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Final Review of APEC's Progress Towards the Bogor Goals

APEC Policy Support Unit

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Prepared by:
Carlos Kuriyama, Divya Sangaraju, Jason Carlo Carranceja, Satvinderjit Kaur Singh, Rhea C. Hernando and Crystal Liu Jiquan
Asia-Pacific Economic Cooperation Policy Support Unit
Asia-Pacific Economic Cooperation Secretariat
35 Heng Mui Keng Terrace
Tel: (65) 6891-9600 Fax: (65) 6891-9690
Email: psugroup@apec.org Website: www.apec.org

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- APEC's total merchandise trade almost quintupled between 1994 and 2019, from USD 4.1 trillion to USD 19.0 trillion, averaging at 6.7% per year. But, the share of intra-APEC trade out of the total merchandise trade dropped slightly, from 71.9% in 1994 to 67.4% in 2019.

- While APEC's merchandise trade growth appeared to have slowed down after the 2008 Global Financial Crisis, APEC's merchandise growth recovered in 2017 and 2018, outpacing GDP growth. This improvement is linked to stronger manufacturing in developing economies and higher energy prices. However, merchandise trade in 2019 contracted again.

- APEC's trade in commercial services also quintupled from USD 917.5 billion in 1994 to USD 4.7 trillion in 2019. Likewise, the growth rate of trade in commercial services is almost the same as the growth rate of trade in goods, averaging at 6.7% growth per annum.

- FDI stocks in APEC economies have risen since 1994. While FDI inward stocks grew at 10.8% per year from USD 1.5 trillion in 1994 to USD 19.6 trillion in 2019. FDI outward stocks grew at 10.0% per year from USD 1.7 trillion to USD 18.7 trillion. APEC developing economies have increased their share of these FDI stocks vis-à-vis industrialized economies.

B. TARIFF RATES HAVE DROPPED SIGNIFICANTLY ACROSS THE APEC REGION, BUT HIGH TARIFFS REMAIN IN SOME SECTORS

- The simple average MFN applied tariffs for the APEC region went down from 13.9% in 1994 to 5.2% in 2019. As of 2019, APEC industrialized and developing economies applied averages tariff of 3.2% and 5.9%, respectively.

- Tariffs applied to the agricultural sector in the APEC region still remain high, averaging at 11.6%, compared to the 4.2% tariff applied to non-agricultural products. Some economies have even progressively increased tariffs for agricultural products between 1994 and 2019.

- APEC increased the prevalence of MFN duty-free products in the region. As of 2019, 48.5% of all products lines benefitted from the application of zero tariffs, in comparison to 24.9% of product lines in 1994. The average share of imports subject to MFN duty-free tariffs among APEC economies increased from 25.7% in 1994 to 61.6% in 2018.

- APEC economies have also pursued extensive trade liberalization via the negotiation of bilateral and regional trade agreements. As of 2019, APEC has 177 RTA/FTAs in force, 66 of which are with other APEC partners.

C. NOWADAYS, THERE IS A HIGHER PREVALENCE OF NON-TARIFF MEASURES

- The number of trade remedies in place by APEC members has incremented throughout the years based on notifications at WTO. In addition, the number of unresolved specific trade concerns related to sanitary and phytosanitary issues in the APEC region is growing.

- According to the Global Trade Alert database, the APEC region enforced more measures affecting trade than those favoring trade. More trade-facilitating measures favored the sector of machineries and parts thereof, whereas trade-restrictive measures were most affecting the electrical energy and iron and steel sectors.

D. THERE IS FURTHER OPENNESS IN TRADE IN SERVICES, BUT RESTRICTIONS REMAIN HIGH IN SOME SERVICES SECTORS. RESTRICTIONS IN DIGITAL ISSUES ARE INCREASING IN RECENT YEARS.

- APEC economies demonstrated consistent progress in liberalizing trade in services. Over the years, APEC economies have signed and enforced new RTA/FTAs that commit more market access and/or national treatment to services sectors than those established under the GATS.

- APEC industrialized economies in general made more extensive commitments in GATS (General Agreement on Trade in Services) schedules than APEC developing economies. Most of the commitments by APEC economies are related to modes 2 (consumption abroad) and 3 (commercial presence). However, APEC developing economies offered further commitments to reduce the existing gap with industrialized economies, based on their revised offers in the context of the Doha Round.

- APEC members have further liberalized services sectors through bilateral or regional trade agreements, and 72% of RTA/FTAs put in place by at least one APEC economy include sectorial services commitments. APEC economies are increasingly making services commitments on a more comprehensive negative-list basis in their RTA/FTAs.

- APEC economies have made unilateral decisions to reduce restrictions in services sectors. On average, architecture, engineering, sound recording, distribution, and computer services experience the lowest level of restrictions. However, restrictions remain relatively high in air transport, courier, rail freight transport, broadcasting, legal and accounting services. For all analyzed sectors, the level of trade restrictiveness is higher in APEC developing economies than APEC industrialized economies, but there are efforts to implement gradual liberalization and deregulation by using pilot programs and regulatory sandboxes.

- In recent years, there has been an increasing trend in the implementation of measures affecting cross-border data flows in the APEC region and the rest of the world, which could hamper economies ability to benefit from digital technologies and restrict the development of digital trade.

E. EFFORTS TO IMPROVE THE INVESTMENT CLIMATE IN THE APEC REGION HAVE MIXED RESULTS

- APEC economies gradually relaxed their FDI regulations from 1997 to 2010, with developing economies continuing to lift restrictions from 2010 to 2018. While APEC industrialized economies slightly tightened their FDI regulations between 2010 and 2018, there remain fewer restrictions in these economies overall.

- There is a growing perception among the business community that the restrictions on foreign investment have been increasing in APEC. This sentiment is more pronounced with respect to developing economies.

- However, APEC economies have actively engaged in the negotiation and conclusion of international investment agreements (IIAs). Developing economies, in particular, have contributed greatly to the expansion of IIA network.

- There has been a trend among APEC developing economies to implement measures to create a more favorable environment for investors, in particular relating to entry and establishment, and promotion and facilitation.

F. THERE ARE POSITIVE DEVELOPMENTS IN TRADE FACILITATION: PROCEDURES HAVE SIMPLIFIED AND THE QUALITY OF LOGISTICS HAVE IMPROVED

- The cost to import and export declined substantially between 2005 and 2018. The time to trade is shorter as well. Furthermore, customs clearance processes in APEC have also become more efficient. Yet, gaps between APEC developing and industrialized economies still remain.

- Logistics services have improved in the APEC region between 2007 and 2018. Perceptions of improved quality of trade and transport infrastructure and of ability to track consignments were noted in both APEC industrialized and developing economies.

- APEC economies are making efforts to adopt new technologies such as single window systems.

- All APEC economies have accepted the WTO Trade Facilitation Agreement. 13 economies have fully implemented it as of March 2020, which is expected to facilitate trade by strengthening inter-border agency cooperation.

G. IT IS EASIER AND MORE COST-EFFICIENT TO DO BUSINESS IN THE APEC REGION, BUT THERE IS STILL ROOM FOR IMPROVEMENT

- Business regulations are simpler nowadays. The procedures needed and the time taken to start a business, register property and pay taxes have declined across APEC. However, APEC developing economies still have to simplify further procedures to be on par with the industrialized economies.

- Investor protection laws in the region improved between 2005 and 2018. However, contract enforcements have become more expensive: the cost as a percentage of claim of enforcing contracts increased from 30.1% to 31.7% during the period.

- Quality of governance in the APEC region has noted mixed trends. While government effectiveness and regulatory quality have continually improved between 1996 and 2018, control of corruption has worsened.

H. MORE TRADE FACILITATING THAN TRADE RESTRICTIVE MEASURES HAVE BEEN IMPLEMENTED SINCE THE EMERGENCE OF THE COVID-19 PANDEMIC

- Several APEC economies implemented a temporary reduction or elimination of import tariffs in order to facilitate the imports of medicines, medical supplies, medical equipment and personal protective products. Within the APEC region, 15 of these measures have been reported, 9 of which are still in place.

- Initially the pandemic motivated an increase in the application of temporary export restrictions, prohibitions, licensing and quotas. However, many of the initial restrictive measures have been terminated, in particular on export bans. Currently, 2/3 of the NTMs still in place as a consequence of the pandemic are facilitating trade instead.

- Most of the measures implemented by APEC economies on trade in services in relation to the pandemic are facilitating trade. These measures are mostly targeting: (1) financial services, to increase liquidity and promote lending, and (2) telecommunication services, to provide spectrum boost and facilitate the provision of broadband services to household and firms.

I. APEC HAS ENJOYED HIGH ECONOMIC GROWTH AND IMPROVED SOCIAL OUTCOMES AS EVIDENCED BY DECLINING POVERTY INCIDENCE, BUT APEC NEEDS TO PUT MORE WORK IN TETHERING ECONOMIC GROWTH WITH ENVIRONMENTAL SUSTAINABILITY

- APEC's real GDP grew at 3.9% per year between 1994 and 2019, faster than the rest of the world. APEC's GDP per capita grew at 3.1% per year for the same time period.

- APEC experienced a downward trend in male and female unemployment. As of 2019, APEC's total unemployment rate stood at 4.0%, compared to 4.6% in 1994.

- Access to social services have improved in APEC. The region's life expectancy at birth grew from 70.5 years in 1994 to 76.5 years in 2018. As of 2018, over 99% of APEC's population had access to electricity, while 87.3% of APEC's population had access to basic sanitation in 2017.

- Enrolment in tertiary education has increased, with gross enrolment ratio increasing from 20.5% in 1994 to 55.8% in 2018. APEC has also increased expenditures on education, with economies allocating on average 4.1% of their GDP on education as of 2018.

- Poverty has fallen significantly, with the number of poor people in APEC dropping from 1.4 billion in 1994 to 240.4 million people in 2018, reducing poverty incidence from 58.5% of the population to 8.3%. Nevertheless, APEC economies need more work to address growing inequality: in some economies, the income share of the poorest 10% has shrunk while the income share of the richest 10% has grown.

- Carbon dioxide emissions in APEC grew on average by 2.2% per annum between 1994 and 2016, but carbon dioxide emissions per dollar of GDP in APEC declined by 1.5% between 1994 and 2016, suggesting that production in APEC is becoming less carbon intensive.

- Regarding the conservation of natural resources, there have been an overall increase in forest land as a percentage of land area in the APEC region. However, some economies have reduced their forest land areas due to forest fires, unsustainable logging practices and switch of land use to agricultural and residential purposes.

- In terms of water resources, renewable freshwater resources per capita have been experiencing a downward trend, but there is an upward trend in wastewater treatment to release water in the environment in a safe manner or reuse it for other purposes.

2. THE BOGOR GOALS: CONTEXT OF THE ASSESSMENT

A. INTRODUCTION

Since 1994, the Bogor Goals have been the driving force in APEC, stimulating many collective initiatives in APEC's policy and working groups and prompting APEC economies to pursue economic openness to enhance trade and investment flows. These initiatives help bring APEC closer to its objectives of sustainable growth, equitable development, and a stronger sense of an Asia-Pacific community.[1]

The year 2020 is the deadline set by APEC Leaders to meet the Bogor Goals. Based on guidelines set by Senior Officials in May 2011, a final assessment is due this year to measure APEC's progress on liberalizing and facilitating trade and investment.[2] The results of this final assessment, presented later in this report, not only demonstrates APEC's achievements since the inception of the Bogor Goals, but also outlines areas where APEC needs to do further work. Consequently, this assessment could facilitate discussions of APEC's work agenda post-2020.

B. WHAT ARE THE BOGOR GOALS?

As part of the efforts to lead the way in strengthening the multilateral trading system, in enhancing trade and investment liberalization, and in intensifying development cooperation in the Asia-Pacific region; APEC Leaders met in Bogor, Indonesia on 15 November 1994 and issued the APEC Economic Leaders' Declaration of Common Resolve (colloquially known as the Bogor Declaration).

The Bogor Declaration states:

> "With respect to our objective of enhancing trade and investment in the Asia-Pacific, we agree to adopt the long-term goal of free and open trade and investment in the Asia-Pacific. This goal will be pursued promptly by further reducing barriers to trade and investment and by promoting the free flow of goods, services and capital among our economies. We will achieve this goal in a GATT-consistent manner and believe our actions will be a powerful impetus for further liberalization at the multilateral level to which we remain fully committed.
>
> "We further agree to announce our commitment to complete the achievement of our goal of free and open trade and investment in the Asia-Pacific no later than the year 2020. The pace of implementation will take into account differing levels of economic development among APEC economies, with the industrialized economies achieving the goal of free and open trade and investment no later than the year 2010 and developing economies no later than the year 2020."[3]

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[1] APEC-PSU, "Progressing towards the APEC Bogor Goals: Perspectives of the APEC Policy Support Unit" (APEC, November 2010), 10–15, http://publications.apec.org/Publications/2010/11/Progressing-towards-the-APEC-Bogor-Goals-Perspectives-of-the-APEC-Policy-Support-Unit-November-2010.

[2] APEC-CTI, "Bogor Goals Progress Report Guidelines" (23rd APEC Ministerial Meeting, Hawaii, United States: APEC, 2011), http://mddb.apec.org/Documents/2011/MM/AMM/11_amm_014app01.doc. The final assessment is taking into account the Individual Action Plans (IAP) and Fact Sheet Templates provided by APEC member economies, as well as information from reputable external sources, such as international organizations.

[3] "APEC Economic Leaders' Declaration of Common Resolve" (1994 APEC Economic Leaders' Week, Bogor, Indonesia: APEC, 1994), https://www.apec.org/Meeting-Papers/Leaders-Declarations/1994/1994_aelm.

The abovementioned paragraphs describe what are commonly known as the Bogor Goals. However, these paragraphs only provide general principles on how to achieve these goals. Some caveats to note are the following:

- The Bogor Goals are not about a full elimination of barriers. Instead, they call for a "further reduction of barriers to trade and investment."
- The Bogor Goals are to be achieved in a GATT/WTO-consistent manner. This means that any measures introduced need to follow the rules and principles in force under the WTO (e.g. the principle of non-discrimination).[4]
- The Bogor Goals established a differentiated deadline for economies of varying development levels: 2010 for APEC industrialized economies and 2020 for APEC developing economies.[5]

APEC member economies have been able to implement actions that liberalize trade and investment in two parallel manners. Firstly, APEC member economies introduced unilateral measures that reduce or eliminate barriers in order to encourage efficiency and reduce costs (e.g. by reducing Most-Favored Nation [MFN] tariffs). Secondly, APEC member economies actively negotiated with trading partners to obtain better market access conditions overseas. These negotiations have taken place at the bilateral/regional level (e.g. regional and free trade agreements [RTA/FTAs]), as well as at the plurilateral and multilateral level at the WTO.

Some actions by APEC member economies to liberalize trade have also taken place within the region. For example, APEC spearheaded efforts that culminated in the subscription of the WTO Information Technology Agreement (ITA) in 1996. It also played a crucial role in subsequent efforts to formally expand the list of products subject to the ITA by December 2015. In addition, APEC economies endorsed a list of 54 environmental goods in 2012 to reduce their tariffs to 5% or less by the end of 2015.[6]

C. THE BOGOR GOALS AND BUSINESS FACILITATION

The Bogor Declaration noted that efforts in trade and investment liberalization should be accompanied by initiatives on business facilitation:

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[4] WTO rules only allows exceptions to the principle of non-discrimination in three specific cases: 1) integration arrangements such as free trade agreements, in which preferential treatment is given to partner economies only; 2) unilateral preferential market access treatment to developing economies (e.g. Japan's General System of Preferences); and 3) trade-related measures when goods of a specific origin and features represent a threat to legitimate pubic interests such as health and safety (e.g. restrictions to food products due to a pest), or when goods are traded under unfair conditions or harm domestic producers that justify the application of a trade remedy (e.g. anti-dumping, safeguards or countervailing duties). For further information, please see APEC-PSU, "Progressing towards the APEC Bogor Goals: Perspectives of the APEC Policy Support Unit" (APEC, November 2010), 6-7, http://publications.apec.org/Publications/2010/11/Progressing-towards-the-APEC-Bogor-Goals-Perspectives-of-the-APEC-Policy-Support-Unit-November-2010.

[5] For the purpose of the Bogor Goals, APEC economies in 1994 considered, the APEC industrialized group to be comprised of the following economies: Australia; Canada; Japan; New Zealand; and United States. For the same purpose, APEC economies in 1994 considered the APEC developing group to include Brunei Darussalam; Chile; China; Hong Kong, China; Indonesia; Korea; Malaysia; Mexico; Papua New Guinea; Peru; Philippines; Russia; Singapore; Chinese Taipei; Thailand; and Viet Nam. For simplicity, this classification was used in the Assessment of the Achievements of the Bogor Goals in 2010, please see APEC, "The Report on APEC's 2010 Economies' Progress Towards the Bogor Goals" (APEC, 2010), https://www.apec.org/-/media/Files/AboutUs/AchievementsBenefits/2010/bogor_Report_AMM20101110.pdf?la=en&hash=FF6975ECC15805DAEB280A1BA83AAFC776571A91, and is being used in this final assessment. Please note that the use of this classification is without prejudice to the current development status of APEC member economies, APEC member economies' views on the development status of each APEC member economy, and APEC member economies' views of the usefulness and suitability of using the aforementioned industrialized-developing distinction to describe APEC economies today.

[6] By December 2019, 18 APEC economies had fully implemented the APEC List of Environmental Goods.

