

## **USCIB 2015 APEC Priority Issues and Recommendations**

This statement outlines priorities and recommendations that members of the United States Council for International Business (USCIB) would like to see advanced in 2015. USCIB appreciates and welcomes the committed partnerships that APEC has established with the private sector to address the complex economic, including trade and regulatory, issues that face the Asia-Pacific region.

The policy priorities of USCIB reflect our longstanding and overarching objectives of promoting open markets, competitiveness and innovation, sustainable development and corporate responsibility. The priorities and recommendations detailed in this document are practical recommendations that can be taken to address some of the challenges for governments and businesses in the APEC region.

USCIB applauds China's leadership in 2014 and looks forward to a progressive Leaders' Statement in November 2014. Additionally, our members see the Philippines host year as an excellent opportunity to continue important work in the various working groups and to lay the groundwork for major outcomes and deliverables going forward.

USCIB members are eager to learn more about key initiatives for the Philippines during their host year and how business can help shape them. We urge the APEC secretariat to communicate the locations and dates of meetings as far in advance as possible in order to facilitate active engagement by the private sector.

There remain on-going global business concerns that the U.S. Government and APEC Business Advisory Council (ABAC) members should consider as they identify priorities for the upcoming year. USCIB members have identified several key issues that are detailed in this paper and cover the following areas: business ethics, chemicals, climate change, corporate social responsibility, cross-border data flows, customs transparency and trade facilitation, digital trade, environmental goods and services, food and agriculture, foreign direct investment, global value chains, good regulatory practices, healthcare and regulatory policy, infrastructure, innovation policy, intellectual property rights enforcement, localization barriers to trade, metals, privacy, self-regulation in marketing and advertising, state-owned enterprises, trade facilitation in remanufactured goods and e-waste, trade liberalization and WTO, and women in the economy.

The priorities in this statement are not exhaustive, and we will continue to work with our members to add relevant issues and to expand on existing ones as part of this ongoing process. We would be pleased to address any questions, and discuss any of these recommendations in greater detail.

USCIB provides business views to policy makers and regulatory authorities worldwide, representing 300 leading U.S. companies, professional services firms and associations. It serves as the American affiliate of three key global business groups – the International Chamber of Commerce (ICC), the International Organization of Employers (IOE), and the Business and Industry Advisory Committee (BIAC) to the OECD. USCIB also provides a U.S. business perspective on global issues to bilateral and regional discussions.

## **USCIB 2015 APEC Priority Issues and Recommendations**

### **Business Ethics**

USCIB members recognize that voluntary codes of business ethics benefit APEC economies by providing a platform for industry self-regulation while supporting government enforcement and anti-corruption efforts. They benefit industry, especially resource-constrained SMEs, by providing clarity and harmonization in rules and practices and allow firms to engage in cross-border trade at a reduced cost.

USCIB applauds U.S. leadership, in cooperation with all 21 APEC economies, to implement the APEC principles for voluntary codes of business ethics (the Kuala Lumpur Principles for the medical device sector; the Mexico City Principles for the biopharmaceutical sector; and the Hanoi Principles for the construction sector) by helping industry associations and companies to write aligned codes and prepare ethics trainers. USCIB is thrilled that 18 new codes of ethics have been developed by medical device and biopharmaceutical industry associations since 2012 across 9 APEC economies, expanding APEC principles for ethical business practices to nearly 14,000 companies in the region.

USCIB welcomes the “Nanjing Declaration to Promote Ethical Business Environments in the Medical Device and Biopharmaceutical Sectors,” issued during the first APEC Business Ethics Forum by key stakeholders critical to facilitating an ethical healthcare ecosystem (leaders from physician and hospital organizations, anti-corruption agencies, health ministries and health regulatory agencies, industry associations and companies) on September 1-3, 2014. USCIB echoes the call on APEC member economies to achieve the Nanjing Declaration’s goals, including doubling the number of codes of ethics between 2012 and 2015, working toward full implementation of the APEC principles by 2020.

### **Recommendations:**

- APEC should support the implementation of the “Nanjing Declaration to Promote Ethical Business Environments in the Medical Device and Biopharmaceutical Sectors (2014-2020).”
- APEC should continue to carry out sustained capacity building and dialogue on business ethics by holding the “APEC Business Ethics Forum” on an annual basis.
- APEC should continue to support industry associations and companies seeking to align codes of ethics to the high standard APEC principles.

### **Chemicals**

Given continuing revisions to global chemical management systems in the APEC region, USCIB strongly supports the work of the APEC Chemical Dialogue (CD) and, in particular, its contribution to regulatory cooperation and convergence. USCIB and its members have been active contributors to the APEC Chemical Dialogue throughout 2014, and welcome the outcomes of the most recent Chemical Dialogue meeting including the Advancing Regulatory Cooperation in Chemicals Workshop. We hope that the workshop will spur renewed and reliable

implementation of the 2008 Principles for Best Practice Chemical Regulation, and provide tangible next steps to promote APEC's ongoing efforts to promote regulatory cooperation.

The management of chemicals in both their organic and inorganic forms continues to be a priority on the international agenda, notably in response to the outcomes from intergovernmental initiatives, including the Third International Conference on Chemicals Management (ICCM3), which reviewed and provided guidance on the ongoing implementation of the Strategic Approach to International Chemicals Management (SAICM), and the UN Conference on Sustainable Development ("Rio + 20") in 2012. These international discussions have helped to inform APEC member economies as they assess or review their chemical management systems. USCIB and its members support the Chemical Dialogue's efforts to provide a regional contribution into the SAICM process and in particular to ICCM4, which is scheduled for 2015.

USCIB supports a robust work program for 2015, specifically the following recommendations and will continue our substantive engagement with government officials and industry colleagues on meaningful outcomes-focused projects.

### **Recommendations:**

- Chemical Industry as a Solutions Provider: Under the theme of sustainability, APEC Chemical Dialogue work products should be developed jointly with other APEC fora to highlight the role of the chemical industry as a solutions provider; promote coherence in chemical management systems; and reduce non-tariff barriers to trade with a focus on innovative chemical products. The goal would be to examine how APEC could help facilitate getting innovative products and technologies based on chemistry, including for energy efficient and eco-friendly applications, to the market as expeditiously as possible.
- Coordinated GHS Implementation: USCIB promotes a coordinated approach to implementation of the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) in consultation with affected industry sectors. APEC members have adopted the GHS in different manners and to different degrees. Worse, economies have adopted and implemented different versions of the GHS resulting in additional variations, an issue that will only be magnified by the expected 2015 release of GHS version 6. The benefits of the GHS would be magnified by broader and more collaborative implementation of the GHS as negotiated at the UN. Adherence to the principles of GHS, without addition of economy specific elements not encompassed in the GHS, would facilitate trade by elimination/reducing the need for different content on labels/SDSs in different countries. More consistent hazard communication also would lead to less confusion on the part of recipients of GHS information. To that end, USCIB welcomes Australia's suggestion for development of a coordinated approach to the Dialogue's GHS related work, including the reporting template; the Russian proposal on the CD's participation in the UN's pilot project on development of a global list of chemicals classified in accordance with the GHS; and Malaysia's efforts to build capacity in the region on the application of the GHS to petroleum substances. With regards to the Russian proposal, USCIB wants to make sure that the APEC workstream is aligned with, and does not duplicate the work of the UN Sub-Committee of Experts on the GHS.

