



Asia-Pacific
Economic Cooperation

Advancing Free Trade
for Asia-Pacific Prosperity



APEC Committee on Trade and Investment 2022

Annual Report to Ministers



**Asia-Pacific
Economic Cooperation**

2022

ANNUAL REPORT TO MINISTERS

APEC Committee on Trade and Investment

November 2022

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Dear Ministers,

Trade and investment has been a powerful driver of growth for decades, increasing living standards, creating jobs and driving innovation. This year, I have heard from economies that trade and investment has an important role to play in our economic recovery from COVID-19, and in helping address other economic challenges such as the rising cost of living.

The APEC Committee on Trade and Investment (CTI), and the CTI sub-fora, are well placed to collectively respond to our region's challenges. We are forums of high-energy and engagement.

2022 marked the first year of in-person meetings since the COVID-19 pandemic began. Seeing our colleagues face-to-face is helping re-establish relationships, and collegiality, as we work together in the spirit of cooperation and consensus.

This year, the CTI has made strong progress in starting to advance APEC's work under the Putrajaya Vision 2040, and the Aotearoa Plan of Action. These relatively recent, and important documents, have given the CTI a clear direction for our work over the next two decades. We are also progressing work covered by Leaders' and Ministers' annual instructions. This ensures the CTI is responding to COVID-19 challenges, and finding ways to promote sustainable and inclusive growth.

APEC's support for the multilateral trading system has been an important focus this year. The WTO's Twelfth Ministerial Conference (MC12) in June delivered a number of outcomes. In the CTI we have focused on APEC's value-add in support of the MTS: supporting the implementation of MC12 outcomes, incubating ideas on emerging issues such as sustainability; implementing existing commitments such as the Trade Facilitation Agreement; and trying to build consensus on outstanding issues ahead of MC13. Thailand's Permanent Representative to the WTO, Ambassador Pimchanok Pitfield, along with WTO Deputy Director-General, Anabel González, have been timely and noteworthy contributors to the CTI meetings.

Under Thailand's leadership, the CTI has focused on having a refreshed conversation on the FTAAP agenda. It comes at a time when the region's trade architecture continues to develop. At the same time, the business community is calling for us to for practical steps to facilitate trade and investment.

Sustainability and inclusion are growing areas of focus in the CTI. It reflects the increasing desire for trade and investment to benefit all people, and address environmental challenges. Thailand's Bio-Circular-Green Economy Model has been a helpful way to make progress on these issues.

Particularly in response to COVID-19, we have seen increased work on Trade Facilitation, Connectivity, Digitalisation, and Innovation. This has shown the relevance and importance of the CTI sub-fora in responding to challenges and opportunities in trade. APEC has contributed to reducing the costs of doing business across borders such as accelerating the digitalisation of border paperwork.

Our actions to respond to Leaders' and Ministers' instructions from recent years is tracking well. There has been a large body of work in the CTI and its sub-fora to respond to COVID-19, including on the movement of facilitating essential goods and related services. However

there is the sense that some of the reporting requirements have reached their natural end point, given the relatively positive results from economies committing to and embedding your instructions, and other pressing issues attracting more attention in the region. We are ensuring your instructions on environmental goods and services, as well as inefficient fossil fuel subsidies are progressing as much as possible.

As we seek to implement the Aotearoa Plan of Action, we started productive discussions on our collective and individual actions, with the first showcasing of individual actions taking place.

It's clear the CTI family this year has made real efforts to propose meaningful and tangible work this year. Compared to last year, we have 50% more projects proposed in the CTI. This high number should be commended. However, at the same time, we currently have a large number of projects which have not found consensus from all economies.

This year we have encouraged more deliberate and active participation by a broad range of economic stakeholders including ABAC and our observer organisations.

I wish to acknowledge the hard work of the convenors of the CTI sub-fora and industry dialogues, the invaluable support from CTI program director, Benjamin Tan, and his colleagues from the APEC Secretariat, and the outstanding research and policy analysis provided by the Policy Support Unit.

Finally, I would like to thank Thailand for its generous hospitality and organisational arrangements which have helped to facilitate the CTI's outcomes this year.

CTI looks forward to your guidance and instructions, as we enter the 2023 host year of the United States.

Sincerely,

A handwritten signature in black ink, appearing to read 'Blake van Velden'. The signature is stylized with a large, sweeping initial 'B' and a long, horizontal stroke extending to the right.

Blake van Velden
Chair, APEC Committee on Trade and Investment

Contents

Introduction	1
CTI 2022 Recommendations and Highlights	3
Section I: Support for the Multilateral Trading System.....	4
Section II: Advancing Economic Integration in the Region Agenda	7
Section III: Trade Facilitation, Connectivity, Digitalisation, and Innovation	11
Section IV: Inclusion and Sustainability issues	17
Section V: Response to pandemic: Review of Ministerial statements on Essential Goods and COVID-19 Vaccine Supply Chain as well as the Services that Support the Movement of Essential Goods	21
Section VI: Engagement with the Business Sector and Industry Dialogues	25
Section VII: CTI Governance	28
<i>Appendices</i>	
Appendix 1: Automotive Dialogue Report.....	1-1
Appendix 2: Business Mobility Group Report	2-1
Appendix 3: Chemical Dialogue Report	3-1
Appendix 3.1: Chemical Dialogue: Report to AMM on Implementation Convergence of the GHS in APEC Economies.....	3.1-1
Appendix 4: Digital Economy Steering Group Report	4-1
Appendix 5: Group on Services Report.....	5-1
Appendix 6: Intellectual Property Rights Experts Group Report	6-1
Appendix 7: Investment Experts Group Report	7-1
Appendix 8: Market Access Group Report	8-1
Appendix 9: Sub-Committee on Customs Procedures Report	9-1
Appendix 10: Sub-Committee on Standards and Conformance Report	10-1
Appendix 11: 2022 Update on Status of CTI Pathfinder Initiatives	11-1

Introduction

APEC Leaders launched the Putrajaya Vision in November 2020, and the Aotearoa Plan of Action in November 2021. In order to implement our Leaders' recent instructions, the Committee on Trade and Investment (CTI), is actively contributing to all three economic drivers, namely (a) Trade and Investment; (b) Innovation and Digitalisation and (c) Strong, Balanced, Secure, Sustainable and Inclusive Growth.

In 2022, the three CTI plenary meetings were aligned with the overall CTI work programme, principally (a) Support for the Multilateral Trading System; (b) Deepening Economic Integration in the Region; (c) Trade Facilitation, Connectivity, Digitalisation, and Innovation; and (d) Inclusion and Sustainability issues. Within these areas, the CTI also focussed on specific Leaders' and Ministers' instructions from 2020 and 2021, on issues such as COVID-19 supply chains and trade facilitation, environmental goods and services, and inefficient fossil fuel subsidy reform.

The CTI, as APEC's peak body on trade and investment issues, oversaw 10 sub-fora in 2022:

1. The Automotive Dialogue (AD)
2. The Business Mobility Group (BMG)
3. The Chemical Dialogue (CD)
4. The Digital Economy Steering Group (DESG)¹
5. The Group on Services (GOS)
6. The Intellectual Property Experts Group (IPEG)
7. The Investment Experts Group (IEG)
8. The Market Access Group (MAG)
9. The Sub-Committee on Customs Procedures (SCCP)
10. The Sub-Committee on Standards and Conformance (SCSC)

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 coordinated manner. Outside of APEC, CTI has worked closely with APEC Business Advisory Council (ABAC), and other stakeholders such as Pacific Economic Cooperation Council (PECC), the ASEAN Secretariat, and Pacific Islands Forum (PIF) Secretariat.

The 2022 CTI Annual Report to Ministers highlights the CTI and sub-fora's progress and achievements, including in support of Thailand's APEC 2022 priorities of:

1. Open to all Opportunities
2. Connect in all Dimensions
3. Balance in all Aspects

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 |

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

- Section IIIIV: Trade Facilitation, Connectivity, Digitalisation, and Innovation
Section IV: Inclusion and Sustainability issues
Section V: Responses to the COVID-19 pandemic
- Review of Declaration on Facilitating the Movement of Essential Goods by the APEC Ministers Responsible for Trade (MRT);
 - Review of the 2021 APEC MRT Statement on COVID-19 Vaccine Supply Chains
- Section VI: Engagement with the business sector and industry dialogues
Section VII: Governance

Finally, CTI is pleased to share the following:

1. 33 projects* were launched in 2022 across CTI and its sub-fora (see Table 1, page 26)
*Of these 32 were self-funded and 1 APEC funded.
2. 3 CTI-level initiatives were launched in 2022 (Table 2, page 27)
3. 17 CTI-level events (not including plenary meetings) were conducted this year (see Table 3, page 28)
4. For Project Session 2, 2022, 21 projects across CTI and its sub-fora have received in-principle approval for APEC funding. *These are not included the 33 projects.
5. Over 30 CTI publications released since last November.
6. The above does not include the many more events, publications and work done by CTI's sub-fora. The details of which can be found in the relevant appendices.
7. A number of projects and initiatives are still seeking convergence of views.

