



USCIB 2014 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 2014. USCIB appreciates and welcomes the committed partnerships that APEC has established with the private sector to address the complex economic issues, including trade and regulatory, that face the Asia-Pacific region. Our members look forward to continuing the positive momentum during China's host year and we encourage APEC to continue to look to the private sector for ideas and input.

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 Indonesia's leadership in 2013 and looks forward to a progressive Leaders' Statement in October 2013. Our members see the China host year as an excellent opportunity to continue important work in the various working groups and especially to lay the groundwork for major outcomes and deliverables going forward. China is an active and important contributor to the APEC process since becoming a member in 1991 and is showing its commitment to APEC's mission to support sustainable economic growth and prosperity in the region by hosting in 2014.

USCIB members are eager to learn what themes China will focus on 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, good regulatory practices, healthcare, 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 2014 APEC Priority Issues and Recommendations

Business Ethics

USCIB members recognize that voluntary codes of business ethics significantly 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 allowing firms to compete across the region at a reduced cost.

USCIB applauds U.S. leadership, in cooperation with all 21 APEC economies, to implement 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 local associations and companies to write aligned codes and prepare over 100 ethics trainers who will serve as change agents in their local economies. Spurred by the APEC initiative, new codes of ethics are being developed by medical device industry associations in at least 6 APEC economies and existing codes are being replaced with higher standard versions in at least 3 economies. As for the biopharmaceutical sector, new codes are being developed in at least 6 APEC economies.

USCIB underlines that the establishment of ethical environments cannot be achieved by industry alone – all stakeholders must be involved. USCIB therefore welcomes the “Nusa Dua Statement,” issued by key stakeholders critical to creating an ethical healthcare ecosystem (leaders from physician and hospital organizations, anti-corruption agencies, health ministries and health regulatory agencies, industry) at their meeting on September 3, 2013. Specifically, USCIB echoes the statement’s call on APEC to carry out sustained capacity building and dialogue on business ethics issues by creating an ongoing “APEC Business Ethics Forum” to foster regional cooperation.

Recommendations:

- APEC should continue to carry out sustained capacity building and dialogue on business ethics issues by creating an ongoing “APEC Business Ethics Forum” to foster regional cooperation.
- APEC should continue to support industry associations and companies seeking to align codes of ethics to the high standard APEC principles.
- APEC should build on the September 3, 2013 meeting by further integrating all stakeholders key to creating ethical environments into its business ethics activities.

Chemicals

The management of chemicals 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.

Given the changes in the global chemical management systems in the APEC region, the chemical industry strongly supports the work of the APEC Chemical Dialogue and, in particular, its contribution to the regulatory cooperation and convergence agenda. USCIB and its members have been active contributors to the APEC Chemical Dialogue throughout 2013, and consider it as an advantageous forum in which to address important global chemical management related issues.

We look forward to continuing our engagement next year in the APEC Chemical Dialogue with government officials and industry colleagues on a new project to address APEC economies' need to understand what chemicals are in commerce in their economy. Instead of economies developing their own inventory, USCIB members would like to recommend a project that would assist all APEC economies in developing a commonly shared chemical inventory. The concept would be to have a reference APEC inventory of existing chemical substances in commerce that would be used as a foundation for all APEC economies. This common inventory would be derived from current APEC economy inventories. More information about this project will be shared once it is further developed.

On a related matter, USCIB would also like to begin discussions on customs procedures that currently vary from economy to economy for the import of chemicals into economies in the APEC region. In some APEC economies, importers need only to submit a compliant safety data sheet (SDS). In other APEC economies, importers must supply a self-certification form that indicates compliance with the economy's chemical control legislation. In still other APEC economies, importers must fully disclose the composition of the product. Having different requirements for import 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 for products including HTS codes, certification requirements, tariff assignments, and others that delay getting product to customers. USCIB members would like to suggest that all of the APEC economies adopt a uniform process for importation of chemicals: 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, a SDS for the product compliant with the local economy's requirements.

Recommendations:

- 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.
- Promote a coordinated approach to the Globally Harmonized System (GHS) implementation in consultation with affected industry sectors. APEC members can and have adopted the GHS somewhat in isolation, but the benefits would be magnified by broader and compatible implementation of the GHS as negotiated at the UN. Adherence to the principles of GHS, without addition of country specific elements not encompassed in the GHS, would lead to greater coherence, more consistent hazard communication and improved trade facilitation. 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, and the Russian proposal for data exchange. 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.
- Consolidate GHS-related work items to ensure efficiencies and alignment with the Dialogue's Strategic Framework. Under this theme, USCIB also supports the Malaysian Proposal on Approaches to GHS Implementation for UVCB Substances. The GHS does not currently recognize some of the practical challenges presented by UVCBs. When regulatory approaches to GHS implementation for UVCBs vary

among APEC economies, the result is a loss of consistency and cost efficiency, and barriers to trade among APEC economies.