- OECD New Chemicals Clearinghouse: We support continuing joint meetings between the OECD Clearing House on New Chemicals (OECD CHNC) and the APEC Chemical Dialogue Regulators' Forum.
- CBI: The strong protection of valuable Confidential Business Information (CBI) is a top priority for the chemical sector. CBI is essential to companies investing in Research & Development (R&D) activities and introducing new technologies into a market. If CBI is made public in one jurisdiction, it hinders the ability for companies to claim CBI in any other jurisdiction. Continuing to provide companies with an incentive to innovate and invest in the APEC markets is crucial to economic success of the region. The USCIB-led survey on transparency and innovation will be sent to the economies again for their input. Following the responses, the APEC CD will maintain a focus on CBI protections throughout its regulatory cooperation mandate.
- Scientific Cooperation: USCIB members support the promotion of scientific cooperation and capacity building on emerging chemical issues (i.e., Endocrine Disrupting Chemicals, Perfluorinated Carbons, and Brominated Flame Retardants). The APEC CD provides a unique opportunity for significant industry-government discussions that could help reduce regulatory divergences amongst the APEC economies.
- Marine Debris: USCIB strongly supports the Dialogue's initiation of work on innovative solutions to marine debris with a focus on improving land-based waste management. The Dialogue, in collaboration with other APEC fora, including the Oceans and Fisheries Working Group (OFWG) and others as appropriate, provides an ideal vehicle to create a regional public-private partnership to drive progress on this issue.
- Chemical Inventory Proposal: USCIB recommends seeking a regional solution that leverages existing chemical management activities, aligns the chemical management activities in the APEC region, and other existing inventories, rather than supporting a country by country solution (such as Vietnam's proposal for an APEC funded inventory).. USCIB supports the goal of increased information sharing and capacity building, particularly for SMEs in the region, as well as for developing best practice principles and fostering innovative pilot projects.
- Chemical Import Procedures: USCIB recommends the CD begin discussions on importer self-certification. Customs procedures currently vary from economy to economy for the importation of chemicals in the APEC region. Three differed examples include: 1) importers needing only to submit a compliant safety data sheet (SDS), 2) importers supplying a self-certification form that indicates compliance with the economy's chemical control legislation, and 3) importers fully disclosing the composition of the product. Having different requirements for importation of chemical substances and mixtures in different economies can cause delays in bringing products to market for some industry sectors. These differences can also lead to diverging customs treatment – including different Harmonized Tariff Schedule (HTS) codes, certification requirements, tariff assignments, and others – that delay getting product to customers. USCIB members suggest that the Dialogue initiate discussions regarding the adoption of a uniform import

process requirement across APEC: submission of a completed self-certification form to demonstrate compliance with local chemical control legislation. The information to be provided could be: company contact details; product name; statement of compliance or not with chemical control legislation; responsible company official signature and date and, where required, an SDS for the product compliant with the local economy's requirements.

- Good Regulatory Practices: USCIB strongly supports the continued promotion of Good Regulatory Practices (“GRPs”) on horizontal issues as well as within the chemical sector. Building on the success of the APEC CD Regulatory Cooperation Workshop, USCIB recommends the CD continue to promote regulatory cooperation on chemical regulatory issues, such as on risk assessments, data acceptance, CBI protections, etc.

## **Climate Change**

USCIB applauds APEC’s commitment to address climate change issues through its various working groups and as an integral component of major outcomes such as the 2012 Environmental Goods and Services Program. We hope to see this same level of commitment continue and grow in the Philippine’s host year and, most importantly, involve substantive discussions with the private sector. We also see the potential for linkages with new U.N. climate implementation institutions, notably the Climate Technology Center and Network (CTCN) and the Green Climate Fund (GCF).

In the APEC region, businesses have already begun to consider the implications of climate change and to design investment and operational strategies to reduce greenhouse gas emissions and address important adaptation and resilience considerations, including in infrastructure and energy systems. Long term planning and risk management, as well as effective systems to acquire and deliver information, communications, and action, are areas where business experience can make useful contributions. This is particularly relevant in APEC, which brings together developed and developing economies, and is linked by trade and commercial connections, with the potential to cooperate, share good practices and pool resources.

### **Recommendation:**

- APEC should bring private-sector know-how into discussions relating to long term planning in the APEC region for adaptation to climate change through public-private partnerships and enhanced investment measures and frameworks. With regard to adaptation and resilience, practical action through public-private partnerships is both an opportunity and a priority. This applies as much to responses to extreme events as it does to gradual changes expected both in weather patterns and sea level changes. USCIB’s hope is that an ongoing focus on adaptation to climate change will promote new ideas leading to innovation in technology and management practices. It would also, for developing economies in the region, integrate resilience into development strategies, infrastructure investments, energy cooperation and capacity building.

## **Corporate Social Responsibility (CSR)**

USCIB supports the development of APEC’s agenda on corporate social responsibility in the global supply chain. This initiative, which encourages sustainability, resiliency, and inclusive

growth throughout the region, promotes both public-private partnerships and a path for APEC economies to expand opportunities for their citizens.

USCIB additionally welcomes the messages of the Joint Conference Statement on Business Investments in Sustainability, CSR, and Inclusive Growth. The statement offers recommendations by the business community for continuing dialogue within APEC to further highlight the technical and financial contributions of foreign invested companies to advance sustainable development across the APEC region.

### **Recommendations:**

- USCIB recommends collaboration between the business community and APEC to share information, and to produce a consensus document on corporate responsibility principles and best practices.
- Additionally, USCIB supports the inclusion of language regarding the role of business in promoting economic growth and sustainable development in the 2015 Leaders Statement.

### **Cross-Border Data Flows**

USCIB favors a robust digital trade agenda, in which a strong cross border data flows is a key element. Data flows are vital to the integration of the region and to the broader development of the economy. In addressing next-generation trade issues, APEC ministers should recognize the critical role that cross-border data and information flows and trade in digital products and services play in promoting innovation and generating economic and job growth across all sectors of the economy. Access to computers, servers, routers, mobile devices, software and other digital content, services such as cloud computing, electronic payments and information is vital to the success of billions of individuals, businesses and entire economies. Fair and globally-competitive international markets for online services, information and communication technologies, and digital content are important to Internet-related companies. Such markets are just as critical to the much larger universe of manufacturers, retailers, wholesalers, financial services and logistics firms, professional services firms, universities, labs, hospitals and other organizations, that rely on online services, digital data and content, hardware, software and reliable access to the Internet to improve their productivity, provide better services at lower prices, extend their reach across the globe, increase choice, and manage international networks of customers, suppliers, and researchers. USCIB promotes barrier-free data flows and access to digital products and services, which are particularly important to small businesses, non-profits and entrepreneurs. Economies that are open to international trade in ICT and information grow faster, produce more exports, and are more productive than economies, which close their borders to them.

Cloud computing is an excellent example of why eliminating barriers to cross-border data flows and to trade in digital products and services is so vital. Cloud computing offers tremendous benefits to companies and organizations of all sizes and in every sector of the economy. The benefits are particularly significant for smaller firms, as it provides them with affordable access to computing power and functionality that historically have been available only to the largest firms. For cloud computing to reach its potential, providers must be able to locate servers wherever this is most economical and to transfer data across borders to customers in other jurisdictions. USCIB and its members believe that customers likewise should have access to a

competitive market of providers, free from restrictions that would limit choice or raise prices. Trade rules that facilitate cross-border data flows are essential to ensuring a competitive, efficient market in the provision of cloud services and other electronically delivered services and to prevent the fragmentation of the global market into multiple, “domestic-only” markets.