CTI 2022 Recommendations and Highlights

CTI recommends that Ministers:

- Note:**
- CTI sub-fora reports:
 - The Automotive Dialogue (AD) (Appendix 1);
 - The Business Mobility Group (BMG) (Appendix 2);
 - The Chemical Dialogue (CD) (Appendix 3);
 - Executive Summary for the 2022 Report to AMM on Implementation Convergence of the Globally Harmonised System of Classification and Labelling of Chemicals (GHS) in APEC Economies (Appendix 3.1)
 - The Digital Economy Steering Group (DESG) (Appendix 4);
 - The Group on Services (GOS) (Appendix 5)
 - The Intellectual Property Experts Group (IPEG) (Appendix 6);
 - The Investment Experts Group (IEG) (Appendix 7);
 - The Market Access Group (MAG) (Appendix 8);
 - The Sub-Committee on Customs Procedures (SCCP) (Appendix 9);
 - The Sub-Committee on Standards and Conformance (SCSC) (Appendix 10);
 - 2021 Update on CTI Pathfinder Initiatives (Appendix 11)
 - Update on FTAAP agenda Work Plan (Section II)

Endorse the Third Phase of the Supply Chain Connectivity Framework Action Plan (SCFAP III) (2022-2026)²

Approve pausing the reporting for the Review of Ministerial Statements on Essential Goods and COVID-19 Vaccine Supply Chains

² 2022/SOM3/CTI/012

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

Throughout 2022, the CTI continued to actively share views and implement initiatives in support of the Multilateral Trading System. In this regard, the 12th WTO Ministerial Conference (MC12) in June 2022, provided an important reference point. It was first WTO ministerial meeting since 2017, and the outcomes and discussion at MC12 provided an opportunity for the CTI to sharpen its focus on how the CTI and its sub-fora can support the MTS.

In order to be updated with WTO issues and to gain first hand perspective, Ambassador Pimchanok Nan Pitfield, Thailand's Permanent Representative to the WTO and WIPO, regularly provided members with first hand updates on the state-of-play on key WTO issues. Following MC12, at CTI3 (August 2022) WTO Deputy Director-General, Anabel González, provided members an update on the outcomes of MC12. These engagements were also helpful to encourage greater dialogue between APEC and the WTO.

Amongst the issues discussed during the course of the year were:

- a) APEC's role to support the implementation of MC12 outcomes including on fisheries subsidies, TRIPS, and WTO's response to the pandemic including through trade facilitation of essential goods and services;
- b) APEC's role as an incubator of ideas, particularly on Trade and the Environment issues;
- c) APEC's role to support ongoing discussions in the WTO, including agriculture, the Joint Statement Initiatives (JSIs) including on E-commerce, Services Domestic Regulation, Investment Facilitation for Development, and MSMEs; the Moratorium on Customs Duties on Electronic Transmissions; and the Joint Declaration on Trade and Women's Economic Empowerment; and WTO reform;
- d) APEC's role to support the implementation of existing commitments, particularly the WTO Trade Facilitation Agreement (TFA); and the Information Technology Agreement (ITA) and ITA Expansion.

On fisheries subsidies, CTI welcomed the WTO Agreement on Fisheries Subsidies, adopted at MC12. It is the first, multilateral agreement with environmental sustainability at its core, and only the second agreement reached at the WTO since its inception. CTI agreed to embark on a transparency exercise which would see members providing updates on the status of members' acceptance of the Fisheries Subsidies Agreement from next year at SOM2 and AMM.

On implementation of the WTO TFA, CTI is pleased to inform AMM that APEC members have shown an improvement in members' implementation of the agreement over the previous year. The figures are as follows:

Rate of implementation	100%	80-99%	50-79%	Less than 49%
As of 9 November 2022	17 members	3 members (all 3 are above 85%)	1 member	0 member
October 2021	14 members	4 above 90%; 3 below 88.7%		

Extracted from the [WTO TFA Database](#)

To assist members in the implementation of the TFA, New Zealand Customs is leading a self-funded project at the SCCP on the *WTO TFA Implementation Acceleration: Priorities and Channels for Adoption of Customs Related Chapters*. Findings from a questionnaire have identified challenges and priorities in the implementation of the agreement. The project will provide recommendations on capacity building projects that SCCP should focus on in order to accelerate the TFA implementation.

Many APEC members are also actively involved in the Joint Statement Initiatives (JSI) at the WTO including discussions on (a) e-commerce; (b) investment facilitation for development; (c) micro, small and medium-sized enterprises (MSMEs); and (d) services domestic regulation. In terms of numbers, 19 APEC members are involved in the JSI on E-Commerce; 17 on Investment Facilitation for Development (IFD); 16 on MSMEs. In addition, 14 members are signatories to the “Declaration on Advancement of Gender Equality and Women’s Economic Empowerment within Trade”.

On the JSI on Services Domestic Regulation, the 16 APEC members participants welcomed the 2 December 2021 adoption of the Declaration announcing the successful conclusion of negotiations. As an incubator of ideas, we recall that APEC had helped shaped this outcome with the earlier 2018 “*APEC Non-binding Principles for Domestic Regulation of the Services Sector*”.

At MC12, members adopted a Decision on the E-commerce Moratorium and Work Programme. As part of this Decision, WTO members agreed to maintain their current practice of not imposing customs duties on electronic transmissions and to intensify discussions among members on this topic. The moratorium will remain in effect until MC13, which as per the MC12 decision, should ordinarily be held by 31 December 2023; and should MC13 be delayed beyond 31 March 2024, the moratorium will expire on that date unless Ministers or the General Council take a decision to extend. 13 APEC members have made this moratorium permanent, via the *APEC Pathfinder on Permanent Customs Duty Moratorium on Electronic Transmissions, Including Content Transmitted Electronically*.

On Trade and Environment, members were updated during CTI1 on work of the WTO Committee on Trade and the Environment (CTE). There was sharing by members on Trade and Environmental Sustainability Structured Discussions (TESSD) by Canada; the Informal Dialogue on Plastics Pollution and Sustainable Plastics Trade (IDP) by China; and the Fossil Fuel Subsidy Reform (FFSR) initiative by New Zealand. There is good participation of APEC members in these discussions, with 13 members involved in TESSD; 13 for IDP and 2 for FFSR.

APEC continued work to facilitate transparency and predictability of Technical Barriers to Trade (TBT) WTO notifications. Led by Peru, the initiative on *Promoting Transparency of*

TBT WTO Notifications: Improving Completeness and Clearness of Information initiative included a self-funded study and a Public-Private Dialogue (PPD) which was held on the margins of SOM3 2022. A report will be circulated.

CTI sub-fora also continue to deliver strong work on issues related to the WTO, including through supporting the implementation of MC12 outcomes, incubating ideas, and supporting ongoing discussions.

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 programmes.

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

Under Thailand's 2022 host year, CTI initiated a refreshed conversation on the FTAAP agenda, which focused on drawing on lessons learned from COVID-19 and incorporating emerging trade issues. A virtual CTI Dedicated Session was held on 15 March 2022 which also involved ABAC, which has frequently offered advice on the FTAAP agenda. This refreshed conversation culminated in the Public-Private Dialogue between Ministers and ABAC members on the margins of the May MRT meeting, following which, the MRT Chair "*task(ed) officials to develop a multi-year work plan to continue dialogue and capacity building programs, with a view to progress the FTAAP agenda, including both traditional and next generation trade and investment issues...*"

In this regard, we are pleased that the FTAAP agenda Work Plan has been endorsed by CTI members.

In order to assist members to attain the necessary capabilities to sign up to regional undertakings, CTI continued organising capacity building events. This included a two-day *APEC Capacity Building Workshop on RTA/FTA Negotiation Skills on Transparency* in January 2022 which looked at practical experience in negotiating Transparency Chapters/provisions in trade agreements as well as coordination and consultations with stakeholders, including public engagement and social media.