> "To complement and support this substantial process of liberalization, we decide to expand and accelerate APEC's trade and investment facilitation programs. This will promote further the flow of goods, services, and capital among APEC economies by eliminating administrative and other impediments to trade and investment.
>
> "We emphasize the importance of trade facilitation because trade liberalization efforts alone are insufficient to generate trade expansion. Efforts at facilitating trade are important if the benefits of trade are to be truly enjoyed by both business and consumers. Trade facilitation has also a pertinent role in furthering our goal of achieving the fullest liberalization within the global context.
>
> "In particular we ask our ministers and officials to submit proposals on APEC arrangements on customs, standards, investment principles and administrative barriers to market access."[7]

APEC Leaders recognized that any progress in liberalization will not lead into wider benefits for the community if business facilitation efforts do not go hand-in-hand. Initiatives such as the APEC Trade Facilitation Action Plan I and II, the Investment Facilitation Action Plan, the Supply-Chain Connectivity Framework Action Plan and the APEC Connectivity Blueprint, have been supporting the call by APEC Leaders to facilitate trade and investment.

Throughout APEC's history, its member economies have been implementing policies building on initiatives to reduce trade transaction costs; to make it easier, faster and cheaper to do business; and to improve connectivity at all levels, involving people, firms and governments. Not only do these policies seek to increase trade and investment flows – they also support APEC in reducing gaps and inequalities in economic growth and sustainable development.

D. LINKING THE BOGOR GOALS AND APEC'S ULTIMATE OBJECTIVES

When APEC Leaders met in 1994, they envisaged APEC as a forum to strengthen the vision of an Asia-Pacific community to support sustainable growth and development. The Bogor Declaration clearly emphasizes that the growing economic interdependence within APEC supports growth and development among its members and assists developing economies to achieve high rates of growth and prosperity.[8] As noted in the Declaration:

> "We set our vision for the community of Asia-Pacific economies based on a recognition of the growing interdependence of our economically diverse region, which comprises developed, newly industrializing and developing economies. The Asia-Pacific industrialized economies will provide opportunities for developing economies to increase further their economic growth and their level of development. At the same time developing economies will strive to maintain high growth rates with the aim of attaining the level of prosperity now enjoyed by the newly industrializing economies. The approach will be coherent and comprehensive, embracing the three pillars of sustainable growth, equitable development and national stability. The narrowing gap in the stages of development among the Asia-Pacific economies will benefit all members and promote the attainment of Asia-Pacific economic progress as a whole."[9]

The Bogor Goals is one of many supporting initiatives within APEC to support this vision and its economic growth, development and prosperity objectives. Free and open trade and investment is an important condition, but it is not sufficient to achieve APEC's ultimate

[7] "APEC Economic Leaders' Declaration of Common Resolve."
[8] "APEC Economic Leaders' Declaration of Common Resolve."
[9] "APEC Economic Leaders' Declaration of Common Resolve."

objectives.[10] For this reason, APEC has launched several initiatives in other areas to complement the policies on economic openness to progress towards APEC's vision and objectives. Figure 2.1 provides a general taxonomy of APEC concepts in order to give an idea where the Bogor Goals lies within APEC.

Figure 2.1: Taxonomy of APEC's Vision, Objectives, Initiatives and Pillars

Source: APEC Secretariat, Policy Support Unit. Based on 1994 APEC Economic Leaders' Declaration of Common Resolve.

There is no doubt that APEC has improved economic relationships across the Asia-Pacific and strengthened the sense of community. In addition, APEC provides a suitable forum where its members can discuss topics and exchange experiences. Even sensitive topics can be discussed among members regardless of their socioeconomic differences and/or sometimes difficult historical relationships, due to the non-binding nature of APEC, where actions are voluntary.[11] Within the framework of the Bogor Goals, APEC economies have proposed successful trade and investment-related initiatives that otherwise would have been very difficult to achieve in a binding setting. Examples of initiatives facilitated by APEC include the APEC Business Travel Card, which facilitates the movement of business people in the region, and the APEC List of Environmental Goods, which reduces tariffs on 54 environmental goods to 5% or less.

APEC economies have also become more connected and reliant not just among themselves, but also with the rest of the world. For example, as mentioned in chapter 3, the number of trade agreements (RTA/FTAs) put in force by APEC economies went up from 21 in 1994 to 170 in 2018, with the number of intra-APEC RTA/FTAs increasing from five in 1994 to 64 in 2018. This has created a situation in which most of the trade in the APEC region is conducted with

[10] In fact, previous reports prepared by the APEC Policy Support Unit show a positive relationship between trade and economic growth and provide evidence that trade has been one of the most important growth drivers in the APEC region. However, these reports also acknowledge other factors such as quality of institutions, demographic factors, educational levels and infrastructure investment could influence economic growth and improve living standards. Achieving APEC's ultimate objectives, trade and investment liberalization policies will need to go hand-in-hand with an articulation of a wide array of domestic policies covering social areas (e.g. education and health); institutional factors (e.g. whole-of-government approach, efficient judiciary systems and respect to the rule of law); economic issues (e.g. infrastructure and macroeconomic stability); and business-oriented aspects (e.g. SME promotion, efficiency of administrative procedures and use of technology), among others. See APEC-PSU, "Progressing towards the APEC Bogor Goals: Perspectives of the APEC Policy Support Unit"; Carlos Kuriyama and Emmanuel A. San Andres, "Trade and Economic Growth: 25 Years of a Stronger Relationship within APEC" (APEC-PSU, November 2014), http://publications.apec.org/Publications/2014/11/Trade-and-Economic-Growth-25-Years-of-a-Stronger-Relationship-within-APEC.

[11] APEC-PSU, "Progressing towards the APEC Bogor Goals: Perspectives of the APEC Policy Support Unit."

RTA/FTA partners. In 1994, less than one-third of APEC's trade occurred with RTA/FTA partners; by 2018, nearly two-thirds of APEC's trade took place with RTA/FTA partners.[12]

Examining the global value chain of manufactured products highlights how profound the economic interdependence among APEC economies has become. To take an example, at least 15 APEC economies are involved in the production of components and materials used to produce an iPhone.[13]

E. PRELIMINARY ASSESSMENTS OF THE BOGOR GOALS

Before 2020, APEC had already conducted six preliminary assessments of the Bogor Goals. The first one, the Mid-Term Stocktake of Progress Towards the Bogor Goals (MTST), was conducted in 2005 and helped set some parameters for future assessments. It mentioned that the Bogor Goals should not be interpreted in a finite or static manner, and that facilitation and behind-the-border issues are just as important as the issues related to trade and investment liberalization.[14]

The target year for APEC industrialized economies to achieve the Bogor Goals was 2010. Five APEC industrialized economies and eight APEC volunteering economies took part in the 2010 assessment.[15] The 2010 assessment found an increase in trade flows and a reduction in tariffs. Furthermore, it noted that services sectors are becoming more important; that investment links are becoming more vital; and that great benefits are being offered by trade facilitation, among others.[16] While the 2010 assessment recognized the important progress achieved by APEC economies, it also highlighted that progress has been uneven across sectors and that "it is a fair statement to say that the 2010 economies have some way to go toward achieving free and open trade and investment and that the challenges laid out in the Bogor Goals in 1994 remain relevant..."[17]

In 2011, APEC economies agreed to conduct periodic reviews every two years from 2012, with a Second Term Review in 2016. All these assessments acknowledged progress towards the Bogor Goals, but at the same time, they pointed out some areas where setbacks had occurred or where uneven progress was observed. The 2012 review mentioned that efforts in trade liberalization had been significant, but that the degree of liberalization remains uneven across sectors. Furthermore, the review flagged the persistence of some non-tariff measures. At the same time, trade facilitation, services and investment were increasingly becoming relevant areas to improve business conditions.[18]

The 2014 assessment found uneven progress across APEC economies and across areas. Whilst several areas such as services, customs procedures (time to trade), government procurement, competition policy, regulatory reform, intellectual property rights and mobility of business

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[12] Carlos Kuriyama et al., "Trends and Developments in Provisions and Outcomes of RTA/FTAs Implemented in 2018 by APEC Economies" (APEC - Policy Support Unit, March 2020), https://www.apec.org/Publications/2020/03/Trends-and-Developments-in-Provisions-and-Outcomes-of-RTA-FTAs-Implemented-in-2018-by-APEC-Economies.

[13] Sam Costello, "Where is the iPhone Made?," *Lifewire*, March 31, 2020, https://www.lifewire.com/where-is-the-iphone-made-1999503.

[14] APEC, "A Midterm Stocktake of Progress towards the Bogor Goals: Busan Roadmap to the Bogor Goals" (17th APEC Ministerial Meeting, Busan, Korea: APEC, 2005), 3–8, http://publications.apec.org/Publications/2005/12/A-Midterm-Stocktake-of-Progress-towards-the-Bogor-Goals-December-2005.

[15] The eight APEC volunteering economies were Chile; Hong Kong, China; Korea; Malaysia; Mexico; Peru; Singapore and Chinese Taipei.

[16] APEC-PSU, "Progressing towards the APEC Bogor Goals: Perspectives of the APEC Policy Support Unit," 86–87.

[17] APEC-PSU, 88.

[18] APEC-PSU, "2012 Bogor Goals Progress Report of Twenty-One APEC Member Economies," APEC, August 2012, https://www.apec.org/About-Us/About-APEC/Achievements-and-Benefits/2012-Bogor-Goals.

people showed encouraging results since the previous assessment; other traditional areas such as tariffs, non-tariff measures, standards and conformance and customs procedures (cost to trade) experienced very modest progress or even setbacks.[19]

The 2016 Second Term Review of APEC's Progress towards the Bogor Goals showed some structural changes in the APEC region after the Global Financial Crisis. In particular, trade growth rates started to slow down falling behind GDP growth rates, explained in part by the consolidation of global value chains in APEC economies.[20] The Second Term Review also showed that while APEC economies had continued to reduce tariffs, some non-tariff measures had become more common, and that higher barriers to trade had been implemented in the agricultural sector. Nevertheless, services and investment restrictions had been falling, though the levels of restrictiveness still differed among economies and sectors. Moreover, areas related to trade and investment facilitation such as customs procedures, competition policy and mobility of business persons, among others had shown improvements.[21]

Finally, the most recent 2018 assessment showed progress in many areas such as tariffs, services, investments, trade facilitation and regulatory quality. Moreover, the assessment highlighted the expansion of the RTA/FTA network in the APEC region. However, the assessment also indicated unfinished business towards the Bogor Goals in some initiatives and reiterated the need for continued improvement in a number of areas/sectors. Some of the shortfalls highlighted in the 2018 assessment include tariffs on agriculture, which were still higher than tariffs imposed on non-agricultural products; new emerging unilateral restrictions in services, such as restrictions in cross-border data flows; the use of trade remedies increased in recent years; and a growing number of unresolved specific trade concerns related to sanitary and phytosanitary measures.[22]

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[19] APEC-PSU, "APEC's Bogor Goals Progress Report 2014" (APEC-PSU, October 2014), https://www.apec.org/Publications/2014/10/APECs-Bogor-Goals-Progress-Report-2014.

[20] Carlos Kuriyama et al., "Second-Term Review of APEC's Progress towards the Bogor Goals: APEC Region" (APEC-PSU, 2016), 5, https://www.apec.org/Publications/2016/11/SecondTerm-Review-of-APECs-Progress-towards-the-Bogor-Goals-APEC-Region.

[21] APEC-PSU, "Assessment of the Achievements of the Bogor Goals in 2016: Second-Term Review of APEC's Progress towards the Bogor Goals" (APEC, 2016), https://www.apec.org/About-Us/About-APEC/Achievements-and-Benefits/2016-Bogor-Goals.

[22] APEC-PSU, "APEC's Bogor Goals Progress Report 2018" (APEC-PSU, November 2018), https://www.apec.org/Publications/2018/11/APEC-Bogor-Goals-Progress-Report.

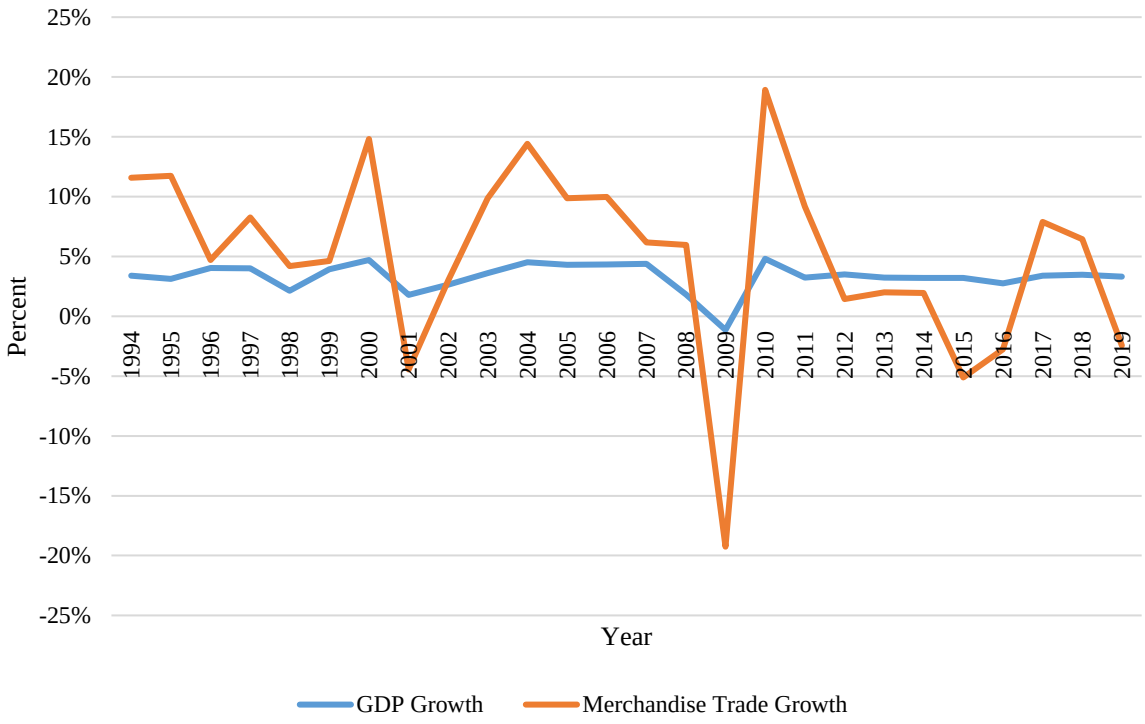
3. TRADE AND INVESTMENT PERFORMANCE

A. TRADE IN GOODS

The overall value of merchandise trade involving APEC economies in 2019 totaled USD 19.0 trillion, more than four-and-a-half times the value of goods traded with APEC when the Bogor Goals was adopted in 1994 (USD 4.1 trillion). The share of intra-APEC trade out of the total merchandise trade dipped slightly from 71.9% in 1994 to 67.4% in 2019.

Merchandise trade in APEC has grown faster than the region's GDP in 2017 and 2018, in contrast to the prevailing trend of merchandise trade growth falling behind GDP growth during the post-2008 Global Financial Crisis years (Figure 3.1). According to the WTO, the strong merchandise trade growth can be explained by the robust growth of developing economies focusing on manufacturing and production, as well as higher energy prices.[23] However, merchandise trade growth has lagged behind GDP growth in 2019 due to a contraction in merchandise trade.

Figure 3.1: APEC's GDP and Merchandise Trade Real Growth Rates



Source: World Bank, World Development Indicators database and WTO, International Trade Statistics. APEC Policy Support Unit calculations.

[23] World Trade Organization (WTO), "Global Trade Growth Loses Momentum as Trade Tensions Persist," April 2, 2019, https://www.wto.org/english/news_e/pres19_e/pr837_e.htm.

i. Export of Goods

The total nominal value of merchandise goods exported from APEC economies grew on average by 6.4% per year, from USD 2.0 trillion in 1994 to USD 9.4 trillion in 2019 (Table 3.1). Exports from APEC's industrialized economies grew from USD 1.1 trillion in 1994 to USD 3.1 trillion in 2019, roughly 4.1% per annum. At the same time, exports from APEC developing economies increased from USD 872.6 billion in 1994 to USD 6.3 trillion in 2019, approximately 8.2% per annum, roughly double that of the growth rate of exports from APEC industrialized economies.

Table 3.1: APEC's Export of Goods to the World

Classification	APEC Economies	USD Billion			Average annual growth 1994-2019
		1994	2010	2019	
Industrialized	**Industrialized Total**	**1,128.2**	**2,677.8**	**3,105.5**	**4.1%**
	Australia	47.5	211.7	272.6	7.2%
	Canada	161.3	387.5	446.1	4.2%
	Japan	395.3	769.8	705.6	2.3%
	New Zealand	12.0	31.3	40.0	4.9%
	United States	512.2	1,277.5	1,641.1	4.8%
Developing	**Developing Total**	**872.6**	**4,530.2**	**6,287.3**	**8.2%**
	Brunei Darussalam	3.3	8.9	7.3	3.2%
	Chile	11.7	71.1	69.9	7.4%
	China	120.9	1,578.4	2,498.5	12.9%
	Hong Kong, China	151.5	390.4	535.8	5.2%
	Indonesia	40.1	157.8	167.3	5.9%
	Korea	101.4	466.4	542.6	6.9%
	Malaysia	58.7	198.7	238.1	5.8%
	Mexico	60.9	298.5	460.7	8.4%
	Papua New Guinea	3.0	4.1	7.2	3.5%
	Peru	4.5	34.9	44.7	9.6%
	Philippines	13.4	51.4	70.9	6.9%
	Russia	63.1	379.0	419.7	7.9%
	Singapore	96.9	352.3	390.7	5.7%
	Chinese Taipei	93.0	274.6	329.2	5.2%
	Thailand	46.1	193.4	245.4	6.9%
	Viet Nam	4.1	70.2	259.4	18.1%
APEC	**APEC Total**	**2,000.8**	**7,207.9**	**9,392.8**	**6.4%**

Source: International Monetary Fund, IMF Data, Direction of Trade Statistics

Intra-APEC exports grew by around 6.2% annually, from USD 1.4 trillion in 1994 to USD 6.5 trillion in 2019 (Table 3.2). Extra-APEC exports also grew up 6.8% per year. Between 1994 and 2010, a growing share of APEC's exports are exported to the rest of the world: from 27.9% in 1994, 32.5% of APEC's exports were directed to non-APEC economies in 2010 (Figure 3.2). This share, however, has decreased between 2010 and 2019: exports to non-APEC partners dropped from 32.5% to 30.7%. This trend holds true in APEC developing economies: while the share of their exports with non-APEC partners grew from 27.8% in 1994 to 34.1% in 2010

of their total exports, this percentage dropped to 31.2% in 2019. This trend is also observed in APEC industrialized economies, where exports to the rest of the world comprised 28.0% of exports in 1994, rose to 29.8% in 2010, but dropped to 29.6% in 2019.

