



## USCIB 2016 APEC Priority Issues and Recommendations

### **Introduction**

The United States Council for International Business (USCIB) appreciates and welcomes the committed partnerships that the Asia-Pacific Economic Cooperation (APEC) has established with the private sector to address the many economic—including trade and regulatory—opportunities available to foster greater integration between APEC’s twenty-one member economies. This statement outlines priorities and recommendations that USCIB and its members would like to see advanced in the 2016 APEC year.

USCIB commends the leadership of the Philippines in 2015 and welcomed the progressive 2015 Leaders’ Declaration. Our members see the Peru host year as an important opportunity to continue essential work in the various working groups and to set topics for major outcomes and deliverables going forward. USCIB members are eager to learn more about key initiatives under the theme of quality growth and human development for Peru during their host year and how business can help achieve these initiatives. Further, USCIB members are looking forward to Vietnam’s host year. We stand ready to provide relevant inputs into the establishment of goals and objectives.

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. 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 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 (with a focus on 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, services, state-owned enterprises, trade facilitation in remanufactured goods and e-waste, trade liberalization and World Trade Organization (WTO) and women in the economy. While we recognize that many of these issues overlap subject matter content, issues are typically covered under the relevant content driven sections.

The priorities in this statement are not exhaustive, in many cases they are “living issues”, and we will continue to work with our members on emerging and developing issues. We would be pleased to address any questions and discuss any of these recommendations in greater detail.



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### **Business Ethics**

USCIB members recognize that high standard business ethics practices promote the success and sustainability of every industry across APEC economies that have a direct impact on every segment of our members' businesses. These benefits include heightened collaboration and innovation, strengthened consumer confidence, increased investment and access to capital, fair business conditions and accessible market opportunities, positive reputation and brand strength, improved operational effectiveness, talent acquisition and training support, and supply chain reliability, among others.

USCIB extends continued support for the Business Ethics for APEC SMEs (small – medium enterprises) initiative, which serves as the largest collective action to strengthen ethical business practices in the region with over 1,000 stakeholders engaged to-date. We congratulate U.S. leadership, in cooperation with all twenty-one APEC economies, in having achieved the Nanjing Declaration's ambitious goal to double the number of medical device and biopharmaceutical industry associations with a code of ethics in just three years. USCIB is thrilled that 34 new codes of ethics have been adopted or achieved formal progress across ten economies by providing a platform for industry self-regulation while fostering mutual trust, reducing the government's enforcement burden. 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 welcomes the "APEC Guide to Implement Multi-Stakeholder Ethical Collaborations in the Medical Device and Biopharmaceutical Sectors," issued during the 2015 APEC Business Ethics Forum by nearly 300 stakeholders. USCIB echoes the call by the Forum delegates for every APEC member economy to implement a multi-stakeholder ethical collaboration in these sectors as well as to advance full implementation of the Nanjing Declaration's goals through 2020.

### **Recommendations:**

- APEC should support the full implementation of the APEC Principles, Nanjing Declaration and APEC Guide to Implement Multi-Stakeholder Ethical Collaborations.
- APEC should support the convening of the APEC Business Ethics Forum on an annual basis through 2020.
- APEC should continue to support industry associations and enterprises seeking to adopt and/or align codes of ethics to the high standard APEC principles.



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### **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 2015, and welcome the outcomes of the most recent Chemical Dialogue related meetings including the Seminar on *Good Regulatory Practices in Chemicals Regulations*.

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 Fourth International Conference on Chemicals Management (ICCM4), which reviewed and provided guidance on the ongoing implementation of the Strategic Approach to International Chemicals Management (SAICM). Global 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.

USCIB supports a robust work program for 2016, 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 2015 release of GHS version 6. These issues were highlighted in 2015 through the CD's study that identified the full degree of divergences in GHS implementation across the region. 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 eliminating/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 supports: the recommendations contained in the CD's 2015 study on GHS to address divergences;



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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 Mexico's effort to develop a GHS capacity building workshop. 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. Most recently, the OECD Clearing House on New Chemicals (CHNC) met October 7-8 and held an Analogue Workshop in conjunction with their annual meeting. During this meeting there was a discussion around how CHNC's work could feed into the APEC Chemical Dialogue's Regulators' Forum to build capacity among economies with more nascent chemical schemes.
- Confidential Business Information (CBI): The strong protection of valuable 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. Following the conclusion of the USCIB-led survey on transparency and innovation, we encourage a continued focus on CBI protections throughout the CD's regulatory cooperation workstreams.
- 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 to promote information sharing with an aim of reducing 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. USCIB supports the project proposal endorsed by the CD and OFWG to undertake an analysis of impediments to implementation of comprehensive solid waste management systems in two beta sites within the APEC region and urges APEC to continue to maintain marine debris as a core focus of its SOM-level urbanization workstreams.
- Chemical Import Procedures: Import procedures for chemicals vary from economy to economy. Three economy specific 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. Varying customs procedures for the import of chemical substances and mixtures in



