings taking place on the margins of SOM1 and SOM3. In between the meetings, the sub-fora continued their work and implemented their respective projects intersessionally.

The CTI also worked closely with other APEC committees and working groups to ensure that Leaders' and Ministers' instructions on trade and investment issues were implemented in a

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[1] 2024 APEC Ministers Responsible for Trade Statement
[2] See Section VI: CTI Governance

coordinated manner. The CTI Chair introduced the CTI priorities to each sub-fora at each of their first meetings, and invited the sub-fora convenors to participate in the CTI plenaries where feasible.

The APEC Business Advisory Council (ABAC), APEC observers such as Pacific Economic Cooperation Council (PECC) as well as a large number of guests were active in participating in the CTI and the sub-fora.

The 2024 CTI Annual Report to Ministers highlights the CTI and sub-fora's progress and achievements, including in support of Peru's 2024 theme *"Empower. Include. Grow."* and its priorities of:

    i.   Trade and investment for inclusive and interconnected growth
    ii.   Innovation and digitalization to promote transition to the formal and global economy
    iii.   Sustainable growth for resilient development

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

Section I:	Support for the multilateral trading system
Section II:	Advancing Economic Integration in the Region
Section III:	Trade Facilitation, Connectivity, Digitalisation, and Innovation
Section IV:	Inclusion and Sustainability issues
Section V:	Engagement with the business sector and industry dialogues
Section VI:	Governance
Section VII:	Implementing the Putrajaya Vision, including through the Aotearoa Plan of Action

Finally, CTI is pleased to inform that CTI and its sub-fora maintained their momentum in 2024:

    i.   Across CTI and its sub-fora, 67 projects were approved, with 46 projects approved for APEC funding in 2024 (see Table 2. Note: compared to 33 in 2023).
    ii.   21 self-funded projects were approved in 2024 across CTI and its sub-fora; (Table 3. Note: 32 in 2023);
    iii.   Two CTI-level initiatives were launched in 2024 (Table 4);
    iv.   22 CTI-level events (not including plenary meetings) were/would be conducted this year (see Table 5) (21 in 2023);
    v.   The above does not include the numerous events, publications and work done by CTI's sub-fora, the details of which can be found in the relevant appendices; &
    vi.   A number of projects and initiatives have not yet achieved consensus.

CTI 2024 Recommendations

CTI recommends that Ministers:

<u>***Note:***</u>	-	Table on APEC economy progress in notifying acceptance of the WTO Agreement on Fisheries Subsidies	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
		• 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 Market Access Group (MAG)	Appendix 9
		• The Sub-Committee on Customs Procedures (SCCP)	Appendix 10
		• The Sub-Committee on Standards and Conformance (SCSC)	Appendix 11
	-	2024 Update on CTI Pathfinder Initiatives	Appendix 12
<u>***Endorse***</u>	-	The 2024 CTI Report to AMM	

Section I: Support for the Multilateral Trading System (MTS)

Following the 13th WTO Ministerial Conference (MC13) in February 2024, CTI members continued to actively exchange views and implement initiatives in support of the Multilateral Trading System (MTS).

To stay updated on WTO developments, the CTI included discussions on the MTS at each of the three CTI plenary meetings. At CTI1, Mr Jose Luis Castillo Mezarina, Director General of International Trade Negotiations at the Ministry of Foreign Trade and Tourism (MINCETUR), Peru, provided an update on the outcomes from the WTO MC13. At CTI2 and CTI3, Ms Sandra Herrera, Director, Directorate of Multilateral Affairs, MINCETUR led the discussion. At the Ministers Responsible for Trade Meeting (MRT) in May, WTO Deputy Director-General Ms Angela Paolini Ellard asserted that APEC's leadership had been indispensable for driving reform within the MTS while at the same time calling on APEC to play a major role in transforming the progress achieved at MC13 into concrete outcomes.

Representing the views of the private sector, ABAC continued to provide input and recommendations throughout the year, including issuing a statement in February 2024 ahead of MC13 and a letter in April 2024 to the Minister Responsible for Trade, in support of the WTO.[3]

Amongst the issues that the CTI and its sub-fora discussed during the course of the year were:

a. APEC's role to support the implementation of MC13 outcomes and priorities going into MC14;

b. APEC's role as an incubator of ideas, particularly on trade and environment, and inclusivity issues;

c. APEC's role to support ongoing and concluded WTO discussions, such as agriculture; fisheries subsidies; the Joint Statement Initiatives (JSIs) / Agreements including on E-commerce; Services Domestic Regulation; Investment Facilitation for Development; and micro, small and medium-sized enterprises (MSMEs); the Joint Declaration on Trade and Women's Economic Empowerment; the WTO e-commerce moratorium; and WTO reform to strengthen all its functions; and

d. APEC's role to support the implementation of existing WTO commitments, particularly the Trade Facilitation Agreement (TFA); the Agreement on Fisheries Subsidies; and the Information Technology Agreement (ITA) and ITA Expansion.

Implementing WTO Agreements

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[3] 2024/SOM1/CTI/005 & 2024/MRT/002a

On implementation of the WTO TFA, CTI noted that members' implementation of the agreement saw an improvement with one member moving to 100% implementation from the previous year. The figures are as follows:

Rate of implementation	100%	80-99%	50-79%	Less than 49%
As of September 2024	18 members	2 members (both members are above 94%)	1 member (at 64.7%)	0 member
November 2023	17 members	3 members (all 3 are above 85%)	1 member	0 member
November 2022	17 members	3 members (all 3 are above 85%)	1 member	0 member
November 2021	14 members	4 above 90%; 3 below 88.7%		

Extracted from the WTO TFA Database

On fisheries subsidies, to support the expeditious entry-into-force of the agreement, CTI embarked on a transparency exercise in which members' status of acceptance would be reported in the CTI Chair's Report to Senior Officials at SOM2 and the CTI Report to Ministers at AMM. CTI started this exercise from 2023. The table monitoring acceptance is attached as **Appendix 1**. As of 27 October 2024, 15 APEC economies have submitted acceptance of the Agreement.[4] Some APEC members are also actively taking part in Phase II of the Fisheries Subsidies Agreement.

On the ITA, which had its origins in APEC, the MAG worked on a project *"Study on the Impact of Information Technology Agreement (ITA) and future of ICT trade"*. The objectives were to share the latest trends in ICT trade and technological developments, particularly in the Asia-Pacific region, and to emphasize the importance of ITA for APEC economies. The project has two main outputs: a research report and a virtual workshop. The research report, now published on the APEC website, analysed various aspects of ICT trade, policies, and emerging technologies within APEC economies.[5] This project was also supported by APEC Policy Support Unit's (PSU's) presentation of it work at the MAG meeting, titled *"More than Just Another Expansion: How Can Economies Reinvigorate the Information Technology Agreement (ITA) through a Bolder ITA3?"*. Amongst other points made, the PSU pointed out that there were still areas for improvement for ITA1 and ITA2, especially in adapting to the rapidly changing technological landscape. In this context, an ITA3 could address these challenges by considering a broader range of products, including those related to energy-efficient technologies and smart manufacturing.

Ongoing discussions

A number of WTO discussions are being led/co-led by APEC members and updates are provided by economies at the CTI plenary. They include:

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[4] Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Japan; Korea; Malaysia; New Zealand; Peru; the Philippines; Russia; Singapore; and the United States

[5] https://www.apec.org/publications/2024/07/assessing-study-on-the-impact-of-information-technology-agreement-(ita)-and-future-of-ict-trade

a. Trade and Environmental Sustainability Structured Discussions (TESSD) (co-led by Canada);

b. Dialogue on Plastics Pollution and Sustainable Plastics Trade (DPP) (co-led by China);

c. Fossil Fuel Subsidy Reform (FFSR) (led by New Zealand);

d. WTO JSI on E-Commerce (co-led by Australia; Japan and Singapore); and

e. Agreement on Investment Facilitation for Development (IFD Agreement) (co-led by Chile and Korea)

While the JSI on Investment Facilitation was concluded in the form of the IFD Agreement, members are concerned about the lack of consensus among WTO members to integrate the IFD Agreement into the WTO architecture. APEC members who are parties to the Agreement will continue to pursue its successful integration into the WTO.

Many APEC members are also actively involved in the JSI on MSMEs; the now-completed JSI on Services Domestic Regulation; and the *"Declaration on Advancement of Gender Equality and Women's Economic Empowerment within Trade"*. On the JSI on Services Domestic Regulation, we recalled APEC's role as an incubator of ideas, where we had helped shaped this outcome with the earlier 2018 *"APEC Non-binding Principles for Domestic Regulation of the Services Sector"*.

Members' projects and initiatives supporting the WTO

At the CTI, Peru submitted a concept note *"Follow-up initiative on Promoting Transparency through the Improvement of Information submitted in the Sanitary and Phytosanitary (SPS) Notifications"*. In 2018, Peru successfully led the initiative *Promoting Transparency through the Improvement of SPS Notifications*[6] that identified areas for improvement in specific sections of regular and emergency SPS notifications from APEC economies. As a result, Peru developed some voluntary recommendations in order to improve the quality and completeness of WTO's SPS notifications in APEC region. These recommendations were aimed at facilitating trade and improving the predictability of regulations for government officials and the private sector. In this context, Peru has proposed a follow-up initiative to take a closer look at how specific items within SPS notifications from APEC economies have changed over time, on the basis of the recommendations. A study will be conducted, comparing the results with those of the previous study, and after that, a Public-Private Dialogue (PPD) will be held to discuss best practices and ways to build capacity for improving the information presented in SPS notifications. The concept note has now advanced to the Project Proposal stage.

China proposed a concept note "Revitalizing WTO's functions by addressing contemporary trade issues: Workshop on trade and environment" which aims to facilitate discussion on how WTO members are addressing climate change and other environmental challenges through a one-day workshop proposed for 2025. The workshop would focus on WTO's work and progress, the future of advancing sustainability through trade, while taking into account the

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[6] 2018/SOM1/CTI/011

unique challenges faced by small economies and LDCs. The concept note is now being reviewed by APEC members.

At the MAG, there is ongoing work on the ITA (See para 7 above). Japan updated its project on the "Study on the Impact of Information Technology Agreement (ITA) and future of ICT trade" and highlighted the importance of sharing the latest developments in the trade of ICT products 25 years after the first ITA agreement.

At the GOS, the GOS convenor, the NZ GOS team and the PSU gave a joint presentation on APEC's work on environmental services and APEC model schedule on environmental services in an information session at the WTO Committee of Specific Commitments in April 2024. In addition, Costa Rica, as co-convenor of the WTO Trade and Environmental Sustainability Structured Discussions (TESSD) (and holding a three-year guest status in GOS), updated GOS members on the current discussions regarding Environmental Services, particularly within TESSD's Working Group on Environmental Goods and Services and developments since MC13. The GOS also endorsed the report developed by the United States, titled "Services Domestic Regulation: Envisioning Next Generation Technical Standards Principles", and held a workshop on Services Domestic Regulation: *Applying Effective Principles for Technical Standards Development*. The GOS also discussed potential contributions to the WTO discussions on environmental services for the TESSD.

