



USCIB 2021 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 2021 APEC year.

USCIB commends the leadership of Malaysia in 2020, particularly under the challenging circumstances of adjusting to virtual meetings in the face of an unprecedented global pandemic. Our members see the New Zealand host year as an important opportunity to continue essential work in APEC working groups and to set topics for major outcomes and deliverables. USCIB members are eager to learn more about key initiatives for New Zealand during its host year and how business can help achieve these initiatives. Further, USCIB members are looking forward to Thailand’s host year in 2022. 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 (GVCs), good regulatory practices (GRPs), 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.

We view this APEC Priority Issues and Recommendations policy paper as a “living document”, which is updated on an annual basis prior to the CEO Summit, and as necessary following SOM meetings throughout the year. 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.



USCIB 2021 APEC Priority Issues and Recommendations

Index

- ❖ **Business Ethics**
 - Recommendations
- ❖ **Chemicals**
 - Recommendations
- ❖ **Climate Change**
- ❖ **Corporate Social Responsibility**
 - Recommendation
- ❖ **Cross-Border Data Flows**
 - Recommendation
- ❖ **Customs and Trade Facilitation**
 - Recommendations
- ❖ **Developing Human Capital**
 - Recommendations
- ❖ **Digital Trade**
 - Recommendations
- ❖ **Environmental Goods and Services**
- ❖ **Food and Agriculture**
 - Recommendations
- ❖ **Foreign Direct Investment**
 - Recommendations
- ❖ **Global Value Chains**
 - Recommendations
- ❖ **Good Regulatory Practices**
 - Recommendations
- ❖ **Health and Life Sciences**
 - Recommendations
- ❖ **Illicit Trade**
 - Recommendations
- ❖ **Infrastructure**
 - Recommendations
- ❖ **Innovation Policy**
 - Recommendations
- ❖ **Intellectual Property Rights (IPR) Enforcement**
 - Recommendation
- ❖ **Localization Barriers to Trade**
 - Recommendation
- ❖ **Metals**
 - Recommendation
- ❖ **Privacy**
 - Recommendations
- ❖ **Services**
 - Recommendation
- ❖ **State-Owned Enterprises (SOEs)**
 - Recommendations
- ❖ **Trade Facilitation in Remanufactured Goods and E-Waste**
 - Recommendations
- ❖ **Trade Liberalization and WTO**
 - Recommendations
- ❖ **Women in the Economy**
 - Recommendations



USCIB 2021 APEC Priority Issues and Recommendations

Business Ethics

USCIB members recognize that high standard ethical business practices promote a level playing field as well as the sustainability of every industry across APEC economies. The benefits of high standard ethical business practices have a direct impact on every segment of our members' businesses. These include integration of small and medium-sized enterprises (SMEs) into global value chains, heightened collaboration, and innovation, strengthened consumer confidence, increased investment and access to capital, accessible market opportunities, positive reputation, and brand strength, improved operational effectiveness, talent acquisition and training support, among others. The COVID-19 pandemic has also underscored the direct role of business ethics in advancing sustainable and inclusive economic growth.

USCIB extends continued support for the *Business Ethics for APEC SMEs Initiative*, which serves as the world's largest public-private partnership to strengthen ethical business practices in the medical technology and the biopharmaceutical sectors. The initiative serves a vital role in upholding the integrity region's health economy amidst the COVID-19 pandemic, connecting over 2,000 stakeholders from more than 40 economies. USCIB is thrilled that 87 medical technology and biopharmaceutical industry associations have committed to high standard codes, representing more than 20,000 enterprises in the APEC region, most of which are SMEs. Launching in October and endorsed by APEC SME Ministers, Vision 2025 sets forth the world's most ambitious targets in bolstering integrity among all major health stakeholders and will serve as an integral component of APEC's role in COVID-19 recovery. USCIB fully supports the implementation of Vision 2025.

USCIB supports the modernization of the [Kuala Lumpur Principles for Medical Device Sector Codes of Ethics and the Mexico City Principles for Biopharmaceutical Sector Codes of Ethics](#), building upon a decade of successful implementation across the APEC region. USCIB applauds Canada, Peru, Viet Nam, China, Mexico, Philippines, Australia, Japan, and Chile in the adoption of consensus framework agreements for ethical collaboration and welcomes efforts by New Zealand to adopt a consensus framework in 2021. USCIB echoes the call for every APEC member economy to implement a consensus framework in these sectors by 2023. USCIB welcomes the implementation of the Resource Guide detailing government strategies to encourage ethical business conduct, including steps to propagate ethical business conduct through convening power, procurement and regulatory practices, enforcement processes, publicly funded ethics training, and trade agreements. USCIB encourages further cross-fora collaboration between the APEC SME Working Group and APEC ACT Working Group in these efforts. USCIB also supports implementation of the APEC SME Leaders in Ethics and Integrity Program (LEIP) and welcomes further advancement of efforts to measure the positive impact of ethical business practices.

Recommendations:

- APEC and its member economies should support the full implementation of the APEC Principles, Vision 2025, and APEC Guide to Implement Multi-Stakeholder Ethical Collaborations, including the implementation of consensus frameworks in every economy by 2023.



USCIB 2021 APEC Priority Issues and Recommendations

- APEC and its member economies 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, including through the implementation of APEC SME LEIP as well as government strategies to encourage ethical business conduct
- APEC and its member economies should continue to support implementation of guidance to strengthen ethical third-party intermediary relationships.
- APEC and its member economies should advance efforts to measure the positive impact of ethical business practices for small and medium-sized enterprises and economies.

