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Session 1

Progress Report on Implementation of the Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP

Purpose: Consideration
Submitted by: China



APEC
PHILIPPINES
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Executive Summary:

To implement the instruction of APEC leaders on FTAAP, abundant efforts have been made and remarkable progress has been achieved. Hence, we would like to report APEC Leaders and Ministers what we achieved and what activities we have held for the guidance on the next steps.

Required Action/ Decision Points:

It is recommended that Ministers approve this progress report.

Progress Report on Implementation of the *Beijing Roadmap* for APEC's Contribution to the Realization of the FTAAP

In 2014, APEC Leaders endorsed the *Beijing Roadmap* for APEC's *Contribution to the Realization of the FTAAP* and decided to proceed in a comprehensive and systematic manner towards the eventual realization of the FTAAP. APEC Leaders reiterated APEC's expected contribution as an incubator of the FTAAP, and that an eventual FTAAP should achieve more than liberalization so as to be comprehensive, high quality and incorporate and address next generation trade and investment issues (NGeTI), as agreed in 2010 AELM .

In the *Beijing Roadmap* APEC Leaders tasked officials with launching a Collective Strategic Study on Issues Related to the Realization of the FTAAP; enhancing Information Sharing Mechanisms for RTAs/FTAs; advancing CBNI2; and accelerating trade liberalization and facilitation efforts "at the border," "behind the border", and "across the border".

Remarkable progress on the *Beijing Roadmap* has been achieved with joint efforts from all members and stakeholders, which demonstrates APEC willingness and readiness to get things done.

Collective Strategic Study on Issues Related to the Realization of the FTAAP

APEC Ministers Responsible for Trade (MRT) endorsed the *Terms of Reference of the Collective Strategic Study on FTAAP (TOR)* at the meeting of MRT in Boracay. The *TOR* stipulates the objectives, reporting responsibilities, research structure, scope of work, key

deliverables, concrete timelines, and more importantly, the principal contents of chapters of the Study.

The Collective Strategic Study will build on past work and update a number of existing studies to provide an analysis of potential economic and social benefits and costs of the FTAAP. It will identify trade and investment barriers, as well as challenges that member economies may face in realizing the FTAAP. The Study will include a stocktaking of regional RTAs/FTAs, and an analysis of the various possible pathways towards the eventual FTAAP, including an assessment of the impacts of the “spaghetti bowl” phenomenon.

The Task Force for the Collective Strategic Study, comprising all 21 member economies, delegated initial drafting to the Core Drafting Group (CDG), which will produce a first draft of the Collective Strategic Study by January 15, 2016. The CDG has begun drafting the chapters based upon work plans agreed at SOM3 2015. A mechanism for the final editing will also be agreed upon to facilitate the drafting process and to ensure transparency, objectiveness, consistency and inclusiveness of the Study. All member economies will have opportunities to comment on and contribute to the Study. The final version of the Study and its Executive Summary along with any recommendations will be presented to Leaders in Peru next year.

Throughout the drafting process, the CDG will consult the PSU, ABAC, PECC and APEC Study Centers where appropriate.

With a view to sharing views on essential issues related to the FTAAP, China hosted the *Seminar on Collective Strategic Study on Issues Related to the Realization of the FTAAP* in Cebu in August, 2015. The Seminar brought together the task force, government officials, prominent REI experts from member economies, ABAC,

PSU, PECC, APEC study centers, and academia, to exchange views on the substantial issues to be included in the Collective Strategic Study.

Information Sharing Mechanism for RTAs/FTAs

The Information Sharing Mechanism for RTAs/FTAs continued to play a major role in enhancing transparency of regional trade arrangements, through its four types of work: i) Enhancing Access to Information on RTAs/FTAs; ii) Sharing and Assessing Information on WTO-plus Elements of RTAs/FTAs; (iii) Holding Annual Dialogues and Reports on RTAs/FTAs; and iv) Reinforcing and Intensifying Use of the WTO RTA Transparency Mechanism.

Australia and the Philippines hosted a Trade Policy Dialogue (TPD) on sharing and assessing information on WTO-plus elements of RTAs/FTAs at CTI2 in Boracay. The TPD explored existing RTAs/FTAs in terms of their implementation and WTO-plus characteristics with a view toward encouraging a high-standard and comprehensive FTAAP.

The Philippines also hosted a SOM-level Dialogue on RTAs/FTAs at SOM3 in Cebu. The dialogue included Senior Officials, negotiators, academics, international organisations and business representatives. In addition, PSU released an annual report on state of regional FTAs/RTAs based on the terms of reference endorsed at CTI3, 2014.

Action Plan Framework of 2nd Capacity Building Needs Initiative (CBNI)

A series of seminar/workshops targeting various FTA chapters has been held since the end of 2014 to address capacity building needs related to FTA negotiation and implementation.

Korea organized the *Seminar on Addressing Non-Tariff Measures (NTM) in Asia Pacific Economic Integration* in Seoul in December 2014, where APEC initiatives on addressing NTM and the status quo were discussed.

In December, 2014, Viet Nam hosted the *APEC Capacity Building Workshop on FTA Negotiation Skills on Intellectual Property (IP)* in Da Nang. The workshop provided an update on FTA negotiations regarding IP issues; sharing best practices and experiences in preparing for negotiations; and protecting IPRs.

In September 2015, Korea hosted a workshop on *Dealing with a New Trade Landscape: Complexities of Rules of Origin (RoO) and Logistical Challenges of Trade Facilitation* in Seoul. The workshop discussed the key characteristics and the challenges of RoO in FTAs and explored their impact on trade negotiations, including dispute settlement mechanisms. Presenters also summarized key provisions of the TFA and its implication for FTAs.

In terms of future activities, some members have proposed to hold capacity building workshops on investment, services, TBT, transparency, and environment in 2016.

Trade Liberalization and Facilitation Efforts

Members intensified collaboration on advancing trade liberalization and facilitation efforts, notably in the area of next generation trade and investment issues (NGeTI) that have been identified in the last few years, including: Facilitating Global Supply Chains; Enhancing

SMEs Participation in Global Production Chains; Promoting Effective, Non-Discriminatory, and Market-Driven Innovation Policies; Transparency in RTAs/FTAs; and, Manufacturing-Related Services. CTI continues to explore potential NGeTI, including facilitating digital trade for inclusive growth.

Newly-established Funding Source

A new sub-fund on FTAAP & GVC under the APEC Support Fund (ASF) was established with a contribution of 3 million USD during the next 5 years from China, with a view to providing financial support for the implementation of *Beijing Roadmap*.