**Recommendation:**

- USCIB urges APEC to achieve consensus among economies to eliminate barriers to trade in digital services and products and to the free flow of data across borders, including requirements to use local infrastructure, such as local servers, as a condition for providing digital products or services or to conduct intra-company transfers of data across borders.

**Customs Transparency and Trade Facilitation**

USCIB was a leader in the creation of the Asia-Pacific Economic Cooperation (APEC) Sub-Committee on Customs Procedures (SCCP) Virtual Working Group (VWG). This group seeks to enhance collaboration with the business community on customs procedures to enhance security, facilitate trade, and reduce costs. Created in 2013, we believe that the group is a platform through which the business community has been able to work together with customs officials to address issues in a mutually beneficial manner. In 2014, the VWG developed an action plan to tackle key issues identified by the business community and customs officials, which include advocating for a minimum commercially meaningful baseline *de minimis* level, single window, e-commerce facilitation, global data standards and a greater harmonization of mutual recognition agreements/trusted trader programs. USCIB will continue to work with customs administrations throughout APEC to enhance their focus on trade facilitation.

Much has been achieved in trade facilitation through the APEC process. USCIB has been a strong supporter of the APEC Common Action Plan to improve trade facilitation and the introduction of peer reviews and measurement of goods release times as a tool for improving facilitation. We continue to support work to address the eight identified choke points in the Supply Chain Connectivity Framework, and the commitment to achieving an APEC-wide target of a ten percent improvement in supply-chain performance by 2015. USCIB supports the Systematic Approach to addressing the eight chokepoints in supply chains through targeted capacity building and strategic steps such as policy inventories and diagnostic reports, which is slated to be completed by 2014. Each stage of this comprehensive approach will be necessary to achieving the goals of the Supply Chain Connectivity Framework by 2015.

We applaud the creation of the APEC Alliance for Supply Chain Connectivity (A2C2). We believe the priorities they have identified will help ensure faster movement of goods between their borders. Capacity building is imperative to better trade facilitation and we look forward to actively engaging in the group further.

USCIB members also support the established APEC fund, proposed in the Committee on Trade and Investment, to help economies implement their supply chain and trade facilitation commitments. We encourage APEC economies to donate to the fund that will further trade facilitation through capacity building and technical assistance in the region.

Our members also are pleased to see APEC highlight the importance of enhancing global value chains and expanding SME participation. Given the diverse value chain configurations across different industry verticals, we agree with APEC's focus on identifying the specific policy barriers impeding more efficient value chain participation.

We applaud the efforts undertaken to establish a baseline *de minimis* threshold through an APEC Pathfinder and support the continued efforts in capacity building for those economies in need. Furthermore, we believe that the APEC Customs Business Dialogue will provide another avenue for APEC member economies to address chokepoints in a constructive manner that will lead to concrete progress to remove barriers.

APEC has long been a leader in streamlining customs procedures and trade facilitation not only in the region but worldwide. As the global trade community moves forward in 2015 despite challenges to the WTO Trade Facilitation Agreement, we urge APEC to continue to work with the WTO to find solutions. Trade Facilitation is critical for business and drastically decreases transaction costs, particularly for developing countries, while cutting down on regulatory red tape at the border so it is vital progress continues to be made.

USCIB members have identified a variety of obstacles that impede the smooth flow of goods and prevent companies from maximizing tariff benefits negotiated by APEC economies. USCIB members believe that many of these obstacles could be resolved through a commitment within APEC to enhance transparency including making available accurate information on current and applied tariff rates, rules of origin in free trade agreements and other requirements pertaining to the treatment of goods.

Improved transparency would also help to eliminate inconsistent customs treatment at different ports within the same economy and would assist with anticorruption activities.

Technology and Internet-enabled services (i.e. e-commerce) are enabling the smallest APEC businesses and individual entrepreneurs to engage in international trade. USCIB was pleased that a major theme during SOM III was e-commerce. It is important that removing red tape, simplifying customs clearance procedures, and improving access to the global marketplace for the smallest of businesses should be a major priority for APEC in 2015. USCIB looks forward to continuing to work with customs administrations to ensure small businesses views are well represented at APEC.

Another useful initiative would be an extension of the practice of Self-Certification of Origin, which is in U.S. FTA agreements. USCIB also supports the APEC Self-Certification of Origin initiative proposed by Singapore, Australia, New Zealand and the United States.

We call attention to the rapid development of diverse Authorized Economic Operator (AEO) programs to protect against terrorist threats. As a matter of priority, APEC should develop harmonized AEO program requirements and assessments in line with the private sector recommendations to the World Customs Organization, and establish capacity building exercises for the benefit of the APEC economies that are still developing or have yet to develop AEO programs. These programs should enable authorities to flexibly tailor administration of customs

rules related to classification, value, admissibility, origin and other import transaction elements to a trusted trader's particular business practices. Moreover, APEC should ensure that small businesses are able to enter into and benefit from these Authorized Economic Operator programs.

Lastly, and of particular interest to USCIB is the goal APEC set a number of years ago for all members to join in the ATA Carnet system by 2000. Although most APEC economies do participate in the ATA Carnet system, the Philippines, Papua New Guinea, Vietnam, Brunei, and Indonesia still do not. The ATA Carnet system, a five-decade-old partnership between governments and business organizations, facilitates trade by allowing goods to enter the customs jurisdictions of member economies duty and tax-free for a period of one year. USCIB, the U.S. national guaranteeing organization and manager of carnets in the United States, urges all APEC economies to become member of the ATA Carnet system.

In addition, we note the issue of APEC economies that are not parties to the three primary ATA carnet conventions, i.e., "Exhibitions and Fairs" (E&F), "Commercial Samples" (CS) and "Professional Equipment" (PE). The United States, Canada, the Philippines and China have not accepted all three conventions. Becoming a party to these conventions would distinctly benefit the trade community and offer more opportunities to exporters across the region.

### **Recommendations:**

- We encourage the APEC Customs Business Dialogue (ACBD) to meet in 2015 during the Philippines host year to begin to collaborate and dialogue with APEC customs officials.
- APEC leaders should continue to endorse and donate to a fund, which helps economies implement the supply chain and trade facilitation commitments.
- USCIB urges APEC to continue its leadership role in trade facilitation and help the WTO to find solutions that will allow the WTO Trade Facilitation Agreement to move forward.
- USCIB urges the Philippines to take the opportunity during their host year to accept all three primary ATA carnet conventions. We hope that they will fully become members accepting ATA Carnets for commercial samples, exhibition and fairs, and professional equipment.

### **Digital Trade**

An increasing focus of policy discussion surrounding digital technologies centers on how such technologies can be applied in a responsible and trustworthy fashion that facilitates trade and enables economic growth, job creation and societal benefit. There is an opportunity to better align the Electronic Commerce Steering Group (ECSG) work plan going forward with CTI and Leaders' priorities, including trade and innovation and supply chain connectivity. ECSG is developing a work plan built on the work of the two current ECSG sub-groups (Data Privacy and Paperless Trading) to cover contemporary and emerging digital trade issues and innovations such as the evolution of cloud and mobile computing services, cross border data flows, and real world trade and economic applications, including advanced data analytics. The issues arising from the

use and change in information technologies have impacts across a broad variety of economic sectors including health care, financial services and consumer demand, and because of the nature of the information economy are intrinsically cross border in their effect. As a consequence, digital trade issues are among the most important challenges for APEC to examine.