Table 3.2: Intra-APEC Export of Goods

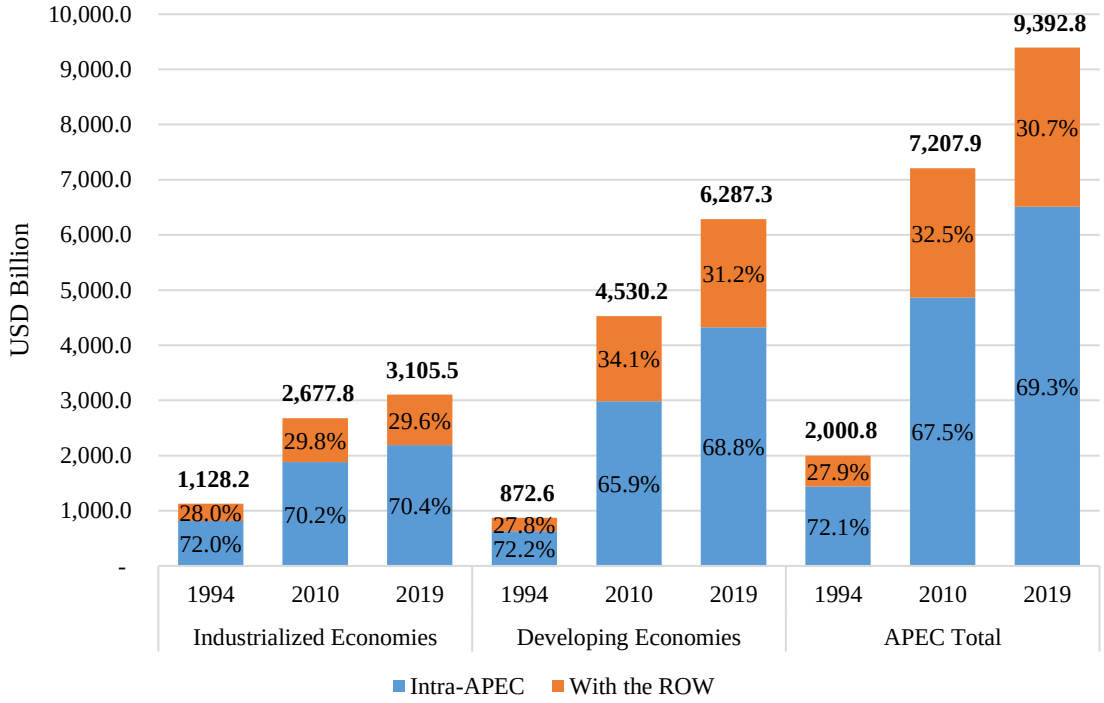
Classification	APEC Economies	USD Billion			Average annual growth 1994-2019
		1994	2010	2019	
Industrialized	**Industrialized Total**	**812.7**	**1,879.6**	**2,187.8**	**4.0%**
	Australia	36.5	163.2	225.4	7.6%
	Canada	147.7	331.9	387.5	3.9%
	Japan	295.2	588.2	549.3	2.5%
	New Zealand	8.6	22.3	30.3	5.2%
	United States	324.6	774.0	995.3	4.6%
Developing	**Developing Total**	**629.8**	**2,986.2**	**4,325.4**	**8.0%**
	Brunei Darussalam	3.3	8.4	6.6	2.9%
	Chile	6.4	45.6	51.4	8.7%
	China	93.9	965.1	1,556.1	11.9%
	Hong Kong, China	115.6	316.8	430.7	5.4%
	Indonesia	30.9	115.7	121.5	5.6%
	Korea	69.2	319.6	415.6	7.4%
	Malaysia	45.9	150.7	185.5	5.7%
	Mexico	55.1	262.1	409.6	8.4%
	Papua New Guinea	2.2	3.3	6.1	4.1%
	Peru	2.4	19.6	28.1	10.4%
	Philippines	10.6	42.0	59.3	7.1%
	Russia	11.2	65.1	109.6	9.6%
	Singapore	74.3	265.7	303.8	5.8%
	Chinese Taipei	73.5	225.2	282.1	5.5%
	Thailand	32.4	132.2	170.9	6.9%
	Viet Nam	3.0	48.9	188.6	18.0%
APEC	**APEC Total**	**1,442.5**	**4,865.8**	**6,513.2**	**6.2%**

Source: International Monetary Fund, IMF Data, Direction of Trade Statistics

The United Nations Conference on Trade and Development's (UNCTAD) categorizes merchandise goods into four main categories based on their location in the supply chain: raw, intermediate, consumer and capital goods. Under this classification, it can be observed that APEC's exports of capital goods as a share of its total exports has decreased, from 42.0% in 1994 to 38.0% in 2019. On the other hand, APEC is now exporting a greater share of raw materials than in 1994, from 9.1% to 14.9% of all exports in 2019 (Figure 3.3). This rise in the share of raw materials in APEC's total exports can be explained by rising commodity prices: according to the IMF, the All Commodity Price Index, a proxy for the price of both fuel and non-fuel goods, more than doubled, rising by 123.5% since 1994.[24]

[24] International Monetary Fund (IMF), "IMF Data - Primary Commodity Price System," accessed January 16, 2020, https://data.imf.org/?sk=471DDDF8-D8A7-499A-81BA-5B332C01F8B9.

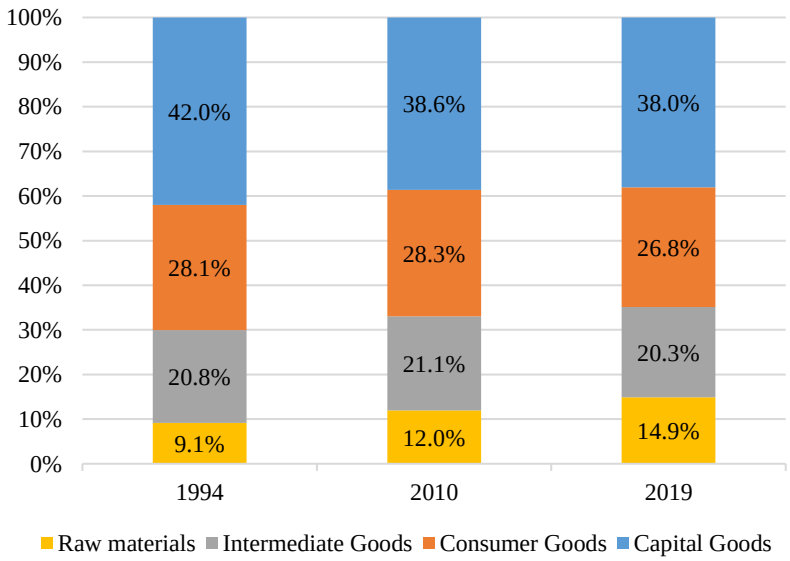
Figure 3.2: APEC's Export of Goods by Development Status and Trade Partner



Source: International Monetary Fund, IMF Data, Direction of Trade Statistics

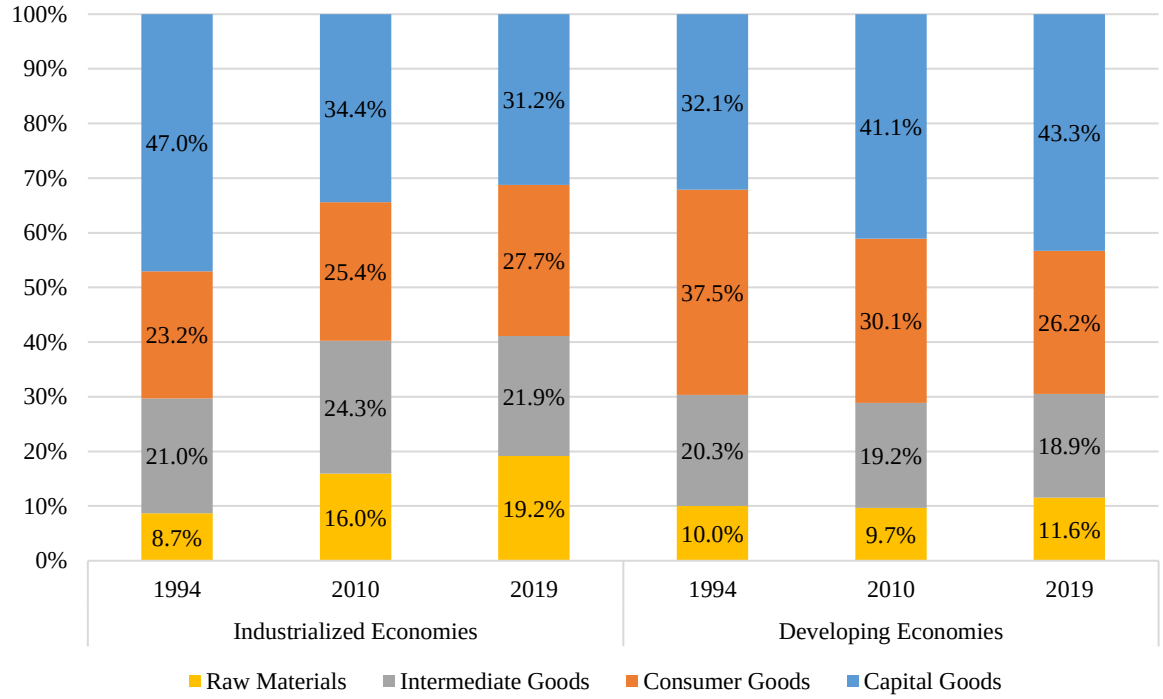
For APEC industrialized economies, the share of capital goods in their exports declined from 47.0% to 31.2% of overall exports, at the expense of a growing share of exports of consumer goods (Figure 3.4). In contrast, APEC developing economies experienced a reverse trend, with their share of capital goods exports rising from 32.1% to 43.3% of total exports, and their share of consumer goods exports declining. This is an indication that some APEC developing economies have been upgrading their production, which allow them to export more value added products with higher technology components and less labor-intensive products.

Figure 3.3: APEC Exports by Type of Product



Source: World Bank and United Nations Comtrade, World Integrated Trade Solution (WITS) Database

Figure 3.4: APEC Exports by Type of Product and Development Level



Source: World Bank and United Nations Comtrade, World Integrated Trade Solution (WITS) Database

ii. Import of Goods

The total nominal value of merchandise goods imported by APEC economies increased by roughly 6.3% per year, from USD 2.1 trillion in 1994 to USD 9.6 trillion in 2019 (Table 3.3). Imports to APEC industrialized economies grew from USD 1.2 trillion to USD 4.0 trillion between 1994 and 2019, at an average rate of 4.9%. The growth of merchandise imports was faster for APEC developing economies at 7.7% per annum, from USD 890.8 billion in 1994 to USD 5.6 trillion in 2019.

Similarly, intra-APEC imports rose from USD 1.5 trillion to USD 6.6 trillion at an average rate of 6.1% for the same period (Table 3.4). However, in relative terms, APEC economies are importing more from non-APEC economies, with 31.2% of imports coming from non-APEC economies in 2019 compared to 28.2% in 1994 (Figure 3.5). This trend is consistent for both imports by APEC industrialized and developing economies.

Table 3.3: APEC's Import of Goods from the World

Classification	APEC Economies	USD Billion			Average annual growth 1994-2019
		1994	2010	2019	
Industrialized	**Industrialized Total**	**1,197.4**	**3,313.3**	**3,967.6**	**4.9%**
	Australia	55.1	204.7	227.0	5.8%
	Canada	166.7	415.7	479.2	4.3%
	Japan	274.3	694.1	720.8	3.9%
	New Zealand	11.9	30.7	42.2	5.2%
	United States	689.4	1,968.1	2,498.4	5.3%
Developing	**Developing Total**	**890.8**	**4,079.6**	**5,632.5**	**7.7%**
	Brunei Darussalam	2.8	2.5	5.0	2.4%
	Chile	11.6	59.2	69.8	7.4%
	China	115.7	1,393.9	2,069.0	12.2%
	Hong Kong, China	161.8	433.5	578.8	5.2%
	Indonesia	32.0	135.7	173.7	7.0%
	Korea	102.3	425.2	502.8	6.6%
	Malaysia	59.6	164.7	204.8	5.1%
	Mexico	87.3	319.6	482.6	7.1%
	Papua New Guinea	1.5	5.1	5.4	5.1%
	Peru	6.1	31.9	44.5	8.3%
	Philippines	22.5	60.2	120.8	6.9%
	Russia	38.6	221.1	242.6	7.6%
	Singapore	102.6	310.9	359.2	5.1%
	Chinese Taipei	85.3	251.2	285.7	5.0%
	Thailand	55.1	185.1	238.9	6.0%
	Viet Nam	5.8	83.4	249.0	16.2%
APEC	**APEC Total**	**2,088.2**	**7,396.5**	**9,600.1**	**6.3%**

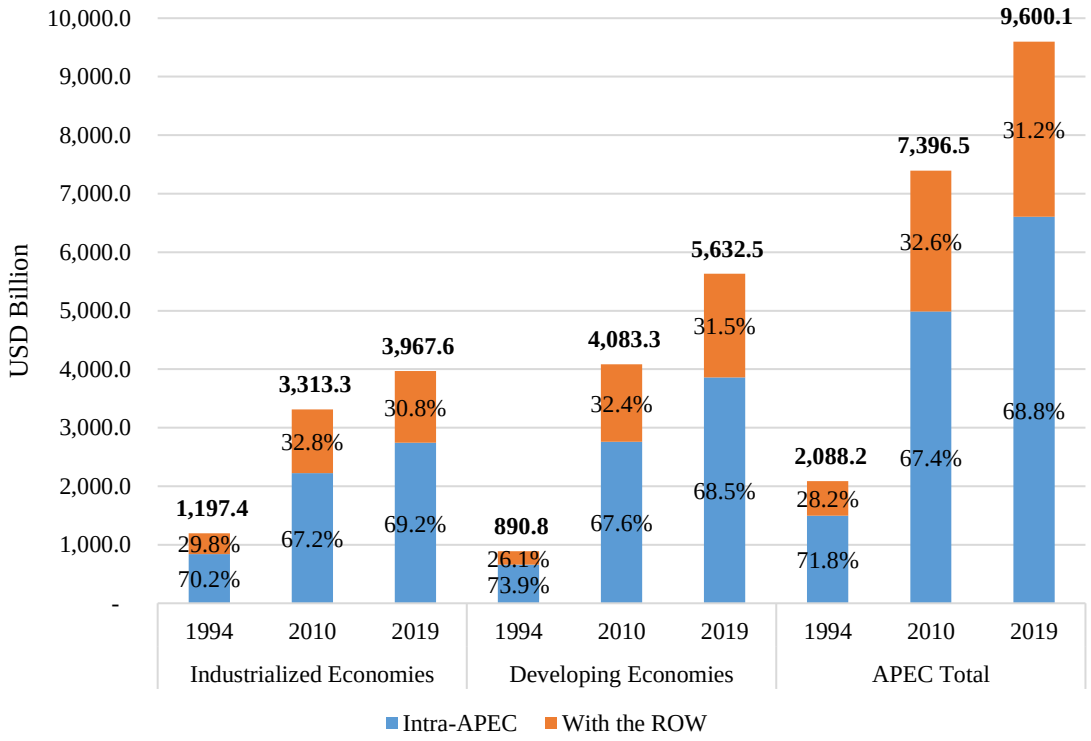
Source: International Monetary Fund, IMF Data, Direction of Trade Statistics

Table 3.4: Intra-APEC Import of Goods

Classification	APEC Economies	USD Billion			Average annual growth 1994-2019
		1994	2010	2019	
Industrialized	**Industrialized Total**	**841.0**	**2,226.6**	**2,744.3**	**4.8%**
	Australia	38.0	144.6	164.2	6.0%
	Canada	135.5	321.5	381.1	4.2%
	Japan	188.7	465.4	505.6	4.0%
	New Zealand	8.6	22.9	29.3	5.0%
	United States	470.1	1,272.2	1,664.2	5.2%
Developing	**Developing Total**	**658.3**	**2,759.2**	**3,861.0**	**7.3%**
	Brunei Darussalam	2.2	2.2	3.1	1.4%
	Chile	5.5	33.1	40.9	8.4%
	China	87.1	829.7	1,201.2	11.1%
	Hong Kong, China	136.9	373.4	501.0	5.3%
	Indonesia	22.3	106.1	133.5	7.4%
	Korea	71.7	278.8	344.5	6.5%
	Malaysia	47.2	129.4	159.0	5.0%
	Mexico	73.2	265.3	401.0	7.0%
	Papua New Guinea	1.5	4.7	5.0	5.1%
	Peru	3.3	18.7	28.6	9.1%
	Philippines	17.2	48.6	97.1	7.2%
	Russia	5.8	76.6	101.1	12.1%
	Singapore	77.9	217.6	254.9	4.9%
	Chinese Taipei	63.9	176.4	209.3	4.9%
	Thailand	38.7	129.1	168.6	6.1%
	Viet Nam	4.2	69.7	212.3	17.0%
APEC	**APEC Total**	**1,499.3**	**4,985.9**	**6,605.4**	**6.1%**

