

## Regional Economic Integration Working Group Matrix

Highlighted cells indicate U.S. Action

Agenda Item	US Member	US ABAC action	USG Position	Other economy positions	
2. Matters arising from 2012	Ed Rapp				
3. Confirmation of REIWG Priorities	Ed Rapp	<ul style="list-style-type: none"> <li>• REIWG will focus on three priorities: Liberalizing trade and investment (including WTO issues, Doha Round and FTAAP),</li> <li>• Pursuing the new services agenda, informed by the 2012 Marshall Business School report on trade and investment in services.</li> <li>• Enhancing supply chain connectivity, including through promoting global data standards and associated supply chain infrastructure technologies</li> <li>• <b>ABAC USA is supportive of these priorities as identified by the REIWG Chair.</b></li> </ul>			
4. Trade and Investment Liberalization	Ed Rapp				
a.	FTAAP Pathways Update				
i.	Pathways Matrix	Ed Rapp	<p>There are several regional agreements that could serve as the basis for a Free Trade Area of the Asia-Pacific (FTAAP) including:</p> <p>ASEAN Australia New Zealand Free Trade Agreement (AANZFTA)            Regional Comprehensive Partnership (RCEP)            Trans-Pacific Partnership (TPP)</p> <p><b>ABAC USA is supportive of the TPP as a pathway to an FTAAP and feels that it is a more realistic, comprehensive, high standard, and practical approach than the alternatives.</b></p>	<p>USG supports the TPP but is careful to call it a pathway to FTAAP. USTR's objective will be to conclude the TPP negotiations by the end of 2013.</p>	<p>ABAC has long been supportive of initiatives that can serve as pathways or building blocks toward a Free Trade Area of the Asia Pacific, but Members had been reluctant to indicate more support for one initiative over another (i.e. TPP over an ASEAN-led initiative)</p> <p>TPP has 10 members in addition to USA: Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, Mexico, Canada, and Vietnam are members of the TPP negotiations</p>

						<p>AANZFTA includes: Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore, the Philippines, Thailand and Viet Nam, Australia, New Zealand.</p> <p>RCEP includes: Australia, China, India, Japan, New Zealand, South Korea, Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore, the Philippines, Thailand and Viet Nam.</p>
	ii.	Philippines Perspective	Ed Rapp	<ul style="list-style-type: none"> <li>No paper has been circulated at this time. ABAC USA should monitor closely.</li> </ul>		The Philippines is a Member of the RCEP and the AANZFTA.
	iii.	RCEP	Ed Rapp	<b>ABAC USA is supportive of the TPP as a pathway to an FTAAP and feels that it is a more realistic, comprehensive, high standard, and practical approach than the alternatives.</b>		RCEP includes: Australia, China, India, Japan, New Zealand, South Korea, Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore, the Philippines, Thailand and Viet Nam.
b.	Roadmap towards 2020 Bogor Goals		Ed Rapp			
c.	FDI		Ed Rapp			
	i.	Liaison with APEC Investment Experts Group (IEG) (refers to the upcoming private sector dialogue with the IEG)	Ed Rapp	<ul style="list-style-type: none"> <li>ABAC USA is supportive of ongoing engagement with the APEC Investment Experts Group (IEG) but is not supportive of Indonesia's decision to focus the next IEG Private sector dialogue on CSR programs rather than advance APEC's investment policy work. Our position is that CSR should must be voluntary, never mandated or legislated</li> </ul>	USG is strongly supportive of private sector engagement with the IEG but does not support the CSR theme of this year's IEG Private Sector Dialogue	ABAC Hong Kong, New Zealand and Japan share ABAC USA's concerns about Indonesia's decision to focus the IEG private sector dialogue on CSR. These concerns have been jointly expressed to ABAC Indonesia.
	ii.	Proposed Theme for	Ed Rapp	ABAC USA is supportive of a Marshall school		

		Marshall Business School		study on FDI		
	iii.	FDI Work Plan Proposal	Ed Rapp	ABAC USA is supportive of this work plan but should make sure that it is complementary to our initiative on infrastructure investment.		
d.	WTO Information Technology Agreement (ITA) Expansion		Ed Rapp	<ul style="list-style-type: none"> <li>ABAC USA is supportive of an expansion to the ITA. APEC has proven to be a useful forum for encouraging progress on the ITA negotiations. At the last MRT in 2012, APEC Trade Ministers made a statement in support of further work on the issue. The subject will likely be covered when they meet this year – a statement from the ABAC will help encourage further work on negotiations.</li> </ul>	USG is supportive of this issue	ABAC Japan has been encouraged by its private sector to call for ITA expansion
5. Initiating a new Services Agenda			Ed Rapp	<ul style="list-style-type: none"> <li>ABAC USA is supportive of including services as a stand-alone issue and recommends that the REIWG look at developing a regional integrated supply chain for services in the same vein that it does for goods.</li> </ul>		
a.	Next Steps on Services Agenda		Ed Rapp	<ul style="list-style-type: none"> <li>ABAC USA should monitor closely</li> </ul>		
b.	APEC Travel Facilitation Initiative		Alex Parle		USG is coordinating the implementation of the Travel Facilitation Initiative	
c.	Skills Mapping Update		Ed Rapp			
6. Enhancing Supply Chain Connectivity			Ed Rapp	<ul style="list-style-type: none"> <li>ABAC USA has led the supply chain connectivity issue.</li> <li>ABAC USA supports strong engagement from ABAC into the APEC Supply Chain Connectivity Initiative (SCCI) which consists of eight chokepoints that impede regional supply chains.</li> </ul>		<ul style="list-style-type: none"> <li>ABAC has been supportive of work towards improving Supply Chain Connectivity. The Goal in REIWG will be to identify best practices for supply chain connectivity and identify areas for further improvement in APEC's Supply Chain Connectivity Framework (e.g. logistics, transportation).</li> </ul>
a.	ABAC Proposal on global data standards within APEC		Ed Rapp	<ul style="list-style-type: none"> <li>ABAC USA is supportive of the implementation of the global data standards</li> </ul>		

			project.		
b.	Eli Lilly Presentation	John Steele			

**Regional Economic Integration Working Group**  
**0730-1030, Tuesday 22 January 2012**  
**Venue: Manila Room, Level 1,**  
**Shangri-La Hotel, Manila**  
**Draft Agenda**