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different economies can cause delays at the border as well as delay the time to market in for some industry sectors. In addition, these differences can result in divergent customs treatment – including different Harmonized System (HS) codes, certification requirements, duty assessment and others – that delay customer access to products. USCIB members suggest that the Chemical Dialogue discuss ways to address this issue in conjunction with the Subcommittee on Customs Procedures. One way is to have countries consider a self-certification form (e.g. U.S. TSCA), which is a certification by the company stating that it meets the requirements of the domestic chemical control law. It leaves responsibility to the principal agency in charge of chemicals, which generally has already been provided with the formulation or confidential business information (CBI). This approach provides additional security to companies that information is being limited to those that need access. A second potential approach to addressing company concerns is to utilize CBI protection tools that have been employed by economies in the region, such as using a number assigned to a specific chemical by the principal responsible agency at customs so that they can confirm the number is listed without revealing the full formulation. A third potential approach is to conduct an assessment (i.e., survey) and compare what economies request or require at the time of importation or at the customs border. Developing a list of requests or requirements would allow us to work to address the underlying concerns and develop a plan to resolve them.

- *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, and CBI protections, including through support of the Philippines proposal for training workshops for regulators on regulatory cooperation and GRP.

### **Climate Change**

USCIB supports APEC’s commitment to address climate change issues through its various working groups. We hope to see this commitment continue and grow in Peru’s host year and, most importantly, involve substantive discussions with the private sector. 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.

In the APEC region, businesses are considering the implications of climate change and designing 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.

USCIB applauded China, New Zealand and Chinese Taipei for working in conjunction with the United States to hold a workshop on the Information and Communications Technology Energy Efficiency Alignment Project in October 2014. USCIB supports the following project objectives:



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- To prevent unnecessary market access barriers for ICT products, increase the availability and use of innovative, energy efficient products in markets worldwide and assist APEC economies with national energy policy objectives.
- To advance the ongoing public-private dialogue among APEC economies regarding ways to align ICT product energy efficiency requirements through the development and use of global standards and more trade-friendly conformity assessment procedures.
- To implement specific strategies to accomplish this alignment.

In collaboration with the APEC Expert Group on Energy Efficiency and Conservation, participants of the October 2014 workshop agreed to follow up on the recommendations made at the August 2014 meeting to develop agreed actions on a pilot project making PC testing data (based on IEC 62623 standard) transportable among APEC economies.

In September 2015, China and the United States successfully completed their comparisons between the test report form (TRF) of their national energy efficiency standard for personal computers and the IEC62623 TRF. The project overseers also convened a call with participants from the August 2014 workshop to encourage other economies to participate in this project. The project overseers shared the latest developments and gathered additional contact information to advance this project. By November 2015, China agreed to assign a coordinator for the round robin testing in 2016.

### **Recommendation:**

- In 2016, USCIB encourages continued work to carry out the three step implementation plan identified at the 2014 meeting:
  - Step 1 to collect comments on differences between IEC 62623 testing form (TRF) and national TRF from APEC participants;
  - Step 2 to organize a workshop to discuss policy and technical barriers for adopting IEC 62623 TRF and seek endorsement from policy makers for accepting transportable testing results; and
  - Step 3 carry out training and round robin testing to assess the testing capacity and improve test results reliability.

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

USCIB supports the development of APEC's Capacity Building Network project 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 welcomed the APEC Workshop on Corporate Social Responsibility in Santiago, Chile in May 2014 and the 2014 Trade Ministers' Statement affirming CSR principles as a key complement to public policies that foster regional sustainable development as well as declarations in this year's Leaders'



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Declaration Annex A APEC Strategy for Strengthening Quality Growth, which endorsed the role of the private sector and CSR in economic growth and development.

USCIB supports recommendations for continuing dialogue between the business community and APEC to further highlight the technical and financial contributions of foreign investor 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, preferably with a foundation in and reference to existing global norms, principally the United Nations Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.
- Additionally, USCIB supports the inclusion of language regarding the role of business in promoting economic growth and sustainable development in the 2016 Leaders' Declaration with reference to the importance of the private sector's role in achieving the UN 2030 Agenda for Sustainable Development.

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

USCIB favors a robust digital trade agenda, in which strong cross border data flows are a key element. Data flows are vital to the integration of the region and to the broader development of the global economy. In addressing next-generation trade issues, APEC ministers should recognize the critical role that cross-border data and information flows and legitimate 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 online marketplaces, hosting platforms, cloud computing, electronic payments and information location tools are vital to the success of billions of individuals, businesses and entire economies. Fair and globally-competitive markets for online services, information and communication technologies, and digital content are important not just to ICT and related companies, but 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, researchers and talent. USCIB promotes barrier-free data flows and access to legitimate 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.



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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 government policies that distort business decisions and fragment 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 and Trade Facilitation**

USCIB was a leader in the creation of the APEC Subcommittee 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 provides 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 includes issues such as advocating for a minimum baseline *de minimis* level (a threshold for which customs declarations and payment of customs duties is not required), single window systems, ecommerce, global data standards, a greater number and harmonization of mutual recognition agreements/trusted trader programs (MRAs), among other items. The USCIB Customs & Trade Facilitation Director serves as the industry co-chair to the VWG alongside the Government of New Zealand, which serves as the APEC economy co-chair. USCIB will continue to work with customs administrations throughout APEC to enhance their focus on trade facilitation.