Source: International Monetary Fund, IMF Data, Direction of Trade Statistics

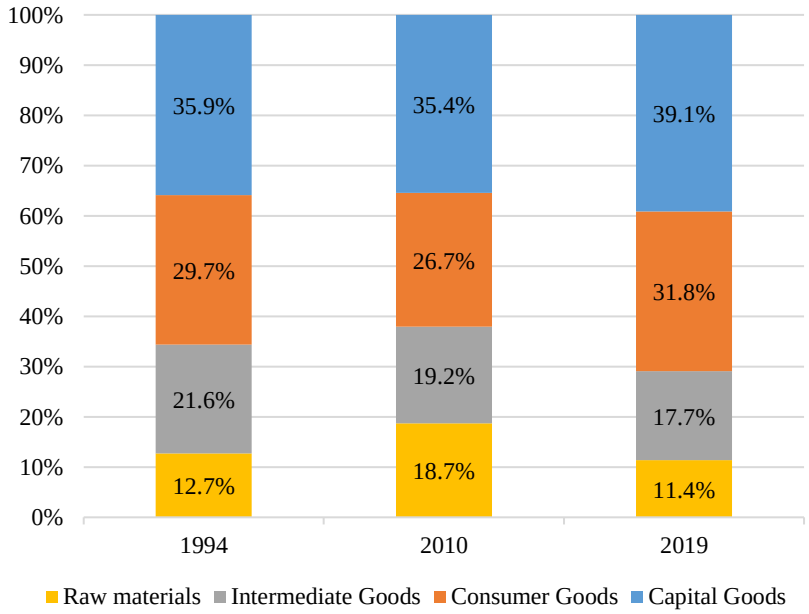
Figure 3.5: APEC's Import of Goods by Development Status and Trade Partner



Source: International Monetary Fund, IMF Data, Direction of Trade Statistics

Regarding the types of products imported into APEC, the share of capital goods in overall imports rose from 35.9% in 1994 to 39.1% in 2019 (Figure 3.6). In addition, the share of raw materials declined slightly despite higher commodity prices, caused by a sizable drop in the volume of raw material imports. The share of intermediate goods likewise declined slightly from 21.6% to 17.7%, while the share of consumer goods rose from 29.7% to 31.8%.

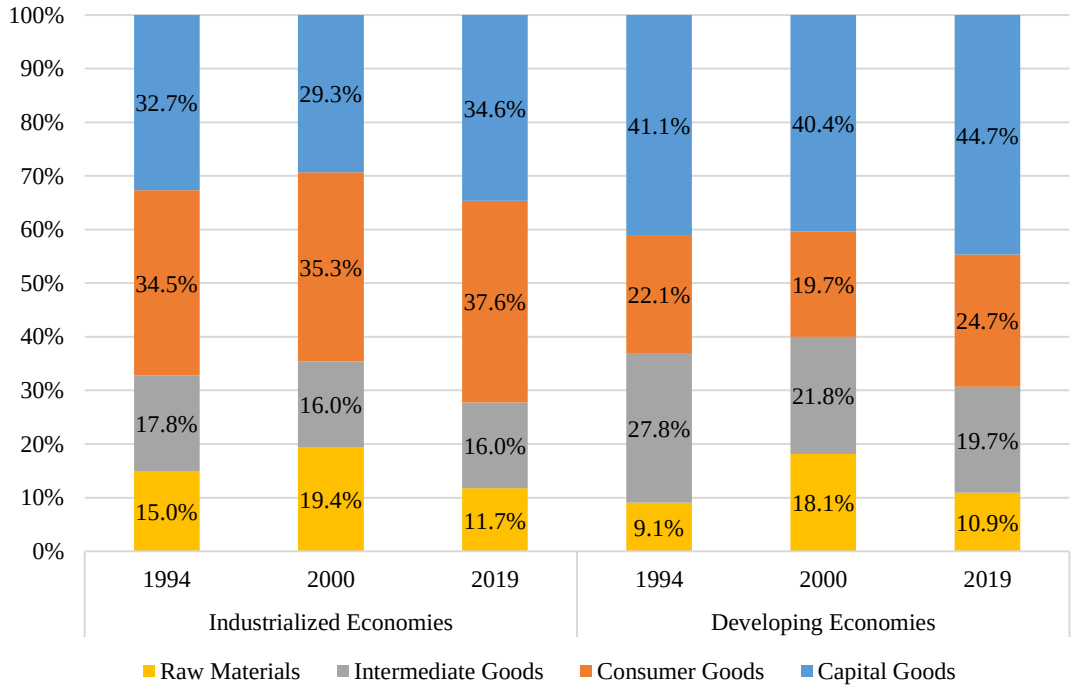
Figure 3.6: APEC Imports by Type of Product



Source: World Bank and United Nations Comtrade, World Integrated Trade Solution (WITS) Database

The share of consumer goods imports of APEC industrialized economies rose from 34.5% to 37.6%, suggesting that consumers in these economies are able to procure more goods (Figure 3.7). Developing economies also experienced a higher share consumer goods in overall imports in 2019, from 22.1% in 1994 to 24.7% in 2019. While APEC developing economies grew the share of raw materials in overall imports from 9.1% in 1994 to 17.5% in 2018, the share of raw materials imports dropped to 10.9% in 2019.

Figure 3.7: APEC Imports by Type of Product and Development Level



Source: World Bank and United Nations Comtrade, World Integrated Trade Solution (WITS) Database

B. TRADE IN SERVICES

Since the adoption of the Bogor Goals in 1994, APEC economies have quintupled their trade in commercial services from USD 917.5 billion to USD 4.7 trillion in 2019, corresponding to an annual average growth rate of 6.7%. Trade in services by APEC industrialized economies grew at an average of 5.5% per annum, while those by APEC developing economies rose by an average of 8.3% per annum.

i. Export of Commercial Services

APEC's export of commercial services grew from approximately USD 457.0 billion in 1994 to USD 2.3 trillion in 2019, growing at an average of 6.8% per year (Table 3.5). Service exports from APEC industrialized economies increased at an annual average growth rate of 5.9% since 1994. This is slightly lower than the annual average growth rate of 8.0% enjoyed by APEC developing economies.

Table 3.5: Export of Commercial Services to the World

Classification	APEC Economies	USD Billion			Average annual growth 1994-2019*
		1994	2010	2019	
Industrialized	**Industrialized Total**	**300.8**	**858.6**	**1,268.1**	**5.9%**
	Australia	14.5	51.9	70.0	6.5%
	Canada	24.0	78.7	100.3	5.9%
	Japan	58.3	134.4	205.1	5.2%
	New Zealand	3.7	11.6	16.9	6.3%
	United States	200.4	582.0	875.8	6.1%
Developing	**Developing Total**	**156.2**	**660.0**	**1,078.2**	**8.0%**
	Brunei Darussalam	0.6^	0.5	0.6	0.1%^^
	Chile	2.8	10.8	9.8	5.1%
	China	16.6	178.3	283.2	12.0%
	Hong Kong, China	30.3	80.5	101.3	4.9%
	Indonesia	4.8	16.9	31.6	7.8%
	Korea	17.6	82.9	102.4	7.3%
	Malaysia	9.3	34.7	40.9	6.1%
	Mexico	10.3	15.5	30.3	4.4%
	Papua New Guinea	0.2	0.3	0.3	0.5%
	Peru	1.1	3.7	7.9	8.3%
	Philippines	4.7#	17.8	41.0	8.7%##
	Russia	8.6	49.2	62.7	8.3%
	Singapore	23.0	100.4	204.8	9.1%
	Chinese Taipei	13.2	26.7	51.8	5.6%
	Thailand	11.6	34.3	82.0	8.1%
	Viet Nam	1.3	7.5	27.6	13.1%
APEC	**APEC Total**	**457.0**	**1,518.6**	**2,346.3**	**6.8%**

Source: World Trade Organization (WTO), WTO Data Portal, International Trade Statistics

* The annual average growth from 1994 – 2019 is for reference purposes only. Data for year 1994 were calculated based on the 5th edition of the IMF Balance of Payments and International Investment Position Manual (BPM5). Hence, figures for year 1994 are not strictly comparable with those from 2010 and 2019 as the figures used for those years were calculated based on the 6th edition (BPM6).

^ Value of commercial services exported by Brunei Darussalam in 1996.

^^ Growth rate for Brunei Darussalam from 1996 – 2019.

Value of commercial services exported by the Philippines in 1993.

Growth rate for the Philippines from 1993 – 2019.

ii. Import of Commercial Services

Similarly, imports of commercial services into APEC increased by approximately 6.7% annually between 1994 and 2019, growing from about USD 460.5 billion to USD 2.3 trillion in this period (Table 3.6). Service imports by APEC industrialized economies grew by average of 5.0% annually, which is also less than the 8.5% average annual growth of service imports by APEC developing economies.

Table 3.6: Import of Commercial Services from the World

Classification	APEC Economies	USD Billion			Average annual growth 1994-2019*
		1994	2010	2019	
Industrialized	**Industrialized Total**	**291.5**	**769.2**	**993.0**	**5.0%**
	Australia	15.6	57.7	71.5	6.3%
	Canada	32.5	100.1	115.2	5.2%
	Japan	106.4	164.7	203.6	2.6%
	New Zealand	4.0	10.2	14.3	5.2%
	United States	133.1	436.5	588.4	6.1%
Developing	**Developing Total**	**169.0**	**1,213.2**	**1,314.0**	**8.5%**
	Brunei Darussalam	0.6^	1.3	1.8	5.3%^^
	Chile	3.0	12.6	14.2	6.4%
	China	16.3	193.4	500.7	14.7%
	Hong Kong, China	21.0	70.4	79.0	5.4%
	Indonesia	11.4	26.5	39.4	5.1%
	Korea	18.7	96.9	126.4	7.9%
	Malaysia	12.1	32.6	43.5	5.3%
	Mexico	13.0	26.9	36.4	4.2%
	Papua New Guinea	0.6	2.8	1.5	3.7%
	Peru	1.5	6.1	10.8	8.1%
	Philippines	3.1#	12.0	27.9	8.8%##
	Russia	16.0	75.3	98.8	7.5%
	Singapore	13.9	100.5	199.1	11.2%
	Chinese Taipei	21.1	37.7	57.0	4.1%
	Thailand	15.4	41.3	58.8	5.5%
	Viet Nam	1.3	9.9	18.8	11.4%
APEC	**APEC Total**	**460.5**	**1,515.4**	**2,306.9**	**6.7%**

Source: World Trade Organization (WTO), WTO Data Portal, International Trade Statistics

* The annual average growth from 1994 – 2019 is for reference purposes only. Data for year 1994 were calculated based on the 5th edition of the IMF Balance of Payments and International Investment Position Manual (BPM5). Hence, figures for year 1994 are not strictly comparable with those from 2010 and 2019 as the figures used for those years were calculated based on the 6th edition (BPM6).

^ Value of commercial services imported by Brunei Darussalam in 1996.

^^ Growth rate for Brunei Darussalam from 1996 – 2019.

Value of commercial services imported by the Philippines in 1993.

Growth rate for the Philippines from 1993 – 2019.

C. FOREIGN DIRECT INVESTMENT (FDI)

FDI inflows to and outflows from APEC have followed an upward trend, but their evolution has been somewhat volatile across time. On the one hand, phases of strong economic performance have usually been accompanied by increasing FDI flows. On the other hand, economic crises and periods of uncertainties have led to reduced FDI flows across the region. While FDI flows cannot necessarily give an indication of the wealth and the productive capacity of firms in an economy and overseas in a specific year, FDI stocks provide a more accurate signal on the matter.

i. FDI Inward Stocks

FDI inward stocks in the APEC region grew from USD 1.5 trillion in 1994 to USD 19.6 trillion in 2019 at an annual average growth of 10.8% (Table 3.7). FDI inward stocks in APEC industrialized economies grew by 10.2% per year, while FDI inward stocks in developing economies grew faster at 11.7% per year.

Table 3.7: FDI Inward Stocks in APEC

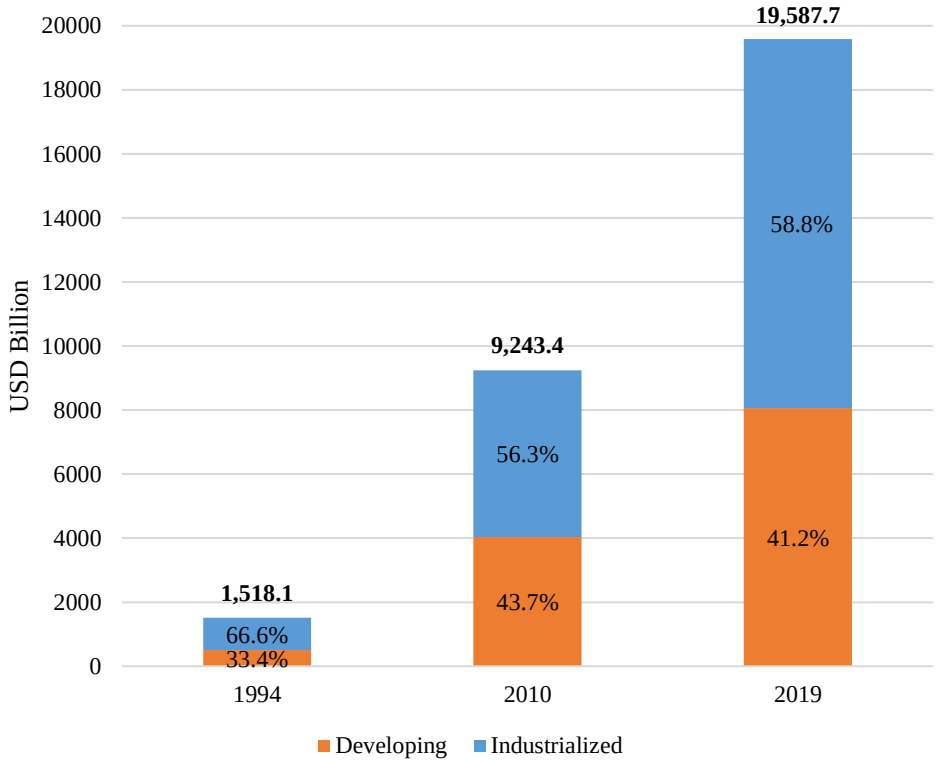
Classification	APEC Economies	USD Billion			Average annual growth 1994-2019
		1994	2010	2019	
Industrialized	**Industrialized Total**	**1,010.7**	**5,208.5**	**11,521.0**	**10.2%**
	Australia	101.3	527.7	714.2	8.1%
	Canada	110.2	983.9	1,037.1	9.4%
	Japan	19.2	214.9	222.5	10.3%
	New Zealand	22.1	59.7	81.3	5.4%
	United States	757.9	3,422.3	9,465.8	10.6%
Developing	**Developing Total**	**507.5**	**4,034.9**	**8,066.7**	**11.7%**
	Brunei Darussalam	0.1	4.1	7.1	21.1%
	Chile	21.5	160.9	267.8	10.6%
	China	74.2	586.9	1,769.5	13.5%
	Hong Kong, China	221.3	1,067.5	1,867.9	8.9%
	Indonesia	16.2	160.7	232.6	11.2%
	Korea	14.9	135.5	238.6	11.7%
	Malaysia	22.9	101.6	169.0	8.3%
	Mexico	33.2	389.6	628.5	12.5%
	Papua New Guinea	1.6	3.7	4.8	4.6%
	Peru	4.5	43.0	115.3	13.9%
	Philippines	5.3	25.9	88.0	11.9%
	Russia	3.3	464.2	463.9	21.9%
	Singapore	54.9	633.4	1,697.6	14.7%
	Chinese Taipei	14.2	61.5	100.6	8.2%
	Thailand	15.7	139.3	254.4	11.8%
	Viet Nam	4.0	57.0	161.1	16.0%
APEC	**APEC Total**	**1,518.1**	**9,243.4**	**19,587.7**	**10.8%**

Source: United Nations Conference on Trade and Development (UNCTAD), UNCTADstat, Foreign Direct Investment Statistics

Although FDI inward stock in APEC have generally followed a positive trend since 1994, there are some notable periods of decline. Between 1999 and 2002, the growth of FDI inward stock slowed, and overall stock in APEC dipped slightly, as a consequence of the fallout of the 1997 Asian Financial Crisis. Another drop happened in the 2008 Global Financial Crisis, where APEC's FDI inward stock contracted by almost 25% compared to 2007. Nevertheless, FDI inward stock recovered quickly, and by 2009, FDI inward stock has resumed its growth trend. Nonetheless, recent trade tensions in 2018 may have contributed to a slight decline in FDI inward stock of APEC's industrialized economies between 2017 and 2018. In recent years, a growing share of FDI inward stocks in APEC are based in developing economies: the share of

FDI inward stocks in APEC developing economies to the total FDI inward stocks in APEC grew from 33.4% in 1994 to 41.2% in 2019 (Figure 3.8).

