



USCIB 2017 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 2017 APEC year.

USCIB commends the leadership of Peru in 2016 and the progressive 2016 Leaders’ Declaration. Our members see the Viet Nam 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 “creating new dynamism, fostering a shared future of the Asia-Pacific region” for Viet Nam during their host year and how business can help achieve these initiatives. Further, USCIB members are looking forward to Papua New Guinea’s host year in 2018. 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, development of human capital, digital trade “e-commerce,” 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, 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 ethical business practices promote the success and sustainability of every industry across APEC economies and 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. USCIB is thrilled that 37 new codes 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 launch of the “Peruvian Consensus Framework” and the “Canadian Consensus Framework” at the 2016 APEC Business Ethics Forum in accordance with the “APEC Guide to Implement Multi-Stakeholder Ethical Collaborations in the Medical Device and Biopharmaceutical Sectors,” issued last year. These model ethical business frameworks serve as the most comprehensive arrangements to-date in bringing together major stakeholders across health systems. 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. USCIB also welcomes the call by Forum delegates and APEC SME Ministers to expand upon APEC Principles to include strengthening ethical business practices for third party intermediaries.

Recommendations:

- APEC should support the full implementation of the APEC Principles, Nanjing Declaration and APEC Guide to Implement Multi-Stakeholder Ethical Collaborations, including the implementation of ethical business frameworks in every economy by 2020.
- APEC should support the convening of the APEC Business Ethics Forum on an annual basis.
- APEC should continue to support industry associations, enterprises, and other key stakeholders seeking to adopt and/or align codes of ethics to the high standard APEC principles.



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- APEC should support efforts to expand upon APEC Principles to strengthen ethical business practices for third party intermediaries.

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 2016, and welcome the outcomes of the most recent Chemical Dialogue related meetings including the revised Strategic Framework for Chemicals in the Asia-Pacific Region, 2017-2019. Other results from the meeting included:

- an agreement to report in 2017 on efforts to implement or utilize the Best Practice Principle Regulation Checklist developed by the APEC Virtual Working Group on Regulatory Cooperation and Convergence (VWG RCC) and endorsed by the Ministers Responsible for Trade in May 2016;
- the VWG RCC's continued support of the Philippines' proposed project on "Sharing Best Practices in Chemicals Regulation" to promote capacity building and chemical regulatory cooperation in the region;
- updates to the glossary of regulatory terminology;
- and further work on the project to streamline chemical imports in the APEC region.

The next Chemical Dialogue meetings will take place in Viet Nam, on the margins of the First Senior Officials Meeting in Nha Trang in February/March, 2017 and the Third Senior Officials Meeting in Ho Chi Minh City in August, 2017.

The sound management of chemicals 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). That Conference 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 to the SAICM process.

USCIB will continue its substantive engagement with government officials and industry colleagues on meaningful outcomes-focused projects. USCIB supports a robust work program for 2017, and recommends the following activities.

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



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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. Economies have adopted and implemented different versions of the GHS resulting in additional variations.

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 continued efforts by the CD to report on the GHS implementation status in APEC member economies. Increasingly these reports have identified variances in whether, how, and when GHS has been implemented which imposes substantial unnecessary transactions costs along the supply chain. USCIB looks forward to utilization of the revised Smart Form to help facilitate reporting by member economies. USCIB welcomes the outcomes from GHS Capacity Building Workshop in 2016 and for further work in 2017 to reduce divergences in GHS implementation consistent with the Chemical Dialogue's 2016 Comparative Analysis of GHS implementation in each of the APEC member economies.

- Confidential Business Information (CBI): The strong protection of CBI is essential to companies investing in Research & Development (R&D) activities and introducing new technologies into a market. If CBI is made public, and used by competitors, companies will not be able to recoup their investments in R&D, new manufacturing processes, etc. Disclosure of CBI in one jurisdiction makes it hard, if not impossible, 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. 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 continuation 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-



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private partnerships and programs to drive progress on this issue. USCIB supports the work conducted this year to address definitional barriers through the APEC Regulatory Cooperation Advancement Mechanism (ARCAM) on Sustainable Materials Management as well as the development of APEC Policy and Practice Recommendations for overcoming barriers to financing waste management systems. USCIB urges APEC to continue to maintain marine debris as a core focus of its SOM-level urbanization workstreams and to increase the focus on waste management in the finance and infrastructure workstreams.