The APEC process has done vital work in the area of the trade facilitation. USCIB has supported the APEC Common Action Plan (CAP) to improve trade facilitation, the introduction of peer reviews, and the measurement of release times at the border. We continue to support the Supply Chain Connectivity Framework. We realize that, in recent years, there has been specific focus placed on a handful of the eight identified chokepoints. At this time, it seems logical to support a shift in focus to the remaining chokepoints, which have seen less action or improvements.



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USCIB applauded the creation of the APEC Alliance for Supply Chain Connectivity (A2C2) at the time of establishment. We continue to 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. The A2C2 was extended for 2015 and 2016, respectively. At this time, a mid- to longer-term solution is required. As part of any forward planning, USCIB would like to see more participation and focused efforts by other APEC economies on the five APEC projects specifically tied to the WTO Trade Facilitation Agreement and its implementation. These would include issues such as projects covering pre-arrival processing, advanced rulings (e.g., customs valuation, classification, origin), release of goods, expedited shipments, and electronic payment of duties, taxes and fees. USCIB members are very interested in these projects as well, as the transparency and business savings that full implementation of these projects will result in.

USCIB members supported the 2014 establishment of the APEC Sub-Fund on Supply Chain Connectivity aimed at helping economies implement their supply chain and trade facilitation commitments. We continue to encourage economies to donate to the supply chain fund, so as to further trade facilitation efforts through capacity building and technical assistance.

Our members also are pleased to see APEC highlight the importance of enhancing global value chains (GVCs) and expanding SME (Small-Medium Size Enterprises) participation in among other things, in these value chains. Given the diverse value chain configurations across different industries, we agree with APEC's focus on identifying the specific policy barriers impeding more efficient value chain participation.

We applaud the establishment of APEC Pathfinder on *de minimis* and support the continued efforts in capacity building for those economies in need. We celebrate the Philippines raising their *de minimis* level to \$USD 800 as part of their customs modernization legislation passed earlier this year. While we understand that at least a handful of economies are in either the process of, or plan to review their *de minimis* levels, we strongly urge the engagement of industry in these discussions. Furthermore, we support APEC economy requests to re-engage on the *de minimis* pathfinder within the context of the SCCP. Lastly, USCIB is pleased to see that our recommendation for an APEC Customs Business Dialogue (ACBD) in 2016 has been taken into consideration. It is our view that the ACBD provides another avenue for APEC economies to constructively address barriers at the border, reducing business costs and time delays, and speeding the movement of goods across borders. We applaud the host country of Peru for securing an ACBD meeting during SOM3. USCIB looks forward to participating in this dialogue, which is expected to address topics of interest to our membership including such topics as risk management, ecommerce, and Authorized Economic Operator (AEO) programs.

APEC has long been a leader in streamlining customs procedures and trade facilitation not only in the region, but worldwide. We urge APEC economies to remain focused on the WTO Trade Facilitation Agreement (TFA) and the benefits that full and robust implementation of the Agreement will bring. At present, APEC economies are focused on TFA implementation. However, we cannot overlook the issue of entry-into-force, which is a critical step to ensuring compliance. We applaud Australia, China, Chinese Taipei, Hong Kong China, Indonesia, Japan, Malaysia, Mexico, New Zealand, Peru the Republic of Korea,



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Singapore, Thailand, Vietnam, and the United States on taking necessary steps to ratify the WTO TFA, as well as depositing their country's instrument of acceptance with the WTO. Peru has achieved ratification during its APEC host year, which is a true success. We understand that other economies have at least taken the initial domestic steps necessary to ratify the TFA. Further, we understand that all APEC economies have notified WTO of commitments they will be able to undertake upon entry into force of the agreement (Category A Commitments). With added emphasis, we strongly encourage economies that have already concluded an FTA with the U.S. to take necessary steps to promptly undertake and complete all necessary and any remaining domestic steps to secure ratification of the TFA by year's end. Furthermore, we would like to highlight the importance of the National Committees on Trade Facilitation. We assert that these Committees need to be established promptly and must include participation of the private sector. We urge APEC to continue to focus on reaching the requirement for entry into force of the TFA (i.e., two-thirds of WTO members, 109 members as of July 2016) as well as full and robust implementation of commitments at the country level. Trade Facilitation is critical for business. Full implementation of the TFA will drastically decrease transaction costs, cut down on regulatory red tape at the border, and provide much needed transparency and predictability to traders. Governments and industry alike win with this Agreement, and it is vital progress continues to be made.

Transparency is a core component of the TFA. 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, in the short-term, 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 (RoO) in free trade agreements (FTAs) and other requirements pertaining to the treatment of goods. Tied to the TFA, we strongly urge countries, who have yet to do so, take necessary steps to make this key content available through publication on the internet. When and where possible, this information should be made available in English. It is a clear understanding of such things as import rules and regulations, predictability through applied tariff rates, for example, that help businesses of all sizes, including SMEs, to trade. Further, it is critical that governments include a realistic time for the private sector to review and comment on proposed rulemaking. In the spirit of enhanced transparency and trade facilitation, again a core component of the TFA, APEC economies are strongly encouraged to provide binding advance rulings (AR) on tariff classification, customs valuation and origin, in an effort to provide importers much needed information, which impacts landed costs. Greater transparency will not only provide greater predictability for traders, but will also help to address inconsistent treatment at ports, port shopping, as well as corruption. APEC is also encouraged to move away from compliance measures administered primarily at the time of clearance and to a greater reliance on post clearance audits.