Chemicals

Given continuing revisions to global chemical management systems in the APEC region, and the significant role of the chemical sector as a source of exports (\$136 billion in 2019 accounting for 10% of all goods exports) and high paying jobs in the United States (811,000 directly and over 5 million indirectly) 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 and welcome the outcomes of the Chemical Dialogue and related meetings this year including the policy dialogue on regulatory cooperation in SE Asia; the development of a regulatory cooperation report to capture regulatory cooperation activities in and outside of the Asia-Pacific and notate best practices; the initiation of an APEC funded project on risk assessment capacity building; the endorsement of a new Strategic Framework for 2020 – 2023; a survey and recommendations on promoting consistency in implementation of the Globally Harmonized System for the Classification and Labelling of Chemicals (GHS); and continued efforts to address marine debris including a webinar series on financing and new technologies to support waste management.

The next Chemical Dialogue meetings hosted by New Zealand will take place virtually and are anticipated to be held, in Q1 2021 and Q3 2021 on the margins of the relevant Senior Official Meeting clusters.

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. As international stakeholders consider the extension of SAICM beyond 2020 and prepare for the Fifth International Conference on Chemicals Management (ICCM5) in 2021, USCIB and its members support the Chemical Dialogue's efforts to provide a regional contribution to the SAICM post-2020 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 2021 and recommends the following activities.



USCIB 2021 APEC Priority Issues and Recommendations

Recommendations:

- *Continue focus on regulatory cooperation:* Regulatory cooperation remains a priority focus for the CD and continues to be an area where substantial progress can be made as a result of APEC's membership and appetite for capacity building activities to support regulatory coherence. USCIB welcomes the completion of a report on the range of chemical cooperation mechanisms available in the chemical sector as well as the development of a toolkit to help regulators seeking to promote regulatory cooperation efforts. USCIB supports strong government engagement in the CD's Regulator's Forum as a mechanism to support regulatory cooperation and convergence, strengthen the implementation of good regulatory practices, and exchange of best practices.
- *Good Regulatory Practices:* USCIB strongly supports the continued promotion of Good Regulatory Practices ("GRPs") horizontally as well as within the chemical sector. Building on the success of the APEC Chemical Dialogue Best Practice Principles Checklist, endorsed by Ministers in 2016, USCIB recommends the CD continue to (1) encourage economies to use the checklist when revising or developing new regulations and provide regular reports on how proposed reforms align to the best practice principles, (2) support the continued capacity building efforts following the Best Practice in Chemical Regulation Workshop in August 2017, (3) promote regulatory cooperation on chemical regulatory issues, such as on risk assessments, data acceptance, and CBI protections, and (4) support economy requests for training workshops and webinars for regulators on regulatory cooperation and GRPs including a planned webinar on evaluating comments received during public consultation.
- *Chemical Industry as a Solutions Provider:* Under the theme of sustainability, APEC Chemical Dialogue work products should be developed jointly with other APEC fora to highlight the role of the chemical industry as a solutions provider; promote coherence in chemical management systems; and reduce non-tariff barriers to trade with a focus on innovative chemical products. The goal would be to examine how APEC could help facilitate getting innovative products and technologies based on chemistry, including for energy efficient and eco-friendly applications, to the market as expeditiously as possible.
- *Coordinated GHS Implementation:* USCIB promotes a coordinated approach to implementation of the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) in consultation with affected industry sectors. APEC members have adopted the GHS in different manners and to different degrees. 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/safety data sheets (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



USCIB 2021 APEC Priority Issues and Recommendations

substantial unnecessary transactions costs along the supply chain. USCIB welcomes additional work in 2021, building on previous capacity building efforts, to reduce divergences in GHS implementation consistent with the Chemical Dialogue's "Comparison of Implementing GHS Regulations Amongst APEC Economies." Specifically, USCIB supports efforts to develop a virtual workshop to help address the different needs of 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 Asia-Pacific markets is crucial to economic success of the region. We encourage a continued focus on CBI protections throughout the CD's regulatory cooperation workstreams.
- *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-private partnerships and programs to drive progress on this issue. USCIB supports the work conducted in 2020 to develop a webinar series on innovative financing and new technologies to support waste management systems. USCIB also welcomes the implementation of the APEC Marine Debris Roadmap and project sub-fund. USCIB welcomes the proposal from the United States on sustainable materials management policy and its implementation in 2021 through the Committee on Trade and Investment as well as work in the Ocean and Fisheries Working Group on waste collection and management.
- *Continuation of SAICM*: USCIB strongly supports the continuation of SAICM beyond 2020 as a voluntary, multi-stakeholder forum to promote the sound management of chemicals and waste. The APEC CD provides a forum to update regional representatives on the intersessional process and solicit feedback on the structure and priorities for an extended SAICM and additional efforts by governments to raise the level of international ambition on chemicals and waste. Given the lack of representation in conversations of "higher ambition" from many APEC economies and stakeholders, USCIB recommends the CD continue to share information and encourage regional participation in these international negotiations.

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 New Zealand'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.



USCIB 2021 APEC Priority Issues and Recommendations

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. Other key considerations and areas for cooperation concern the Paris Agreement and climate-related SDGs. Business sees opportunities to discuss APEC regions NDCs for potential investment, innovation and public-private partnership opportunities, and map climate- and energy- related SDGs in terms of regional policies to mobilize business impact.

Corporate Social Responsibility (CSR)

USCIB supports APEC's continued commitment to the principles of corporate social responsibility and promotion of responsible business practices within its members economies. Indeed, the introduction and application of CSR principles in business operations can bolster the positive impacts of trade and investment flows among APEC economies and between APEC and the world. Demonstration of respect for workers, environmental safeguards, human rights, anti-corruption measures and good corporate governance are all hallmarks of good corporate citizenship that all businesses can and should strive towards.

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, in particular 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, the OECD Guidelines on Multinational Enterprises and relevant anti-corruption instruments and initiatives, such as the UN Convention Against Corruption (UNCAC) and the Open Government Partnership.
- USCIB recommends dialogue among APEC countries to raise continuing awareness of the UN Guiding Principles on Business and Human Rights and their effective uptake in their own national contexts with their own national firms.
- USCIB recommends APEC countries adopt and enforce labor laws that meet international standards.