<b>Agenda Item</b>	<b>Issue</b>	<b>Lead Economy/ Speaker</b>	<b>Document</b>
<b>1</b>	Welcome, approval of agenda	Chair/T. Nowell	
<b>2</b>	Minutes and matters arising from the fourth meeting 2012 (not elsewhere specified)	Chair/T. Nowell	REIWG 32-046
<b>3</b>	Confirmation of REIWG priorities for 2013 and draft 2013 REIWG Action Plan.	Chair/T. Nowell	
<b>4</b>	<b><i>Trade and Investment liberalisation</i></b>		
a)	Pathways to FTAAP		
	i) Presentation of updated Pathways to FTAAP matrix with focus on TPP. a. ABAC for TPP update	ABAC New Zealand/ S. Jacobi  Chair/T Nowell and ABAC Peru/J. Raffo.	
	ii) Pathways to regional economic integration – the Philippines perspective. Guest presenter: Atty. Adrian S. Cristobal, Jr. Undersecretary for Industry Development and Trade Policy, Department of Trade and Industry TBC	ABAC Philippines/TBC	

	<p>iii) RCEP – a view from the Economic Research Institute for ASEAN and East Asia (ERIA). Guest presenter: Mr Yoshifumi Fukunaga, Senior Policy Coordinator, ERIA</p>	ABAC Indonesia/ Mr A. Bakrie	
b)	<p>Roadmap Towards 2020 Bogor Goals. Guest presenter: Ambassador Capunay, Peru</p>	ABAC Peru/E. Gubbins	
c)	<p>Foreign Direct Investment:</p> <p>i) ABAC liaison with APEC Investment Expert Group (IEG)</p> <p>ii) Proposed theme for the Marshall Business School research in 2013</p> <p>iii) Draft 2013 FDI work plan proposal</p>	<p>Chair/T. Nowell</p> <p>ABAC Japan/ H. Kamezaki</p>	
d)	<p>WTO Information Technology Agreement update</p>	ABAC Japan/ H. Kamezaki	
<b>5</b>	<b><i>Initiating a new services agenda</i></b>		
a)	<p>Next steps on ABAC's services agenda</p>	ABAC Hong Kong/ A. Nightingale	
b)	<p>APEC Travel Facilitation Initiative update</p>	ABAC USA/A. Parle	
c)	<p>Skills mapping update</p>	ABAC Philippines/D. Ho	
<b>6</b>	<b><i>Enhancing supply chain connectivity</i></b>		
a)	<p>Update on ABAC proposal on global data standards development within the APEC region. Guest presenter: John Keogh, GS1</p>	Chair/T. Nowell	
b)	<p>Eli Lilly presentation</p>	ABAC USA/J. Steele	
<b>7</b>	<p>Other Business</p>	Chair/T. Nowell.	

Document: REIWG 33-003  
Draft: **FIRST**  
Source: REIWG Chair  
Date: 8 January 2013  
Meeting: Manila, Philippines

## REI Meeting Document Summary Sheet

<b>Document Title:</b> Draft 2013 REIWG Action Plan.
<b>Purpose:</b> For discussion.
<b>Issue:</b> To consider the draft 2013 REIWG Action Plan as a guide for deliverables during 2013.
<b>Background:</b> The Draft 2013 REIWG Action Plan builds on the 2011 and 2012 REIWG Action Plans, and is based on the supply chain and value chain conceptual framework which was endorsed by ABAC in 2011. The Plan identifies three key priorities and a range of other policy issues that need to be addressed in order for regional economic integration to be progressed from a business perspective. As discussed at REIWG IV and the Closing Plenary in Vladivostok, the following three key priorities are proposed for REIWG in 2013: <ol style="list-style-type: none"><li>1. Liberalising trade and investment (including WTO issues, Doha Round and FTAAP),</li><li>2. Pursuing the new services agenda, informed by the 2012 Marshall Business School report on trade and investment in services, as well as building on the 2011 ABAC services report “Understanding Services at the Heart of a Competitive Economy”,</li><li>3. Enhancing supply chain connectivity, including through promoting global data standards and associated supply chain infrastructure technologies in the APEC region.</li></ol> There are numerous other policy issues identified in the draft Action Plan in which ABAC also has an interest; which will continue to be pursued as initiatives in progress.
<b>Proposal /Recommendations:</b> <ul style="list-style-type: none"><li>• That ABAC should agree the above three key priority areas for focus in 2013.</li><li>• That ABAC should note the various initiatives in progress.</li></ul>
<b>Decision Points:</b> <ul style="list-style-type: none"><li>• Endorse these recommendations.</li></ul>

## REGIONAL ECONOMIC INTEGRATION WORKING GROUP DRAFT 2013 ACTION PLAN

### Supply Chain and Value Chain Framework<sup>1</sup>

Supply Chain Components	Key Issue	Proposed 2013 Objective(s)	Status	ABAC Next Steps	Liaison Groups & Events	Owner
Discovery and Innovation						
Primary Production						
Primary & Secondary Processing						
Finished Product Manufacture						
Storage & Handling	Post harvest loss.		Under purview of PPFs and SDWG.			
Freight & Logistics	Supply chain connectivity.	Promote and develop ABAC – APEC joint project on global data standards.	The 2011 report of the Marshall Business School made recommendations to improve regional supply chains. ABAC’s global data standards proposal was discussed at iSOM, December 2012.	Liaise with CTI Chair on ABAC presentation of global data standards proposal to CTI at SOM I in early February.	<ul style="list-style-type: none"> <li>• CTI.</li> <li>• APEC SCC WG.</li> <li>• GS1</li> </ul>	REIWG ABAC NZ
Marketing & Distribution (Wholesale & retail)						

<sup>1</sup> The supply chain and value chain conceptual framework, which identifies key elements of supply chains and value chains, and ABAC’s policy priorities for each, was established in REIWG in 2011.