The term ecommerce can be tied to such topics as digital trade, internet enabled services, the "new" way of business, and more. That said, ecommerce is a concept that many governments customs administrations and organizations such as USCIB are working to fully understand. Ecommerce is of growing interest and importance to even the smallest APEC businesses and individual entrepreneurs as it allows them to engage in international trade. Amidst addressing customs issues and the concerns of customs administrations with respect to ecommerce, addressing customs clearance and documentation requirements for the smallest of businesses, SMEs and micro-enterprises (MEs) should be a major priority for APEC. USCIB looks



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forward to continuing to work with customs administrations to ensure that the views of business – small, medium, and large – are well represented within APEC.

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

The ATA Carnet System, a five-decade old partnership between governments and business organizations, facilitates trade by allowing goods to enter the customs jurisdiction of economies party to the ATA System duty and tax-free for a period of one-year. It is important to note that the ATA Carnet Conventions fall under the auspices of the World Customs Organization. USCIB, as the National Guaranteeing Association (NGA) for ATA Carnet in the U.S., has a particular interest in the long-since established APEC goal for all member economies to join in the ATA Carnet system by the year 2000. Furthermore, we have an interest in the TFA provisions related to temporary admissions, which are dependent upon countries laws and regulations. As a result, we are keenly interested in efforts to seek additional participation of economies in the ATA carnet system. While the majority of APEC economies do participate in the ATA Carnet System the economies of: Brunei, Papua New Guinea, Peru, the Philippines and Vietnam have yet to become participants in the ATA System. USCIB applauds those economies who have gone a step-further than the ATA Convention and have become a contracting party to the Istanbul Convention. In particular, USCIB encourages countries like Vietnam and Peru, who have taken steps to become contracting parties to the Istanbul Convention, to complete no later than year's end all necessary steps and procedures to ratify the convention, and more importantly to participate in the ATA Carnet System. USCIB, as the U.S. NGA and manager of carnet and carnet government engagement efforts, urges all economies to: (1) at least become a member of the ATA Carnet system; and (2) become a contracting party to the Istanbul Convention, which is the most up-to-date and robust carnet related convention.

In addition, we note that not all APEC economies who are contracting parties to either Conventions, ATA - or Istanbul accede to all the three primary ATA carnet conventions or annexes of the Istanbul Convention: (1) "Exhibitions and Fairs" (E&F); (2) "Commercial Samples" (CS); and (3) "Professional Equipment" (PE). The United States, a contracting party to the ATA convention, and Indonesia and China, contracting members to the Istanbul Convention, have not accepted three aforementioned conventions or annexes, respectively. We assert that becoming a contracting party to these conventions or annexes would benefit members of the trade community and offer more opportunities for exporters through-out the region.

### **Recommendations:**

- USCIB recommends that the A2C2 continue into the foreseeable future, until and unless a better mechanism or solution is derived.
- APEC leaders should continue to endorse and donate to the APEC fund, which helps economies implement the supply chain and trade facilitation commitments.



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- USCIB urges APEC to continue its leadership role in trade facilitation. USCIB believes that WTO TFA entry-into-force is not only important, but achievable in 2016. APEC economies are strongly encouraged to undertake national processes to ratify the TFA and notify the WTO of its acceptance as soon as possible, preferably by year's end.
- APEC economies should continue to encourage other countries (e.g., FTA partners, Pacific Alliance Partners, etc.) to ratify the TFA, with hopes of securing entry-into-force of this meaningful agreement by year's end 2016.
- USCIB urges greater APEC economy participation in the five TFA related projects associated with, for example, advanced rulings (i.e., customs valuation, origin, classification), release of goods, express shipments, etc.) and secure additional reporting on developments.
- Tied to the TFA, we strongly urge APEC economies, who have yet to do so, to promptly create National Trade Facilitation Committees. In doing so, we believe it is critical that the private sector be engaged in any economy specific National Trade Facilitation Committee.
- Tied to the TFA, we strongly encourage APEC economies, who have yet to do so, to publish import rules and regulations, tariff information, rules of origin, and more on the internet, where possible in English. This information is critical to companies of all sizes operating in and between APEC economies. Further, we urge greater collaboration with the private sector. Specifically, as economies are proposing new rules or regulations that it is critical that the private sector have adequate time to review and comment on such proposals.
- We urge APEC to re-affirm international commitments on valuation (i.e. WTO CVA) and take all steps necessary to prevent, the use of prohibited valuation practices (e.g. use of reference price or minimum price databases).
- USCIB urges Peru to take the opportunity during their host year to complete Congressional steps necessary to secure Istanbul Convention contracting party status by year's end. We hope that Peru will accept the broadest carnet applicability and become members accepting all annexes. Lastly, we hope that by the close of its host year that Peru has a fully implemented ATA Carnet System in place.
- We recommend that APEC economies accept the fullest scope of conventions or annexes at the time that they join the ATA Carnet System under the either ATA related convention. For those economies already part of the System, we strongly encourage accepting all outstanding conventions or annexes, ATA Convention and Istanbul Convention respectively. For those economies in the process of joining the ATA Carnet System, we emphasize that the Istanbul Convention is the preferred mechanism.