Study on Tariffs – Analysis of the Regional Comprehensive Economic Partnership (RCEP) Tariff Liberalisation Schedules was published in May 2022. This study is an extension to the 2019 PSU study, under the CTI FTAAP Work Programme on Tariffs, on the CPTPP. The 2022 study showed that, from the tariff liberalization perspective, RCEP is an important step forward to realize the creation of the much larger FTAAP. The study also noted that both the CPTPP and RCEP are important pathways for this goal because they strengthen economic links among their members (e.g., increased market access and greater economic integration across the region) and represent important instruments to build up trust among economies.

CTI also held a policy dialogue, moderated by Australia, looking at "Trade and the Environment" under the "*Information Sharing Mechanism*" which examined WTO-plus aspects of RTAs. This year, the OECD helped set the scene by elaborating on the policy landscape of environmental provisions in RTAs. New Zealand spoke on the NZ-UK FTA Environment Chapter and its annexed Environmental Goods List which contained 293 agreed environmental goods. Chile shared its experience in FTAs, on the Pacific Alliance and the 2020 Santiago Roadmap for the Sustainable Management of Plastics. Members were engaged in a fruitful discussion, and highlighted the relevance of this work in the region and globally.

The *FTAAP Work Program on Multi-stakeholder Engagement* was endorsed in May 2022. This US-led self-funded project aims to conduct a survey, implement a workshop, and produce an

outcomes report to share experiences on regional approaches and procedures to undertake multi-stakeholder engagement and use stakeholder inputs to inform positions when designing and negotiating trade agreements. The project will share experience among APEC economies to support them to strengthen their approaches, procedures, and other consultative mechanisms in accordance with their laws and regulations to include stakeholder perspectives in the design of trade agreements.

The *FTAAP Work Program on APEC efforts to address inclusion in trade agreements* was endorsed in May 2022. This US-led self-funded project consists of two workshops and a stock-take report aiming to promote dialogue and information sharing on experiences and lessons learned to incorporate inclusion aspects in trade agreements. Through these activities, participants are expected to learn best practices that help address and reduce trade barriers faced by MSMEs; women; and others with untapped economic potential, while simultaneously learning how to apply these practices to enhance their trade agreements.

Regarding the FTAAP Capacity Building Needs Initiative (CBNI), Korea has gathered members' inputs for a potential 4th Phase of the CBNI. Since 2012, APEC has been carrying out the CBNI as its efforts to strengthen FTA negotiating capabilities.

APEC members who are participants in various pathways have been periodically updating CTI on developments in the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)*, *Regional Comprehensive Economic Partnership (RCEP)* and *Digital Economy Partnership Agreement (DEPA)*. This was a useful information exchange exercise which provided transparency and allowed interested members to follow up with the participating economies.

In addition, there are a number of FTAAP initiatives for which members are still continuing to seek convergence.

Market Access Group

This year, CTI tasked the Market Access Group to follow up on the 2021 AMM Statement related to Environmental Goods, 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”. The work on EGs can be found in the Sustainability section.

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

- (a) Intersessional Dialogue on Developing Recommendations for Potentially Producing a Reference List of New and Emerging Environmental Goods on 22 April 2022;
- (b) Intersessional Meeting on the HS Transposition of APEC Environmental Goods List on 27 April 2022;
- (c) Trade Policy Dialogue on Environmental Goods on 12 September 2022 which discussed what can be considered an environmental good and the challenges in developing a common understanding of what can be considered an environmental good;

- (d) 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. Led by Indonesia, a study and promotional materials to increase the utilization of APEC TR are also ongoing;
- (e) MAG members exchanged views on the benefits of joining the Information Technology Agreement (ITA).

Services Trade

Under the APEC Services Competitiveness Roadmap (ASCR) Implementation Plan, the CTI has been tasked to report on APEC measurement of trade and investment in services both to support implementation of the Roadmap and to improve the collective understanding of key issues that arise in this area. As of August 2022, under the leadership of Canada, the Group on Services (GOS) has now compiled data on 16 APEC economies covering 21 services sectors. This data has been reviewed and verified by the relevant economy officials, and will be added to the on-line tool that the GOS is building. Several more APEC economies are gathering data, and there is technical assistance being provided to help them. When completed, this tool will allow non-expert policymakers to quickly determine, for example, how much economic gain they can expect from any given liberalization measure. In addition, a joint APEC-OECD workshop was held on 14 October 2022 to exchange experiences in using the OECD Services Trade Restrictiveness Index (STRI) where participants learned from each other's methodologies.

Other services areas include (a) regulatory reform and (b) sustainable and inclusive growth. On regulatory reform, the focus is on the need to remove unnecessary and non-transparent regulatory barriers to unlock growth in the services economy, particularly for digitally-enabled services. On sustainable and inclusive growth, there was a recognition that for the APEC region to reach its economic potential, APEC members must leverage on the skills and talents of all people in the region, including women and traditionally excluded communities, in a way that addresses the looming threat of climate change and other environmental challenges.

Senior Officials also endorsed the GOS "*Decision on Monitoring Pandemic Recovery under the ASCR*"³ which would look at travel, transportation (including logistics) and "other business services" which would monitor and report on pandemic recovery in key sectors which collapsed during the pandemic.

Investment

The Investment Experts Group (IEG) continued deliberating the key areas and eight principles under Phase V of the Investment Facilitation Action Plan (IFAP). Economies will submit their IFAP actions and complement the submissions with relevant literature and secondary data to distil the lessons learnt. The submitted actions will be reviewed. In this regard, the PSU Board has approved IEG's request for the APEC PSU to undertake a new project on "Investment Facilitation Action Plan (IFAP) Implementation Progress 2021-2022" which will review the

³ 2022/SOM3/003

progress of the implementation of IFAP in 2021-2022. The findings will distil lessons learned and provide policy recommendations to enhance investment facilitation.

IEG members remain actively informed on updates and state-of-play on investment related developments in the international fora. This includes outcomes relating to MC12 and the WTO Investment Facilitation negotiations, OECD's responsible business conduct and FDI Qualities Policy Toolkit, WEF's Sustainable Investment pilots, and UNCITRAL's investor-state dispute settlement reform discussions in Working Group.

At the margins of SOM3, Australia's self-funded project entitled "Symposium on Green Foreign Direct Investment in the Energy Transition" was held in August 2022. In April, the Australian-led Phase Two of the APEC Investment Commitment Handbook Project was completed.

Other areas

The Chile-led one day workshop *Dispute Settlement Mechanisms in Trade Agreements* was held on the margins of SOM3. The initiative aims to get a better understanding of the operation and importance of DSM and their relevance to trade facilitation and liberalisation; collect data on the existing DSM and their effect in matters that may arise between Parties to a trade agreement and build capacity among negotiators with a view to improving the quality of future trade agreements and mechanisms to solve disputes between Economies. Following the data collection done in 2021, the 25 August workshop saw the participation of PECC member and former WTO DSB/GC Chair Ambassador Jonathan Fried who shared his thoughts on how APEC could follow up on some of the findings from the survey, including the use of varied mechanisms for dispute resolution. Ambassador Fried suggested looking at best practices in specialised areas, such as SPS, financial disputes, as well as labour and the environment and new areas such as the digital economy.

Work was also completed under a Canada-Chile-led initiative *The Role of Government Procurement (GP) in Responding to COVID-19*. Following a survey and a webinar in 2021, the report was finalised endorsed in November 2021. Recommendations in the report included (a) to exchange experiences on digitization of government procurement processes and e-procurement systems; (b) to promote procurement strategies and institutional arrangements that transform government procurement into a strategic tool supporting the post-pandemic economic recovery; and (c) to collect statistical data on pandemic-related procurements.

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

Trade Facilitation - Supply Chain Connectivity

The Third Phase of the APEC Supply-Chain Connectivity Framework Action Plan (SCFAP III) 2022-26 was endorsed at CTI3/2022.⁴ The overarching goal for SCFAP III is, “*To support our businesses in building secure, resilient, sustainable and open supply chains that create a predictable, competitive and digitally interconnected Asia-Pacific region for all*”. In this regard, the chokepoints for SCFAP III that members will be looking to unblock are (i) Inefficient digitalization of end-to-end supply chains, including border procedures and trade documentation exchanges; (ii) Inadequate infrastructure development to support robust multi-modal connectivity and logistics networks; (iii) Insufficient cooperation on data flows and cross-border payments to support increasingly digitalized supply chains; (iv) Lack of understanding on green supply chain management practices and increasing pressure for supply chains to be sustainable; and (v) Lack of targeted support to facilitate MSMEs’ access and integration into global supply chains. In terms of next steps and implementation: (a) relevant APEC fora and private sector will populate specific activities/actions under each chokepoint that APEC can collectively pursue in SCFAP III; (b) the PSU, in consultation with relevant APEC fora, will identify suitable indicators/data sources and conduct research to recommend policy practices for supply chain connectivity that can be used to measure and contribute to the progress of SCFAP III.; (c) Between 2022-23, seek champion economies or APEC fora to lead on certain chokepoints. (d) the PSU will undertake the mid-term evaluation and final review of SCFAP III in 2024 and 2027 respectively. Ministers are invited to endorse the SCFAP III.