## REI WORKING GROUP DRAFT 2013 ACTION PLAN CONTINUED

Value Chain Themes	Key Issue	Proposed 2013 Objective(s)	Status	ABAC Next Steps	Liaison Groups & Events	Owner
<b>Quality Assurance.</b> E.g. Food Standards, SPS	Food safety.	Food safety transferred to PPFS.				
<b>Innovation Development.</b> (Science, R&D, Commercialisation)	Intellectual Property rights	Maintain dialogue with APEC.	ABAC engaged with IPEG in 2011 on the need to strengthen IPR regulatory regimes to promote commercialization and dissemination of EGS technologies. Identified the inability to protect IPR as a top barrier to SME cross border trade.	The IP Experts Group has expressed an interest in continuing engagement with the private sector through dialogues on the margins of SOM meetings.	APEC IP Experts Group (IPEG).	REIWG.  ABAC USA
<b>Business &amp; Capability Development.</b> (Education, HR Development)						
<b>Services</b> (Architectural, Engineering, Financial, Legal, Educational etc)	Promote liberalisation and facilitation of Services trade.	<ol style="list-style-type: none"> <li>1. Leverage the 2012 Marshall Business School report on barriers to regional services trade and investment.</li> <li>2. Publicise ABAC views on the importance of services liberalisation.</li> <li>3. Consider possible sectoral approach to services in 2013.</li> </ol>	In its report for ABAC in 2012, the Marshall Business school recommended several ways to improve regional trade and investment in services. This built on ABAC's 2011 report entitled "Services at the Heart of a Competitive Economy."	<ol style="list-style-type: none"> <li>1. Present the outcomes of the Marshall School services research during ABAC-SOM Dialogue at ABAC I, Manila.</li> <li>2. Discuss possible sectoral approach at REIWG I.</li> <li>3. Seek opportunities to share views with APEC eg GOS meetings, MAG-GOS joint meetings. Liaise with CTI Chair to set up Public Private Dialogue on services at SOM II 2013.</li> </ol>	CTI – Group on Services (GOS) and Market Access Group (MAG). Australian Services Roundtable. Other services industry organizations.	REIWG.  ABAC Hong Kong.

## REI WORKING GROUP DRAFT 2013 ACTION PLAN CONTINUED

Value Chain Themes	Key Issue	Proposed 2013 Objective(s)	Status	ABAC Next Steps	Liaison Groups & Events	Owner
<b>Human resources</b>  (Availability, mobility and standards)	Efficient movement of temporary workers around region.	To continue to work collaboratively with APEC on the skills mapping initiative.	Labour mobility/ effective skills mapping remains important for services trade/investment.	In 2013 ABAC will take part in APEC's Business Advisory Group for the skills mapping project.	APEC Human Resources Development Working Group	REIWG.  ABAC Philippines
	APEC Business Travel Card (ABTC).	1. Monitor APEC execution of ABAC recommendations regarding the ABTC. 2. Engage APEC on the development of APEC's Travel Facilitation Initiative (ATFI).	ABAC has continued to liaise with APEC on the need to improve the ABTC scheme, and pointed out where issues have arisen that impact business travelers.  ABAC has registered its interest in ATFI to the CTI Chair.	1. Discuss ABTC problems at the ABAC –SOM Dialogue meeting at ABAC I, Manila. 2. Take part in 2013 ATFI stakeholder workshop.	APEC Business Mobility Group. CTI	REIWG.  ABAC Japan*
<b>Supporting Framework</b> (e.g. Regulatory Coherence, Transparency)	Regulatory coherence	1. Engage with APEC on regulatory coherence, drawing on ABAC's regulatory coherence booklet. 2. Ensure that regulations supporting other REI initiatives are coherent.	In 2011 ABAC identified key principles that economies should adopt to promote regulatory coherence, and conducted an assessment of regulatory coherence in three sectors. In late 2011/2012 ABAC promoted this work via a booklet on regulatory coherence.	Seek opportunities to engage with APEC on regulatory coherence.	CTI.	REIWG  ABAC USA

\* Ms Mika Takahashi is the lead staffer for ABAC Japan in terms of ownership of key items on the REIWG Action Plan.

## REI WORKING GROUP DRAFT 2013 ACTION PLAN CONTINUED

Value Chain Themes	Key Issue	Proposed 2013 Objective(s)	Status	ABAC Next Steps	Liaison Groups & Events	Owner
<b>Border Flows</b> (Customs, Tax, Biosecurity)	Single Window System	ABAC to recommend best practices to APEC.	ABAC agreed in 2010 that duplicative customs procedures were the biggest obstacle to supply chain efficiency.	-	CTI	REIWG. ?
	Paperless trading system	Support initiatives that contribute to paperless trading as a means of reducing business cost and complexity.	The 2011 Marshall School study identified paperless trading as critical to effective supply chains.	Pursue global data standards project in support of paperless trading.	CTI	REIWG. ?
	Authorized Economic Operator (AEO)	Contribute to establishing the APEC-wide AEO program with clear benefit to AEO-certified private sector entities.	ABAC recommendations in 2011 encouraged a holistic and organized approach for the development of a mutual recognition scheme and a sound and steady APEC-wide AEO systems for the inclusion of all industries in the supply/production chain.	Continue input to SCCP and AEO Working Group from a business perspective.  Pursue global data standards project given that RFID and barcode data can support AEO initiatives.	APEC SCCP/ AEO WG	REIWG. ABAC Japan
	Transparency and Anti-Corruption	Stay in touch with APEC ACT to keep abreast of implications for business community.	In Sept 2011 ABAC held a dialogue with the ACT to highlight the importance of reporting on progress of implementing anti-corruption commitments.	Pursue global data standards project, which will increase transparency in supply chains and therefore help to reduce corruption.	APEC Anti-Corruption Task Force (ACT).	REIWG. ABAC USA