### **Digital Trade**



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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. We acknowledge the work done under the United States as Chair of the Electronic Commerce Steering Group (ECSG) to align ECSG's work plan with CTI and Leaders' priorities, including trade and innovation and supply chain connectivity. ECSG in 2016 will be focusing on 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. ECSG can and should be seen as an important source of advice and guidance across APEC groups on the interaction of policies governing digital technologies and goals in other economic sectors. As a consequence, digital trade issues are among the most important opportunities 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 implement the forward looking work plan developed by the United States as Chair for addressing key digital economy and digital trade issues through the ECSG.

### **Recommendations:**

- ECSG should undertake capacity building activities that address 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.
- APEC should catalogue the range of barriers to digital trade, building on the Digital Prosperity Checklist, and begin a process to describe the extent to which those barriers are present and can be reduced in APEC economies.
- APEC should also continue the 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.



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### **Environmental Goods and Services**

In the 2015 Leaders' Declaration, APEC economies reaffirmed their commitment to reduce tariffs on the APEC to 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 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 applaud the creation of an APEC Public-Private Partnership on Environmental Goods and Services (PPPEGS), which adopted an APEC Statement on Promoting Renewable and Clean Energy (RCE) Trade and Investment. USCIB members look forward to opportunities to collaborate and regularly engage with APEC officials on EGS trade and investment issues during 2016 in Peru.

### **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.

### **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 the 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 supports the outcomes of the August 2015 workshop held in Cebu where the FSCF began to build on 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. USCIB calls on the FSCF to pursue further opportunities to 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



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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 strongly support the multistakeholder FSCF Partnership Training Institute Network (PTIN). 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 delivered an ambitious agenda of training programs, including reproducible training modules, to assist APEC member economies in developing food safety strategies. USCIB applauds the very positive outcomes of the independent evaluation of PTIN conducted in 2015 and urges the PTIN to continue delivering much needed capacity-building activities.

USCIB welcomes the continued good work and strategic refinement of the Global Food Safety Partnership Program (GFSP), a multistakeholder platform administered by the World Bank and modeled on the successful tripartite approach of the PTIN. The GFSP continues to bring together government, industry and academia to improve delivery of food safety capacity training. USCIB welcomes the GFSP's 2015 call to action and encourages additional stakeholders to support the GFSP.

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.

### **Recommendations:**

- USCIB advises further work in 2016 to take 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.



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- 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. It is also important to continue to extend and strengthen the network of comprehensive, high-standard bilateral and regional investment agreements. Predictable, consistent regulation combined with strong, enforceable Investor-State Dispute Settlement (ISDS) provisions without product or sectoral exclusions must be key elements in 21<sup>st</sup> century investment agreements that project strong rule of law principles and 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 and anti-corruption) and a competitive investment climate.

### **Global Value Chains**



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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 is giving 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, 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.

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 chokepoints. 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 difference levels of development and firms of various sizes and structures. Enabling SMEs to flourish through efficient GVCs are key. By concentrating on GVCs, APEC leaders can make great strides and unlock the full potential for economic integration across Asia-Pacific.

USCIB applauded the 2014 APEC Strategic Blueprint for Promoting GVC Development and Cooperation. We also welcomed the 2015 Progress Report and encourage, alongside Ministers, continued implementation of the blueprint.

USCIB also 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 welcomed 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.

USCIB also applauds the APEC Services Cooperation Framework, which recognizes the important role of services in achieving inclusive growth and contributing development and collaboration on efficient GVCs.

### **Recommendations:**



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- The work that APEC 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 Peru agenda.
- USCIB encourages APEC to continue 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.
- USCIB encourages APEC Peru to further integrate the services and SMEs dynamics into its ongoing effort to promote the development of efficient GVCs. The renewed attention on APEC services cooperation provides a basis for further analysis.

### **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 (GRP). While USCIB recognizes the need for economies to adopt regulation appropriate to their circumstances, wider reliance on good regulatory practices including regulatory impact assessments (as well as analyses of how other APEC economies regulate in the same area), internal coordination and genuine public consultation will minimize unnecessary barriers to trade and reduce overall uncertainty.

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. As Leaders recognized in their 2015 Declaration, good regulatory practices are equally important to inclusive growth and the participation of micro, small and medium enterprises (MSMEs) in global commerce. 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.

USCIB commends efforts to connect GRP principles with sectoral workstreams, for example by highlighting relevant work from the Food Safety Cooperation Forum. Additionally, we applaud and encourage continued cross-fora collaboration on GRP such as the joint meeting in 2015 of the Economic Committee, the Group on Services and the Pacific Economic Cooperation Council (PECC) on Regulatory Reform and Services, which stressed the value of intensified focus on services and facilitated the sharing of regulatory experiences and challenges.

### **Recommendations:**



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- APEC economies should formally recommit in 2016 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
- Because Good Regulatory Practices will only become the norm when regulators from across each economy endorse their aims, APEC should continue to promote Good Regulatory Practices within individual 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 would like to highlight the recognition by the Economic Leaders of the importance of health systems in promoting development of human capital in the region as it will also underpin the APEC 2016 theme of quality growth and human development.