At the IEG, Chile updated IEG members on the status of the WTO IFD Agreement. China encouraged APEC members who are parties to the IFD Agreement to unilaterally implement the agreement.

At the SCCP, members also shared experience and best practices on implementation of the WTO Trade Facilitation Agreement. A panel discussion was held to share perspectives on issues, problems and challenges associated with the exchange of information in customs, exploring solutions and best practices to improve efficiency and cooperation among APEC economies.

At the SCSC, developments at the WTO Committee on TBT and SPS are reported at the plenary meeting. At the 10th Food Safety Cooperation Forum, speakers shared updates on Codex, WTO SPS Committee, as well as updates from Standards and Trade Development Facility and experiences on food safety issues in their respective economies.

Section II: Advancing Economic Integration in the Region

Achieving the Putrajaya Vision 2040

Advancing Economic Integration in the Region continues to be an important part of the CTI and CTI-sub-fora work. Below are some highlights on work related to Economic Integration in the Region / FTAAP.

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

In 2024, the host economy, Peru, held three dialogues at the margins of each of the CTI plenaries under its initiative *A New Look on the FTAAP* [7] that was approved by the CTI in 2023. APEC members, the PSU, ABAC and the PECC participated actively in all three dialogues.[8]

To support the dialogues, the PSU published its report *A New Look at the Free Trade Area of the Asia-Pacific (FTAAP): Review of APEC's Collective Progress.*[9] The review noted that APEC economies have continuously undertaken various initiatives that have gradually advanced the FTAAP agenda. This includes capacity building activities, the exploration of next generation trade and investment issues, and information sharing about topics related to regional trade agreements and free trade agreements. Several work programs have also contributed to this progress. Despite the progress, the PSU noted that more work can be done to push forward the FTAAP agenda by identifying and addressing policy gaps, suggesting that APEC could strengthen its financial support of capacity building activities, especially those that address less attended areas; encourage more activities that collaborate with not only other APEC fora and sub-fora but also external partner institutions; and consider practical approaches, such as mutual recognition agreements and pathfinder initiatives where APEC economies could gradually join as they become ready to implement. The report also identified areas where APEC has been unable to make progress, noting that issues such as labour and state-owned enterprises (SOEs) have been unable to achieve consensus for several years.

The PSU's Study on "Convergences and Divergences of Free Trade Agreements in the APEC region" also identified areas of convergences and divergences between the APEC economies based on their commitments in their free trade agreements (FTAs).

Australia proposed a new stream of work under the FTAAP agenda involving a series of dialogues starting in 2025 to examine the divergences and convergences among FTA practices across APEC economies, with a view to identifying best practices and opportunities for economies to better align and reduce divergences. Proposed areas of focus included customs procedures, investment facilitation, digital trade, competition policy, SOEs, trade and labour, and trade and environment. The proposed dialogues would take place adjacent to the CTI meetings, with individual economies able to nominate to lead dialogues on particular topics. The discussions would be without prejudice to any economy's FTA/RTA and WTO negotiation positions and would be voluntary and non-binding. The discussions would involve representatives from business, academia and international organisations. The PSU would

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[7] 2023/SOM3/CTI/013 & 2023/SOM2/CTI/007
[8] 2024/SOM1/CTI/DIA1/SUM; 2024/CTI/DIA2/SUM; 2024/SOM3/CTI/DIA1/SUM
[9] https://www.apec.org/publications/2024/05/a-new-look-at-the-free-trade-area-of-the-asia-pacific-(ftaap)-review-of-apec-s-collective-progress

prepare a short analytical and normative study on each topic ahead of the dialogues. The proposal was not endorsed by all economies.

China is leading on a project *"FTAAP Work Program: Digital identity system for entities"* (CTI 204 2023A). The project will gather information on the application of Digital Identity system for entities, including how digital identities might advance trade and investment facilitation as well as any risks, and examine on provisions related to digital identity system for entities in RTA/FTAs chapters/clauses. It also seeks to improve capacity of APEC economies to negotiate trade agreements with provisions related to digital identity. Doing so could help build secure, trusted and inclusive domestic digital identity system for entities ecosystem in line with international obligations and standards, in order to better support the growth of digital economy. In addition to a research report, a capacity building workshop was held in October 2024.

In order to help build the capacity of APEC members, CTI endorsed the *Fourth Phase of the Capacity Building Needs Initiative (CBNI 4)*. Led by Korea, the CBNI 4 will run from 2024 to 2025, with the objectives of covering (a) sectors that reflect the new post-pandemic era economic environment as well as (b) those that were included in previous CBNI programs but whose demands for further discussion and clarification remain with a view to continuing to narrow FTAs/RTAs capacity gaps among APEC member economies. CBNI 4 will build the negotiation capacity of members by providing a platform for sharing current practices and hands-on experience and by exchanging views on the emerging issues of FTAs/RTAs negotiations.

Under the *FTAAP Work Program on APEC Efforts to Address Inclusion in Trade Agreements* (CTI 08 2022S), the United States is looking to finalise the analytical study and summary document related to the project. The study would catalogue provisions in FTAs and RTAs in the APEC region that support inclusivity for SMEs, women, and Indigenous Peoples, and follow up on two workshops held in 2023.

Under the *FTAAP Work Program: Multistakeholder Engagement Approaches for Trade Agreement Development* (CTI 06 2022S), the United States released a report in March 2024.[10] Implemented under the APEC FTAAP Work Program, this project included a survey and workshop to explore how APEC economies can apply multistakeholder engagement approaches to better integrate stakeholder perspectives into trade agreement development. The report serves to convey the project outcomes. The survey findings offer perspectives from both government officials and non-government stakeholders on current multistakeholder engagement practices in APEC economies. The workshop also provided case studies of effective practices, and possible next steps for APEC's initiatives on multistakeholder engagement.

At the MAG, the United States is leading on a potential project *"Advancing the FTAAP: Issues Related to Rules of Origin"* (MAG 201 2024). A proposed workshop is intended to help participants understand how rules of origin work and cover international work in the WTO and World Customs Organisation (WCO). Participants are expected to learn practical tools about how to update their rules of origin to reflect changes to the Harmonized System.

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[10] https://www.apec.org/publications/2024/03/apec-ftaap-work-program-multistakeholder-engagement-for-trade-agreement-development

Additionally, the CTI's FTAAP agenda-related projects that were planned, completed or ongoing include:

a. Promotion of seamless connectivity involving peer review and capacity building on APEC Infrastructure Development and Investment;
b. Trade Facilitation by utilizing IT products which will look at the study on the impact of ITA and future of ICT trade;
c. Trade facilitation involving APEC workshops for capacity building in Self-Declaration of Origin for FTAs/RTAs;
d. Promoting e-commerce/digital trade rules that support MSMEs trade;
e. Enhancing innovation through sharing best trade policy practices to enhance synergies between trade and innovation;
f. Promoting development of an inclusive digital economy in the region;
g. Supply Chain Resilience through research on helping businesses build and maintain, open secure and resilient supply chains;
h. Climate change related non-tariff measures through a study on non-tariff measures affecting the trade in goods reducing greenhouse gas emissions;
i. Inclusion; &
j. Tariffs

CTI continued discussions on proposals for FTAAP agenda Work Programs on (a) State-owned Enterprises (SOEs) and (b) Labor-related Provisions in FTAs/RTAs, including information-sharing on Technical Assistance and Capacity Building provisions in FTAs/RTAs. Consensus has not been reached on these proposals. Amid ongoing deliberations for several years, the United States and Japan temporarily withdrew their proposal on SOEs, as they saw the necessity to reconsider the scope of the project to build on similar work and related discussions at other international organisations. Reiterating the importance of SOEs as a focus area of the FTAAP agenda Workplan, the proponents submitted a new proposal, for SOEs as a focus area of the FTAAP agenda workplan, taking the form of a workshop, though this is yet to achieve consensus.

PECC initiated a project titled *PECC Signature Project: FTAAP Pathways to Prosperity*, which aims to give greater substance to the FTAAP and provides an opportunity to engage APEC economies, businesses and academics to develop a longer-term vision for trade and economic collaboration in the region.[11] All economies were invited to participate.

Other EIR initiatives

CTI continued exchanging information under the annual *"Information Sharing Mechanism"*, moderated by Australia. This year at CTI3, members looked at *"Digital Provisions in FTAs/RTAs"* which examined WTO-plus aspects of RTAs. The World Economic Forum (WEF) provided opening remarks. Chile updated members on the Digital Economy Partnership Agreement (DEPA); Japan spoke on its Economic Partnership Agreement with the United Kingdom (Electronic Commerce section); while Korea shared information on the Korea-Singapore Digital Partnership Agreement (Korea)

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[11] https://www.apec.org.au/ftaap-pathways-to-prosperity

APEC economies provided regular updates on economic integration pathways and other initiatives at the CTI. These included developments at:

a. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP);

b. Regional Comprehensive Economic Partnership (RCEP);

c. Pacific Alliance (PA);

d. Digital Economy Partnership Agreement (DEPA); and

e. Inclusive Trade Action Group (ITAG) and the Global Trade and Gender Arrangement (GTAGA).

Market Access Group

As with the past two years, CTI continued to follow up with the tasking to the MAG to follow up on the 2021 AMM Statement related to Environmental Goods (EGs), i.e., to *"develop recommendations for potentially producing a voluntary, non-binding reference list with a view to providing guidance for further work, and to update the APEC List of Environmental Goods to HS2022 for reference purposes"*. We note that Ministers Responsible for Trade had acknowledged the progress to-date.[12] The work on EGs can be found in the Sustainability section.

In addition, the Market Access Group also carried out work, including:

a. A US-led event under the project *Trade of Remanufactured Consumer Electronic Products in APEC* (MAG 01 2023S) to progress work on the "Pathfinder on facilitating trade in remanufactured goods".[13] A one-day workshop was held on the margins of SOM3. The project consists of three elements: a study on the region's trade of remanufactured consumer electronic goods; a workshop following the study to discuss best practices and facilitate experience sharing; and finally, an economy-level capacity building program on remanufactured consumer electronic product.

b. The MAG monitors the use of the APEC Trade Repository (APEC TR) by users and keeps the information up-to-date. The platform is an online reference tool for trade and tariff information on APEC's 21-member economies, in furtherance of its work towards trade facilitation, transparency, information dissemination and connectivity.

c. In addition to the project studying the *Impact of Information Technology Agreement (ITA) and Future of ICT Trade* (see Section 1, para 7), MAG members continually exchange views on the benefits of joining the ITA and the expanded ITA.