Trade Facilitation - Digitalisation

Under the Japan-led project “Phase II -Utilising Digital Technology in the Field of Trade Facilitation under the current COVID-19 Pandemic and Beyond: Best Practices Sharing Workshops”, there will online workshops with experts from private industry, government, and academia will share knowledge under a common theme of trade facilitation, with each workshop with a different focus. Under Phase I, four workshops covered issues related to trade platforms, e-commerce enabling technologies, single windows, and inclusion of MSMEs. Phase II looked at (a) Technology to Support Customs Procedures; (b) Digitalizing Customs Cooperation and (c) Port Digitalization for Efficient Supply Chain. A consolidated report will be circulated once the final workshop has been completed in January 2023.

Global Value Chains

Australia is leading a project on “*Fostering Greater SME Participation in Global Value Chains*” which aims to improve the opportunities for SMEs to engage in international trade through better participation in global value chains. Greater participation in GVCs may provide SMEs with an additional channel to grow their markets and increase their productivity. Their partnership with multinational enterprises (MNEs) might also improve their access to finance and longer-term viability. The project attempts to provide the latest insights into the various approaches to global value chains of multinational enterprises (MNEs) and their requirements from SME partners, especially MNEs from developing economies; and improve SMEs’ knowledge and opportunities to access and participate in these global value chains by

⁴ 2022/SOM3/CTI/012

partnering with MNEs. The project will entail four discussion sessions in which invited MNEs from APEC member economies will share their approaches to global value chain issues, as well as SMEs that have successfully partnered with MNEs. Once the four sessions are complete, a summary report will be circulated.

Chile, China and Peru continued to implement *Supply Chain Integration 4.0 Through Single Window Interoperability – Action Plan (2019-2021)*, which was endorsed in 2019, and promotes interoperability among APEC economies trade electronic single window systems (single windows), taking into account important advances in the development of domestic single windows and current examples of interoperability in the APEC region and worldwide. In 2021 the technical group comprised of Chile, Peru and Singapore (as pilot participants) and Korea and New Zealand (as observers) met several times to start developing the technical parameters of the pilot. The participants agreed, as first approach, that the document to exchange in the pilot would be the customs data declaration form. Subsequently they exchanged their own forms, as to familiarize with the design and particularities of the document in each economy. Participants continue to discuss on the best technology to use to interoperate and the standards that will define the pilot like, for example, applicable international regulations or treaties. Once this analysis is concluded the group will work on a Harmonization Matrix and Service Contracts for the document to be exchanged. A new set of technical meetings will soon be scheduled for 2022.

The *APEC Alliance for Supply Chain Connectivity (A2C2)* held its 14th meeting in 2022. The A2C2 is an advisory group consisting of supply chain and customs experts from the public and private sectors. The A2C2 aims to foster innovative approaches to ongoing supply chain challenges by bringing together stakeholders to discuss potential local or regional solutions. In addition, A2C2's work continues to provide guidance and technical input surrounding implementation of the WTO TFA. The 14th A2C2 meeting focused on the Third Phase of the APEC Supply-Chain Connectivity Framework Action Plan (SCFAP III) which runs from 2022-2026. There was a panel discussion on supply chain choke points with economy representatives providing perspectives and approaches to addressing key chokepoints in the SCFAP III. The private sector shared views from the industry perspective on how and where innovative practices and approaches are being utilized across the SCFAP III chokepoints.

The Russia-led two-day workshop *Effective Domestic Policymaking for Stimulating Economic Upgrading through Global Value Chains* was held in March 2022. The workshop aimed to analyse potential challenges that impede APEC economies' ability to upgrade their economy through GVCs and identify ways to address them, including through reviewing the APEC economies' existing domestic policies and best practices. Both domestic and international factors and actions were considered.

The *Asia-Pacific Model E-Port Network (APMEN)*, led by China, is due for renewal.

Trade Facilitation - Customs Procedures

Key outcomes and achievements for the Sub-Committee on Customs Procedures (SCCP) in 2022 were guided by five priorities according to the SCCP Strategic Plan 2022-2025. The projects and initiatives under five SCCP priorities including:

- a. Priority 1 - Contributing to economies' responses to and recovery from the COVID-19 pandemic. To this end, SCCP adopted the "*Best Practice Guidelines on Customs*

Control for COVID-19 Related Goods” prepared by Thailand, which was endorsed by SCCP on 8 April 2022 and CTI on 13 April 2022. The endorsed version was submitted to the MRT and referenced in the Statement of the Chair of APEC MRT Meeting in May 2022.

- b. Priority 2 - Accelerating implementation of the WTO TFA. SCCP intersessionally endorsed the New Zealand-led self-funded Project Proposal “*WTO Trade Facilitation Agreement (TFA) Implementation Acceleration: Priorities and Channels for Adoption of Customs Related Chapters*” on 5 May 2022.
- c. Priority 3 - Enhancing supply chain predictability and connectivity in the APEC region. SCCP endorsed the Final Report of the APEC self-funded Project “*Guidelines on Paperless Trade*” titled “*Analysis and Pathway for Paperless Trade Report*” in March 2022. The report is available on the APEC Website (APEC Digital publication). Thailand also held a virtual *Workshop on Tax/Duty Collection and Risk Management for Imports of Low Value Goods under De Minimis Thresholds* in May 2022.
- d. Priority 4 - Exploring the use of new technology and innovative solutions to secure supply chains. To this end, the SCCP intersessionally endorsed the Project Proposal “*Measures used to secure Cargo containers from tampering*” in February 2022. The concept note on “APEC Workshops for Capacity Building in self-declaration of origin for FTAs/RTAs” was approved by BMC (Budget and Management Committee) and the Project Proposal has been endorsed by SCCP.
- e. Priority 5 - Promoting inclusion and fostering capacity building in the international trading environment. The SCCP is currently undertaking a new APEC self-funded Project titled “*Gender Mainstreaming in Customs Administrations: A Metrics-based Foundation*”. Thailand hosted the 2022 APEC Customs Business Dialogue on 23 August 2022 on the theme “*Customs and Green Economy: Enhancing Economic Development and Environmental Sustainability*”. The first panel discussion focused on Promoting trade and investment while minimizing the adverse effects on the environment, while the second panel discussion focused on Roles of International Organizations and Customs Administrations in supporting the achievement of the Green Economy.

Connectivity – ABTC and Safe Passage

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 of the Virtual APEC Business Travel Card (ABTC) in November 2020, the Business Mobility Group (BMG) continues to discuss modernization of the ABTC. In this regard, the BMG highlighted that (a) it continues to explore ways to modernize the ABTC Scheme through initiatives aimed at digitalizing and enhancing its efficiency and integrity. This includes ongoing work to support member economies to transition to the virtual ABTC; (b) Australia is working with Singapore and Thailand on a pilot to facilitate online lodgement. The progress towards online lodgement for economies will further streamline the application process for

economies and business travellers; and (c) Work on the *ABTC System User Guide*. The *ABTC System User Guide* provides a standardized process for users of the ABTC System. Economies have collaborated to progress this work, which supports capacity building in a digital economy and facilitates compatibility of standards and systems, while supporting discussion and sharing best practices. A review was undertaken by Australia, Japan, New Zealand and Thailand following BMG1/2022. BMG members endorsed the updated *ABTC System User Guide* at BMG2/2022, noting it is a living document and further edits may be required subject to technical advice and system enhancements.

In terms of work on the Safe Passage, the BMG Convenor attended the Safe Passage Taskforce Meetings (SPTF) and provided SPTF members with a progress report on BMG's work, including the endorsement of the proposal: *Voluntary Principles for the Interoperability of Vaccination Certificates in the APEC Region* (Australia).⁵ BMG has also requested that members provide updated information regarding APEC economies' ABTC entry requirements and ABTC contact information, which has been added to the APEC.org website. The purpose is to assist with improving the communication and outreach of information to ABTC holders and applicants.

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) reports to the SCSC as its subsidiary body.

This year, the SCSC's priorities included (a) developing and promoting the standard and conformance projects/activities in relation to the Bio-Circular-Green Economic (BCG) Model; (b) encouraging and strengthening new practices for COVID-19 recovery to sustain trade and investment in the region; (c) enhancing digital and innovation environment as market-driven strategy and global connection; and (4) supporting and strengthening the MSMEs Trade Facilitation.