- Continue to have the joint meeting between the OECD Clearing House on New Chemicals (OECD CHNC) and the APEC Chemical Dialogue Regulators' Forum.
- Urge economies to complete the USCIB-led survey on transparency and innovation. Since the release of CBI by any APEC Economy has the effect of making the information public everywhere, coordination of the management of CBI could benefit all of the economies by avoiding related trade barriers and could be a contribution of APEC to SAICM.

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 China'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 Center for Technology Cooperation and Network.

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. 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:

- 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 countries in the region, integrate resilience into development strategies 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 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 contributions of foreign invested companies to sustainable development advances in Indonesia and across the APEC region.

Recommendations:

- Collaboration between the business community and APEC to share information, and to produce a consensus document on corporate responsibility principles and best practices.
- Include language regarding the role of business in economic growth and sustainable development in the 2013 Leaders Statement.

Cross-Border Data Flows

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, 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 critical to the much larger universe of manufacturers, retailers, wholesalers, financial services and logistics 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 countries 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 encourages 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 to prevent the fragmentation of this market into multiple, “domestic-only” markets.

Recommendations:

- To facilitate growth in industries that rely on cross-border data flows and trade in digital products and services, APEC ministers should launch an initiative, on a pathfinder basis initially if necessary, to adopt open, duty-free trade in these products thus making permanent for participating economies the current WTO moratorium on e-commerce customs duties as manifested in the 1998 Geneva Ministerial Declaration on Global Electronic Commerce.
- Achieve consensus among APEC members 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, as a leader in the creation of the **APEC Virtual Customs Business Working Group (VCBWG)**, welcomes the support expressed for the group in the 2012 APEC Ministers Statement. This group seeks to enhance collaboration with the business community on customs procedures to facilitate trade and reduce costs. USCIB applauds the creation of a platform through which the business community can work together with customs officials to address issues in a mutually beneficial manner, and we look forward to active engagement. USCIB is hopeful that in 2014 the VCBWG will develop an action plan to tackle key issues identified by the business community and customs officials, and will encourage Customs services throughout APEC to enhance their focus on trade facilitation.

Much has been achieved in trade facilitation in 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 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 identified chokepoints in supply chains through targeted capacity building and strategic steps such as policy inventories and diagnostic reports. Each stage of this comprehensive approach will be necessary to achieving the goals of the Supply Chain Connectivity Framework by 2015.

USCIB members also support the establishment of an APEC fund, proposed in the Committee on Trade and Investment, to help economies implement their supply chain and trade facilitation commitments.

We applaud the efforts undertaken to establish a baseline *de minimis* threshold in APEC 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.

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 country and would assist with anticorruption activities.

USCIB applauds the work that APEC economies have done in providing links to up-to-date APEC customs information that can be accessed in English via a single portal. We continue to recommend that APEC take a greater step forward by working to establish a more robust and comprehensive database that is accessible to all businesses and that would facilitate trade and FTA utilization by allowing companies to search for applied tariffs, rules of origin, future tariff rates and other helpful information all in one user-friendly place. USCIB is pleased that in its 2012 Report to Leaders ABAC recognized the value of developing the APEC Next Generation Interactive Tariff Database and we hope that steps toward implementation can be taken. The APEC-wide single database is a much needed tool that would provide all businesses, including SMMEs, with the transparency needed to compete in a global business environment. Furthermore, the ABAC SMME Group has cited transparency as a priority and has also endorsed work toward the Database.

Technology and Internet-enabled services are enabling the smallest APEC businesses and individual entrepreneurs to engage in international trade. APEC governments should prioritize trade facilitation efforts aimed at removing red tape, simplifying customs clearance procedures, and improving access to the global marketplace for the smallest of businesses.

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.

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 countries 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 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 holding the first meeting of the Virtual Customs Business Dialogue (VCBD) early on in China’s host year (preferably by the first Senior Officials Meeting) to begin to collaborate and dialogue with APEC customs officials.
- APEC leaders should endorse the creation of a dedicated fund to help economies implement the supply chain and trade facilitation commitments.
- USCIB urges China to take the opportunity during their host year to accept all three primary ATA carnet conventions.