USCIB 2021 APEC Priority Issues and Recommendations

- Additionally, USCIB urges continued focus and collaboration between the business community and APEC on the shared goal of working towards achieving the UN 2030 Agenda for Sustainable Development, recognizing the important role of business in promoting economic growth and 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 action to advance digital trade initiatives in 2021 which expand market opportunities for implementation of digital technologies. Data flows are vital to the integration of the region and to the broader development of the global economy. 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. Moreover, implementation of current digital technologies procured by governments on a competitive basis offer substantial opportunities to reduce costs, enhance citizen services, improve government integrity, and create local business opportunities.

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 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



USCIB 2021 APEC Priority Issues and Recommendations

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.

Recommendations:

- USCIB urges APEC to undertake initiatives to establish policy and regulatory guidance to support digital trade. 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 or overly burdensome impact, conditions for competitive access to digital infrastructure, incorporating technology choice into policy, and trade facilitation measures.

Customs and Trade Facilitation

We are facing unprecedented times. APEC economies and the private sector have a deeply vested interest in the speedy and efficient clearance of goods at international borders while maintaining a high-level of compliance. For decades, APEC has been a leader in pursuing trade facilitation by streamlining customs processes and procedures at borders.

Trade facilitation, particularly border processing and limiting supply chain costs, has become even more important during the pandemic. Fast and efficient border processing was vital during the height of the global crisis. Now as we move into COVID economic recovery and towards vaccine distribution, the movement of vital goods, critical medical supplies and equipment, and essential goods (e.g., food, fuels, refined oil, replacement parts for trucks) and essential workers (i.e., everything from grocery workers to logistics service providers) remains crucial.

To support customs authorities adopting effective border processes, USCIB developed a COVID Recommendations paper, which outlines issues our members faced during the early stages of the pandemic. Now, we are re-working our paper’s focus on the movement of vital goods and essential workers to tie into, where possible, the core bedrock principles of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) that all APEC economies have ratified. During this critical time, we call on leaders to expedite implementation and go beyond bound commitments, including the



USCIB 2021 APEC Priority Issues and Recommendations

implementation of global best practices that underpin the Articles of the Agreement to help with the pandemic, vaccine distribution, and more generally the post-pandemic economic recovery.

Robust and expedited implementation of the TFA will drastically decrease transaction costs, cut down on regulatory red tape at the border, and provided much needed transparency and predictability to traders, while at the same time ensuring that vital goods and essential workers continue to move across borders. We believe the TFA provides the necessary structure and that APEC economies should look at opportunities tied to next generation trade facilitation.

APEC has been at the forefront of work on trade facilitation. USCIB has supported the APEC Common Action Place (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 Phase 1 and Phase 2 Action Plans, known respectively as SCFAP1 and SCFAP2. We look forward to providing inputs into the development of SCFAP3 priorities.

Use of E-Commerce has exploded during the COVID crisis. E-Commerce does not have a universal definition and it is a concept that many governments, customs administrations, and business organizations like USCIB are working to fully understand. In the customs space, E-Commerce deals with the movement of physical goods, without regard to transportation type or the value, acquired online crossing an international customs border. We remain concerned by the interests of some economies that have extended, or to intend to extend the formalities that apply to physical goods to intangibles (also known as digital and/or electronic transmissions). We believe these actions go against the respective economic positions tied the WTO Moratorium, the agreement on the non-application of customs duties on electronic transmissions.

We see E-Commerce as a rising interest of even the smallest of APEC economies. In considering customs issues and the concerns of customs administrations with respect to E-Commerce, a major priority for APEC, customs authorities should have clearance and documentation for the smallest of businesses, and overall trade of physical goods, acquired via any online platform, moving across borders. During Chile's host year, E-Commerce was a focus, and we encourage New Zealand to continue the dialogue on this important topic.

USCIB applauds the recent extension of the Alliance for Supply Chain Connectivity (A2C2). We congratulate Malaysia for hosting two A2C2 meetings in 2020, including the first virtual A2C2 on the sidelines of SOM3. While we have a vested interest in seeing continued progress and economy participation in the ongoing APEC funded TFA implementation projects, under the A2C2 umbrella and funded by the APEC supply chain capacity building sub-fund (SCC sub-fund), we supported the SOM 3 A2C2 focus on COVID and supply chain matters, including vaccine distribution which is becoming more important as vaccine candidates are identified. We look forward to the A2C2 being flexible in addressing critical issues related to robust and expedited TFA implementation which can help to alleviate COVID related barriers at the border during New Zealand's host year. we continue to believe the ongoing funded projects are important and that increased economy participation in and information sharing of lessons learned from these projects, will help to better allocate other capacity building assistance and funding from



USCIB 2021 APEC Priority Issues and Recommendations

other sources (e.g., WTO, WCO) and we support that the priorities identified by the A2C2 will help ensure faster movement of goods across borders. Capacity building is imperative to better trade facilitation and we look forward to a continued, robust, and invigorated A2C2 during New Zealand's host year.

Noting that the pandemic impacted the scheduling of the APEC Customs Business Dialogue (ACBD) during 2020, we believe the dialogue is a critical means for the private sector to constructively engage with APEC Customs administrations to address barriers at the border, reducing business costs and time delays, and speeding the movement of goods across borders. We stand ready to support an ACBD in 2021 and encourage New Zealand to assess the ability of hosting the first virtual ACBD during its host year.

USCIB, as the National Guaranteeing and Issuing Association (NGA and IA, respectively) 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. 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. As member economies look to robust implementation of the WTO TFA, necessary steps must be taken to implement the ATA System, which is the global gold standard for Temporary Admissions (WTO TFA Article 10, specific measure 10.9). The World Customs Organization (WCO) plays an important role with respect to ATA System, the related conventions (i.e., Istanbul and ATA) fall its auspices. We strongly support the APEC economies that are actively participating in the effort under the WCO supported ICC pilot to digitize the ATA Carnet.