Services Trade

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[12] See the 2024 MRT Statement and the 2023 AMM Statement
[13] https://www.apec.org/meeting-papers/annual-ministerial-meetings/2011/2011_amm/annex-d

The GOS continued to champion work on services via the APEC Services Competitiveness Roadmap (ASCR).

The ASCR Dialogue was held on the margins of SOM3. The dialogue examined ASCR progress and sought insights from stakeholders, including industry and other relevant organizations, on the opportunities and challenges related to the ASCR objectives. In 2024, the dialogue focused on strengthening cross-fora collaboration by incorporating two key issues, "Exploring how digitalization can create opportunities in high-skill services: maximizing benefits for women as service entrepreneurs" (a joint project with the PPWE) and a joint GOS-EC dialogue on services and structural reform. The dialogue also examined what is needed to meet the ASCR objectives as the target date of 2025 approaches, and what issues should APEC economies consider as they determine APEC's future agenda on services.

Within the ASCR is the APEC Index for Measuring the Regulatory Environment of Services Trade in the APEC Region (APEC Index), intended as a helpful tool for policymakers in the region to support decision making processes on services trade policy, including by enabling policymakers to review and address barriers to digitally enabled services. A technical group meeting was held on the margins of SOM3. The United States, as the new Chair of the Technical Group and champion economy for the issue, updated GOS on the developments of the APEC Index, [with a view to expanding the coverage to all APEC economies and all 22 services sectors covered in APEC Index.]*pending outcome from the GOS Report

With the ASCR's final review due 2025, Senior Officials approved the proposal for the GOS to initiate a final review of the ASCR with the support of the APEC PSU.

The GOS also conducted the following workshops in 2024:

    a.   GOS Workshop: "Knowledge Intensive Business Services (KIBS), Digital Services and Barriers faced by Women in International Trade in Services" (GOS 02 2022) on 15 August 2024;

    b.   GOS Workshop: "Services Domestic Regulation: Applying Effective Principles for Technical Standards Development" (GOS 10 2024T) on 16 August 2024;

    c.   GOS Workshop on Exploring opportunities and challenges for Professional Services Mutual Recognition in APEC (GOS 01 2022S) on 1 March 2024;

    d.   EC and GOS Joint Workshop on Services and Structural Reform (EC-GOS 02 2022S) on 2 March 2024

On Environmental Services – see section IV on Sustainability.

Investment

The Investment Experts Group (IEG) had focused on two pillars of work:

    a. International Investment Regime – Principles and Practices: This pillar delves into various investment challenges and issues through the lens of international instruments, notably International Investment Agreements (IIAs); and

b. Investment Promotion, Facilitation, and Retention: This encompasses ongoing initiatives such as the work on upgrading the Investment Facilitation Action Plan (IFAP), Investment Policy Dialogue (IPD), and Investment Promotion Agency (IPA). Additionally, it encompasses discussions on best practices and addresses cross-cutting issues such as global value chains (GVC), public-private partnership (PPP), and infrastructure development.

Ongoing work includes the deliberations to update the principles under the IFAP to ensure relevance and efficacy in supporting the PV2040 and APA, the necessity of which was noted by the Ministers Responsible for Trade in 2024 in Arequipa; and examining the international investment regime, providing a forum for collaboration among industry stakeholders, academia, and policymakers to exchange insights and coordinate efforts aimed at fostering a fair and transparent economic integration in the region.

At SOM3, the IEG held a workshop *"Best Practices Aimed at Attracting Quality FDI and Measuring it to Promote Sustainable Development through the Execution of Physical Infrastructure"* that benefitted from multistakeholder engagement across the public sector, private sector, multilateral development banks, and civil society organisations.

Section III: Trade Facilitation, Connectivity, Digitalisation, and Innovation

Trade Facilitation - Supply Chain Connectivity

CTI and the PSU finalised the mid-term review of the *Third Phase of the APEC Supply-Chain Connectivity Framework Action Plan (SCFAP III) 2022-26.* The review noted that APEC economies were making good progress and actively tackling supply chain challenges across the five chokepoints and implementing good practices, in areas such as cross-border paperless trade facilitation, performance of digital and transport infrastructure, and a strong commitment to digital trade. Nevertheless, continued focus is required to address weak performance in the electronic submission and handling of sanitary and phyto-sanitary (SPS) certificates; the need to strengthen legal frameworks for cross-border data exchange; and setbacks in Single Window access for MSME as well as stagnant MSME participation in Authorised Economic Operator (AEO) schemes.

At the 16th meeting of the *APEC Alliance for Supply Chain Connectivity (A2C2)[14]*, held on the margins of SOM3/2024 the Subcommittee on Customs Procedures (SCCP) Convenor and Deputy Convenor gave a readout on the APEC Customs Business Dialogue which focused on the latest developments in digitalization of end-to-end of supply chains. There were panel discussions and sharing on moving from the informal economy to the formal economy; economies' Unique Identifier Program and the nexus between the two.

Korea will organise two events in 2025 related to supply chains. Under the project Sustainable Supply Chains in the APEC Region: Challenges, Progress, and Future Tasks (CTI 103 2024A), the project will focus on identifying potential environmental risks in supply chains and disseminating best practices for inclusive and sustainable supply chains across the APEC region. A forum is planned for SOM1/2025. The second, under the proposed project Capacity Building Workshop on Resilient Supply Chain, Korea intends to organise a workshop on the margins of SOM3/2025 which would touch on rules of origin amongst other.

WTO TFA implementation – see Section 1

Trade Facilitation - Digitalisation

Peru is leading on a project *"Improving Supply Chain Transparency with digital exchange of traceability and ESG (Environmental, Social and Governance) credentials to facilitate APEC trade flows"* (CTI 207 2023A). The project will apply electronic exchange of paperless Traceability Registries and ESG credentials on specific goods and trade routes in three pilot projects, focusing on MSMEs, who find it more difficult to meet these international trade requirements. The pilot will include China; Indonesia and Peru as participants.

Japan, supported by the PSU, is working on a report *"Promoting the utilization of paperless trade platforms in the post COVID 19 era"*. In APEC economies, paperless trade platforms have been launched with the aim of digitalising the trade process which enables businesses to conduct cross-border trade in a more efficient and streamlined manner. This results in reduced trade costs and increases the potential for businesses to access new markets. The report will

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[14] The A2C2 was established as a public private mechanism for stakeholders from APEC economies to formally engage in supply chain work. Its ToR was renewed at CTI1/2024.

analyse relevant paperless trade platforms used by members, including through a review of each platform's functions, primary research through a multi-economy survey of exporters, and interviews with relevant stakeholders interacting with these platforms. The insights would help further the understanding of the user benefits of paperless trade for each in-scope economy, as well as the enablers of successful paperless trade platforms, and to develop recommendations to help businesses engage in paperless trade through the platforms.

The ToR for the China-led *Asia-Pacific Model E-Port Network (APMEN)* was renewed at CTI1/2024. Established in 2014 at the 22nd APEC Economic Leaders' Meeting (AELM), the APMEN's focus is to contribute to regional trade facilitation and supply chain connectivity through E-Ports, and work would include literature review and research, capacity building, public-private dialogues, seminars, best practices and pilot projects.

Global Value Chains

Peru led work on Trade in Value Added (TiVA) via its project "*TiVA - Evolution of GVC indicators (backward and forward participation*". The project focused on examining the participation indicators of the APEC region in Global Value Chains (GVCs) using the OECD's international trade database in terms of value-added, and involved analyzing the evolution of GVCs participation indicators, both forward and backward, for goods and services, in the APEC region from 1995 to 2020, with a focus on identifying changes in participation patterns. In additional, the project sought to identify (a) export industries/sectors with the highest domestic and foreign value added; (b) key industries/sectors where APEC plays a major role as a supplier (forward participation) and as a buyer (backward participation) of inputs; and (c) APEC primary trading partners in terms of value added. The project published its results which had provided insights into APEC's role in GVCs, contributing to a better understanding of its impact on the global economy.

Australia completed its project *"Fostering Greater SME Participation in Global Value Chains"* (CTI 01 2023S) which aimed at improving the opportunities for SMEs to engage in international trade through better participation in global value chains. The key activities of the project involved a half-day in-person APEC Symposium on Technology and Trade, half-day in-person site visit(s) to business facilities, and two-day Super Exchange Conference on Emerging Technologies and Sustainable Trade. These events were held in Sydney, Australia. The project also incorporated five virtual group sessions, some one-on-one sessions online, and web-based source of reference material.

Trade Facilitation - Customs Procedures

The Sub-Committee on Customs Procedures (SCCP) achieved the following key outcomes in 2024:

a. SCCP held an APEC Customs Business Dialogue (ACBD) on 14 August 2024, under the theme – "Digitalization of end-to-end supply chains: Latest developments and next steps". The ACBD brought together the government and business sectors to discuss how digitalization can enhance efficiency and interoperability in global

trade, and the critical role of digital technology in streamlining custom processes and improving supply chain visibility.

    b. SCCP also conducted the following projects / workshops:

       i. Workshop on *Technological Solutions for Green Customs in the Asia-Pacific Region* (SCCP 201 2023T) on 13-14 August 2024;

      ii. Workshop on *Best practices to promote transparency in the logistic supply chain: information platforms of logistic services for foreign trade* (SCCP 202 2023A) on 17 August 2024;

    iii. Workshop on *Improving the digitalization of international trade: the relevance of the use of an electronic Bill of Lading"* (SCCP 203 2023A) on 12 August 2024;

    iv. Workshop on *Focusing on MSME Engagement in E-Commerce with Best Practices Recommendations on Regulatory Procedures for Small, Low-Value Shipments* (SCCP 04 2022S) on 18 August 2024.

      v. Workshop on *Exporting entrepreneurship: export promotion program aimed at MSMEs, rural communities, women, and young people"* (SCCP 02 2023S) on 26 February 2024.

     vi. Workshop on *Empowering women in frontline Customs work: policy report and management indicators* (SCCP 01 2023S) on 13 June 2024.

   vii. Virtual Workshop on APEC Workshops for Capacity Building in Self-Declaration of Origin for FTAs/RTAs (SCCP 02 2022T) on 31 January 2024.

    c. The following member-led initiatives were also conducted:

       i. A China-led initiative *APEC Smart Customs Cooperation Partnership Initiative*

      ii. A Peru-led initiative *Good practices in Customs value declaration and control aimed at voluntary compliance and trade facilitation;*

Connectivity – Quality Infrastructure Development

Japan, with the support of the PSU, had completed the project on "Peer Review and Capacity Building on APEC Infrastructure Development and Investment: Chile". The final report had been published on the APEC website.[15] Peru has volunteered to be the next economy for the Peer Review.