Figure 3.8: FDI Inward Stock in APEC by Development Level



Source: United Nations Conference on Trade and Development (UNCTAD), UNCTADstat, Foreign Direct Investment Statistics

ii. FDI Outward Stocks

FDI outward stocks from APEC economies increased from USD 1.7 trillion in 1994 to USD 18.7 trillion in 2019 by an average of 10.0% per year (Table 3.8). FDI outflows from APEC industrialized economies grew by 8.4% annually, while those from APEC developing economies did at an annual rate of 16.0%, almost twice the growth rate of FDI outward stocks from industrialized economies.

Table 3.8: FDI Outward Stocks from APEC

Classification	APEC Economies	USD Billion			Average annual growth 1994-2019
		1994	2010	2019	
Industrialized	**Industrialized Total**	**1,554.1**	**7,091.0**	**11,788.5**	**8.4%**
	Australia	53.8	449.7	579.3	10.0%
	Canada	104.3	983.9	1,652.5	11.7%
	Japan	275.6	831.1	1,818.1	7.8%
	New Zealand	5.9	16.7	16.9	4.3%
	United States	1,114.6	4,809.6	7,721.7	8.0%
Developing	**Developing Total**	**168.5**	**2,717.3**	**6,959.2**	**16.0%**
	Brunei Darussalam	0.1	1.8	2.8^	58.9%^^
	Chile	2.0	61.1	131.6	18.2%
	China	15.8	317.2	2,099.4	21.6%
	Hong Kong, China	58.8	943.9	1,794.0	14.7%
	Indonesia	4.6	6.7	78.8	12.1%
	Korea	9.7	144.0	440.1	16.5%
	Malaysia	2.6	97.0	118.6	16.4%
	Mexico	4.4	116.9	230.4	17.1%
	Papua New Guinea	0.2	0.2	0.5	3.2%
	Peru	0.1	4.3	9.4	19.5%
	Philippines	0.2	6.7	52.6	25.0%
	Russia	2.6	336.4	386.6	22.2%
	Singapore	26.3	466.7	1,106.2	16.1%
	Chinese Taipei	39.6	190.8	362.5	9.3%
	Thailand	1.5	21.4	137.4	19.9%
	Viet Nam	0.1#	2.2	11.1	44.4%##
APEC	**APEC Total**	**1,722.7**	**9,808.3**	**18,747.7**	**10.0%**

Source: United Nations Conference on Trade and Development (UNCTAD), UNCTADstat, Foreign Direct Investment Statistics

^ FDI outward stocks from Brunei Darussalam in 2016.

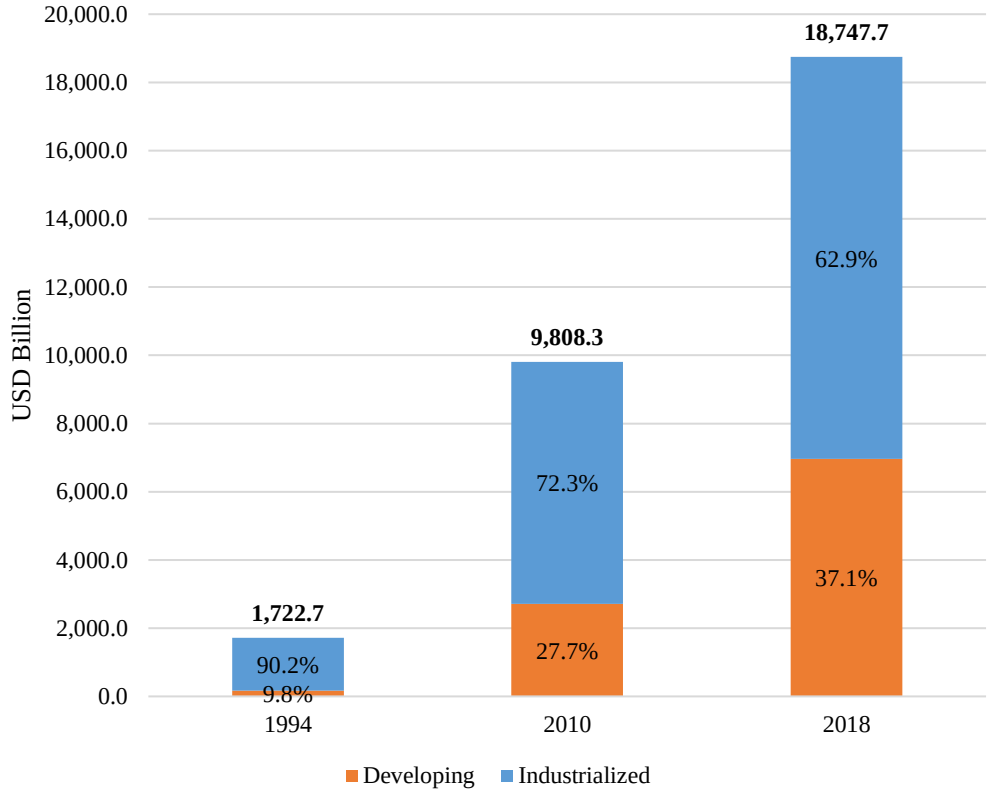
^^ Growth rate for Brunei Darussalam is from 1994 – 2016.

FDI outward stocks from Viet Nam in 2005.

Growth rate for Viet Nam is from 2005 – 2019.

FDI outward stocks from APEC follow a similar pattern with FDI inward stocks, having the same growth pattern punctuated by the same periods of decline. While the difference in FDI outward stocks between APEC industrialized and developing economies is more noticeable than that in FDI inward stocks, the gap in FDI outward stocks has been reduced significantly, particularly due to the greater FDI outward stocks originating from APEC developing economies. Their proportion in APEC's total FDI outward stocks grew from 9.8% in 1994 to 37.1% in 2019 (Figure 3.9).

Figure 3.9: FDI Outward Stock from APEC by Development Level



Source: United Nations Conference on Trade and Development (UNCTAD), UNCTADstat, Foreign Direct Investment Statistics

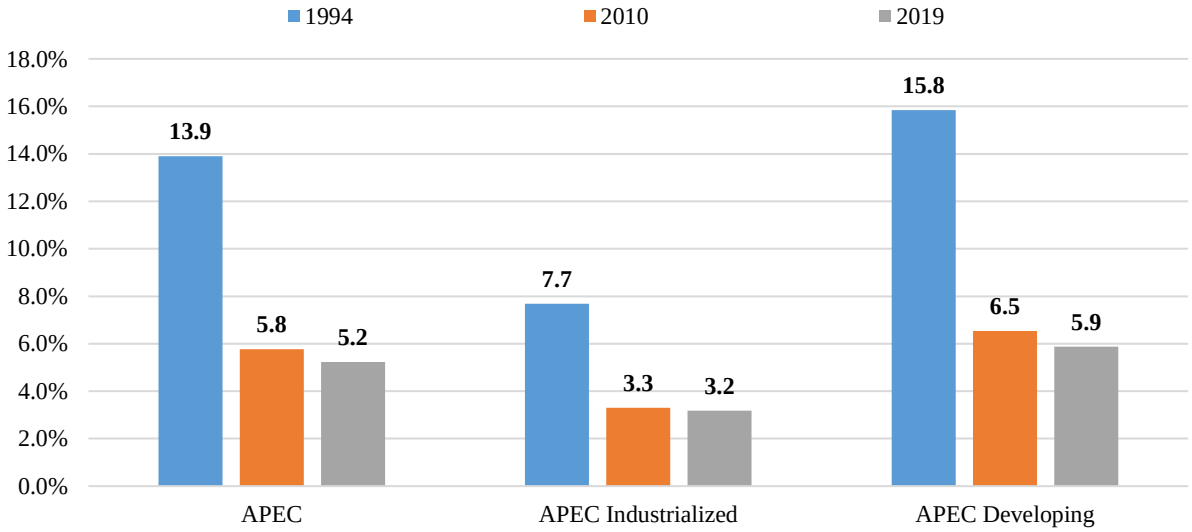
4. PROGRESS ON TRADE AND INVESTMENT LIBERALIZATION

A. TARIFFS

i. Overview of Tariffs in the APEC Region

The APEC region has substantially reduced tariffs, with average MFN tariffs[25] falling almost three times between 1994 and 2019 from 13.9% to 5.2% respectively (Figure 4.1). Although the region has achieved significant progress, much of this progress was achieved within the first decade of the Bogor Goals, where tariffs rates plunged from 13.9% in 1994 to 5.8% in 2010. Subsequently, APEC experienced a slowdown in tariff reduction, which is expected as tariffs are already low in most economies. Both APEC industrialized and developing economies have reduced their average MFN tariff between 1994 and 2019. Moreover, the gap between both groups have narrowed significantly as average MFN tariff rates of APEC developing economies converge closer to those of APEC industrialized economies.

Figure 4.1: Average MFN Applied Tariffs



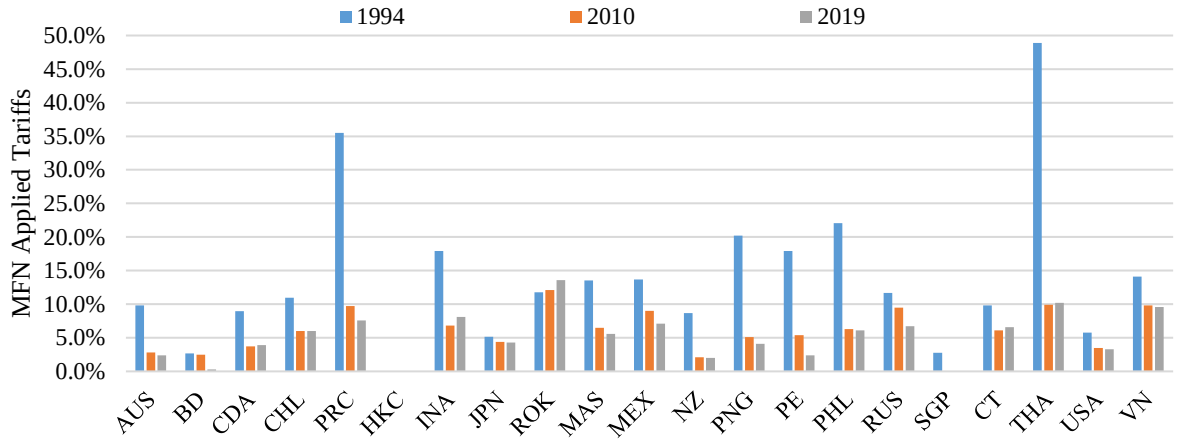
Note: Simple averages were calculated. Instead of tariffs in 1994, 1989 tariff rates are used for Hong Kong, China and Singapore; 1991 tariff rates are used for Mexico; 1992 tariff rates are used for Brunei Darussalam and Korea; 1993 tariff rates are used for Australia, Canada, Indonesia, Malaysia, New Zealand, Peru, Thailand and the United States; and 1997 tariff rates are used for Papua New Guinea. Data for New Zealand are as reported in 2009 instead of 2010. Tariff data includes non-ad valorem rates to the extent possible.
Source: WTO Data Portal; UNCTAD – Trade Analysis Information System (TRAINS) database; and APEC Policy Support Unit Calculations

At the individual economy level, 19 out of 21 APEC economies registered a fall in applied MFN tariff rates between 1994 and 2019 (Figure 4.2). The largest reduction was noted in Thailand, where its average applied MFN rates fell from 48.9% in 1994 to 10.2% in 2019. This followed by China and Papua New Guinea, which registered improvements of 27.9 and 16.1 percentage points respectively. In addition to the reduced tariff rates, the dispersion in tariff rates registered by APEC economies has narrowed considerably: in 1994, applied MFN tariff rates among APEC economies ranged from 0% to 48.8%; by 2019, this range has contracted to between 0% and 13.6%.

[25] Tariff data includes ad-valorem equivalents (AVE) for non-ad valorem rates to the extent possible.

Although most economies registered improvements, one economy tallied an increase in average MFN tariffs between 1994 and 2019 while five economies experienced an increase between 2010 and 2019. Although the extent of the average MFN tariff increase is marginal, ranging from 0.2 to 1.85 percentage points, APEC economies must undertake continued efforts to prevent a reversal of the good progress achieved thus far.[26]

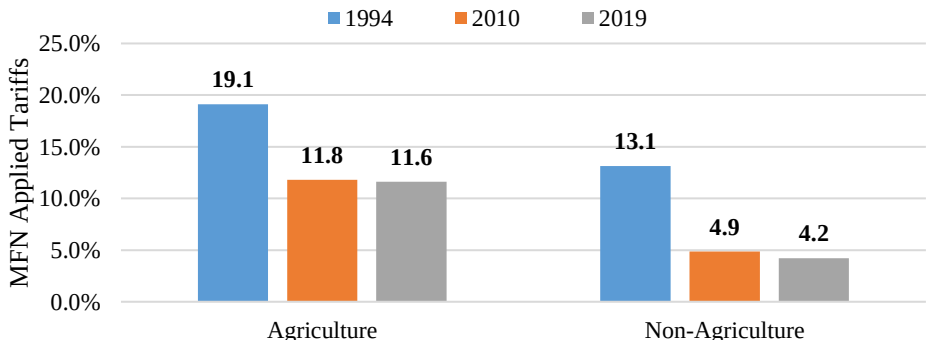
Figure 4.2: MFN Applied Tariffs by APEC economies



Note: Simple averages were calculated. Instead of tariffs in 1994, 1989 tariff rates are used for Hong Kong, China and Singapore; 1991 tariff rates are used for Mexico; 1992 tariff rates are used for Brunei Darussalam and Korea; 1993 tariff rates are used for Australia, Canada, Indonesia, Malaysia, New Zealand, Peru, Thailand and the United States; and 1997 tariff rates are used for Papua New Guinea. Data for New Zealand are as reported in 2009 instead of 2010. Tariff data includes non-ad valorem rates to the extent possible.
Source: WTO Data Portal; UNCTAD – Trade Analysis Information System (TRAINS) database; and APEC Policy Support Unit Calculations

Within the APEC region, both agricultural and non-agricultural applied MFN tariff rates fell between 1994 and 2019 (Figure 4.3), but MFN tariffs for non-agricultural products have fallen more extensively. As of 2019, agricultural products continue to be subject to higher MFN tariffs vis-à-vis non-agricultural ones. In fact, tariffs applied on agricultural products (11.6%) were still almost three times higher than those applied on non-agricultural products (4.2%) in 2019.

Figure 4.3: MFN Applied Agricultural and Non-Agricultural Tariffs for APEC (simple average)

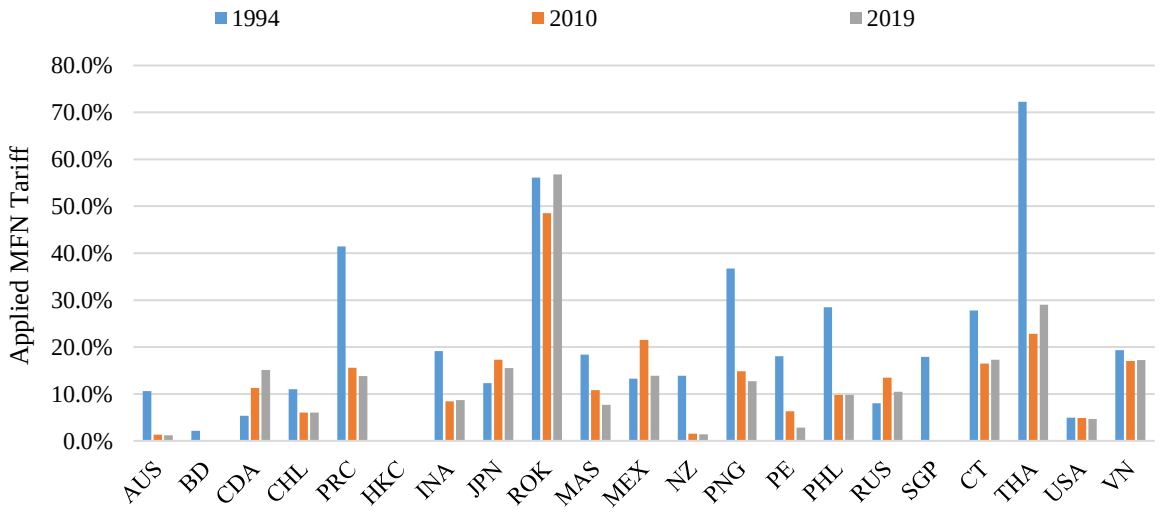


Note: Instead of tariffs in 1994, 1989 tariff rates are used for Hong Kong, China and Singapore; 1991 tariff rates are used for Mexico; 1992 tariff rates are used for Brunei Darussalam and Korea; 1993 tariff rates are used for Australia, Canada, Indonesia, Malaysia, New Zealand, Peru, Thailand and the United States; and 1997 tariff rates are used for Papua New Guinea. Data for New Zealand are as reported in 2009 instead of 2010. Tariff data includes non-ad valorem rates to the extent possible.
Source: WTO Data Portal; UNCTAD – Trade Analysis Information System (TRAINS) database; and APEC Policy Support Unit Calculations

[26] See footnote 28.

Regarding agricultural products, 15 economies reduced their average MFN tariffs between 1994 and 2019 (Figure 4.4). The largest fall was registered by Thailand, where the average MFN tariff went down by 43.2 percentage points. Despite the efforts by several APEC economies to reduce MFN tariffs in agricultural products, 10 out of 21 economies still recorded an average MFN agricultural tariff rate greater than 10% in 2018. Furthermore, six economies increased their average MFN agricultural tariffs between 2010 and 2019[27]. Three factors explain this increase: 1) higher import volume causing an increase of ad-valorem equivalents (AVE); 2) the transposition of nomenclature from HS 2007 to HS 2017 resulted in an increase of new tariff lines with high tariffs; and 3) governments increasing MFN tariffs for some products.

