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Advancing Free Trade
for Asia-Pacific **Prosperity**

Monitoring Pandemic Recovery Under the APEC Services Competitiveness Roadmap (ASCR)

APEC Policy Support Unit

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TABLE OF CONTENTS

List of figures	iv
List of tables	iv
List of boxes	iv
Key messages	v
1. Introduction	7
2. State of services trade.....	8
2.1 General	8
2.2 Travel	9
2.3 Transport (including logistics-related services)	10
2.4 Other business services	12
3. Barriers to trade	15
3.1 General	15
3.2 Travel	20
3.3 Transport (including logistics-related services)	23
3.4 Other business services	26
4. Concluding remarks.....	29
Bibliography	31
Appendices	33

LIST OF FIGURES

Figure 2.1 APEC trade in commercial services, 2015–2022 (Trillion USD)	8
Figure 2.2 APEC trade in travel, 2015–2022 (Trillion USD)	10
Figure 2.3 APEC trade in transport, 2015–2022 (Trillion USD)	11
Figure 2.4 APEC trade in other business services (Trillion USD)	13
Figure 3.1 Modes impacted by APEC measures affecting various sectors and services supplied through the movement of natural persons (Percentage of total measures)	17
Figure 3.2 Average APEC Index score, 2019–2022	18
Figure 3.3 Average digital STRI score in APEC vis-à-vis all 85 economies, 2019-2022	19
Figure 3.4 APEC Index scores for transport (including logistics-related services) in 2022	25
Figure 3.5 APEC Index scores for other business services in 2022.....	27

LIST OF TABLES

Table 3.1 Measures affecting trade in services by WTO review period	16
Table 3.2 COVID-19 requirements for entry of non-residents, short-term travelers to APEC economies (as of May 2023)	21
Table 3.3 Summary of sectoral analysis related to transport (including logistics-related services) covered by the APEC Index	25
Table 3.4 Summary of sectoral analysis related to other business services covered by the APEC Index	27

LIST OF BOXES

Box 1. Managing risks, strengthening resilience	12
Box 2. Services trade and gender.....	19
Box 3. Supporting recovery of the tourism sector – Insights from APEC economies.....	22
Box 4. Enhancing cross-border digital provision of services: The role of MRAs	28

KEY MESSAGES

- **APEC commercial services trade in 2022 had recovered from the low of 2020 but was still lower than the projected value had there been no pandemic.**ⁱ Latest statistics from the World Trade Organization (WTO) showed that commercial services trade in the region reached USD 4.9 trillion in 2022, after falling to USD 3.7 trillion in 2020. Although this value is higher than that in 2019, it is still lower than the projected value of USD 5.4 trillion in 2022 had there been no pandemic. This value is also lower than the projected value of USD 6.2 trillion in 2022, which is calculated using the compound annual growth rate (CAGR) set in the APEC Services Competitiveness Roadmap (ASCR) implementation plan.
- **Level of recovery varies by economies and sector of interest.** By individual economies, commercial services trade values in 2022 range between 4.0 percent to 102.2 percent higher than those in 2020. The trade values in 2022 have surpassed that in 2019 for nine economies. In 2022, trade in transport exceeded both the level in 2019 and the projected value for the year if there had been no pandemic, reaching USD 1.2 trillion. However, trade related to travel only reached USD 0.7 trillion in 2022, which is 48.0 percent of the projected value without the pandemic. Meanwhile, trade in other business services reached USD 1.1 trillion in 2021, which is slightly above the projected value without the pandemic.
- **Policies are among the factors affecting services trade.** The significant fall in trade values between 2019 and 2020 and the subsequent recovery were arguably driven, in part, by changes in services trade policies, including temporary measures introduced by governments in response to COVID-19. Of all policies reflected in the WTO Secretariat's compilation of COVID-19-related policies affecting services, close to one-third were introduced by APEC economies. APEC economies also collectively implemented close to two-fifths of all listed measures affecting services trade, according to an analysis of a separate WTO compilation over three review periods (i.e., annually from mid-October 2019 to mid-October 2022). The average APEC Indexⁱⁱ score for the region showed increased restrictions from 2019 to 2021, before easing in 2022.
- **Latest data showed that APEC economies have started to roll back temporary measures put in place due to COVID-19.** Analysis of the APEC Index for 10 sub-sectors under transport (including logistics-related services) and four sub-sectors under other business services showed that several APEC economies have brought back normality to their visa application process between 2021 and 2022. These include resuming the issuance of multiple entry visas and bringing the visa processing time and cost back to pre-pandemic levels. Many APEC economies have also removed COVID-

ⁱ The projected values are calculated based on a compound annual growth rate (CAGR) from 2015 to 2019. The difference in the projected and observed values between 2020 and 2022 is assumed to be contributed only by the COVID-19 pandemic. However, there are non-pandemic factors which could have contributed to this difference as well such as those that were not present/have a minimal impact prior to 2020 (i.e., from 2015 to 2019) and therefore have not been controlled when determining the projected values.

ⁱⁱ This is the first time that the APEC Index has been used in a report by the PSU in an analysis of the broader APEC region. We acknowledge, however, that the APEC Index does not currently cover all economies, although it covers the vast majority of services trade. The APEC Index analysed in this report include visa measures implemented by economies that may affect non-APEC Business Travel Card (ABTC) holders.

19 border restrictions and vaccination requirements, including the submission of COVID-19 tests and additional documentation in advance of arrival and the need to have COVID-19 medical/travel insurance. Economies have also resumed the use of the APEC Business Travel Card (ABTC), if it was suspended during the pandemic. Where the introduction of these and/or new requirements are needed in the future, as circumstances permit, economies should consider ways to balance their ability to control the pandemic and the impacts of such requirements on cross-border travel as well as the broader economy, and to facilitate timely dissemination of such requirements so that they are accurate and updated.

- **At the same time, APEC economies have introduced trade restrictions that are not related to COVID-19.** In 13 sub-sectors (i.e., nine sub-sectors under transport and four sub-sectors under other business services), economies introduced more non-COVID-19 trade restrictions than non-COVID-19 trade liberalization measures between 2021 and 2022. The logistics storage and warehousing sub-sector was the only exception. Depending on the sub-sector, these restrictions affect foreign entry, movement of people, competition and/or lead to other discriminatory measures. While some of these restrictions may have been enacted for legitimate policy objectives, economies may wish to look into how these objectives could be achieved without having an unintended impact on trade, considering the interlinkages among policy measures.
- **Collectively, the interplay between trade liberalisations and restrictions means that the average 2022 APEC Index score for each of the 14 sub-sectors (i.e., 10 under transport and four under other business services) could be grouped into three categories based on their degree of restrictiveness.** For transport, four sub-sectors (logistics cargo-handling, logistics storage and warehouse, logistics freight forwarding, and distribution) are in the green category (i.e., less restrictive than the pre-pandemic 2019 score); three sub-sectors (air transport, maritime transport, and courier) are in the red category (i.e., more restrictive than the average of 2020 and 2021 APEC Index scores); while the remaining three sub-sectors (road freight transport, rail freight transport, and logistics customs brokerage) are in the orange category (i.e., less restrictive than the average of 2020 and 2021 APEC Index scores but more restrictive than the pre-pandemic 2019 score). For other business services, three sub-sectors (accounting, engineering, and legal) are in the orange category, while architecture was in the green category. Economies should strengthen efforts to bring the level of restrictions back to the pre-pandemic 2019 level and look at overcoming restrictions beyond that, with particular focus on sectors in the red category.
- **Even as APEC economies continue with efforts to overcome restrictions affecting services trade, they need to redouble their work to improve the quality of services data and statistics.** The analyses in the report allow economies to not only discuss possible next steps to enhance services trade but also to serve as a reminder that services data and statistics are far from perfect. Disaggregated services data continue to be elusive in many APEC economies. Despite progress made over the years, the APEC Index has yet to cover all APEC economies. It could also be expanded to cover more sub-sectors, including those within other business services.

1. INTRODUCTION

Services is an important sector in many economies. Besides being an economically significant sector in its own right, services ensure the proper functioning of global value chains (GVCs) as well as other sectors in the economy. Services make up more than half of GDP and total employment in many APEC economies (Wirjo et al., 2022).

When the COVID-19 pandemic struck in 2020, and as economies scrambled to contain the virus, services trade was impacted more negatively than merchandise trade — services trade plummeted by 22.3 percent year-on-year (Wirjo et al., 2022), while merchandise trade declined by 5.4 percent year-on-year.³ The negative impact of the pandemic on services was more severe for sectors with high levels of in-person contact (e.g., travel and professional services). Analysis of quarterly trade data — from APEC economies that reported to the World Trade Organization (WTO) — showed that, at one point, all economies experienced a decline in exports vis-à-vis the pre-COVID-19 period for the travel sector. In addition, around 90 percent and 71 percent of economies posted export declines for transport (including logistics-related services) and other business services, respectively (Wirjo and Carranceja, 2021).

As people and businesses adapted to the unprecedented situation, new models of services delivery were introduced (e.g., digitalizing services delivery). For example, it became common to provide professional services digitally via Zoom, Webex, and similar platforms. The same can be said for provision of education and health services (e.g., telehealth). Several travel firms also started to offer online tours. At the same time, it should be noted that despite attempts to digitalize services delivery as much as possible, certain services are still best delivered in-person. As an illustration, traveling overseas and experiencing the culture of destinations in person is still the preferred mode of tourism.

Three years on, as APEC economies emerge from the pandemic and reconnect, it would be beneficial to take stock of where services trade stands and identify the barriers to increased trade in the region. In August 2022, the Group on Services (GOS) and Senior Officials endorsed the “Decision on Monitoring Pandemic Recovery Under the APEC Services Competitiveness Roadmap (ASCR)” with the objective of monitoring the recovery in the travel, transport (including logistics-related services)⁴ and other business services sectors.⁵ This report has been prepared by the APEC Policy Support Unit (PSU) to support this objective.

³ APEC Policy Support Unit (PSU) calculations based on total merchandise trade data downloaded from StatsAPEC (<https://statistics.apec.org/>), accessed 14 April 2023.

⁴ The APEC definition of logistics-related services was endorsed by APEC Ministers Responsible for Trade in 2022. The services included, inter-alia: customs brokerage services; cargo handling; storage and warehousing; freight forwarding; courier services; distribution services; and air-, maritime-, rail-, and road transport services (see: <https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/trade/apec-ministers-responsible-for-trade-statement-of-chair>).

⁵ The three sectors of travel, transport and other business services are based on the Extended Balance of Payments Services Classification 2010 (EBOPS 2010) classification, which provides a breakdown of the Balance of Payments Trade in Services item (debit and credit) as defined in the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6), by types of services. For more details, see <https://unstats.un.org/unsd/classifications/Family/Detail/101>.

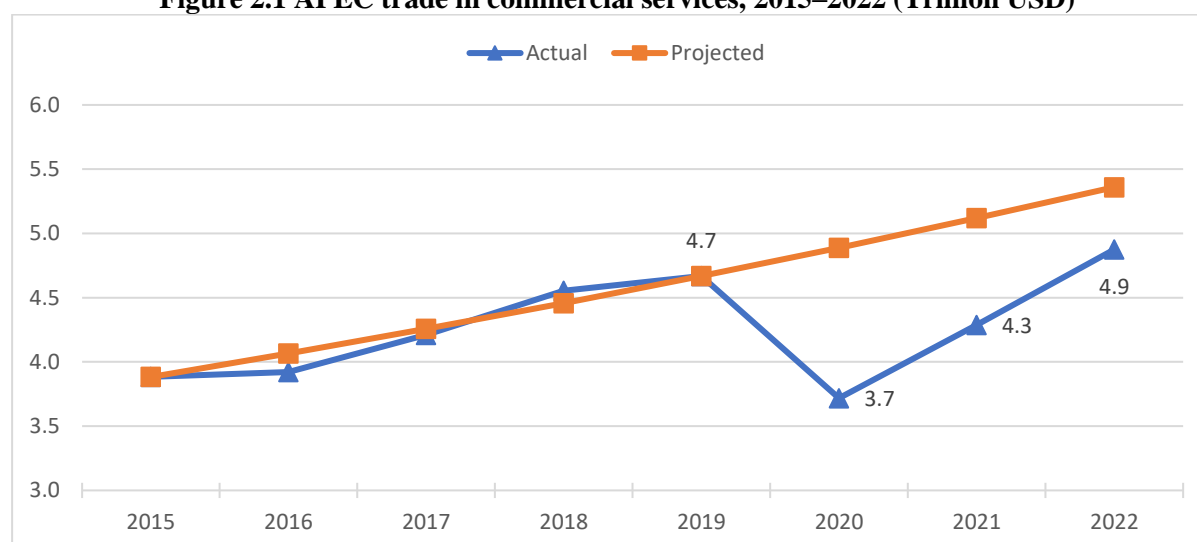
2. STATE OF SERVICES TRADE⁶

2.1 GENERAL

Since falling from USD 4.7 trillion in 2019 to a low of USD 3.7 trillion in 2020, commercial services trade in the APEC region had collectively recovered to USD 4.9 trillion in 2022 (Figure 2.1). While this value is higher than that in 2019, it is still lower than the projected value of USD 5.4 trillion in 2022 had there been no pandemic.⁷ It was lower than the projected value of USD 6.2 trillion in 2022, which is calculated using the compound annual growth rate (CAGR) set in the ASCR implementation plan (i.e., 6.8 percent). Recovery in commercial services trade varies by individual economies — with trade values in 2022 ranging from 4.0 percent to 102.2 percent higher than those in 2020. The trade values for services in 2022 for nine economies (Canada; Chile; China; Korea; Mexico; Peru; Singapore; United States; and Viet Nam) have surpassed that in 2019.

Disaggregating trade data into exports and imports showed similar observations although the range of recovery is wider for exports relative to imports — with the exception of New Zealand, where the export value in 2022 is lower than that in 2020. Export values in 2022 are between 2.1 percent and 116.3 percent higher than those in 2020, depending on the individual economy, while import values in 2022 are between 5.6 percent and 97.8 percent higher than that in 2020. Export values in 2022 surpassed that in 2019 for eight economies (Canada; Chile; China; Korea; Mexico; Singapore; Chinese Taipei; and United States), while import values in 2022 surpassed that in 2019 for 11 economies (Canada; Chile; Indonesia; Korea; Mexico; New Zealand; Peru; Singapore; Thailand; United States; and Viet Nam).

Figure 2.1 APEC trade in commercial services, 2015–2022 (Trillion USD)



Note: APEC aggregate includes data from 19 economies (AUS; CDA; CHL; PRC; HKC; INA; JPN; ROK; MAS; MEX; NZ; PE; PHL; RUS; SGP; CT; THA; USA; and VN)

Source: APEC Policy Support Unit (PSU) calculations based on data from the WTO.

⁶ The projected values used in this section are calculated based on compound annual growth rates (CAGRs) from 2015 to 2019. The difference in the projected and observed values between 2020 and 2022 is assumed to be contributed only by the COVID-19 pandemic. However, there are non-pandemic factors which could have contributed to this difference as well, such as those that were not present/have minimal impact prior to 2020 (i.e., from 2015 to 2019) and therefore have not been controlled when determining the projected values.

⁷ The projected values are calculated based on a CAGR (2015-2019) of 4.71 percent.

The WTO data is based on services trade recorded in the Balance of Payments, which includes a mix of the WTO General Agreement on Trade in Services (GATS) modes 1, 2, and 4.⁸ One way of looking at mode 3 trade is to use greenfield Foreign Direct Investment (FDI) data as a proxy since investment and trade tend to be correlated, although one must do this at an aggregated level since greenfield FDI data by sector at the level of individual economies are not available publicly. Data from the United Nations Conference on Trade and Development (UNCTAD) indicated that after falling by 36.5 percent between 2019 and 2020, greenfield FDI into the APEC region has increased by 31.0 percent between 2020 and 2021. In contrast, greenfield FDI into the rest of the world declined by 28.8 percent between 2019 and 2020 and increased by 4.1 percent between 2020 and 2021 (UNCTAD, 2022). At the global level, greenfield FDI into the services sector increased by 8.2 percent between 2020 and 2021 after falling by 23.4 percent between 2019 and 2020. In contrast, greenfield FDI into the primary and manufacturing sectors have increased by 14.6 percent and 23.4 percent, respectively, between 2020 and 2021.

2.2 TRAVEL

The travel sector is different from other services sectors in the Extended Balance of Payments Services (EBOPS 2010) Classification as it is not a specific product. It is instead defined as goods and services acquired by non-residents during visits to an economy for personal use or to be given away.⁹ Between 2015 and 2019, travel made up, on average, 28.9 percent of total commercial services trade in the APEC region.¹⁰ The share fell to 12.3 percent and 9.5 percent in 2020 and 2021, respectively, before recovering to 14.0 percent in 2022.

In terms of value, trade related to the travel sector in the APEC region fell significantly by 64.5 percent from USD 1.3 trillion in 2019 to USD 0.5 trillion in 2020 (Figure 2.2). It dropped further to USD 0.4 trillion in 2021 before recovering to USD 0.7 trillion in 2022. Despite this recovery, the actual value in 2022 is only 48 percent of the projected value had there been no pandemic.¹¹ Trade values in 2022 are between 0.4 percent and 423.0 percent higher than those in 2020, except for three economies where 2022 values are lower than that in 2020.

Analysis of exports and imports data showed similar observations. Although there has been recovery, actual exports and imports data in 2022 stood at only 45.6 percent and 50.1 percent, respectively, of the projected values in the absence of a pandemic. For individual economies that have shown shots of recovery, export values in 2022 are 10.2 percent to 484.5 percent higher than in 2020, while import values in 2022 are between 2.0 percent and 375.9 percent higher than those in 2020.

A complementary approach to looking at the state of the travel sector is to analyze the number of international tourist arrivals and tourism receipts. Data showed that the number of international tourist arrivals to APEC economies fell by approximately 81.1 percent between 2019 and 2020, while that for the rest of the world fell by about 68.2 percent. Although the rest of the world experienced an increase of 18.3 percent in tourist arrivals between 2020 and 2021,

⁸ The WTO GATS distinguishes between four modes of supplying services: cross border trade (mode 1), consumption abroad (mode 2), commercial presence (mode 3), and presence of natural persons (mode 4). For details, see: https://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm

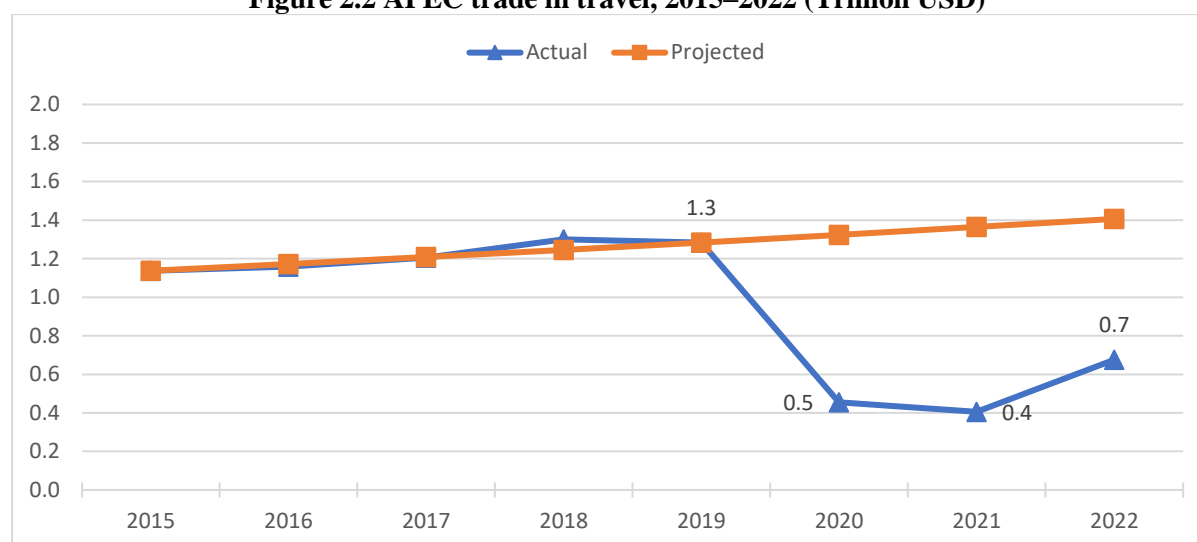
⁹ For more details, see page 51 of the Manual on Statistics of International Trade in Services 2010 https://unstats.un.org/unsd/publication/seriesm/seriesm_86rev1e.pdf

¹⁰ APEC PSU calculations based on data from the WTO.

¹¹ The projected values are calculated based on a CAGR (2015-2019) of 3.08 percent.

the APEC region registered a further decline of 16.4 percent, which could be attributed to COVID-19 related border measures, both in origin and destination economies as many APEC economies took longer to reopen. Many economies do not yet have data for 2022, but for the few that do, tourist arrivals increased between 2021 and 2022 – some by up to 18 times due to the low base.¹² Additionally, information gleaned from news articles appeared to indicate that travel has increased significantly since the low of 2020 and 2021, in particular as economies removed their COVID-19 border measures (Raguraman, 2023; Sriring and Staporncharnchai, 2023; Xinhua News, 2023).

Figure 2.2 APEC trade in travel, 2015–2022 (Trillion USD)



Note: APEC aggregate includes data from 18 economies (AUS; CDA; CHL; PRC; HKC; INA; JPN; ROK; MAS; MEX; NZ; PE; PHL; RUS; SGP; CT; THA; and USA)

Source: APEC PSU calculations based on data from the WTO.

With regards to international tourism receipts, the APEC region experienced a fall of 67.5 percent, while the rest of the world experienced a decline of 59.3 percent in 2020 relative to 2019. In 2021, the APEC region showed a further decline of 15.5 percent relative to 2020, while the rest of the world registered an increase of 29.7 percent.

2.3 TRANSPORT (INCLUDING LOGISTICS-RELATED SERVICES)

Transport in EBOPS 2010 covers the process of carrying people and objects between locations and related supporting and auxiliary services. It encompasses different modes of transport such as air, sea (maritime), rail and road transport services, as well as other supporting and auxiliary services such as cargo handling, storage and warehousing, freight forwarding, and brokerage services. It also includes postal and courier services.¹³ It excludes distribution services as these are usually included in the value of trade in merchandise/goods and hence are not separately identified in the balance of payments framework.¹⁴ Between 2015 and 2019, transport made up,

¹² APEC PSU calculations based on data from the United Nations World Tourism Organization (UNWTO), Tourism Data Dashboard (<https://www.unwto.org/tourism-data/global-and-regional-tourism-performance>).

