



**Asia-Pacific
Economic Cooperation**

2015/CSOM/029app09

Agenda Item: 6.1.1

Progress Report on Implementation of the APEC Strategic Blueprint for Promoting Global Value Chains Development and Cooperation

Purpose: Consideration
Submitted by: CTI Chair



APEC
PHILIPPINES
2 0 1 5

**Concluding Senior Officials' Meeting
Manila, Philippines
13-14 November 2015**

Progress Report on Implementation of the APEC Strategic Blueprint for Promoting Global Value Chains Development and Cooperation

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. GVCs, as a dominant feature of the global economy, would offer new prospects for growth, competitiveness and job creation for APEC economies at all levels of development. Meanwhile, given the diverse needs and situations of APEC economies participating in global trade networks today, APEC Leaders recognized that an overall policy direction guiding improved cooperation and a more focused GVC evolution is essential to facilitating sustainable, inclusive and balanced growth in the Asia-Pacific region. In this context, APEC Leaders set up principles and 10 work streams for future GVCs undertakings.

So far, APEC members have been intensifying their work in an effective and cooperative manner with remarkable progress as follows.

1. Addressing trade and investment issues that impact GVCs. (led by the US)

APEC put forward the proposal on *Addressing Barriers to Trade and Investment in the Context of Global Value Chains: Increasing Transparency of Measures Affecting Exports* and got approval at SOM3. It aims to raise the awareness on the significance of increasing transparency on trade measures; explore the scope of export restriction measures; and support the Philippines efforts to establish an APEC Trade Repository (APEC TR) among APEC members. The proposal defines quite a few further actions to be taken.

APEC held a trade policy dialogue on how “APEC Best Practices to Create Jobs and Increase Competitiveness” could also be applied to other types of localization policies in August. The next steps and timelines set forth in the summary, including additional trade policy dialogues and activities in 2016, were agreed by CTI. In addition, an exhaustive list of ongoing and pending cross-fora initiatives is under compilation. Member economies have been requested to fill out a template listing their projects so as to create one list within a “living document” that may be updated as agreed, under the guidance

of the FoTC Group on GVCs.

2. APEC GVCs and TiVA Measurement (co-led by China and the US)

APEC Leaders endorsed *the Strategic Framework on Measurement of APEC Trade in Value Added (TiVA) under GVCs and its Action Plan*. APEC has been carrying forward the work with an aim to the establishment of APEC TiVA Database by 2018.

Trade Ministers in Boracay endorsed *Terms of Reference* and the *Work Plan, of TiVA*, which built up the operational foundation of the APEC-TiVA work. In ToR, the objectives, tasks, funding, rules and review clauses of the technical group have been elaborated. Furthermore, a questionnaire on SUTs and Extensions has been circulated with 16 feedbacks by the end of July. The extracted results as well as methodologies have been presented and circulated. By now China and the US have finished their own SUTs for other members' reference. Moreover, the Core Expert Working Team has established with the first batch of 11 members, and held twice Technical Group meetings by now.

As for the capacity building programs, China has held a capacity building program by self-funding for APEC member economies from October 22 to November 5, 2015. Twenty-four officials and experts from Chile, Indonesia, Malaysia, Mexico, Peru, the Philippines, Thailand, Viet Nam, and Brunei Darussalam participated in this program.

3. Realize the critical role of trade in services within GVCs (led by Australia)

The Work Plan was endorsed at CTI1, covering: 1) A stocktake of related initiatives; 2) Consideration to better support GVCs and to avoid duplication between initiatives; 3) An action plan of new initiatives.

So far, an initial stocktake of initiatives has been performed, which is expected to be finalized soon. APEC will discuss how these initiatives could be enhanced to better support GVCs and to avoid duplication between initiatives, and will propose new initiatives in this regard.

Australia is implementing a new case studies initiative under this work stream.

The first phase, a joint meeting of the GOS and MAG, was implemented in Cebu, where three economies presented on market-opening services reforms in their respective economies. A TOR was endorsed for the PSU to undertake an independent analysis of four case studies, constituting Phase 2, which may be undertaken in conjunction with the Economic Committee by consensus in 2016.

4. Enable developing economies to better participate in GVCs (co-led by Indonesia and China)

The Work Plan was approved at CTI2. And the proposal on *APEC Initiatives on Leveraging GVC contribution to Development* is now in consultation. China is going to raise fund and set up a team for a research program. APEC will work closely with international organizations, such as WTO, OECD, and APEC PSU so as to address problems of developing economies and enable them to better participate into GVCs. The summary report will be submitted to APEC.

5. Assist SMEs to benefit from GVCs (led by Korea)

The Terms of Reference of Promoting SME's Integration into GVCs has been endorsed in 2014. The concrete efforts in five major industries under this work stream, including IT/electronics, automotive, textile/apparel, healthcare, and agribusiness, have been made.