Digital Trade

USCIB supports ABAC’s recommendations in their 2012 Report to Leaders regarding establishing a digital trade agenda to secure open, duty-free cross-border trade in digital and electronically-delivered products and services. This Next Generation Trade issue is an important growth area, and commitment to the issue is essential to achieving regional economic integration by removing unnecessary regulatory barriers which slow down delivery of products and services. Also, because information products and IT functionality that traditionally were offered off-line increasingly are available online, APEC members should commit not to discriminate between online and off-line delivery of digital products and services. From a trade standpoint, it

should not matter whether a user obtains a digital product by purchasing a physical copy, downloading a copy over the Internet, or accessing a copy stored on a remote server.

Recommendations:

- Develop an action plan to secure open markets for digital and electronically delivered products.
- Identify “choke-points” in digital supply chains.
- Commit to adopting policies and measures that foster digital trade, including by providing permanent duty-free treatment for all digital products and committing not to discriminate as between electronic and physical delivery of digital products and services.

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.

In addition, we urge leaders in Bali 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 2014 in China.

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 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-chair of the APEC Food Safety Cooperation Forum (FSCF), working in conjunction with the United States for advancing a proposal 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 helping both sides be proactive in identifying emerging food safety threats and opportunities for collaborative strategies as no one entity can effectively address the issues on its own. USCIB also welcomes the progress being made on the FSCF’s Regulatory Action Plan, which calls for key dates and milestones 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:

- 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 country. 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 in today's competitive global economy. APEC should also continue to advocate for high standard APEC-wide investment disciplines, including through a strong 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 21st century investment agreements to provide investors the confidence they need to invest the resources to create jobs and economic growth. We also commend the 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).

Recommendation:

- 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.

Good Regulatory Practices

USCIB members encourage APEC economies to continue taking steps towards reducing technical barriers to trade by improving the implementation of good regulatory practices. Better regulatory practices and coordination throughout APEC economies is imperative for a more growth-oriented, qualitative and reliable environment for business.

USCIB members continue to see a trend toward promulgation of unique standards and requirements on their factories and products resulting in trade restrictions in the region. We urge APEC economies to recommit to the principles of Good Regulatory Practice and to coordinate regulation to minimize the burden on manufacturers and industries across the Asia-Pacific region.

Recommendation:

- APEC economies should formally recommit in 2014 to adherence 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.

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 2012 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 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.

We also welcome work jointly by the LSIF and HWG together with the WHO to examine the returns on investment in maternal newborn and child health. This work complements the 2008 economic analysis of the returns to investment from innovations for the prevention and control of chronic disease.

USCIB members also participated in and continue to support the Joint LSIF-HWG Dialogue to develop a shared action plan for addressing mental health challenges in the region. We look forward to providing input into the roadmap that is expected to be developed in 2014.

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.

The APEC Regulatory Harmonization Steering Committee (RHSC) has developed and endorsed a global product quality and supply chain integrity roadmap to support implementation of the Life Sciences Innovation Forum (LSIF) Anti-Counterfeiting Action Plan. Notable achievements in 2013 included the May 2013 Single Point of Contact (SPOC) workshop in Korea and an acceleration of the three key areas to 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.
- 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 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 tripartite 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 and (2) a regulatory sciences center of excellence in the region to build regulator and other stakeholder capacity in multi-regional clinical trials.
- We urge APEC economies' to continue to work toward the regulatory convergence of approval procedures for medical products by 2020.

- 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.
- Strongly encourage work toward developing a joint action plan for addressing mental health challenges in the region through the Joint LSIF-HWG Dialogue. USCIB members look forward to providing input into the roadmap that is expected to be developed in 2014.

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 2014.

USCIB welcomes 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, and look forward to participating. 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 specifically include private sector companies and academic institutions as members of their delegation 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 economies should specifically include private sector companies and academic institutions as members of their delegation at PPSTI meetings.

Intellectual Property Rights Enforcement

APEC has a trade and innovation agenda addressing a range of IPR issues in a number of sector specific areas. 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 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 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 2014, 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 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. 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 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 2013 that will inform efforts to adopt appropriate regulatory approaches to metals.

Recommendation:

- Support Australia’s preparations for a scientific workshop on metals risk assessment.

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. With the endorsement of the CBPR system by APEC Economic Leaders in Honolulu in November 2011 and the United States announcing in September 2012 that it will become the first participant in the APEC CBPR system, we look forward to working with APEC economies to further expand participation in the system. We also look forward to pursuing interoperability with other privacy frameworks to further expand the benefit that CBPRs can offer.