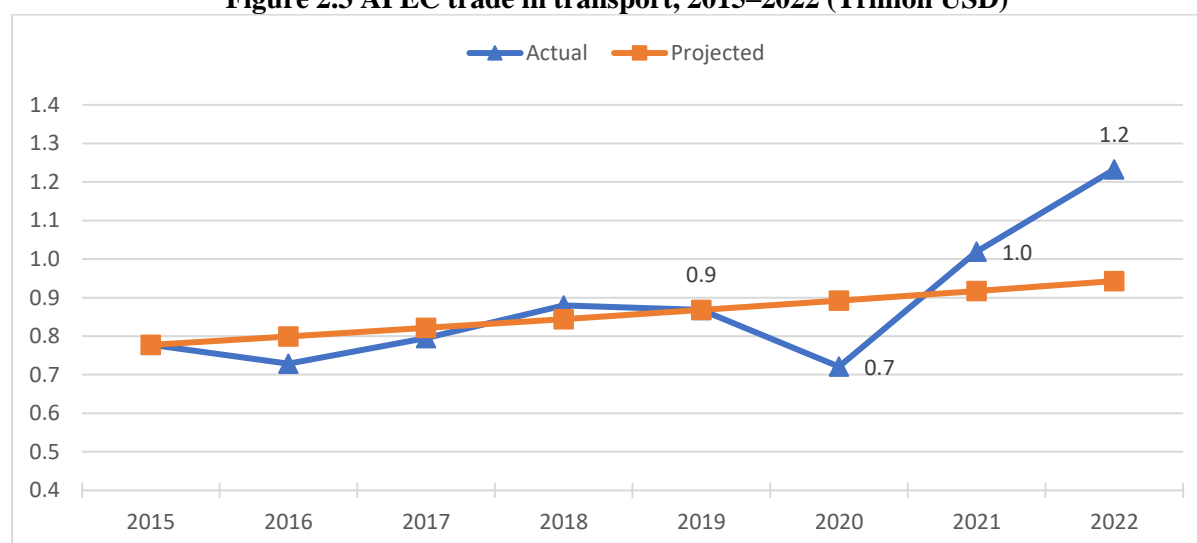
¹³ For more details, see page 45 of the Manual on Statistics of International Trade in Services 2010 (https://unstats.un.org/unsd/publication/seriesm/seriesm_86rev1e.pdf).

¹⁴ It may be included to a certain extent under *total trade-related transactions*, which encompasses all transactions relating to the distribution services of goods and services (e.g., commissions on goods and services transactions payable to merchants, commodity brokers and dealers). See page 82 of the Manual on Statistics of International Trade in Services 2010 (https://unstats.un.org/unsd/publication/seriesm/seriesm_86rev1e.pdf).

on average, 19.2 percent of total commercial services trade in the APEC region.¹⁵ The share rose slightly to 19.5 percent in 2020 and had been steadily rising to 25.5 percent in 2022, likely due to a combination of other services being more negatively impacted by the pandemic and the transport sector having recovered.

Trade in transport for the APEC region fell from USD 0.9 trillion in 2019 to USD 0.7 trillion in 2020 but has since recovered to USD 1.2 trillion in 2022, which surpassed the level in 2019 as well as the projected value of USD 0.9 trillion had there been no pandemic (Figure 2.3).¹⁶ One avenue for the recovery has been the adoption of digital tools to improve access and provision of transport and logistics-related services. Box 1 showcases how such tools could be applied in different settings to manage risks and strengthen trade resiliency.

Figure 2.3 APEC trade in transport, 2015–2022 (Trillion USD)



Note: APEC aggregate includes data from 18 economies (AUS; CDA; CHL; PRC; HKC; INA; JPN; ROK; MAS; MEX; NZ; PE; PHL; RUS; SGP; CT; THA; and USA)

Source: APEC PSU calculations based on data from the WTO.

The recovery has also been driven by an increase in prices. Data from Freightos, for instance, showed that shipping rates have been increasing since the pandemic started, reaching its peak in September 2021, which is about eight times higher than the rate in January 2020.¹⁷ Despite a gradual downward adjustment since the peak, the index remained elevated until April 2023 when prices went back to pre-pandemic levels. The cost of air travel has also remained elevated, with ticket prices being more expensive than pre-pandemic days amid supply issues, pent-up demand and other factors (Barrett and Visontay, 2023; Sampson, 2023).

Individual economies have followed the overall recovery of the region albeit at different rates — they registered growth rates ranging from 6.5 percent to 162.6 percent between 2020 and 2022. Moreover, trade values in 2022 for 17 economies surpassed the levels in 2019.

Disaggregating trade data into exports and imports pointed to similar observations, that is, exports and imports in transport in 2022 for all economies where data are available have recovered from the low of 2020 and, in many cases, have surpassed the levels in 2019.

¹⁵ APEC PSU calculations based on data from the WTO.

¹⁶ The projected values are calculated based on a CAGR (2015-2019) of 2.80 percent.

¹⁷ APEC PSU calculations using data from Freightos (<https://fbx.freightos.com/>).

Box 1. Managing risks, strengthening resilience

GVCs have defined present-day trade networks, but their fragmented nature has also presented challenges. Restrictions put in place by economies to minimize the spread of COVID-19, for example, affected business operations, including ports. These challenges have brought forth questions of how GVCs could be strengthened and made more resilient rather than dismantled. After all, the COVID-19 pandemic also highlighted the value of GVCs in facilitating the production and distribution of essential goods such as vaccines and masks. The importance of this point is further underscored by the high possibility of longer, more frequent disruptions in the form of extreme weather events and pandemics, among others. According to one study, the world could expect to have disruptions lasting a month or longer every 3.7 years.

One way of improving trade resiliency is through digital trade facilitation (DTF), which is the application of digital tools to facilitate trade. DTF improves operational resiliency through ensuring that various disruptions affecting port operations would have less impact. By avoiding the need for paper documents and allowing for easy replication and reproduction of documents (if necessary), DTF provides resilience against adverse events such as floods, typhoons, and fire. In the context of the COVID-19 pandemic where widespread infections could lead to staffing shortages, tools such as AI-guided cranes and sensors could be employed to automate repetitive tasks.

DTF strengthens cross-border connections, which in the context of globalized trade networks, provide true resiliency. It could be employed to consolidate customs-related documents (and information) and improve transparency, as well as seamlessly connect authorities and traders in different economies. Platforms that utilize interoperable blockchain technology, for example, allow traders to submit documents online and have them remotely processed by customs officials, reducing clearance times to just 15 minutes in one case. Common anchor points such as single windows could be expanded to the point that they are regionally connected, such as the ASEAN Single Window.

DTF also contributes to enhanced data ecosystems. Besides ensuring the day-to-day resilience of trade operations, it is important for economies to look at resilience from a broader perspective. Some economies have indeed developed strategies, action plans and the like to enhance their resilience in sectors deemed as key, including agri-food, clean energy, and AI. Access to a range of data and tools are critical to formulate credible and well-informed strategies. DTF could also be a 'cog in the wheel' of data ecosystems, the importance of data privacy and security notwithstanding.

Several factors have to come together for the successful implementation of DTF. Economies would need to have the infrastructure to support the adoption of digital solutions, the relevant skills to operate and utilize digital tools, and a supportive policy environment. In addition, the interconnectedness of GVCs makes international cooperation and coordination essential for DTF to be effective.

Source: Adapted from Wirjo and Calizo (2022).

2.4 OTHER BUSINESS SERVICES

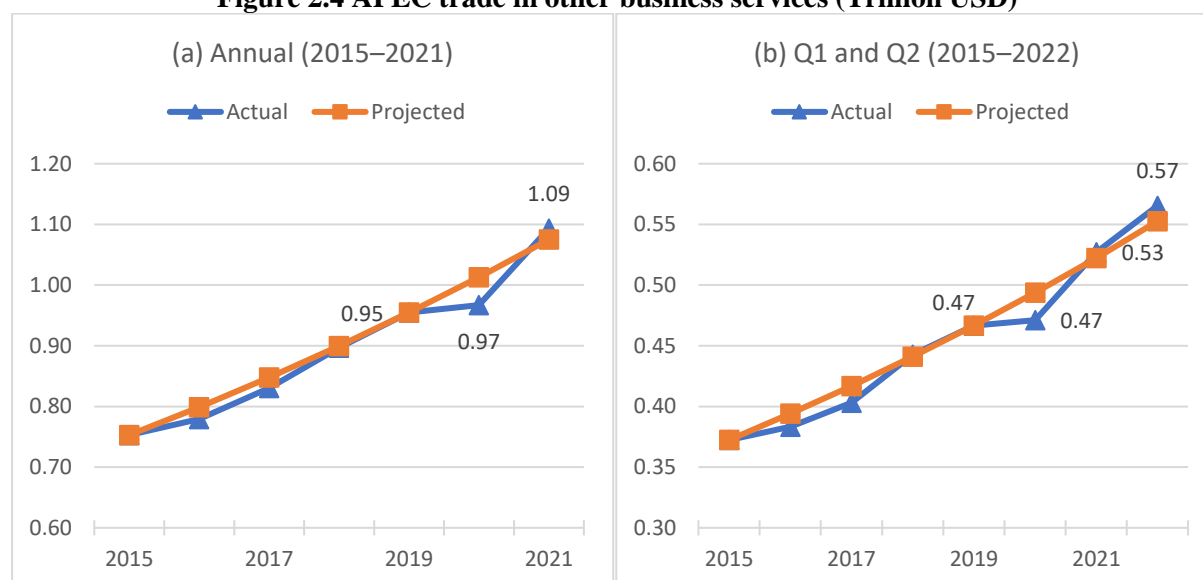
Other business services in EBOPS 2010 include components such as research and development services, professional and management consulting services, and technical, trade-related and other business services.¹⁸ Between 2015 and 2019, other business services made up, on average,

¹⁸ Research and development services comprise of services related to basic research, applied research and experimental development of new products and processes and include activities in the physical sciences, social sciences and humanities. Professional and management consulting services comprise of legal, accounting, management accounting, and public relations services and advertising, market research and public opinion polling. Technical, trade-related and other business services comprise of components such as architectural, engineering, scientific and other technical services; waste treatment and de-pollution, agricultural and mining services; operating leasing services; trade-related services; and other business services n.i.e.

20.0 percent of total commercial services trade in the APEC region.¹⁹ The share rose to 26.2 percent and 25.6 percent in 2020 and 2021, respectively, likely due to a combination of other services being more negatively impacted by the pandemic and other business services being more amenable to be provided in other modes less impacted by the pandemic-related measures (e.g., mode 4 to mode 1). Indeed, in a report on digital services by the ADB (2022) and whose methodology was built on a framework developed by the Organisation for Economic Co-operation and Development (OECD), WTO and the International Monetary Fund (IMF), other business services is considered a digitally deliverable service (DDS).

Trade in other business services for the APEC region stood at USD 0.97 trillion in 2020, which is a small increase from 2019's USD 0.95 trillion (Figure 2.4). This contrasts with trade in transport and travel where a significant drop was observed over the same period. It then accelerated to USD 1.09 trillion in 2021, which is higher than the projected value had there been no pandemic.²⁰ Although full year data for 2022 is not available yet for many economies, analysis of data from the first two quarters of 2022 indicated that trade values in 2022 would likely be higher than the projected value in the absence of the pandemic.

Figure 2.4 APEC trade in other business services (Trillion USD)



Note: APEC aggregate includes data from 19 economies (AUS; CDA; CHL; PRC; HKC; INA; JPN; ROK; MAS; MEX; NZ; PNG; PE; PHL; RUS; SGP; CT; THA; and USA)

Source: APEC PSU calculations based on data from the WTO.

While the APEC region did not register a fall in trade value between 2019 and 2020, data showed several individual economies experiencing a decline of between 0.03 percent and 26.73 percent, reflecting that the types of other business services and the ability of providers to switch to different modes of services supply vary across economies. Similarly, the region reported a positive growth in trade value between 2020 and 2021, but two economies registered a fall in trade value during the period. The same trend is also observed when comparing the first two quarters of 2022 with the same period in 2021: overall trade values increased across the region but declined in four economies.

For more details, see page 71 of the Manual on Statistics of International Trade in Services 2010 (https://unstats.un.org/unsd/publication/seriesm/seriesm_86rev1e.pdf).

¹⁹ APEC PSU calculations based on data from the WTO.

²⁰ The projected values are calculated based on a CAGR (2015-2019) of 6.11 percent.

Disaggregating trade data into exports and imports showed that imports in other business services fell slightly between 2019 and 2020. Individual economies were impacted differently in terms of their exports or imports of other business services, and in their subsequent recovery. As an illustration, despite the region's overall export growth between 2019 and 2020, data for individual economies indicated several economies registering a fall of between 0.8 percent and 48.2 percent. Additionally, even though the APEC region showed a positive growth in its export value in the first two quarters of 2022 compared with the same period in 2021, four economies showed the opposite.

3. BARRIERS TO TRADE

Many factors could affect services trade, including in sectors discussed above (i.e., transport, travel and other business services). One critical factor is government policies, which affect various services sectors differently. The degree of impact also depends on factors such as the extent to which the specific services can be provided in other modes and how consumers prefer to access the service. The significant fall in trade values between 2019 and 2020 and the subsequent recovery are arguably driven, in part, by changes in services trade policies, including temporary measures introduced by governments in response to COVID-19. This section discusses these policy measures, albeit non-exhaustively, and has drawn primarily from the following sources, namely: (1) the WTO Secretariat's compilation on COVID-19 measures affecting trade in services (henceforth, WTO Secretariat's compilation on COVID-19 measures);²¹ (2) the WTO Secretariat's compilation on measures affecting trade in services collected as part of the annual report from the WTO Director-General to the Trade Policy Review Body (henceforth, WTO Secretariat's compilation for the Trade Policy Review Body);²² and (3) the APEC Index.²³ Economy sources have also been referred to for COVID-19 border measures.

3.1 GENERAL

Analysis of the WTO Secretariat's compilation on COVID-19 measures

To provide transparency, the WTO Secretariat has endeavored to compile measures taken by economies in the context of the COVID-19 pandemic that could affect trade in services. Although the information is not exhaustive and the WTO has made it clear that it has not sought to determine whether the listed measures are trade-restrictive or trade-facilitating, analyzing and examining these measures could give a sense of the type of measures put in place by economies.

The compilation, which was last updated on 16 February 2023, showed that since the start of the COVID-19 pandemic, 15 APEC economies had collectively introduced a total of 48 measures in response to the pandemic, which is approximately close to one third of the 146 listed measures. Eleven measures affected all or various sectors, including those related to temporary entry and stay of natural persons, and to the internet and other network-enabled services (which are listed in 'measures affecting various sectors' in the WTO Secretariat's compilation for the Trade Policy Review Body).²⁴ Of these 11 measures, only one that relates to investment screening has been withdrawn.

Many of these measures can generally fall into two categories: (1) those related to investments (mode 3); and (2) those related to movement of people (mode 4). On the former, several economies made changes to their investment policies that would subject inward foreign investments to more scrutiny with the objective of better safeguarding their domestic interests. These changes include lowering the monetary threshold for investments to be screened,

²¹ For more on COVID-19 measures affecting trade in services, see:

https://www.wto.org/english/tratop_e/covid19_e/trade_related_services_measure_e.htm

²² For more on WTO Trade Policy Reviews, see: https://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm.

²³ For more on the APEC Index, see: <https://apecservicesindex.org/>.

²⁴ This is likely because with digitalization, measures affecting the internet and other network-enabled services could have implications beyond the sector itself.

requiring notification of investments even if they are below the threshold, and paying more attention to investments of any value (whether controlling or non-controlling). One economy had issued a circular that requires government departments to strengthen and provide necessary services to foreign firms and to attract investment while controlling the pandemic. On the latter, noting that pre-pandemic obligations pertaining to visas could be challenging to meet, several economies had introduced measures such as allowing temporary work visa holders employed in critical sectors to remain and continue working until they could return to their economies, launching an e-visa option to streamline the visa application process and do away with the need to queue at the border to obtain a visa, and allowing employers to apply for work visas to be processed even when the employees were not in the economy yet. However, there were also economies that suspended the entry of foreign workers under certain visa categories. The two measures related to the internet and other network-enabled services are aimed at taxing foreign suppliers/platforms that satisfy the significant economic presence criteria.

Analysis of the WTO Secretariat’s compilation for the Trade Policy Review Body

Besides the above (which is specific to COVID-19-related measures), the WTO has also continued to compile measures affecting trade in services, a significant element/feature of the WTO Director General’s Annual Report to the Trade Policy Review Body. Analyzing the three review periods/reports that overlap (more or less) with the time that the world was gripped by the COVID-19 pandemic showed that 19 APEC economies collectively implemented a total of 194 measures, representing close to two-fifths of all the measures captured by the WTO (Table 3.1). By review period, it could be observed that ‘mid-October 2020 to mid-October 2021’ is the period where APEC economies collectively implemented the highest number and share of measures. Ninety-two out of the 194 measures (47.4 percent) are categorized under ‘measures affecting various sectors’ and ‘services supplied through the movement of natural persons’.

Table 3.1 Measures affecting trade in services by WTO review period

Review period	Number of total measures by APEC economies	Number of measures affecting various sectors and services supplied through the movement of natural persons by APEC economies
Mid-October 2019 to Mid-October 2020	62 out of 143 (43.4 percent)	28 out of 62 (45.2 percent)
Mid-October 2020 to Mid-October 2021	84 out of 178 (47.2 percent)	42 out of 84 (50.0 percent)
Mid-October 2021 to Mid-October 2022	48 out of 174 (27.6 percent)	22 out of 48 (45.8 percent)
Total	194 out of 495 (39.2 percent)	92 out of 194 (47.4 percent)

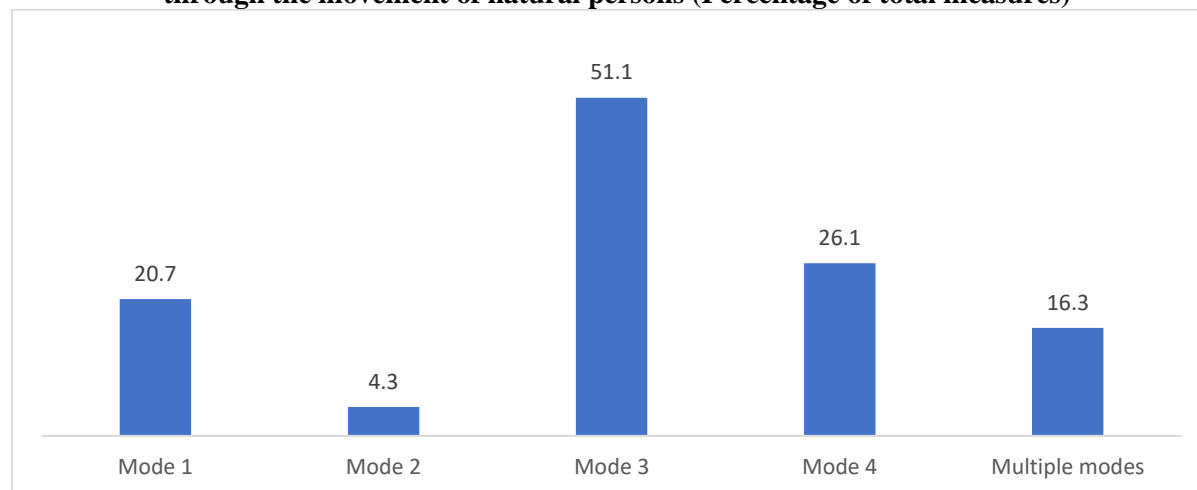
Source: APEC PSU based on the WTO Secretariat’s compilation for the Trade Policy Review Body.

Most of these measures impact mode 3 (i.e., affect investment or establishment of commercial presence) and/or mode 4 (i.e., affect movement or presence of natural persons), although some could impact modes 1 and 2 (Figure 3.1). This is consistent with the COVID-19-related measures discussed above. Examples of measures that impact mode 3 are: introduction of negative list for foreign investment that opens up additional sectors; liberalization of foreign ownership limits in several services sector; streamlining the processing of investment in less sensitive sectors; simplifying the business registration process; requiring foreign investors to seek prior notification from government before obtaining certain stake in a listed firm; and reducing the number of sectors recognized for public-private partnership (PPP).

Examples of measures that impact mode 4 are: introducing a new work pass for qualified foreign workers in technology roles; easing of limits on activities of foreign lawyers; enabling foreign high-level management and technical personnel to apply for a visa or residence permit

valid for up to five years; mandating a 30-business day processing time for certain immigration applications; requiring job advertisement for certain categories of work permits to be placed in a portal catering to local applicants; publishing notifications on prohibited works by foreigners; and requiring longer experience requirements for some foreign workers.

Figure 3.1 Modes impacted by APEC measures affecting various sectors and services supplied through the movement of natural persons (Percentage of total measures)



Note: The GATS distinguishes between four modes of supplying services: cross-border trade (mode 1); consumption abroad (mode 2); commercial presence (mode 3); and presence of natural persons (mode 4). For details, see: https://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm. Sum do not add up to 100 percent as a single measure may affect more than one mode. Multiple modes refer to measures that affect more than one mode, but did not indicate which modes specifically

Source: APEC PSU calculations based on the WTO Secretariat's compilation for the Trade Policy Review Body.

Another aspect worth looking at concerning mobility is measures taken at the border to minimize the spread of COVID-19. Despite the possibility of certain services being accessed and provided virtually, one should not underestimate the role of face-to-face interactions in providing better services (e.g., training, consultancy), in inter-firm collaborations, in building rapport with potential clients (e.g., attending trade fairs), and in securing more businesses. Arguably, the virtual provision of services can be more accepted when rapport/trust has been built over time between providers and clients (Boehm et al., 2022). More details about the border measures and their implications on the travel sector are elaborated in Section 3.2.

Economies have also put in place measures related to the internet and other network-enabled services that could affect the provision of services beyond these sectors. Examples of these measures include: subjecting digital services supplied by foreign entities to taxes; putting in place a comprehensive law on personal information; requiring the approval of the competent authority to undertake cross-border data transfer; and increasing the supervision of online transactions.