Connectivity – Business Mobility and the ABTC

The APEC Business Travel Card (ABTC) facilitates short-term business travel within the APEC region by streamlining the entry process into APEC economies. It helps facilitate business to business interaction to boost economic growth in the region. Following the launch

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[15] https://www.apec.org/publications/2024/10/peer-review-and-capacity-building-on-apec-infrastructure-development-and-investment--chile)

of the Virtual ABTC in November 2020, participating members are progressively transitioning cardholders to the virtual ABTC. At the second Business Mobility Group (BMG) meeting in 2024, the meeting went through the latest ABAC 'User Experience Survey' report. The findings of the survey indicated that a majority of ABTC holders valued access to the scheme, but application and pre-clearance times remained a concern. The survey was highly valuable and provided critical feedback to understanding the efficacy of the ABTC product and associated services. In relation to the ABTC pre-clearance, data indicated notable improvements in pre-clearance times across the entire ABTC scheme since active data monitoring started in April 2023. The data from July 2024 indicated growth in foreign pre-clearance requests, with an encouraging marked decline in pre-clearance processing times – down to 20 days on average. Despite these improvements, there remains issues with several economies' pre-clearance times.

Connectivity - Expanding Regulatory Cooperation and Advancing Regulatory Coherence

The Sub-Committee on Standards and Conformance (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 Joint Regulatory Advisory Committee (JRAC) on Electrical and Electronic Equipment, the Food Safety Cooperation Forum (FSCF), and the Regulatory Harmonization Steering Committee (RHSC) on Medical Products report to the SCSC as its subsidiary bodies. The RHSC was added as an SCSC subsidiary body in March 2024, through the establishment of a new set of ToR for the RHSC. The RHSC previously reported through the Life Sciences Innovation Forum (LSIF), which was sunset in 2022.

To achieve the goals of the SCSC, the group and its subsidiary bodies conducted its normal committee work and projects throughout 2024. In addition to the two SCSC plenary meetings in 2024, the SCSC held:

    a. The first meeting of the Regulatory Harmonization Steering Committee (RHSC), held in Singapore (July 2024);
    b. The 10th Food Safety Cooperation Forum (FSCF) Conference (SOM3);
    c. The 31st Joint Regulatory Advisory Committee (JRAC) on Electrical and Electronic Equipment (SOM3);

In addition, several workshops were held throughout the year. Some workshops that were held during SOM3 included:
    a. A workshop: "Emerging Technologies and GRPs - Emerging Technologies for Digitization/Digitalization and International Regulatory Cooperation";
    b. SCSC-FSCF Workshop: "Electronic Certification of Animal Products;
    c. A workshop: "APEC experiences on Good Regulatory Practices: Improving Public Consultation";
    d. The 15th SCSC Conference on Standards and Conformance: Leveraging Voluntary Sustainability Standards (VSS) to strengthen APEC member economies' trade partnerships and economic cooperation; and,
    e. The 17th Conference on Good Regulatory Practices (GRP17) which took place during SOM3 continuing the legacy of previous GRP conferences within APEC. This event aligned with APEC 2024's theme, "Empower. Include. Grow," and the priority of "Innovation and digitalization to promote transition to the formal and global economy." GRP17 has emphasized the importance of good regulatory

practices in enhancing competition, productivity, and competitiveness, essential for sustainable growth and human development. The conference focused on strategies, tools, and practices in regulatory policy to encourage the transition from informal to formal and global economies.

The 3rd Survey of the 12th Voluntary Action Plan (VAP) and the 4th survey of the 9th VAP Alignment Work were conducted.

Digitalisation

Under the joint Peru-United States project *"Digital Trade Policy Dialogue"* (CTI 03 2024S), the dialogue was held on 20 August 2024. Since 2016, the CTI has brought together member economies and private sector stakeholders in trade policy dialogues to discuss common issues related to digital trade/e-commerce, explore emerging policy trends, and further an understanding of opportunities that promote inclusion in the digital economy. Building on themes explored in APEC digital trade/e-commerce discussions held in 2023 and 2024 thus far, with a view to emphasizing how digital trade/e-commerce can further APEC's efforts on trade and inclusion and sustainability, and exploring actions related to digital trade/e-commerce under the *San Francisco Principles on Integrating Inclusivity and Sustainability into Trade and Investment Policy*, the 20 August event included panel discussions on topics such as "Addressing Digital Trade and Trust" and "Expanding Digital Inclusion Through Digital Trade". There was also a keynote speech by Global Index on Responsible AI on "Measuring the Impact of Responsible AI".

On the margins of SOM3, Peru organised a two-day workshop under the DESG project *"Strengthening capacities to use spectral signatures of remote sensing applied in environment control processes for the identification of environmental impacts in the mining sector"* (DESG 204 2023A). The project seeks to strengthen capabilities and increase knowledge to improve environmental control, using geo technologies, with emphasis on the spectral signatures of critical components in mining and thereby zone areas of negative environmental impact. The use of geo technologies with spectral signatures will allow the automation of spatial analysis and the identification of environmental impacts related to mining activity. A summary report will be circulated.

Australia led on a number of digital projects, including:

a. a one-day workshop "A path to paperless trade: analysing the legal barriers and economic benefits of adopting the UNCITRAL MLETR" (CTI 02 2024S) which was held on the margins of SOM3. The objective is to analyse the regulatory gaps and economic benefit of the MLETR to promote a move towards paperless trade. The analysis will allow economies to better understand what domestic legal environment will be required to facilitate the use of electronic transferable records within their borders and in the APEC region. An approach to paperless trade, based on the model law, will help ensure that businesses, including MSMEs, can leverage and rely on digital tools to effectively participate in global trade.

b. a two-day event under the project "Building the capacity of digital trade/e-commerce agreement negotiators" (CTI 11 2023S) which took place on 16 – 17 October 2024. The event sought to bring together digital trade rule negotiators

across the APEC to build their negotiation capacity and equip negotiators with the skills to enhance APEC's facilitation of and cooperation on digital trade.

c. work on a project "Implementing the Principles for the Interoperability of Electronic Invoicing Systems in the APEC Region" (CTI 06 2024S) which builds on the 2023 'Principles for the Interoperability of Electronic Invoicing Systems in the APEC Region'. [16] This project will explore a pathway towards the implementation of the Principles. This will be done through the development of a research report to build confidence in and understanding of e-invoicing policies, infrastructure and processes in the APEC region, and what is needed for greater interoperability such as identifying potential barriers, best practice examples and potential areas for further technical assistance and capacity building for more effective and efficient implementation of the Principles in APEC economies. The report will also explore the benefits of e-invoicing to business, particularly SMEs. The findings will be presented in a virtual workshop.

d. a DESG project "Measuring the Economic Relationship between Digitalisation and Digital Trade" (DESG 01 2024S), where a virtual workshop on "Impact of Digitalisation on Digital Trade – Evidence from APEC Member Economies" was held virtually on 26 September. The event explored trends in digitalisation, introduced a novel approach to identify the impact of digitalisation on digital trade flows through a study of APEC economies, and discussed how APEC policymakers can unlock the benefits of digitalisation.

China led on a project *"FTAAP Work Program: Digital identity system for entities"*. See Section II, para 5 for details.

Indonesia led a workshop *"Exploring Opportunities towards Public Private Partnership on Artificial Intelligence in APEC Economies"* on 17 August 2024, on the margins of SOM3. The workshop featured discussions on AI regulation, business development opportunities, and future pathways for AI-related PPPs. Key workshop takeaways included: (1) the need to focus on transparency and trust issues, (2) ensuring cooperation respects Intellectual Property rights, (3) the implementation of Good Regulatory Practices, and (4) the development and implementation of efficient regulations to support government and private sector collaboration. A workshop final report would be circulated in due time.

The United States led two digitalisation events in 2024:

a. At SOM1, a workshop under the project *"Workshop on Implementing the APEC Pathfinder on Building Blocks for Facilitating Digital Trade"* (CTI 09 2023S) was held to examine how the Pathfinder could help economies promote innovation and inclusive digital trade. The workshop provided insight into how the application of the Building Blocks can enable economies to navigate the regulatory environment of the ever-changing digital trade landscape and promote greater MSME participation in the digital economy. The workshop also started a dialogue on potential updates to the Building Blocks to ensure that the Building Blocks continue to be relevant in an evolving digital landscape for the region.

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[16] https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/trade/2023-apec-ministers-responsible-for-trade-statement-of-the-chair/annex-1

b. At SOM3, the United States organised an event under the project *"Enabling MSMEs to Grow in the Global Economy by Operating Seamlessly Across the Omni-Channel Environment"* (DESG 101 2024A). This project seeks to strengthen MSME ability to become "omni-channel" – seamlessly integrating their operations across physical and digital channels – increasing their access to customers worldwide and enabling them to grow their business, ultimately improving their ability to successfully integrate into the global economy. This project also seeks to strengthen policymakers' ability to develop "balanced" policies that do not inadvertently favor one channel over another and collect purpose driven data from the originating platform (physical or digital) to inform policy decisions.

Digital Economy Steering Group (DESG)

At the margins of SOM3, DESG held workshops on (a) Enabling MSMEs to Grow in the Global Economy by Operating Seamlessly Across the Omni-Channel Environment; (b) Strengthening capacities to use spectral signatures of remote sensing applied in environmental control processes for the identification of environmental impacts in the mining sector; and (c) Exploring Opportunities towards Public Private Partnership on Artificial Intelligence in APEC Economies.

At the DESG plenary, there were policy dialogues on (a) Formalization of informal businesses where views were exchange on "Innovation and digitalization to promote transition to the formal and global economy"; (b) Artificial Intelligence (AI) governance and capacity building where DESG discussed the development of generative AI and relevant approaches in member economies, including policy frameworks, industry specific approaches, and regulatory sandboxes; (c) transformation for digital and green development; and (d) digital identity systems, looking at improving the interoperability of digital identity systems across APEC.

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. The work facilitates the transparency of economies' domestic regulations and approaches on e-commerce.

Data Privacy Subgroup

The DESG Data Privacy (DPS) subgroup, a subsidiary body of the DESG, continues to pursue work on the APEC voluntary 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.

At the second DPS meeting, there was a panel discussion on data privacy aspects of the development and implementation of AI technologies. Members continued to share their Data Privacy Individual Action Plans (IAP) which helped improve the transparency of data protection frameworks of member economies.

Innovation - Intellectual Property

IPEG had a number of events and initiatives this year. They included:

    a. a dialogue with Industry Partners on IP Financing at SOM1;

    b. a workshop on *Enhancing Innovation with More Efficient Patent Systems: Tools, Resources and Work-sharing* at SOM3; and

    c. a workshop on *Digital enforcement to improve fight trademark counterfeiting* at SOM3.

In IPEG2 plenary session at SOM3, the World Intellectual Property Organization (WIPO) joined the discussions on IP developments.

At the CTI-level, Japan organised a one-day virtual event on 1 February 2024 under the project "Sharing Best Trade Policy Practices to Enhance Synergies between Trade and Innovation" (CTI 03 2023T). The event saw participants share best practices on trade and innovation in APEC economies. A summary report was circulated.

