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2015 Progress Report on the Implementation of the Outcomes of the Beijing AELM

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Submitted by: China



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2015 Progress Report on the Implementation of the Outcomes of the Beijing AELM

Submitted by the People's Republic of China

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INTRODUCTION

In November 2014, APEC Leaders gathered by Yanqi Lake in Beijing for the 22nd APEC Economic Leaders' Meeting (AELM). They also celebrated the 25th anniversary of APEC. On that occasion, APEC Leaders launched a number of ground-breaking initiatives that would help shape the long-term development of the Asia-Pacific. One year on, steady progress has been made in the implementation of the Beijing outcomes, thanks to the close cooperation among member economies and solid work of APEC sub-fora. China attaches great importance to this undertaking and highly values support from member economies.

This report is to take stock of the progress made in the past year, with a view to maintaining the momentum of cooperation for the future. Looking back is for moving forward. Working closely with other member economies, China will spare no effort to continue fulfilling the mandates given by the Leaders. And in so doing, we are sending a strong and clear message of the unity of the APEC community, demonstrating APEC's relevance as well as its unique contribution to the prosperity of the Asia-Pacific region and beyond.

The report is structured around the three priority areas of APEC 2014. It captures the latest development of regional economic integration, especially in advancing the process towards the eventual realization of the Free Trade Area of the Asia-Pacific (FTAAP). It reviews steps taken in pursuit of innovative development, economic reform and growth. It updates on APEC work programs and initiatives launched to strengthen connectivity and infrastructure development.

This report is by no means exhaustive or comprehensive. For the purpose of conciseness and given the resources available, it mainly focuses on the headline initiatives and related achievements. It also touches on China's efforts and contribution to the implementation of the Beijing outcomes. China would like to thank other member economies for their support and cooperation.

This report is submitted for consideration at 2015 APEC CSOM and AMM.

THE PROGRESS REPORT

Part I. Background and Overall Assessment

Last November, APEC Leaders endorsed the *Beijing Agenda for an Integrated, Innovative and Interconnected Asia-Pacific* and the *Statement on the 25th Anniversary of APEC*, as well as the *Beijing Roadmap for APEC's Contribution to the Realization of the Free Trade Area of the Asia-Pacific (FTAAP)*, *APEC Accord on Innovative Development, Economic Reform and Growth (IERG)*, and *APEC Connectivity Blueprint for 2015-2025*. These milestone documents, building upon APEC's exploration and accomplishments over the past 25 years, outlined visions and pathways for future economic cooperation in the Asia-Pacific. APEC Leaders affirmed their dedication to shaping the future through Asia-Pacific Partnership, and to building an open economy in the region with the goal of common development, prosperity and progress.

Yanqi Lake is, of course, not the finishing line; rather a new starting point for APEC. Its outcomes represent not only a high-standard tasking statement, but also solemn commitments to fulfill in the years to come. 2015 is the first year of the second quarter of the century of APEC. The APEC family set off on the journey with mandates of the Beijing outcomes, bearing in mind that action is the only bridge between vision and reality, and implementation of previous outcomes is key to ensuring continuity of APEC agenda.

With joint efforts of member economies, fora and sub-fora, APEC is moving ahead steadily and smoothly. Some initiatives have been achieved, some seen breakthroughs, some are well underway, and some in the pipeline.

Implementation of the Beijing outcomes also compliments the theme of APEC 2015. It contributes to developing inclusive economies and building a better world. This synergized work helps open a new chapter in Asia-Pacific cooperation.

Part II. Advancing Regional Economic Integration

1. 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. Since then, great efforts and progress have been made in advancing the FTAAP process. The Task Force for the Collective Strategic Study on FTAAP was established, comprising all 21 APEC economies. The Terms of Reference (TOR) of the Study was endorsed by APEC Trade Ministers, which paved the way for the Study. The TOR stipulates the objective, reporting responsibilities, research structure, scope of work, key deliverables, concrete timelines, and the principal elements of chapters of the Study.

The Task Force delegated initial drafting work to the Core Drafting Group (CDG), which has started the substantive drafting of the Report and will produce the first draft of the Collective Strategic Study by 15 January, 2016. The CDG has begun drafting

the chapters based upon work plans agreed at SOM3 2015. An editing mechanism will be agreed 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 the Leaders in Peru next year.