## REI WORKING GROUP DRAFT 2013 ACTION PLAN CONTINUED

Value Chain Themes	Key Issue	Proposed 2013 Objective(s)	Status	ABAC Next Steps	Liaison Groups & Events	Owner
<b>Funding / Investment</b> (Venture / Private / Merchant / Public / Sovereign).	Investment liberalisation and facilitation.	<ol style="list-style-type: none"> <li>Undertake new 2013 Marshall School project on FDI, including in land, in the APEC region.</li> <li>Leverage 2012 Marshall School research report on barriers to investment in the services sector.</li> <li>Stay abreast of developments in the Investment Facilitation Action Plan (IFAP).</li> </ol>	The 2012 Marshall School project measured FDI flows in services sectors within APEC and identified impediments. ABAC has recommended improvements on several FDI issues e.g. technical transfer payments, PE tax, transfer price tax and double payment of social security dues. ABAC has continued to liaise with IEG on need to improve the environment for FDI.	<ol style="list-style-type: none"> <li>Seek approval for new Marshall School project on FDI at ABAC I Manila.</li> <li>Present 2012 research report on services to APEC Senior Officials at ABAC I Manila.</li> <li>Attend IEG meeting at SOM 1, 29 January 2013.</li> </ol>	APEC Investment Experts Group (IEG). Marshall School. Companies with FDIs in the region.	REIWG. ABAC Hong Kong ABAC Japan ABAC USA
<b>Market Access</b>  Trade and investment liberalisation (WTO, Regional and Bilateral FTAs)	WTO Doha Round	Monitor WTO Doha Round progress, call for conclusion as and when appropriate.	ABAC has received regular updates on the DDA. ABAC emphasized the importance of a swift and ambitious conclusion to DDA on numerous occasions.	Monitor WTO Doha Round.	CTI. MAG. WTO Secretariat.	REIWG ABAC New Zealand.
	Pathways to a Free Trade Area of the Asia Pacific (FTAAP).	Continue to seek the acceleration of the establishment of a Free Trade Area of the Asia Pacific.	ABAC has monitored and reported on developments in TPP, RCEP (previously CEPEA and EAFTA) and noted the AANZFTA. ABAC has identified several barriers to REI and proposed these as next generation issues that pathways to FTAAP should address.	<ol style="list-style-type: none"> <li>Complete and maintain analysis comparing TPP and RCEP.</li> <li>Monitor the negotiations for key developments.</li> </ol>	ABAC for TPP informal group. CTI. TPP negotiators. RCEP negotiators.	REIWG ABAC New Zealand. ABAC Malaysia
	WTO Information Technology Agreement.	Continue to support the extension and expansion of the ITA.	In 2012 ABAC resolved to support the expansion and extension of the ITA.	Seek further commitment by APEC economies to instruct concrete negotiations on expansion of product coverage done by first half year through letter to MRT/Leaders.	WTO.	REIWG ABAC Japan

Document: REIWG 33-002  
Draft: **SECOND**  
Source: REIWG Chair  
Date: 21 December 2012  
Meeting: Manila, Philippines

## REI Meeting Document Summary Sheet

<b>Document Title:</b> Comparison of Possible Pathways towards FTAAP.
<b>Purpose:</b> For information.
<b>Issue:</b> This note provides an update on progress in various regional negotiations that could lead to a Free Trade Area of the Asia Pacific.
<b>Background:</b> The main developments include: <ul style="list-style-type: none"><li>• The 15<sup>th</sup> round of TPP negotiations was held in Auckland 3-12 December. On the margins of the East Asia Summit meetings some TPP Leaders agreed that the negotiations should conclude in 2013</li><li>• Negotiations to establish a Regional Comprehensive Partnership (RCEP) were launched in Phnom Penh in November. The first round of negotiations will not take place until May 2013.</li></ul>
<b>Proposal /Recommendations:</b> <ul style="list-style-type: none"><li>• For noting.</li></ul>
<b>Decision Points:</b> <ul style="list-style-type: none"><li>• For noting.</li></ul>

## ABAC Analysis Comparing the Trans Pacific Partnership (TPP), Regional Comprehensive Economic Partnership (RCEP) and the ASEAN, Australia New Zealand Free Trade Agreement (AANZFTA)

Features	TPP	RCEP	AANZFTA
When Launched	Launched December 2009, first round of negotiations March 2010.	Launched November 2012, first round of negotiations to be held May 2013.	Leaders agreed to launch FTA negotiations in November 2004. Agreement was signed in February 2009.
Members	Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, USA, Viet Nam. During President Obama's visit to Bangkok in November 2012, Thailand announced interest in joining TPP. Japan continues to consider whether to seek to join TPP.	ASEAN, Australia, China, India, Japan, New Zealand, South Korea.	ASEAN <sup>1</sup> , Australia, New Zealand.
Existing Agreement	P4 Agreement, 2005, between Brunei, Chile, New Zealand, and Singapore.	Builds on CEPEA (ASEAN + 6) and EAFTA (ASEAN +3) negotiations and recognizes ASEAN Centrality in the emerging regional economic architecture.	N/A
Timeframe	Some TPP Leaders meeting in the margins of the East Asia Summit have indicated that negotiations should be concluded in 2013.	The RCEP negotiations will commence in early 2013 and aim to complete by end-2015.	Entered into force (EIF) 1 January 2010 <sup>2</sup> . EIF for Thailand in March 2010; for Lao PDR and Cambodia in January 2011. EIF for Indonesia January 2012.

<sup>1</sup> ASEAN comprises Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore, the Philippines, Thailand and Viet Nam.