Section IV: Inclusion and Sustainability

Under the theme "Empower, Include, Grow," Peru had among its three priorities –"Sustainable growth for resilient development". As such, there have been a significant number of initiatives, led by both the host economy and members, on "inclusion" related topics. This work built on outcomes from recent years, such as the 2022 *Bangkok Goals on Bio-Circular-Green (BCG) Economy* and the 2023 *San Francisco Principles on Integrating Inclusivity and Sustainability into Trade and Investment Policy.*

A key highlight in 2024 was the inaugural 17 May "Joint Meeting of Ministers Responsible for Women and Ministers Responsible for Trade" chaired by Mrs. Angela Teresa Hernández, Minister for Women and Vulnerable Populations and Mrs. Elizabeth Galdo, the then-Minister of Foreign Trade and Tourism. The meeting focused on the issue of economic empowerment of women through trade. A joint statement was issued in the presence of Peruvian President Dina Boluarte.[17]

Trade and Inclusion

Peru organised a self-funded *"Policy Dialogue on promoting inclusive trade to foster MSME growth and transition to the formal economy"* on 12 May 2024, with the objective to discuss the importance of inclusive trade for economic growth in APEC economies; exchanging views and sharing best practices on how trade policies and programs can help MSMEs and other groups with unrealized economic potential benefit from trade opportunities and help encourage informal businesses in the APEC region to transition into the formal economy. The dialogue discussed the importance of international trade and access to foreign markets, in promoting MSME growth and their transition to the formal economy. MSME from both goods and services sectors can benefit from international trade directly or indirectly as part of the global and regional value chains. There was also a discussion on the role APEC can have in promoting inclusive trade and the transition to the formal economy, especially under the 2024 APEC priorities.

Peru also conducted a two-day workshop on 19 & 20 August 2024, entitled *"Promoting Women's Economic Empowerment through Trade Policy and Trade Agreements: Sharing Experiences and Lessons Learned in the APEC Region".* The project, which consisted of a survey and a two-day workshop, had the objectives of (a) improving the availability of information on how APEC economies use a gender mainstreaming approach in their trade policy and trade agreements; (b) promoting dialogue and enhancing the understanding about the opportunities and challenges faced by APEC economies when implementing trade-related initiatives aimed at promoting women's economic empowerment through trade; and (c) contributing to the identification of specific ways through which APEC can support the furtherance of inclusive initiatives aimed at improving women's economic empowerment through trade. The workshops had over 60 participants on each day. A Project Summary Report will be circulated in due course.

Under the Australia-led *APEC Business Activator Pilot for Women-Led SMEs to Access Global Markets* project (CTI 05 2023S) and to contribute to the La Serena Roadmap on Women, this project aims to help women-led businesses grow globally by strengthening the capacity of private sector participants from women-led SMEs to build business competencies and help

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[17] 2024/WMM-MRT/JMS

navigate barriers to both local and global markets. 10 online workshops were delivered and a three-day training session was held in Melbourne, Australia earlier in the year. A final report is being prepared.

Australia organised a one-day hybrid workshop entitled *Increasing Access to the Benefits of Trade for Indigenous Businesses and Entrepreneurs II* on 20 August 2024. It builds on the previous year's work and the AMM Dialogue on Indigenous trade hosted in San Francisco.

Malaysia organised a two-day workshop entitled, *Capacity Building Workshop on MSME-Specific Provisions in FTAs* (CTI 205 2023A) on 8 and 9 October 2024. Through a two-day workshop, this project aims to take inventory of MSME-specific provisions in FTAs/RTAs and compile case study examples through desk research, open discussion and a case study method. The workshop aims to have open discussion involving industry players, government officials and think thanks on MSME-specific provisions or elements in current FTAs as well as information sharing by MSMEs on their experiences in internationalisations, through utilisation of relevant/ general FTAs/RTAs provisions on MSMEs. This is taking into consideration new and emerging challenges and lack of existing coherent MSME policies in APEC. The findings and recommendations generated from the workshop will help to inform future APEC work and activities of MSMEs utilising existing FTAs to increase trade and help inform future FTAs/RTAs in the APEC region.

The United States is leading a project *"Implementing the San Francisco Principles: Trade, Trade Policy, and Data"* (CTI 07 2024S) which will share information and build capacity of officials around data collection and analysis to understand the distributional effects of trade of different demographic subsets in their economies. A two-day workshop is planned for SOM1/2025. Other related work included a baseline study and targeted economy-level work, including their statistical agencies, and capacity building support to discuss, identify, and address identified data gaps

Viet Nam organised a workshop on *Promoting Green Logistics for Inclusive and Sustainable Growth* (CTI 02 2023) on 16 April 2024, which sought to share information, experiences, good practices and suggest recommendations on ways to promote green logistics towards inclusive and sustainable growth. It also aimed to build awareness and capacity for participants, especially the regulators, policy makers and businesses working on logistics sector; and discussed how to promote green logistics towards inclusive and sustainable growth. A Summary Report for the event was subsequently circulated.

Trade and Sustainability

On the margins of SOM1, Canada organised a workshop on *Prospects of Low-Carbon Trade in the APEC Region*. The workshop focused on the prospects of green and low-carbon trade and production in the Asia-Pacific region and shared knowledge and analysis on the prospects of green and low-carbon trade to enhance member economies' capacity to support sustainable growth and transition to green and low-carbon trade. A summary report for the event was circulated.

Environmental Goods

At the 2021 AMM, Ministers instructed officials "*to develop recommendations for potentially producing a voluntary, non-binding reference list with a view to providing guidance for further work, and to update the APEC List of Environmental Goods to HS2022 for reference purposes. We encourage further discussions on the impact of non-tariff measures on trade in environmental goods and services, and on other regulatory measures that underpin the development of more sustainable supply chains*". In this regard, the CTI had tasked MAG to follow up on the issues:

    a. *Environmental Goods Work Plan*. A workplan was developed and endorsed by the MAG to provide a framework for APEC's environmental goods agenda and to respond to ministerial tasking on this front. This encompasses work on key issues such as HS transposition, recommendations for potentially producing a voluntary, non-binding reference list of environmental goods, and facilitation of further work on non-tariff measures and regulatory issues for environmental goods – which have been tasked by Ministers. The MAG had extended the Work Plan for an additional year, to August 2025.

    b. *Technical updates / Transposition exercise of the 2012 APEC List of Environmental Goods* to HS 2022 had been completed and the results have been published on the APEC website.[18]

    c. *Developing Recommendations for Potentially Producing a Voluntary, Non-Binding Reference List of Environmental Goods*. Australia was leading the discussion on drafting a framework for this work. In addition, the United States is organising a virtual Trade Policy Dialogue (TPD) "Approaches and Methodologies for Verifying Environmental Contributions of Certain Goods" (MAG 101 2024S) which will explore Pillar 3 of the Workplan (Non-tariff Measures and Regulatory Issues), on effective measures for verifying environmental contributions of certain goods.

Environmental Services

The GOS Convenor, New Zealand and the PSU participated at an information session at the WTO in April 2024, to present on the APEC work on the *Reference List of Environmental and Environmentally Related Services*, which was first adopted and annexed to the 2021 AMM Statement. Since then, GOS had proceeded with discussions on how to increase trade in environmental and environmentally related services, including by supporting liberalisation, facilitation, and cooperation.

Fisheries Subsidies

See Section I, Para 7.

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[18] https://www.apec.org/docs/default-source/groups/mag/apec-list-of-environmental-goods-in-hs-2022-for-reference.pdf?sfvrsn=4be29db1_1

Green Supply Chains

The ToR of the APEC Cooperation Network on Green Supply Chain (GSCNET), led by China, was endorsed at CTI3.[19] The objectives of the GSCNET are to (a) raise awareness and understanding on trade and investment-related policies that support the development of green supply chains; (b) share information, experience and practices on Green Supply Chain, as they relate to the cross-border movement of goods and services, and promote public-private cooperation on these issues; (c) encourage enterprises in the region to utilize Green Supply Chain management tools, with an aim to facilitate the cross-border movement of goods and services; and (d) establish and maintain a communication and cooperation platform for knowledge sharing on Green Supply Chain management practice among APEC economies, improve the environmental performance of regional supply chains and contribute to the implementation of SCFAP III. The ToR of the GSCNET run from 2023 to 2026.

1China is leading a project, *Capacity Building Workshop on Green Supply Chains to Address Environment Challenges,* in 2025 to further discussion on green supply chains with officials, entrepreneurs, NGOs and experts to share views, experience and best practices on green supply chains, including green supply chain management, life-cycle management of commodities for environmental performance, the importance of transparency to monitoring and verification, and practices of green supply chains in various industries. The aim is to help member economies better understand green supply chains, introduce best practices, and explore cooperation opportunities

Addressing Inefficient Fossil Fuel Subsides

In the 2021 AMM statement, AMM "welcome(d) the options, as reported by officials, that member economies could take to pursue a voluntary standstill on inefficient fossil fuels subsidies" and "call(ed) for member economies to take forward discussions … to facilitate future implementation" as well as "encourage(d) officials to identify additional capacity building activities in support of this work". In this regard, New Zealand, as the lead economy, has been updating CTI members of this work, including encouraging members to participate in the voluntary self-reporting exercise.

Other initiatives on sustainability

Viet Nam is leading a project *"APEC Capacity Building Workshop on Trade and Environment"* (CTI 102 2024A), under the Capacity Building Needs Initiative (CBNI 4) Action Plan Framework. A two-day Capacity Building Workshop on Trade and Environment will be held in 2025 with the expectations that it will provide capacity building for APEC economies, especially developing economies, through information sharing and discussions about the relationship between trade and environment, including emerging environmental issues in RTAs/FTAs. Potential topics for discussion include sessions on environmental goods and services, biodiversity and trade, climate change and trade, energy efficiency/ renewable energy and trade, case studies and experiences exchange on the impact assessment of environmental commitments in trade agreements, and marine and fisheries related issues.

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[19] 2023/SOM3/CTI/024

Russia is leading work on the initiative *Exploring interoperability in APEC approaches on Green Finance and Sustainable Investing* (2023/SOM2/CTI/IS01). The initiative aims to promote a better understanding of the existing and emerging alignment approaches in the APEC region. Arising from this initiative, an Analytical Report has been published.

Section V: Other Projects

Under Peru's host year, Peru's Institute for the Defense of Free Competition and the Protection of Intellectual Property (INDECOPI) led three project events that took place from 19 to 21 August 2024 during the margins of SOM3. The events attracted over 30 speakers across the three days. They included high level authorities, private sector and consumer protection representatives. Each event saw 100 participants. The three events are:

a. "Public-Private Dialogue (PPD) on substantiating environmental claims in advertising to increase consumer confidence and improve competition" (CTI 203 2023T);

b. "Public-Private Dialogue (PPD) on policies and good practices related to influencers advertising in order to prevent harm to consumers and improve competition" (CTI 208 2023A); and,

c. "Best practices to prevent misleading pricing and discounts and similar practices at online shopping platforms and other types of online sales of goods and services" (CTI 202 2023T).