Analysis of the APEC Index²⁵

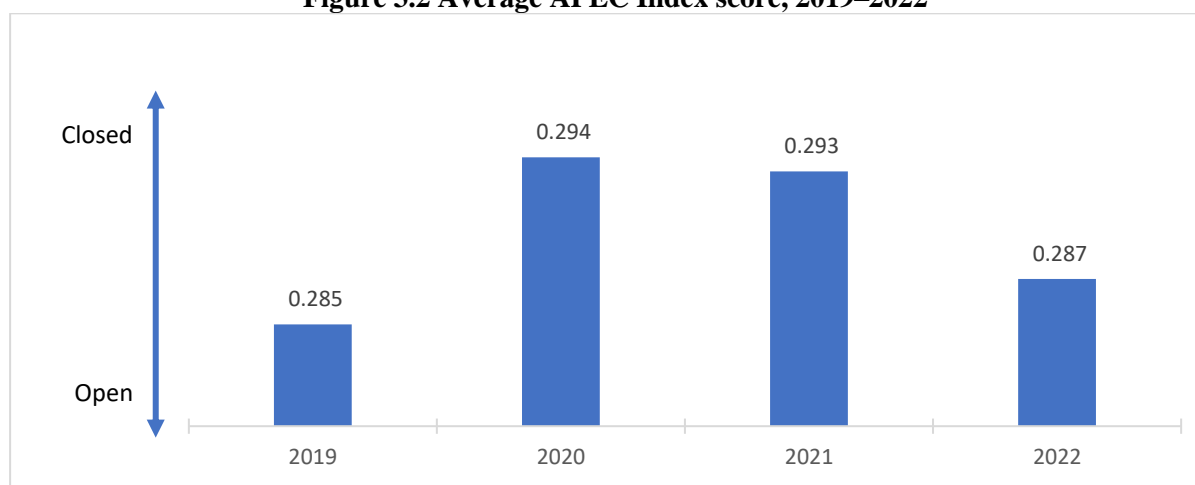
Even though the WTO reports provided an overview or general take on whether these measures are collectively trade-facilitating or trade-restrictive, the WTO did not mention if a specific measure is trade-facilitating or trade-restrictive. Additionally, given the way that these measures are compiled, it is challenging to determine if a specific measure is still effective in

²⁵ The APEC Index analysed in this report include visa measures implemented by economies that may affect non-APEC Business Travel Card (ABTC) holders.

the next review period or has been revised, withdrawn, or terminated. Linkages between measures which would collectively affect the overall restrictiveness of services trade are also not taken into account. One consistent way to determine how the level/state of services trade restrictiveness has changed over time in an economy or a region is to analyze the APEC Index. For each of the sectors assessed in the APEC Index, a value of between 0 (open) and 1 (closed) is assigned to indicate the level of restrictiveness in policies.

Analysis of the APEC Index score showed that the average score increased from 0.285 in 2019 to 0.294 in 2020, implying a more restrictive policy environment (Figure 3.2). It stayed relatively level at 0.293 in 2021 before falling to 0.287 in 2022. Except for travel, which is not covered in the APEC Index, policy measures contributing to the score are further discussed in the following sections which focus on specific sectors.

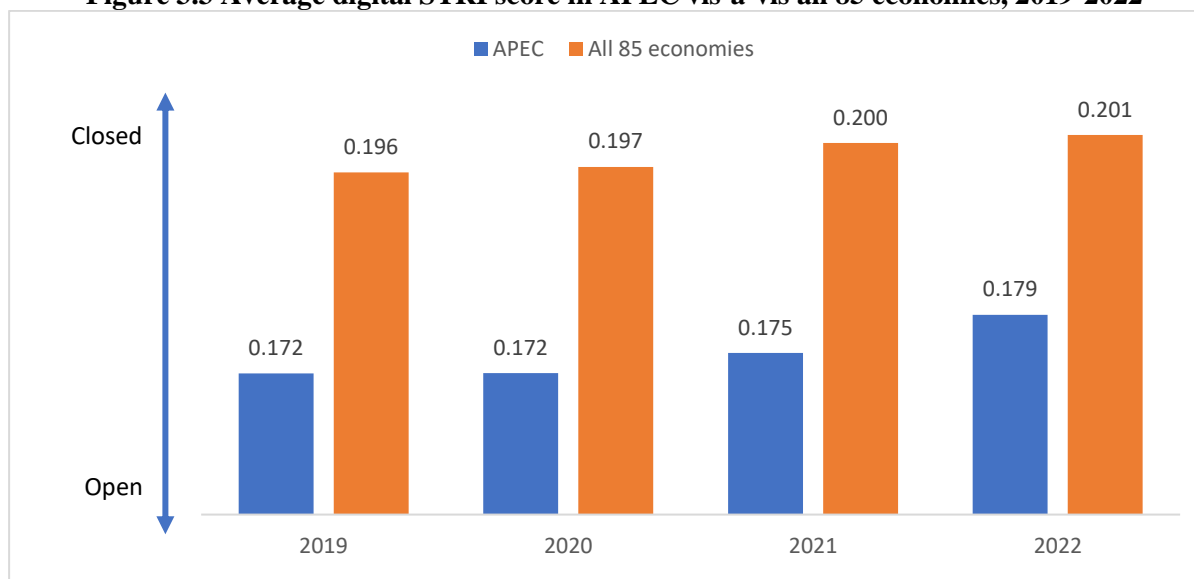
Figure 3.2 Average APEC Index score, 2019–2022



Note: Sector-specific APEC Index may not be available for certain economies. The 15 APEC economies covered by the APEC Index are AUS; CDA; CHL; INA; JPN; ROK; MAS; MEX; NZ; PE; RUS; SGP; THA; USA; and VN.

Source: APEC PSU calculations based on data from the APEC Index and OECD.

Complementing the APEC Index is the OECD digital STRI, which aims to identify, catalogue, and quantify barriers that affect trade in digitally enabled services. As discussed above, the flexibility to offer and access services in other modes has been critical in allowing providers to adapt and respond to COVID-19 related measures enacted by the governments. Analysis of the APEC digital STRI score, which covers 18 APEC economies, indicated that the average score has increased from 0.172 in 2019 to 0.179 in 2022, reflecting a more restrictive policy environment for digital services trade (Figure 3.3). While a similar trend was observed for the average score for all 85 economies covered, digital services trade in the APEC region is less restrictive in general. Nevertheless, it is important to continue with efforts to facilitate such trade. Among the main contributors to the score are policies categorized under ‘infrastructure and connectivity’ (e.g., restrictions on cross-border data flows, restrictions on use of communication services) and ‘other barriers affecting trade in digitally enabled services’ (e.g., commercial and/or local presence requirements to provide cross-border services, performance requirements affecting cross-border digital trade).

Figure 3.3 Average digital STRI score in APEC vis-à-vis all 85 economies, 2019-2022

Note: Scores are generally interpreted from 0 (open) to 1 (closed). The 18 APEC economies covered by the digital STRI are: AUS; BD; CDA; CHL; PRC; INA; JPN; ROK; MAS; MEX; NZ; PE; PH; RUS; SGP; THA; USA; and VN.

Source: APEC PSU calculations based on data from the OECD.

As economies monitor the various restrictions affecting services trade, it is worthwhile to recognize that trade is not inherently inclusive, and efforts need to be taken to enhance the participation of specific groups in society. Box 2 discusses services trade from the gender perspective.

Box 2. Services trade and gender

Trade has often been said to be “gender-neutral”. Yet, recent literatures have shown men to benefit more from trade than women. WTO (2019), for example, noted that while there is much potential for women to benefit from services trade, women are underrepresented in the most traded services sectors. The COVID-19 pandemic is likely to have aggravated the gender gap for at least two reasons: (1) the services sector was among the hardest hit sectors during the COVID-19 pandemic, harder than the manufacturing sector; and (2) two-thirds of women are engaged in services activities, which is significantly higher than in the agriculture and manufacturing sectors. Any efforts to improve women’s participation in trade should therefore include the services sector.

Various impediments could prevent women from optimally participating and benefiting from services trade. For instance, women are underrepresented in science, technology, engineering, and mathematics (STEM) education, making up less than 35 percent of tertiary STEM degree graduates in APEC region from 2000 to 2018 (Jones-Renaud et al., 2020). STEM education is critical to participate in growth sectors such as DDS, which have been shown to be more resilient than non-DDS (Wirjo et al., 2022). Laws and regulations may also disadvantage women entrepreneurs. For example, less than half of APEC economies have laws which prohibit discrimination in access to credit by gender. In a paper that employed contextual and textual analysis of trade agreements, Kulhmann and Bahri (2023) showed that there is opportunity to reconsider the current system and to design rules that would enable women to increase participation and benefit from trade.

At the global level, the 2017 Buenos Aires Joint Declaration on Trade and Women’s Economic Empowerment at the WTO has served to galvanize efforts to address gender disparities in trade rules. These include the establishment of the Informal Working Group on Trade and Gender, the creation of the Gender and Trade Focal Point, and the setting up of the WTO Gender Research Hub. The 2021 Joint Statement on Services Domestic Regulation is the first WTO instrument with a gender provision — an instrument that aims to, among others, ensure that measures relating to the authorization for

domestic supply of services do not discriminate between men and women. Moreover, a WTO paper in 2021 showed that Regional Trade Agreements (RTAs) with gender provisions have been increasing in number (Monteiro, 2021), although Kulhmann and Bahri (2023) noted that almost no trade agreement considers how gender-related commitments could be implemented or enforced, and no trade agreement approaches gender on a holistic manner so as to address distributional issues meaningfully.

Besides including gender commitments in their RTAs [e.g., Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), European Union (EU)-Viet Nam Free Trade Agreement (FTA), EU-Republic of Korea FTA], efforts by APEC economies include: (1) providing comprehensive support systems to women in the form of career counselling, vocational training, internships, and job-matching by Women's Reemployment Centers in Korea; (2) promoting greater access to capital for women and under-represented groups under the renewed Venture Capital Catalyst Initiative (VCCI) in Canada; and (3) implementation of action plans indicated in the White Paper on Singapore Women's Development (e.g., introducing workplace fairness legislation, expanding flexible work arrangements) (APEC, 2022).

APEC could further contribute to these efforts by providing platforms for member economies and other stakeholders (e.g., academia, private sector) to share best practices and to exchange ideas on how they could better enhance women's participation in trade.

3.2 TRAVEL

Many economies, including APEC members, have put in place a plethora of border policies such as vaccination, quarantine, and testing requirements to slow down the spread of disease. Doing so enabled them to delay the peak of the pandemic while giving time to public health authorities to build up their capacities and capabilities. At the same time, the burden of meeting these requirements acted as a deterrent for potential travelers, hence impacting visitor arrivals. Indeed, empirical analysis conducted by the APEC PSU showed that setting quarantine requirements alone (i.e., without other border requirements) resulted in a 54 percent contraction in visitor arrivals on average compared to the situation when there were no quarantine requirements (San Andres et al., 2022). Putting in place testing requirements resulted in a 52 percent contraction. In contrast, removing quarantine requirements is associated with a doubling of monthly visitor arrivals (relative to the period when there was a quarantine). Similarly, removing testing requirements is associated with a near-doubling of monthly arrivals, when controlling for other factors.

COVID-19 border restrictions and vaccination requirements for short-term visitors continue to vary among APEC economies, but it is worth noting that economies have removed many restrictions and requirements. As seen in Table 3.2, all APEC economies currently allow the entry of non-residents and short-term travelers as of May 2023. Except for three economies, which require short-term travelers to be fully vaccinated with recognized vaccines, the remaining APEC economies either have never required or no longer require proof of vaccination for entry. Many economies also do not require travelers to take a COVID-19 test and, in case where travelers are required to do so, it is because they are unable to show a vaccination certificate deemed as valid. Furthermore, there is no longer any requirement to quarantine and isolate upon arrival for all economies except one (which is applied if the traveler is not fully vaccinated and refuses to be tested).

Table 3.2 COVID-19 requirements for entry of non-residents, short-term travelers to APEC economies (as of May 2023)

Economy	Vaccination		Testing and Quarantine		Others		
	Are non-resident, short-term travelers currently allowed to enter the economy?	Must these short-term travelers be fully vaccinated (with recognized vaccines)?	Are travelers required to take a COVID-19 test?	Are travelers required to quarantine or isolate upon arrival?	Is it necessary to submit any documentation in advance of arrival?	Is it necessary to download a digital app for use within the economy?	Is COVID-19 medical/travel insurance required?
Australia	Yes	No	No	No	No	No	No
Brunei Darussalam	Yes	No	No	No	No	No	Yes
Canada	Yes	No	No	No	No	No	No
Chile	Yes	No	Yes, if not fully vaccinated	Yes, if refuse test upon arrival or obtains a positive result	No	No	No
China	Yes	No	Yes	No	Yes (Health Declaration Form)	No	No
Hong Kong, China	Yes	No	No	No	No	No	No
Indonesia	Yes	Yes, if no COVID-19 recovery certificate	Yes, if not fully vaccinated	No	Yes (Satu Sehat)	Yes (Satu Sehat)	No
Japan	Yes	No	No	No	No	No	No
Korea	Yes	No	No	No	Yes (Q-Code)	No	No
Malaysia	Yes	No	No	No	Yes (My Sejahtera)	No	No
Mexico	Yes	No	No	No	No	No	No
New Zealand	Yes	No	No	No	No	No	No
Papua New Guinea	Yes	Yes	No	No	No	No	No
Peru	Yes	No	No	No	No	No	No
The Philippines	Yes	Yes	Yes, if the traveler aged 18 and above has not received a booster dose prior to departure, or if the traveler aged 12 to 17 has not been fully vaccinated	No	Yes (OneHealth Pass)	No	No
Russia	Yes	No	Yes	No	Yes (Covid Testing Form)	No	No
Singapore	Yes	No	No	No	No	No	No
Chinese Taipei	Yes	No	No	No	No	No	No
Thailand	Yes	No	No	No	No	No	No
United States	Yes	No	No	No	No	No	No
Viet Nam	Yes	No	No	No	No	No	No

Source: APEC PSU compilation based on various sources (see Appendix A).

Fifteen APEC economies do not require submission of any documentation in advance of arrival, while the remaining still require travelers to do so online. Except for one economy, which require travelers to download a digital app for use within the economy, the other APEC economies have never required or no longer require travelers to do so. Meanwhile, one economy continues to require travelers to have COVID-19 medical/travel insurance. Economies have also resumed the use of the APEC Business Travel Card (ABTC), if it was suspended during the pandemic. Some examples include China;²⁶ Japan²⁷; and Korea.²⁸

All these are indicative that the burden and cost of traveling in APEC have fallen significantly relative to the time when such requirements were in place. Where the introduction of these and/or new requirements are needed in the future, as circumstances permit, economies should consider ways to balance their ability to control the pandemic and the impacts of such requirements on cross-border travel as well as the broader economy, and to facilitate timely dissemination of such requirements so that they are accurate and updated.

Besides doing away with COVID-19 border restrictions and vaccination requirements, some economies have implemented measures to help their tourism sector to recover (see Box 3).

Box 3. Supporting recovery of the tourism sector – Insights from APEC economies

With the reopening of borders, cross-border travel in APEC has gradually resumed. Some APEC economies implemented different initiatives to help boost this recovery. Some examples include travel-related subsidies, capacity building programs, and revamped tourism strategies, among others.

1. Travel-related subsidies for tourists

To boost international tourist arrivals, the Airport Authority Hong Kong (AAHK) sponsored the “World of Winners” campaign. This campaign provided 500,000 free round-trip air tickets to global visitors, of which 80,000 tickets benefited tourists from Southeast Asia. In Japan, meanwhile, the government subsidized domestic tourists with discounts of around 20 percent or an upper limit of JPY 5,000 for accommodation and transportation. Elsewhere, Chinese Taipei subsidized eligible tourists’ bus transportation expenses to popular attractions and provided a TWD 5 million subsidy program for local seniors, among others.

2. Capacity building programs for domestic travel businesses

The COVID-19 pandemic saw further digitalization across multiple industries, including tourism. To adapt to this development, APEC economies implemented capacity building programs designed to keep domestic tourism businesses competitive. Indonesia, for example, granted 12,000 CHSE (clean, health, safety, and environment) certificates to local travel businesses. Elsewhere, the Japan Tourism Agency provided domestic travel businesses with coaching and financial support. One financial support extended by the Japanese government was value-added assistance of up to JPY 100 million for facility renovations.

3. Revamped tourism strategy

To attract tourists, many APEC economies organized advertising and awareness campaigns. One example is Japan’s initiative to cultivate new experience-based tourism programs to be organized by local destinations. Under this initiative, eligible municipalities and other organizations can receive financial support of up to JPY 80 million. In one Japanese city, for instance, trial tours participated in by foreign tourists would be held for two months around autumn, before launching the tours officially in January 2024. Similarly, Indonesia revamped their tourism strategy, prioritizing natural attractions, focusing on environmental welfare, and utilizing local culture, among others, whereas Thailand launched its “Visit Thailand Year 2023: Amazing New Chapters” campaign designed to promote high value and sustainable tourism (e.g., experience-based tourism leveraging on food, film, festival, fight, and fashion).

²⁶ For more information, see: <http://sg.china-embassy.gov.cn/>.

²⁷ For more information, see: https://www.mofa.go.jp/ca/fna/page4e_001053.html.

²⁸ For more information, see: https://overseas.mofa.go.kr/sg-en/brd/m_2445/view.do?seq=738963&page=1.

Elsewhere, Hong Kong, China has its “Hello Hong Kong” large-scale global promotional campaign. At its initial stage, this program includes distributing “Hong Kong Goodies” visitor consumption vouchers to one million inbound visitors. The voucher can be redeemed for a free welcome drink at designated bars, restaurants and hotels, or for an offer at dining and retail outlets, attractions or transport. Peru has a similar promotional campaign called Peru Now (Perú Ahora). Under this campaign, Peru showcases popular tourist destinations such as Machu Picchu, Huacachina, and Gocta using 20-30 second videos.

Sources: Hsiao-han and Kao (2023); Karryon (2023); Liao (2023); Nath (2023); Prasetyo (2023); TAT Newsroom (2023); The Japan Times (2023); and Vietnam News Agency (2023)

3.3 TRANSPORT (INCLUDING LOGISTICS-RELATED SERVICES)

Analysis of the WTO Secretariat’s compilation on COVID-19 measures

The WTO compilation showed that of the 48 measures introduced by APEC economies in response to the pandemic, four measures affected air transport services, two measures affected maritime transport services, while one measure affected postal services specifically. Recognizing the implications of COVID-19 measures on activities that could affect the provision of air transport services in one way or another, economies have taken steps ranging from giving flexibility in the delivery of classroom training and the completion of training requirements for pilots and exempting flight crews from quarantine requirements to authorizing airlines to transport cargo in seat tracks of passenger aircrafts and extending the temporary waiver of minimum slot-use requirements. With regards to maritime transport services, an economy has banned crew exchanges for seafarers if they had traveled to several economies in the last 21 days prior to arrival in the economy. The same economy has also issued a circular that tightens requirements for crew change. The measure affecting postal services temporarily restrict and suspend the acceptance of outbound mail due to limited airline transportation capacity.

Analysis of the WTO Secretariat’s compilation for the Trade Policy Review Body

Pertaining to the other compilation by the WTO Secretariat as part of its annual report to the Trade Policy Review Body, APEC economies implemented a total of 12 measures affecting transport (including logistics-related services) during the three periods analyzed (i.e., mid-October 2019 to mid-October 2022). Measures relating to maritime transport services include: requiring mandatory insurance to cover liability for damage to ships used in domestic shipping services; doing away with the requirement to undertake follow-up reporting of foreign vessels if the automatic identification system is in good condition; establishing a new audit program and dedicated audit team to assess carrier compliance on aspects, such as detention and demurrage; and simplifying the licensing process in the shipping sector and allowing the use of foreign vessels for certain activities in the economy’s waters. Other measures include one related to air transport services that involves increasing the maximum foreign equity in airlines, and another related to road transport services that requires users of road freight transport to supply a consignment note to freight transport suppliers.

Measures relating to postal and courier services include those aimed at ensuring services are developed in an accessible, fair, and responsible way, as well as improving the requirements for foreign operators to do business in the economy. Pertaining to distribution services, measures include facilitating entry by foreign retailers through lowering of the paid-up capital requirement and having a new regulation on franchising.

Analysis of the APEC Index

As mentioned above, given the way that these WTO measures are compiled, it is challenging to determine if a specific measure is still effective in the next review period or has been revised, withdrawn, or terminated. Interlinkages between measures and their implications on the trade restrictiveness of the sub-sectors are also not taken into account. The APEC Index could provide a good indication of how trade restrictiveness for some sub-sectors have changed over time for the region, even though it does not cover all APEC economies nor all sub-sectors under the transport category in EBOPS 2010. In particular, the APEC Index covers air transport (EBOPS 2010: SC2); maritime transport (SC12); rail freight transport (SC3B2); road freight transport (SC3C2); postal and courier services (SC4); logistics cargo-handling (SC3G); logistics storage and warehouse (SC3G); logistics freight forwarding (SC3G); and logistics customs brokerage (SC3G).²⁹ The APEC Index also covers distribution (SJ34/SH1), which is included in the APEC definition of logistics-related services but is not under the transport category in EBOPS 2010.

Analysis of the APEC Index across these 10 sub-sectors showed that the average scores for APEC economies range between 0.219 (distribution) and 0.428 (air transport) in 2022 (Figure 3.4).³⁰ In all 10 sub-sectors, the scores in either 2020 or 2021 (or both) are higher than those in 2019 as trade restrictions outweighed trade liberalizations.³¹ Between 2021 and 2022, the direction of score change is mixed. On the one hand, the 2022 APEC Index scores for eight sub-sectors (air transport; road freight transport; rail freight transport; logistics cargo-handling; logistics storage and warehouse; logistics freight forwarding; logistics customs brokerage; and distribution) are lower than the 2021 scores, indicating that these sub-sectors have become less restrictive as trade liberalizations outweigh trade restrictions. On the other hand, the 2022 APEC Index scores for two sub-sectors (maritime transport; and courier) are higher than the 2021 scores, indicating that with trade restrictions outweighing trade liberalizations, these sub-sectors have become more restrictive.