The ATA System has been greatly impacted by the COVID-19 outbreak. Travel restrictions, border closures, and quarantine or shelter-in-place measures have directly impacted Holders ability to complete necessary requirements; thereby resulting in, for example, goods not being re-exported on time resulting in claims and penalties. At the onset of the pandemic, the WCO Secretary General called on participants of the ATA System, including many APEC economies to provide greater facilities to ATA Carnet Holders and representatives. Article 17 of the ATA related conventions specifically allow for greater facilities. We support the WCO SG's statement and call on APEC economies to "consider ways of enhancing facilitation of ATA Carnet procedures, bearing in mind that delays in re-exportation may have been entirely attributed to the COVID-19 pandemic." Moreover, for those economies who have yet to join the ATA Carnet System to commit to measurable commitments toward joining the System and take all necessary steps to become active participants in or to implement the ATA Carnet System. In addition, we note that not all APEC economies who are contracting parties to either Conventions, ATA - or Istanbul, have acceded 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). ATA Carnets are vital tools of trade facilitation that will play an important role in post-COVID economic recovery.



USCIB 2021 APEC Priority Issues and Recommendations

Recommendations:

- USCIB supports A2C2 efforts related to SCFAP2, with a specific interest in addressing issues related to E-Commerce. We support the view that SCFAP2 helped to further WTO TFA and look forward to SCFAP3 development.
- In light of the pandemic and post pandemic economic recovery, USCIB urges APEC economies to expedite, robust, TFA implementation. We assert that expedited and robust implementation, including to the global best practices underpinning TFA articles can help to alleviate many of the COVID related barriers the private sector is facing the borders.
- Going beyond TFA commitments, we encourage all APEC economies to: (1) publish customs related content online, where possible in English, and notify the APEC Secretariat of relevant URLs; (2) increase collaboration with the private sector 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; and (3) evaluate implementation of a customs bonding system, the global best practice in guarantee schemes, which underpins TFA Article 7, Section 3, Separation of Release from Final Determination of Customs Duties, Taxes, Fees, and Charges.
- USCIB members continue to encourage strong economy – private sector engagement on customs and trade facilitation topics. To that end, we strongly a well formulated, robust, virtual A2C2 and bi-directional and dynamic virtual ACBD in 2021.
- We call on all APEC economies to re-affirm international commitments on valuation and encourage all remaining economies to accept, notify, and implement WTO CVA Decision 4.1, as well as implement a broader term for “carrier media”, and to ban the use of prohibited valuation practices (e.g., reference prices databases).
- To demonstrate APEC leadership on next generation trade facilitation issues, USCIB encourages APEC to explore facilitation of cross-border E-Commerce trade of physical or tangible products acquired online moving across borders, including ways to facilitate low-value shipments (i.e., below economy de minimis and informal entry thresholds) and work with the private sector stakeholders (E.G., SMEs and others) to identify and address opportunities and challenges to support E-Commerce growth.
- USCIB urges all economies to:
 - Become a party to the ATA Carnet System, preferably becoming a contracting party of the Istanbul Convention, accepts and implements the broadest scope of coverage; and ensures that all primary ATA Carnet Conventions or annexes of the Istanbul Convention related to Exhibitions & Fairs; Commerce Samples, and Professional Equipment have been accepted.



USCIB 2021 APEC Priority Issues and Recommendations

- As allowed under national law, afford Holders a one-year entry duration for ATA Carnet. At present, the majority of APEC economies provide a one-year entry duration; while some economies provide significantly shortened and/or varied entry duration.
- Provide necessary and publicly available guidance to Holders and representatives on what documents and information are necessary to facilitate re-exports, so as to avoid unexpected additional costs in cases where delays are directly to border closures or travel restrictions taken to halt the spread of COVID.
- Grant meaningful and enhanced facilitation of ATA Carnet procedures, including but not limited to replacement of an expired ATA Carnet by a new ATA Carnet. Different economies refer to these ATA Carnets in different ways (e.g., Transfer Carnets), but they could also be referred to as secondary or linked ATA Carnet as they are directly related to the expired ATA Carnet. Both original and replacement ATA Carnets, are covered under respective guarantees. We understand that some economies have previously implemented replacement (i.e., issuance of a new ATA Carnet directly linked to an expired ATA Carnet), while other economies have done so during the COVID environment. We strongly encourage these economies to make these measures permanent, and advocate for other economies to implement a similar practice in-line with the WCO Permanent Technical Committee recommendation.

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, and support's APEC's goal of human capital development as promoting the well-being of all people and achieving sustainable and inclusive economic growth in the APEC region. The emergence of a range of digital technologies, particularly artificial intelligence, cognitive systems, big data, and analytics is transforming the nature of jobs and work across all sectors. Investments in skills training to support worker with the preparation necessary to overcome the challenges and harness opportunities in the new digital age.

The evolving job market creates a need and opportunity for employees to be equipped with the skills needed to support the new business processes defined by digital technologies. Soft skills are emerging as a greater priority for employers, providing a better indicator of long-term success in employment and equipping workers to adapt to continuous change.

USCIB commends Malaysia for prioritizing “Optimizing Human Potential Towards a Future of Shared Prosperity” as its overarching host year theme, as well as including as a priority area “Inclusive Economic Participation Through Digital Economy and Technology. To this end USCIB strongly supports the public private “Closing Digital Skills Gap” initiative under the Human Resources Development Working Group (HRDWG). USCIB applauds the HRDWG for endorsing in 2019 an “APEC Roadmap to Closing the Digital Skills Gap by 2030”, which calls for common definitions of digital skills, aspirational targets, and APEC wide actions on a multi-stakeholder basis (governments, employers, and academia) to closing the digital skills gap and achieving lifelong employability. USCIB looks forward to the initiative harnessing



USCIB 2021 APEC Priority Issues and Recommendations

employers, academia, and other partners in 2021 to help APEC economies measure and understand the digital skills gap, as well as develop a Digital Readiness Framework.