With a view to sharing views on essential issues related to the FTAAP, China hosted the Seminar on FTAAP Collective Strategic Study in Cebu in August 2015. Trade Policy Dialogue and SOM-level Dialogue on RTAs/FTAs were also hosted by member economies under the Information Sharing Mechanism for RTAs/FTAs. Since the end of 2014, a series of seminars and workshops targeting various FTA chapters have been held under Action Plan Framework of the 2nd Capacity Building Needs Initiative (CBNI 2).

The *Progress Report on Implementation of the Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP* has been circulated and is expected to be finalized and endorsed at CSOM.

2. Global Value Chains Development and Supply Chain Connectivity

In 2014, APEC Leaders endorsed the *APEC Strategic Blueprint for Promoting Global Value Chains (GVCs) Development and Cooperation* and decided to realize efficient and workable GVCs within and between each of APEC economies.

As chair of Friends of the Chair (FoTC) Group on GVCs, China has coordinated efforts to implement the *Strategic Blueprint* in 10 work streams. Strenuous efforts have been made in promoting APEC GVCs and Trade in Value Added (TiVA) Measurement, enabling developing economies to better participate in GVCs, and strengthening collaboration with other stakeholders on GVCs.

Work has also been carried out in line with the *Strategic Framework on Measurement of APEC TiVA under GVCs* and its *Action Plan*, with an aim to establish the APEC TiVA Database by 2018. Trade Ministers in Boracay endorsed the TOR and Work Plan of TiVA, which laid the operational foundation of the APEC TiVA work. China and the United States, as co-leading economies of this work stream, are expected to fill relevant tables of statistics by the end of 2015 for other members' reference. Moreover, the Core Expert Working Team has been established with the first batch of 11 members.

Building upon 2014 consensus on promoting the participation of micro, small and medium enterprises (MSMEs) in GVCs, Trade Ministers endorsed the Boracay Action Agenda to Globalize MSMEs. Workshops and studies were carried out by member economies to explore ways of assisting MSMEs to benefit from GVCs.

The *Progress Report on Implementation of the APEC Strategic Blueprint for Promoting Global Value Chains Development and Cooperation* has been finalized and is expected to be endorsed at CSOM.

With a view to further enhancing regional trade facilitation and supply chain connectivity, the Asia-Pacific Model E-Port Network (APMEN) has been established, with its Joint Operational Group formed. The APMEN Operational Center was launched in Shanghai, China in August 2015. To date, 11 ports from 9 economies have joined APMEN while 7 other economies participated in as observers.

To promote APEC cooperation in Green Supply Chains, the APEC Cooperation Network on Green Supply Chain (GSCNET) was established, and the Dialogue on GSCNET was hosted by China in May 2015 in Boracay, Philippines. The first Pilot Center of GSCNET was established in Tianjin, China in June 2015. The Work Plan on the APEC Cooperation on Green Supply Chains was endorsed by Senior Officials in September 2015.

3. Others

To fulfill the commitment of reducing tariffs on the 54 products in the APEC List of Environmental Goods by the end of 2015, China has finalized and submitted its APEC Environmental Goods Tariff Reduction Implementation Plan, with the reduction coming into force from 1 January 2016.

With an aim to boost the case studies on sustainable investment, China hosted the Workshop on Best Practices of Sustainable Development in the APEC Region in February 2015.

Great efforts have also been made to implement the *APEC Customs 3M (Mutual Recognition of Control, Mutual Assistance of Enforcement and Mutual Sharing of Information) Strategic Framework*, with progress achieved in the fields of customs transit, single window, and Authorized Economic Operator (AEO). The Workshop on Customs Control over Cross-border E-Commerce was hosted by China in September 2015 to promote information sharing and capacity building in this field.

As a follow-up to the *Asia-Pacific Region Automotive Industry Sustainable Development Declaration*, a research was conducted by China and relevant sub-fora to assess the impact of government policy instruments on promoting new energy vehicles.

Part III. Promoting Innovative Development, Economic Reform and Growth

1. Economic Reform

According to the *APEC Accord on IERG*, the 2nd Structural Reform Ministerial Meeting (SRMM) was held 7 years after the 1st SRMM. It was aimed to review APEC's structural reform efforts and set its post-2015 agenda. The meeting adopted the *Renewed APEC Agenda for Structural Reform (RAASR) 2016-2020*, laying a solid foundation for the future work in this field.

China is sparing no effort to deepen domestic economic reform, ranging from administrative system, investment and financial policy, tax regime to state-owned enterprises management. China has also stepped up its domestic promotion of Public Private Partnership (PPP) in the field of infrastructure

development, and basically put into place a legal framework for PPP .