Chile is looking to finalise the "Report on Dispute Settlement Mechanisms in Trade Agreements" which will complete the initiative Dispute Settlement Mechanisms in Trade Agreements.[20] The report presents, in the first place, the key findings from 18 economies to the questionnaire "Dispute Settlement Mechanisms in Trade Agreements" regarding the different mechanisms to settle disputes in trade agreements, including specific dispute settlement mechanisms established in chapters/modules which are different than those under the Dispute Settlement chapter/module.

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[20] 2021/SOM1/CTI/IS02

Section VI: Engagement with the Business Sector, Industry Dialogues as well as other economic stakeholders

Engagement with the APEC Business Advisory Council (ABAC)

The CTI and its sub-fora collaborated with the business community to ensure that private sector perspectives contribute to APEC's trade and investment outcomes. To this end, throughout 2024, ABAC representatives' participation was actively sought and welcomed in CTI and sub-fora meetings and events. The CTI Chair also participated in the ABAC1 meeting this year.

For 2024, amongst others, CTI took note of ABAC's:

   a. Letter to the MRT, which included calls to (a) strengthen the global trade architecture; (b) revitalize the strategy towards FTAAP; (c) advance digital trade; (d) bolster supply chains; (e) create an enabling investment environment; (f) establish a *Greener Trade Framework*; and (g) empower women in trade;[21]
   b. Statement on the WTO;[22]
   c. Statement on FTAAP: *Unlocking the Full Potential of Our Region Through Deeper Economic Integration*;[23] as well as
   d. ABAC's perspectives on the FTAAP shared at the three FTAAP Dialogues.[24]

The CTI takes note of the 2024 ABAC Report to APEC Economic Leaders[25] and looks forward to working with ABAC on how to progress their recommendations contained in the 2024 Reports to Leaders.

Engagement with the Pacific Economic Cooperation Council (PECC)

In 2024, the CTI continued to have good engagement with the PECC. Other than providing invaluable insights at our plenary meetings, PECC also updated members on its signature project: *FTAAP Pathways to Prosperity*. This project aims to give greater substance to the FTAAP and provides an opportunity to engage APEC economies, businesses and academics to develop a longer-term vision for trade and economic collaboration in the region. For the PECC, the goal is to support greater cooperation on trade and other economic issues, to build deeper understanding of the key drivers of future economic growth and welfare, and to help APEC chart a stronger, collective path to capture more fully the benefits of economic integration in the region.

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[21] 2024/MRT/002
[22] 2024/MRT/002a
[23] 2024/MRT/002b
[24] 2024/SOM1/CTI/DIA1/002; 2024/CTI/DIA2/004; & 2024/SOM3/CTI/DIA1/003
[25] https://www2.abaconline.org/assets/2024/ABAC-Report-to-APEC-Economic-Leaders-2024.pdf

Automotive Dialogue (AD)

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.

Key Outcomes and Achievements in 2024

In 2024, the AD:

   a. Held a one-day workshop "APEC Workshop on Autonomous and Electric Vehicles" on the margins of SOM3;

   b. Discussed at AD1, the implications of (a) supply chains related to automotives, such as electric vehicle supply chain including batteries and critical minerals; (b) Future Mobility Trends, such as autonomous transport systems, the use of Artificial Intelligence and Cybersecurity; (c) Technical, Regulation and Standards on the automotive sector, including final disposal of solid waste, reuse of parts, critical materials etc.

   c. Discussed at AD2 about (a) Improving automatization and efficiency (components, pieces and related industries), including global supply chain; (b) challenges such as bio fuels, synthetic fuels, new energies, circular economy in components, etc; (c) best practices for maximizing the impact of their foreign direct investment (FDI)

Developed policy recommendations in order to achieve and contribute to the PV2040 and the APA and based on the challenges related to the automotive sector of the economies.[26] These policy recommendations include (a) promoting a resilient EV supply chain; (b) promoting policies that support circular economy and sustainability; (c) harmonising and simplification of regulatory frameworks; and (d) promoting connectivity and transport infrastructure.

See *Appendix 2 - Automotive Dialogue Report*

Chemical Dialogue (CD)

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.

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[26] 2024/SOM3/CTI/025

Major Outcomes for 2024

In 2024, the CD:

    a. organised three APEC workshops:

        i. "Implementing OECD Mutual Acceptance of Data (MAD) System" (CD 201 2023T) on the margins of SOM1;

        ii. "APEC Chemical Dialogue Risk Challenge Workshop" (CD 202 2023T) on the margins of SOM3;

        iii. "Capacity Building for Chemical Emergency Preparedness" Training " (CD 01 2024S) on 22-29 September

    b. continued work to promote more consistent international implementation of the Globally Harmonized System for the Classification and Labelling of Chemicals ("GHS").[27] 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.

    c. continued work on promoting regulatory cooperation and convergence, including through continuing to encourage cross-fora collaboration with the OECD's MAD Program, to encourage more APEC economies to participate in such a program, and to identify resources needed by APEC economies to adhere.

    d. continued its virtual Working Group on Marine Debris (VWGMD), which was created to tackle the challenge of marine debris in the Asia-Pacific, including work to examine and overcome barriers to investment in waste management infrastructure that would support a more circular economy; developing a survey to explore extended producer responsibility priorities in the region; and supporting the VWGMD bog series and website

    e. conducted a survey on Extended Producer Responsibility (EPR) to further explore priorities and a potential resource that could be developed for CD members.

    f. had three concept notes approved (in-principle) for funding:

        i. "Capacity Building on Effective Management of Confidential Business Information (CBI) During Inwards Customs Clearance". The increasing frequency of encounters with customs' practices in APEC economies requesting 100% compositional disclosure during the inward goods clearance process presents significant challenges. These requests, often targeting Confidential Business Information (CBI), lack a formal regulatory framework, leading to considerable variability in their nature and scope. The project objective is to support the capacity building of customs officials by

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[27] The GHS is an UN-developed system that was designed to promote a globally harmonized approach for all chemical labelling.

organizing an in-person workshop with the customs authorities and industry to build the capacity and capability on the relevant knowledge for CBIs. This is necessary to help resolve potential non-tariff trade barriers to trade in the region, accelerating "at the border" and "behind the border" trade liberalization and facilitation efforts, and enhancing regional connectivity.

ii. "Building Supply Chain Resilience in the APEC Chemical Sector". The chemical markets of APEC account for 70% of world demand for chemistry, though their relevance and importance is often not well understood, nor is how supply chain initiatives for end products or raw materials can affect APEC chemical production, trade, or investment. This project will map out chemistries that are used in key supply chains (using specific product examples) and the different types of supply chain initiatives that may affect such chemistries. A capacity building workshop will be organized to bring together governments, industry, and other stakeholders to better understand the role of chemicals as part of larger value/supply chains and identify potential trade facilitative measures that can best promote sustainable and resilient supply chains involving chemicals.

iii. "Workshop on the latest plastic recycling technologies and their policy applications". This project aims to provide policymakers with insights into the latest plastic recycling technologies to address plastic waste and develop forward-looking policies. It includes a workshop at the 2025 APEC CD Forum to strengthen policy capacity in line with APEC's sustainable growth goals. Unlike other APEC projects, the planned project will focus on technical topics aimed at reducing plastic waste generation rather than just managing it, including the latest recycling technologies, best practices and effective plans. By enhancing the capacities of policymakers and industry stakeholders, the project will contribute significantly to structural reforms for sustainable green growth. The collaboration and knowledge sharing facilitated by this event are expected to lead to innovative solutions and stronger policy frameworks to combat plastic waste effectively.

See *Appendix 4 - Chemical Dialogue Report*

Engagement with Non-members

Under the APA's mandate to "promote engagement with a broader range of economic stakeholders", the CTI in 2024 continued to engage with non-members to enrich discussions at the CTI. These included the International Chamber of Commerce (ICC)'s Digital Standards Initiative (DSI) and the World Economic Forum (WEF), which participated in CTI plenary meetings.

Many other regional/multilateral organisations participated in CTI and CTI-sub-fora events. Some of these include:

- Asia-Pacific Services Coalition (APSC)
- Asian Development Bank (ADB)
- Inter-American Development Bank (IDB)

- International Civil Aviation Organization (ICAO)
- International Criminal Police Organization (INTERPOL)
- International Trademark Association (INTA)
- Postal Union of the Americas, Spain and Portugal (UPAEP)
- Organisation for Economic Co-operation and Development (OECD)
- World Health Organization
- World Intellectual Property Organization
- World Trade Organisation
- United Nations Development Programme (UNDP)
- United Nations Economic Commission for Latin America (ECLAC)
- United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)
- United Nations Environment Programme (UNEP)
- United Nations Industrial Development Organization: UNIDO
- United Nations Office on Drugs and Crime (UNODC)
- United Nations Commission on International Trade Law (UNCITRAL)
- United Nations Trade and Development (UNCTAD)

Section VII: CTI Governance

CTI-related

The Terms of Reference (ToR) for the following were renewed / re-established in 2024:

    a. Asia-Pacific Model E-port Network (APMEN);[28]
    b. APEC Alliance on Supply Chain Connectivity (A2C2);[29]
    c. Regulatory Harmonization Steering Committee (RHSC) under the SCSC.[30]

Asia-Pacific Model E-port Network (APMEN)

The objective of APMEN is to promote supply chain connectivity and trade facilitation in the Asia-Pacific region. APMEN aims to comply with international and domestic laws related to data security, and APMEN endeavours to establish an information sharing network and cooperation platform with public and private stakeholders to achieve the following objectives:

    a. Identify ways that APMEN member cooperation can make contributions to the APEC Connectivity Blueprint under the pillar of institutional connectivity and WTO/TFA implementation;
    b. Share information and experiences with other APMEN members on ways to promote seamless connectivity, resilient supply chains and responsible business conduct;
    c. Share best practices among APMEN members in support of making progress on priorities specified under the APEC PV2040 and APA.

To this end, the APMEN seeks to

    a. Enhance information sharing amongst APMEN members on model e-ports through literature review, case studies, public-private dialogues and workshops to raise understanding the roles of E-port as well as similar ICT infrastructures in specific areas of the supply chain connectivity and trade facilitation;
    b. Conduct targeted capacity building activities and technical assistance with APMEN members.
    c. Explore, amongst APMEN members, solutions on addressing specific issues of seamless connectivity, resilient supply chains and responsible business conduct such as cross border data flow, production end to consumption end traceability of products,
    digital paperless trade, low carbon supply chain, and promotion of resilient industrial chains, supply chains and value chains, etc. through best practices by experts of APMEN members;
    d. Collaborate with APEC Secretariat, PSU, other APEC fora, CTI working groups, and other stakeholders as relevant.
    e. APMEN will explore addressing the chokepoints in SCFAP III through best practice projects among APMEN members.