<sup>2</sup> For and between Australia, Brunei, Malaysia, Myanmar, New Zealand, Singapore, the Philippines, and Viet Nam.

Features	TPP	RCEP	AANZFTA
Process	<p>The 15th round of TPP negotiations took place in Auckland 3-12 December. The next round, will take place in Singapore 4-13 March.</p> <p>TPP Ministers met in Vladivostok on 6 September In their report to Leaders at Vladivostok TPP Ministers drew attention to the <i>“the progress made on many of the 29 chapters under negotiation, including customs, cross-border services, government procurement, telecommunications, competition policy, small- and medium-sized enterprises, competitiveness and business facilitation, and cooperation and capacity building”</i>. Ministers reported that negotiating groups have <i>“moved their work ahead substantially on other issues, including rules of origin, investment, financial services, and temporary entry”</i><sup>3</sup>.</p>	<p>ASEAN announced at its summit in April 2012 that it would launch RCEP negotiations at its summit in November 2012.</p> <p>The first round of negotiations is expected to be held in May 2013.</p>	<p>The first negotiating round was held in Manila in March 2005. 15 more rounds were held before Trade Ministers' reached substantive agreement at the ASEAN Economic Ministers' meeting in Singapore in September 2008.</p>
Coverage	<p>Comprehensive coverage. 29 working groups are tasked with producing draft negotiating texts in the following areas:</p> <ul style="list-style-type: none"> <li>• Goods</li> <li>• Rules of Origin</li> <li>• Customs</li> <li>• SPS</li> <li>• Technical Barriers to Trade</li> <li>• Trade Remedies</li> <li>• Government Procurement</li> <li>• Competition Policy</li> <li>• Cross-Border Services</li> <li>• Business Mobility (which we usually</li> </ul>	<p>According to the Guiding Principles “the objective of launching RCEP negotiations is to achieve a modern, comprehensive, high-quality and mutually beneficial economic partnership agreement among the ASEAN Member States and ASEAN’s FTA Partners. RCEP will cover trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement and other issues”.</p>	<p>The AANZFTA agreement is a comprehensive FTA covering goods, services and investment, as well as the other subjects covered in a modern FTA such as intellectual property, electronic commerce and competition policy.</p> <p>As an example, tariffs will be eliminated within twelve years on 99 percent of New Zealand’s current exports to Indonesia, Malaysia, the Philippines and Viet Nam.</p> <p>The agreement includes a dispute mechanism, chapters on Sanitary and</p>

<sup>3</sup> <http://iipdigital.usembassy.gov/st/english/texttrans/2012/09/20120910135718.html#axzz2DOBSNoNT>

	<p>call temporary entry)</p> <ul style="list-style-type: none"> <li>• Financial Services</li> <li>• Telecommunications</li> <li>• Electronic Commerce</li> <li>• Investment</li> <li>• Intellectual Property</li> <li>• Labour</li> <li>• Environment</li> <li>• Cooperation and Capacity Building</li> <li>• Legal and Institutional Issues</li> <li>• Horizontal Issues (e.g. REI, regulatory coherence, development and transparency, SME issues, supply chain issues).</li> </ul>		<p>Phytosanitary issues (SPS), Standards, Technical Regulations and Conformity Assessment Procedures (STRACAP), customs procedures, movement of natural persons and economic cooperation.</p> <p>In conjunction with the AANZFTA agreement bilateral treaties with the Philippines covering labour and environmental cooperation have also been concluded.</p>
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Updated December 2012

## **Guiding Principles and Objectives for Negotiating the Regional Comprehensive Economic Partnership**

Recognizing the ASEAN Framework for Regional Comprehensive Economic Partnership (RCEP), the objective of launching RCEP negotiations is to achieve a modern, comprehensive, high-quality and mutually beneficial economic partnership agreement among the ASEAN Member States and ASEAN's FTA Partners. RCEP will cover trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement and other issues.

Negotiations for the RCEP will recognize ASEAN Centrality in the emerging regional economic architecture and the interests of ASEAN's FTA Partners in supporting and contributing to economic integration, equitable economic development and strengthening economic cooperation among the participating countries.

RCEP negotiations will be guided by the following principles:

1. The RCEP will be consistent with the WTO, including GATT Article XXIV and GATS Article V.
2. The RCEP will have broader and deeper engagement with significant improvements over the existing ASEAN+1 FTAs, while recognizing the individual and diverse circumstances of the participating countries.
3. The RCEP will include provisions to facilitate trade and investment and to enhance transparency in trade and investment relations between the participating countries, as well as to facilitate the participating countries' engagement in global and regional supply chains.
4. Taking into consideration the different levels of development of the participating countries, the RCEP will include appropriate forms of flexibility including provision for special and differential treatment, plus additional flexibility to the least-developed ASEAN Member States, consistent with the existing ASEAN+1 FTAs, as applicable.
5. The ASEAN+1 FTAs and the bilateral/plurilateral FTAs between and among participating countries will continue to exist and no provision in the RCEP agreement will detract from the terms and conditions in these bilateral/plurilateral FTAs between and among the participating countries.
6. Any ASEAN FTA Partner that did not participate in the RCEP negotiations at the outset would be allowed to join the negotiations, subject to terms and conditions that would be agreed with all other participating countries. The RCEP agreement will also have an open accession clause to enable the participation of any ASEAN FTA partner that did not participate in the RCEP negotiations and any other external economic partners after the completion of the RCEP negotiations.
7. Provisions for technical assistance and capacity building may be made available, building upon the ASEAN+1 FTAs, to the developing and least-developed countries participating in the

RCEP to enable all parties to fully participate in the negotiations, implement obligations under the RCEP and enjoy the benefits from the RCEP.

8. The negotiations on trade in goods, trade in services, investment and other areas will be conducted in parallel to ensure a comprehensive and balanced outcome.