USCIB welcomed Ministers' endorsement of the APEC Non-Communicable Disease Action Plan in 2011 and the progress made in 2014 and 2015 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 also welcomes the 2014 and 2015 studies commissioned by the LSIF and ABAC. These studies project some APEC economies will see a loss of almost 9% in GDP within the next 15 years due to non-communicable disease (NCDs), and estimate that within the next five years, the situation will become a huge economic burden for both growing and mature economies unless measures are taken to slow the rate at which people face health consequences that impair their workforce productivity. Aging populations will compound the effect, as will the continuing emergence and re-emergence of infectious disease. This is an issue that we strongly support taking forward in 2016, including through across-fora dialogue between the LSIF, labor, health and finance officials to discuss the necessary measures to address the fiscal implications of ill health

USCIB welcomed the establishment of the APEC-Peking University Health Science Academy (HeSAY) in October 2015 as a new resource and coordinating mechanism to support regional and international collaborations and science-based research projects that will inform APEC Member Economies' health innovation strategies, including with respect to NCDs. One of the first projects under HeSAY will be the piloting of an APEC Regulatory Sciences Center of Excellence to build human capacity beginning in multi-regional clinical trials, as well as partnerships in the areas of mental health, among others.

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.



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USCIB also 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 welcomed 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. We also welcome the launch of the APEC Digital Hub for Best and Innovative Practices in Mental Health Partnerships.

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. Roadmaps for achieving regulatory convergence for medical products approval procedures are being implemented in six priority work areas: Multi-Regional Clinical Trials (Japan lead); Good Clinical Practices Inspections (Thailand lead); Global Medical Product Quality and Supply Chain Integrity (U.S. lead); Good Review Practices (Chinese Taipei lead); Biotherapeutics (Korea lead); Pharmacovigilance (Korea lead); Cellular Therapies (Singapore lead). In August 2015, the RHSC finalized an Operating Model for the establishment of Center of Excellence for Regulatory Sciences (CoE), recognizing that the building skilled human capacity in regulatory sciences is a key pillar to meeting the 2020 vision. Five academic institutions were approved to serve as CoE host institutions on a pilot basis: Seoul National University (Biotherapeutics); Northeastern University (Biotherapeutics); Peking University (MRCT); University of Tennessee HSC (Supply Chain); and Duke / National University of Singapore (MRCT). USCIB urges the completion of additional pilots in 2016 so that full CoE host institutions may be established. In addition, USCIB recommends that the issue of skilled human capacity in regulatory sciences be elevated as a matter of priority, including at the 6<sup>th</sup> High Level Meeting on Health and the Economy.

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 China’s host year included the May 2014 series of workshops in Qingdao 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; as well as developing guidelines, best practices, standards, training materials (including early education for



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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 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 development of a cross-fora dialogue between the LSIF, health and finance officials to discuss the whole of government approach necessary to address the fiscal implications of ill health.
- 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.



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- USCIB encourages continued implementation of the “APEC Roadmap to Promote Mental Wellness in a Healthy Asia Pacific,” including the launch of the APEC Digital Hub for Best and Innovative Practices in Mental Health Partnerships.

### **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 Multi-Year Plan on Infrastructure Development and Investment, which outlines a number of practical, yet critical opportunities to accelerate sustainable economic growth in the region, and includes a smart mix of enabling policies, improved project planning, government capacity building and measures to increase financing.

The growing recognition of infrastructure as a fundamental agent for region’s continued development is connected to key trends and their impacts and implications on shared prosperity in the Asia-Pacific. The Leaders in 2015 emphasized “the importance of proper planning and adequate infrastructure for sustainable city development.” 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.
- APEC 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.



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- APEC should continue to promote high quality regulatory environments in APEC economies as they are key to promoting and increasing investment in the region.

### **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.

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 continuing to spotlight the critical role of research cooperation in the region, especially by young scientists, 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



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appropriate IP protection and on anti-counterfeiting and anti-piracy efforts, we urge APEC members to explore better enforcement, public awareness and business-government partnerships.

Similarly, we strongly encourage APEC members to provide adequate and effective IP protection across all sectors and fields of technology, including the digital environment, and to ensure that intellectual property regimes and enforcement mechanisms in all APEC economies conform to international standards, including with respect to government mandated labeling and packaging regimes for consumer products. 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, when adopting regulatory measures whether the objective is environmental protection, public health or consumer safety. A thoughtful, balanced and effective intellectual property regime will promote innovation and creativity, protect investments and the interests of all stakeholders, and deter piracy, counterfeiting and cyber-squatting. APEC members should also encourage new outlets and platforms for legitimate content consumption.

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.

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:**

- 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



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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. USCIB welcomed the Trade Policy Dialogue held by the APEC Committee on Trade and Investment in August 2015 on APEC Best Practices to Create Jobs and Increase Competitiveness, which included discussions on alternatives to local content requirements (LCR).

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 encourages APEC to continue the dialogue on 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**

Following up on earlier activities and statements from various APEC fora in the past, the APEC CD hosted a metals risk assessment workshop in 2015, with a lead organizing role from Australia. The workshop highlighted best practice technical tools, approaches and case studies for experts and regulatory authorities from various APEC Economies, who requested further training specifically related to metals risk assessment as a follow-up to the Cebu workshop. The involvement especially from the OECD was very well received, with the OECD offering to share information on its metals assessment guidance with APEC following the workshop and engage in further collaboration. From a broader perspective, economies also expressed an interest to have further training on risk management and risk communication.