- *Chemical Import Procedures*: Import procedures for chemicals vary from economy to economy. Three economy specific examples from around the APEC region demonstrate the variance: 1) importers need 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 being asked to fully disclose the composition of the imported products. The lack of uniformity in customs processes and procedures related to the importation of chemical substances and mixtures among economies can result in delays at the border as well as impact the time to market for some industry sectors. In addition, these differences can result in divergent treatment – including different, at least in some instances, customs classification (i.e. Harmonized System codes, certification requirements, duty assessments and others – that delay customer access to products. USCIB members welcome efforts by the Dialogue to address this issue in conjunction with the Subcommittee on Customs Procedures (SCCP), specifically through the government-industry co-chaired SCCP Virtual Working Group (VWG). USCIB supports the Dialogue and SCCP undertaking joint work to survey current APEC member economy processes and procedures. This information gathering exercise will provide the necessary data, which will aid informing potential next steps to address possible unnecessary divergences in these requirements, including for example, a voluntary 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. This model leaves the safety assessment responsibility to the principal agency in charge of chemicals, which generally has already been provided with the chemical formulation under confidentiality protection (i.e., as confidential business information (CBI), enables customs authorities to better allocate the generally limited resources, and facilitates the movement of already approved products in line with APEC’s efforts to improve supply chain performance.
- *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 in August 2014, USCIB recommends the CD continue to (1) promote regulatory cooperation on chemical regulatory issues, such as on risk assessments, data acceptance, and CBI protections, and (2) support the Philippines proposal for training workshops for regulators on regulatory cooperation and GRP.



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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 Viet Nam'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:

- 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:



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- 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 global supply chains. 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' 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, the ILO Declaration on Fundamental Principles and Rights at Work and relevant anti-corruption instruments and initiatives, such as the UN Convention Against Corruption (UNCAC) and the Open Government Partnership.
- USCIB recommends, where relevant, closer collaboration with other multilateral policy work streams in these areas, including with ASEAN and the International Organization on Migration and the International Labor Organization, which have all made human trafficking a priority issue.
- 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



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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, and endorses APEC's consideration of digital trade in 2017 as a "next-generation" trade issue. 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. They also are critical to the much larger universe of manufacturers, retailers, wholesalers, financial services and logistics firms, professional services firms, universities, labs, hospitals and other organizations. This is because all of these "non-ICT" companies and organizations 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 legitimate access to digital products and services, which are particularly important to small businesses, non-profits and entrepreneurs. Economies that are open to international trade in ICT and information grow faster, produce more exports, and are more productive than economies, which close their borders to them.

Cloud computing is an excellent example of why eliminating barriers to cross-border data flows and to trade in digital products and services is so vital. Cloud computing offers tremendous benefits to companies and organizations of all sizes and in every sector of the economy. The benefits are particularly significant for smaller firms, as it provides them with affordable access to computing power and functionality that historically have been available only to the largest firms. Among SMEs in the IT sector, big data and cloud in particular create openings for development of niche applications tailored to specific markets. In this way, cross border data flows underpinning cloud technologies can contribute to the development of a more robust ICT sector in developing economies. For cloud computing to reach its potential, providers must be able to locate servers wherever most economical and to transfer data across borders to customers in other jurisdictions. USCIB believes 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.



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Recommendation:

- USCIB urges APEC to consider digital trade as a next-generation trade issue. This work should endeavor to achieve consensus among economies to promote the free flow of data across borders and to eliminate barriers to trade in digital services and products, including requirements to use local infrastructure as a condition for providing digital products or services or to conduct intra-company transfers of data across borders. Work should examine cross-border, at the border and behind the border measures which affect digital trade, including regulatory measures with discriminatory impact, conditions for competitive access to digital infrastructure, incorporating technology choice into policy, and trade facilitation measures.

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 under which reduced paper work requirements as well as the payment of customs duties is not required), single window systems, e-commerce (with a focus on the movement of physical goods across borders), global data standards, a greater number and harmonization of mutual recognition agreements/trusted trader programs (MRAs), among other items. Additionally, the SCCP has been focused on the implementation of the WTO Trade Facilitation Agreement, which is a priority matter for USCIB members. The agreement will provide bound commitments that seek to increase transparency and speed the movement of goods across borders, key to members' bottom-line and overall company growth. 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.

APEC has been at the forefront of 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 and Action Plans (I and now II) 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. We look forward to events at SOM I that look to discuss the Supply Chain Connectivity Action Plan II (SCFAP) as well as continued engagement to address outstanding issues from SCFAP I.



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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 continued active engagement in A2C2, including at the Sixth Meeting of the APEC Alliance for Supply Chain Connectivity, which will take place in Nha Trang, Viet Nam, at the end of February 2017. USCIB understands the importance of trade facilitation. We look forward to working on the next phase of supply chain connectivity priorities. During Peru's host year, the A2C2 was extended for 2017 and 2018, respectively. In efforts to address the issue of industry resources and responding to membership requests, USCIB has suggested better alignment between the work of the SCCP VWG as well as the A2C2. We believe, at minimum, increased collaboration will help to better leverage industry as well as APEC economy resources. Moreover, we believe that better alignment will increase information needed with respect to TFA and country status, and allow for better allocation of A2C2 capacity building efforts.