The type of work ECSG could engage in to address challenges facing industry and governments as these technologies break new ground at a fast pace include: regulatory and policy parameters that would facilitate the application of these new technologies to promote innovation-led economic growth, trade and societal benefit; a trusted environment that protects citizens and consumers; how to evaluate and guard against unnecessary burdens and unintended consequences of regulations; how to evaluate both risk and benefit; and where APEC could add the most value to the global debate on these issues.

Accordingly USCIB welcomes efforts to develop a forward looking workplan for addressing key digital trade issues through the ECSG.

### **Recommendations:**

- ECSG should consider emerging issues that have an impact on regulatory and policy frameworks with the goal of facilitating data driven innovation and the adoption of emerging technologies and related business models that drive growth, employment and societal benefit.
- They should also continue evolution of a unified approach to data protection, trust and confidence that addresses ethics and risks, including of emerging technologies and business models in a way that also allows the benefits of innovation to accrue to individuals and society.
- ECSG should support the role of technology and related policy that facilitates trade and enables efficient supply chains and connectivity, including at the border, across the border and behind the border.

### **Environmental Goods and Services**

In 2012, USCIB commended APEC member economies for agreeing to a list of 54 environmental goods on which to cap tariffs at 5 percent or less by the end of 2015. It is important to USCIB members that APEC economies implement the tariff reduction commitments and reach their 2015 target. In order to help facilitate implementation, we support the APEC Committee on Trade and Investment's (CTI) agreement on a proposal submitted by Indonesia and China and co-sponsored by the United States, for capacity building to identify challenges and specific needs in the region to reduce tariffs on the environmental goods product list. We also encourage APEC to monitor discussions on an Environmental Goods Agreement under the WTO and seek areas of coordination, synergy and consistency with the APEC EGS programs.

In addition, we urge leaders in Beijing and the Philippines year to endorse the creation of an APEC Public-Private Partnership on environmental goods and services (PPPEGS), to further address key issues such as local content requirements, regulatory coherence and procurement of

renewable and clean energy goods. USCIB members look forward to opportunities to collaborate and regularly engage with APEC officials on EGS trade and investment issues during 2015 in the Philippines.

### **Recommendations:**

- APEC economies should work toward implementing the Environmental Goods commitments from 2012 and support capacity building activities to ensure they reach the 2015 target.
- APEC economies should also track discussions of an Environmental Goods Agreement under the WTO, seeking opportunities for mutual reinforcement and consistency.
- APEC leaders should endorse the creation of an APEC Public-Private Partnership on Environmental Goods and Services.

### **Food and Agriculture**

USCIB applauds China and Australia, as co-chairs of the APEC Food Safety Cooperation Forum (FSCF), for working in conjunction with the United States to hold a High Level Regulator – Industry Dialogue on Food Safety during China’s APEC host year. USCIB believes that dialogue between regulators and industry at this level is critical to ensuring food safety as no one entity can do it alone. USCIB supports Dialogue’s resulting “Beijing Statement” and, in particular, the statement’s recognition that regulators and industry share the same goal in providing safe food to consumers and that effective cooperation, collaboration and communication between regulators and industry are critical to ensuring the safety of food supply chains and food trade. In addition, USCIB echoes the statement’s call for food safety regulators to commit to improve the transparency of policy development, adopt good regulatory practices, use science-based international food safety standards, provide processes for food industries to be involved in the development of food safety policies, and explore novel ways to recognize industry best practices and good industry performance. As a follow-up to the Dialogue, USCIB is particularly interested to see the FSCF and its Partnership Training Institute Network (PTIN) implement capacity building that supports the promotion of regulator-industry collaboration to recognize industry best practices and good industry performance, including through the building of vibrant and effective trade associations. In addition, USCIB also welcomes the progress being made on the FSCF’s Regulatory Action Plan to reduce duplicative, redundant or unnecessary requirements in two pilot areas -- export certificates and pesticide maximum residue limits (MRLs).

USCIB members support the APEC Food System (AFS), an ambitious proposal to promote regional supply security and reduce barriers to trade in food and food products. USCIB members believe it is crucial to have continued engagement on the range of issues in the APEC process, including increasing agricultural trade, harmonization of standards and regulations, liberalization of the trade and investment environment for food products and as appropriate, issues related to food safety.

USCIB members also support the APEC Partnership Training Institute Network (PTIN) for Food Safety. Globalization of the food supply has resulted in increasing dependence on imported products to supplement production of food and consumers’ diets. Recent safety concerns from

imported foods and new food safety legislation in the United States highlight the need for greater capacity building in the area of food safety. At the 2008 Peru APEC leaders meeting, heads of state agreed to establish the PTIN to unite public and private sector representatives, as well as scientific experts, around a common purpose: improving food safety in the Asia Pacific region by increasing regulatory capacity. Since 2009 the PTIN has been delivering an ambitious agenda of training programs, including reproducible training modules, to assist APEC member economies in developing food safety strategies. We urge the PTIN to continue delivering much needed capacity building against its Three Year Workplan.

USCIB welcomes the creation of the Global Food Safety Partnership Program (GFSP), administered by the World Bank, and based on the successful tripartite model of the PTIN, bringing together government, industry, and academia. USCIB acknowledges founding contributors, such as USAID, Mars Corporation, and Waters Corporation, and encourages additional stakeholders to support the GFSP.

### **Recommendations:**

- USCIB advises taking forward the recommendations of the FSCF High Level Industry – Regulator Dialogue’s “Beijing Statement” by having the FSCF and its PTIN implement capacity building that supports the promotion of regulator-industry collaboration to recognize industry best practices and good industry performance, including through the building of vibrant and effective trade associations.
- We support continued concrete progress under the FSCF’s regulatory cooperation agenda by reducing duplicative, redundant or unnecessary requirements in two pilot areas -- export certificates and pesticide maximum residue limits (MRLs).
- APEC economies should work with the private sector to examine the APEC Food System (AFS) and provide recommendations to improve the system, such as streamlining customs procedures and food and feed distribution channels.
- USCIB has previously recommended that APEC appoint high-level coordinators for the APEC Food System housed in the APEC Secretariat to ensure that the different forums are working together on a cohesive strategy to address food security in line with the goals of the APEC Food System.
- USCIB urges the U.S. government to continue its active support of the PTIN, especially given the focus on ensuring the safety of U.S. food imports.

### **Foreign Direct Investment**

Foreign Direct Investment (FDI) has a direct and very important impact on promoting economic growth, competitiveness, and good jobs across the broad APEC region in economies at all levels of development. Investment flows benefit both the investing and the recipient economy. Unfortunately, in some APEC economies we have seen FDI, either inward or outward flows, subject to restrictions, discriminatory proposals, forced localization measures, and heavy taxation. APEC should continue to educate governments and the public around the region on the vital contributions that FDI makes to jobs and growth in today’s competitive global economy.

APEC should also continue to advocate for high standard APEC-wide investment disciplines, including through a strong and comprehensive Investment Chapter in the Trans-Pacific Partnership (TPP) currently under negotiation. It is also important to continue to extend and strengthen the network of comprehensive, high-standard bilateral and regional investment agreements. Strong, enforceable Investor-State Dispute Settlement (ISDS) provisions must be key elements in 21<sup>st</sup> century investment agreements to provide investors the confidence they need to invest the resources to create jobs and economic growth. We also commend the important work underway in APEC on implementation of the APEC Investment Facilitation Action Plan (IFAP) and in all the work of the APEC Investment Experts Group (IEG).

### **Recommendations:**

- Given the broad impact of investment policy on national economies, APEC should promote a “whole of government” approach to its investment policy work to ensure that all relevant government authorities, including at sub-federal levels, are pulling in the same, pro-investment, pro-growth, pro-regional integration direction.
- APEC should continue to analyze the linkages between other key policy areas (e.g. customs and trade facilitation, intellectual property rights, rule of law, transparency, anti-corruption) and a competitive investment climate.