Figure 4.4: MFN Applied Agricultural Tariffs by APEC economies



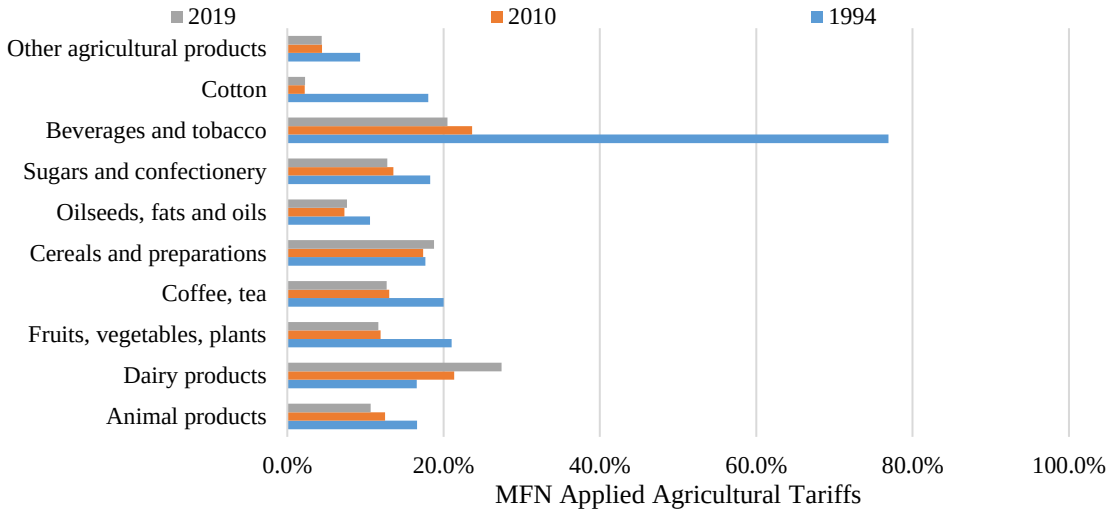
Note: Instead of tariffs in 1994, 1989 tariff rates are used for Hong Kong, China and Singapore; 1991 tariff rates are used for Mexico; 1992 tariff rates are used for Brunei Darussalam; 1993 tariff rates are used for Australia, Canada, Indonesia, Malaysia, New Zealand, Peru, Thailand and the United States; 1996 tariff rates are used for Korea and 1997 tariff rates are used for Papua New Guinea. Data for New Zealand are as reported in 2009 instead of 2010. Tariff data includes non-ad valorem rates to the extent possible.
Source: WTO Data Portal; UNCTAD – Trade Analysis Information System (TRAINS) database; and APEC Policy Support Unit Calculations

A further analysis of agricultural products indicates that between 1994 and 2019, all agricultural sectors, with the exception of dairy products and cereal and preparations, posted lower average MFN tariff rates (Figure 4.5). Beverages and tobacco recorded the largest improvement of 56.4 percentage points, followed by cotton (15.8 percentage points).

Notwithstanding this progress, MFN tariffs continue to be high for several agricultural products. As of 2019, the highest tariffs were registered in the following sectors: dairy products (27.4%), beverages and tobacco (20.5%) and cereals and preparations (18.8%).

[27] In the case of Korea, the simple average MFN agricultural tariff increased as the moratorium period for rice tariffication under the 1994 Uruguay Round agricultural negotiations ended in September 2014, and high tariffs on 16 rice-related items were introduced in 2015. With the transposition of HS 2007 to HS 2017, some tariff lines with high tariff rates were split into multiple tariff lines with the same high tariff rates, which led to an increase of the simple average. For example, one HS2007 tariff line on other cereals with an 800.3% tariff rate to four tariff lines on fonio, quinoa, triticale and other cereals, each with an 800.3% tariff rate. Except for the duties on a few agricultural products, such as rice, Korea has continued to lower tariff rates. As a result, the average tariff rate excluding those few agricultural products has considerably fell to 7.7%.

Figure 4.5: MFN Applied Tariffs by Agricultural Product Type

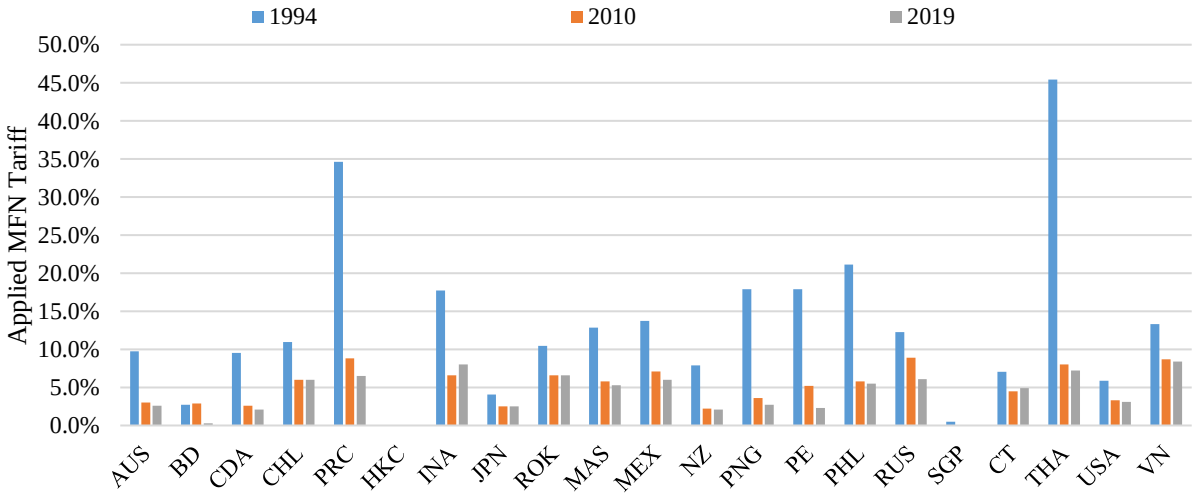


Note: Instead of tariffs in 1994, 1989 tariff rates are used for Hong Kong, China and Singapore; 1991 tariff rates are used for Mexico; 1992 tariff rates are used for Brunei Darussalam and Korea; 1993 tariff rates are used for Australia, Canada, Indonesia, Malaysia, New Zealand, Peru, Thailand and the United States; and 1997 tariff rates are used for Papua New Guinea. Data for New Zealand are as reported in 2009 instead of 2010. Tariff data includes non-ad valorem rates to the extent possible.
Source: WTO Data Portal; UNCTAD – Trade Analysis Information System (TRAINS) database; and APEC Policy Support Unit Calculations

In terms of average tariffs across non-agricultural products, between 1994 and 2019, 20 APEC economies reduced their average MFN tariffs (Figure 4.6). By 2019, Hong Kong, China and Singapore had eliminated all their tariffs for non-agricultural products.

While average non-agricultural tariff rates are low, two economies increased these tariffs between 2010 and 2019. This increase, albeit small - ranging from 0.4 to 1.4 percentage points - indicates possible difficulties that some economies have encountered to continue liberalizing trade in recent years.

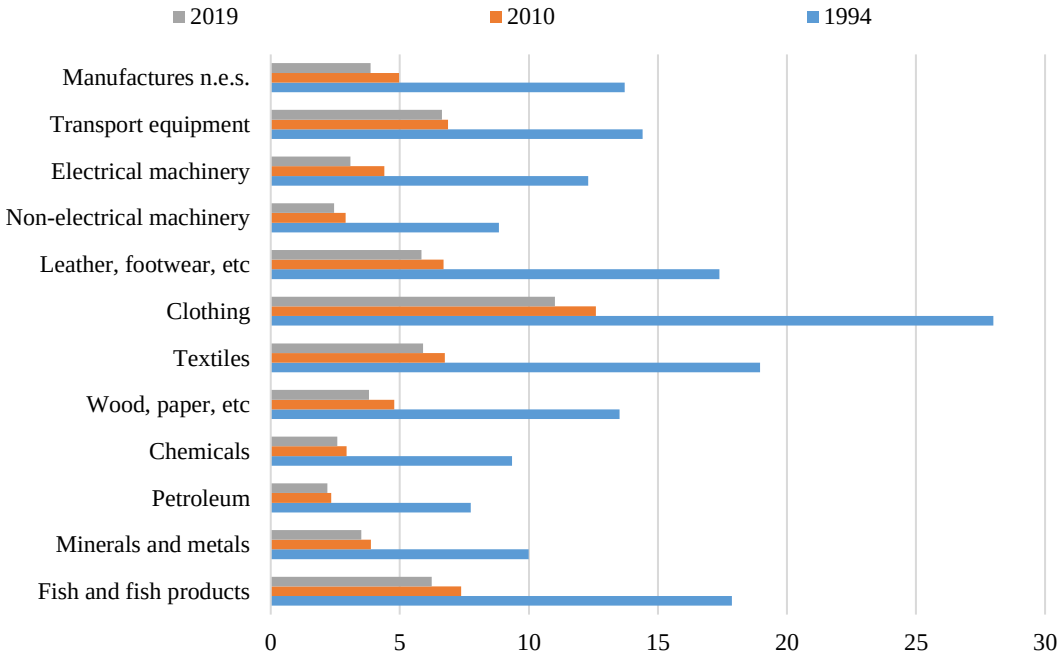
Figure 4.6: MFN Applied Non-Agricultral Tariffs by APEC economies



Note: Instead of tariffs in 1994, 1989 tariff rates are used for Hong Kong, China and Singapore; 1991 tariff rates are used for Mexico; 1992 tariff rates are used for Brunei Darussalam and Korea; 1993 tariff rates are used for Australia, Canada, Indonesia, Malaysia, New Zealand, Peru, Thailand and the United States; and 1997 tariff rates are used for Papua New Guinea. Data for New Zealand are as reported in 2009 instead of 2010. Tariff data includes non-ad valorem rates to the extent possible.
Source: WTO Data Portal; UNCTAD – Trade Analysis Information System (TRAINS) database; and APEC Policy Support Unit Calculations

A further disaggregation of non-agricultural products shows that all product groupings registered a fall in MFN applied tariffs between 1994 and 2019 (Figure 4.7). The largest improvement was noted among clothing products (17.0 percentage points), followed by textiles (13.1 percentage points). However, there is still room for improvement. Besides clothing and textile products, MFN applied tariff rates were still greater than 5% in transport equipment, fish and fish products and leather and footwear.

Figure 4.7: MFN Applied Tariffs by Non-Agricultural Product Type



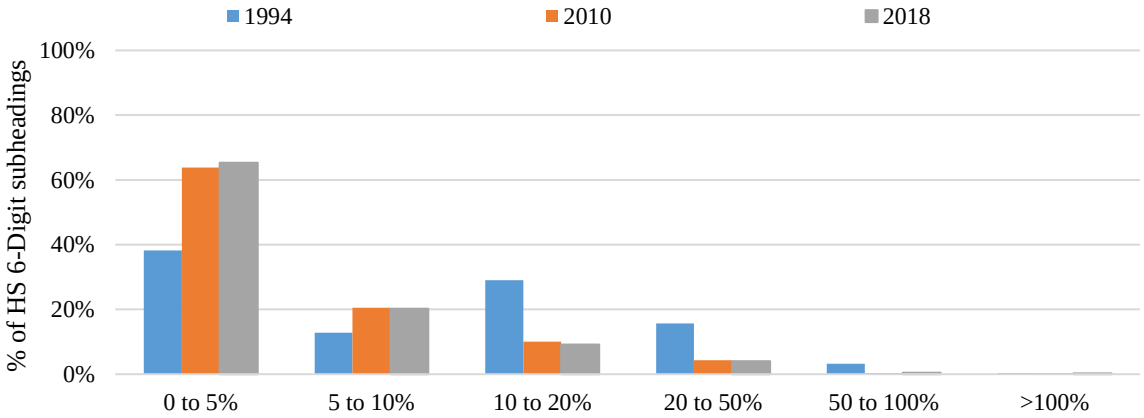
Note: Instead of tariffs in 1994, 1988 tariff rates are used for Hong Kong, China; 1989 tariff rates are used for Singapore; 1991 tariff rates are used for Mexico; 1992 tariff rates are used for Brunei Darussalam; Korea and Chinese Taipei; 1993 tariff rates are used for Australia, Canada, Indonesia, Malaysia, New Zealand, Peru, Thailand and the United States. Data for New Zealand are as reported in 2009 instead of 2010. Tariff data includes non-ad valorem rates to the extent possible.
Source: WTO Data Portal; UNCTAD – Trade Analysis Information System (TRAINS) database; and APEC Policy Support Unit Calculations

ii. Tariff Frequency and Range

Tariff frequencies across 1994 and 2018 show that the APEC region has moved towards both reducing and eliminating tariffs altogether. For instance, the proportion of tariff lines with tariffs between 0 and 5% have increased by almost two-fold between 1994 and 2018 (Figure 4.8). On the other end of the spectrum, the proportion of tariff lines applied rates above 50% has reduced considerably from 3.6% to 0.8% for the same period.

Although progress has been substantial, further work can be done to reduce tariffs. For instance, some APEC economies still keep very high tariff rates, with 0.3% of total tariff lines in APEC applied rates above 100% in 2018). Furthermore, the pace of improvements in tariff reduction has also slowed. Between 1994 and 2010, the proportion of product lines with tariffs between 0% and 5% increased by 25.7 percentage points (from 38.2% to 63.9%), but it only increased by 1.4 percentage points between 2010 and 2018 (from 63.9% to 65.3%).

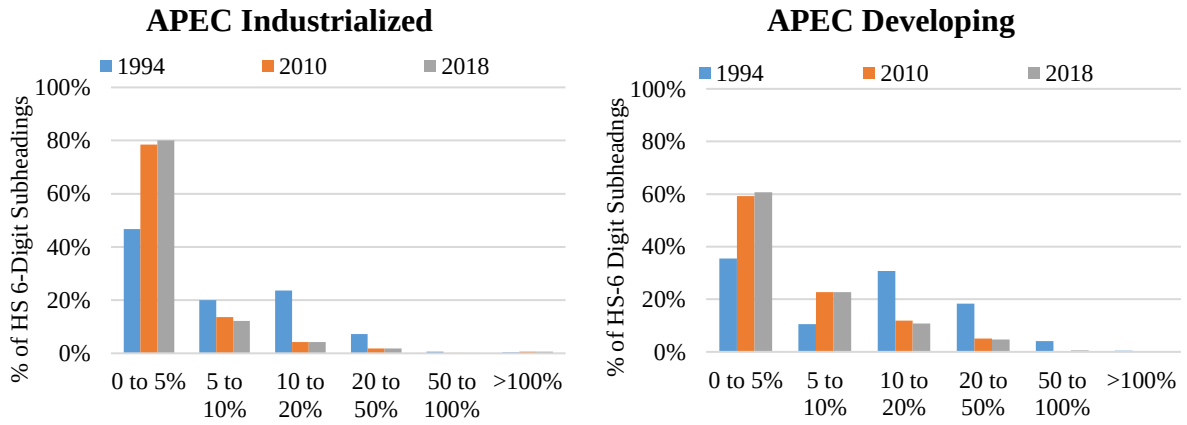
Figure 4.8: Tariff Frequency Distribution, by Duty Rates for the APEC region (% of Total Product Lines)



Note: Instead of tariffs in 1994, 1988 tariff rates are used for Hong Kong, China; 1999 tariff data are used for Singapore; 1991 tariff rates are used for Mexico; 1992 tariff rates are used for Brunei Darussalam; Korea and Chinese Taipei; 1993 tariff rates are used for Australia, Canada, Indonesia, Malaysia, New Zealand, Peru, Thailand and the United States; and 1997 tariff rates are used for Papua New Guinea. For year 2018, 2015 tariff rates are used for Thailand; 2016 tariff rates are used for Malaysia; and 2017 tariff rates are used for New Zealand. Tariff data includes non-ad valorem rates to the extent possible.
Source: UNCTAD – Trade Analysis Information System (TRAINS) database; and APEC Policy Support Unit Calculations

Between 1994 and 2018, both APEC industrialized and developing economies have increased the number of tariff lines with zero or low tariff rates (Figure 4.9). In 2018, APEC industrialized economies had a greater percentage of tariff lines between 0% and 5% than APEC developing economies. However, APEC industrialized economies also kept a greater percentage of tariff lines with tariff rates above 100%, at 0.6% vis-à-vis 0.2% of APEC developing economies.