Entry into force of the WTO TFA is a key priority for USCIB members. As of February 7, 2017, , ratification stands at 108 of the 110 needed WTO member ratifications. We are hopeful that this ground breaking agreement will have entered into force by SOM 1 of Viet Nam's host year. With that in mind, focus has shifted away from promoting independent country ratification to pushing for full and robust implementation by countries. USCIB has a vested interest in seeing increased participation by APEC economies in the five APEC projects, under the umbrella of the A2C2, specifically tied to implementation of specific TFA provisions given the transparency, predictability and business savings that full implementation would result in. These projects include: pre-arrival processing, advanced rulings (i.e., classification and origin) release of goods, expedited shipments, and electronic payment of duties, taxes and fees. We believe that participation in these project will help to better allocate other capacity building assistance and funding from other sources such as the WTO, World Customs Organization, Global Alliance for Trade Facilitation, etc., for TFA article implementation. In addition, USCIB members would like to see tangible outcomes for the economies participating in these 5-core-projects.

Moreover, we are interested in securing tangible and measured outcomes on TFA articles for all member economies during Viet Nam's host year. We are supportive of economy efforts, which are aimed at reaching such measurable outcomes. Specifically, we believe that APEC should continue to be in the forefront of trade facilitation work and at the same time assist member economies in reaching core TFA commitments. We believe that a good starting point or initial effort to obtain concrete outcomes within APEC should be put on, for example, the following provisions:

- Article 1: Publication and Availability of Information
 - o Paragraph 1.1, which provides for the publication in an easily accessible manner, among others, the following: import procedures, applied rates of duty, and rules for classification and origin of product for customs purposes.
 - o Paragraph 2.1, which provides for internet publication procedures related to importation/exportation/and transit as well as procedures for appeal and review; import/export/ and transit forms; and contact information for enquiry point (s). It is



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also noted that this information should be updated to the extent possible and as appropriate.

- Paragraph 3.1, which provides for the establishment and maintenance of at least one or more enquiry points to respond to reasonable requests from members of the trade, government and/or other interested parties on matters covered by paragraph 1.1 as well as to provide the forms and documents under 1.1 (a) (i.e., procedures for importation, exportation, and transit [including port, airport, and other entry-point procedures], and required forms and documents).
- Article 4: Notification, which requires members to notify the WTO on where the items under paragraph 1.1 have been published. Article 4 also requires that members notify the WTO on where items of paragraph 2.1 and paragraph 3.1 have been published.

We believe that implementation of Article 1 and Article 4 within APEC will result in core transparency needs for USCIB members operating, or wanting to operate, in APEC member economies. Implementation of the aforementioned provisions will promote exports and secure much needed transparency and predictability as it relates to, for example, crucial business aspects such as determining landed costs for member exports. Further, APEC efforts to implement provisions of Article 1, will enable better allocation of A2C2 capacity building assistance for specific economies who may require additional assistance to implement said provisions. As a result of such efforts, APEC economies will be better poised to notify, in hopefully an expedited fashion, the WTO on where specific items have been published.

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.

De minimis is a concept provided for in the WTO TFA. Additionally, as related to trade facilitation for low-value small box shipments under the umbrella of e-commerce (i.e., in this case specifically the online acquisition of physical goods to move moved across borders), and the already established APEC Pathfinder for de minimis, we support continued capacity building efforts for those economies in need. We celebrate the 2016 actions by the Philippines and the U.S. in raising their *de minimis* levels to \$USD 210 and \$USD 800, respectively. 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.



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We were pleased to see that the USCIB recommendation for an APEC Customs Business Dialogue (ACBD) in 2016 was achieved. 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, which USCIB participated in, we recommend that a truly interactive dialogue between economies and members of industry take place in 2017. We suggest that Viet Nam, as the host country, work with members of the SCCP as well as SCCP VWG members in creating a dynamic and well-balanced event affording adequate time for dialogue amongst participants.

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. Full and robust implementation means, for example, the transparency and predictability in customs procedures and processes that U.S. imports experience, will be experienced in not only APEC economies, but in all WTO member economies moving forward. This will result in an increase in U.S. exports and jobs. 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 market access 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 customs duty rates, preferential rules of origin (RoO) provided for in member economy free trade agreements (FTAs) and other requirements pertaining to the treatment of goods. As provided for under the concept of transparency, a core component of 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 and provide adequate and up to date URLs to the APEC Secretariat. 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 duty 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 take prompt action in implementing Article 3 of the TFA, which relates binding advance rulings (AR) on customs classification 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 timely implementation of paragraph 5 of Article 7 of the TFA, and take prompt steps to move away from compliance measures administered primarily at the time of clearance and to a greater reliance on post clearance audits.