### **Global Value Chains**

The emergence of global value chains (GVCs) is a defining feature in today’s international trade agenda, whereby production of goods and services are increasingly fragmented, altering the way business gets done. The APEC region is very much a part of this trade in value-added dynamic and we welcome the focus APEC China has given to this important topic. The GVC readiness of APEC economies is a critical piece for the region to continue to enhance cross-border and intra-trade and investment, development, and competitiveness.

USCIB encourages APEC to continue to address hindrances to global value chains and efficient supply chains, including localization practices, restrictions on cross-border data flows, lack of regulatory coherence and coordination, high tariffs, complications at the border and inefficient risk management. Facilitating global value chains requires the coordination of all member countries, regulatory and customs regimes, and special measures towards facilitating trade. The benefits to APEC countries, as increasingly vital and developing links in supply chains, are enormous.

What is also important to note is that the benefits of GVCs do not accrue automatically, but require a set of policies that can best frame strategies for GVC development and cooperation and alleviate any choke-points. These GVC areas of concentration include, *inter alia*: greater regulatory compatibility, transparency, efficient services, active labor markets, trade facilitation, pro-growth competition and innovation policies, which collectively appreciate the needs of economies at different levels of development and firms of various sizes and structures. By concentrating on GVCs, APEC leaders can make great strides and unlock the full potential for economic integration across Asia-Pacific.

USCIB applauds and takes as an example the collaboration between ABAC and the APEC Life Sciences Innovation Forum (LSIF) to ensure the integrity and quality of the medical products value chain through the adoption of common data standards, and the LSIF Regulatory Harmonization Steering Committee (RHSC) through the establishment of single points of contact for monitoring and enforcement and measures to address the proliferation of illegal internet pharmacies. USCIB also welcomes recommendations from the 4<sup>th</sup> High Level Meeting on Health and the Economy for the LSIF in collaboration with other APEC groups to identify additional impediments in the medical products global value chain that inhibit access to medical products.

### **Recommendations:**

- The work that APEC China has devoted to GVCs and its Strategic Blueprint for Advancing GVCs Development through Asia-Pacific Partnership should continue onwards, and be an important element of the APEC Philippines agenda.
- USCIB encourages APEC to pave the way for more streamlined, productive and efficient global value chains using the tools of trade facilitation, regulatory coherence and coordination, while consulting the private sector on the challenges that pose the most glaring threat to these increasingly vital mechanisms.
- The APEC agenda should look at the importance of open and competitive services as key to the growth of GVCs.

### **Good Regulatory Practices**

USCIB members endorse APEC's continued efforts to implement the commitments Leaders made in 2011 to adopt and promote good regulatory practices. While USCIB recognizes the need for economies to adopt regulation appropriate to their circumstances, wider reliance on good regulatory practices including regulatory impact assessments (including analyses of how other APEC economies regulate in the same area), internal coordination, and genuine public consultation will minimize unnecessary barriers to trade.

The proliferation of unique standards and requirements throughout the region imposes direct—and often unnecessary—costs on business. Today, these variances often serve as one of the primary barriers to trade, requiring companies to undertake economy-specific compliance steps to meet regulatory requirements that are intended to achieve the same goals across economies. Wider adoption of GRP will lead directly to reductions in these variances—for example, by analyzing other APEC regulatory regimes as alternative regulatory approaches during the regulatory impact assessment, or by receiving public comments from members of other APEC economies about unintended trade implications of proposed regulations – and thus drive trade and investment in the region.

### **Recommendations:**

- APEC economies should formally recommit in 2015 to adhere to WTO principles for avoidance of technical barriers to trade, and must explore regional approaches based on international norms. Failure to do so will endanger APEC economies' positions as engines of growth by encouraging retaliation.

- APEC should convene its biannual Good Regulatory Practices conference on an annual basis and promote broad attendance across APEC fora, further embedding these principles with relevant regulators.
- Because Good Regulatory Practices will only become the norm when regulators from across each economy endorse their aims, APEC should promote efforts to determine how Good Regulatory Practices can be implemented within particular sectors, helping to train regulators on the importance of GRP while addressing subject-specific questions with how they can be implemented in that area.

## **Healthcare**

USCIB members support the work of the APEC Life Sciences Innovation Forum (LSIF) and the APEC Health Working Group (HWG) to improve healthcare systems, support innovation, and reduce the economic burden of disease. We welcomed Ministers' endorsement of the APEC Non-Communicable Disease Action Plan in 2011 and the progress made in 2014 with implementation of the plan. The Action Plan, developed jointly by the LSIF and the HWG, serves as a roadmap for member economies as they work together with industry and non-governmental organizations to set up mechanisms to share best practices and establish innovative public-private partnerships to prevent and control chronic diseases. USCIB welcomes the 2014 study commissioned by the LSIF and ABAC on the impact of non-communicable diseases, including mental illness, on worker productivity. This is an issue that we strongly support taking forward in 2015, including recommendations for the policy environment, wellness and prevention capacity building, and mentoring of both governments and industry, notably small and medium enterprises.

USCIB welcomes the APEC Medan Principles for Public-Private Partnerships in Infection Control and the APEC Policy Toolkit for Building Capacity to Address Healthcare-Associated Infections (HAIs). We support continued work on HAIs and also welcome a new initiative focused on improving the safety and quality of blood systems in the region.

USCIB strongly supports the Healthy Asia Pacific 2020 initiative developed by China in consultation with the HWG and LSIF and the recommendations from the 4<sup>th</sup> High Level Meeting on Health and the Economy, held in Beijing in August 2014.

USCIB welcomes the "APEC Roadmap to Promote Mental Wellness in a Healthy Asia Pacific" and applauds APEC's efforts to facilitate model public-private partnerships in mental health through 2020, seeking to curb the largest source of disability in the Asia-Pacific region. USCIB members look forward to supporting the roadmap's implementation, beginning in 2015.

We applaud APEC economies' commitment to work toward the regulatory convergence of approval procedures for medical products by 2020. This initiative will dramatically lower costs and shorten the time for products to reach the market. We strongly support the Global Medical Products Quality and Supply Chain Integrity road map and welcome the fact that APEC has recognized the importance of this work, with funding over a three year period.

Notable achievements in 2014 included the May 2014 series of workshops in Qingdao, China to review progress with the key areas that provide access to safe medicines. These are achieving a harmonized standard for product coding and verification; commitments to close down illegal internet pharmacies; and, establishing a SPOC network to combat substandard, spurious, falsified, falsely labeled and counterfeit medical products. APEC economies should accelerate activities as part of the roadmap related to regulatory harmonization including workshops and dialogues on product quality and supply chain integrity.

Specific activities could include: convening workshops to evaluate the impact of fake medicines sold through illegal internet pharmacies on APEC economies or transiting through them, and developing policy recommendations to protect patients in APEC economies from counterfeit medicines sold online; and developing guidelines, best practices, standards, training materials (including early education for school-aged children) and a curriculum to be implemented annually by local institutions, standard setting organizations, and regulatory authorities to increase public awareness of the dangers of fake medicines.

We also strongly support the RHSC's focus on evolving towards a new model for sustainable training/capacity building through centers of excellence for select priority work areas such as clinical trials, supply chain integrity and biotherapeutics.