On SCSC's regular work, results of the survey on alignment of standards for the 10th Voluntary Action Plan (VAP) alignment work were presented. The survey results also focused on the Circular Economy, showing that 36% of the selected International Standards (total 41 standards in 12 categories) were aligned with Economy Standards, and the result of the 4th survey of the 7th VAP, focusing on Conformity Assessment, EMC, Electric Devices, Electric Vehicle, Electrical Appliances, Lighting, PV modules, Batteries, Textiles, Rubber Products, and Management Systems, to be circulated to member economies that provided inputs to the survey.

SCSC endorsed eight new APEC-funded concept notes in 2022 and completed 10 projects. Seven projects were related to COVID-19.

⁵ <https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/trade/apec-ministers-responsible-for-trade-statement-of-chair/annex-b---voluntary-principles-for-the-interoperability-of-vaccination-certificates-in-the-apec-region>

Digitalisation and Innovation

Under the *Innovation and Digitalisation* driver, CTI members focused on the digital aspects of this driver. The United States led a Trade Policy Dialogues (TPD) on Digital Trade in April. Trade Policy Dialogues have been held since 2016 and bring together APEC government officials to discuss common issues related to digital trade, explore emerging policy topics, and further deepen an understanding of the opportunities to increase participation in the digital economy. The April 2022 TPD explored key issues surrounding cross-border data flows, including the linkages between cross-border data flows and the health sector, as well as their application in the manufacturing and steel industries. The United States also led a workshop on Facilitating Access to Open Government Data in July 2022.

Digital Economy Steering Group (DESG)

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

The DESG Data Privacy (DPS) subgroup, a subsidiary body of the DESG, continues to pursue work on the Cross-Border Privacy Rules (CBPR) and Privacy Recognition for Processors (PRP) Systems which promote interoperability between different data privacy regulations to facilitate trade and build trust in e-commerce. In this regard, the DPS endorsed re-certification of JIPDEC as a CBPR Accountability Agent (AA) in Japan, and TRUSTe, BBB National Programs, and Schellman & Co., LLC, as CBPR and PRP system AAs in the United States. The DPS is also reviewing re-certification applications from Institute for Information Industry (III) as an AA in Chinese Taipei, and the Info-Communications Media Development Authority (IMDA) as an AA in Singapore.

A number of members (Mexico, Singapore and Chinese Taipei) shared their Data Privacy Individual Action Plans (IAP) which improve the transparency of data protection frameworks of member economies. There has also been work to promote regulatory cooperation through the Cross Border Privacy Enforcement Arrangement (CPEA) and the CBPR System. On Implementation of APEC projects (a) Japan and PSU are leading work on a Study "Review of APEC CBPR System"; (b) Chile is leading work on a "Comparative study on best practices to detect and avoid unintended biases in Artificial Intelligence systems" while (c) Thailand is leading work on the *APEC Digital Trade Transformation Work Program*.

Pathfinders related to digital economy

There are two digital-related pathfinder, namely (a) *Pathfinder on a Permanent Moratorium on Electronic Transmissions, Included Content Transmitted Electronically*, and (b) *Pathfinder on Building Blocks for Facilitating Digital Trade* which have 13 and 11 participants respectively.

Innovation - Intellectual Property

IPEG had a number of events and initiatives this year. The "Final Report on 2021 APEC Workshop on the Potential for Use of Alternative Dispute Resolution (ADR) in the Field of IPR" was published in March 2022. The report covers an introduction to ADR, mediation, arbitration, online dispute resolution, how to promote and the potential use of ADR in the field

of intellectual property rights. On the margins of SOM3, a workshop on “Study on the Harmonization of IP Financial System” was held where discussions focused on the increasing importance of IP finance and legal and regulatory framework of IP finance in APEC economies, IP finance models and practices, challenges and solutions of IP finance implementation and key success factors and best practices. Also on the margins of SOM3, a workshop on “Study on the Patent Linkage System for IPR and Public Health Harmonization” took place where members compared their patent linkage systems and engaged in discussions to increase member economies’ understanding on the issue and to lay foundation for the harmonization of the region’s patent linkage systems.

In terms of upcoming initiatives being planned, a workshop on “Women and patents in the APEC Region: Current situation, performance and challenges” is scheduled for November 2022. Interviews and surveys have been conducted on the issue and found women’s participation in IP and patent system to have been steadily increasing. The Project also seeks to identify barriers and challenges women face in trying to access the IP and patent system. Separately, research is being conducted on “*Recovering from COVID-19: Successful Practices among APEC Economies on the Use of IP As a Collective Tool to Foster and Promote Economic Development and Recovery of Vulnerable Populations and MSMEs*”. The project aims to develop a compendium that includes guidelines, recommendations and success stories within APEC economies on the design and implementation of policies on the use of IP collective tools in disaster situations, contributing to economic reactivation and recovery of vulnerable populations and MSMEs.

Throughout 2022, the IPEG continued to share information and exchanged experiences and best practices on their domestic IPR laws, policies, initiatives, and other relevant updates that contribute to the development of a robust IP System within the region. The IPEG adopted a revised standing agenda that aligns with CTI priorities and reflects current and evolving IP issues. The IPEG Chair also invited the WTO to brief the members on key outcomes of MC12 related to intellectual property, in particular on the Ministerial Declaration on the WTO Response to the COVID-19 Pandemic and Preparedness for Future Pandemics, and the Ministerial Decision on the TRIPS Agreement.

Section IV: Inclusion and Sustainability

During Thailand's APEC host year, the Bio-Circular-Green (BCG) Economy concept was introduced into APEC's conversation as a post-pandemic growth strategy where science, innovation and technology are applied to promote the efficient use of resources, maintain and restore our ecosystems, and reduce waste to build a system where government and business can thrive. In this regard, Thailand has been promoting the concept of the BCG Economy Model, as a strategy for Thailand's long-term economic development.

To advance discussions at the CTI, a one-day Symposium was held on the margins of the 2022 MRT. Hosted by Thailand's Ministry of Commerce, the event saw the participation of 531 guests and speakers from 19 APEC economies. Expert speakers from APEC economies shared their insights on sustainability policies and business success stories, best practices and product champions amongst APEC members. A Summary Report of the event has been published and made available on the APEC website.

To take forward the APEC Putrajaya Vision 2040 and Aotearoa Plan of Action, and in support of Thailand's APEC 2022 deliverable of the "Bangkok Goals on Bio-circular-Green (BCG) Economy", Singapore organised a workshop on "APEC Capacity Building Initiative on Carbon Pricing and Carbon Markets" in September 2022 to facilitate information and experience sharing on the topic.

Trade and Sustainability

Viet Nam is working on a two-day workshop on *Promoting Green Garment and Textile Sector towards Inclusive and Sustainable Growth* to be held in 2023. The main objective of the project is to share information, good practices and develop recommendations on ways to promote green garment and textile sector towards inclusive and sustainable growth. Possible areas may include a discussion on how to reduce GHG emission, implementation of circular economy and area of cooperation by garment and textile sector.

The US is leading a self-funded project, "*Promoting Compostable Bio-Plastics in the Asia Pacific region*" to further APEC's policy agenda on promoting sustainable waste management solutions including circular economy approaches to reduce plastic pollution. The objective of this project is to increase awareness and understanding of appropriate policy responses and regulatory approaches that can support the use of compostable bio-plastics and foster trade in goods that use bio-plastics. Capacity building outcomes will be achieved through conducting a comprehensive analytical study followed by a capacity building workshop. The project outputs will be targeted towards policy makers and regulators in APEC economies.

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 tasked MAG to follow up on the issues.

Environmental Goods Work Plan. A workplan was developed and endorsed by the MAG to provide a framework for APEC's expanding environmental goods agenda and to respond to ministerial tasking on this front. This would encompass 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.

Technical updates to the 2012 APEC List of Environmental Goods. The MAG made significant progress with most of the product lines resolved. There are only two outstanding products that require further discussion. MAG will continue to work towards completion of the transposition work as soon as possible.

Developing Recommendations for Potentially Producing a Voluntary, Non-Binding Reference List of Environmental Goods. Progress has been made via a September 2022 Trade Policy Dialogue titled 'to facilitate development of common APEC understanding of what can be considered an environmental good', led by Australia. The TPD provided members with a good platform to take forward meaningful discussions on this front to facilitate development of a common APEC understanding of what can be considered an environmental good.