Today, the term “e-commerce” does not have a global definition. The definition varies, it seems as if every organization discussing this topic creates their own scope and defines their respective meaning. For



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example, the term can be tied to such topics as digital trade, internet enabled services, the “new” way of business, and more. That said, e-commerce is a concept that many governments customs administrations and organizations such as USCIB are working to fully understand. E-commerce 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 e-commerce, addressing customs clearance and documentation requirements for the smallest of businesses, SMEs and micro-enterprises (MEs), and overall trade facilitation of the movement physical goods, acquired on any online platform, across borders should be a major priority for APEC. USCIB looks 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 core interest of USCIB members is customs valuation. While the TFA requires advanced rulings on classification and origin, rulings on customs valuation are only encouraged. USCIB members believe that transparency and predictability in customs valuation is critical to the bottom-line of any business, small, medium, or large. Member economies should work to develop an advanced ruling regime for customs valuation. It is fundamental that APEC economies re-commit to the use of the WTO Customs Valuation Agreement (CVA) as the basis of valuation practices. In addition, USCIB members are concerned with the practices of some APEC economies that run counter to international valuation practices provided for in the WTO CVA. Members are concerned that some economies are and/or taking steps towards using reference price lists or reference price databases to determine customs valuation for imports, prohibited practices under the CVA. Further, we suspect that differences in establishing export valuation among economies may result wide ranging and variable export valuations could be resulting in increased concerns and actions by other economies. We encourage a discussion amongst and between economies to educate on the establishment of export valuation. For example, it would be helpful that the U.S. make clear that the CVA is not used for export valuation. Moreover, tied to product valuation, in addition to seeing all APEC economies, in the event not all have done so all ready, notify and apply Decision 4.1, USCIB members have an interest in APEC securing agreement among members to support an expanded definition of “carrier media” as it relates to WTO decision 4.1, which deals with the Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment. Specifically, a carrier media definition, which includes current and future technologies. Today, Decision 4.1 is limited to e.g., the tape or the magnetic disc (CD-ROM). Our members would like to the see agreement, which is broad enough, which includes such things as USBs, thumb drives, and all newer technologies developed until such time as all software for data processing equipment is delivered by electronic transmission.

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 WTO TFA, in Article 10: Formalities Connected with Importation, Exportation, and Transit, in paragraph 9 provides for temporary admissions of goods and inward and outward processing. Paragraph 9.1 addresses the concept of duty free and tax free temporary admissions for specific categories of goods, which are intended to not be locally consumed or purchased, and that are intended for re-export within a specified and limited amount of time. The global gold standard for temporary admissions is the



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international ATA Carnet system. 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. The 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. USCIB would like to see APEC economies who have yet to join the ATA Carnet System commit to measurable commitments toward joining the System. Furthermore, we have an interest in the TFA provisions in paragraph 9.1, 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 Viet Nam have yet to become participants in or to implement the ATA Carnet System. USCIB, as the U.S. NGA and manager of carnet and carnet government engagement efforts, USCIB urges all economies to: (1) at least become a member of the ATA Carnet system; (2) become a contracting party to the Istanbul Convention, which is the most up-to-date and robust carnet related convention; and (3) promptly implement the ATA Carnet System at the domestic level in economies which have yet to become party to the ATA Carnet System.

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 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 better alignment of information and industry resources, through at minimum, increased cooperation and collaboration between the SCCP VWG and the A2C2.
- APEC leaders should continue to endorse and donate to the APEC fund, which helps economies implement the supply chain and trade facilitation commitments.
- USCIB urges APEC to continue its leadership role in trade facilitation. The TFA is a top priority for USCIB members. Realistic, obtainable, and measurable implementation efforts by all member economies need to be taken on, for example, Article 1 – paragraph 1.1, 2.1 and 3.1 in 2017.
- USCIB encourages the A2C2 to leverage outcomes on member economies TFA implementation efforts related to publication and availability of information to assess additional capacity building needs.



