



**Asia-Pacific
Economic Cooperation**

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Agenda Item: 1

2014 Senior Officials' Report to the 26th APEC Ministerial Meeting

Purpose: Consideration
Submitted by: SOM Chair



26th APEC Ministerial Meeting
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2014 SENIOR OFFICIALS' REPORT TO THE 26th APEC MINISTERIAL MEETING

Under the theme of "Shaping the Future through Asia-Pacific Partnership", Senior Officials met four times this year and worked inter-sessionally on various programs to advance APEC's work, building upon existing commitments and introducing new initiatives. Our efforts concentrated on the following priority areas:

- I. Advancing Regional Economic Integration;
- II. Promoting Innovative Development, Economic Reform and Growth; and
- III. Strengthening Comprehensive Connectivity and Infrastructure Development

Given the cross-sectoral nature of our work, we coordinated and collaborated closely among ourselves, and we provided guidance to committees, subfora, working groups, and task forces in charge of different areas of APEC cooperation. We also engaged ABAC, academia and other stakeholders to ensure the inclusiveness and comprehensiveness of APEC work.

Considerable progress has been made and this report highlights the key outcomes for APEC 2014 from APEC Senior Officials, committees, sub-fora, working groups and task forces, including those subsequently endorsed by sectoral ministerial meetings.

Attached is a report summarizing the main outcomes of APEC 2014's work.

Senior Officials recommend that Ministers:

1. Reiterate strong political support for multilateral trading system and emphasize the importance on the implementation of the Bali decisions. Call on WTO members to continue their work in the development of Post-Bali work program with a view to concluding the WTO Doha Round.
2. Reaffirm commitment against protectionism and extend the standstill commitment till end 2018.
3. Welcome the continuing progress towards the Bogor Goals of free and open trade and investment and the *Bogor Goals Progress Report 2014*, and reaffirm commitment to undertake more concrete action towards achieving the Bogor Goals.
4. Endorse the *2014 Committee on Trade and Investment (CTI) Annual Report to Ministers* and the recommendations contained therein.
5. Agree to kick off and advance the process towards the eventual realization of the FTAAP, and welcome the establishment of an APEC Information Sharing Mechanism on RTAs/FTAs and endorse *the Action Plan Framework for the 2nd Capacity Building Needs Initiatives (CBNI)*.
6. Adopt the *Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP*, and further submit it for Leaders' endorsement.
7. Agree to launch a collective strategic study on issues related to the realization of the FTAAP and adopt the outline of this study.
8. Adopt the *APEC Strategic Blueprint for Promoting Global Value Chain Development and Cooperation*, and further submit it for Leaders' endorsement.
9. Endorse the *Strategic Framework on Measurement of APEC Trade in Value-Added (TiVA) under GVC and its Action Plan*.
10. Welcome the progress in implementing the Supply-Chain Connectivity Framework Action Plan (SCFAP), including the updated interim assessment report of SCFAP and completion of the diagnostic reports under systematic approach for improving supply chain performance
11. Welcome the *Comprehensive Capacity Building Plan* to improve supply chain performance, and the establishment of the APEC Alliance for Supply Chain Connectivity (A2C2) to serve as an advisory group for the implementation of the plan.
12. Endorse the *APEC Initiative on Asia-Pacific Model E-port Network (APMEN)* and its terms of reference.
13. Agree to establish the APEC Cooperation Network on Green Supply Chain and endorse the establishment of its first pilot center in Tianjin, China.