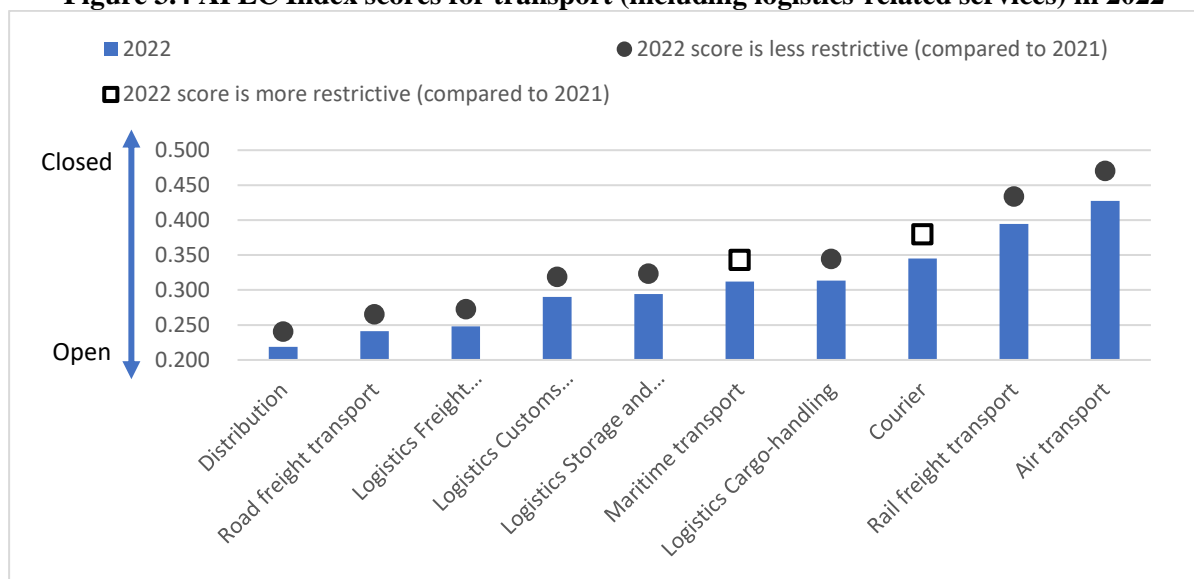
Despite the mixed outcomes between 2021 and 2022, there is one consistent observation across all 10 transport sub-sectors: breaking down trade liberalization/restrictive measures by category and whether they were enacted in response to COVID-19, it is noted that several APEC economies have begun to roll back temporary measures introduced due to COVID-19. These measures had previously led to the suspension of multiple entry visa issuance, longer visa processing times, and increased costs of obtaining visas, among others.

Although the roll back is welcome, some APEC economies have introduced non-COVID-19 trade restrictions over the same period (i.e., 2021–2022), which (depending on the sectors) affect foreign entry, movement of people, competition, and/or lead to other discriminatory measures. Except for the logistics storage and warehouse sub-sector, economies collectively implemented more non-COVID-19 trade restrictions than non-COVID-19 trade liberalizations.

²⁹ Based on the concordance table linking the APEC Index sectors and the EBOPS 2010 classification. The authors would like to thank the OECD for providing this concordance table.

³⁰ See Appendix B for a detailed sectoral analysis.

³¹ Trade restrictions and liberalizations refer to those that lead to a change in score. There may be trade restrictions and liberalization that do not lead to change in score for two reasons: (1) measures still fall within the range of the existing score (e.g., as the cut-off for visa processing time is 10 days, any time above 10 days will be scored as 1 even if there is a reduction from 15 days to 12 days); and (2) interactions between measures (i.e., measures have changed but there are other measures that lead to the former still having the same score).

Figure 3.4 APEC Index scores for transport (including logistics-related services) in 2022

Note: The 15 APEC economies covered by the APEC Index are AUS; CDA; CHL; INA; JPN; ROK; MAS; MEX; NZ; PE; RUS; SGP; THA; USA; and VN. The APEC Index does not collect rail freight transport data for SGP.

Source: APEC PSU calculation based on data from the APEC Index and OECD.

On aggregate, as with other sectors, the average APEC Index score in 2022 for the 10 sub-sectors could be grouped into three categories, as indicated in Table 3.3: four sub-sectors (logistics cargo-handling; logistics storage and warehouse; logistics freight forwarding; and distribution) are in the green category, meaning that the 2022 APEC Index score is less restrictive than the pre-pandemic 2019 score; three sub-sectors (air transport; maritime transport; and courier) are in the red category, meaning that the 2022 APEC Index score is more restrictive than the average of 2020 and 2021 APEC Index scores; and the remaining three sub-sectors (road freight transport; rail freight transport; and logistics customs brokerage) are in the orange category, that is, the 2022 APEC Index score is less restrictive than the average of 2020 and 2021 APEC Index scores but more restrictive than the pre-pandemic 2019 score.

Table 3.3 Summary of sectoral analysis related to transport (including logistics-related services) covered by the APEC Index

Sector	Indications of rollback of COVID-19 measures	Introduction of more non-COVID-19 trade restrictions relative to trade liberalizations between 2021 and 2022	Category classification of 2022 APEC Index score	Top two categories of restrictions in the 2022 APEC Index score				
				A	B	C	D	E
Air transport	Yes	Yes	■ Red	1			2	
Maritime transport	Yes	Yes	■ Red	1	2			
Road freight transport	Yes	Yes	■ Orange	1				2
Rail freight transport	Yes	Yes	■ Orange	1			2	
Courier	Yes	Yes	■ Red	1			2	
Logistics cargo-handling	Yes	Yes	■ Green	1	2			
Logistics storage and warehouse	Yes	No	■ Green	1				2
Logistics freight forwarding	Yes	Yes	■ Green	1				2
Logistics customs brokerage	Yes	Yes	■ Orange	1				2
Distribution	Yes	Yes	■ Green	1	2			

Note: (1) category classification of the 2022 APEC Index score: ■ Green – the 2022 APEC Index score is lower than the pre-pandemic 2019 score; ■ Red – the 2022 APEC Index score is higher than the average of 2020 and 2021 APEC Index scores; ■ Orange – the 2022 APEC Index score is lower than the average of 2020 and 2021 APEC Index scores but higher than the pre-pandemic 2019 score. (2) Category of restrictions in 2022 APEC Index score: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

Source: APEC PSU compilation based on data from the APEC Index and OECD.

Depending on the sector, the top two categories of restrictions could be restrictions on foreign entry, restrictions to movement of people, barriers to competition, and/or regulatory transparency. For example, the top two categories for air transport were restrictions on foreign entry (e.g., presence of foreign equity limit, conditions on subsequent transfer of capital and investments) and barriers to competition (e.g., minimum capital requirements, slot allocation process giving priority to historic slots, price regulation). In the case of logistics cargo-handling sub-sector, the top two categories were restrictions on foreign entry (e.g., limits to proportion of shares that can be acquired by foreign investors in publicly-controlled firms, conditions on subsequent transfer of capital and investments, restrictions on cross-border data flows) and restrictions to movement of people (e.g., quotas for independent services suppliers, labor market tests or similar economic considerations for intra-corporate transferees, limitation on duration of stay for contractual services suppliers).

3.4 OTHER BUSINESS SERVICES

Analysis of the WTO Secretariat's compilation on COVID-19 measures and the compilation for the Trade Policy Review Body

The WTO Secretariat's compilation on COVID-19 measures showed no measures that are specific to the trade in other business services, while the compilation for the Trade Policy Review Body showed only one measure affecting business services, specifically services incidental to forestry and logging. However, it is worthwhile to note that the measures discussed in the general section above also affect trade in other business services. For example, changes to investment policies could impact mode 3, whereas policies related to movement of people, including COVID-19 border measures, could impact mode 4.

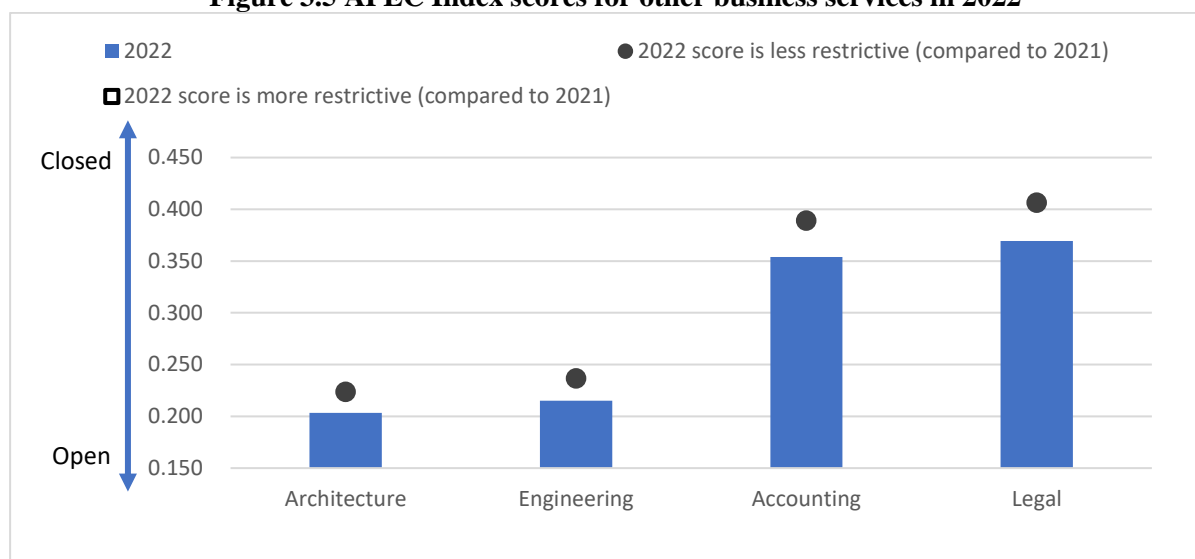
Analysis of the APEC Index

The APEC Index does not cover all sub-sectors under the other business services category in EBOPS 2010. More specifically, it only covers legal services (SJ211); accounting services (SJ212); architectural services (SJ311); and engineering services (SJ312).³² While this would mean that a significant chunk of sub-sectors within the other business services category remain challenging to monitor, especially on the policy front, it is possible to still do so for these four sub-sectors.

Analysis of the APEC Index score for these four sub-sectors showed that the average score for APEC economies ranges between 0.204 (architecture) and 0.369 (legal) in 2022 (Figure 3.5).³³ Across all four sub-sectors, the APEC Index scores in both 2020 and 2021 are higher than that in 2019 as trade restrictions outweighed trade liberalizations enacted by economies. In contrast, the 2022 APEC Index scores are lower than the 2021 scores for all four sub-sectors, indicating that they have become less restrictive although the extent varied by sector (i.e., gap of 0.002 in the case of legal and 0.018 in the case of architecture).

³² Based on the concordance table linking the APEC Index sectors and the EBOPS 2010 classification.

³³ See Appendix B for a detailed sectoral analysis.

Figure 3.5 APEC Index scores for other business services in 2022

Note: The 15 APEC economies covered by the APEC Index are AUS; CDA; CHL; INA; JPN; ROK; MAS; MEX; NZ; PE; RUS; SGP; THA; USA; and VN.

Source: APEC PSU calculation based on data from the APEC Index and OECD.

Disaggregating trade liberalization and restrictive measures between 2021 and 2022 by category and COVID-19 relevance indicated that some APEC economies have begun to reverse their COVID-19 temporary measures (Table 3.4). This means that economies have resumed multiple entry visa issuance and brought the visa processing time and cost back to the pre-pandemic level.

Table 3.4 Summary of sectoral analysis related to other business services covered by the APEC Index

Sector	Indications of rollback of COVID-19 measures	Introduction of more non-COVID-19 trade restrictions relative to trade liberalizations between 2021 and 2022	Category classification of 2022 APEC Index score	Top two categories of restrictions in the 2022 APEC Index score				
				A	B	C	D	E
Accounting	Yes	Yes	Orange	1	2			
Architecture	Yes	Yes	Green	1	2			
Engineering	Yes	Yes	Orange	2	1			
Legal	Yes	Yes	Orange	1	2			

Note: (1) category classification of the 2022 APEC Index score: ■ Green – the 2022 APEC Index score is lower than the pre-pandemic 2019 score; ■ Red – the 2022 APEC Index score is higher than the average of 2020 and 2021 APEC Index scores; ■ Orange – the 2022 APEC Index score is lower than the average of 2020 and 2021 APEC Index scores but higher than the pre-pandemic 2019 score. (2) Category of restrictions in 2022 APEC Index score: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

Source: APEC PSU compilation based on data from the APEC Index and OECD.

Yet, several APEC economies have also put in place non-COVID-19 trade restrictions over the same period (i.e., 2021–2022) affecting foreign entry, movement of people, and/or competition, depending on the sub-sector. In all four sub-sectors, these non-COVID-19 trade restrictions outweighed non-COVID-19 trade liberalizations by economies. On the aggregate, the average APEC Index score in 2022 for three sub-sectors (accounting, engineering, and legal) could be put in the orange category, meaning that their 2022 APEC Index scores are less restrictive than the average of 2020 and 2021 APEC Index scores but more restrictive than the pre-pandemic 2019 scores. Only architecture could be categorized under the green category (2022 APEC Index score is less restrictive than the pre-pandemic 2019 score). This is indicative that more needs to be done to bring the scores back to at least the pre-pandemic level, if not more.

With regards to the top two categories of restrictions, those related to foreign entry was either the top or the second topmost category for all four sub-sectors. Additionally, restrictions to movement of people was among the top two categories of restrictions for all four sub-sectors. Examples of restrictions on foreign entry include: limitations on allowed maximum foreign equity share; only allowing joint ventures; requiring commercial presence for cross-border services provisions; and requiring the majority of board directors to be residents and/or licensed professionals. Meanwhile, examples of restrictions to movement of people include: labor market tests or similar economic considerations for intra-corporate transferees; requiring nationality or citizenship for license to practice; and requiring foreign providers to completely re-do their university degree, practice, and exam in the domestic economy. Box 4 discusses the role of mutual recognition agreements or MRAs in overcoming some of these issues, while also noting that the mechanism has to evolve along with the changing economic landscape.

Box 4. Enhancing cross-border digital provision of services: The role of MRAs

An analysis of the APEC Index reveals that professional services are among the services sectors where restrictions to movement of people feature in the top two restrictions affecting their trade. This is arguably by design. In many such services, individuals with professional qualifications must apply for licenses/certifications before one can practice and offer their services. It is not uncommon to come across an individual who is unable to practice because his/her degree is not from a recognized university or because she/he is yet to take a local examination.

Often, these processes are instituted for legitimate public policy reasons. Clients, for example, would like the assurance that the professionals they hire would be able to provide quality services. In certain services, being able to communicate well with clients using the local language is critical. And this is particularly important in services whereby the outcome may be close to irreversible. Where professionals are based/practicing from elsewhere, economies have used mutual recognition agreements (MRAs) as the main mechanism to recognize one another's regulatory regime as being equivalent, hence facilitating professionals' ability to practice beyond the border. The APEC Inventory of MRAs for Professional Qualifications and Licensing provides a single source location of MRAs across APEC economies (see: <https://aasc.knack.com/mra-inventory>).

While this mechanism has worked by and large, the advent of digitalization has led to the need for some rethinking. For a start, questions have been raised on whether existing MRAs would be applicable to mode 1 provision of such services. During the COVID-19 pandemic, several economies facilitated the provision of telehealth services to ensure that health services were made more accessible, although it should be noted that the easing of such regulatory restrictions is often temporary. With more services being able to be provided via mode 1, there have also been questions on whether MRAs could be extended to these professions. More than enabling providers to access wider markets, MRAs could allow clients to access the best services as well as services that they previously do not know exist. In cases where the answer is a yes, there is certainly also a need to rethink how legitimate public policy objectives could still be achieved. Approaches such as the development of international digital standards, determining the adequacy of another economy's regulations, and the adoption of digital credentialing are some of the recent developments on this front.

Source: ADB (2022)

4. CONCLUDING REMARKS

The services sector was among the hardest hit sectors during the COVID-19 pandemic. Three years on, latest services trade statistics showed that commercial services trade in the APEC region has collectively recovered to USD 4.9 trillion in 2022 since it fell to a low of USD 3.7 trillion in 2020. There are variations in the level of recovery by economies, with commercial services trade values in 2022 ranging between 4.0 percent to 102.2 percent higher than those in 2020. Moreover, the trade value in 2022 have surpassed that in 2019 for nine economies. Variations in the level of recovery could also be seen by sector of interest. On the one hand, trade in transport has recovered to USD 1.2 trillion in 2022, a figure which surpassed the level in 2019 as well as the projected value in 2022 had there been no pandemic. On the other hand, trade related to travel has not fully recovered — at USD 0.7 trillion in 2022, this is only 48 percent of the projected value had there been no pandemic. Meanwhile, trade in other business services accelerated to USD 1.1 trillion in 2021, slightly above the projected value had there been no pandemic.

Services trade could be affected by many factors, the adoption of trade-restrictive and trade-liberalising policies being a critical one. Notwithstanding sectoral variation, changes in such policies, including temporary measures introduced by governments in response to COVID-19, arguably contributed to the significant fall in trade values between 2019 and 2020 and the subsequent recovery. The WTO Secretariat's compilation on COVID-19 measures affecting services trade showed that APEC economies had collectively introduced close to a third of all listed measures since the start of the pandemic. Additionally, analysis of the WTO's compilation for the Trade Policy Review Body over the three review periods that overlap with the time that the world was gripped by the pandemic (i.e., mid-October 2019 to mid-October 2022) showed that APEC economies collectively implemented close to two-fifth of all measures captured.

Despite coverage limitations, the APEC Index is one way of determining how trade restrictiveness for a services sub-sector in an economy or region has changed over time. Specifically, the APEC Index allows for the monitoring of 10 sub-sectors under transport (including logistics-related services) and four sub-sectors under other business services. Analysis of changes in the APEC Index score between 2021 and 2022 showed that several APEC economies have started to roll back temporary measures introduced in response to COVID-19 for all these sub-sectors, hence bringing back normality to the visa application process. Additionally, many APEC economies have removed their COVID-19 border restrictions and vaccination requirements, including the submission of a COVID-19 test and additional documentation in advance of arrival and the need to have COVID-19 medical/travel insurance, thus further reducing the burden and cost of traveling in APEC. Economies have also resumed the use of the ABTC, if it was suspended during the pandemic. **Where the introduction of these and/or new requirements are needed in the future, as circumstances permit, economies should consider ways to balance their ability to control the pandemic and the impacts of such requirements on cross-border travel as well as the broader economy, and to facilitate timely dissemination of such requirements so that they are accurate and updated.**

While the removal of COVID-19 related measures is a welcome development, APEC economies have also introduced more non-COVID-19 trade restrictions (relative to non-

COVID 19 trade liberalizations) over the same period for 13 sub-sectors between 2021 and 2022. The interplay between trade liberalizations and trade restrictions means that the average 2022 APEC Index score for each of the sub-sectors could be grouped into three categories. For transport, four sub-sectors (logistics cargo-handling, logistics storage and warehouse, logistics freight forwarding, and distribution) were in the green category (i.e., less restrictive than pre-pandemic 2019 score); three sub-sectors (air transport, maritime transport, and courier) were in the red category (i.e., more restrictive than the average of 2020 and 2021 APEC Index scores); while the remaining three sub-sectors (road freight transport, rail freight transport, and logistics customs brokerage) were in the orange category (i.e., less restrictive than the average of 2020 and 2021 APEC Index scores but more restrictive than the pre-pandemic 2019 score). For other business services, three sub-sectors (accounting, engineering, and legal) were in the orange category, while only architecture was in the green category. **Economies should strengthen efforts to bring the level of restrictions back to the pre-pandemic 2019 level and look at overcoming restrictions beyond that, with particular focus on sectors in the red category.**

Depending on the sub-sector, the top two categories of restrictions could be those related to foreign entry, restrictions to movement of people, barriers to competition, and/or regulatory transparency. **While some of these restrictions may have been enacted for legitimate policy objectives, economies may wish to look into how these objectives could be achieved without having an unintended impact on trade, considering the interlinkages among policy measures.**

Analyses in this report enable one to shine a proverbial spotlight on where the region stands pertaining to services trade and, therefore, point to possible next steps that economies should consider as they look to enhance it. At the same time, **the analyses serve as a reminder that more needs to be done to improve the state of services data and statistics in the region. For a start, disaggregated services data continue to be elusive in many APEC economies. Progress notwithstanding, the APEC Index has yet to cover all APEC economies. The Index could also be expanded to cover more sectors (e.g., in other business services).**

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APPENDICES

Appendix A. Information sources for vaccination and entry requirements

Economy	Source
Australia	https://www.homeaffairs.gov.au/covid19
Brunei Darussalam	https://www.pmo.gov.bn/EPG/Perjalanan.aspx
Canada	https://travel.gc.ca/travel-covid
Chile	https://www.chile.travel/en/traveltochileplan/
China	https://www.chinahighlights.com/travelguide/china-travel-reopen-restrictions.htm http://sg.china-embassy.gov.cn/eng/lsw/
Hong Kong, China	https://www.coronavirus.gov.hk/eng/inbound-travel.html
Indonesia	https://www.indonesia.travel/gb/en/news https://kemlu.go.id/singapore/en/news/17810/entering-indonesia-updated-on-6-april-2022
Japan	https://www.mhlw.go.jp/stf/covid-19/bordercontrol.html https://www.mofa.go.jp/ca/fna/page4e_001053.html
Korea	https://english.visitkorea.or.kr/enu/AKR/FU_EN_15.jsp https://overseas.mofa.go.kr/sg-en/brd/m_2435/view.do?seq=761395
Malaysia	https://mysafetravel.gov.my
Mexico	https://embamex.sre.gob.mx/suiza/index.php/turismo/covid-19/english https://www.iatatravelcentre.com/world.php
New Zealand	https://covid19.govt.nz/international-travel/travel-to-new-zealand/
Papua New Guinea	https://www.papuanewguinea.travel/travel-advice-update https://www.airniugini.com.pg/travel-advice/
Peru	https://www.gob.pe/institucion/embajada-del-peru-en-irlanda/campa%C3%B1as/5558-covid-19-requirements-to-travel-to-peru
The Philippines	https://www.philippine-embassy.org.sg/consular/visa/guidelines-for-travel-to-the-philippines-non-ofws-and-foreign-nationals/
Russia	https://www.aeroflot.ru/jp-en/covid-19
Singapore	https://safetravel.ica.gov.sg/arriving/overview
Chinese Taipei	https://www.mfa.gov.sg/Countries-Regions/T/Taiwan/Travel-Page https://www.cdc.gov.tw/En/Bulletin/List/7tUXjTBf6paRvrhEl-mrPg https://www.cdc.gov.tw/En/Bulletin/Detail/WSZT7bbeEkFGIR2km4-wAQ?typeid=158
Thailand	https://www.thaiembassy.com/travel-to-thailand/thailand-travel-restrictions
United States	https://travel.state.gov/content/travel/en/international-travel/emergencies/covid-19-faqs-for-travel-to-the-us-information.html https://sg.usembassy.gov/covid-19-information/

Viet Nam	https://vietnam.travel/things-to-do/information-travellers-novel-coronavirus-vietnam
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Source: APEC PSU compilation (accessed May 2023).