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- USCIB supports APEC A2C2 cooperation and collaboration with other TFA related capacity building efforts to eliminate possible redundancies in assistance and project funding. Moreover, we urge greater APEC economy participation in the five TFA related projects associated with, for example, advanced rulings, and secure additional measurable results and reporting status on developments, under the umbrella of the A2C2.
- As provided for in Article 23 of the TFA (Institutional Arrangement), 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.
- Associated with TFA implementation and going beyond what is provided in the agreement, 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, and notify the APEC Secretariat of the publication URLs. This information is critical to companies of all sizes operating in and between APEC economies. Further, we continue to urge greater collaboration with the private sector. Specifically, as economies are proposing new rules or regulations it is critical that the private sector have adequate time to review and comment on such proposals.
- Encourage APEC economies, who have yet to do so, to accept, notify, and implement WTO CVA Decision 4.1 as well as accept and implement a broader term for “carrier media” with respect to the Decision 4.1.
- We urge APEC to re-affirm international commitments on valuation (i.e. WTO CVA) and encourage economies to clarify the basis on which they establish export valuation.
- We compel APEC to take a stand and agree to prohibit the use among member economies of reference prices, reference price databases, minimum price databases or the like. APEC must take all necessary steps to prevent the use of prohibited valuation practices.
- We recommend that all APEC economies take national legislative and/or regulatory steps to join the global system for temporary admissions, the ATA Carnet System. Specifically, we recommend that APEC economies accept the fullest scope of conventions or annexes at the time when they join the ATA Carnet System under either ATA related conventions. For those economies already part of the System, we strongly encourage acceptance of all outstanding or remaining conventions or annexes, ATA Convention and Istanbul Convention respectively. For those economies in the process of joining the ATA Carnet System, USCIB strongly emphasizes that the Istanbul Convention is the preferred mechanism.
- To demonstrate APEC leadership on next generation trade facilitation issues, USCIB encourages APEC to explore facilitation of e-commerce trade of physical goods acquired online across borders, including ways to facilitate low value shipments and work with businesses including



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SMEs and other stakeholders to identify and address opportunities and challenges to support ecommerce growth.

Developing Human Capital

USCIB members recognize the importance of aligning human resource needs in order to fulfil the potential of workers and meet the needs of employers. The theme for 2016 “Quality Growth and Human Development” continues to support to this issue, especially through its priority “Investing in Human Capital Development.” The 2015 High Level Policy Dialogue on Human Capacity Building Joint Statement specifically highlighted the importance of helping workers to achieve industry demanded-competencies.

USCIB acknowledges that skills desired by employers in this era of big data include a familiarity with data analysis. Industry studies have already forecasted the need for data analytics-enabled jobs to dramatically rise, resulting in a massive shortage of qualified employees. Some economies face a shortage of 1.5 million data analytics-enabled managers and analysts, costing billions of dollars in lost revenue annually.

USCIB welcomes the U.S.-led and ABAC endorsed initiative which partners with employers to create a “Data Analytics Competency Checklist” to prepare our youth to secure the jobs of tomorrow and move with ease in the labor market.

Recommendations:

- Active participation by relevant government agencies to develop a “Data Analytics Competency Checklist” to prepare our youth to secure the jobs of tomorrow and move with ease in the labor market.

Digital Trade

An increasing focus of policy discussion surrounding digital technologies centers on how such technologies can be applied in a responsible and trustworthy fashion that facilitates trade and enables economic growth, job creation and societal benefit. 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 focused on contemporary and emerging digital trade issues and innovations such as the evolution of cloud and mobile computing services, data privacy, 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



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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. For this reason, USCIB supports APEC's consideration of digital trade as a "next-generation trade issue," which will ensure that adequate personnel and resources are targeted toward its study within APEC.

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 the areas in which 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 CTI and ECSG. In addition to promoting digital trade and a next-generation trade issue, significant activities in the CTI include curating "principles" from discussions on concrete challenges and developing best practices and building blocks of digital trade. USCIB welcomed the Trade Policy Dialogue held by the CTI in August 2016 on "A New Digital Trade Agenda." The dialogue examined elements of an "enabling environment" for digital trade and made a compelling case that digital trade serves as an engine for development and inclusive growth.

The ECSG is focused on the promotion of the Cross-Border Privacy Rules (CBPR) system, which is a voluntary, enforceable privacy code of conduct for data transfers by information controllers in the Asia-Pacific region. USCIB welcomes the updated APEC Privacy Framework and supports efforts to expand the number of APEC economies participating in the APEC CBPR system. The CBPR implements the nine APEC Privacy Principles, requires 3rd-party certification, and is enforceable by Privacy Enforcement Authorities of member economies. The CBPR system was conceived to preemptively discourage APEC economies from imposing unreasonable data flow restrictions on companies.

An important initiative agreed by APEC in 2016 is the joint ECSG-LSIF working group to develop a framework for enabling the secondary use of medical data for research on multiple medical issues. This initiative aims to develop the concept of "use-based" models which can be utilized by researchers to make use of large amounts of data collected for other purposes, in a manner consistent with privacy protection and research ethics criteria. This collaboration with LSIF is an example of how ECSG can provide expertise on digital policy to advance member economy interests in other sectors.

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. ECSG should play a leading role in the joint collaboration with



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LSIF on secondary use of medical data, and consider other domains in which ECSG's expertise can assist to achieve policy goals in other APEC groups.

- Consistent with the initiative identifying digital trade as a next generation trade and investment issue, 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.

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 2017 in Viet Nam.

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.