14. Endorse *APEC Statement on Promoting the Use of Interoperable Global Data Standards (GDS)* and encourage officials to further advance their work on GDS.
15. Welcome the inaugural meeting of the APEC Public-Private Partnership on Environmental Goods and Services (PPEGS) on renewable and clean energy trade and investment, and endorse the *APEC Statement on Promoting Renewable and Clean Energy (RCE) Trade and Investment*.
16. Endorse the *APEC Customs 3M Strategic Framework* and reaffirm commitment to further simplify and harmonize customs procedures in line with relevant international standards.
17. Welcome the outcome of the 2014 APEC Regulatory Cooperation Advancement Mechanism (ARCAM) Dialogue on Electric Vehicle Standards.
18. Endorse the *APEC Cross Border E-Commerce Innovation and Development Initiative*.
19. Endorse the *APEC Strategic Plan on Capacity Building to Promote Trade and Investment Agenda*.
20. Welcome the outcomes of the Automotive Dialogue, Chemical Dialogue and Life Sciences Innovation Forum (LSIF) and endorse the *Asia-Pacific Region Automotive Industry Sustainable Development Declaration* as well as the jointly developed *APEC Roadmap to Promote Mental Wellness in a Healthy Asia Pacific* by LSIF and Health Working Group.
21. Adopt *APEC Accord on Innovative Development, Economic Reform and Growth*, and further submit it for Leaders' endorsement.
22. Welcome the progress of the APEC New Strategy for Structural Reform (ANSSR) and agree to take more effective steps to advance the APEC Structural Reform agenda in 2015 and beyond, including convening the 2nd APEC Ministerial Meeting on Structural Reform in 2015.
23. Instruct the Economic Committee (EC) to continue its work on the Middle Income Trap (MIT), especially in the context of the 2nd APEC Ministerial Meeting on Structural Reform.
24. Endorse *the 2014 APEC Economic Policy Report (AEPR) on Good Regulatory Practice*, and agree on the selection of Structural Reform and Innovation as the topic for the 2015 AEPR.
25. Endorse *APEC Actions on Public Consultations on Proposed Regulations in the Internet Era*.
26. Agree to hold the Conference on Good Regulatory Practices on an annual basis, to be hosted by the Sub-Committee on Standards and Conformance and Economic Committee in alternating APEC years.
27. Welcome the outcomes of the Multi-Stakeholder Dialogue on APEC Cooperation on the Internet Economy, and endorse the establishment of an Ad Hoc Steering Group to guide the discussion on issues arising from the Internet Economy and the *APEC Initiative of Cooperation to Promote Internet*.
28. Welcome the Xiamen Declaration endorsed at the 4th APEC Ocean-related Ministerial Meeting, acknowledge the APEC Ocean and Fisheries Working Group (OFWG) views on Blue Economy, and endorse the *APEC Ocean Cooperation in the Asia Pacific Region*.
29. Welcome the outcomes of the 11th APEC Energy Ministerial Meeting, including the establishment of the APEC Sustainable Energy Center in China, the promotion of the APEC LNG Trade Facilitation Initiative and the aspirational goal of doubling the share of renewables in the APEC energy mix, including in power generation by 2030.
30. Welcome the outcome of the 5th Meeting of APEC Ministers Responsible for Mining and underscore the important role of sustainable mining development in the Asia-Pacific region.
31. Endorse the initiative on *Toward Innovation-Driven Development* to build a vigorous partnership on science, technology and innovation.
32. Welcome the outcomes of the 21st SME Ministerial Meeting, including *the Nanjing Declaration on Promoting SME Innovative Development*, and endorse the outcomes of the first APEC Business Ethics for SMEs Forum.
33. Welcome the outcome of the 6th APEC Human Resource Development (HRD) Ministerial Meeting including the *HRD Action Plan (2015-2018) on Promoting Quality Employment and Strengthening People-to-People Connectivity through HRD*.

34. Welcome the outcomes of the APEC 2014 Women and the Economy Forum, and support the launch of an Asia-Pacific regional women's entrepreneurship network of networks.
35. Welcome the outcomes of the 3rd Food Security Ministerial Meeting, including the *APEC Action Plan for Reducing Food Loss and Waste*, the *Action Plan to Enhance Connectivity of APEC Food Standards and Safety Assurance*, the *APEC Food Security Business Plan (2014-2020)*, and the *APEC Food Security Roadmap toward 2020 (2014 version)*.
36. Welcome the recommendations from the 8th Disaster Management Senior Officials Forum and the *APEC Guidelines for Appropriate Donations in Times of Disaster*.
37. Endorse *the Beijing Declaration on Fighting Corruption*, *the APEC Principles on the Prevention of Bribery and Enforcement of Anti-bribery Laws*, and *the APEC General Elements of Effective Corporate Compliance Programs*.
38. Endorse *the Healthy Asia Pacific 2020 initiative* and the Statement by the 4th APEC High Level Meeting on Health and the Economy.
39. Endorse the framework of indicators and tasked the PSU with producing the first Women and the Economy Dashboard in 2015.
40. Endorse the *APEC Cooperation Initiative for Jointly Establishing an Asia-Pacific Urbanization Partnership*, and agree to set up a Senior Officials' Meeting (SOM) Friends of the Chair on Urbanization to guide future work in this field.
41. Adopt *the APEC Connectivity Blueprint*, and further submit it for Leaders' endorsement.
42. Welcome the undertaking of the *Report to Implement the APEC Connectivity Blueprint*.
43. Welcome the outcome of the 21st APEC Finance Ministers' Meeting, including *the Implementation Roadmap to Develop Successful Infrastructure PPP Projects in the APEC Region*.
44. Welcome the in-principle consensus to extend the validity of the APEC Business Travel Card (ABTC) to 5 years.
45. Note the target of 800 million international tourists among APEC economies by 2025 agreed by the 8th APEC Tourism Ministers' Meeting.
46. Endorse *the Ways to Strengthen APEC's Synergy and Complementarity with Regional and International Cooperation Fora and Processes, Recommendations to Ministers*.
47. Endorse the *2014 Senior Official's Report on Economic and Technical Cooperation* and the recommendations contained therein.
48. Welcome the identification of revised ECOTECH Medium-term Priorities for 2015 to 2029.
49. Welcome the development of *APEC Capacity Building Guidelines*.
50. Welcome the achievements of the Working Groups and Task Forces and welcome the ongoing improvements that have been achieved through the Program of Independent Assessment of all SCE fora.
51. Welcome 2014 voluntary contributions to the APEC project funding from Australia; Hong Kong, China; Japan; New Zealand; Singapore; Chinese Taipei and United States.
52. Endorse the new *Modus Operandi for Coordinating Voluntary Contributions from Member Economies for APEC Projects* and *Protocol on the Management of APEC Project Funding* to be implemented starting from 2015.
53. Approve the 2015 APEC budget and members' contributions.
54. Note the *2014 Annual Report of the APEC Secretariat*.