Appendix B. Sectoral analysis of transport (including logistics-related services) and other business services covered by the APEC Index

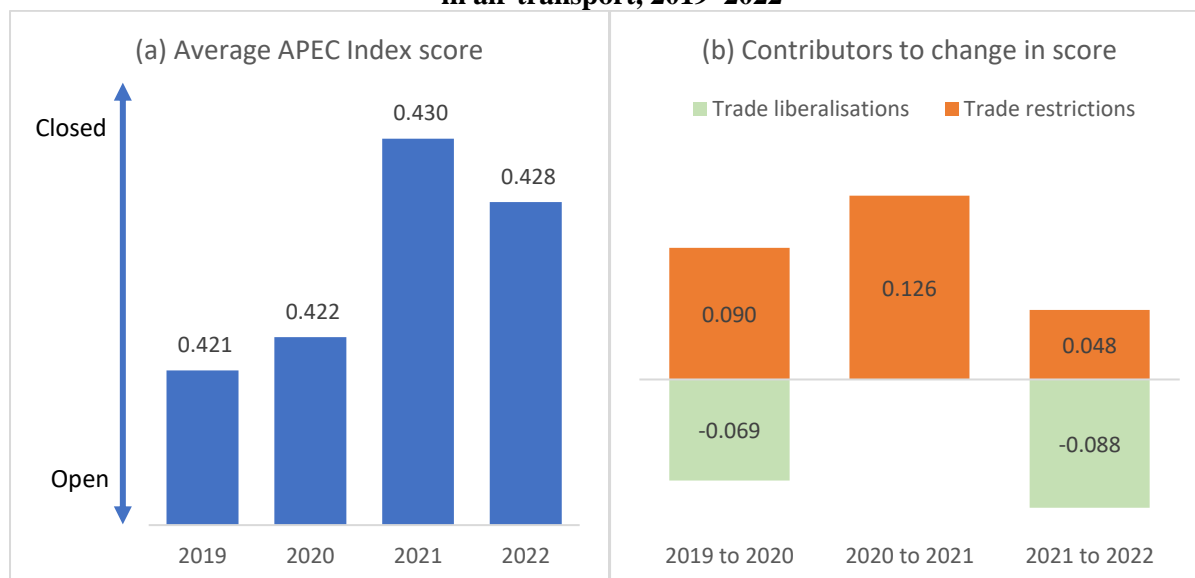
B.1 TRANSPORT (INCLUDING LOGISTICS-RELATED SERVICES)

B.1.1 Air transport

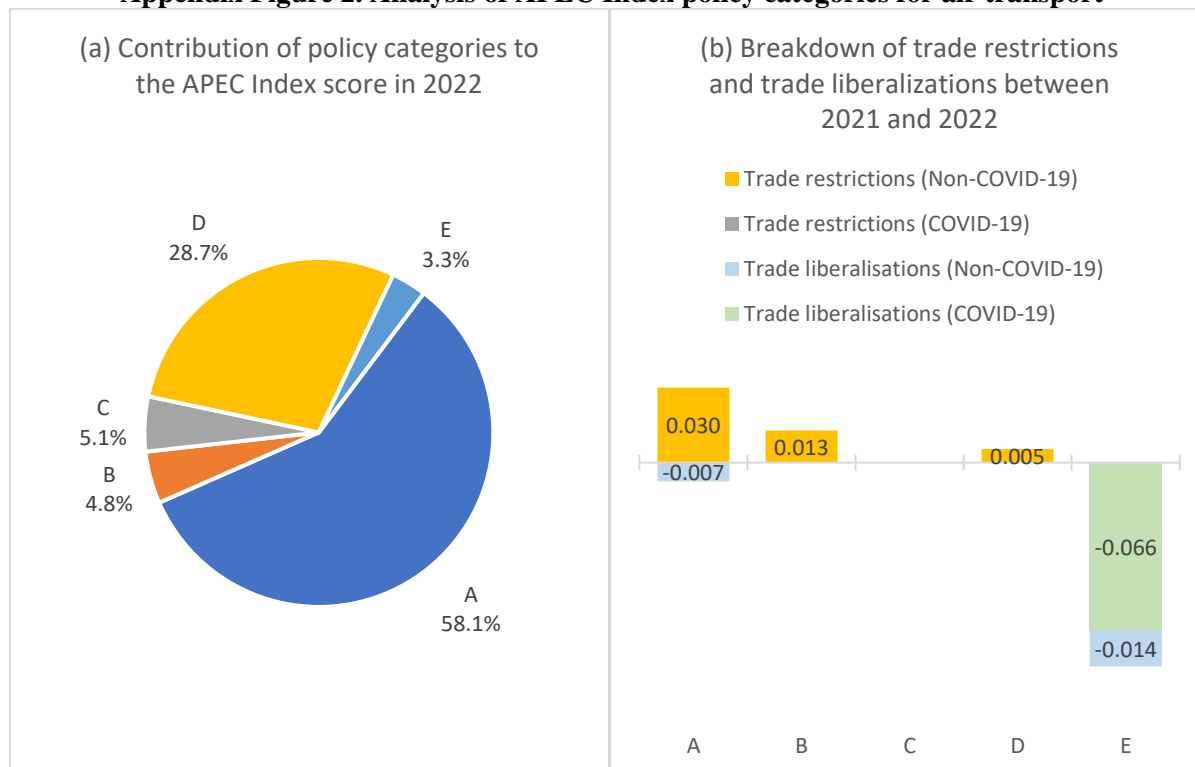
Analysis of the APEC Index score for 15 APEC economies showed that the average score jumped to 0.430 in 2021 after hovering in the range of 0.421 to 0.422 in the previous two years (i.e., 2019 and 2020). Between 2021 and 2022, the score fell from 0.430 to 0.428 as trade liberalizations outweighed trade restrictions (Appendix Figure 1). Breaking down these measures by category and on whether they are enacted in response to COVID-19 indicated that several APEC economies have begun to roll back the temporary measures introduced due to COVID-19 that, at the time of their implementation, led to the suspension of multiple entry visa issuance, longer visa processing time, and increased cost in obtaining a visa, among others (Appendix Figure 2). While the roll back is welcome, some APEC economies have introduced non-COVID-19 trade restrictions over the same period. In fact, these non-COVID-19 trade restrictions outweighed non-COVID-19 trade liberalizations by economies.

The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., presence of foreign equity limit, conditions on subsequent transfer of capital and investments) and barriers to competition (e.g., minimum capital requirement, slot allocation process giving priority to historic slots, price regulation).

Appendix Figure 1. Average APEC Index score and contributors to change in score in air transport, 2019–2022



Source: APEC PSU calculations based on data from the APEC Index and OECD.

Appendix Figure 2. Analysis of APEC Index policy categories for air transport

Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

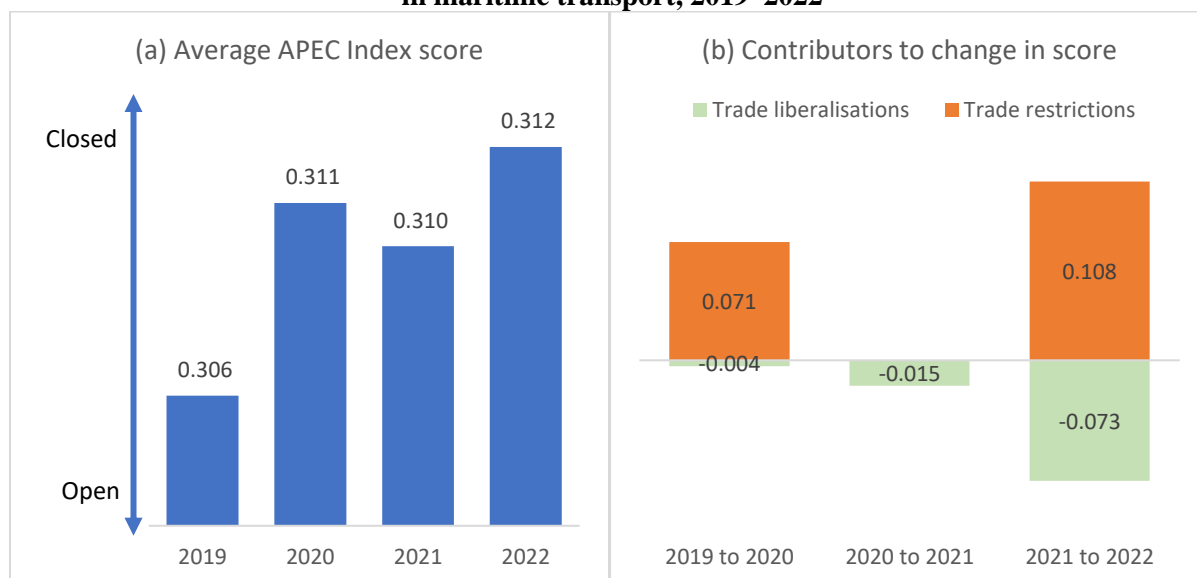
Source: APEC PSU calculation based on data from the APEC Index and OECD.

B.1.2 Maritime transport

Analysis of the APEC Index score for 15 APEC economies showed that the average score increased from 0.306 in 2019 to 0.311 in 2020. It then fell slightly to 0.310 in 2021 before increasing again to 0.312 in 2022. As seen in Appendix Figure 3, the increase in score between 2021 and 2022 is due to trade restrictions outweighing trade liberalizations. Disaggregating these measures by category and COVID-19 relevance indicated that some APEC economies have begun to reverse their COVID-19 temporary measures (Appendix Figure 4). This means that economies have started to normalize their visa application process, which includes issuing multiple entry visa, having pre-COVID-19 processing time and document requirements. Additionally, economies have introduced non-COVID-19 trade liberalizations that affect foreign entry and regulatory transparency. Yet, they have also introduced non-COVID-19 trade restrictions affecting movement of people and competition, which on the aggregate led to the 2022 APEC Index score being higher than the 2021 score.

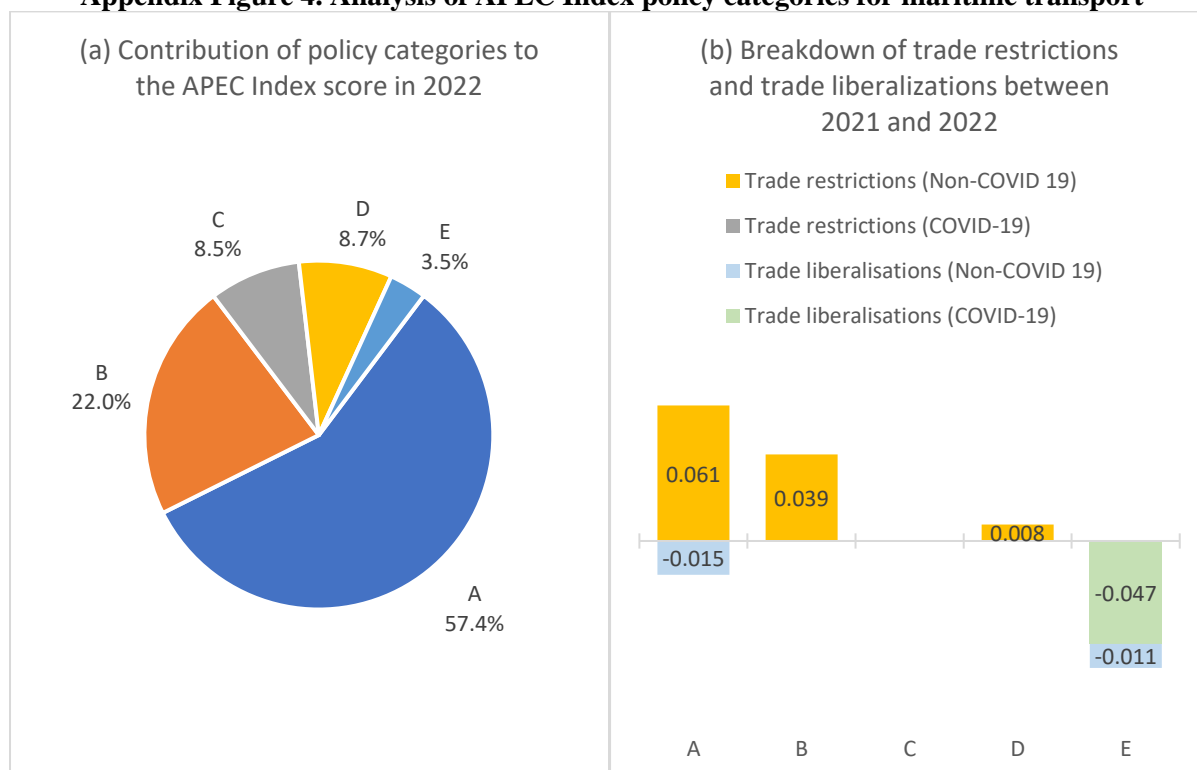
The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., only allowing joint ventures, fully excluding foreign-flagged ships from cabotage) and restrictions to movement of people (e.g., labor market tests or similar economic considerations for intra-corporate transferees, limitation on duration of stay for contractual services suppliers).

Appendix Figure 3. Average APEC Index score and contributors to change in score in maritime transport, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 4. Analysis of APEC Index policy categories for maritime transport



Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

Source: APEC PSU calculation based on data from the APEC Index and OECD.

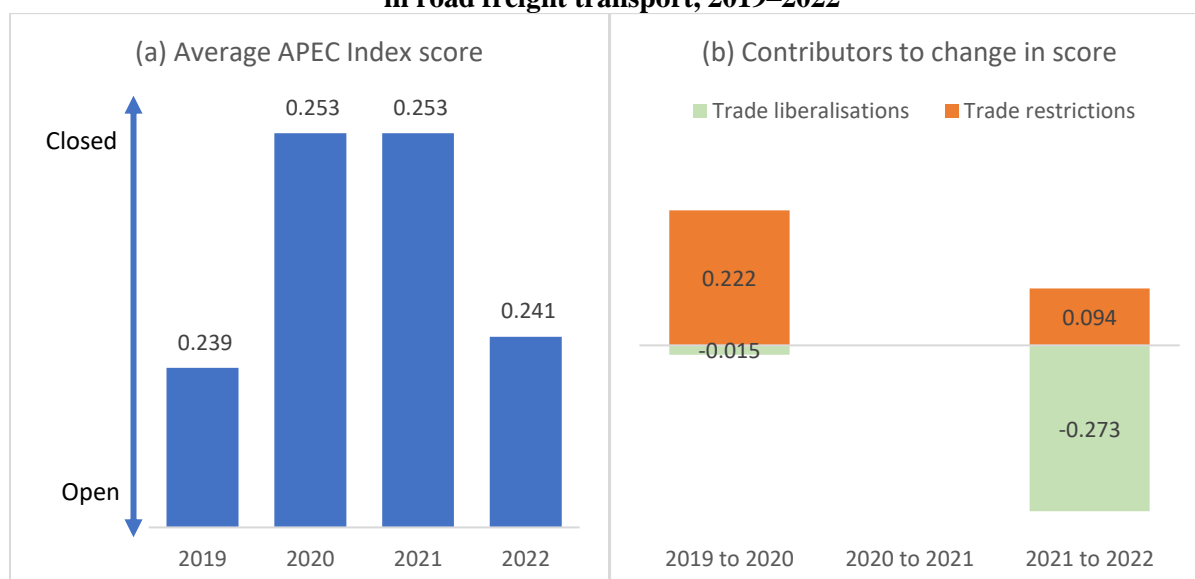
B.1.3 Road freight transport

Analysis of the APEC Index score for 15 APEC economies showed that the average score jumped from 0.239 in 2019 to 0.253 in 2020. After remaining at 0.253 in 2021, it fell to 0.241 in 2022 (Appendix Figure 5). The fall in score between 2021 and 2022 is due to trade

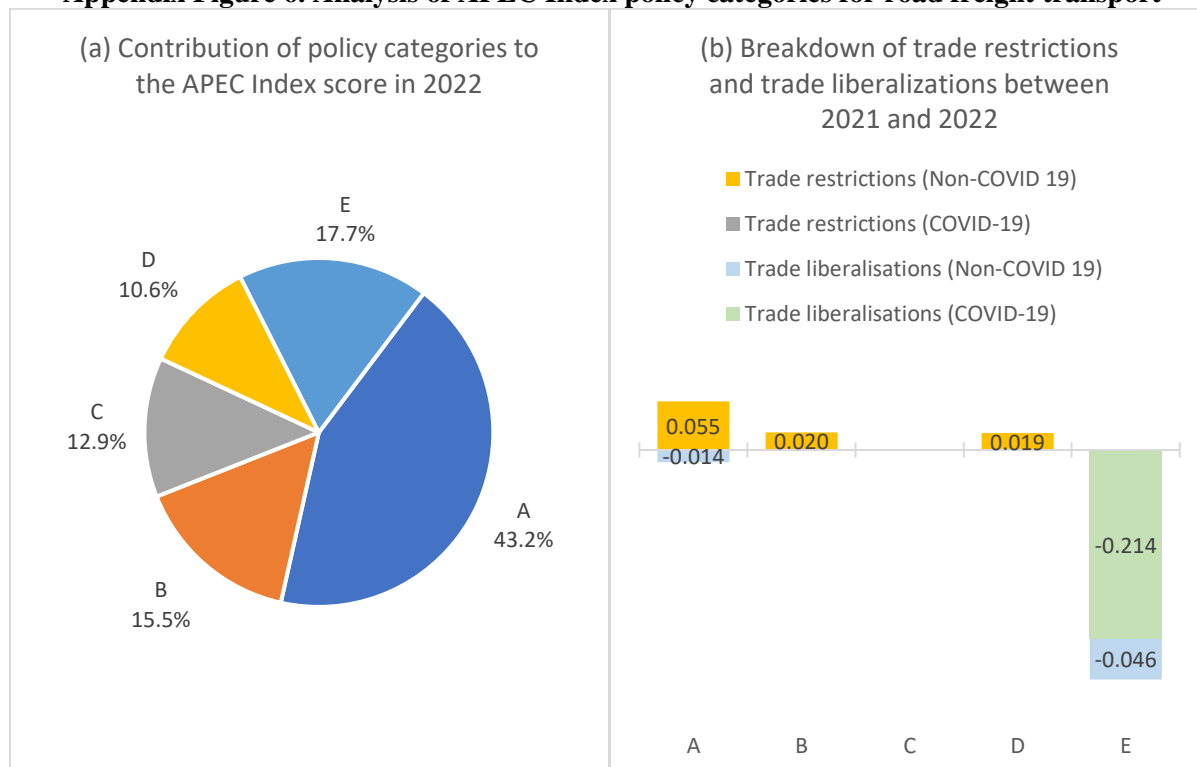
liberalizations outweighing trade restrictions. Specifically, several APEC economies have started to roll back temporary measures introduced in response to COVID-19, which at the time of implementation, led to more documents being required for visa application, longer processing time, and even suspension of visa issuance (Appendix Figure 6). Although economies have introduced trade liberalizations, which are non-COVID-19-related and affect foreign entry and regulatory transparency, they have also enacted trade restrictions affecting foreign entry, movement of people, and competition over the same period. As a result, despite the progress made, the 2022 APEC Index score is still higher than the pre-pandemic score in 2019.

The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., not allowing foreign equity participation, restricting acquisition and use of real estate by foreigners, discretionary authorization) and regulatory transparency (e.g., no legal obligation to communicate regulations to the public within a reasonable time prior to entry into force, not providing visas on arrival, or visa exemption for temporary entry/transit of crew).

Appendix Figure 5. Average APEC Index score and contributors to change in score in road freight transport, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 6. Analysis of APEC Index policy categories for road freight transport

Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

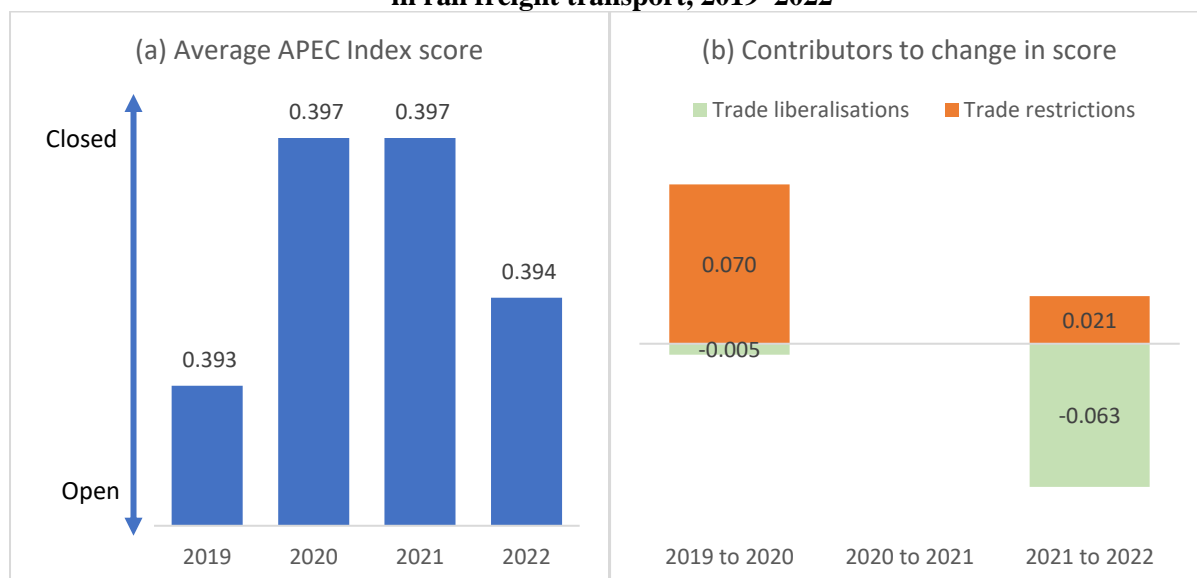
Source: APEC PSU calculation based on data from the APEC Index and OECD.

B.1.4 Rail freight transport

Analysis of the APEC Index score for 14 APEC economies showed that the average score increased from 0.393 in 2019 to 0.397 in 2020 and stayed there in 2021. It then fell to 0.394 in 2022 (Appendix Figure 7). The fall in score between 2021 and 2022 is contributed by trade liberalizations outweighing trade restrictions where, in particular, several APEC economies started rolling back temporary COVID-19 measures. At the same time, some economies have also introduced non-COVID-19 trade restrictions affecting foreign entry, movement of people, and competition (Appendix Figure 8). Therefore, despite making some progress, the 2022 APEC Index score is still higher than the pre-pandemic score in 2019.