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Food and Agriculture

USCIB applauds China and Australia, as co-chairs of the APEC Food Safety Cooperation Forum (FSCF) and particularly welcomes the FSCF's Partnership Training Institute Network (PTIN) and the FSCF/PTIN work to promote improved dialogue between industry and regulators to advance food safety. USCIB welcomed the 2014 High Level Regulator Industry Dialogue on Food Safety hosted by China and the resulting "Beijing Statement" recognizing the regulators and industry share the same goal in providing safe food to consumers. Effective cooperation, collaboration and communication between regulators and industry are critical to ensuring the safety of food supply chains and facilitating food trade. In addition, USCIB supports the outcomes of FSCF/PTIN workshops held in Cebu in 2015 and Lima in 2016 to further develop principles for transparency of, good regulatory practices, science-based international food safety standards, and robust stakeholder consultation. 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 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 (PTIN). Globalization of the food supply has resulted in increasing dependence on imported products to supplement production of food and consumers' diets. 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 2016 Report on Improving Food Safety through Hand Washing and Drying Capacity Building and supports the PTIN's efforts to examine international hand hygiene guidance for food processing facilities with a view to identifying and addressing gaps.

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 urges the U.S. government to continue its active support of the FSCF and PTIN. USCIB advises further work in 2017 to take forward capacity building that supports regulator-industry dialogue to enhance food safety and facilitate trade



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- 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 MRLs.
- APEC economies should work with the private sector to re-examine the AFS and provide recommendations to improve APEC’s comprehensive consideration of issues impacting trade in food and agriculture, such as streamlining customs procedures and food and feed distribution channels.
- As in previous years, USCIB recommends that APEC ensure appropriate high-level coordination of the various APEC fora working on issues impacting food in line with the goals of the APEC Food System.
- USCIB supports the PTIN’s efforts to examine international hand hygiene guidance for food processing facilities with a view to identifying and addressing gaps.

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 21st 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.



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- 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

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 welcomes efforts to reduce barriers to trade and investment in the supply chain of healthcare 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.



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Recommendations:

- 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). Wider reliance on good regulatory practices including regulatory impact assessments, consideration of how other APEC economies regulate in the same area, internal APEC 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. 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. Today, we are even seeing more variance in conformity assessment procedures than in toy standards. 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, and thus drive trade and investment in the region.

USCIB commends efforts to connect GRP principles with sectoral workstreams by, for example highlighting relevant work from the Food Safety Cooperation Forum and Chemical Dialogue. Additionally, USCIB applauds and encourage continued cross-fora collaboration on GRP such as the joint meeting in 2016 between the Economic Committee and Sub-Committee on Standards and Conformance and support increased opportunities for private sector engagement in these meetings.

Recommendations:



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- APEC economies should formally recommit in 2017 to adhere to WTO principles for avoidance of technical barriers to trade, and 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 become the norm only when endorsed by regulators from across the region, APEC should continue to promote Good Regulatory Practices within individual sectors; help to train regulators on the importance of GRP and address subject-specific questions with how they can be implemented in that area.

Health and Life Sciences

A healthy workforce is critical to competitiveness and sustained economic growth. 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 also underpinned the APEC 2016 theme of quality growth and human development.

USCIB welcomes the outcomes of the 6th High-Level Meeting on Health and the Economy and strongly supports implementation of the Healthy Asia-Pacific 2020 Roadmap.

Chronic disease is a growing problem for many APEC economies and is a major drag on economic growth. However, the returns on investing in health are very high and good health should be regarded as an asset class, like infrastructure, necessary for economic growth and development. There are innovative financing models that can leverage relatively small amounts of funding and deliver sizable health benefits. USCIB applauds Finance Ministers for their recognition of the fiscal and economic impacts of ill-health and their plans for a substantive dialogue with the APEC Life Sciences Innovation Forum and Health Working Group in 2017 to find innovative ways to finance the necessary preventative measures and interventions.

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. USCIB welcomes the successful pilot training programs conducted by HeSAY and Duke-NUS on multi-regional clinical trials as well as Northeastern University and Seoul National University on biotherapeutics.

USCIB welcomes the continued work on addressing Healthcare-Associated Infections (HAIs) and Anti-microbial resistance (AMR) as well as continued work on improving the safety and quality of blood systems in the region. USCIB applauds the HWG and LSIF on the development of an APEC Roadmap for Cervical Cancer Prevention and Control which will encourage the sharing of best practices, evidence-based policies and interventions, and strategies for integrating cervical cancer prevention and control within health systems through innovative solutions and collaborative approaches.