Figure 4.9: Tariff Frequency Distribution, by Duty Rates for the APEC Industrialized and Developing Economies (% of Total Product Lines)

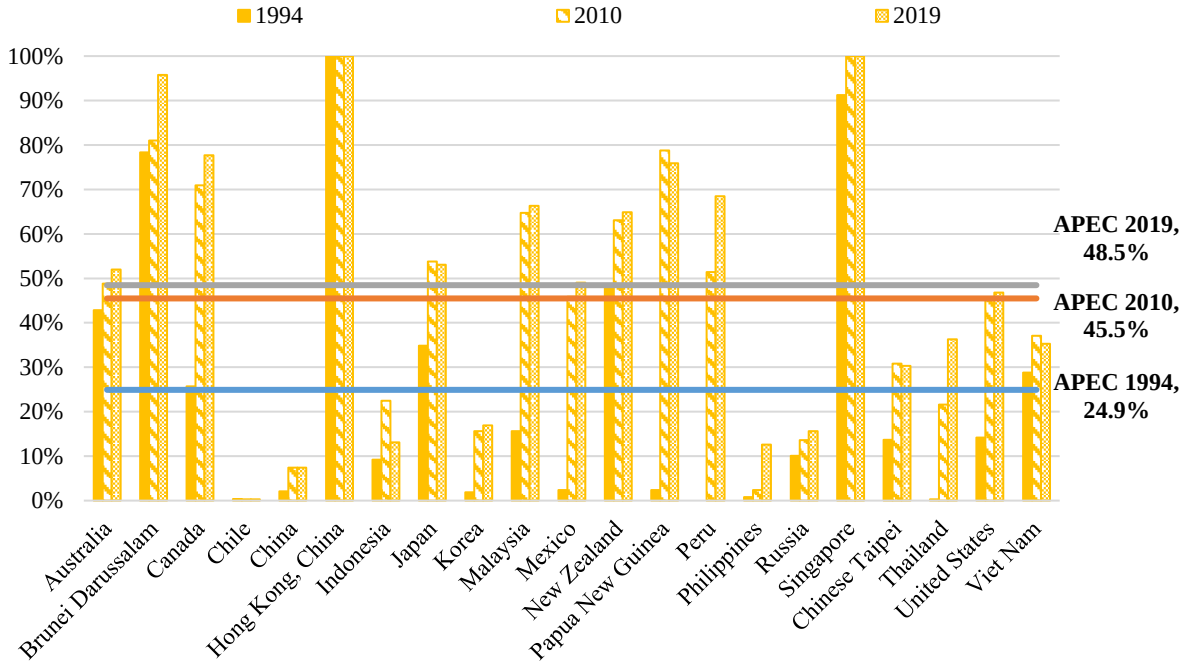


Note: Instead of tariffs in 1994, 1988 tariff rates are used for Hong Kong, China; 1999 tariff data are used for Singapore; 1991 tariff rates are used for Mexico; 1992 tariff rates are used for Brunei Darussalam; Korea and Chinese Taipei; 1993 tariff rates are used for Australia, Canada, Indonesia, Malaysia, New Zealand, Peru, Thailand and the United States; and 1997 tariff rates are used for Papua New Guinea. For year 2018, 2015 tariff rates are used for Thailand; 2016 tariff rates are used for Malaysia; and 2017 tariff rates are used for New Zealand. Tariff data includes non-ad valorem rates to the extent possible.
Source: UNCTAD – Trade Analysis Information System (TRAINS) database; and APEC Policy Support Unit Calculations

iii. Duty-Free Products

The APEC region increased the average proportion of MFN duty-free products, raising the application of zero tariffs from 24.9% of all product lines in 1994 to 48.5% in 2019. Almost all APEC economies have made efforts to introduce zero tariffs on a vast number of product lines in the same time period (Figure 4.10). Singapore and Hong Kong, China had already eliminated tariff duties for all products by 2019, while ten other economies had made more than 50% of their products duty-free. Papua New Guinea, Peru and Canada registered the largest improvements, moving up by 73.5, 68.5 and 52.0 percentage points respectively between 1994 and 2019.

Figure 4.10: Zero-Tariff Product Lines by APEC Economies

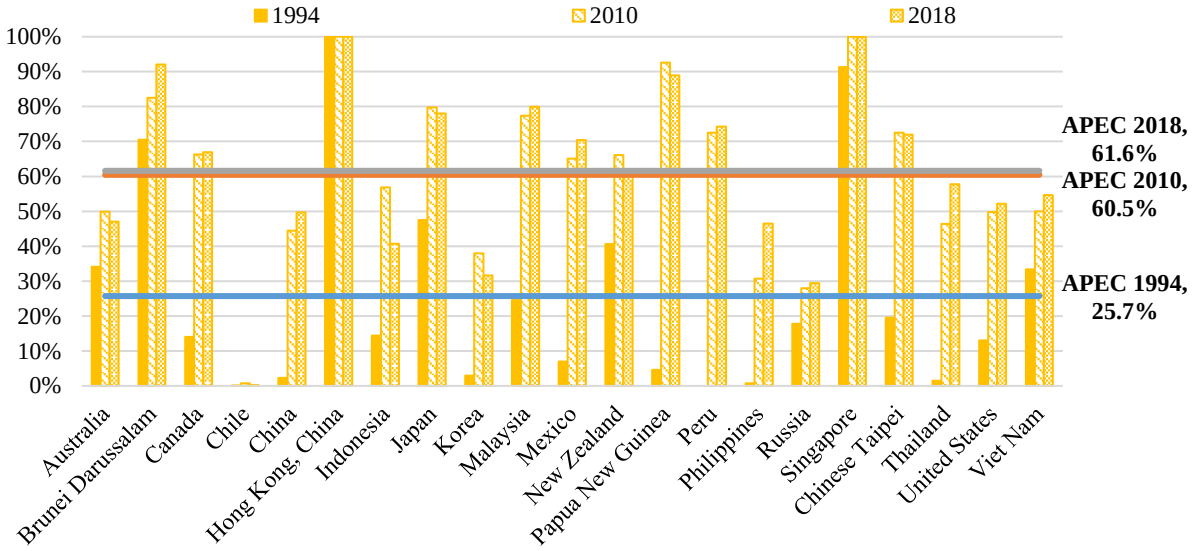


Note: Instead of tariffs in 1994, 1988 tariff rates are used for Hong Kong, China; 1989 tariff rates are used for Singapore; 1991 tariff rates are used for Mexico; 1992 tariff rates are used for Brunei Darussalam; Korea and Chinese Taipei; 1993 tariff rates are used for Australia, Canada, Indonesia, Malaysia, New Zealand, Peru, Thailand and the United States. Data for New Zealand are as reported in 2009 instead of 2010.
Source: WTO Data Portal; UNCTAD – Trade Analysis Information System (TRAINS) database; and APEC Policy Support Unit Calculations

The average share of imports with zero tariffs to total imports across APEC economies increased from 25.7% in 1994 to 61.6% in 2018. Improvements were registered across the region between 1994 and 2018 (Figure 4.11). Papua New Guinea (84.3 percentage points) registered the most significant improvement followed by Peru (74.3 percentage points) and Mexico (63.4 percentage points). However, in 9 out of 21 APEC economies, the share of zero-tariff imports in their total imports was lower in 2018 in comparison to those shares in 2010. This is most likely explained by the fall in commodity prices by approximately 12.2% during those years, as measured by the IMF Primary Commodity Prices Index, which resulted in lower valuations of the total zero-tariff imports.[28]

[28] See International Monetary Fund, IMF Primary Commodity Prices, https://www.imf.org/~/media/Files/Research/CommodityPrices/Monthly/Table1a.ashx

Figure 4.11: Zero-Tariff Imports (% of Imports) by APEC Economies



Note: For year 1994, 1988 data are used for Hong Kong, China; 1989 data are used for Singapore; 1991 data are used for Mexico; 1992 data are used for Brunei Darussalam; Korea and Chinese Taipei; 1993 data are used for Australia, Canada, Indonesia, Malaysia, New Zealand, Peru, Thailand and the United States; and 1997 data are used for Papua New Guinea. For year 2010, 2009 data are used for Brunei Darussalam; and 2004 data are used for Papua New Guinea. For year 2018, 2012 data are used for Papua New Guinea. Tariff data includes non-ad valorem rates to the extent possible.
Source: WTO Data Portal; UNCTAD – Trade Analysis Information System (TRAINS) database; and APEC Policy Support Unit Calculations

iv. Tariffs and COVID-19

The current COVID-19 pandemic has increased the demand for essential goods. According to the WTO, since the pandemic started, 16 measures on import tariffs have been implemented by an APEC economy, 15 of which involved the temporary reduction or elimination of import tariffs to facilitate the imports of medicines, medical supplies, medical equipment or personal protective products (Table 4.1). In addition, 3 of these measures included a limited number of agricultural products as well.[29] As of 8 September 2020, 9 of the measures reducing import tariffs are still in place. Many of these measures are reducing tariffs on a temporary basis.

Table 4.1: Import Tariff Response Measures to COVID-19 in Force (as of September 2020)

APEC Economy	Description of Measure
Australia	Temporary tariff concession measure to facilitate the importation of certain goods (face masks, gloves, gowns/clothes, disinfectant preparations (excluding hand sanitizers), soaps, COVID-19 test kits and reagents, and viral transport media). The measure has been extended until 31 December 2020.
Canada	As of 16 March 2020, and until further notice, Canada is waiving tariffs and sales taxes on all goods imported by or on behalf of public health agencies, hospitals and testing sites, and first response organizations (e.g. police, fire and local civil defence groups, including medical response teams). As of 6 April 2020, Canada is also waiving tariffs and sales taxes on goods imported by or on behalf of public or private care

[29] Only one of the measures implemented by an APEC economy involved an increase of import tariffs, which affected imports of crude petroleum and refined petroleum products.

	residences, such as seniors' residences, retirement homes, nursing homes and shelters.
Indonesia	Temporary elimination of import tariffs on certain medical and pharmaceutical products used in the treatment of COVID-19. These imports are also exempted from VAT and income taxes[30].
Malaysia	Temporary elimination of import tariffs on face masks; and on raw materials, undenatured ethyl alcohol and denatured ethyl alcohol used for the production of hand sanitizers. Imports also exempted from sales taxes and excise duties
New Zealand	Elimination of import tariffs on certain medical, hygiene, pharmaceutical and agricultural products. Immediate suspension of these tariffs occurred through the application of tariff concessions, under Part 2 of the Working Tariff Document of New Zealand. Once New Zealand has entered into the post COVID-19 recovery phase, the tariff suspensions will be incorporated into Part 1 of the Working Tariff Document of New Zealand and this will complete the MFN applied tariff elimination process. These actions do not affect New Zealand's bound tariff commitments
Peru	Temporary elimination of import tariffs (from 11% and 6%) on certain pharmaceutical products and personal protective equipment.
Russia (as part of the Eurasian Economic Union)	Temporary elimination of import tariffs on agricultural products, as well as temporary elimination on certain medical, hygiene and pharmaceutical products (the measure has been extended till 31 March, 2021).
Singapore	Elimination of import tariffs and all other duties and charges on essential goods including medical, hygiene, pharmaceutical products and agricultural products.
Viet Nam	Temporary elimination of import tariffs on non-woven fabrics for the production of protection clothing used in the fight of COVID-19 pandemic.

Source: WTO

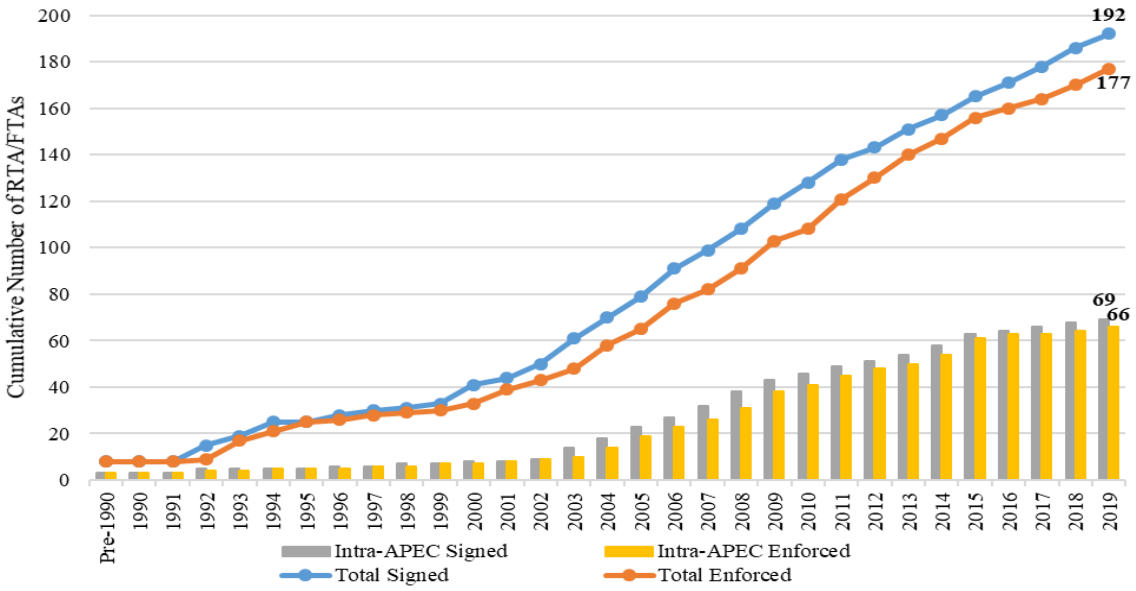
v. Tariff Liberalization through RTA/FTA

The numbers of RTA/FTAs signed and enforced by APEC economies have been on an upward trend since 1990: as of 2019, APEC has 192 agreements signed and 177 agreements enforced (Figure 4.12). APEC economies have increased their integration both outside and within the APEC region. By the end of 2019, intra-APEC RTA/FTAs represented 37.3% of all agreements enforced by at least one APEC economy.

In addition to the increasing number of trade agreements, trade flows of APEC economies with RTA/FTA partners have also gone up. Between 1994 and 2018, the APEC region's share of exports with RTA/FTA partners rose from 23.0% in 1994 to 50.3% in 2018. APEC's imports from RTA/FTA partners likewise grew, albeit slower than exports, from 21.2% to 46.9% of total imports across the same period.

[30] Furthermore, to improve efficiency, the request for temporary elimination of import tariffs and permit exemptions are processed electronically through the Indonesia National Single Window.

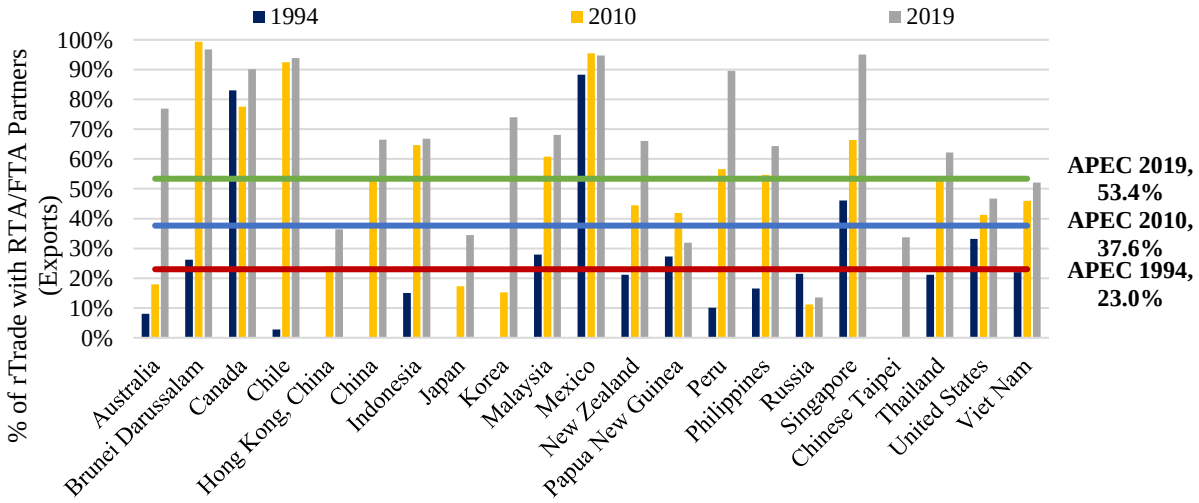
Figure 4.12: Cumulative Number of RTA/FTAs Signed and Enforced by APEC economies



Source: International Monetary Fund – Direction of Trade Statistics; Chinese Taipei's Ministry of Finance – Trade Statistics Database; APEC Secretariat, Policy Support Unit Calculations

While APEC economies for the most part increased their share of trade with their RTA/FTA partners, a falling share was recorded in exports for one economy (Figure 4.13) and in imports for three APEC economies between 1994 and 2019 (Figure 4.14). Much of this can be attributed to the changing patterns brought about by the fragmentation of global manufacturing.[31]

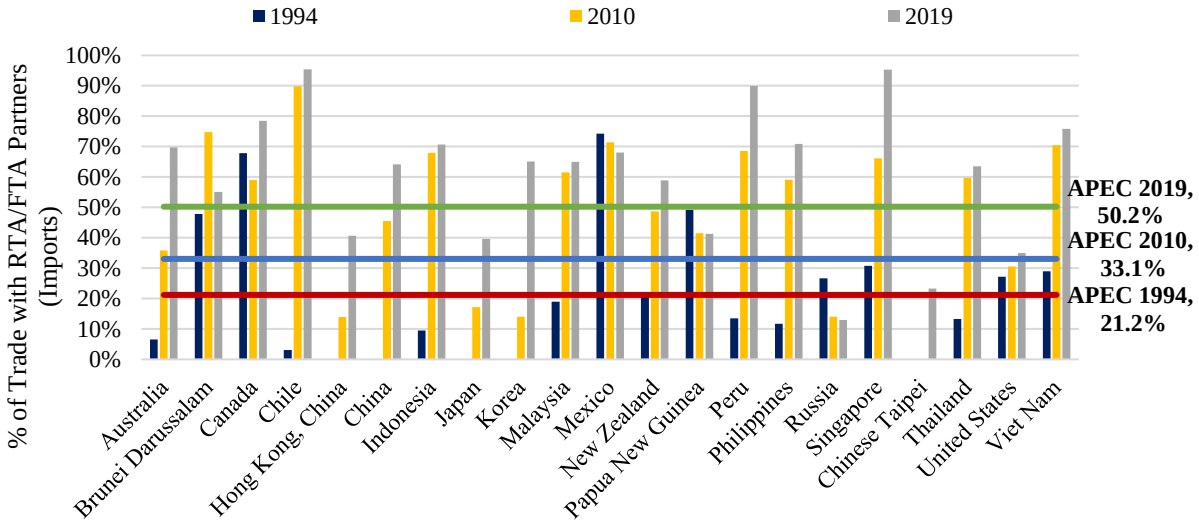
Figure 4.13: Proportion of trade with RTA/FTA Partners (Exports)



Source: International Monetary Fund – Direction of Trade Statistics; Chinese Taipei's Ministry of Finance – Trade Statistics Database; APEC Secretariat, Policy Support Unit Calculations

[31] Kuriyama et al., "Trends and Developments in Provisions and Outcomes of RTA/FTAs Implemented in 2018 by APEC Economies."