USCIB urges APEC economies to continue familiarizing themselves with the implications of technology changes on employment. In particular, the provision of life-long learning opportunities, including upskilling training opportunities for both new and existing employees can contribute to better productivity, retention and job-to-job transitions for employees affected by change.

Recommendations:

- Active participation by academia, employers, and other partners to advance the APEC Roadmap to Closing the Digital Skills Gap by 2030.
- Active participation by relevant government agencies to develop implement the “Recommended APEC Data Science & Analytics Competencies” to prepare our youth to acquire industry-demanding competencies to contribute to the economy.
- APEC economies to review trends in technology and the implications for jobs and best practices in new skills formation for an adaptable and competitive workforce.

Digital Trade

An increasing focus of policy discussion surrounding digital technologies centers on how such technologies can be applied in a manner that facilitates trade and enables economic growth, job creation and societal benefit, while also respecting privacy protections and ensuring a safe and secure digital ecosystem. We acknowledge the work done under the United States as Chair of the Digital Economy Steering Group (DESG) to align its work plan with CTI and Leaders’ priorities, including trade and innovation and supply chain connectivity. The DESG in 2019 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. DESG can and should be an important source of advice and guidance across APEC groups on the interaction of policies governing digital technologies and goals in other economic sectors.

The type of work DESG 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



USCIB 2021 APEC Priority Issues and Recommendations

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.

The DESG 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. We urge re-engagement between APEC and the European Union on efforts to promote the interoperability of the APEC CBPR system and the EU General Data Protection Regulation (GDPR) and commit to working with both entities to promote mechanisms to enhance compatibility to enable data flows consistent with privacy protections in the two systems.

We look forward to continued progress in the DESG-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 DESG can provide expertise on digital policy to advance member economy interests in other sectors.

Recommendations:

- DESG 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. DESG should continue to play a leading role in the collaboration with LSIF on secondary use of medical data and consider other domains in which DESG’s expertise can assist to achieve policy goals in other APEC groups.
- Consistent with efforts to promote initiatives on digital trade, 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.
- APEC should define areas to enhance interoperability between the APEC CBPR and the EU General Data Protection Regulation.



USCIB 2021 APEC Priority Issues and Recommendations

- DESG 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

The 21 APEC economies have worked on implementing tariff cuts on a list of 54 environmentally friendly goods, boosting trade, and improving access to the tools needed to fight climate change. This initiative helps lower the cost of environmental goods such as solar panels, wind turbines and air pollution control equipment. Along with emerging efforts in APEC to support service providers that utilize clean technologies, these tariff reductions better position the region to meet its target of doubling of renewable energy by 2030 and reducing energy intensity by 45 per cent by 2035. The tariff reductions on the APEC list of environmental goods would also promote trade worth around USD300 billion within the region and USD500 billion worldwide, unlocking new sources of economic growth.

USCIB supports APEC's work on this front, especially taking into consideration that this effort laid the groundwork for ongoing negotiations at the WTO on an Environmental Goods Agreement with expanded product coverage. USCIB hopes to see this effort continue in the upcoming years and generate positive impacts for every member of the international community.

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 that regulators and industry share common goals and responsibilities 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, Lima in 2016, and Hanoi in 2017 to further develop principles for transparency, 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 multi-stakeholder FSCF and PTIN. Globalization of the food supply has resulted in increasing dependence on imported products to supplement production of food and



USCIB 2021 APEC Priority Issues and Recommendations

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 replicable 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 PTIN's gap analysis of international guidance for hand hygiene in the food sector and supports referring the Gap Analysis to Codex Alimentarius as an information document.

USCIB members support the APEC Food System (AFS), an ambitious proposal to promote regional food security and supports work in the APEC Committee on Trade and Investment to 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 calls on APEC ministers and leaders to set a bold goal for reducing the impact of non-tariff barriers on food and agricultural trade in the region. Mutual acceptance of trade standards among countries can resolve many non-tariff barriers such as “missing MRLs”.
- USCIB urges the U.S. government to continue its active support of the FSCF and PTIN. USCIB advises further work in 2021 to take forward capacity building that supports reducing impacts on non-tariff barriers impeding food trade. The *APEC Import MRL Guideline for Pesticides (2016)* needs to be taken to fruition at Step 4 – Implementation within APEC community.
- 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. Further regulatory success can be achieved by expanding precedents like MRL Positive List Systems (Japan, Korea) and the *APEC Import MRL Guideline for Pesticides (2016)* to the entire APEC community, towards a unique system for certifications and food standards, including MRLs.
- APEC economies should work with the private sector to ensure the AFS maintains focus on its core mandate of advancing food security and receives high-level guidance on connectivity with other issues, such as trade. USCIB further encourages economies to elevate attention in appropriate APEC for a (CTI) to reducing the impact of non-tariff barriers impacting food trade.
- USCIB welcomes the PTIN's gap analysis of international guidance for hand hygiene in the food sector and supports referring the Gap Analysis to Codex Alimentarius as an information document.



USCIB 2021 APEC Priority Issues and Recommendations

Foreign Direct Investment

Foreign Direct Investment (FDI) promotes economic growth and development, 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 discriminatory restrictions, 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. Without strong enforcement provisions, substantive protections are not effective, and the potential benefits cannot be realized. 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 or restrictions on size or nationality of investors 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.
- 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.
- APEC should focus on the growing issue of investment screening across the APEC region and consider means to strengthen disciplines to ensure that investment screening policies and mechanisms are focused on legitimate national security issues, not disguised protectionism.

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 2021 APEC Priority Issues and Recommendations

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, compliance with national labor laws, 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 is 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.

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 Papua New Guinea 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 2021 APEC Priority Issues and Recommendations

- USCIB encourages APEC Papua New Guinea 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 2017 between the Economic Committee and Sub-Committee on Standards and Conformance and support increased opportunities for private sector engagement in these meetings.

Recommendations:

- APEC economies should formally recommit in 2021 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



USCIB 2021 APEC Priority Issues and Recommendations

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 health as the foundation of economic prosperity and the importance of promoting strong health systems and the request for further work on ways to address the fiscal and economic impacts of ill-health.