As for the IT/electronics, Korea held four rounds of an Industry Forum and a one-day workshop for in-depth discussion on identifying obstacles and strategies for SME's integration into GVCs. With regard to the Automotive, three workshops were conducted by the Philippines and Malaysia, supplemented with a survey, to identify the challenges and impediments for SME automotive parts suppliers' integration into global and regional automotive value chains. Regarding to the Textiles and Apparel, four case studies have been planned to be conducted in due course and a two day workshop will be held in the first quarter of 2016 in Viet Nam. About the healthcare industry, the United States held a one-day forum to discuss the barriers to trade of safe and effective medical products. A study on Policies Affecting Trade in Healthcare Products in APEC has been undertaken as well to identify barriers that affect trade flows in healthcare products in APEC region. In regard to the Agribusiness, Thailand is currently conducting empirical research in livestock (poultry), fisheries (frozen food) and organic rice to

identify non-tariff barriers, business environment and capacity building needs for agribusiness SMEs taking part in GVCs. Then Thailand has held a seminar on “The Integration of Thai Agribusiness SMEs into the GVCs”.

Building on the outcomes achieved in the five industries, a final policy report and a comprehensive seminar will be undertaken in 2016.

6. Improve the investment climate for GVCs development (led by Japan)

The Work Plan was endorsed at SOM1 covering: 1) Study on the present state of investment climate to explore improving measures and actions. 2) Hold Public Private Dialogues (PPDs) for sharing and exchanging views with relevant private sectors. 3) Develop an Action Plan for effective investment facilitation and encourage efforts of APEC member economies. The co-sponsors are Australia, Malaysia, Peru, the Philippines, Chinese Taipei and recently joined Vietnam.

The Study composed of two steps. First, conduct of a survey to take stock of the present state of investment climate. Second, based on the findings of the survey, explore the measures and actions for further improving investment climate for GVCs development. Both will be conducted by a neutral and expertized study team.

Furthermore, APEC economies were divide into 3 sub-regional groups , and the Study team is envisaged to visit US and Chile (Group 1); Australia, Indonesia and Singapore (Group 2); China and Hong Kong, China (Group 3) to conduct interviews with relevant government authorities and companies that invest in the economies.

With regard to PPDs, as stipulated in the Work Plan, each PPD will be led and coordinated by one of the economies in the sub-regional group (ie, Peru for group 1, Australia will take initiative to hold in Malaysia for Group 2 and Japan for group 3) to incorporate the perspectives from private sectors..

7. Adopt effective trade facilitation measures (led by Singapore)

The Proposal on *Trade Facilitation (TF) in Global Value Chains (GVCs)* was endorsed at CTI2 as a living document. The annual assessments of economies’ progress in implementing TF measures will be conducted hopefully, with a focus on those measures in the WTO TF Agreement. A

compendium of TF case studies / best practices will be developed. As economies develop the Second Ease of Doing Business (EoDB) Action Plan, APEC will explore ways to improve APEC economies' EoDB indicators through their implementation of TF measures.

A Trade Policy Dialogue (TPD) on Trade Facilitation will be held in Peru in 2016 to discuss best practices to implement TF measures in the WTO TF Agreement. Besides, a workshop on Import and Export will be given in 2016.

8. Enhance resiliency of GVCs (led by Japan)

The key outcomes of the Comprehensive Analysis on Enhanced Resiliency of Cross-Border Value Chains were briefed at CTI1. The Synthesis Report of the series of studies has been released on APEC website. The Work Plan on this work-stream was endorsed at CTI1, which envisages new initiatives to make collaborative effort to enhance cross-border value chain resilience, with regard to one or some of the following sub-issues: 1) natural disaster risks, 2) logistics and infrastructure risks, 3) market risks, 4) regulatory risks and 5) political risks. And the proposal *Enhancing Resilience of Global Supply Chains/Value Chains to Natural Disasters* was also endorsed at CTI1. At CTI3, a draft *APEC Guidebook on Resilience of Global Value Chains (GVCs) Against Natural Disasters* was proposed and discussed, and it was endorsed intersessionally..

Preparation for a capacity building seminar is underway on enhancing resilience of supply chain/value chains to natural disasters, which will be an opportunity to exchange best practices of measures enhancing resilience and deepening understanding on the issue, with a view to sharing common directions among policy makers and program managers of APEC economies.

9. Encourage public-private partnerships for GVCs (Encouraged to be undertaken in other work streams)

All APEC member economies have made good use of public-private partnerships while advancing the cooperation on GVCs with a view to enhancing trust and shared understanding between private and public sectors. Each work stream has benefited from this new style partnership, which will in return foster further GVC development.

10. Strengthen collaboration with other stakeholders on GVCs (led by China)

The work plan was endorsed at CTI1, covering: 1) to review the development and cooperation situation of the stakeholders involved in the APEC GVCs; 2) to identify the effects and problems on the development and cooperation on GVCs of related stakeholders; 3) to make suggestion on technical assistance policy and capacity-building project design according to the research results to advance the development and cooperation on GVCs.

A questionnaire has been circulated to relevant international organizations, such as OECD and WTO. A progress report will be produced based on the information and submitted to CSOM, 2015.

Newly-established Funding Source

SOM2 endorsed the proposal to set up three new sub-funds under ASF with a contribution of USD 6.5 million in 5 years from China as the co-lead of the FotC, of which FTAAP & GVC Sub-Fund secures 3 million USD with a view to providing financial support for the implementation on Strategic Blueprint.