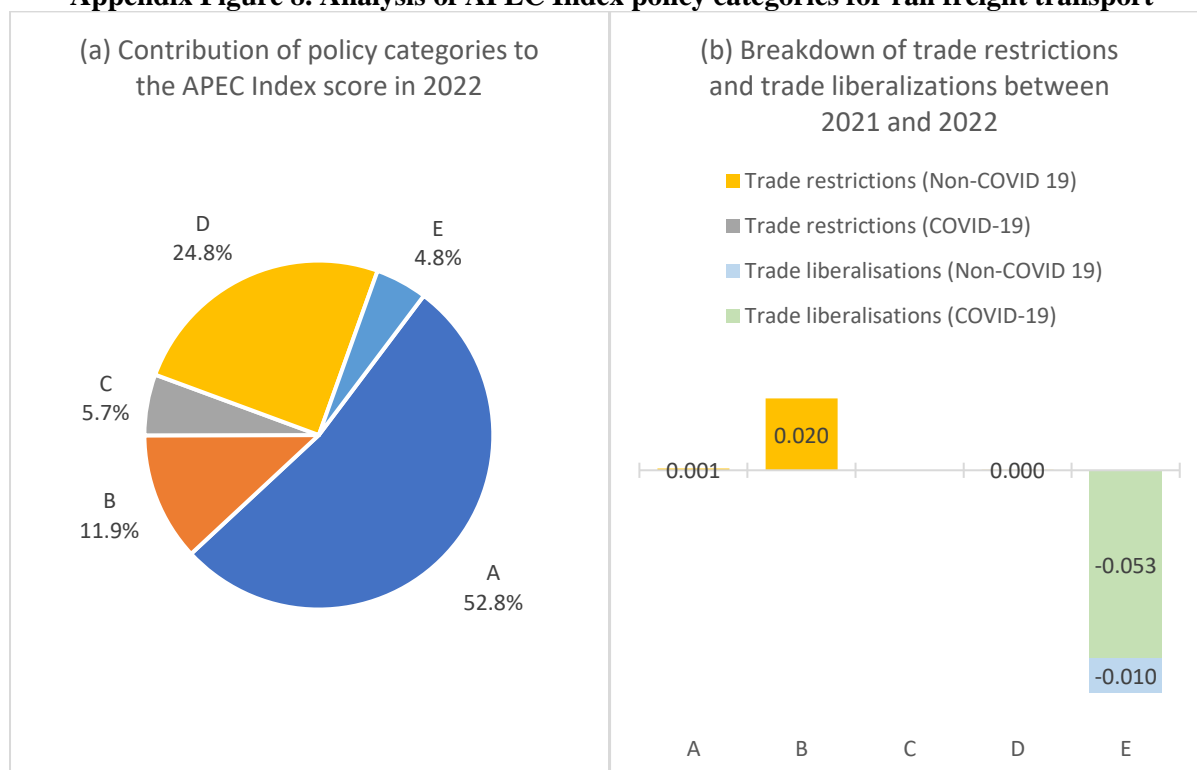
The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., application of quotas or economic needs tests in the allocation of licenses, restricting acquisition and use of real estate by foreigners) and barriers to competition (e.g., government controlling at least one major firm in the sector, government being able to overrule the decision of the regulator, price regulation for rail services).

Appendix Figure 7. Average APEC Index score and contributors to change in score in rail freight transport, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 8. Analysis of APEC Index policy categories for rail freight transport



Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

Source: APEC PSU calculation based on data from the APEC Index and OECD.

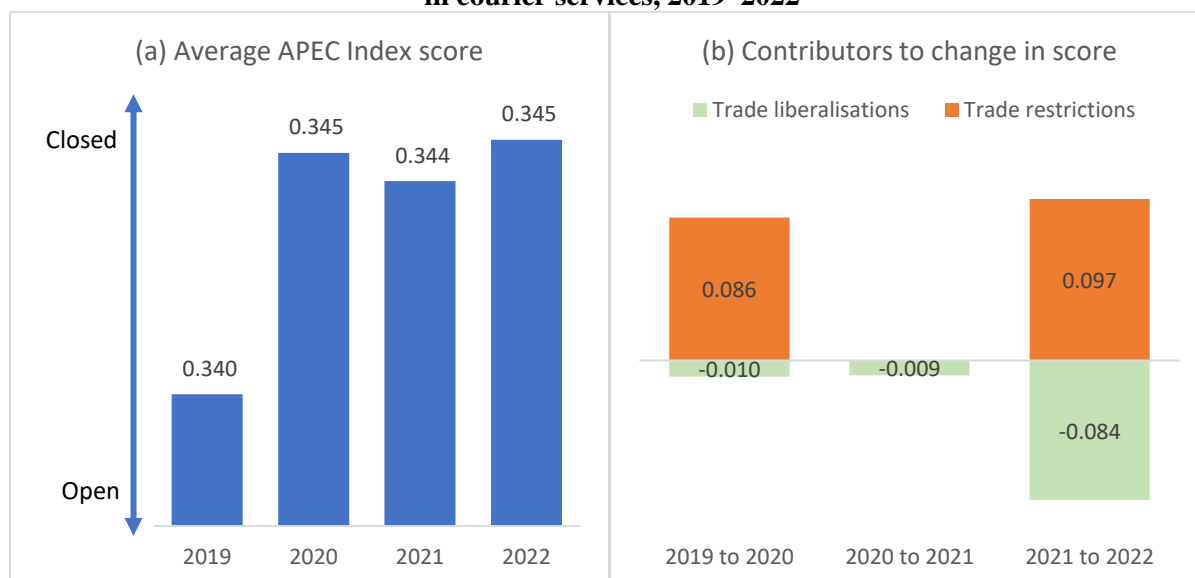
B.1.5 Courier services

Analysis of the APEC Index score for 15 APEC economies showed that the average score increased from 0.340 in 2019 to 0.345 in 2020, slightly lowering to 0.344 in 2021 before going back to 0.345 in 2022 (Appendix Figure 9). As seen in Appendix Figure 9, the increase in score

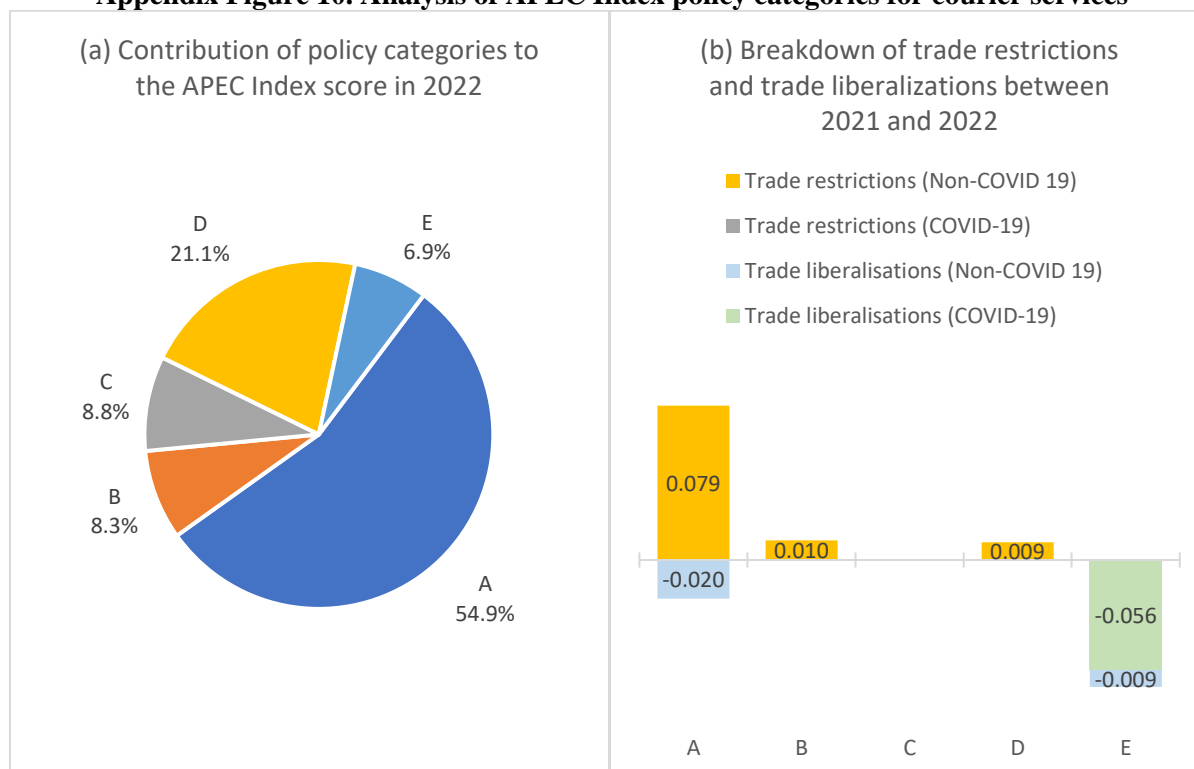
between 2021 and 2022 is due to trade restrictions outweighing trade liberalizations. Disaggregating these measures by category and on whether they are COVID-19-related indicated that some APEC economies have started to roll back temporary measures introduced in response to COVID-19 (Appendix Figure 10). Specifically, economies have begun to normalize their visa application process, which includes issuing multiple entry visa and having pre-COVID processing time and document requirements. While economies have also introduced other trade liberalizations, which are unrelated to COVID-19 that affect foreign entry and regulatory transparency, they have put in place trade restrictions affecting foreign entry, movement of people, and competition, which on balance led to the 2022 APEC Index score being higher than the 2021 score.

The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., not allowing foreign equity participation, restrictions on cross-border mergers and acquisitions, restrictions on cross-border data flows) and barriers to competition (e.g., government controlling at least one major firm in the sector, minimum capital requirements, designated postal operator obtaining preferential tax or subsidy treatment).

Appendix Figure 9. Average APEC Index score and contributors to change in score in courier services, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 10. Analysis of APEC Index policy categories for courier services

Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

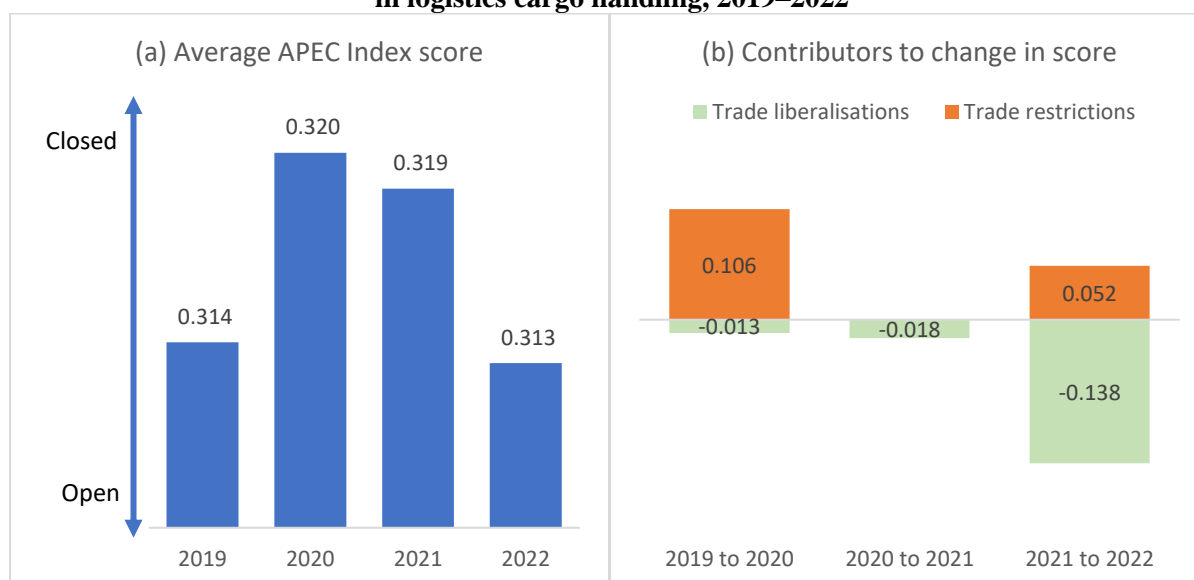
Source: APEC PSU calculation based on data from the APEC Index and OECD.

B.1.6 Logistics cargo handling

Analysis of the APEC Index score for 15 APEC economies showed that the average score increased from 0.314 in 2019 to 0.320 in 2020. It then fell slightly to 0.319 in 2021 before falling further to 0.313 in 2022 (Appendix Figure 11). The fall in score between 2021 and 2022 is due to trade liberalizations outweighing trade restrictions. In particular, some APEC economies have started to roll back temporary measures introduced in response to COVID-19 (Appendix Figure 12). Although economies have also introduced other trade liberalizations, which are unrelated to COVID-19 and that affect foreign entry and regulatory transparency, they have put in place trade restrictions affecting foreign entry and movement of people. On the aggregate, measures implemented by economies (both trade liberalizations and trade restrictions) led to the 2022 APEC Index score being lower than the pre-pandemic 2019 score.

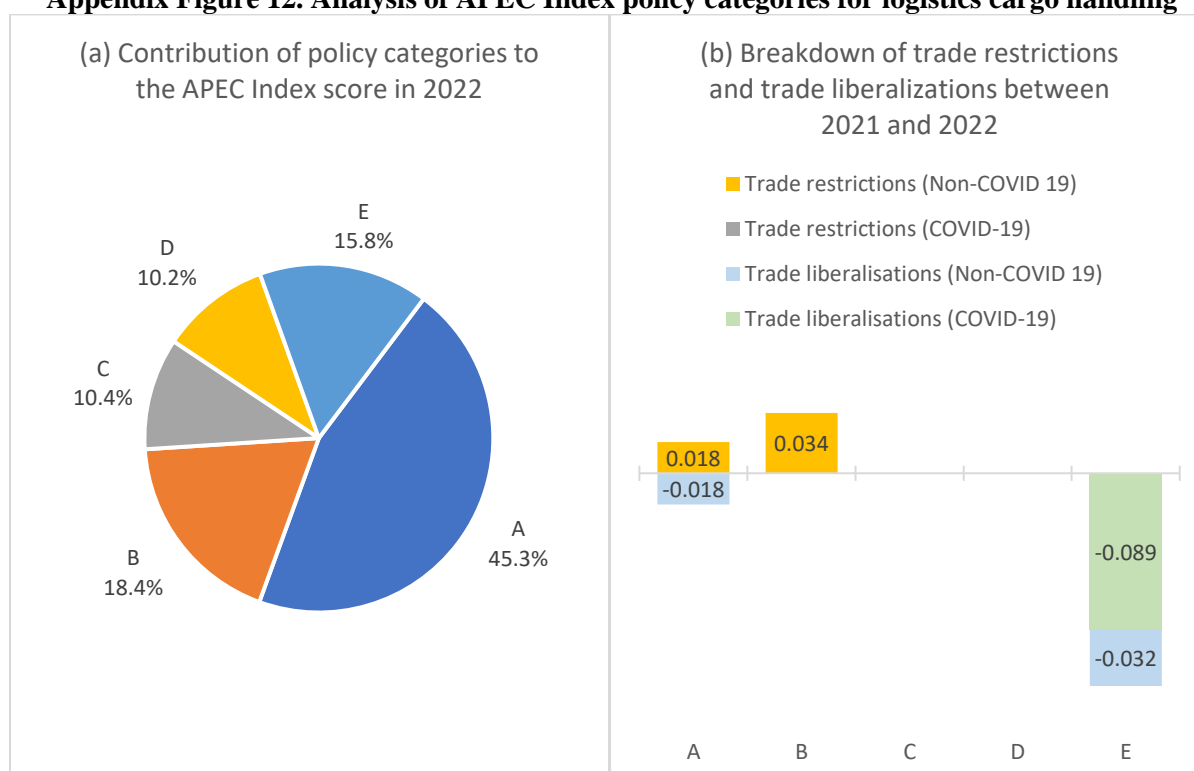
The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., limits to the proportion of shares that can be acquired by foreign investors in publicly-controlled firms, conditions on subsequent transfer of capital and investments, restrictions on cross-border data flows) and restrictions to movement of people (e.g., quotas for independent services suppliers, labor market tests or similar economic considerations for intra-corporate transferees, limitation on duration of stay for contractual services suppliers).

Appendix Figure 11. Average APEC Index score and contributors to change in score in logistics cargo handling, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 12. Analysis of APEC Index policy categories for logistics cargo handling



Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

Source: APEC PSU calculation based on data from the APEC Index and OECD.

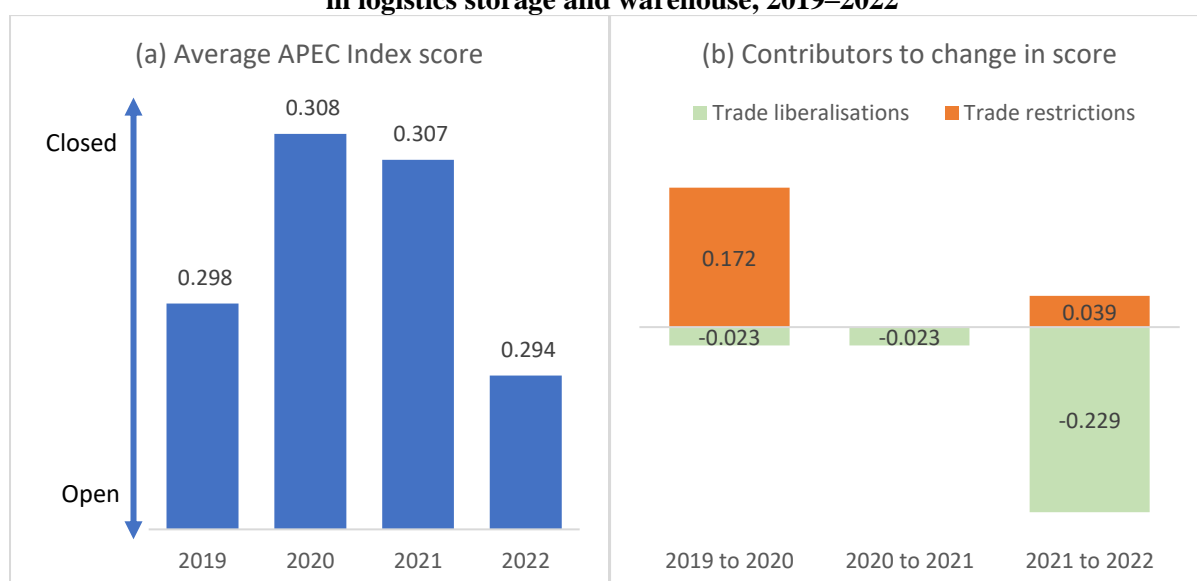
B.1.7 Logistics storage and warehouse

Analysis of the APEC Index score for 15 APEC economies showed that the average score jumped from 0.298 in 2019 to 0.308 in 2020. It then fell slightly to 0.307 in 2021 before falling more significantly to 0.294 in 2022 (Appendix Figure 13). The fall in score between 2021 and

2022 is due to trade liberalizations outweighing trade restrictions, particularly some APEC economies starting to roll back temporary measures introduced in response to COVID-19 (Appendix Figure 14). While economies have also introduced other trade liberalizations, which are unrelated to COVID-19 and that affect foreign entry and regulatory transparency, they have put in place trade restrictions affecting foreign entry and movement of people over the same period. On the aggregate, however, the 2022 APEC Index score is lower than the pre-pandemic 2019 score.

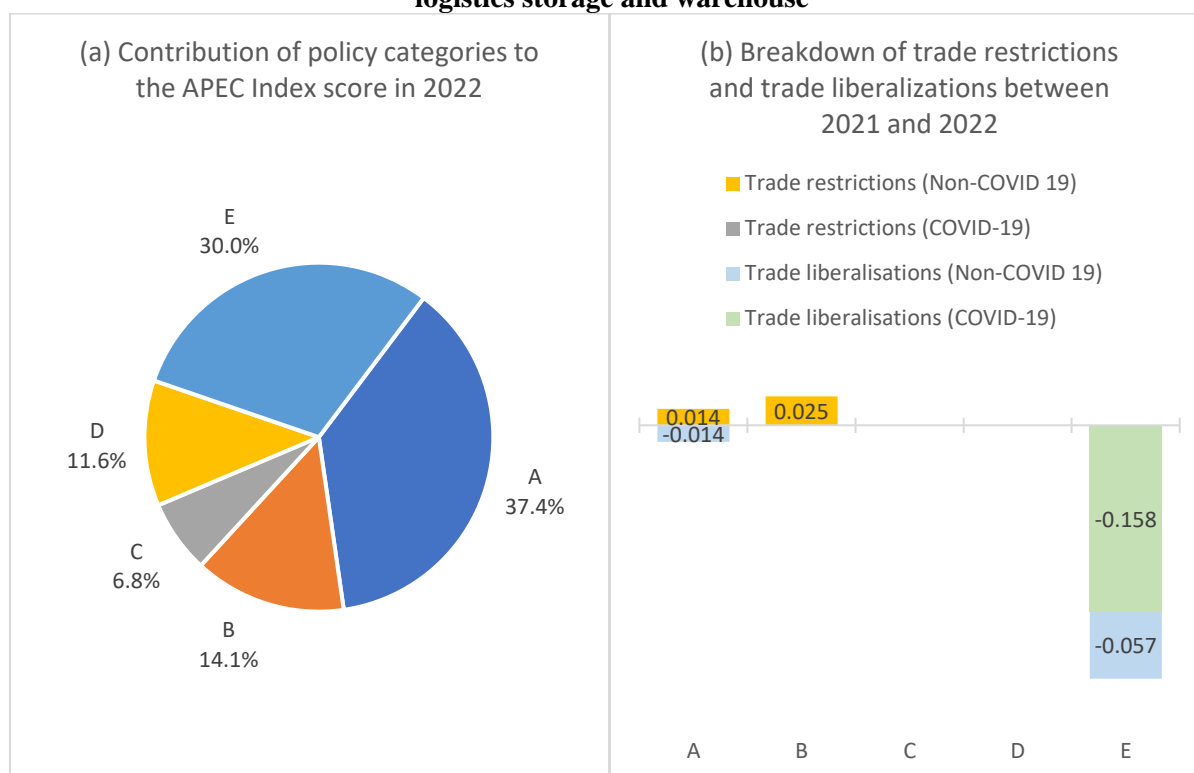
The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., limits to the proportion of shares that can be acquired by foreign investors in publicly-controlled firms, majority of the board of directors must be residents, restriction on the acquisition and use of land and real estate by foreigners) and regulatory transparency (e.g., duration of visa for crew, not allowing multiple entry visas for crew, not providing visas on arrival or visa exemption for temporary entry/transit of crew).