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. USCIB applauds the dialogues between the Finance Ministers Process, HWG and LSIF to address the fiscal and economic impacts of ill health. USCIB urges continued work by APEC economies to share best practices and explore innovative, sustainable health financing solutions. While not a replacement for government-funded programs, innovative and alternative health financing mechanisms can allow economies to leverage their limited resources to expand health coverage. Innovative financing options that can be used to expand health coverage include fiscal measures, financing measures, and new insurance models. USCIB applauds the exploratory health financing dialogues held in Japan and Thailand.

USCIB welcomes the continued work on addressing Anti-microbial resistance (AMR) as well as continued work on improving the safety and quality of blood systems in the region. USCIB welcomes continued implementation of the APEC Roadmap for Cervical Cancer Prevention and Control which encourages 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.

USCIB applauds the work of LSIF to implement the recommendations of the Action Plan on Rare Diseases by facilitating the sharing of policies and best practices to harness digital technologies to drive innovation for rare diseases.

USCIB welcomes work in LSIF and across APEC to support policy and regulatory environment development, as well as industry standards, that can enable digital health innovation while protecting patient privacy and ensuring product security.

USCIB recognizes the importance of promoting positive mental health and well-being and supports APEC's efforts to promote increased access to comprehensive mental health services in primary care, community-based settings, and the workplace.

Regulatory convergence protects people's safety, makes life-saving products available, saves public resources, attracts investment, prevents corruption, and improves global standing in every APEC economy. We applaud APEC economies' commitment to and progress towards regulatory convergence of approval procedures for medical products by 2020 through the efforts of the LSIF's Regulatory Harmonization Steering Committee (RHSC). USCIB applauds the results of a [survey](#) conducted by the APEC Harmonization Center and the LSIF, which demonstrated that, for example, more than half of APEC's 21 member economies have established mutual recognition agreements (MRAs) and 17 and out 21 accept the Good Manufacturing Practice (GMP Certificates) of other regulatory authorities. The survey



USCIB 2021 APEC Priority Issues and Recommendations

also showed an increase in minimizing requirements for certificates of pharmaceutical product (CPPs) and allowing multiple sites in a single license. Moreover, the survey illustrated that regulatory authorities are increasingly engaging in information sharing and confidentiality commitments – arrangements that help build trust among regulators and are the foundation for regulatory convergence.

USCIB welcomes the LSIF updating a vision for regulatory convergence by 2030 and urges that include the promotion of political will for convergence and reliance among regulatory policymakers in APEC, as well as serving as a resource to APEC economies which have decided to establish or change these in pursuit of regulatory convergence and harmonization.

USCIB also applauds the launch in 2017 of a network of APEC Regulatory Science Centers of Excellence (CoE) and encourages participation so the region may align to international standards and guidelines. In 2019 the network was composed of 12 CoEs across 7 APEC economies hosting 21 workshops training hundreds of regulators. This network of centers trains regulators- mainly from developing economies- to international standards and guidelines. Private sector, in partnership with regulators, develops the curriculum and serves as faculty. This ensures that the non-science based regulatory barriers prominently in the curriculum.

USCIB supports 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.

USCIB supports the call by LSIF for greater cross-ministerial and multi-sectoral collaboration to advance medical life sciences innovation. APEC economies recognize that participation in the global medical life sciences ecosystem can reap significant benefits in terms of enhanced economic and health outcomes and that it can be leveraged as a springboard to drive broader innovation and investment across the economy.

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.
- Update a vision for regulatory convergence by 2030 that include the promotion of political will for convergence and reliance among regulatory policymakers in APEC, as well as serving as a resource to APEC economies which have decided to establish or change these in pursuit of regulatory convergence and harmonization.
- Demonstrate annual progress towards achieving the maximum feasible level of regulatory convergence, as demonstrated by key performance indicators.
- USCIB encourages participation by regulators in trainings offered by the network of APEC Regulatory Science Centers of Excellence (CoE) so the region may align to international standards and guidelines.



USCIB 2021 APEC Priority Issues and Recommendations

- USCIB encourages efforts to promote responsible and secure sharing of medical data, mental wellness, safe surgery, and blood supplies; combat cervical cancer and anti-microbial resistance; and address barriers to the diagnosis and treatment of rare disease.

Illicit Trade

USCIB continues to help lead internationally in fight against illicit trade including counterfeit and pirated goods through public-private partnerships. Building on the work in recent years in APEC by the Anti-Corruption and Transparency (ACT) Working Group, Sub-Committee on Customs Procedures (SCCP), the APEC Business Advisory Council (ABAC) and other APEC sub-fora, on fighting corruption and illicit trade, USCIB is advancing dialogue across APEC sub-fora in strengthening dialogue and partnership with economies and the private sector to elevate the fight against illicit trade across the Asia Pacific region.

COVID-19 has further mutated criminality and IP infringement including through illicit trade that is putting the health and safety of APEC citizens and communities at risk. During the on-going pandemic economies have seen increases in fake medicines, personal protection equipment (PPE), counterfeit medical supplies, and fast-moving consumer goods (FMCG) such as food, hand-sanitizers, and disinfectants. Illicit trade and IP crime have also accelerated across online and E-Commerce marketplaces. Increased trade in illicit goods, which has sapped governments of vital tax revenues, have inhibited funding for pandemic response and economic recovery.

USCIB applauded Malaysia and the Intellectual Property Expert Group (IPEG) for enabling a critical 2020 SOM 3 discussion regarding IP Protection and Enforcement: Fighting IP Crime and Illicit Trade in Counterfeit & Pirated Goods. We look forward to working with New Zealand to advance the fight against illicit trade in cross-fora events for 2021.