We congratulate Singapore, Chinese Taipei, Indonesia, Canada, and the United States on completing the APEC LSIF Enablers of Investment Checklist and strongly encourage other APEC member economies to complete the checklist as a tool to guide their health and life sciences investment policies. We continue to support the tri-partite nature of the LSIF, involving, governments, industry and academia and encourage APEC to consider encouraging this stakeholder model as a best practice when economies are formulating health and science policies.

We strongly support the principles for the development of the innovative health and life sciences sector, to be used as a guidance tool for economies wishing to engage in sector development. The principles were derived from the LSIF Enablers of Investment Checklist, among other already agreed APEC documents on innovation. We also strongly support the establishment of (1) a regional training center for the commercialization of life sciences innovations in the region and (2) a regulatory sciences center of excellence in the region to build regulator and other stakeholder capacity in multi-regional clinical trials.

Healthcare financing is an emerging area of focus. USCIB considers that involving the supplemental health insurance industry in this discussion would be of considerable value to APEC economies as they are working through revisions to their financing systems.

### **Recommendations:**

- The principles for the development of the innovative health and life sciences sector should be used as a guidance tool for economies wishing to engage in sector development.
- We encourage strong support for the establishment of (1) a regional training center for the commercialization of life sciences innovations in the region, set for launch in

December 2014, and (2) a network of centers of excellence in the region, including for regulatory sciences and biotherapeutics to build regulator and other stakeholder capacity in multi-regional clinical trials, among other key skills supporting innovation and global value chains.

- USCIB urges APEC economies' to continue to work toward the regulatory convergence of approval procedures for medical products by 2020.
- We encourage and support continued work on Healthcare-Associated Infections (HAIs) and also welcome a new initiative focused on improving the safety and quality of blood systems in the region.
- USCIB strongly encourages implementation of the “APEC Roadmap to Promote Mental Wellness in a Healthy Asia Pacific” and the facilitation of model public-private partnerships. USCIB members look forward to supporting the roadmap’s implementation, beginning in 2015.

## **Infrastructure**

With an estimated US\$ 8 trillion in investment to meet Asia's infrastructure needs between 2010 and 2020 according to the Asian Development Bank, USCIB commends APEC's new Multi-Year Plan on Infrastructure Development and Investment and agreement to establish the Public-Private Partnership Center in Indonesia.

The Multi-Year Plan outlines a number of practical, yet critical opportunities to accelerate sustainable economic growth in the region. This includes a smart mix of enabling policies, improved project planning, government capacity building, and measures to increase financing. The Center will support the region's effort to identify, assess, and execute bankable infrastructure projects involving the public and private sectors.

The growing recognition of infrastructure as a fundamental forcing agent for region's continued development is connected to key trends and their impacts and implications on shared prosperity in the Asia-Pacific. With an expected two-thirds of the global middle class residing in Asia-Pacific region by 2030, in addition to the frequency and intensity of extreme weather events, purposeful, smartly-designed and properly maintained infrastructure will become critical to expanding society's access to public goods, as well as productive assets and innovations that progress individual and community capacity, wellbeing, and national economic growth.

## **Recommendations:**

- APEC should promote governance frameworks involving multi-stakeholder inputs from civil society, government and business to strike the right balance between top-down and bottom-up decision-making processes.
- They should also promote strategic infrastructure planning alongside the wider development agenda through technical and contracting frameworks which rank and prioritize investments according to need, return on investment, and affordability.

- Through APEC, a fuller range of alternative financing schemes to address the constraints on public funding and commercial debt should be developed. This includes continuing support of multilateral financing institutions and export credit agencies, improving public-private partnerships, promoting project bonds and non-bank lending instruments, and optimizing existing infrastructures for productivity gains.
- Additionally, APEC should leverage technology and data analytics to improve project quality and greater certainty of outcome. Information technologies and data analytics should not only be used to operate cities more efficiently and sustainably, but also to help advance master planning, conceptual design and engineering, and construction.

## **Innovation Policy**

Non-discriminatory and market-driven innovation policies are critical to ensuring that economies foster competition, promote access to technology, encourage the creation of new products and services throughout the economy and generate capacity to innovate. The APEC Innovation Principles agreed by Leaders at Honolulu in 2011 set very useful broad guidance to economies seeking to encourage the benefits of innovation. USCIB members will continue to work with our counterparts from other APEC economies on these important issues to ensure that progress is made in 2015.

USCIB welcomed the establishment of the Policy Partnership on Science, Technology & Innovation (PPSTI). We encourage the intensification of efforts for APEC economies to cooperate with all innovation stakeholders, including the private sector. In order for the PPSTI to function and reach its full potential as a driver of forward leaning regional policies that advance science, technology and innovation, APEC economies should continue to include private sector companies and academic institutions at PPSTI meetings. USCIB sees opportunities for enhanced mutual understanding on a range of issues, such as how economies can be more productive with limited R&D dollars and how research can be effectively commercialized.

USCIB also applauds APEC for encouraging research cooperation through the annual awarding of the APEC Science Prize for Innovation, Research and Education (ASPIRE).

### **Recommendations:**

- APEC economies should seek to increase tangible and concrete work beyond the implementation of the innovation guidelines through benchmarking, research papers and timelines from the Guidelines to be included under the innovation work.
- APEC should continue to include private sector companies and academic institutions at PPSTI meetings.

## **Intellectual Property Rights (IPR) Enforcement**

APEC has a trade and innovation agenda addressing a range of IPR issues in a number of sector specific areas, and USCIB members welcome the IPR enforcement programs and capacity building activities APEC has implemented across different sectors such as in customs border enforcement focusing on counterfeit electronics. Given the priority the business community has placed on the availability of appropriate IP protection and on anti-counterfeiting and anti-piracy

efforts, we urge APEC members to explore all avenues for pursuing better enforcement and public awareness, particularly as there are substantial enforcement concerns in many of the APEC member economies.

Similarly, we strongly encourage APEC members to provide adequate IP protection across all sectors and fields of technology and to ensure that intellectual property regimes and enforcement mechanisms in all APEC economies conform to international standards. APEC members also should commit to ensuring that their own governments respect intellectual property rights, including by committing to use only legal software within all government agencies. A thoughtful and effective intellectual property regime should protect rightsholders' investments, and deter piracy, counterfeiting and cyber-squatting.

We encourage APEC, through its Intellectual Property Rights Experts Group (IPEG) under the Committee on Trade and Investment, to continue to focus its work on enhanced protection and enforcement of intellectual property in the region and consult regularly with the private sector to exchange information and deepen the dialogue. USCIB supports the recent focus by the IPEG on trade secrets and, in particular, its detailed review of current economies approaches.

USCIB encourages efforts to improve protection for digital content, as piracy and counterfeiting in today's economy is commonplace in both the traditional and digital environment and across borders. We are hopeful that increased APEC support would stimulate investment in digital infrastructure, including investment in the development of domestic technology and creative industries to prepare them to compete in the global market. USCIB supports streamlining of patent application processes through cooperation and information sharing so as to facilitate the patent application process. Lastly, innovative industries, including biopharmaceutical and agrochemical companies, expend tremendous effort and resources conducting research to demonstrate the safety and efficacy of their life-saving and life-enhancing inventions. As such, it is critical that APEC members implement robust and effective protection of innovators' data.

#### **Recommendation:**

- In 2015, USCIB members encourage APEC economies to develop capacity building activities, which promote IP education and training in member economies and IP legalization within government agencies. We are hopeful that these activities will improve quality and effectiveness of enforcement to promote innovative growth in the region.