## **I. TRADE IN GOODS**

The RCEP will aim at progressively eliminating tariff and non-tariff barriers on substantially all trade in goods in order to establish a free trade area among the parties.

Tariff negotiations will be conducted on a comprehensive basis. Such negotiations should aim to achieve the high level of tariff liberalization, through building upon the existing liberalization levels between RCEP participating countries and through tariff elimination on a high percentage of both tariff lines and trade value. The scheduling of tariff commitments should seek to maximize the benefits of regional economic integration.

Priority will be attached to early tariff elimination on products of interest to the least developed ASEAN Member States.<sup>1</sup>

## **II. TRADE IN SERVICES**

The RCEP will be comprehensive, of high quality and substantially eliminate restrictions and/or discriminatory measures with respect to trade in services between the RCEP participating countries.

Rules and obligations on trade in services under the RCEP will be consistent with the General Agreement on Trade in Services (GATS) and will be directed towards achieving liberalization commitments building on the RCEP participating countries' commitments under the GATS and the ASEAN+1 FTAs. All sectors and modes of supply will be subject to negotiations.

## **III. INVESTMENT**

The RCEP will aim at creating a liberal, facilitative, and competitive investment environment in the region. Negotiations for investment under the RCEP will cover the four pillars of promotion, protection, facilitation and liberalization.

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<sup>1</sup>As determined by the criteria issued by ECOSOC's Committee for Development Policy.

#### **IV. ECONOMIC AND TECHNICAL COOPERATION**

Economic and technical cooperation under the RCEP will aim at narrowing development gaps among the parties and maximizing mutual benefits from the implementation of the RCEP agreement. The economic and technical cooperation provisions in the RCEP will build upon existing economic cooperation arrangements between ASEAN and ASEAN's FTA partners participating in the RCEP. Cooperation activities should include electronic commerce and other areas that would be mutually agreed upon by the RCEP participating countries.

#### **V. INTELLECTUAL PROPERTY**

The text on intellectual property in the RCEP will aim to reduce IP-related barriers to trade and investment by promoting economic integration and cooperation in the utilization, protection and enforcement of intellectual property rights.

#### **VI. COMPETITION**

Provisions on competition will form the basis for parties to cooperate in the promotion of competition, economic efficiency, consumer welfare and the curtailment of anti-competitive practices while cognizant of the significant differences in the capacity and national regimes of RCEP participating countries in the area of competition.

#### **VII. DISPUTE SETTLEMENT**

The RCEP will include a dispute settlement mechanism that would provide an effective, efficient and transparent process for consultations and dispute resolution.

#### **VIII. OTHER ISSUES**

The RCEP negotiations will consider including other issues covered by FTAs among RCEP participating countries, which may be identified and mutually agreed in the course of negotiations, and take into account new and emerging issues relevant to business realities.

The RCEP negotiations will commence in early 2013 and aim to complete by end-2015.

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## Meeting Document Summary Sheet Template

<b>Document Title:</b> Information Technology Agreement (ITA) Update (Power Point Presentation)
<b>Purpose:</b> For consideration
<b>Issue:</b> ABAC strongly expects APEC to further enhance the growing momentum for WTO/ITA expansion negotiations and such to be successfully completed by the first half of 2013.
<b>Background:</b> <p>The ITA, launched in 1996 at World Trade Organization (WTO), has contributed significantly to the development of trade in Information Communication and Technology (ICT) products. In fact, the trade volume for ICT products has expanded approximately 3.5 times between 1996 and 2011.</p> <p>However, for more than 15 years, the ITA has not been reviewed and, consequently, product coverage has not been updated, though the same period has seen unprecedented technological innovation in the ICT sector and a growing number of ITA participants.</p> <p>In response to these developments, APEC has affirmed its leadership role to support WTO/ITA negotiations. This has been declared at Vladivostok Declaration in 2012 to “work in earnest in order to swiftly achieve a good outcome of the negotiations”.</p> <p>Given the support from APEC, there have been frequent WTO/ITA informal negotiations held in Geneva. Since last September, major economies participating in the ITA have joined the informal negotiations and a concrete negotiation on ITA product list has been launched.</p>
<b>Proposal /Recommendations:</b> ABAC requests each APEC economy to affirm its commitment, engagement, and leadership to support the following:
<ul style="list-style-type: none"><li>• the expansion of product coverage and increase in the number of participating members in the ITA;</li><li>• the successful completion of WTO/ITA expansion negotiations in Geneva by the first half of 2013.</li></ul>
<b>Decision Points:</b> To endorse the recommendations outlined above and to mention same in the Letter to Ministers Responsible for Trade (MRT) in April 2013.



## Information Technology Agreement Update

22 January, 2013

ABAC Japan  
Mitsubishi Corporation  
Hidetoshi KAMEZAKI



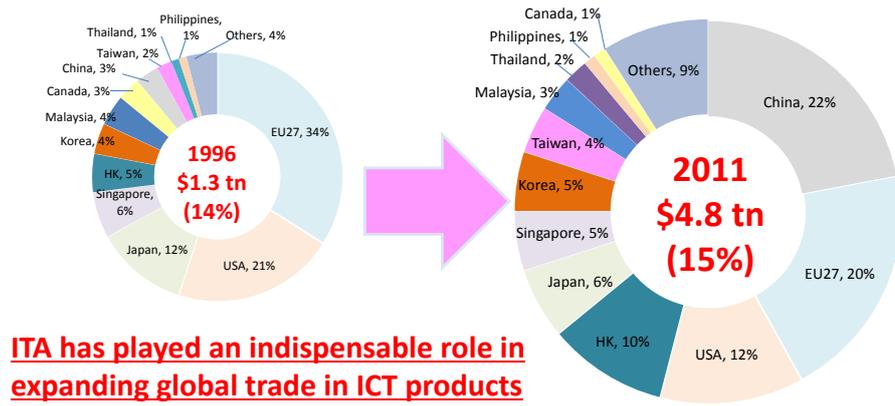
## Agenda

- ICT Products in Global Trade
- Why Expand ITA Product Coverage?
- Global High-Tech Industry Calls for ITA Coverage Expansion
- Significance of APEC in WTO's ITA Negotiations
  - ✓ What has been endorsed so far at APEC?
  - ✓ Expected work plan of WTO/APEC in 2013
- ABAC Japan's Proposal

2

## ICT Products in Global Trade

- Trade volume for ICT products has expanded approximately **3.5 times** between 1996 and 2011.
- ITA participants have increased from 29 countries and economies in 1996 to **75** now.