Technologies and Regulatory issues

Following on work in 2021, including the 2021 Policy Discussion and Report on *Trade-Related Policies to Promote Trade in Environmental Products and Technologies Including Regulatory Issues, Contributing to Global Carbon Neutrality*, CTI put forward a study entitled "Non-Tariff Measures Affecting Trade in Goods Reducing Greenhouse Gas (GHG) Emissions", which would identify non-tariff measures affecting trade in these products, as well as recommending concrete areas regarding regulatory cooperation concerning trade and climate change to assist outlining priority areas for further work within APEC and beyond. Based on the updates at CTI3, the PSU, who is leading the work, based on the WTO i-TIP database, many NTMs affecting APEC economies are related to non-automatic licensing and prohibitions affecting renewable energy products. It was also shared that export-related measures affected on average US \$207.7 billion of exports per year, while non-automatic licenses, import quotas and prohibitions affected US \$5.4 billion of trade annually.

Environmental Services

At the 2021 AMM, the *Reference List of Environmental and Environmentally Related Services* was adopted and annexed to the AMM Statement. The AMM Statement itself instructed officials to take forward discussions on how to increase trade in environmental and environmentally related services, including by supporting liberalisation, facilitation, and cooperation. In this regard, the CTI tasked the GOS to take forward discussions to increase trade in environmental and environmentally related services, including by supporting liberalisation, facilitation, and cooperation. The GOS has provided two updates. New Zealand is leading work to implementing a self-funded project to develop a model schedule (positive list) of environmental and environmentally related services, drawing on the Reference List of Environmental and Environmentally Related Services. The model schedule was submitted by NZ to GOS members for endorsement. Australia is leading work to implement another self-funded project proposal "APEC - Services that support the clean-up of marine debris". A

research report on Marine Debris was presented with key recommendations to address this environmental crisis through the mobilization of trade in services.

Addressing Inefficient Fossil Fuel Subsidies

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 in 2022 to facilitate future implementation” as well as “encourage(d) officials to identify additional capacity building activities in support of this work”. In this regard, in April 2022, CTI held a *Capacity Building Workshop for Accelerating Efforts on Inefficient Fossil Fuel Subsidies, Including Through Voluntary Self-Reporting 2022*. The workshop saw cross-for a collaboration with Energy Working Group (EWG), the Economic Committee (EC), and the Finance Ministers’ Process (FMP) taking part. At CTI3, it was noted that two economies had completed their voluntary self-reporting of inefficient fossil fuel subsidies.

Fisheries Subsidies

See Section II (Para 3).

Green Supply Chains

The Terms of Reference (ToR) of the APEC Cooperation Network on Green Supply Chain (GSCNET), led by China, is currently undergoing endorsement process.

Inclusive Trade

There were three major CTI self-funded initiatives on inclusive trade.

China is leading work on “*Research on Key Areas and Implementation Paths for Deepening APEC Inclusive Trade and Investment Cooperation*”. This is a follow-up from the 2021 *Advancing Economic Inclusion through Trade and Investment in Asia Pacific Region* project that included a seminar. The 2022 project aims to address the large capacity gap of making and implementing policies in the inclusive trade and investment field in the Asia-Pacific area. In progressing the Putrajaya Vision 2040, the project is expected to yield a policy reference list of key areas and implementation paths aiming to build the capacity of APEC members to make and implement policies related inclusive trade and investment. A stock-take study will present policies in the inclusive trade and investment field so that a full view of the inclusion development could be clear. The key areas will be determined by this stock-take study and may include policy field, referred communities, possible issues, model inclusive policies and others topics. The implementation paths will be consisted of policy reference and recommendations which is a part of key areas but highlighted by pointed out in the project’s title. With the best practices of APEC members and case studies completed in the previous project as solid foundation, this project will be achieved through a stock-take study, a seminar, and a summary report with the Research Report and Policy Reference list to CTI.

The US is leading work on two FTAAP Work Programmes on the issue. The first is on *APEC Efforts to Address Inclusion in Trade Agreements*. People with untapped economic potential in the Asia Pacific continue to face significant barriers to gaining the benefits of trade agreements. As a result, APEC economies have prioritized elements of trade agreements that foster an inclusive trade and investment environment to drive more inclusive economic development. These priorities play a key role in contributing to the FTAAP agenda, which seeks to build the capacity of APEC economies to participate in high quality and comprehensive trade agreements. This project consists of two workshops and a stock-take report aiming to promote dialogue and information sharing on experiences and lessons learned to incorporate inclusion aspects in trade agreements. Through these activities, participants will learn best practices that help address and reduce trade barriers faced by micro, small and medium-sized enterprises (MSMEs); women; and others with untapped economic potential, while simultaneously learning how to apply these practices to enhance their trade agreements.

The second is on *Multi-stakeholder Engagement Approaches for Trade Agreement Development*. By utilizing multi-stakeholder engagement, APEC economies can bring a wide variety of voices to the table when developing trade agreements, thereby recognizing the unique needs, opinions, and interests of all trade stakeholders in an economy, allowing the benefits of trade to be felt by all, and advancing policies that are inclusive. Multi-stakeholder engagement also serves a key role in supporting inclusion and contributing to the FTAAP agenda, which seeks to prepare APEC economies to participate in high quality and comprehensive trade agreements. This project aims to conduct a survey, implement a workshop, and produce an outcomes report to share experiences on regional approaches and procedures to undertake multi-stakeholder engagement and use stakeholder inputs to inform positions when designing and negotiating trade agreements. The project will share experience among APEC economies to support them to strengthen their approaches, procedures, and other consultative mechanisms in accordance with their laws and regulations to include stakeholder perspectives in the design of trade agreements.

Section V: Response to pandemic: Review of Ministerial statements on Essential Goods and COVID-19 Vaccine Supply Chain as well as the Services that Support the Movement of Essential Goods

Background

As required in the (a) 2020 *Declaration on Facilitating the Movement of Essential Goods by the APEC Ministers Responsible for Trade (MRT)* and (b) the 2021 *APEC MRT Statement on COVID-19 Vaccine Supply Chains*, CTI members provided inputs via a survey on the actions taken to implement the statements and agreed that a summary of the inputs would be presented to the AMM, through the CTI Report to AMM.

17 economies responded to the survey. The following is summary of members' inputs.

Findings

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

Of the members that responded:

- On the commitment to “*ensure that any emergency trade measures designed to tackle COVID-19 are consistent with WTO rules*”
 - Most members responded that they had either not imposed emergency measures; or where emergency measures have been introduced, these measures are consistent with WTO rules;
 - One member noted that their emergency measure has since been revoked.
- On the commitment to “*ensure that any trade measure introduced in response to COVID-19 is notified in accordance with relevant WTO obligations*”
 - Most economies responded that they had either not imposed any trade measures or where measures have been introduced, they have been notified in accordance with relevant WTO obligations;
 - Where some measures had been introduced, some economies provided the *Notification Symbol* that was submitted to the WTO;
 - One economy acknowledged that they have not yet notified the WTO but is expected to do so after conducting its domestic consultations among the relevant stakeholders.
- On the commitment to “*work together to identify and resolve any unnecessary barriers to trade in essential goods.*”
 - Some economies noted that they have not imposed unnecessary barriers to trade in essential goods;
 - Other economies shared that they are engaging with trade partners either bilaterally or through regional and multilateral fora to address non-tariff barriers;
 - Other members shared how they have implemented measures to reduce barriers to trade with some members providing links to these measures.

- On the commitment to “*expedite and facilitate the flow and transit of essential goods*”
 - Most economies noted that they have already implemented the relevant article in the WTO Trade Facilitation Agreement (TFA);
 - Some economies shared that they have implemented additional facilitation measures to expedite the flow of goods.
- On the commitment “*to enhance coordination, efficiency and transparency of the border clearance of essential goods, and full implementation of the WTO Agreement on Trade Facilitation, to help facilitate trade*”
 - All respondents replied in the affirmative, with some sharing the additional measures that they have taken;
 - Some members provided details including links to the measure or the reference document number.
- On the commitment to “*expedite the release of essential goods upon arrival, including adopting or maintaining procedures allowing for submission of import documentation and other required information, such as manifests, in order to begin processing prior to the arrival of goods*”
 - All responded in the affirmative, with many responding that even prior to the pandemic, such measures were already in place;
 - Some members provided the link to their measure or to the reference document number.
- On the commitment to “*facilitate the entry, transit and departure of air cargo containing essential medical supplies*”,
 - All responded in the affirmative, with almost all respondents providing detailed examples of the measures that were introduced in the light of the pandemic;
 - A number of members said that they worked with air cargo operators to facilitate trade;
 - One members provided the link to their measure.
- On the expectation to “*abide by the International Health Regulations (IHR)(2005)*”
 - All respondents responded in the affirmative.