Recommendation:

- Continue support to advance the work of the CBPR system to enable cross border data transfers while supporting interoperable privacy frameworks among the APEC economies.

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 countries and regions. Conversely, the adoption of regulations and self-regulatory structures which diverge country-by-country 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.

Considering recent success developing an APEC privacy accountability program to facilitate trade and data flow across APEC economies, USCIB encourages APEC to foster successful self-regulation with a best-practice approach to advertising standards that encourages similar trade flow gains across economies. APEC's sponsorship in 2012, through the APEC Regulatory Convergence Advancement Mechanism ("ARCAM") of a two-day Dialogue in Hanoi, Vietnam on Self-Regulation in Advertising was a constructive start. The Dialogue offered an opportunity for government, self-regulatory organizations and industry to acknowledge the important consumer confidence and trade facilitating role that the self-regulation of advertising can play within a regulatory framework as well to encourage the further growth of self-regulation within APEC and alignment with international best practices. It culminated in practical recommendations for moving towards APEC standards, and USCIB strongly supports APEC moving forward with those.

Recommendations:

- Advance the APEC Regulatory Cooperation Advancement Mechanism (ARCAM) work on consistent approaches to the regulatory framework for advertising and the alignment of advertising standards. Advertising is a significant component of GDP and is critical to the ability of both large and small companies to successfully market their products and services, grow their businesses and thus jobs. Currently the APEC Policy Support Unit is conducting a mapping exercise of the regulatory environment for advertising in the APEC region to inform future work.
- Follow through on the recommendations of the November 2012 Hanoi Dialogue by holding proposed capacity building workshops -- one for regulators and one showing how to establish and operate a self regulatory organization (SRO) consistent with international best practice such as the ICC's Consolidated Code of Marketing and Advertising Practice and the Principles for setting up a Self-Regulatory Organization endorsed at the 2007 World Advertising Summit in Toronto, Canada.
- USCIB encourages APEC member economies currently writing or reviewing legislation on advertising to acknowledge and include a role for self-regulation. This ensures an opportunity and incentive for industry to apply and implement advertising standards. In the rapidly evolving area of digital practices, a responsive and aligned self-regulatory approach to address the digital environment and its challenges can also be developed to apply across borders, such as those being developed in the U.S. and in the EU addressing privacy concerns through self-regulation. USCIB encourages self regulation of marketing messages on all media forms to better allow commerce to grow and flourish. Effective self-regulation fuels market and commercial innovation yet also builds critical consumer trust in marketing and e-commerce.

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, and should remain, distinct, broad areas of overlap, and hence competition, are emerging in today's, and tomorrow's, dynamic setting. That competition is a good thing, not something to be denied or stamped out. Competition can drive innovation, new jobs and improved customer service. 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 now clear that the TPP will include a significant SOE chapter. It is time for APEC to undertake serious work 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.

Recommendation:

- 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, 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

Looking forward toward the WTO Ninth Ministerial Conference that will be held in Bali, Indonesia in December 2013, USCIB encourages APEC Ministers to work together within the WTO towards the opening global markets to trade, especially in concluding a trade facilitation agreement that would significantly liberalize global trade.

Given the impasse in the Doha negotiations and the agreement at the last WTO Ministerial to explore other approaches, we urge Ministers to support several initiatives that would significantly liberalize global trade including: concluding a trade facilitation agreement, moving forward on an international services agreement negotiation, and agreeing to expand product coverage in the Information Technology Agreement (ITA). APEC Ministers, having agreed to reduce tariffs on environmental goods, should also work together on building a similar agreement 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).

Indeed the role of efficient and competitive services sectors is crucial to the overall worldwide trade liberalization agenda. Services markets within the APEC economies are becoming increasingly important sources of jobs and growth for the region. Better capturing services trade statistics and with this indexing their restrictiveness and impediments, understanding the role of global value chains and trade in value-added within the APEC economies will help identify bottlenecks and emerging trends to better assess the effectiveness of regulations and policies that currently underpin the trade in services environment in APEC – and with this present opportunities to facilitate greater services-related trade.

Recommendation:

- APEC leaders should deliver a strong message supporting a successful WTO round in December 2013 as well as work together in the WTO to conclude a trade facilitation agreement that would significantly liberalize global trade.

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 will be hosting the fourth High Level Policy Dialogue on Women in the Economy in 2014, and while we do not yet know the agenda, we encourage the organizers to partner with and engage the business community in a transparent way early on through workshops and dialogues throughout the year, with a view to developing actionable recommendations and deliverables on these priorities.

USCIB welcomes 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 sends 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.

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.

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