2. New Economy

In 2014, APEC Leaders endorsed the *APEC Initiative of Cooperation to Promote the Internet Economy*. To implement the *Initiative*, the Ad Hoc Steering Group on Internet Economy was established, and its TOR was endorsed by Senior Officials. The Group held its inaugural meeting in September 2015 and endorsed the proposed action items. The Telecommunication Working Group also identified Internet/Digital Economy as one of its priority areas. A series of symposiums and workshops were held to identify constraints or barriers to the growth of the Internet Economy, and explore ways to promote cooperation in this field.

The concept paper of *Enabling Inclusive Growth through the Internet Economy* was submitted by China, aiming to better utilize Internet Economy to enable the development of SMEs, encourage entrepreneurship and innovation, promote human capital development, and foster participation in economy of women and persons with disabilities. In this regard, China also proposed "Facilitating Innovative Economic Development of 'Internet + Service' Industry", a project well received by member economies.

To advance APEC's cooperation on Blue Economy, another important area of New Economy identified in APEC 2014, the APEC Blue Economy Best Practices Sharing Workshop and the APEC Training Workshop on Marine Spatial Planning have been scheduled at the end of 2015. Efforts are also made to share APEC experiences with partners beyond the region.

As one of the deliverables of APEC 2014, the APEC Sustainable Energy Center was established in Tianjin, China, which targets sustainable city development and clean coal technology transfer as its priorities for the next five years. The Asia-Pacific Sustainable Energy Development Forum was held by the Center this September.

As the chair of the APEC Experts Group on Illegal Logging and Associated Trade (EGILAT), China took the leadership in promoting APEC's cooperation in this field, and fostered the adoption of two milestone EGILAT documents, *the APEC Timber Legality Guidance Template*, and *APEC Common Understanding of the Scope of Illegal Logging and Associated Trade*.

China also worked closely with the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation (APFNet) to conduct the assessment of progress towards the APEC 2020 Forest Cover Goal, with a final report published and acknowledged by the Ministers Responsible for Forestry in October 2015. Besides, China established a plantation of 85 hectares in Beijing and its surrounding Hebei Province to offset the carbon emission of the Beijing AELM, showcasing its policy approach for low carbon economy and sustainable development.

3. Innovative Growth

To realize the aspirations outlined in the *Toward Innovation-Driven Development Initiative* which was endorsed by the Leaders last year, China, as the chair of the

APEC Policy Partnership on Science, Technology and Innovation (PPSTI), hosted or facilitated a series of activities in 2015, including APEC Innovative Policy Dialogue on Science and Technology-oriented Small and Medium Enterprises (SMEs) and Inclusive Growth, and five projects under PPSTI framework including the 2nd APEC Internet of Vehicles Symposium.

In accordance with the *APEC Accord on IERG*, China established the APEC SME Database on innovative best practices to strengthen innovation capabilities of SMEs. Progress was also made by China Development Bank (CDB) in establishing a special loan amounting up to USD 2 billion in supporting innovative cooperation and mutual investment of SMEs in the Asia-Pacific region.

4. Inclusive Support

As the chair of APEC Health Working Group (HWG), China has been coordinating the implementation of the *Healthy Asia-Pacific 2020 Initiative*. One major follow-up was the adoption of the Roadmap of the *Initiative*. Projects were implemented to address the key areas of the *Initiative*, including Research on Universal Health Coverage Progress in the APEC region, and Health Hotline for Health Emergency Response. The APEC Health Emergency Response Working Manual for Health Hotline was drafted and endorsed by HWG.

Building on member economies' consensus on health cooperation, the APEC Health Science Academy was established in Beijing by the Institute of Population Research of Peking University and the APEC Life Science Innovation Forum in October 2015.

The implementation of the *Beijing Declaration on Fighting Corruption*, which was adopted by the Leaders in 2014, was reflected in the agenda of the Anti-Corruption and Transparency Working Group (ACTWG) in 2015. In the meanwhile, China has taken a very firm position on fighting corruption and launched "Sky Net" Campaign against fugitives suspected of corruption. Global Red Notice warrants were issued for the 100 most-wanted corrupt Chinese officials. Cooperation on individual cases between China and some member economies has borne fruit.