INTRODUCTION

APEC 2014 has adopted the theme of “Shaping the Future through Asia-Pacific Partnership” which is underpinned by three priorities, namely advancing regional economic integration (REI); promoting innovative development, economic reform and growth; and strengthening comprehensive connectivity and infrastructure development, with a view to making the region continue functioning as the engine of the world economic growth through deepened cooperation among members.

2014 also marks the 25th anniversary of APEC and the 20th anniversary of the Bogor Goals. On this historic occasion, member economies reviewed past achievements of APEC in enhancing economic growth and prosperity in the region, and set forth strategic visions for future development of APEC in the long term.

The highlights of our work are outlined below:

I. ADVANCING REGIONAL ECONOMIC INTEGRATION

We reviewed CTI Chair’s reports on results of its meetings, including progress in specific 2014 priority areas, and endorsed the 2014 CTI Annual Report to Ministers and its recommendations contained therein.

We exchanged views on how APEC could support the multilateral trading system and contribute to the post-Bali work. We discussed the elements included in the AMM statement and Leaders’ Declaration. We reaffirmed the importance of maintaining momentum from the WTO Bali meeting. We expressed concerns over the current impasse and agreed to send a positive signal to the work in Geneva and voice strong support for the multilateral trading system. Some members expressed their views on the ITA expansion negotiation and EGA negotiation.

We had extensive discussions on proposals to further strengthen REI and Free Trade Area of Asia Pacific (FTAAP), including enhancing information sharing and transparency among regional RTAs/FTAs, strengthening capacity building activities, formulating a roadmap and launching a study on realizing the FTAAP. We endorsed the establishment of the CTI FoTC on REI to oversee and progress the work. We agreed to kick off and advance the process towards the eventual realization of the FTAAP. We adopted *the Beijing Roadmap for APEC’s Contribution to the Realization of the FTAAP* and decided to further submit it for Leaders’ endorsement. We welcomed the progress achieved under *the Action Plan Framework for the Regional Economic Integration (REI) Capacity Building Needs Initiatives* (CBNI), and endorsed the Action Plan of the 2nd CBNI. We agreed to launch a collective strategic study on issues related to the realization of the FTAAP and adopted the outline of this study.

We discussed proposals to promote global value chains (GVCs) development and cooperation, and reviewed the outcomes and recommendations from the Public-Private Dialogue on Building Asia-Pacific Partnership through Global Value Chain Collaboration. We welcomed the establishment of CTI FoTC on GVCs and the completion of the APEC Policy Support Unit (PSU) study on *Comprehensive Analysis on Enhanced Resiliency of Cross-Border Value Chains*. We adopted *the APEC Strategic Blueprint for Promoting Global Value Chains Development and Cooperation* and decided to further submit it for Leaders’ endorsement. We also endorsed *the Strategic Framework on Measurement of APEC TiVA under Global Value Chains* and its action plan.