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

Of the members that responded:

- On the agreement to “*use the WCO-WHO list of COVID-19 vaccines and related goods as a reference for facilitating trade. APEC economies will expedite the flow and transit of all COVID-19 vaccines and related goods through their air, sea and land ports. We will expedite their release upon arrival, including by providing for advance electronic submission and processing of information to enable immediate release upon arrival*”
 - Most respondents had earlier said that they are in compliance of Article 7 (Release and Clearance) of the WTO TFA;
 - Some members refer to the HS classification reference as established by the WCO, WHO and WTO while others give due regard to the WCO-WHO list of COVID-19 vaccines and related goods list when implementing measures to facilitate trade.

- On the commitment to “... *advance the implementation of the Best Practice Guidelines for APEC Customs Administrations to Facilitate the Distribution of COVID-19 Vaccines and Related Goods... to embed the trade facilitation measures implemented during the pandemic, including digitising customs procedures, expediting the flow of goods across borders, and boosting coordination between traders and border agencies*”
 - A survey was undertaken at the SCCP to seek updates on each economy’s implementation status of the Best Practice Guidelines. Of the 14 respondents, 12 economies have made progress by implementing measures that had not yet been implemented during the last review;
 - Two of those economies have now fully implemented all the measures, bringing the total number of those who have fully implemented the Guidelines to six economies.
 - Three economies are immediately prioritizing certain measures in the Guidelines to achieve its implementation. Some economies even initiated projects and measures beyond the Guidelines to better support the distribution of COVID-19 vaccines and related goods;
 - More details can be found in the SCCP Report.

- *While WTO rules permit export restrictions or prohibitions in certain circumstances, we emphasise economies who adopt such measures with respect to COVID-19 vaccines and related goods will evaluate their ongoing necessity as COVID-19 conditions change, in order to ensure they remain targeted, proportional, transparent, temporary, and do not create unnecessary barriers to trade. We call on other WTO members to exercise equal restraint.*
 - Most respondents said that they did not impose export restrictions;
 - One said that where these measures were imposed, they were targeted, proportional, transparent, temporary, and did not create unnecessary barriers to trade;
 - Another said that the measures were temporary and have been removed.

- On the consideration to undertake “*voluntary actions to reduce the cost of these products for our people, particularly by encouraging each economy to review its own charges levied at the border on COVID-19 vaccines and related goods*”
 - While some economies shared that they have not raised tariffs, other economies shared that they have provided customs duty and tax exemptions for such goods; or have waived associated tariffs via a tariff concession;
 - One economy shared that it had decided to postpone a scheduled processing fee increase.

- On the commitment to “... *take appropriate measures to prevent criminal exploitation of supply chains and to prevent the entry and import of illegal, dangerous, sub-standard or counterfeit COVID-19 vaccines and related goods. This could include further implementing the APEC Roadmap to Promote Global Medical Product Quality and Supply Chain Security and related toolkit.*”
 - A number of responses said that agencies such Customs have been working with other enforcement agencies to tackle the issue;
 - Some members carried out special operations domestically while others said that they have worked with the World Customs Organisations to combat illicit goods.

At the 2021 APEC MRT, Ministers issued the Statement on Services that Support the Movement of Essential Goods

5. In this regard:
- Australia facilitated a virtual workshop “Understanding the key role of logistics services in moving essential goods across borders in the Asia Pacific” on 23-24 March 2022;
 - A definition of “logistics related services” was endorsed by the GOS and the CTI in May 2022 and annexed to the 2022 MRT Chair’s statement⁶;
 - A Public-Private Dialogue on “*Essential Services: The Challenges of Logistics in Ensuring Supply Chain Connectivity*” was held on 23 August 2022. As part of the recommendations, it was suggested to develop a “Logistics Tracker” to assist economies to have a better understanding of the link between policy and performance and organisation of an annual workshop on logistics. These activities could possibly include cross-fora support from other APEC bodies focused on this area. A follow-up proposal will be suggested before the end of 2022;
 - The report “Services to Support the Movement of Essential Goods. Background Paper on Logistics Services” is being released as an APEC Publication.

Conclusions and Recommendation

- Based on the responses, it appears that members have largely upheld the commitments in the Ministerial Declarations.
- As with the 2021 CTI Report, the survey responses suggests that members have responded to the COVID-19 pandemic without resorting to significant or permanent use of restrictive trade measures on essential goods and vaccines and related goods.
- As in the 2021 report, it would also appear that members have collectively introduced more facilitating measures than restrictive measures.
- Where restrictive measures were put in place, they tend to be of short duration and have since been withdrawn.
- Good progress has also been made on Services that Support the Movement of Essential Goods
- Taking this all into account, CTI recommends that AMM agree for officials pause the exercise.

⁶ <https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/trade/apec-ministers-responsible-for-trade-statement-of-chair/annex-a-apec-definition-of-logistics-related-services>

Section VI: Engagement with the Business Sector and Industry Dialogues

Engagement with the APEC Business Advisory Council (ABAC)

The CTI and its sub-fora collaborated with the business community to ensure that private sector perspectives contribute to APEC's trade and investment outcomes. To this end, throughout 2022, ABAC representatives' participation was actively sought and welcomed in CTI and sub-fora meetings and events. The CTI Chair also participated in some ABAC meetings this year.

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

- Discussions at the 15 March 2022, *CTI Dedicated Session on Free Trade Area of Asia-Pacific, the COVID-19 Pandemic and Beyond 2022*.
- The 21 May 2022 Public Private Dialogue (PPD) between APEC Ministers Responsible for Trade (MRT) and (ABAC), *Free Trade Area of the Asia-Pacific, the COVID-19 pandemic and beyond*.
- Participation by the business community at the following CTI events
 - Digital Trade Policy Dialogue;
 - 14th APEC Alliance for Supply Chain Connectivity (A2C2) meeting.

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 2022

At the most recent plenary held in September 2022, the AD proposed a number of recommendations for officials to consider. They include (a) supporting the uptake of Electric Vehicles (EVs) by developing policy frameworks; (b) Supporting a sustainable battery industry; (c) developing autonomous vehicle policy frameworks; and (d) promote shared vehicle, micro-mobility, and public transport policies to reduce traffic congestion, accidents and air pollution.

Supporting the Putrajaya Vision

The Auto Dialogue's implements the Putrajaya Vision 2040, including through the Aotearoa Plan of Action by:

On the Trade and Investment driver:

- a. Progressing liberalization of trade in goods by reducing unnecessary barriers, strengthening trade facilitation, and fostering regulatory reform;

- b. Increasing trade predictability and openness by improving economies' transparency through trade measures and policies;
- c. Addressing key infrastructure gaps and enhancing connectivity by creating transparent regulatory environments, promoting dialogue, and sharing best practices;
- d. Identifying and integrating new and emerging sustainable transportation and mobility technologies and services;
- e. Adopting new and emerging technologies to stimulate growth, connectivity and digital transformation

On the Innovation and Digitalization driver:

- f. Supporting the identification and integration of new and emerging sustainable transportation and mobility technologies and services;
- g. Adopting new and emerging technologies to stimulate growth, connectivity and digital transformation.

On the Strong, Balanced, Secure, Sustainable and Inclusive Growth driver:

- h. Developing, encouraging and exchanging best practice policies, and by promoting capacity building programmes, that address all environmental challenges - including climate change - and support sustainable growth, such as through
 - i. sustainable infrastructure and transport;
 - j. promoting sustainable growth across sectors and the development of cost effective low and zero emissions technologies;
 - k. seeking to deliver on existing Leaders' commitment to deliver a plan to reduce aggregate energy intensity by 45%, from 2005 levels, by 2035.

See *Appendix 1 - 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.

Major Outcomes for 2022

The CD conducted a survey and endorsed a set of recommendations to help promote Globally Harmonised System of Classification and Labelling of Chemicals (GHS) implementation convergence. The group also completed a project on facilitating trade by improving risk assessment capacity including an in-person risk challenge workshop aimed at engaging regulators through a tabletop exercise to work through real world challenges and the development and endorsement of a compendium of risk assessment resources.

Supporting the Putrajaya Vision

In order to promoting environmental sustainability and sustainable growth, the CD organized a webinar series focused on advanced recycling and its contribution to a more circular economy.⁷ In addition, The CD collaborated with the Ocean and Fisheries Working Group through the Virtual Working Group on Marine Debris to coordinate activities across APEC related to marine debris and circular economy issues.