Serving as initial host of APEC Network of Anti-Corruption Authorities and Law Enforcement Agencies (ACT-NET) in 2014-2015, China promoted APEC anti-corruption cooperation on information sharing, cross-border investigation and other anti-corruption law enforcement activities, including hosting the ACT-NET International Fugitive Repatriation and Asset Recovery Workshop last December, immediately after the Beijing AELM.

Recognizing the importance of economic empowerment of persons with disabilities, the APEC Group of Friends on Disability Issues was established, and its first meeting was convened in September 2015 with its TOR and Work Plan finalized. Efforts were made to promote sharing of information, resources and good practices on disability issues. Consensus on disability-inclusive growth and incorporation of disability issue for the first time in APEC agenda also contribute to this year's theme of inclusive growth.

In line with *APEC Food Security Roadmap toward 2020*, China hosted APEC Food Security and Nutrition Training Workshop in September 2015, and has been undertaking research on Enhancing Food Security and Nutrition Sustainability of Low-Income and Lower-Middle-Income Groups in the Asia-Pacific Region.

5. Urbanization

In 2014, APEC Leaders endorsed the *APEC Cooperation Initiative for Jointly Establishing an Asia-Pacific Urbanization Partnership* and instructed Ministers and Officials to further promote cooperation on urbanization. To implement the *Initiative*, the FotC on Urbanization was established, and its TOR was endorsed by Senior Officials. The FotC held its inaugural meeting in September, and will continue working to develop its agenda in 2016.

Surveys, seminars and workshops have been conducted, aiming to address urbanization challenges and explore pathways toward urban redevelopment and smart city. The APEC City Mayors Forum was held to discuss urbanization issues such as planning and management, people and technology, and waste management. The 1st APEC high-level meeting on urbanization has been scheduled in China in 2016. Sustainable city development has been identified as one of the priorities of the APEC Sustainable Energy Center.

Part IV. Strengthening Comprehensive Connectivity and Infrastructure Development

Implementation of the *APEC Connectivity Blueprint for 2015-2025* has been incorporated in the agenda of the FotC on Connectivity, as one of its top priorities. Senior Officials agreed that, the review on the implementation progress will be conducted on an annual basis by the APEC Secretariat. The mid-term review in 2020 and the final review in 2026 will be carried out by the APEC Policy Support Unit (PSU). The first yearly review is scheduled to be submitted to the CSOM in 2015.

A lot of efforts have been made in terms of the three key aspects of the Blueprint, namely, Physical Connectivity, Institutional Connectivity and People-to-People Connectivity.

With respect to promoting Physical Connectivity, China advanced projects of infrastructure development to enhance connectivity with neighboring economies. In collaboration with relevant economies, China drafted the *Master Plan on East Asia Connectivity*. Efforts were also made by China to maximize synergy between its "Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative" with the infrastructure development planning of relevant APEC members.

In regards of enhancing Institutional Connectivity, China, as the host of APEC Port Services Network (APSN) Secretariat, organized the APSN Workshop on Gateway Port and Supply Chain Connectivity in November 2014, and supported the APSN Workshop on Improving Port and Supply Chain Connectivity in November this year.

As for encouraging People-to-People Connectivity, the validity of APEC Business

Travel Card (ABTC) has been extended from 3 to 5 years from 1st September 2015. To promote exchanges of students, research staff and education providers, the APEC Higher Education Research Center was founded in Beijing, China, and will convene its first meeting in March 2016. Ongoing efforts also have been witnessed to enhance bilateral and multilateral cooperation among member economies, targeting to achieve 800 million APEC tourist arrivals by 2025, as agreed by the Leaders in the *Blueprint*.

Part V. ECOTECH and Capacity Building

1. In order to augment APEC's focus on capacity building, China took concrete actions to fulfill President Xi Jinping's pledge of US\$10 million voluntary contribution to APEC. Three Sub-Funds were established under APEC Support Fund (ASF), namely, the Sub-Fund on FTAAP/GVC, the Sub-Fund on IERG, and the Sub-Fund on Connectivity. The guidelines and eligibility for accessing the three Sub-Funds were also finalized. An initial contribution of US\$2.8 million has been made to the three new Sub-Funds, ASF General Fund, Supply Chain Connectivity Sub-Fund, and PSU.

China also carried out capacity building programs with about 1,000 training opportunities in areas like trade and investment in 2015, with a view to delivering its promise in 2014 to voluntarily provide 1,500 training opportunities for APEC developing economies in three years.