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[28] 2024/SOM1/CTI/036
[29] 2024/SOM1/CTI/038
[30] 2024/SOM1/CTI/035app5

An APMEN workshop took place in October 2024.

APMEN's ToR is valid until 2027.

APEC Alliance on Supply Chain Connectivity (A2C2)

First established in 2014, the objectives of A2C2 functions as an action-oriented "force multiplier" group of supply chain experts. A2C2 participants will create synergies and add value to on-going economy-level capacity building projects as well as regional efforts currently underway. Among others, A2C2 seeks to

    a. Highlight supply chain connectivity issues related to the flow of essential goods and services and to strengthening supply chains resilience;

    b. Foster innovative approaches to ongoing supply chain challenges by bring together regional stakeholders to discuss potential local or regional solutions;

    c. Provide guidance and technical input surrounding implementation of the WTO Trade Facilitation Agreement;

    d. Contribute to the projects that respond to supply chain connectivity capacity building needs including terms of reference documents regarding technical assistance for economies who volunteer for such assistance and draft deliverables developed under APEC projects funded by the APEC supply chain connectivity sub-fund;

    e. Identify the resources required for effective implementation of the projects (e.g. software, model regulations or procedures, provision of in-kind expertise, funding) and cross-stakeholder collaboration on technical assistance activities; and

    f. Support work on SCFAPIII.

The 16th A2C2 meeting took place on 18 August 2024 on the margins of the SOM3 in 2024 in Lima, Peru. At the meeting, the SCCP Convenor and Deputy Convenor gave a readout on the APEC Customs Business Dialogue which focused on the latest developments in digitalization of end-to-end of supply chains. There were panel discussions and sharing on moving from the informal economy to the formal economy; economies' Unique Identifier Program and the nexus between the two.

APEC Cooperation Network on Green Supply Chain (GSCNet)

The CTI is the overseeing body of the APEC Cooperation Network on Green Supply Chain (GSCNet).[31] In 2024, China submitted a concept note *Capacity Building Workshop on Green Supply Chains to Address Environment Challenges* where the proposed work would be aligned to the GSCNet's ToR

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[31] 2023/SOM3/CTI/024

Under sub-foras - Regulatory Harmonization Steering Committee (RHSC)

In March 2024, CTI endorsed the updated Terms of Reference (ToR) for the Sub-Committee on Standards and Conformance (SCSC) which now incorporates the RHSC as Appendix 5 of SCSC's ToR. Previously, as a subsidiary body under the then-Life Sciences Innovation Forum (LSIF), the RHSC is now a subsidiary body of the SCSC, reporting to the SCSC and where relevant, to the CTI. Its term will follow that of the SCSC (i.e., until 31 December 2025).

The RHSC's goal is to promote regulatory convergence and cooperation for medical products with the objectives of :

a. facilitating regulatory convergence and cooperation among medical product regulatory authorities;
b. building human capacity in regulatory science among medical product regulatory staff; and
c. promoting convergence and reliance among regulatory policymakers in APEC.

The RHSC met on 18-19 July 2024 in Singapore.

CTI sub-fora assessment and review in 2025

The ToR of all 10 CTI sub-fora will expire at the end of 2025. In this regard, the CTI is embarking on an fora review and assessment exercise from late 2024 to 2025, to make recommendations to Senior Officials whether to renew the respective ToR of the sub-fora for another four years.

Pathfinder Initiatives

Economy leads for CTI Pathfinder initiatives provided an update to members on recent activities under their Pathfinder (see *Appendix 12 – 2024 CTI Pathfinder Initiatives)*. Seven Pathfinders continue to be implemented in the CTI and its sub-fora:

Under 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; &
e. Pathfinder on "Inclusive Trade Initiative" (retired in 2024).

Under CTI sub-fora:

a. Pathfinder on Mutual Recognition Arrangement of Conformity Assessment on Electrical and Electronic Equipment Mutual Recognition Arrangement (EE MRA) (SCSC/SCSC-JRAC); &

    b. Pathfinder on facilitating trade in remanufactured goods (MAG-CTI).

At SOM3/2024, a decision was made to retire the 2019 Pathfinder on "Inclusive Trade Initiative" as the issues have now been mainstreamed. This underscored how the APEC has been successful in mainstreaming an idea that was novel during its launch.

Section VIII: Implementing the Putrajaya Vision, including through the Aotearoa Plan of Action

Highlighting Individual Actions

While 13 economies had showcased their APA individual actions in 2023, none had done so in 2024. A few economies shared that they would do so at the first CTI meeting in 2025. The CTI Chair encourage economies to showcase their APA individual actions in 2025.

Evaluating Progress under the APA

The next evaluation will be done in 2025.

Table 1

List of Abbreviations and Acronyms

A2C2	APEC Alliance for Supply Chain Connectivity
ABAC	APEC Business Advisory Council
ABTC	APEC Business Travel Card
AD	Automotive Dialogue
AELM	APEC Economic Leaders Meeting
AIDER	APEC Internet and Digital Economy Roadmap
APA	Aotearoa Plan of Action
APMEN	Asia-Pacific Model E-port Network
AMM	APEC Ministerial Meeting
ASCR	APEC Services Competitiveness Roadmap
BCG	Bio-Circular-Green (BCG) Economy
BMC	Budget Management Committee
BMG	Business Mobility Group
CD	Chemical Dialogue
CSOM	Concluding Senior Officials' Meeting
CTI	Committee on Trade and Investment
DEPA	Digital Economy Partnership Agreement
DESG	Digital Economy Steering Group
DPS	Data Privacy Subgroup
EC	Economic Committee
EIR	Economic Integration in the Region
FMP	Finance Ministers' Process
FSA	WTO Fisheries Subsidies Agreement
FSCF	Food Safety Cooperation Forum
FoTC	Friends of the Chair
FTAAP	Free Trade Area of the Asia-Pacific
GOS	Group on Services
GSCNet	APEC Cooperation Network on Green Supply Chain
GVCs	Global Value Chains
ICT	Information and Communications Technology

IEG	Investment Experts' Group
IPEG	Intellectual Property Rights Experts Group (IPEG)
ITA	Information Technology Agreement
JRAC	Joint Regulatory Advisory Committee (JRAC) on Electrical and Electronic Equipment
MAG	Market Access Group
MRA	Mutual Recognition Arrangement
MRT	Ministers Responsible for Trade
MSME	Micro, Small and Medium Enterprises
NTBs/NTMs	Non-Tariff Barriers/ Non-Tariff Measures
OECD	Organization for Economic Cooperation and Development
PECC	Pacific Economic Cooperation Council
PMU	Project Management Unit, APEC Secretariat
PSU	Policy Support Unit, APEC Secretariat
PV2040	Putrajaya Vision 2040
RHSC	Regulatory Harmonization Steering Committee
SCCP	Sub-Committee on Customs Procedures
SCE	Steering Committee on Economic and Technical Cooperation
SCSC	Sub-Committee on Standards and Conformance
SPS	Sanitary and Phytosanitary (SPS)
SOM	Senior Officials' Meeting (also to mean Senior Officials)
TBT	Technical Barriers to Trade
TFA	WTO Trade Facilitation Agreement
ToR	Terms of Reference
WTO	World Trade Organization

Table 2

Projects by CTI and sub-fora endorsed in 2024

(a) Concept Notes Recommended for BMC's In-Principle Approval at Project Session 1, 2024

	Group / Title	**Proposing Economy/ies**	**Value (USD)**
1.	CN CTI 101 2024: APEC Capacity Building Workshop on Trade and Environment	Viet Nam	130,000
2.	CN CTI 102 2024: Sustainable Supply Chains in the APEC region: Challenges, Progress, and Future Tasks	Korea	111,500
3.	CN CTI 103 2024: Quality Infrastructure Investments to Address Environmental Challenges of the Cities in APEC Region	Japan	198,300
4.	CN DESG 101 2024: Enabling MSMEs to Grow in the Global Economy by Operating Seamlessly across the Omni-Channel Environment	United States	99,000
5.	CN DESG 102 2024: Technology Innovation Workshop for Environmental Monitoring, using Technologies such as Artificial Intelligence and Big Data in Productive Activities	Peru	150,000
6.	CN DESG 103 2024: Workshop on Privacy Enhancing Technologies Opportunities and Challenges	Chinese Taipei	70,000
7.	CN GOS 101 2024: Services Domestic Regulation: Applying Effective Principles for Technical Standards Development	United States	95,000
8.	CN IPEG 101 2024: Invention Education for Young Innovators	Korea	150,000
9.	CN IPEG 102 2024: A Practical Guide to Safeguard Trade Secrets for MSMEs in APEC Economies	Korea	100,000
10.	CN SCSC 101 2024: APEC Experiences on Good Regulatory Practices: Improving Public Consultation	Peru	65,500
11.	CN SCSC 102 2024: Enhancing Quality Infrastructure to Improve Green Material Utilisation in Building Structures	Indonesia	10000
12.	CN SCSC 103 2024: Emerging Technologies for Digitisation/Digitalisation and International Regulatory Cooperation	United States	95,200
13.	CN SCSC 105 2024: Strengthening Standards and Technical Regulations for Higher Water Quality	United States	120,000

	Group / Title	Proposing Economy/ies	Value (USD)
14.	CN SCSC 106 2024: Study and Workshop on the Identification and Analysis of Public Policies Promoting Quality Infrastructure Services for the Implementation of Circular Economy in APEC Economies	Peru	134,313
15.	CN SCSC 107 2024: Study on the Use of Accredited Testing Laboratory Services in Biodegradability	Peru	50,000
16.	CN SCSC 108 2024: Strengthening Standard Knowledge on Women Culinary Food Safety and Its Food Waste Management in Supporting the Domestic Tourism	Indonesia	80,000
17.	CN SCSC 109 2024: Workshop on Photometer Calibration: Utilising LED Lights in Accordance with CIE 251:2023 Standard (Reference Spectrum L41) in Domestic Metrology Institutes	Peru	100,000

(b) Concept Notes Recommended for BMC's In-Principle Approval at Project Session 2, 2024

	Group / Title	Proposing Economy/ies	Value (USD)
1.	CN CTI 201 2024: Follow-up initiative on Promoting Transparency through the Improvement of Information submitted in the Sanitary and Phytosanitary (SPS) Notifications	Peru	60,000
2.	CN CTI 202 2024: Best Practices on Trade Facilitation for MSMEs, including Women-Owned MSMEs: Shaping Better Opportunity in the Regional and Global Value Chains	Indonesia	149,999
3.	CN CTI 203 2024: Dialogue on Building an Eco-system Friendly for Application of Electronic Bill of Lading	China and Peru	110,000
4.	CN CTI 204 2024: APEC Workshop on Cross-Border Telework	Japan	100,000
5.	CN CTI 205 2024: Workshop on trade and investment inter-dependencies in global value chains (GVCs): Analyzing the challenges and differences among SMEs in the APEC region	Chile	110,000
6.	CN CTI 206 2024: Capacity Building Workshop on Resilient Supply Chain	Korea	80,000
7.	CN CTI 207 2024: Workshop Towards Digital Trade Ecosystem in the Asia Pacific Region	Indonesia	150,000