#### **Localization Barriers to Trade**

USCIB members have noted a significant increase in the adoption of forced localization requirements globally, including local content requirements, government procurement requirements, data storage requirement and restrictions on cross-border data flows, and related protectionist measures. Some developing APEC member economies believe that certain localization policies are needed for their economic development. However, these practices distort trade and investment and have a potential negative effect on the long-term growth of the region.

For example, some economies are considering measures that would prevent or restrict the cross-border supply of electronic payments services, and would require global payment networks to

establish local operations centers in each market. Electronic payment services are a critical part of the global value chain. They facilitate payments and globalization of markets, promote consumption and economic growth, promote financial inclusion, utilize the most secure and up-to-date technology, and create efficiencies by encouraging the move away from cash. Those benefits would be eliminated or severely constrained if global markets became fragmented.

USCIB commends USTR for working with other economies to highlight alternative approaches to localization barriers and similar policies that could be more effective and would promote long-term economic growth and continue to attract trade and investment. We encourage USTR along with its APEC member counterparts to work with the business community to eliminate local content requirements and other forced localization policies (*e.g.*, requirements to locate IT infrastructure or store data locally) that interfere with trade and investment in the APEC region and to work with APEC leaders to support moves to end trade-distorting measures.

**Recommendation:**

- USCIB supports and encourages ABAC's recommendation in their report to Leaders to launch a dialogue to discuss the effects of protectionist measures, particularly forced localization and local content requirements, on trade and investment and long-term economic growth in the region, as well as alternative, non-protectionist and non-discriminatory measures that would be more effective in promoting economic growth and job creation.

**Metals**

The APEC Ministerial Statement from Vladivostok (September 2012) reinforced that APEC economies produce and consume a majority of the world's metals, hence metals and their compounds must be considered in global chemicals management discussions within and outside of APEC. This affirmed an earlier statement from the APEC Ministers Responsible for Mining (MRM4) meeting in St. Petersburg in June 2012, which noted that a global chemicals framework taking into account the specific properties of metals, firmly based on scientific evidence and data, is an important prerequisite for responsible and sustainable innovation. During 2012, APEC also adopted a report entitled "Socio-Economic Study of Impact of Nickel Compounds Classification on APEC Economies," which discussed the potential adverse GDP impacts that certain regulatory approaches to metals would have on APEC member economies.

USCIB strongly supports the position that metals and metal chemistries discussions should be included in APEC chemicals management activities and the international chemicals agenda. We agree that science-based, transparent treatment of metals in chemical regulatory frameworks that is no more trade restrictive than necessary to protect against unreasonable risks to human health or the environment is vital to the APEC region's future sustainability and growth. USCIB supports APEC discussion and activities within and outside of the Chemical Dialogue during 2015 that will inform efforts to adopt appropriate regulatory approaches to metals.

**Recommendation:**

- USCIB urges APEC to support Australia's lead role in capacity building for risk assessment on metals and metal compounds.

## **Privacy**

Cross border data transfers are vital to conducting business in a global economy. Consumers, business and governments all benefit from a consistent approach to such transfers. Differing government regulations on data transfers create impediments to the flow of information across borders stifling innovation, investment and trade. The voluntary APEC Privacy Framework and Cross Border Privacy Rules (CBPR) system is designed to help address these concerns. The goal of the system is to enhance electronic commerce, facilitate trade and economic growth, and strengthen consumer privacy protections across the Asia Pacific region, thereby promoting regional economic integration. Implementation of the CBPR system will enable interoperable privacy frameworks and facilitate cross border data flows and trade while at the same time avoiding unnecessary barriers to the free flow of information throughout the region.

CBPRs provide a framework for responsible and accountable transfers of information across the region's participating economies. This voluntary, certification-based system promotes a consistent baseline set of data privacy practices based on the APEC Privacy Framework for companies doing business in participating APEC economies.

## **Recommendations:**

- As the APEC framework has reached its 10<sup>th</sup> anniversary, there is a shared belief that its principles remain applicable, but a review is thought useful to consider how best to ensure that the CBPR regime implementation appropriately takes account of new technologies. We encourage continued efforts to increase economy participation in the CBPR system, including individual economy capacity building under the Multi-Year Project.
- In addition, there is a role for the Data Privacy subgroup in working jointly with the EU Article 29 Working Party to identify and develop documents and initiatives in support of the application of the BCR/CBPR Common Referential. This work could include: considering how case studies can identify commonalities across the implementation of privacy-related principles; and evaluating potential mechanisms for recognition of the level of compliance validated within each framework. Such an evaluation can help to streamline the administrative and bureaucratic processes related to demonstrating compliance with program requirements.

## **Self-Regulation in Marketing and Advertising**

Consumers, governments and industry all benefit when national advertising policies, including self-regulatory mechanisms, are based on widely-endorsed principles consistently applied across economies and regions. Conversely, the adoption of regulations and self-regulatory structures, which diverge economy-by-economy and region-by-region from international best practices, impose unnecessary costs on everyone, particularly on USCIB members as they seek to enter into new markets and expand into existing markets.

USCIB applauds APEC's efforts over the last year to promote the growth of advertising standards and their increased alignment to international best practices. As confirmed by the APEC Policy Support Unit's study on advertising standards, the advertising regulatory and self-regulatory structures vary markedly across APEC's 21 economies. These variations impose

unnecessary compliance costs on companies, limiting competition and consumer choice by inhibiting market entry. Advertising is a necessary prerequisite to successful market entry; an impediment to advertising is thus an impediment to market access and a barrier to economic growth.

APEC can continue to play a leading role in this area. USCIB supports the APEC Action Agenda on Advertising that resulted from the two-day Advertising Standards Workshop conducted in Beijing during the third Senior Officials Meeting. In particular, USCIB endorses the Action Agenda's recognition of the importance of advertising standards to economic growth and its support for aligning these to international best practices to minimize unnecessary variation across economies. USCIB calls for APEC to carry forward the Action Agenda's recommendations and to build a long-term work program in this area, in particular by developing a set of best practices for advertising standards and by fostering a mentorship program for developing self-regulatory bodies.

### **Recommendations:**

- USCIB encourages the development of principles in early 2015 for potential discussion for APEC economies to use in developing their advertising and self-regulatory regimes. These principles could be the subject of a Trade Policy Dialogue during SOM1 or SOM2 and then could be put forward for Senior Official, Ministerial, and/or Leader endorsement as appropriate, later in the year.
- APEC should continue to build on the mentoring program that was begun in Beijing and deliver mentoring and capacity building programs in 2015 that aim to help economies adopt these principles.
- USCIB supports the development of a three year (2015-2017) plan for the progression and implementation of this work, with concrete and achievable goals, including the implementation of the Principles, the growth of the mentoring program, and benchmarks for the promotion of advertising standards to international practice to be achieved by its conclusion.

### **State-Owned Enterprises (SOEs)**

Across the broad APEC region, the roles of the public and private sectors are evolving. While core private and public sector functions remain distinct, broad areas of overlap are emerging in today's global economy, increasing competition. That competition is a good thing, not something to be denied or stamped out. Competition can drive innovation, new jobs and improved customer service in both the public and private sectors. It is undeniable that public and private sector entities are competing, directly or peripherally. From transportation and delivery services to financial services, utilities, and manufacturing, outdated and rigid barriers between public and private sectors are breaking down.