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USCIB continues to support additional discussions on metals and metal compounds assessment in view of the Regulators Forum action plan for 2016-17, which promotes engaging dialogue on specific chemicals management topics and challenges. USCIB supports APEC discussion and activities within and outside of the Chemical Dialogue during 2016 that will continue to inform efforts to adopt appropriate regulatory approaches to metals. From a broad perspective, further training on risk management and risk communication in response to requests from APEC economies in follow up from the metals workshop should be considered.

### **Recommendation:**

- USCIB urges APEC to consider the action points for follow up from the metals workshop for 2016 and, in light of SOM-3 CD discussions, urges collaboration in dissemination of pending OECD metals assessment scientific guidance as joint OECD-APEC guidance for APEC Economies.

### **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.

USCIB also applauds the continued collaboration of the APEC Data Privacy subgroup and the EU Article 29 Working Party on a work plan to simplify dual certification under APEC CBPRs and EU Binding Corporate Rules (BCRs) following the joint "Referential" on the respective requirements of the APEC CBPR system and EU BCRs.

### **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



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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 this regard, USCIB notes the path-breaking role of the United States, Canada, Japan and Mexico in formally joining the CBPR system. We further commend U.S. Secretary of Commerce Penny Pritzker's decision in August 2015 to set the goal of doubling current member economy participation by 2017 and adding 100 new U.S. companies to the system by the end of 2016

- USCIB also encourages progress on the work plan of the APEC Data Privacy subgroup and the EU Article 29 Working Party, including:
  1. the development of a common CBPRs/BCRs application form that organizations seeking dual certification can submit to European data protection authorities and APEC Accountability Agents;
  2. the development of compliance mapping tools with respect to the CBPRs and BCRs that will be submitted along with the application; and
  3. the development of a mapping document comparing the respective requirements of the BCRs for processors and the APEC Privacy Recognition for Processors.

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

USCIB commends APEC's leading role over the last several years, including the important strides made in 2015, to promote the growth of advertising standards and their increased alignment to international best practices. 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.

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.

USCIB supports APEC continuing to lead in this area. USCIB congratulates APEC on its successful endorsement of the 'Government's Role in Promoting Effective Advertising Standards: Principles' that provide economies with international best practice guidelines for how government can support and foster the growth of an effective advertising self-regulator. These principles build on APEC's two-day Advertising Standards Workshop conducted in Beijing during the third Senior Officials Meeting in 2014 and aim to implement one aspect of the APEC Action Agenda on Advertising.



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In 2016, USCIB calls for APEC to carry forward the Action Agenda's other recommendations to foster additional work in this area, including through support of additional capacity building activities in Peru as well as fostering a mentorship program for developing self-regulatory bodies.

### **Recommendations:**

- USCIB supports Peru's proposal to host a capacity building event during Peru's host year to carry forward APEC's work on advertising standards. Such an event would build on the previous two events, held biannually since 2012, and would provide the first forum to discuss these issues within the Latin American economies of APEC.
- APEC should continue to build on the mentoring program that was begun in Beijing and foster the growth of a virtual mentoring network to provide a resource for self-regulators to access to build additional capacity.
- USCIB encourages APEC to support the completion of an economic study which would demonstrate the cost effectiveness of self-regulation and advertising standards. Providing empirical economic evidence (e.g. costs saved, new investment identified, etc.) would justify the efforts being undertaken by numerous economies to develop and implement effective self-regulatory organizations.
- USCIB supports the development of a long term (2016-2018) 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.

### **Services**

USCIB welcomes the renewed effort on services within APEC. Services account for a dominant share of APEC economies – indeed the global economy – and are a critical component for realizing inclusive growth. There are tremendous unrealized benefits that could come from broader and deeper services trade liberalization. Such benefits would accrue not only to services providers, but to all that rely on services inputs. The adoption of the APEC Services Cooperation Framework (ASCF) in Manila presents many opportunities for further cooperation and integration for inclusive growth and human development. It connects with several other APEC initiatives, including GVCs, good regulatory practices, mobility, SMEs, rule of law, women in the economy and the like. USCIB looks forward to working with APEC to mainstream the ASCF, beginning with APEC Peru.

### **Recommendation:**



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- APEC ministers should ensure the ASCF becomes an engrained piece of the APEC agenda, serving as a pivotal role in achieving the Bogor goals. The ASCF presents many opportunities – across several topic areas – for APEC to leverage. To this end, open dialogue with the private sector should form an important component.

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

Across the 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. Competition can drive innovation, new jobs and improved customer service in both the public and private sectors. From transportation and delivery services to financial services, utilities and manufacturing, outdated and rigid barriers between public and private sectors are breaking down.

It is undeniable that public and private sector entities are competing, directly or peripherally. 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.

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.



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

In 2011, APEC Ministers from a number of economies agreed on a Pathfinder on Annex D, Facilitating Trade in Remanufactured Goods with the goal of reducing/eliminating, where possible, tariff and non-tariff measures applied to remanufactured goods. The underlying issue is that often, remanufactured goods are viewed as “used” (i.e., end-of-life). When this happens countries often apply used goods restrictions to remanufactured 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. While some progress has been made since 2011, USCIB encourages efforts to reinvigorate this dialogue, which is of importance to many members. Of specific interest are the barriers that these goods see at the border.