**ITA has played an indispensable role in expanding global trade in ICT products**

(%) refers to the share of ITA-covered products in the total world trade volume

Source: METI, UN Comtrade, Global Trade Atlas, Taiwan Statistics

## Why Expand ITA Product Coverage?

- ITA product coverage has not been updated since 1996 though the same period has seen unprecedented technological innovation in the ICT sector.



Digital Game Machine



Digital Video Camera



Car Navigation System



Multifunctional Digital Printer Machine



CT Scan

4

## Global High-Tech Industry Calls for ITA Coverage Expansion

64 High-tech Industry Associations from around the world issued a Statement calling for the expansion of the ITA (as of Dec, 2012)

- ✓ **Number of industrial associations signing the Statement has been increasing.**
- ✓ **The increasing voice from the private sector to expand the product coverage and the membership of the ITA is not only from APEC but also from non-APEC countries.**

## Significance of APEC in WTO's ITA Negotiations -What has been endorsed so far at APEC?-

**APEC**

**Nov 2011, Honolulu Leaders' Declaration**

- APEC to play a leadership role in launching negotiations to expand the product coverage and membership of the WTO ITA.

**Sep 2012, Vladivostok Leaders' Declaration**

- APEC welcomes the ongoing work to expand the product coverage and membership of the WTO ITA and instructs its officials to **work in earnest in order to swiftly achieve a good outcome of the negotiations.**

**ABAC**

**May 2012, MRT Letter & Sep 2012, Report to APEC Leaders**

- Increase ITA's product coverage
- Increase the number of participating economies to ITA
- Develop a mechanism to ensure the ITA always reflects technological progress in the ICT area.

Significance of APEC in WTO's ITA Negotiations -Expected Work Plan of 2013 of WTO/APEC-		
	WTO	APEC
2011 Nov	WTO/ITA informal negotiations to be held monthly in Geneva	APEC's affirmation of support for WTO/ITA
		Honolulu Declaration
2012 May		MRT Statement
Jul	USA/EU/Japan agreed on ITA product list draft	
Sep	China joined WTO/ITA Informal Negotiations	Vladivostok Declaration
		APEC's re-affirmation of support for WTO/ITA
Dec	A concrete negotiation on ITA product list was launched in Geneva	
2013 Apr		Expected Outcome at MRT
Oct	Expected completion of the negotiation in Geneva by the first half of 2013	Expected Outcome at Bali Declaration
Dec	9 <sup>th</sup> WTO Ministerial Conference	7

### ABAC Japan's Proposal

ABAC Japan asks the below to endorse and to mention same in the Letter to MRT in April 2013 to enhance the momentum within APEC:

ABAC requests each APEC economy to affirm its commitment, engagement, and leadership to support the following;

- the expansion of product coverage and increase in the number of participating members in the ITA.
- the successful completion of WTO/ITA expansion negotiations in Geneva by the first half of 2013.

8

## Meeting Document Summary Sheet Template

<b>Document Title:</b> Update on APEC Travel Facilitation Initiative
<b>Purpose:</b> For information
<b>Issue:</b> Update of implementation progress for the APEC Travel Facilitation Initiative
<b>Background:</b> Launched in 2011, the Travel Facilitation Initiative (TFI) seeks to enable more efficient, more secure and less stressful travel across the Asia-Pacific region. A newly established TFI Steering Council helps coordinate the five APEC sub-fora – Transportation Working Group, Business Mobility Group, Sub-Committee on Customs Procedures, Counter Terrorism Task Force and Tourism Working Group – involved in its six cross-cutting components. The components are: <ul style="list-style-type: none"><li>• Airport Partnership Program</li><li>• APEC Business Travel Card</li><li>• Trusted Traveller</li><li>• Facilitation of Air Passenger Security Screening</li><li>• Advance Passenger Information</li><li>• Checked Baggage Facilitation</li></ul>
<b>Proposal /Recommendations:</b> <ul style="list-style-type: none"><li>• ABAC may wish to consider how it will engage in the Travel Facilitation Initiative</li></ul>
<b>Decision Points:</b> <ul style="list-style-type: none"><li>• None</li></ul>

# APEC Travel Facilitation Initiative

Update on Progress  
ABAC USA



# TFI Background

The Travel Facilitation Initiative (TFI) seeks to enable more efficient, more secure and less stressful travel across the Asia-Pacific region. A newly established TFI Steering Council helps coordinate the five APEC sub-fora involved in its six cross-cutting components.

<b>Component</b>	<b>APEC Working Group</b>
Airport Partnership Program	Transportation Working Group
APEC Business Travel Card	Business Mobility Group
Trusted Traveler	Business Mobility Group
Air Passenger Security Screening	Transportation Working Group and Counter Terrorism Task Force
Advanced Passenger Information	Business Mobility Group and Counter Terrorism Task Force
Checked Baggage Facilitation	Transportation Working Group, Counter Terrorism Task Force and Sub Committee on Customs Procedures

# Progress to date

Component	Objectives/Activities
Airport Partnership Program	Conducting a survey to identify current sister airport programs and potential partners/stakeholders
APEC Business Travel Card	Resolving chokepoints in application/renewal process, assessing feasibility of online ABTC function
Trusted Traveler	Developing common understanding of elements of trusted travel programs among economies to facilitate compatibility
Air Passenger Security Screening	Fostering technologies and approaches that will increase travel efficiency and security in the APEC region
Advanced Passenger Information (API)	Identify best practices in implementing API systems and to use those lessons learned and best practices as a foundation and guide for future capacity building activities in interested APEC economies
Checked Baggage Facilitation	developing a public-private effort to facilitate delivery of checked baggage to passengers when they arrive at their final destination and/or rechecking during transit.