Appendix Figure 13. Average APEC Index score and contributors to change in score in logistics storage and warehouse, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 14. Analysis of APEC Index policy categories for logistics storage and warehouse



Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

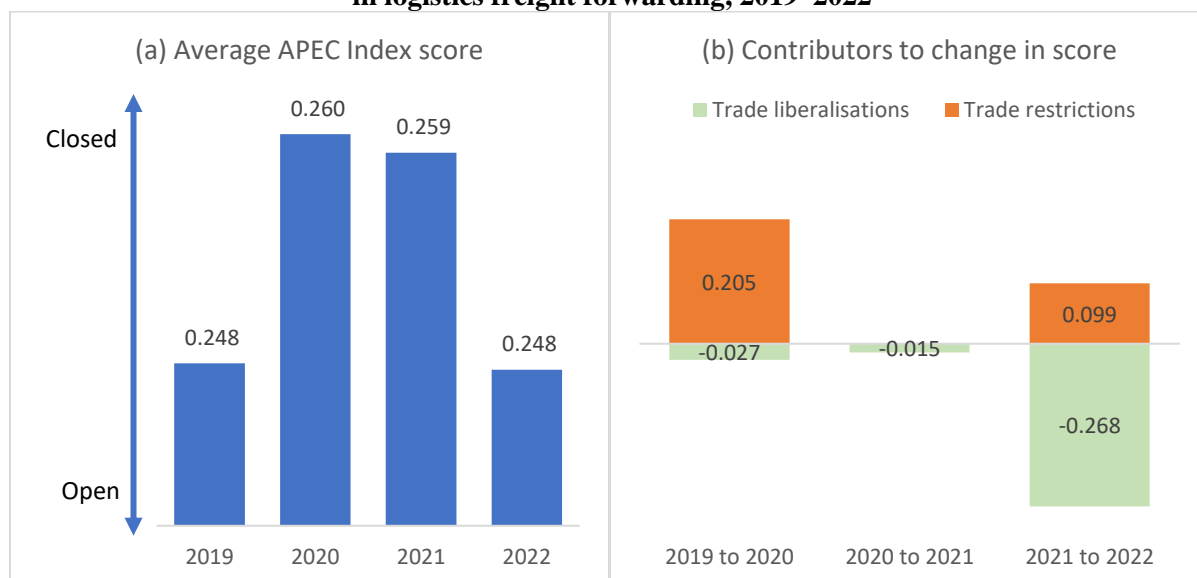
Source: APEC PSU calculation based on data from the APEC Index and OECD.

B.1.8 Logistics freight forwarding

Analysis of the APEC Index score for 15 APEC economies showed that the average score jumped from 0.248 in 2019 to 0.260 in 2020. It fell slightly to 0.259 in 2021 before falling further to 0.248 in 2022 (Appendix Figure 15). The fall in score between 2021 and 2022 is mainly contributed by some APEC economies that have started to roll back temporary measures introduced due to COVID-19 (Appendix Figure 16). While economies have also introduced other trade liberalizations, which are unrelated to COVID-19 and that affect foreign entry and regulatory transparency, they have put in place trade restrictions affecting foreign entry, movement of people, and competition over the same period. Despite a very small margin, the overall 2022 APEC Index score is slightly lower than the pre-pandemic 2019 score, indicating a less restrictive environment in 2022 vis-à-vis 2019.

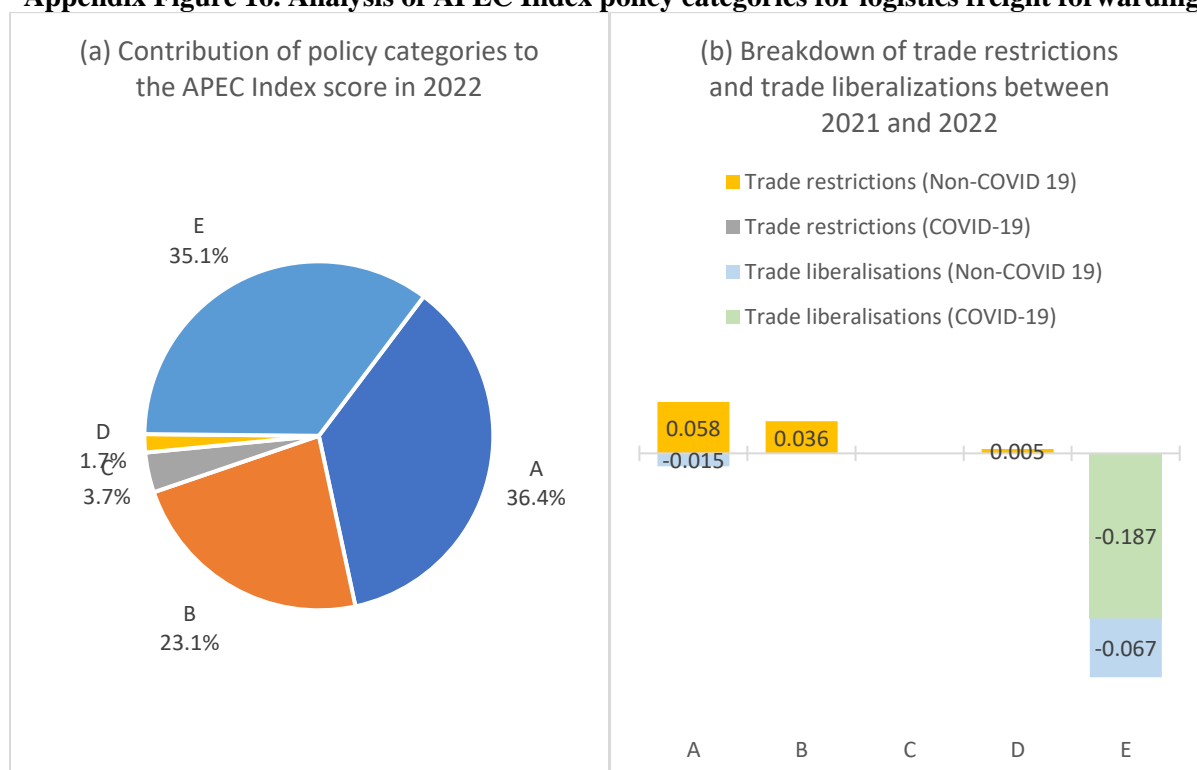
The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., majority of the board of directors must be residents, screening explicitly considers economic interests, local presence is required for cross-border supply) and regulatory transparency (e.g., duration of visa for crew, not allowing multiple entry visas for crew, not providing visas on arrival or visa exemption for temporary entry/transit of crew).

Appendix Figure 15. Average APEC Index score and contributors to change in score in logistics freight forwarding, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 16. Analysis of APEC Index policy categories for logistics freight forwarding



Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

Source: APEC PSU calculation based on data from the APEC Index and OECD.

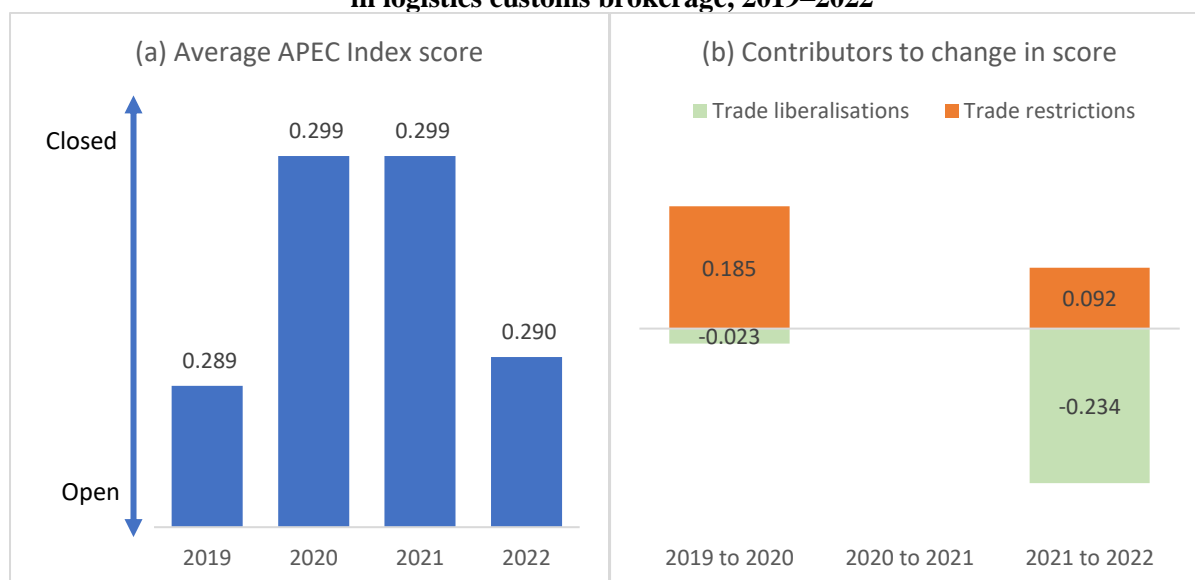
B.1.9 Logistics customs brokerage

Analysis of the APEC Index score for 15 APEC economies showed that the average score jumped from 0.289 in 2019 to 0.299 in 2020 and stayed there in 2021. It then fell to 0.290 in

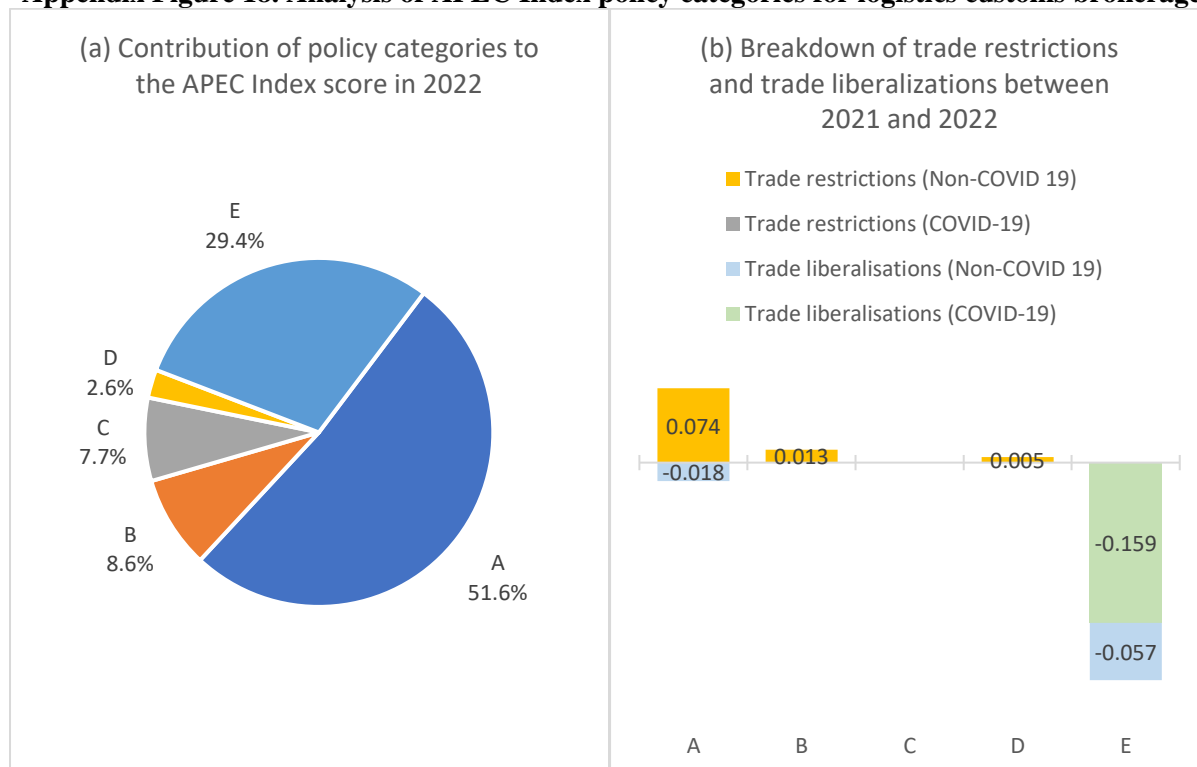
2022 (Appendix Figure 17). The fall in score between 2021 and 2022 is driven by trade liberalizations outweighing trade restrictions. Specifically, some APEC economies have started to roll back temporary measures introduced in response to COVID-19 (Appendix Figure 18). Although economies have also introduced other trade liberalizations, which are unrelated to COVID-19 and that affect foreign entry and regulatory transparency, they have put in place trade restrictions affecting foreign entry, movement of people, and competition over the same period. On the aggregate, despite the progress made, the 2022 APEC Index score is still slightly higher than the pre-pandemic 2019 score.

The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., not allowing foreign equity participation, screening explicitly considers economic interests, restriction on the acquisition and use of land and real estate by foreigners) and regulatory transparency (e.g., no legal obligation to communicate regulations to the public within a reasonable time prior to entry into force, duration of visa for crew, not allowing multiple entry visas for crew).

Appendix Figure 17. Average APEC Index score and contributors to change in score in logistics customs brokerage, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 18. Analysis of APEC Index policy categories for logistics customs brokerage

Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

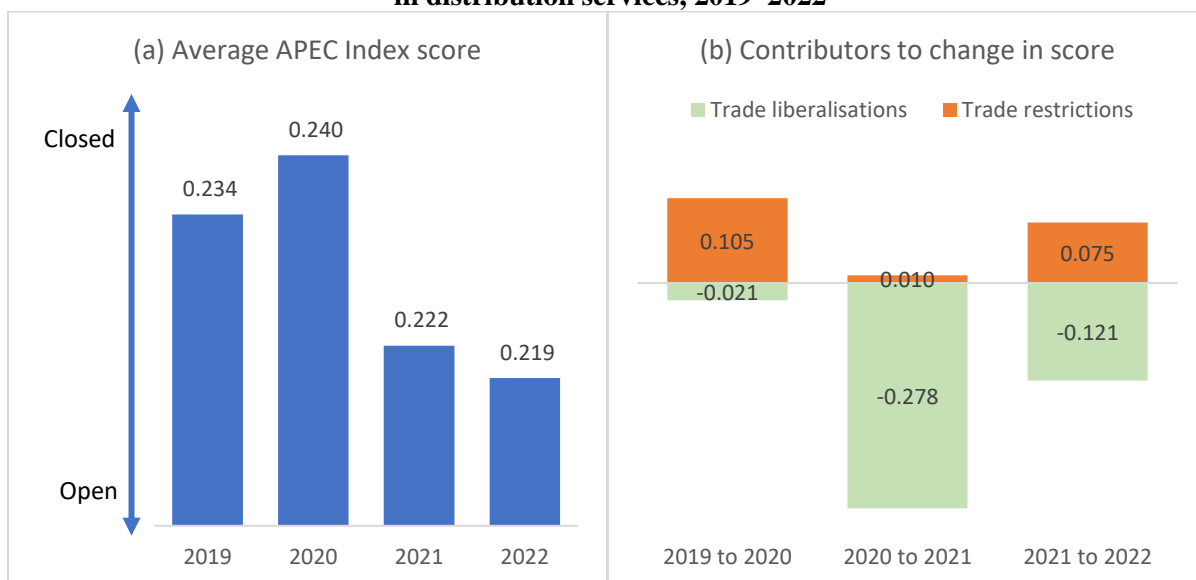
Source: APEC PSU calculation based on data from the APEC Index and OECD.

B.1.10 Distribution services

Analysis of the APEC Index score for 15 APEC economies showed that the average score increased from 0.234 in 2019 to 0.240 in 2020. It then fell to 0.222 and 0.219 in 2021 and 2022, respectively (Appendix Figure 19). The fall in score between 2021 and 2022 is driven by trade liberalizations outweighing trade restrictions, in particular some APEC economies started to roll back temporary measures introduced in response to COVID-19 (Appendix Figure 20). While economies have also introduced other trade liberalizations, which are unrelated to COVID-19 and that affect foreign entry and regulatory transparency, they have put in place trade restrictions affecting foreign entry, movement of people, and leading to discriminatory measures over the same period. Overall, the 2022 APEC Index score is lower than the pre-pandemic 2019 score.

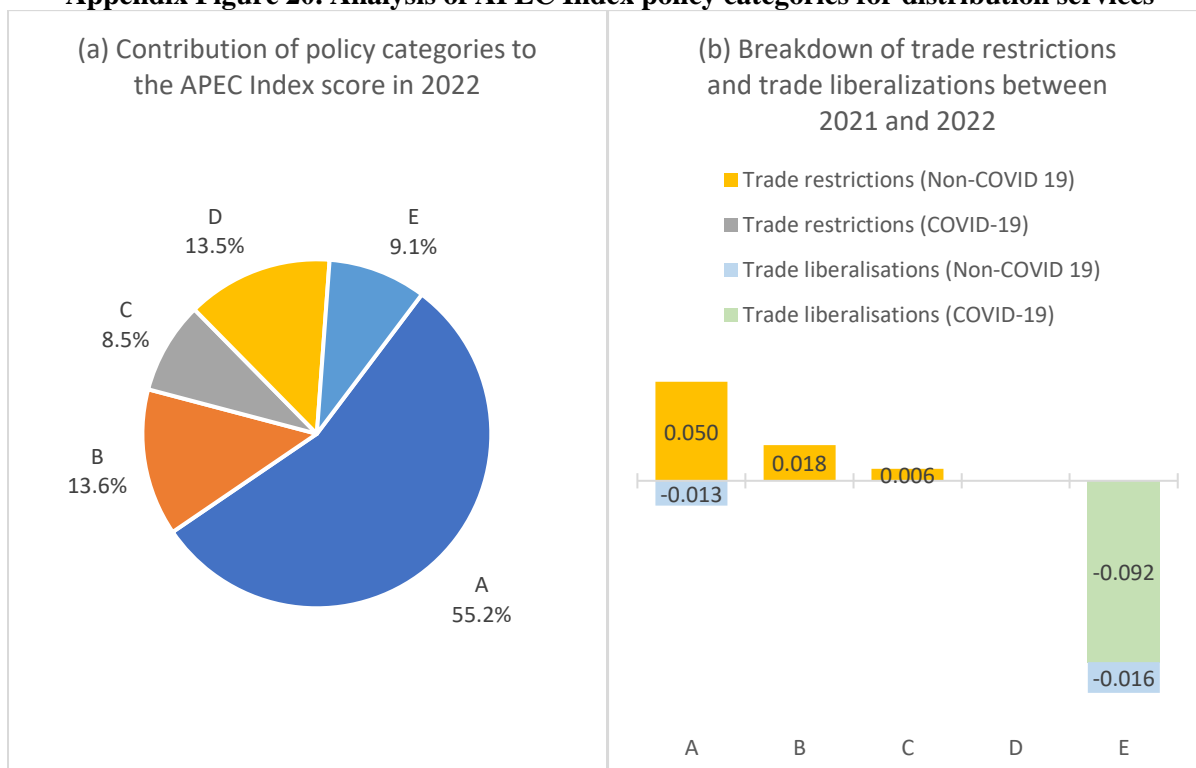
The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., screening exists without exclusion of economic interests, restrictions against foreign distributors to practice direct selling including e-commerce, commercial presence is required to provide cross-border services) and restrictions to movement of people (e.g., labor market tests or similar economic considerations for intra-corporate transferees, limitations on the duration of stay for contractual services suppliers).

Appendix Figure 19. Average APEC Index score and contributors to change in score in distribution services, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 20. Analysis of APEC Index policy categories for distribution services



Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

Source: APEC PSU calculation based on data from the APEC Index and OECD.

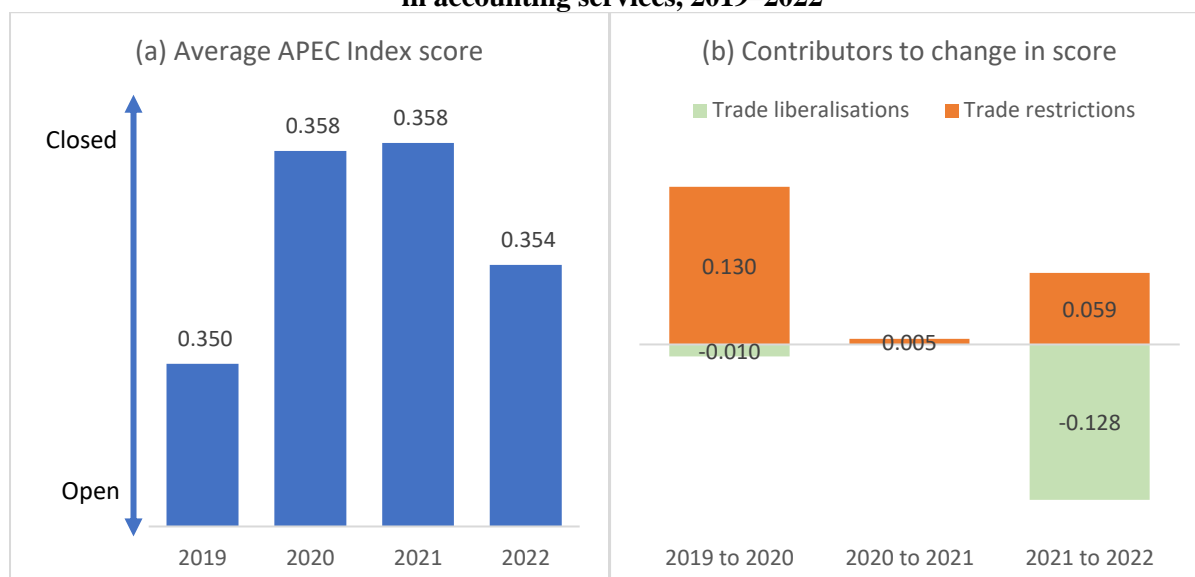
B.2 OTHER BUSINESS SERVICES

B.2.1 Accounting services

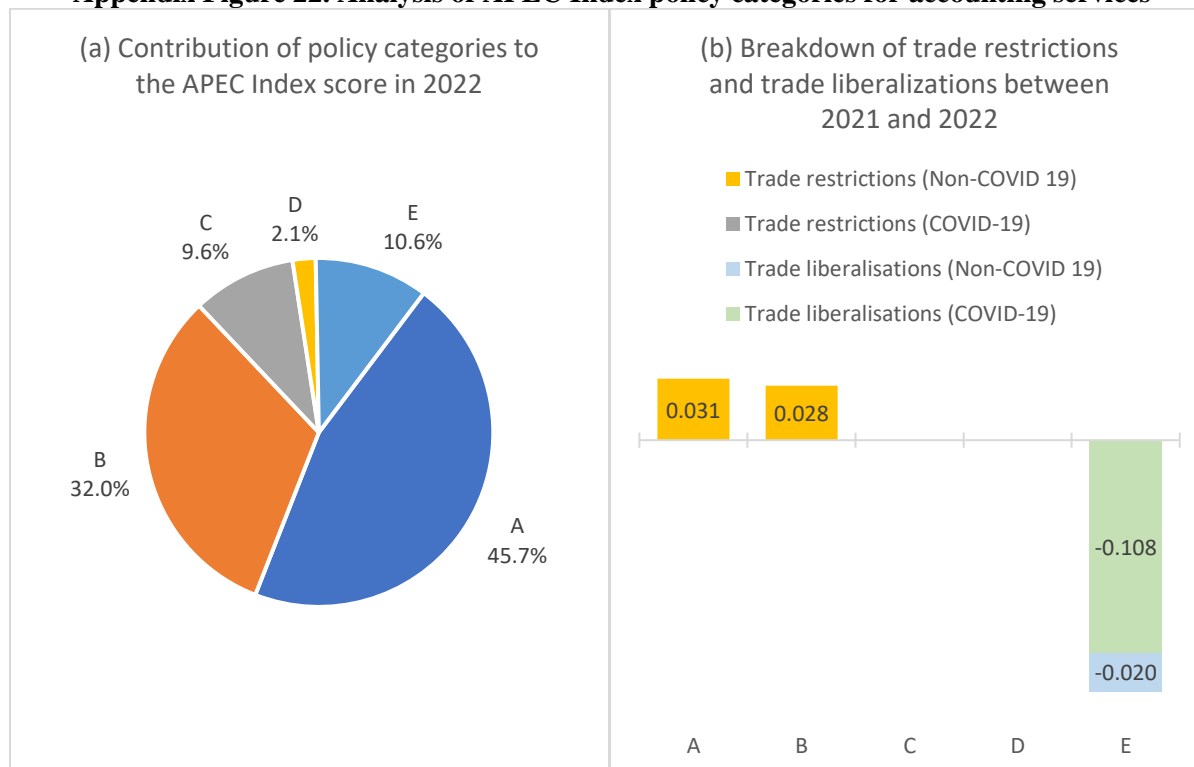
Analysis of the APEC Index score for 15 APEC economies showed that the average score jumped from 0.350 in 2019 to 0.358 in 2020 and stayed around that level in 2021. It then fell to 0.354 in 2022 (Appendix Figure 21). The fall in score between 2021 and 2022 is driven by trade liberalizations outweighing trade restrictions. Breaking down these measures by category and on whether they are COVID-19-related indicated that some APEC economies have started to roll back temporary measures introduced in response to COVID-19 (Appendix Figure 22). Although this is a good development, economies have also introduced non-COVID-19 trade restrictions affecting foreign entry and movement of people over the same period. On the aggregate, the 2022 APEC Index score is still higher than the pre-pandemic 2019 score.