According to research by the Organization for Economic Cooperation and Development (OECD), illicit trade is a serious threat that feeds a booming multi-trillion-dollar global illegal economy and that harms every sector, market, industry, and community every day:

- Counterfeit and pirated goods, smuggling, diversion, corruption, and other illicit trade areas are costing legitimate businesses and governments hundreds of billions of dollars in revenue every year.
- Consumers are continually threatened with illegal and potentially dangerous fake products which impact a company's reputation and market value.
- Criminals, and in some cases, terrorist groups illicitly exploit leading brands which is very lucrative: it is a low-risk, high reward business.
- Illicit trade impairs governance, the rule of law, economic development, and investment climate, increasing the costs of doing business overseas.



USCIB 2021 APEC Priority Issues and Recommendations

- Illicit markets dis-incentivize innovation and engender significant economic damages and reputational harm, resulting in stolen data, lost productivity, theft of intellectual property, and other financial costs.

By 2022, the total estimated value of counterfeit and pirated goods, including digital piracy, is projected to double and reach an astounding \$1.9-\$2.81 trillion.

Illicit trade is a threat multiplier that harms all APEC Economies and helps fuel transnational crime, corruption, and greater insecurity and instability around the world.

Reports indicate that China, Hong Kong (China), and other APEC economies, account for almost 85% of all trade in counterfeit and pirated goods.

While most fakes originate from China or Hong Kong, counterfeiters and criminal networks often take advantage of globalization including using today's complex shipping, communication systems, and trading routes, which trans-ship goods through many ports and free-trade zones across APEC economies, often to disguise the origin of merchandise, and through the corruptive influence of criminal organizations, compromise critical law enforcement, customs, and security agencies that fight cross-border crime.

Given the complexity and multi-disciplinary nature of attacking illicit trade, and the fact that Asia is known to be among the biggest provenance market and with many transit economies involved in the trade of counterfeit and pirated goods, we encourage New Zealand to leverage its leadership in APEC in 2021 and make anti-illicit trade a higher priority in APEC.

Recommendations:

- Continue to elevate, via APEC cross-sectoral and cross-fora dialogue, the fight on illicit trade.
- Elevate IP crime and illicit trade as policy priorities in APEC.
- Consider APEC capacity-building partnerships with ASEAN economies on IP Enforcement and Fighting Illicit Trade
- Through APEC, promote greater synergies with the OECD, World Customs Organization (WCO), International Chamber of Commerce (ICC) Business Action to Stop Counterfeiting and Piracy (BASCAP), and other international partners, on fighting illicit trade across the Asia Pacific region including China engagement and targeted focus on FTZs and other special economic zones (SEZs) including the implementation of the OECD Recommendation on Countering Illicit Trade: Enhancing Transparency in Free Trade Zones.



USCIB 2021 APEC Priority Issues and Recommendations

- In partnership with *Business at OECD*, create a strategic alliance with the APEC Business Advisory Council (ABAC) on fighting illicit trade across the Asia Pacific region including through a workshop (ACT, SCCP, ABAC) and dialogue in 2021 or 2022 (CEO Summit process).

Infrastructure

With over US \$20 trillion in investment needed to meet Asia's infrastructure needs by 2030 (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. 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, life cycle approaches, 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



USCIB 2021 APEC Priority Issues and Recommendations

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.
- APEC should continue to promote high quality regulatory environments in APEC economies as they are key to promoting and increasing investment in the region. APEC should reinforce the opportunity to promote sustainable infrastructure through regulatory procedures, building standard codes, etc.
- 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 continues to support 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).



USCIB 2021 APEC Priority Issues and Recommendations

Recommendations:

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

Intellectual Property Rights (IPR) Enforcement

APEC has a trade and innovation agenda addressing a range of IPR issues in a number of sector specific areas, and USCIB members welcome the IPR enforcement programs and capacity building activities APEC has implemented across different sectors. 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, ensure that intellectual property regimes and enforcement mechanisms in all APEC economies conform to international best practices and standards, and commit to ensuring that their own governments respect intellectual property rights. A thoughtful 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 lifesaving and life-enhancing inventions. As such, it is critical that APEC members implement robust and effective protection of innovators' data.



USCIB 2021 APEC Priority Issues and Recommendations

Recommendation:

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

Localization Barriers to Trade

USCIB members have noted a significant increase in the adoption of forced localization requirements globally, including local content requirements, government procurement requirements, data storage requirement and restrictions on cross-border data flows, and related protectionist measures. Some 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



USCIB 2021 APEC Priority Issues and Recommendations

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 supported 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 2021 that will continue to inform efforts to adopt appropriate regulatory approaches to metals. From a broad perspective, further training on risk management and risk communication in response to requests from APEC economies in follow up from the metals workshop should be considered.

Recommendation:

- USCIB urges APEC to consider the action points for follow up from the metals workshop for 2021 and, considering 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 previous work by the APEC Data Privacy subgroup and the European Commission on a possible work plan to simplify dual certification under APEC CBPRs and certain aspects of the EU General Data Protection Regulation and urges the resumption of this effort. This would be a very important and noteworthy follow-up to the collaborative work with the EU Article 29 Working Party on the joint



USCIB 2021 APEC Priority Issues and Recommendations

“Referential” on the respective requirements of the APEC CBPR system and EU Binding Corporate Rules (BCRs).

Recommendations:

- There remains a shared belief that the APEC Privacy principles remain applicable in the evolving digital economy. 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 Australia, Canada, Chinese Taipei, Japan, Mexico, Philippines, Singapore, South Korea, and the United States formally joining the CBPR system.
- USCIB acknowledges that the separate privacy recognition for data processors (PRP) is an important complement to the CPBR system. We appreciate that the United States has secured PRP certification, and applaud the approval of [NCC Group](#) and [HITRUST](#), joining [Schellman & Co, LLC](#) and [TrustArc](#) as Accountability Agents (AA). These four companies will independently assess and certify the compliance of U.S. companies under the CBPR and related APEC Privacy Recognition for Processors (PRP).
- USCIB also encourages continued efforts by the APEC Data Privacy Subgroup and the European Commission to develop an approach to privacy regulation that ultimately may be used as model for regulatory interoperability throughout the world.