# Potential ABAC Next Steps

- Overall call for implementation of the TFI
- Continued engagement aimed at improving ABTC system
- Offer to serve as a source of proactive input from the private sector
- Include TFI as a priority in discussions with APEC officials on a domestic basis

## Meeting Document Summary Sheet

<b>Document Title:</b>  Healthcare Sector Perspective on REIWG Issues
<b>Purpose:</b>  For information
<b>Issue:</b>  APEC has a robust health agenda that is carried forward by private sector engagement. Much of the work taking place in this area aligns with the ABAC's core objectives
<b>Background:</b>  APEC's health agenda includes a number of initiatives and work streams that are advanced in close cooperation with the private sector. Many of these workstreams align with the ABAC's priorities, such as Investment Policy, Regulatory Convergence, Supply Chain Integrity, Anti-Counterfeiting efforts and Anticorruption. There is an opportunity to leverage the health industry's expertise in these areas in a manner that is complementary to ongoing work taking place in the ABAC.  In addition, opportunities may exist for the ABAC to build on its prior support for work in this area by exploring formal mechanisms to convey the business community's perspective and interest to key health stakeholders.
<b>Proposal / Recommendations:</b> <ul style="list-style-type: none"><li>• Explore how to leverage the health industry's work in APEC to complement ABAC's existing work streams</li><li>• Explore how the ABAC can expand its support for the private sector efforts in APEC's health workstreams</li></ul>
<b>Decision Points:</b> <ul style="list-style-type: none"><li>• Information only</li></ul>

# APEC Health Initiatives

John Steele

Director, International Government Affairs

Eli Lilly and Company

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# Eli Lilly & Company Overview

- Eli Lilly & Co founded in 1876
- 10th largest pharmaceutical company in the world
- Headquarters located in Indianapolis, Indiana, U.S.A.
- Approximately 38,000 employees worldwide
- More than 7,400 employees engaged in research and development, research and development facilities located in eight countries
- Clinical research conducted in more than 55 countries
- Manufacturing plants located in 13 countries
- Products marketed in 125 countries

# How the health industry engages in APEC

- Close collaboration with the two formal APEC bodies that co-lead the APEC health conversation: Health Working Group (HWG - government only) and Life Sciences Innovation Forum (LSIF - government, industry, academia)
- Objectives include:
  - Raising the profile of the economic burden of disease on the public and private sectors and developing solutions in close partnership with officials and business
  - Engaging in capacity building activities that help facilitate a business friendly regulatory and investment environment
  - Facilitating long term, effective, multi sectoral public private partnerships and dialogues in the region to encourage effective collaboration and the efficient use of resources

# Prior ABAC Engagement on Health-related Issues

- Endorsement of key initiatives in the Annual ABAC Report to Leaders
- 2012 ABAC letter to Health Ministers
  - Highlighted the connection between health and economic development
  - Called for policies that encourage innovation, investment, transparency and an efficient regulatory environment

# Key Industry Issues that align with ABAC's work

ABAC's ongoing work and interests align with a number of active workstreams in the health discussion

- Investment Policy
- Regulatory Coherence
- Supply Chain Integrity/Anti-counterfeiting
- Anticorruption

# Investment

- **Enablers of Investment Checklist**
- **Background:** Developed by the LSIF in 2008, the Enablers of Investment Checklist is a voluntary, self-assessment tool for policymakers in each APEC economy to assess the strengths and weaknesses of their investment environment.
- **Function:** More governments identify gaps in their regulatory environment that discourage life sciences investment by using the Enablers of Investment Checklist self-assessment tool.
- **Private sector impact:** Pro innovation environment. Increase the likelihood that governments make regulatory changes to improve their investment environment for life sciences.

# Regulatory Coherence

- The LSIF has established the APEC Harmonization Center (AHC) and the APEC Regulatory Harmonization Steering Committee (RHSC) to address regulatory barriers in the region.
- A strategic framework to achieve Regulatory Convergence for Medical Products by 2020 was endorsed by APEC ministers in 2011. Efforts to identify policy gaps and paths to implementation are underway.
- Private sector impact: Harmonization lowers market barriers for medical products by making it easier to satisfy regulatory requirements in multiple countries without lowering safety, quality and efficacy standards. It may also help facilitate clinical research, a win-win for patients and countries seeking to attract investment.

# Supply Chain Integrity/Anti-counterfeiting

- **Roadmap to Promote Global Medical Product Quality and Supply Chain Integrity**
  - Multiyear plan endorsed by the LSIF in 2012. Implementation begins in 2013
  - Will develop and implement global and regional strategies to promote medical product integrity and supply chain security for pharmaceutical medicines and medical devices.
- **Global Data Standards**
- **APEC LSIF Anti-counterfeit Action Plan**
  - Since 2008, the LSIF has organized a number of capacity building workshops to build a framework to address the global counterfeit medicine problem.
  - The workshops have resulted in increased public awareness of the issue, closer intra-governmental cooperation and formal guidelines for APEC economies.

# Codes of Business Ethics

- In 2011 Ministers endorsed three sectoral codes of business ethics to promote open and transparent business environments.
  - Hanoi Principles - construction and engineering sector
  - Kuala Lumpur Principles - medical device sector
  - Mexico City Principles - biopharmaceutical sector
- Private Sector Impact: Helps promote a level playing field for international companies and local competitors based on the same code of ethics. Encourages innovation and SME growth

# Next Steps

- Follow up discussion at ABAC II to explore next steps
- Please send your question or comments to ABAC USA at [dboman@ncapec.org](mailto:dboman@ncapec.org)