The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., limitations on allowed maximum foreign equity share, majority of the board of directors must be licensed professionals, requiring local presence for cross-border supply) and restrictions to movement of people (e.g., labor market tests or similar economic considerations for intra-corporate transferees, requirements for foreign professionals to take a local examination and/or practice locally for at least 1 year, requirements for foreign providers to completely re-do their university degree, practice, and exam in the domestic economy).

Appendix Figure 21. Average APEC Index score and contributors to change in score in accounting services, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 22. Analysis of APEC Index policy categories for accounting services

Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

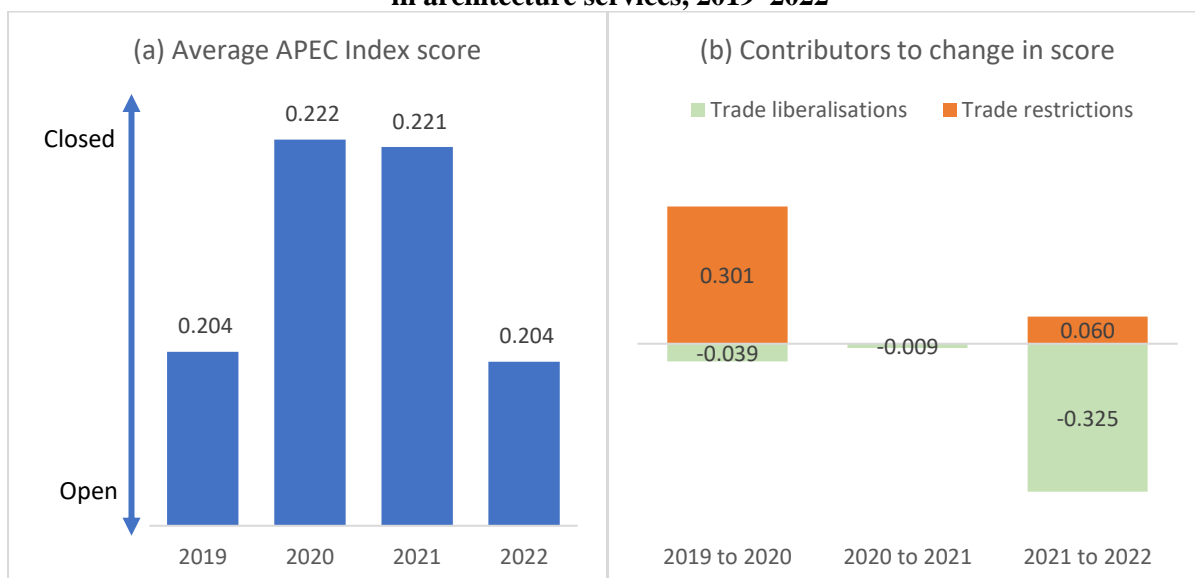
Source: APEC PSU calculation based on data from the APEC Index and OECD.

B.2.2 Architecture services

Analysis of the APEC Index score for 15 APEC economies showed that the average score jumped from 0.204 in 2019 to 0.222 in 2020 and then slightly went lower to 0.221 in 2021. It then fell further to 0.204 in 2022. As observed in Appendix Figure 23, the fall in score between 2021 and 2022 is mainly contributed by several APEC economies starting to roll back temporary measures introduced in response to COVID-19 (Appendix Figure 24). Although economies have also introduced other trade liberalizations, which are unrelated to COVID-19 and that affect foreign entry and regulatory transparency, they have put in place trade restrictions affecting foreign entry, movement of people, and competition over the same period. Despite being a very small margin, the overall 2022 APEC Index score is slightly lower than the pre-pandemic 2019 score, indicating a less restrictive environment in 2022 vis-à-vis 2019.

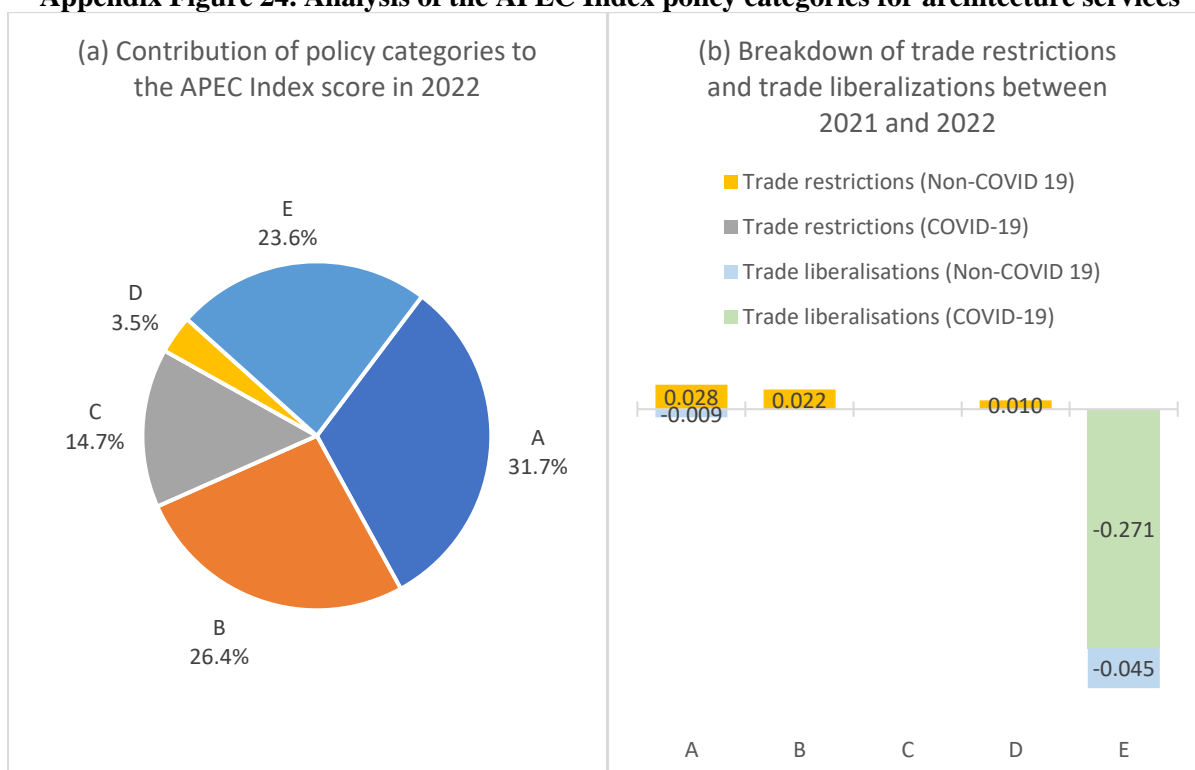
The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., only allowing joint ventures, majority of board of directors must be residents and/or licensed professionals, requiring commercial presence for cross-border services provision) and restrictions to movement of people (e.g., labor market tests or similar economic considerations for intra-corporate transferees, requirements for foreign professionals to take a local examination).

Appendix Figure 23. Average APEC Index score and contributors to change in score in architecture services, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 24. Analysis of the APEC Index policy categories for architecture services



Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

Source: APEC PSU calculation based on data from the APEC Index and OECD.

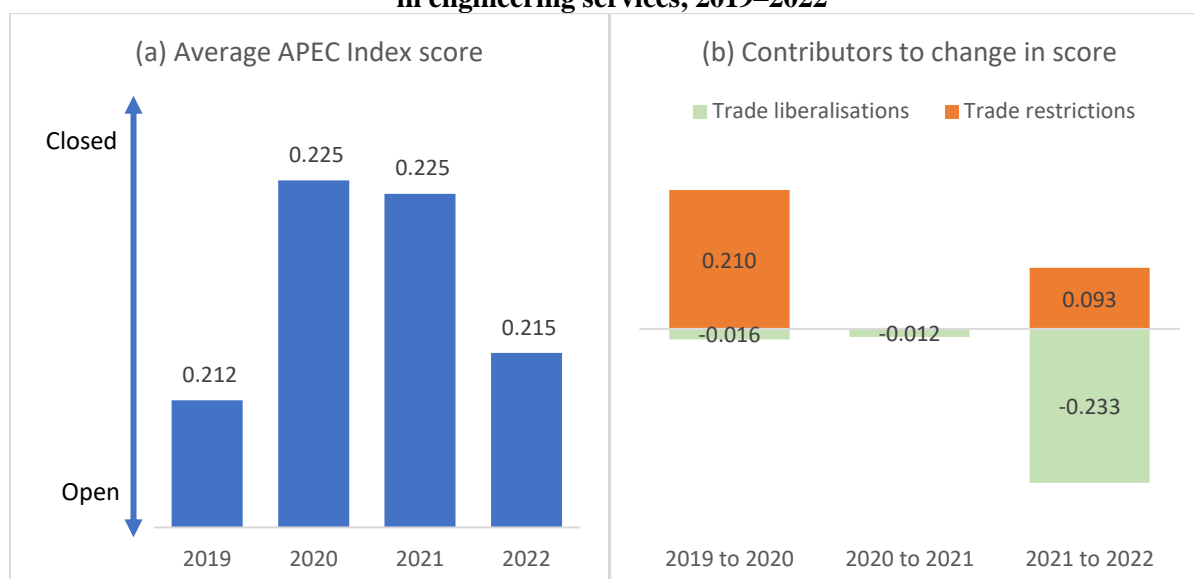
B.2.3 Engineering services

Analysis of the APEC Index score for 15 APEC economies showed that the average score jumped from 0.212 in 2019 to 0.225 in 2020. It stayed around the same level in 2021 and then

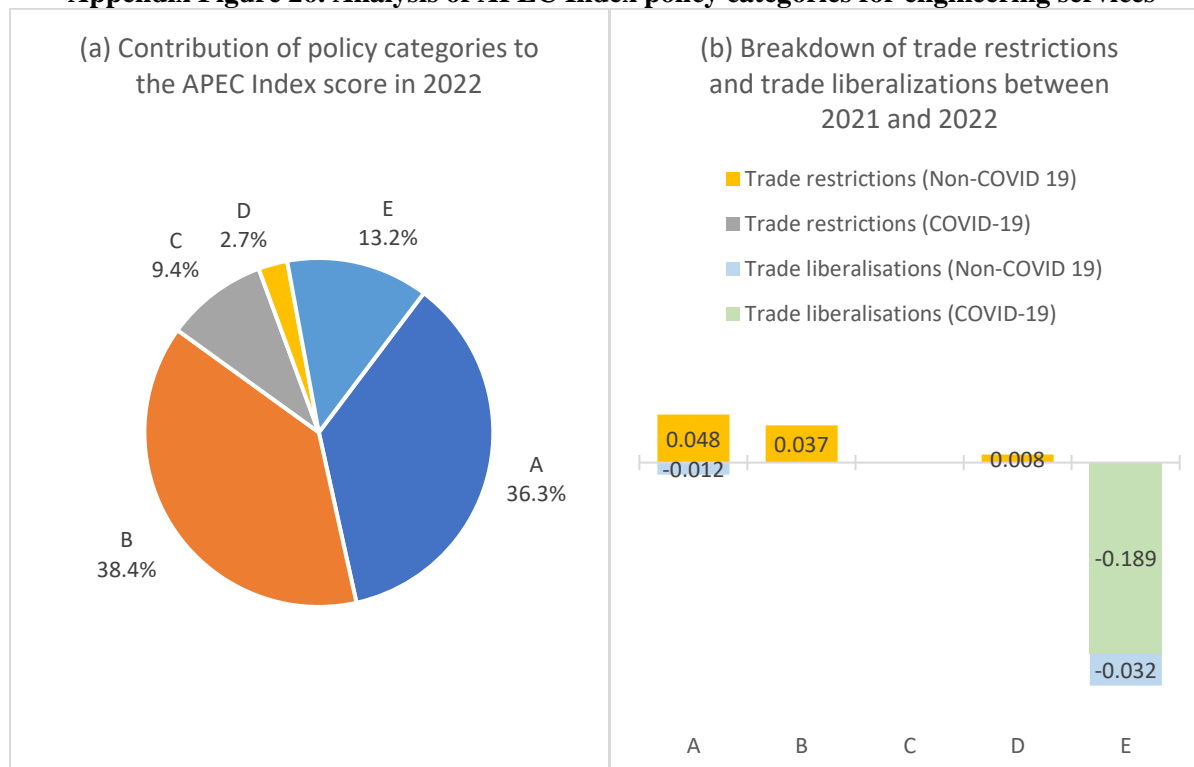
further to 0.215 in 2022 (Appendix Figure 25). The fall in score between 2021 and 2022 is driven by trade liberalizations outweighing trade restrictions. Disaggregating these measures by category and on whether they are COVID-19-related showed that several APEC economies have started to roll back temporary measures introduced in response to COVID-19 (Appendix Figure 26). Furthermore, economies have introduced other trade liberalizations, which are unrelated to COVID-19 and that affect foreign entry and regulatory transparency. Yet, they have also put in place trade restrictions affecting foreign entry, movement of people, and competition over the same period. On the aggregate, the 2022 APEC Index score is still higher than the pre-pandemic 2019 score.

The top two categories of restrictions in the 2022 APEC Index score are restrictions to movement of people (e.g., labor market tests or similar economic considerations for intra-corporate transferees, limitation on the duration of stay for contractual services suppliers, requirements for foreign professionals to take a local examination) and restrictions on foreign entry (e.g., majority of board of directors must be residents and/or licensed professionals, requiring commercial presence for cross-border services provision).

Appendix Figure 25. Average APEC Index score and contributors to change in score in engineering services, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 26. Analysis of APEC Index policy categories for engineering services

Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

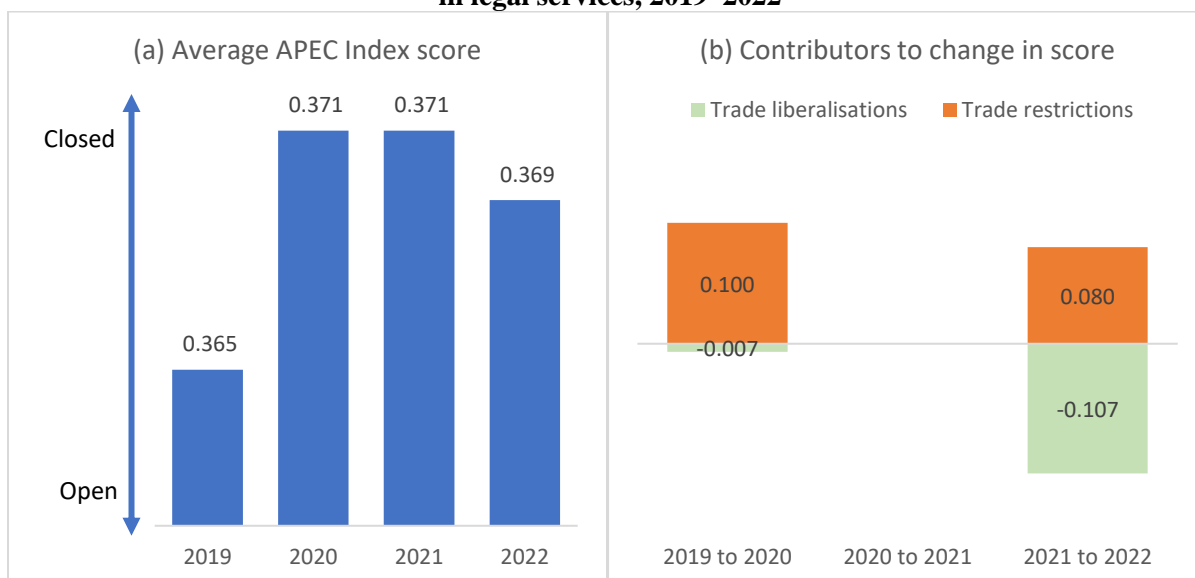
Source: APEC PSU calculation based on data from the APEC Index and OECD.

B.2.4 Legal services

Analysis of the APEC Index score for 15 APEC economies showed that the average score increased from 0.365 in 2019 to 0.371 in 2020 and stayed there in 2021. It then fell to 0.369 in 2022 (Appendix Figure 27). The fall in score between 2021 and 2022 is driven by trade liberalizations outweighing trade restrictions. In particular, several APEC economies have started to roll back temporary measures introduced in response to COVID-19 (Appendix Figure 28). Although economies have introduced other trade liberalizations, which are unrelated to COVID-19 and that affect foreign entry and regulatory transparency, they have also enacted trade restrictions affecting foreign entry, movement of people, and competition over the same period. Despite the progress made, the 2022 APEC Index is still higher than the pre-pandemic 2019 score.

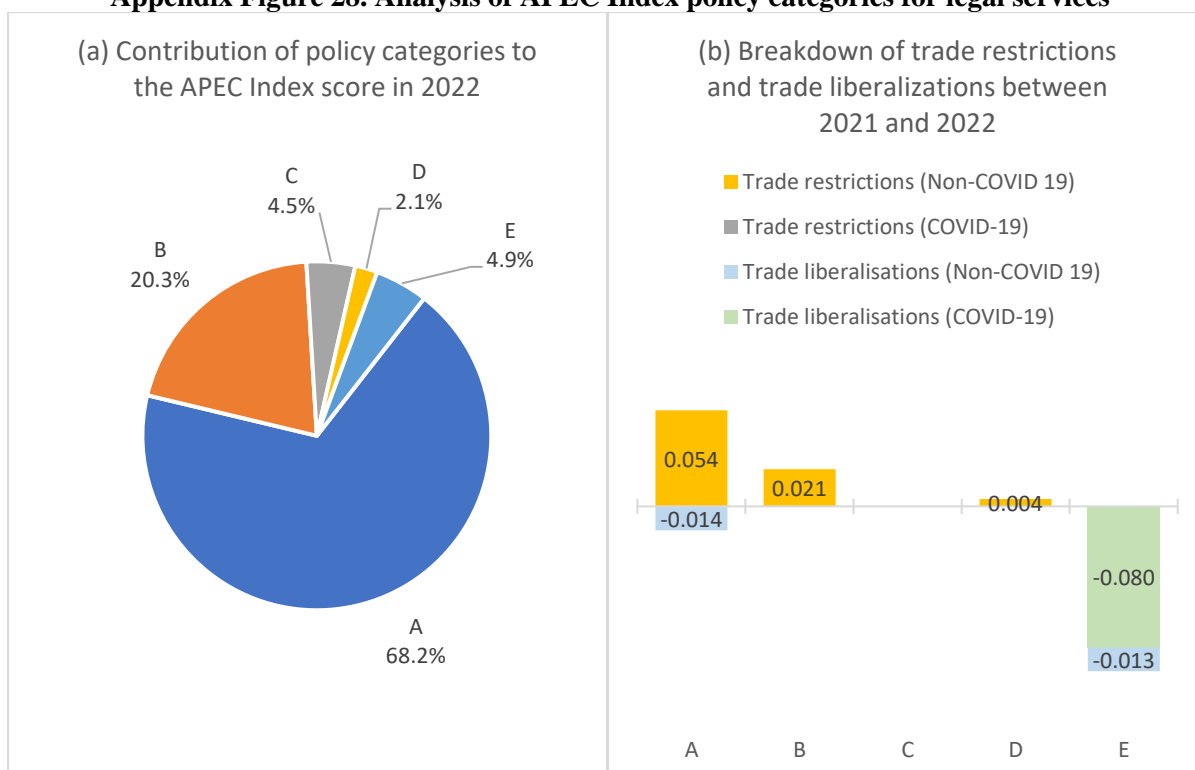
The top two categories of restrictions in the 2022 APEC Index score are restrictions on foreign entry (e.g., not allowing foreign equity participation, restricting the acquisition and use of real estate by foreigners, requiring commercial presence for cross-border services provision) and restrictions to movement of people (e.g., labor market tests or similar economic considerations for intra-corporate transferees, nationality, or citizenship required for license to practice).

Appendix Figure 27. Average APEC Index score and contributors to change in score in legal services, 2019–2022



Source: APEC PSU calculation based on data from the APEC Index and OECD.

Appendix Figure 28. Analysis of APEC Index policy categories for legal services



Note: A – Restrictions on foreign entry; B – Restrictions to movement of people; C – Other discriminatory measures; D – Barriers to competition; E – Regulatory transparency.

Source: APEC PSU calculation based on data from the APEC Index and OECD.