To meet the growing demand of regional knowledge sharing in financial areas, China upgraded the Asia-Pacific Finance and Development Center into the Asia-Pacific Finance and Development Institute. Since the Beijing AELM, the AFDI, together with its partners, has organized 20 short-term workshops and seminars, with more than 1,000 participants, in the areas of financial inclusion, fiscal reform, development evaluation, and PPP.

Furthermore, China has initiated and actively promoted the Cross-border E-Commerce Training (CBET) program which has so far invited 20 experts from 6 economies, conducted over 40 online and offline training courses and trained more than 100 trainees from 15 economies.

2. The following is the list of capacity building programs China hosted/co-hosted this year, in addition to those already mentioned above:

- Workshop on Infrastructure Development and Financing (December 2014)
- Dialogue on APEC Cooperation Network on Green Supply Chain (May 2015)
- PPSTI Innovation Policy Sharing Seminar (June 2015)
- Seminar on Circular Economy Policy for APEC Members (June 2015)
- APEC Financial Regulators Training Initiative Regional Seminar on Enforcement (July 2015)
- APMEN Public-Private Dialogue (August 2015)
- APEC Smart City Technical Session 1 (August 2015)
- The 9th APEC Cooperation for Earthquake Simulation (ACES) International Workshop (August 2015)
- Seminar on FTAAP: Asia-Pacific Economic Integration by 2020 and Beyond

(October 2015)

- APEC Smart City Policy and Enterprise Session (October 2015)
- APEC Regional Workshop on Measurement Challenges in Renewable Energy and Climate Science (October 2015)
- Seminar on Trade and Investment and Global Value Chain for APEC Members (October-November 2015)
- APEC Workshop of Measurement on TiVA under GVCs (November 2015)

Part VI. LOOKING FORWARD

1. The APEC family has good reasons to be proud of the early harvest of the Beijing outcomes as a result of the hard work this year. The achievements stem from members' commitment to shape the future through Asia-Pacific Partnership; our respect for the diversity of APEC member economies and their respective development models; the spirit of mutual trust, inclusiveness, and win-win cooperation.

2. From Beijing to Manila, APEC has made a big stride forward. Yet there's still a long way ahead. Towards a full harvest, China will work harder and closer with other members to implement the Beijing outcomes through strengthening policy dialogue and coordination, carrying out practical cooperation, sharing experience and undertaking capacity building projects. In the next step, China will host or actively engage in the following projects and initiatives (including but not limited to):

- To host the 1st APEC Workshop on Capacity Building for Green Supply Chain (December 2015)
- To reduce tariffs on the 54 products in the APEC List of Environmental Goods (1 January 2016)
- To host High-Level Seminar on Small Farmer and SMEs Food (Rice, Wheat, Corn) Loss -Reduction Technology and Experience, and related activities. (July 2016)
- To host the 9th APEC Small and Medium Enterprises Technology Conference and Fair (SMETC) (July 2016)
- To host the 1st APEC high-level meeting on urbanization (2016)
- To host the 4th APEC Blue Economy Forum (2016)
- To continue to participate in the FTAAP Collective Strategic Study which will be finalized and presented to APEC Leaders, along with any recommendations (2016)
- To complete the contribution of US\$10 million to APEC (2015-2019)
- To complete the provision of 1,500 training opportunities on capacity building programs for APEC developing members (2015-2017)
- To join APEC members to complete the construction of APEC TiVA Database (2018)
- To join APEC members to complete all pilot projects under the framework of APMEN (2018)
- To participate in implementing the *Healthy Asia-Pacific 2020 Initiative* and its Roadmap (2014-2020)

- To participate in implementing the *APEC Food Security Business Plan* (2014-2020)
- To participate in implementing the *APEC Food Security Roadmap toward 2020* (2020)
- To participate in implementing the *APEC Action Plan for Reducing Food Loss and Waste* (2020)
- To participate in implementing the *Action Plan to Enhance Connectivity of APEC Food Standards and Safety Assurance* (2020)
- To join APEC members in implementing the *APEC Connectivity Blueprint for 2015-2025* (mid-term review in 2020, and final review in 2026)

3. The Asia-Pacific region is moving into a new phase of economic cooperation and integration, with challenges to overcome and opportunities to seize. China will join hands with other member economies to continue and develop APEC agenda. Let us work closely to develop inclusive economies and build a better world, in the spirit of openness, inclusiveness, mutual benefit and win-win cooperation, towards the realization of the Asia-Pacific dream of common development, prosperity and progress.