On the GHS, the CD will continue work to promote more consistent international implementation of the GHS. The GHS is an UN-developed system that was designed to promote a globally harmonized approach for all chemical labelling. The CD has revised the GHS comparison report and convergence recommendations to consider recent developments and will develop additional capacity building efforts to help APEC economies address GHS divergences. An Executive Summary for the Report on Implementation Convergence of the GHS in APEC Economies is also appended to the CD Report.

See *Appendix 3 - Chemical Dialogue Report & 3.1 Executive Summary for the Report on Implementation Convergence of the Globally Harmonised System of Classification and Labelling of Chemicals (GHS)*.

Engagement with Non-members

Throughout 2022, CTI engaged with a number of non-members to enrich discussions. These included the WTO, the OECD, the World Economic Forum (WEF). At CTI3, WTO Deputy Director-General Anabel González participated in the plenary meeting.

⁷ Webinar on Introducing Advanced Recycling in the Asia-Pacific on 28 July 2022

Section VII: CTI Governance

Sub-fora

Following a renewal exercise in 2021, 10 of 11 sub-fora were renewed at the end of 2021. The Life Sciences Innovation Forum (LSIF) was sunset. The majority of existing projects have been transferred to the Health Working Group which will continue to their finalisation. At CTI3, three economies noted the good work of the APEC Harmonization Center (AHC) and the Regulatory Harmonization Steering Committee (RHSC), and elaborated on a proposal for an APEC CTI Body to Promote Regulatory Convergence and Cooperation for Medical Products. One economy held the view that establishing any new group/body is not in line with the process of Governance Improvement for a More Effective APEC and the proposal was not endorsed. The proponents will consult with the economy intersessionally.

Pathfinder Initiatives

Economy leads for four CTI Pathfinder initiatives provided an update to members on recent activities under their Pathfinder (see *Appendix 11 – 2022 CTI Pathfinder Initiatives*). Four Pathfinders continue to be implemented in the CTI:

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

Table 1. Projects launched by CTI and sub-fora in 2022

	Project Title	Project Number
1	Trade Policy Dialogues on Digital Trade	CTI 01 2022S
2	Fostering Greater SME Participation in Global Value Chains	CTI 02 2022S
3	Capacity Building Workshop for Accelerating Efforts on Inefficient Fossil Fuel Subsidies including through Voluntarily Self-Reporting	CTI 03 2022S
4	Promoting Compostable Bio-Plastics in the Asia-Pacific Region	CTI 04 2022S
5	Measuring the Economic Impact of Digital Trade / e-Commerce Provisions	CTI 05 2022S
6	FTAAP Work Program on APEC Efforts to Address Inclusion in Trade Agreements	CTI 08 2022S
7	Research on Key Areas and Implementation Paths for Deepening APEC Inclusive Trade and Investment Cooperation	CTI 07 2022S
8	FTAAP Work Program: Multi-stakeholder Engagement Approaches for Trade Agreement Development	CTI 06 2022S
9	Facilitating Access to Open Government Data Workshop	CTI 09 2022S
10	APEC Workshop on Promoting "One Village One Product" (OVOP) through e-Commerce	CTI 01 2022
11	APEC Professional Services and Mutual Recognition Agreement Project (Multi-Year)	GOS 01 2022S
12	Translating Services Domestic Regulations Initiatives into Practice - Benefits and Experiences Implementing the Disciplines	GOS 02 2022S
13	Expansion and Application of the APEC Index - Supporting Economy-Level Capacity Building to Advance the Services Agenda in APEC	GOS 03 2022S
14	Services that Support the Clean-Up of Marine Debris	GOS 04 2022S
15	Translating Services Domestic Regulations Initiatives into Practice – Benefits and Experiences Implementing the Disciplines	GOS 05 2022S
16	Supporting the APEC Environmental Services Agenda: Developing a Model Schedule for Environmental and Environmentally Related Services	GOS 06 2022S
17	Symposium on Green Foreign Direct Investment in the Energy Transition	IEG 01 2022S
18	Trade Policy Dialogue to Facilitate Development of Common APEC Understanding of what can be considered an Environmental Good	MAG 01 2022S
19	Measures used to Secure Cargo Containers from Tampering	SCCP 01 2022S
20	Workshop on Tax/Duty Collection, Risk Management and Trade Facilitation for Imports of Low Value Goods under De Minimis Thresholds	SCCP 02 2022S
21	World Trade Organisation Trade Facilitation Agreement Implementation Acceleration: Priorities and Channels for Adoption of Customs related Chapters	SCCP 03 2022S
22	2022 Online Communication Platform for Testing Techniques for Food-Pesticide Residue Workshop	SCSC 01 2022S
23	Strengthening Electronic Labeling (E-labeling) Practices for Information and Communications Technologies (ICT) Products	SCSC 02 2022S

24	Improving Food Safety Outcomes through Increased Cooperation between Food Safety Regulators and APAC Member Bodies Accrediting Certification, Inspection and Testing Services	SCSC 03 2022S
25	APEC FSCF Workshop and Documents on Risk Communication of Pesticide Maximum Residue Limits (MRLs) - Part II	SCSC 05 2022S
26	The 14th SCSC Conference: BCG for APEC MSMEs - Challenges and Ways Forward	SCSC 04 2022S
27	Sustainable Cities and Communities: Case Study and Promotion for International Standards on Public Health Emergency Response in Smart City Operation Models	SCSC 06 2022S
28	Advancing Good Regulatory Practices to Reduce Barriers to Trade	SCSC 07 2022S
29	Digital Credentialling of Certified Products - A Tool for Facilitating International Trade, reducing TBTs and Improving Trust for Consumers	SCSC 08 2022S
30	Standardisation in Emerging Technologies related to Greenhouse Gas (GHG) Emissions Measurement	SCSC 09 2022S
31	Blueprint for Advancing Good Regulatory Practices in the APEC Region	SCSC 10 2022S
32	Leveraging Chemical Recycling in a Circular Economy	CD 01 2022S
33	Adherence to OECD Mutual Acceptance of Data (MAD) System	CD 02 2022S

**does not include projects in Project Session 2 which have yet to be uploaded into the APEC Project Database*

Table 2. Initiatives launched by members in 2022

1	Phase Three of Supply-Chain Connectivity Framework Action Plan (SCFAPIII)
2	PSU Study “Research on how economies can help businesses build and maintain open, secure and resilient supply chains
3	Template on tracking Fisheries Subsidies Agreement

Table 3. CTI-level events in 2022

	Date of event	Title of Event
1	2022/10/13 & 14	Workshop on Opportunities and Challenges for GVCs during COVID-19 Pandemic and Post-Pandemic Economic Recovery
2	2022/10/05	Best-Practices Sharing Workshop - Utilizing digital technology in the field of trade facilitation under the current COVID-19 pandemic & beyond (Phase II) - Digitalizing Customs Cooperation
3	2022/09/28	Fostering Greater SME Participation in Global Value Chains Session 3: Getting Contracts Right and Accessing Finance
4	2022/09/21	APEC Capacity Building Initiative on Carbon Pricing and Carbon Markets Workshop
5	2022/09/06	Fostering Greater SME Participation in Global Value Chains Session 2 Understanding Multinational Enterprises Requirements for Supplier and Partners
6	2022/08/25	Workshop on Current Trends on Dispute Settlement Mechanisms in Trade Agreements
7	2022/08/25	Fostering Greater SME Participation in Global Value Chains Session 1 – Deep Dive on Logistics and Transport
8	2022/08/20 & 21	Public-Private Dialogue on Promoting Transparency of Technical Barriers to Trade WTO Notifications: Improving Completeness and Clearness of Information
9	2022/08/03	Best-Practices Sharing Workshop Utilizing digital technology in the field of trade facilitation under the current COVID-19 pandemic & beyond (Phase II) - Workshop on Technology to Support Customs Procedures
10	2022/07/27	Workshop on Facilitating Access to Open Government Data
11	2022/05/20	Symposium on Bio-Circular-Green Economy Model
12	2022/04/28	Capacity Building Workshop for Accelerating Efforts on Inefficient Fossil Fuel Subsidies, Including Through Voluntary Self-Reporting
13	2022/04/06	APEC Digital Trade Policy Dialogue
14	2022/03/15	Committee on Trade and Investment Dedicated Session on Free Trade Area of Asia-Pacific, the COVID-19 Pandemic and Beyond
15	2022/03/04	Workshop on New-Normal Model of Trade Promotion in the Post Pandemic Era

16	2022/03/01	Workshop on Effective Domestic Policymaking for Stimulating Economic Upgrading Through Global Value Chains
17	2022/01/13	Capacity Building Workshop on Regional Trade Agreement and Free Trade Agreement Negotiation Skills on Transparency

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