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.

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.



USCIB 2021 APEC Priority Issues and Recommendations

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, barriers between public and private sectors are breaking down.

Public and private sector entities are increasingly competing, directly or peripherally, in the global marketplace. 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. The SOE landscape is also evolving, with increasing internationalization and a stronger push toward mixed ownership of SOEs. It is therefore 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. SOEs are also particularly vulnerable to corruption, due to factors such as a closer relationship between government, politicians and the SOE senior management, and in some cases lack of transparency and reporting. To that end, transparency in the financing and operations of public sector entities, while not by itself necessarily enough to level the playing field, 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 rigorous work program on SOEs, including surveys and analysis and seminars including stakeholders to exchange assessments and explore best practices.
- The core principle underlying all APEC work on SOE/SCE issues should be insistence on level playing fields in every situation where public and private sector entities are competing or have the potential to compete.



USCIB 2021 APEC Priority Issues and Recommendations

- 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 several 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 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.



USCIB 2021 APEC Priority Issues and Recommendations

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 fully and 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 incremental, two-year, approvals, renewals, or re-commitments to the practice of not imposing customs duties on such transmissions, since 1998. Most recently, in December 2017, the WTO members meeting as the General Council agreed to extend the “moratorium” on imposing customs duties on electronic transmissions until the Twelfth Ministerial Conference (MC12) to be held in 2020, where it is expected re-approval will take place. USCIB applauds the 2016 CTI adoption of a pathfinder approach for the U.S. led Pathfinder Initiative Proposal for a Permanent Customs Duty Moratorium on Electronic Transmissions, Including Content Transmitted Electronically¹, which was co-sponsored by many economies and subsequently endorsed by APEC Ministers. The 2016 CTI report indicates that the following 12 economies: Australia, Brunei Darussalam, Canada, Chile, Japan, Korea, Mexico, New Zealand, Peru, Singapore, Chinese Taipei, and the United States, have committed to join the pathfinder, with another economy committing to join the initiative during SOM 1 in 2017. It is important to note that at the time of the Pathfinder proposal, it was noted that “Many APEC economies have gone beyond the incremental WTO commitment by binding the moratorium in FTAs/RTAs with other APEC member economies. In total, 15 APEC economies have entered into agreements containing the moratorium since 2008.”

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

¹ “This proposal is without prejudice to how the World Trade Organization addresses the moratorium on customs duties on electronic transmissions.”



USCIB 2021 APEC Priority Issues and Recommendations

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:

- The WTO TFA entered into force February 22, 2017. Today, 139, or 84.4 percent of WTO members, have ratified the Agreement. We support APEC efforts to shift focus from ratification to implementation, and we applaud PNG on their March 2018 ratification. For those economies who have yet to complete their notification of categorized commitments (i.e., Categories A, B and/or C commitments), we encourage all thoughtful domestic evaluation and categorization to be completed as soon as possible, to facilitate notification to the WTO.
- APEC economies that have yet to join this key Pathfinder initiative should do so as soon as possible. Making permanent the customs duty moratorium on electronic transmissions, including content transmitted electronically, is of great importance to members of industry, and is in support of developing innovative digital trade policies, supporting the multilateral trading system by going beyond the temporary moratorium, and advance economies towards Bogor Goals of free and open trade and investment in the APEC region. In addition, there appears to be internal economy gaps regarding the treatment of electronic transmissions, including content transmitted electronically. We strongly encourage all member economies to work domestically in an interagency capacity to ensure the those representing their economies within APEC (e.g., CTI, SCCP) as well as other international bodies (i.e., WCO, WTO) 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 participants to the expanded ITA to implement, with the shortest staging periods possible, the expanded tariff reduction commitments agreed in July 2015; and all APEC economies who have yet to become ITA participants (to include both the ITA as well as the



USCIB 2021 APEC Priority Issues and Recommendations

Expanded duty-free treatment for IT products) to do so as soon as possible with the swiftest implementation of tariff reductions. USCIB applauds the steps that, for example, Macao, China has taken to initiate the process to join the expanded ITA and work done, to date, on its draft schedules. 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.

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). USCIB applauds 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 also commends the Chilean government for building on the San Francisco Declaration by releasing the La Serena Roadmap for Women and Inclusive Growth, which provides a notional path for APEC's women agenda from 2019 to 2030, during this year's Concluding Senior Officials' Meeting.

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; and Healthy Women, Healthy Economies- an initiative to enhance health outcomes for women so they can join, thrive, and rise in the workforce - among others.

USCIB also recognizes that startling gender differentials and inequities in health exist which disadvantage women and affects economic growth. If women could contribute the same productivity and number of hours as men, global GDP would increase by 26%, or \$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. Studies have shown that economies could save up to \$13.4 billion if domestic violence and its impact on productivity can be reduced and \$2.4 billion by implementing workplace and health and safety measures that make workplaces safe for women. USCIB therefore calls for continued implementation of APEC's Healthy Women, Healthy Economies Toolkit, which 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 applauds the 2017 Healthy Women, Healthy Economies workshop for sharing implementation experiences. USCIB encourages the involvement of parliamentarians to ensure that a whole-of-government approach is taken when addressing women economic empowerment through health.



USCIB 2021 APEC Priority Issues and Recommendations

USCIB also praises the creation of the APEC Healthy Women, Healthy Economies Research Prize, which was inaugurated in 2019 to spotlight and spur the creation of sex-disaggregated data by recognizing data-driven research. The Healthy Women, Healthy Economies initiative has found that such data is lacking – leaving policymakers and business leaders without adequate data and evidence to draw from and identify gender-specific interventions.

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 also encourages industry leaders and parliamentarians to support the APEC Healthy Women, Healthy Economies Research Prize by raising it with researchers in their networks and encouraging them to submit their research.
- USCIB urges continued implementation of the Healthy Women, Healthy Economies Toolkit, and the involvement of parliamentarians to ensure that a whole-of-government approach is taken.

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.