We discussed the ways to advance other priority trade and investment work, including progress in promoting supply chain connectivity, next generation trade and investment issues, regulatory cooperation initiatives, implementation of APEC EGs list, green supply chain, etc. We endorsed *the APEC Strategic Plan on Capacity Building to Promote Trade and Investment Agenda*, and agreed on a number of proposals to advance other priority trade and investment work, including the *APEC Customs 3M Strategic Framework*, *the Asia-Pacific Model E-Port (APMEN) initiative*, *the establishment of APEC Cooperation Network on Green Supply Chain*, *the APEC Statement on Promoting Renewable and Clean Energy (RCE) Trade and Investment*, and *APEC Statement on Promoting the Use of Interoperable Global Data Standards (GDS)*. We welcome the development of a *Capacity Building Plan to Improve Supply Chain Performance* to provide target capacity building to improve supply chain performance and the establishment of the APEC Alliance for Supply Chain

Connectivity (A2C2) to serve as an advisory group for the implementation of the capacity building plan.

We reviewed the Bogor Goal Progress Report 2014 and Dashboard/IAP Review prepared by PSU based on economies' individual action plans (IAPs), and welcomed the ideas on possible next steps to advance progress in the second-term review in 2016.

II. PROMOTING INNOVATIVE DEVELOPMENT, ECONOMIC REFORM AND GROWTH

We reviewed and endorsed the EC Chair's reports on results of its meeting. We endorsed *the 2014 APEC Economic Policy Report (AEPR) on Good Regulatory Practice* and agreed on the selection of Structural Reform and Innovation as the topic for the 2015 AEPR.

We held in-depth discussions and reached consensus on *APEC Accord on Innovative Development, Economic Reform and Growth*, which is underpinned by its five pillars: Economic Reform, New Economy, Innovative Growth, Inclusive Support, and Urbanization. We decided to further submit it for Leaders' endorsement.

Under the pillar of Economic Reform, we reviewed EC's work on the Middle Income Trap (MIT), Structural Reform work (ANSSR) and regulatory coherence, etc. We agreed on next steps to advance the MIT agenda. We welcomed the progress of ANSSR and agreed to take effective steps to advance the APEC Structural Reform agenda in 2015 and beyond, including convening the 2nd APEC Ministerial Meeting on Structural Reform in 2015. We endorsed *APEC Actions on Public Consultations on Proposed Regulations in the Internet Era*. We agreed to hold the Conference on Good Regulatory Practices on an annual basis, to be hosted by the Sub-Committee on Standards and Conformance and Economic Committee in alternating APEC years.

Under the pillar of New Economy, we exchanged views on Green Economy, Oceans and Blue Economy, Sustainable Energy, Environment, Forestry, Mining and Internet Economy. We welcomed the outcomes of the 4th APEC Ocean-related Ministerial Meeting, the 11th APEC Energy Ministerial Meeting, the 5th Meeting of APEC Ministers Responsible for Mining, the APEC High-Level Roundtable on Green Development, the Multi-Stakeholder Dialogue on APEC Cooperation on Internet Economy. We agreed to establish the APEC Cooperation Network on Green Supply Chain with its first pilot center in Tianjin, China. We endorsed *APEC Ocean Cooperation in the Asia-Pacific Region*. We decided to conduct an assessment on the progress towards APEC 2020 Forest Cover Objective.

Under the pillar of Innovative Growth, we discussed proposals on Science and Technology cooperation, ICT Cooperation, e-Commerce and SMEs. We endorsed the initiative on *Toward Innovation-driven Development* and the *APEC Cross Border E-Commerce Innovation and Development Initiative*. We welcomed the outcomes of the 21st SME Ministerial Meeting and *the Nanjing Declaration on Promoting SME Innovative Development*, and endorsed the outcomes of the first APEC Business Ethics for SMEs Forum.

Under the pillar of Inclusive Support, our discussion focused on topics of Human Resources Development, Agriculture and Food Security, Women, Emergency Preparedness, Anti-corruption and Health. We welcomed the outcomes of the 6th APEC Human Resource Development (HRD) Ministerial Meeting, the APEC 2014 Women and the Economy Forum, the 3rd Food Security Ministerial Meeting, and the 8th Disaster Management Senior Officials Forum. We endorsed the *Beijing Declaration on Fighting Corruption*, *the APEC Principles on the Prevention of Bribery and Enforcement of Anti-bribery Laws*, and *the APEC General Elements of Effective Corporate Compliance Programs*. We endorsed *the Healthy Asia Pacific 2020 initiative* and the Statement by the 4th APEC High Level Meeting on Health and the Economy. We endorsed the framework of indicators for the APEC Women and the Economy Dashboard and tasked the PSU to produce the first dashboard in 2015.