	Group / Title	Proposing Economy/ies	Value (USD)
8.	CN CTI 208 2024: Capacity Building Workshop on Green Supply Chains to Address Environment Challenges	China	140,000
9.	CN CD 201 2024: Workshop on the latest plastic recycling technologies and their policy applications	Korea	73,413
10.	CN CD 202 2024: Capacity Building on Effective Management of Confidential Business Information (CBI) During Inwards Customs Clearance	Singapore	90,000
11.	CN CD 203 2024: Building Supply Chain Resilience in the APEC Chemical Sector	United States	112,000
12.	CN DESG 201 2024: Policy Dialogue on AI in Trade Context for Enhanced Cooperation within APEC	Korea	110,500
13.	CN DESG 202 2024: Study on factors that limit and promote the digital inclusion of women living in poverty in urban, peri-urban and remote areas of the APEC region that are part of poverty alleviation support programs	Peru	70,000
14.	CN DESG 203 2024: Workshop: Bridging the Gap: Capacity building for formalizing Businesses for Environmental Compliance in the Digital Age	Peru	115,000
15.	CN DESG 204 2024: Knowledge Sharing and Policy Recommendation to Minimize Violating the Privacy of Children and Adolescents on Digital Platforms	Korea	150,000
16.	CN MAG 201 2024: Advancing the FTAAP: Issues Related to Rules of Origin	United States	100,000
17.	CN SCSC 201 2024: Capacity Building on antiviral products and its evaluation test method ISO 21702	Japan	95,036
18.	CN SCSC 202 2024: Public-Private Dialogue (PPD) on Development of Strategies for harmonizing standards and conformity assessment on Electronic Household Appliances in The APEC region	Indonesia	85,000
19.	CN SCSC 203 2024: Survey and Workshop on Market Compliance Mechanism for Self-Declaration of Standard Compliance on Textiles and Textile Product	Indonesia	100,000
20.	CN SCSC 204 2024: Policies, standards, and best practices for recycling of plastic intended to contact with foods to reduce marine plastic waste among APEC economies	China	75,000
21.	CN SCSC 205 2024: Food Safety Incident Management: Innovative Technologies	United States	74,276

	Group / Title	Proposing Economy/ies	Value (USD)
22.	CN SCSC 206 2024: Capability Building on Measurement of Clinical Markers for Non-Communicable Diseases (NCDs) in APEC Region	Singapore	75,000
23.	CN SCSC 207 2024: APEC Workshop on higher education in standardization	Korea	100,000
24.	CN SCSC 208 2024: Shaping Digital Transformation in Accreditation	Korea	21,000
25.	CN SCSC 209 2024: Improving Small Scale Aquaculture Food Safety through the collection and use of data	Chile	121,000
26.	CN SCCP 201 2024: Best practices to support MSME exporters in implementing trade-related environmental regulations for sustainable growth	Korea	100,000
27.	CN SCCP 202 2024: Study on Best Practices for Using New Technologies and Innovative Solutions in Cross-Border E-Commerce: Focus on Customs Risk Management System and Customs-Business Cooperation	Korea	110,000
28.	CN SCCP 203 2024: Development of AEO Cooperation Scheme and Measurement of economic effects of AEO among APEC member economies	Korea	100,000
29.	CN SCCP 204 2024: APEC workshop on harnessing digitalization and emerging technologies to promote transparency and efficiency in Free Trade Zones	Peru	89,400

Table 3

Self-funded projects endorsed in 2024

	APEC Forum	Project Title	Project No.	Proposing Economy(ies)
1.	CTI	Trade in Value Added (TiVA) in the APEC Region: Evolution of GVC Indicators (backward and forward participation)	CTI 01 2024S	Peru
2.	CTI	A path to paperless trade: Analysing the legal gaps and economic benefit of adopting or maintaining a legal framework that takes into account the UNCITRAL Model Law on Electronic Transferable Records	CTI 02 2024S	Australia
3.	CTI	Digital Trade Policy Dialogue 2024	CTI 03 2024S	United States
4.	CTI	CTI Policy Dialogue on Promoting Inclusive Trade to Foster MSMEs' Growth and Transition to the Formal Economy	CTI 04 2024S	Peru
5.	CTI	Advancing the FTAAP Agenda through Exploring Best Practices in Facilitation of Trade in Agricultural Products	CTI 05 2024S	Russia
6.	CTI	Implementing the Principles for the Interoperability of Electronic Invoicing Systems in the APEC Region	CTI 06 2024S	Australia
7.	CTI	Implementing the San Francisco Principles: Trade, Trade Policy and Data	CTI 07 2024S	United States
8.	CTI	Increasing Access to the Benefits of Trade for Indigenous Businesses and Entrepreneurs II	CTI 08 2024S	Australia
9.	CTI	Best Practice Guidelines to Apply the APEC Cross Cutting Principles on Non-Tariff Measures (NTMs)	CTI 09 2024S	New Zealand
10.	CD	Capacity Building for Chemical Emergency Preparedness	CD 01 2024S	Chinese Taipei
11.	DESG	Measuring the Economic Relationship between Digitalisation and Digital Trade	DESG 01 2024S	Australia
12.	DESG	Workshop on Exploring Opportunities towards Public-Private Partnership on Artificial Intelligence in APAS Economies	DESG 02 2024S	Indonesia
13.	DESG	Exchanges and Dialogue on Approaches to Artificial Intelligence	DESG 03 2024S	China

14.	GOS	Enhancing women's economic empowerment in APEC through greater participation in high-skill digitized service sectors (Joint GOS-PPWE)	GOS-PPWE 01 2024S	Australia
15.	GOS	Application of the APEC Index to Measure the Regulatory Environment for Services Trade (APEC Services Index) in Regionally Relevant Use-Cases	GOS 01 2024S	United States
16.	IPEG	Dialogue with the Industry Partners on IP Financing	IPEG 01 2024S	The Philippines
17.	IPEG	Trends and Developments in IP Protection of Software-related Inventions in the APEC Region	IPEG 02 2024S	Chile
18.	IPEG	Enhancing Innovation with More Efficient Patent Systems: Tools, Resources, and Worksharing	IPEG 03 2024S	United States
19.	IPEG	Using Emerging Technologies in IP Offices' Workflows	IPEG 04 2024S	Russia
20.	MAG	Trade Policy Dialogue on Approaches and Methodologies for Verifying Environmental Contributions of Certain Goods	MAG 01 2024S	United States
21.	SCSC	APEC Communication Platform for Analytical Technology of MRNA-derived Medicinal Products Workshop	SCSC 01 2024S	Chinese Taipei
22.	SCSC	Engaging Micro, Small and Medium Enterprises in International Standards Development	SCSC 02 2024S	Canada
23.	SCSC	FSCF Electronic Certification for Animal Products	SCSC 03 2024S	United States

Table 4

Initiatives launched by CTI members in 2024

	Initiative	Lead economy
1	Free Trade Area of the Asia-Pacific (FTAAP) - A Study on "Rules of Origin in Modern Trade Agreements – Trends and Challenges"	Hong Kong, China
2	FTAAP New Look – (a) CTI Dialogues on A New Look at the FTAAP: How to Advance the FTAAP Agenda (b) A New Look at the FTAAP: Review of APEC's Progress and (c) Study on Convergences and Divergences of Free Trade Agreements in the APEC Region	Peru

Table 5

CTI-level events in 2024

	Title of Event	**Date of event**
1	Workshop on Sharing Best Trade Policy Practices to Enhance Synergies Between Trade and Innovation	01/02/2024
2	Workshop on Implementing the APEC Pathfinder on Building Blocks for Facilitating Digital Trade	29/02/2024
3	Workshop on Prospects of Low-Carbon Trade Among APEC Economies	02/03/2024
4	First Dialogue on a New Look at the Free Trade Area of the Asia-Pacific: How to Advance the Free Trade Area of the Asia-Pacific Agenda	03/03/2024
5	Workshop on Promoting Green Logistics for Inclusive and Sustainable Growth	16/04/2024
6	Second Dialogue on a New Look at the Free Trade Area of the Asia-Pacific: How to Advance the Free Trade Area of the Asia-Pacific Agenda	12/05/2024
7	Policy Dialogue on Promoting Inclusive Trade to Foster MSME Growth and Transition to the Formal Economy	12/05/2024
8	Sixteenth APEC Alliance for Supply Chain Connectivity Meeting	18/08/2024

9	Third Dialogue on a New Look at the Free Trade Area of the Asia-Pacific: How to Advance the Free Trade Area of the Asia-Pacific Agenda	19/08/2024
10	Workshop: "Public-Private Dialogue on substantiating environmental claims in advertising to increase consumer confidence and improve competition"	19/08/2024
11	Workshop: Promoting women's economic empowerment through trade policy and trade agreements: Sharing Experiences and Lessons Learned in the APEC Region	19-20/08/2024
12	CTI Digital Trade Policy Dialogue	20/08/2024
13	Workshop: "Public-Private Dialogue on policies and good practices related to influencers advertising in order to prevent harm to consumers and improve competition"	20/08/2024
14	Workshop: "Workshop on Increasing Access to the Benefits of Trade for Indigenous Businesses and Entrepreneurs	20/08/2024
15	Workshop: "Best practices to prevent misleading pricing and discounts and similar practices online at shopping	21/08/2024
16	Workshop: "A path to paperless trade: Analyzing the legal gaps and economic benefit of adopting or maintaining a legal framework that takes into account the UNCITRAL Model Law on Electronic Transferable Records"	21/08/2024
17	APEC Capacity Building Workshop on MSME-Specific Provisions in FTAs	08-09/10/2024
18	Webinar on Stabilizing Supply Chain to Support Trade and Economic Recovery	14/10/2024
19	APEC Workshop on building the capacity of digital trade/e-commerce agreement negotiators	16-17/10/2024
20	APMEN Public-Private Dialogue	25/10/2024
21	Workshop on "FTAAP Work Program: Digital identity system for entities"	28-29/10/2024
22	[Upcoming] Dialogue on The Insights into APEC Green Supply Chain Cooperation Prospects	20/11/2024
23	[Upcoming] Workshop: "Implementing the Principles for the Interoperability of Electronic Invoicing Systems in the APEC Region"	26/11/2024

Note: Materials for the above events can be found in the Meeting Document Database
https://mddb.apec.org/Pages/default.aspx