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USCIB welcomes the launch of the APEC Digital Hub for Mental Health in Canada as a key driver to implement the “APEC Roadmap to Promote Mental Wellness in a Healthy Asia Pacific”. We applaud APEC’s efforts through the Digital Hub to facilitate model public-private partnerships in mental health through 2020 as recommended in the APEC Report on Strategic Needs in Mental Health

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; and Good Clinical Practices Inspections (Japan and Thailand co-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). We welcome the RHSC establishing a network of Centers 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. Multiple successful pilots have been completed to date: Duke-NUS on MRCT in 2014 and again in March 2016; Peking University in MRCT in 2016; Northeastern University and Seoul National University in Biotherapeutics in 2016; RAPS Chinese Taipei in Good Review Practices in 2016; and KIDS on Pharmacovigilance in 2016. Multiple pilots are in development, among them those with United States Pharmacopeia on Quality Standards and Implementation, Japan PMDA on MRCT, Japan PMDA on Pharmacovigilance and Medical Device Vigilance, University of Tennessee in supply chain, Peking University on MRCT and Duke-NUS on Cell and Tissues based Therapies. Many of these hosting institutions plan to apply to become full CoEs. USCIB urges the RHSC to complete the process by which successful pilot hosting institutions may become full CoEs. In addition, the RHSC urges the RHSC to develop a mechanism by which those interested in funding the network of CoEs may do so. In addition, USCIB recommends that the LSIF hold a stock tacking on regulatory harmonization efforts to date, convene regulatory authority leaders to reaffirm the APEC 2020 vision and build high level of support for the CoE network.

USCIB urges continued progress in efforts to achieve 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 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.



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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.

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 of the planned substantive dialogue between the LSIF, health and finance officials to discuss the fiscal implications of ill health.
- USCIB urges APEC economies to reaffirm the goal of regulatory convergence of approval procedures for medical products and formally launch a network of regulatory science centers of excellence in the region building on the successful pilots to date.
- We encourage and support continued work on Healthcare-Associated Infections (HAIs) and Anti-Microbial Resistance and on improving the safety and quality of blood systems in the region.
- USCIB applauds the HWG and LSIF on the development of an APEC Roadmap for Cervical Cancer Prevention and Control.
- 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.
- USCIB encourages efforts to explore the formation of multi-stakeholder approach or mechanism in 2017 including representatives from interested governments, industry experts, health economics and health policy experts to ensure the implementation of the Healthy Asia-Pacific 2020 roadmap.
- USCIB encourages the development of an APEC Framework for the Secondary Use of Data in Health and Medical Research in accordance with relevant ethical and data privacy laws.
- USCIB urges support for Viet Nam’s initiative to convene a policy dialogue on “Healthy Aging” in 2017 and to develop recommendations to Ministers on important means to promote measures which support health among the growing cohort of aging populations in APEC.

Infrastructure



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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. USCIB welcomes work to address financing barriers for waste management infrastructure and encourages APEC economies and multilateral development banks to prioritize funding for waste management. USCIB also welcomes the work of ABAC and the APEC Finance Ministers Process through the Asia-Pacific Infrastructure Partnership to accelerate the deployment of innovative waste management systems.

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.
- Utilize the ABAC Enablers of Infrastructure Investment Checklist to assess the extent to which existing policies promote the participation of the private sector in infrastructure investments.
- 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.
- We encourage strong support for efforts to further incorporate the APEC Finance Ministers Process and the Asia-Pacific Infrastructure Partnership initiative to address waste management infrastructure challenges.

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



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



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

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

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.

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 2017 that will continue to inform efforts to adopt appropriate regulatory



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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 2017 and, in light of the 2016 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 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 issuance of the joint "Referential" on the respective requirements of the APEC CBPR system and EU BCRs.

Recommendations:

- As the APEC framework realized its 10th anniversary, there remains a shared belief that its principles remain applicable. USCIB supports intersessional work aimed at taking stock of the framework to identify possible areas requiring updates and improvements.
- USCIB supports continued efforts to increase economy participation in the CBPR system. We note the path-breaking role of the United States, Canada, Japan and Mexico in formally joining the



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CBPR system and applaud Commerce Secretary Penny Pritzker commitment to securing the participation of eight economies in CBPR by 2017.

- USCIB acknowledges that the separate privacy recognition for data processors (PRP) is an important complement to the CPBR system. We support U.S. plans to realize PRP certification by the end of 2016.
- USCIB also encourages continued efforts by the APEC Data Privacy Subgroup and the EU Article 29 Working Party to develop an approach to privacy regulation that ultimately may be used as model for regulatory interoperability throughout the world.

Marketing and Advertising

USCIB commends APEC's leading role over the last several years 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, 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. A study conducted this year quantified advertising's contributions to economic growth including that each \$1 of spending on advertising in developed APEC markets generates \$7 in GDP growth and typically even more than that in product sales.

USCIB supports APEC's continued leadership in this area. APEC has developed a set of guiding principles which call on government and industry to develop robust self-regulatory systems. USCIB welcomes Peru's leadership in 2016, including the successful workshop it hosted at SOM3 in Lima, to promote implementation of those principles, compile and coordinate existing resources, and develop a mentoring network to bring together self-regulators from around the Asia-Pacific to share best practices and experiences on strengthening self-regulatory organizations and addressing emerging issues in advertising.