Under the pillar of Urbanization, we tasked PSU to conduct a study on it, and reviewed the outcomes of the study and the Policy Dialogue on Urbanization. We endorsed the *APEC Cooperation Initiative*

for *Jointly Establishing an Asia-Pacific Urbanization Partnership*, and agreed to set up a Senior Officials' Meeting (SOM) FoTC on Urbanization to guide future work in this field.

III. STRENGTHENING COMPREHENSIVE CONNECTIVITY AND INFRASTRUCTURE DEVELOPMENT

Based on the achievements of the Indonesian year, we took steps to implement the *APEC Framework on Connectivity*. We decided to further advance cooperation in promoting hard, soft, and people-to-people connectivity. We set up a SOM FoTC to guide and oversee the work on connectivity. We held a SOM Symposium on Connectivity Blueprint and tasked PSU to carry out an information-gathering exercise on connectivity initiatives of members. We adopted *the APEC Connectivity Blueprint for 2015-2025* and decided to further submit it for Leaders' endorsement. Also, we welcomed the undertaking of *the Report to Implement the APEC Connectivity Blueprint*.

We carried out the *APEC Multi-Year Plan on Infrastructure Development and Investment* as instructed by Leaders and Ministers in 2013, and exchanged views on strengthening investment and financial support to APEC efforts on promoting Hard Connectivity and infrastructure development. We discussed the progress of the APEC Public Private Partnership (PPP) initiative and the expansion of investment and financing channels for Hard Connectivity and infrastructure development in the Asia-Pacific. We welcome the outcome of the 21st APEC Finance Ministers' Meeting, including *the Implementation Roadmap to Develop Successful Infrastructure PPP Projects in the APEC Region*. We are making efforts to help existing PPP centers enhance capacity building and form cooperation networks.

We also worked on promoting Soft Connectivity and People-to-People Connectivity in areas such as cross-border education, institutional and intellectual connectivity, and free movement initiatives including APEC Business Travel Card (ABTC) scheme. We agreed to establish the APEC Higher Education Research Center to enhance joint study, information sharing, student and researchers mobility among APEC universities and institutions. We endorsed the *Work Plan on Promoting Cross-Border Education Cooperation (2014 Update)*. We agreed to launch APEC Scholarships and Internships to facilitate student mobility in the region. We took note of the target of 800 million international tourists among APEC economies by 2025 agreed by the 8th APEC Tourism Ministers' Meeting. We welcomed the in-principle consensus to extend the validity of the ABTC to 5 years.

We talked about APEC's synergy and complementarity with other regional and international organizations and endorsed *the Ways to Strengthen APEC's Synergy and Complementarity with Regional and International Cooperation Fora and Processes, Recommendations to Ministers*.

IV. STRENGTHENING AND REFORMING APEC

We reviewed and endorsed *the 2014 Senior Officials' Report on Economic and Technical Cooperation (ECOTECH)*. We established revised medium-term ECOTECH priorities for 2015-2019 to guide fora to focus on areas of greatest need for developing economies. We established capacity building guidelines to facilitate more robust and organized planning of capacity building activities. We reviewed the progress made by APEC members in bridging digital divide, and noted the 10-year achievement of the APEC Digital Opportunity Center (ADOC) Initiative.

We reviewed and endorsed the BMC Chair's report to highlight BMC's key outcomes achieved for APEC in 2014, in particular the importance of voluntary contributions for APEC project funding to ensure the continuation of APEC's capacity-building work and the pilot of a new system for selecting projects for funding. To address the funding concern, we endorsed a new *Modus Operandi for Coordinating Voluntary Contributions from Member Economies for APEC Projects* and the *Protocol on the Management of APEC Project Funding* for implementation with effect from 1 January 2015. We also endorsed the 2015 APEC budget and members' contributions.

We welcomed efforts by the Executive Director to strengthen the APEC Secretariat through the strategic plan and other reform measures to help improve efficiencies in APEC. We approved *APEC Secretariat's 2014-2016 Strategic Plan* and *the Operational Plan for 2014*. We approved *the APEC*

Communications and Public Affairs Strategic Plan 2014-2016, the APEC Communications and Public Affairs Strategic Plan 2014-2016 and the Remote Participation Governance Guidelines in APEC while taking into account of BMC's views on funding implications. We approved the APEC Meetings Communications Guidelines and the revised Guidelines for Hosting APEC Meetings. We took note of the 2014 Annual Report of APEC Secretariat.