Each APEC economy will make its own decisions on the roles of the public and private sector in its economy. However, it is critical to ensure a level playing field whenever public and private sector entities are competing in the commercial space to provide goods and/or services. State-Owned Enterprises (SOEs), when acting in their commercial capacity, should not receive explicit

or implicit subsidies, preferential financing, favorable tax or regulatory treatment, benefit from special procurement preferences, or receive any other advantages not available to their commercial competitors. It is likewise critical that APEC members commit to ensuring that their SOEs conduct all commercial activities as market actors and in a manner consistent with existing market-access and non-discrimination commitments and to refrain from influencing SOEs in their purchasing or supply decisions. Transparency in the financing and operations of public sector entities is essential.

The issue of Public/Private competition and SOEs is under intensive negotiation in the Trans-Pacific Partnership (TPP) discussions. It is clear that the TPP will include a significant SOE chapter. It is time for APEC to undertake serious analytical work and discussions on this important and challenging topic. We encourage APEC economies to develop a program of work on SOEs including surveys of the shape and extent of the issue across the APEC region, analysis of the impact of SOE-related economic distortions on individual economies, seminars including a wide range of stakeholders to exchange assessments and explore best-practices to ensure a level playing field.

As APEC frames the SOE issue, it is very important to define the terms of reference to capture nominally private major entities, which clearly benefit from State-Championed Enterprise (SCE) status and favorable treatment from their government.

### **Recommendations:**

- APEC should develop a work program on SOEs, including surveys and analysis and seminars including stakeholders to exchange assessments and explore best practices.
- APEC should spend time and effort on this important policy cluster assessing preferences accorded to SOEs and SCEs, not arguing on which entities are or are not technically SOEs. The effort needs to be focused on market distortions and discriminatory treatment, not on definitions.

### **Trade Facilitation in Remanufactured Goods and E-Waste**

In 2011, APEC Ministers from a number of economies agreed on a Pathfinder on Facilitating Trade in Remanufactured Goods to implement tariff and non-tariff measures to address trade-restrictiveness on used and remanufactured goods. These goods are often classified as used goods, thus impeding their trade and limiting the opportunities for industries who remanufacture products to grow throughout the APEC region and contribute significant environmental benefits. USCIB supports the capacity building projects and activities, which have taken place since 2011, and we welcome the progress made by member economies to facilitate trade in remanufactured goods.

On a related matter, USCIB members have noted a trade facilitation concern with regard to the shipment of used electrical and electronic equipment (EEE). Consistent with the growing interest in reducing the volume of used EEE that is discarded improperly or in landfills, many manufacturers have established global programs for returning such equipment to the manufacturer or its designee for repair or refurbishment and re-use. These programs reduce both the premature and improper disposal of EEE, and increase the supply of affordable, refurbished

EEE. These programs also lead to reductions in raw materials extraction and processing, and the associated carbon emissions, that otherwise would result from the manufacture of new EEE.

The parties to the Basel Convention, however, are considering adopting technical guidelines that would deem all shipments of used EEE to be shipments of waste within the meaning of the Convention unless the equipment is fully functional. While industry supports appropriate controls on the movement of waste EEE that is intended for disposal, such controls should not be applied to legitimate shipments of used EEE for repair, refurbishment and reuse.

### **Recommendations:**

- We encourage APEC officials in the Market Access Group (MAG) to address the movement of Electrical and Electronic Equipment Waste in upcoming dialogues.
- APEC governments that are parties to the Basel Convention should take steps to ensure that the Convention is applied only to shipments of used EEE that is intended for disposal.

### **Trade Liberalization and WTO**

USCIB encourages APEC Ministers to work together within the WTO towards opening global markets to trade, especially in encouraging all governments to resolve the impasse over implementation of the Trade Facilitation Agreement (TFA) reached in Bali last year. If implemented, the TFA would provide significant opportunities for boosting trade and economic growth globally, including in the member countries of APEC.

While moving forward on the TFA should be the priority for APEC countries in the WTO, we would also urge support for other initiatives in the WTO that would open trade and could help build momentum for re-energizing the work of the WTO. Completing negotiations on expansion of the Information Technology Agreement would facilitate the movement of more ITA goods that are critical to innovation and being competitive in a digital world. APEC Ministers, having agreed to reduce tariffs on environmental goods, should also work together in support of the Environmental Goods Agreement negotiations under way in the WTO. A coordinated effort by APEC Ministers on these initiatives in the WTO could drive action that will advance the WTO agenda and re-energize business engagement at the WTO.

USCIB will support these initiatives through our involvement in APEC and through our international affiliates: the Business and Industry Advisory Committee (BIAC) to the Organization of Economic Cooperation and Development (OECD) and the International Chamber of Commerce (ICC).

### **Recommendations:**

- APEC leaders should deliver a strong message supporting finding solutions to the impasse in the World Trade Organization on the ratification of the Trade Facilitation Agreement, as well as urge individual trading partners to amend their positions with regard to TFA.
- APEC should support the EGA negotiations in the WTO and member countries should be strong drivers for an ambitious agreement.

- APEC should continue to support conclusion of an ambitious agreement to expand the ITA in the WTO.

## **Women in the Economy**

USCIB applauds APEC's focus on the relationship between women's economic empowerment and economic growth, development, and social progress and its creation of the Policy Partnership on Women in the Economy (PPWE) to address these issues in the Forum. China hosted the fourth High Level Policy Dialogue on Women in the Economy in May 2014, and we encourage the Philippines to continue to partner with and engage the business community with a view to developing actionable recommendations and deliverables on these priorities.

USCIB welcomed ABAC's report presented at the High Level Policy Dialogue on Women and the Economy in September 2013, entitled "Economic Empowerment and Inclusion of Women in APEC Economies". This inaugural report sent a strong signal from the business community that the economic inclusion of women is critical for business performance and economic prosperity. We look forward to future activities from ABAC on this issue and hope to contribute going forward.

USCIB welcomes cross-fora cooperation to address women's issues and, to that end, supports the "Healthy Women, Healthy Economies" initiative whereby the Human Resources Development Working Group (HRDWG), Healthy Working Group (HWG), and PPWE are addressing the 2013 call by Leaders to promote "efforts to integrate gender considerations across APEC activities as a priority, including with greater private sector engagement..." by working together to enhance women's economic participation through better health. This will be done through the development in 2015 of a "Checklist for Enhancing Women's Economic Participation through Better Health." To our knowledge this initiative is the first example of APEC mainstreaming gender across multiple working groups. It is also, to our knowledge, the first time that APEC has three working groups collaborating together.

USCIB additionally strongly supports the U.S. proposal for an APEC Women's Entrepreneurship Network (WE - APEC) to identify best practices and help empower women entrepreneurs from APEC economies to start and grow their businesses at the Seminar of Women in Business Community in Beijing in May 2014.

### **Recommendations:**

- APEC should explore and pursue opportunities to collaborate with and leverage complementary initiatives in other international fora such as the OECD and the United Nations.
- The Asia-Pacific region is culturally and economically diverse, and the barriers affecting women in both developed and developing APEC economies are numerous and complex. USCIB strongly supports creating a formal mechanism for consistent private sector input into the Forum and its workstreams. This should reflect this regional diversity and bring business ideas, expertise and energy to a wide range of issues that impact women's

employability, entrepreneurship and education and thereby their ability to fully participate in the economy.

- USCIB encourages APEC economies to support women entrepreneurs within the region and approve the WE – APEC proposal to aid in the empowerment of women through access to markets, access to capital and assets skills, capacity building, health, leadership, voice, and agency.
- USCIB urges APEC economies to send experts to support development of a “Checklist for Enhancing Women’s Economic Participation through Better Health” as part of the “Healthy Women, Healthy Economies” initiative to enhance women’s economic participation through better health.