In 2017, when APEC returns to Viet Nam five years after the advertising standards work was first launched in Hanoi in 2012, USCIB calls for APEC to develop an implementation plan for the next five years based on the Beijing Action Agenda and designed to coordinate and promote increased local implementation of regionally agreed principles.

Recommendations:



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- APEC should continue to develop the 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 its capacity to promote economic growth, business expansion, and international trade. 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 five-year implementation plan to advance this work, with concrete and achievable goals, including implementation of the Principles within key APEC economies, reducing unnecessary barriers to advertising across the region, and the growth of the virtual mentoring network.

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:

- 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.



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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.

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 face at the customs 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



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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 focus on implementing 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.

In 1998, WTO members adopted a declaration on global e-commerce. This declaration included a "so-called moratorium stating that, 'members will continue their current practice of not imposing customs duties on electronic transmissions.'" The "moratorium" has been maintained, through periodic renewals or re-commitments to the practice of not imposing customs duties on such transmissions, since 1998. Most recently, in November 2015, the WTO members meeting as the General Council agreed to extend the "moratorium" on imposing customs duties on electronic transmissions until the Ministerial Conference in 2017. We strongly urge support by APEC Ministers to make this "moratorium" permanent among APEC member economies. Further, we encourage interagency coordination within each APEC economy to ensure that consistency in messaging is achieved.



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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 either became duty-free immediately as of July 1, 2016, or for the most part will be duty-free 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. The first round of tariff eliminations has been implemented, with the second round of tariff reductions to come in Summer 2017.

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 January 26, 2017, there are 108 of the needed 110 WTO members that have ratified the TFA. Entry into force is expected no later than the beginning of February 2017, in other words, before SOM 1. As a result, we ask that all APEC economies focus on ambitiously implementing to the fullest extent possible all TFA commitments.
- APEC should support the EGA negotiations in the WTO and member countries should be strong drivers for an ambitious agreement.



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- APEC should move to make the WTO “moratorium”, the agreement related to the non-application of customs duties on electronics transmissions permanent among member economies. Moreover, we seek the support of member economies to work in an interagency capacity at the domestic level to ensure the those representing their economies within APEC (e.g., CTI, SCCP) as well as other international bodies (i.e., WCO) consistently promote their position and support for the continued duty-free treatment of electronic transmissions afforded under the WTO Moratorium umbrella, but also under the APEC umbrella.
- 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 include both the ITA as well as the Expanded duty-free treatment for IT products) to do so as soon as possible with the swiftest implementation of tariff reductions. Moreover, APEC member economies that are participants to the ITA and the Expanded ITA, should positively engage in the discussion process to add new products, which is expected to kick-off in 2018.

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). Peru will celebrate the fifth-year anniversary of APEC’s San Francisco Declaration, where APEC Leaders announced their cooperation to improve women’s access to finance, education, training, employment, technology and health systems, by encouraging female entrepreneurship and leadership.

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—the Women and the Economy Dashboard—a dashboard of indicators providing a snapshot of the status of women in APEC- Women in STEM- a public-private initiative to encourage the talent of women and girls in STEM careers- and Women in Transportation- a program to increase women’s participation in the transportation sector, both as workers and consumers- among others.

USCIB also recognizes that startling gender differentials and inequities in health exist which disadvantage women. If women could contribute the same productivity and number of hours as men, global GDP would increase by 26% of \$28 trillion dollars- equal to the GDP of China and the United States combined. Yet, depending on where one lives and social norms, the initial diagnosis, treatment options and clinical outcomes often favor men. USCIB therefore calls for the implementation of APEC’s Healthy Women, Healthy Economies Toolkit based on the compelling economic and business cases that have been made. Studies have shown that economies could lose up to \$13.4 billion of GDP to domestic violence of \$2.4 billion because of workplace and health and safety measure that favor men. The Healthy Women, Healthy Economies Policy Toolkit supports APEC government officials, policymakers, civil society and the private sector seeking to improve female economic participation through better health. The Toolkit



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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 welcomes a 2017 Healthy Women, Healthy Economies Leadership Conference where implementers may continue to share their best practices. In addition, USCIB encourages the Toolkit to be widely shared with small and medium sized enterprises through the possible recruitment of chambers of commerce to implement the Toolkit's recommendations. Finally, USCIB applauds efforts by the Peruvian Chamber of Commerce's pledge to undertake the Toolkit's implementation by modifying it to apply to small, medium, and large companies.

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 implementers of the Healthy Women, Healthy Economies Toolkit to share their best practices, at the 2017 Healthy Women, Healthy Economies Leadership Conference and for the Toolkit to be widely shared, including with small and medium sized enterprises.

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.