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 increased APEC engagement on the Pathfinder on Facilitating Trade on Remanufactured Goods and efforts to prevent the application of used goods restrictions to remanufactured goods.
- 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 applauds the 2015 Leader’s Statement on Supporting the Multilateral Trading System and the 10th WTO Ministerial Conference. We encourage APEC Ministers to work together within the WTO towards opening global markets to trade, especially in encouraging all governments to ratify and secure entry into



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force of the Trade Facilitation Agreement (TFA) as quickly as possible. Once (robustly) implemented, the TFA will provide significant opportunities for boosting trade and economic growth globally, including in the member countries of APEC.

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. A coordinated effort by APEC Ministers regarding ongoing initiatives in the WTO will drive action to advance the WTO agenda and re-energize business engagement at the WTO.

In July 2015, after many years of discussion, countries negotiating the Expansion – Information Technology Agreement finally agreed to a list of an additional 201 products to be afforded duty-free treatment under the umbrella of the Information Technology Agreement. In December 2015, a Ministerial Declaration was issued, and was acknowledged by WTO trade ministers. The expanded list of 201 products will either become duty-free immediately as of July 1, 2016, or for the most part by July 1, 2019. However, there are some exceptions which will result in tariff reductions to go out to 5-years (i.e., 2021) or in a series of very exceptional cases out 7-years (i.e., 2023). This is a historic and groundbreaking deal, which follows completion of the Trade Facilitation Agreement. The WTO has said, “Annual trade in these 201 products is valued at over \$1.3 trillion per year, and accounts for approximately 7% of total global trade today.” The list of Expansion – ITA products includes: new-generation semi-conductors; GPS navigation systems; medical products which include magnetic resonance imaging (MRI) machines; machine tools for manufacturing printed circuits; telecommunications satellites; video games; and touch screens. ICT is critical in today’s digital world. Further elimination of tariffs in the ICT sector will facilitate the movement of technologies critical for innovation, reduce costs associated with these key technologies making them more accessible by consumers globally and, in some cases, lowering production costs enabling the growth of global value chains. USCIB would welcome a coordinated effort by APEC Ministers to: (1) encourage early implementation of respective tariff elimination phases; (2) call on participants for “autonomous immediate elimination of customs duties...”; (3) encourage other WTO members to become a participant to the ITA; (4) continue work on IT non-tariff barriers to trade; and (5) open timely discussion on the list of covered products under review, so as to determine if additional product expansion is warranted due to technological developments.

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:**

- As of August 1, 2016, 90 WTO members who have ratified the TFA and deposited their instrument of ratification with the WTO. 19 additional members need to take prompt action. Several APEC economies have ratified the TFA, including Mexico and Peru who recently completed ratification. We call on the remaining APEC economies ratify and implement ambitious TFA commitments as quickly as possible. Implementation of commitments is key, but entry into force in 2016 is imperative.



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- APEC should support the EGA negotiations in the WTO and member countries should be strong drivers for an ambitious agreement.
- APEC should call on the current 53 participants to the expanded ITA to implement, with the shortest staging periods possible, the expanded tariff reduction commitments agreed in July 2015; and all WTO members who have yet to become ITA participants to do so as soon as possible with the swiftest implementation of tariff reductions.

### **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 the progress made through the Policy Partnership on Women in the Economy (PPWE). The Philippines hosted the fifth High Level Policy Dialogue on Women in the Economy in September 2015, and we encourage Peru to continue to partner with and engage the business community with a view to developing actionable recommendations and deliverables on these priorities.

USCIB strongly supports APEC's work to improve women's participation in local and global value chains, including the APEC Women's Entrepreneurship Network (WE - APEC) --an initiative to identify best practices and help empower women entrepreneurs from APEC economies to start and grow their businesses—and the Women and the Economy Dashboard—a dashboard of indicators providing a snapshot of the status of women in APEC--among others.

USCIB also recognizes that startling gender differentials and inequities in health exist which disadvantage women. Yet, depending on where one lives and social norms, the initial diagnosis, treatment options and clinical outcomes often favor men. USCIB therefore welcomes APEC's Healthy Women, Healthy Economies initiative, which convenes government (health, labor, and gender officials), private sector, academia and other interested stakeholders to raise awareness and promote good practices to enhance women's economic participation by improving women's health. USCIB applauds the development of the Healthy Women, Healthy Economies Policy Toolkit to support APEC government officials, policymakers, civil society and the private sector seeking to improve female economic participation through better health. The Toolkit represents a menu of options that economies may pursue in part or as a whole, classifying recommendations into five areas: workplace health and safety; health access and awareness; sexual and reproductive health; gender-based violence; and work life balance. USCIB urges that focus now be directed towards implementation of the Toolkit including through quantifying and communicating the economic impact of healthy women to government officials and the firm-level impact to companies. In addition, USCIB urges the development of "how to" case studies to support interested parties seeking to implement the Toolkit's recommendations. Finally, USCIB applauds efforts by the Philippines to pilot the Toolkit, including by partnering with companies. USCIB also encourages its members to review the Toolkit and consider which recommendations might be appropriate for implementation on a firm level.



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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 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.

### **Recommendations:**

- 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's continued work to support women entrepreneurs within the region through the WE – APEC 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.
- 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.