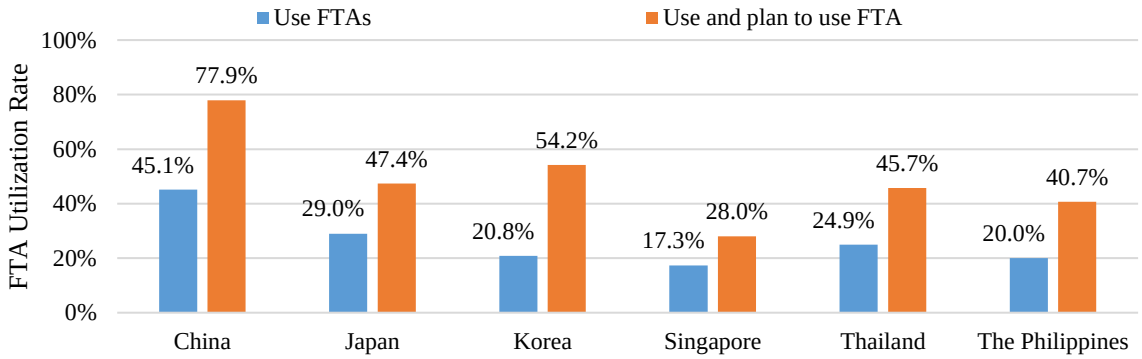
Figure 4.14: Proportion of trade with RTA/FTA Partners (Imports)



Source: International Monetary Fund – Direction of Trade Statistics; Chinese Taipei's Ministry of Finance – Trade Statistics Database; APEC Secretariat, Policy Support Unit Calculations

The extent of RTA/FTA utilization is equally important. Available literature sheds some light on the extent of RTA/FTA utilization across a number of APEC economies, with some studies providing data at the economy level. For example, Kawai and Wignaraja (2010) found relatively low RTA/FTA utilization rates among some APEC economies.[32] In particular, less than half of all exporting firms surveyed in six APEC economies had made use of RTA/FTAs (Figure 4.15).

Figure 4.15: FTA Utilization Rate by Firms in Selected APEC Economies



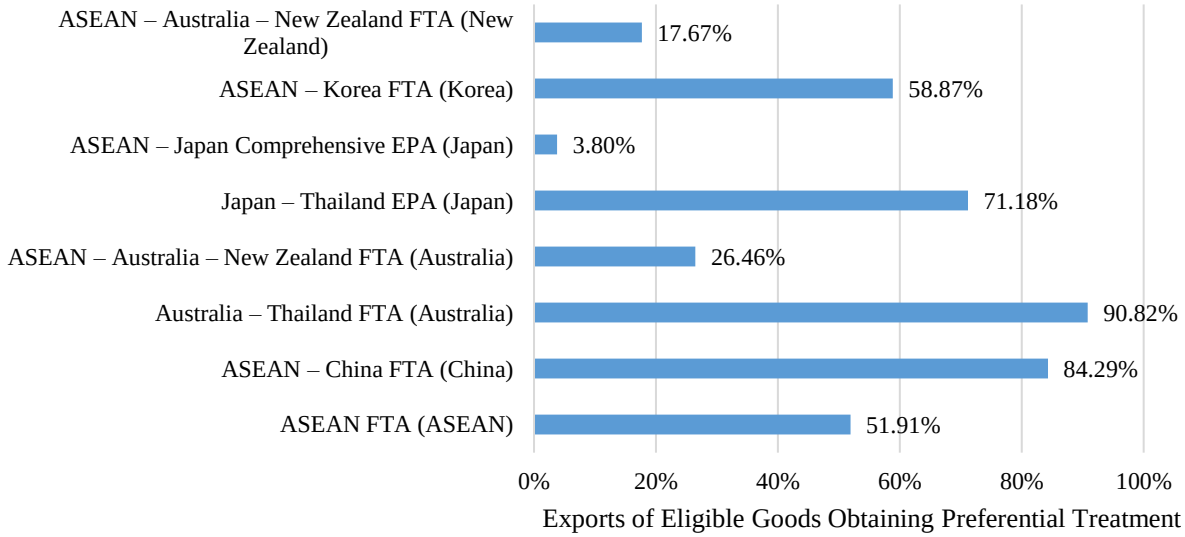
Source: Masahiro Kawai and Ganeshan Wignaraja, "Free Trade Agreements in East Asia: A Way toward Trade Liberalization?" (Asian Development Bank, 2010), https://www.adb.org/publications/free-trade-agreements-east-asia-way-toward-trade-liberalization.

Other studies have provided information regarding utilization rates of specific trade agreements For instance, Udomwichaiwat (2012) looked at the utilization rates in eight RTA/FTAs measured as a percentage of exports of eligible goods that are obtaining preferential treatment. The study noted that utilization rates have varied extensively among agreements and RTA/FTA

[32] Masahiro Kawai and Ganeshan Wignaraja, "Free Trade Agreements in East Asia: A Way toward Trade Liberalization?" (Asian Development Bank, 2010), https://www.adb.org/publications/free-trade-agreements-east-asia-way-toward-trade-liberalization.

partners, ranging from lows of 3.8% in some economies to highs of 90.8% in others (Figure 4.16).[33]

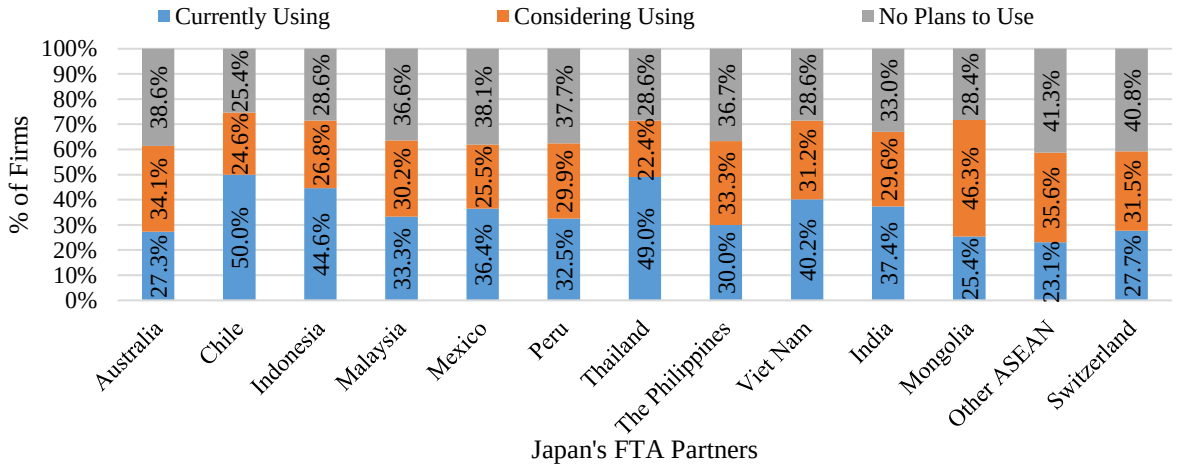
Figure 4.16: Percentage of Exports of Eligible Goods Obtaining Preferential Treatment in Selected Trade Agreements



Note: The percentages refer to the share of exports of eligible goods from the economy in parenthesis that are obtaining preferential treatment under the listed trade agreement.
Source: Pitak Udomwichaiwat, "Best Practices on FTA Promotion Policies: The Case of Thailand" (APEC Workshop on "The Increasing of FTA Utilization by SMEs," Tokyo, Japan, August 7, 2012), http://mddb.apec.org/Documents/2012/CTI/WKSP/12_cti_wksp_014.pdf.

In addition, a survey conducted by the Japan External Trade Organization (JETRO) in 2018 evaluated the proportion of Japanese firms that had utilized Japan's trade agreements with its partners (Figure 4.17). Results were similar: the survey showed that only half of surveyed firms were using Japan's FTAs with partner economies.[34]

Figure 4.17: FTA Utilization Rate in Japan 2018

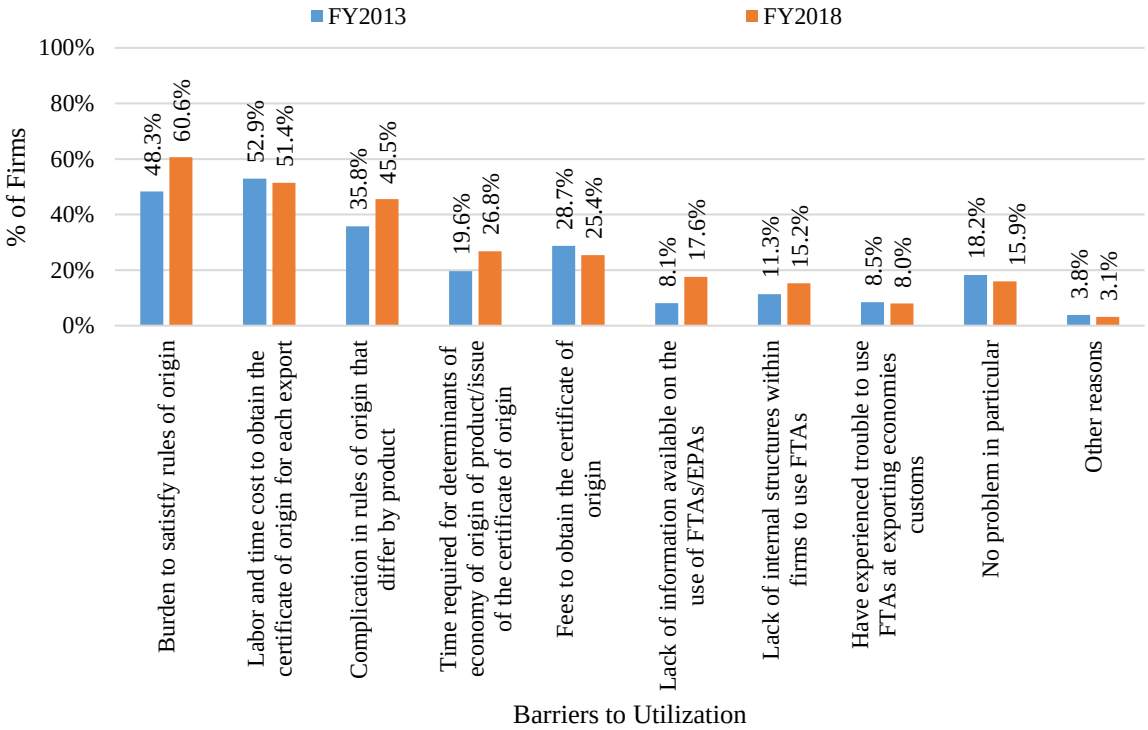


Source: Japan External Trade Organization (JETRO), "FY 2018 Survey on the International Operations of Japanese Firms," 2019, https://www.jetro.go.jp/ext_images/en/reports/survey/pdf/jafirms2018.pdf.

[33] Pitak Udomwichaiwat, "Best Practices on FTA Promotion Policies: The Case of Thailand" (APEC Workshop on "The Increasing of FTA Utilization by SMEs," Tokyo, Japan, August 7, 2012), http://mddb.apec.org/Documents/2012/CTI/WKSP/12_cti_wksp_014.pdf.
[34] Japan External Trade Organization (JETRO), "FY 2018 Survey on the International Operations of Japanese Firms," 2019, https://www.jetro.go.jp/ext_images/en/reports/survey/pdf/jafirms2018.pdf.

While information on RTA/FTA utilization is not commonly available, this JETRO survey highlights the concerns of Japanese firms regarding the difficulty with satisfying rules of origin as the most significant hurdle in using FTAs (Figure 4.18). This is followed closely by the time cost to obtain certificate of origins and the diverse rules of origin requirements demanded from different products. While APEC economies have done much work in increasing the number RTA/FTAs, studies such as these show that APEC economies also need to work on making it easier for businesses to use these agreements more easily.

Figure 4.18: Main Obstacles in the Utilization of FTAs in Japan



Source: Japan External Trade Organization (JETRO).

B. NON-TARIFF MEASURES (NTM)

i. Overview of NTM in the APEC region

It is hard to determine the exact number of NTMs affecting the APEC region. Available information in databases probably only include a fraction of the existing NTMs. One of the difficulties resides in the fact that economies do not necessarily report all NTMs. In addition, many NTMs are not transparent as they are often hidden within regulations or appear as disguised policies.[35]

Furthermore, all non-tariff barriers are NTMs, but not all NTMs are non-tariff barriers, since NTMs do not necessarily imply illegitimate measures and/or restrictive implications on trade.[36] In fact, WTO allows the application of NTMs in particular circumstances, and the application of legitimate NTMs could even increase trade by giving more information and certainty to

[35] APEC - Policy Support Unit, "Perceptions on the Use of Non-Tariff Measures Within the APEC Region" (APEC - Policy Support Unit, June 2014), 6, http://publications.apec.org/Publications/2014/06/Perceptions-on-the-Use-of-Non-Tariff-Measures-Within-the-APEC-Region.

[36] APEC - Policy Support Unit, 5.

producers and consumers.[37] However, it is challenging to determine whether particular NTMs are legitimate or not, as trade partners could have different views on the matter.[38]

This section includes NTM statistics in the APEC region from three sources: the World Trade Organization, European Commission and Global Trade Alert. Due to the diverse perspectives adopted by each of these organizations in collecting NTM information, NTM databases from different sources are not comparable with one another.

ii. Frequency of NTMs Implemented in the APEC Region

a. WTO i-TIP Goods: Frequency and Types of NTMs Implemented

Frequency of NTMs Implemented

The WTO Integrated Trade Intelligence Portal (i-TIP) portal is a database providing information on certain types of NTMs in-force based on notifications sent to WTO by economies and "specific trade concerns" raised at WTO committee meetings.

Table 4.2 provides a stock-take of all Non-Tariff Measures (NTMs) in place by APEC member economies at the end of each calendar year. On the whole, the frequency of all types of NTMs increased significantly between 2000 and 2019[39]. As of 2019, anti-dumping was the most frequent NTMs in place. In addition, there has been a significant increase in the number of specific trade concerns related to technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS), as well as to the number of countervailing duties notified to the WTO.

Table 4.2: Frequency of NTMs in-force implemented by APEC member economies (as notified or reported to WTO)

NTMs Implemented by APEC economies	2000	2010	2019
Anti-Dumping	445	602	935
Countervailing Duties	59	65	181
Safeguards	8	4	18
Sanitary and Phytosanitary - Specific Trade Concerns	28	99	140
Technical Barriers to Trade - Specific Trade Concerns	23	149	292

Note: Although notifications should be annual and cover the calendar year, the numbers indicated in the table should be treated with caution since it is possible that not all measures have been reported or raised at WTO Committees. All numbers in table are determined by counting the number of measures extracted from the WTO i-TIP Goods database. In some cases, when a measure is implemented by several economies at the same time, it is only counted once. Furthermore, when the implementation of a measure affects more than one product, the measure is counted as a single one.
For anti-dumping, countervailing duties and safeguards, the table shows the number of measures in force by the end of the calendar year.
For SPS specific trade concerns, the figures reflect the number of concerns that have not reported a resolution to the WTO SPS Committee by the end of the calendar year. For TBT specific trade concerns, the table shows the accumulated number of concerns reported at the WTO TBT Committee. The SPS and TBT-related specific trade concerns are related to NTMs implemented by an APEC economy that has been reported by any WTO member at the WTO SPS or TBT Committees. Some of those specific trade concerns have not been notified at WTO by the economy implementing the measure.

[37] APEC - Policy Support Unit, 6.
[38] Kuriyama et al., "Second-Term Review of APEC's Progress towards the Bogor Goals: APEC Region."
[39] Although the i-TIP database includes information from 1994, the database does not include all measures notified prior to 2000. This could lead to an underestimation in the actual number of NTMs before 2000. For this reason, the tables using i-TIP data only include information from 2000 onwards.

Source: WTO i-TIP Goods database. Latest data accessed on 22 October 2020. APEC Policy Support Unit Calculations

Types of Non-tariff Measures (NTM)

1. Anti-Dumping Measures

The APEC region has not fared well in anti-dumping measures as the number of measures have followed an upward trend between 2000 and 2019 (Table 4.3). While three APEC economies did not enforce any anti-dumping measure during this period (Brunei Darussalam; Hong Kong, China; and Papua New Guinea), other three economies (New Zealand; Peru; and Singapore) reduced anti-dumping measures in force in 2019 compared to 2000. Also, only three APEC economies (China; New Zealand; and Peru) reduced the number of such measures between 2010 and 2019. As of 2019, 17 economies have anti-dumping measures in force.

Table 4.3: Frequency of Anti-Dumping Measures in Force by APEC Member Economies (End of Calendar Year)

	2000	2010	2019	Absolute Change		
				2000-2010	2010-2019	2000-2019
Australia	43	21	72	-22	+51	+29
Brunei Darussalam	0	0	0	0	0	0
Canada	76	35	91	-41	+56	+15
Chile	0	1	1	+1	0	+1
China	3	119	107	+116	-12	+104
Hong Kong, China	0	0	0	0	0	0
Indonesia	0	4	35	+4	+31	+35
Japan	0	6	7	+6	+1	+7
Korea	7	29	39	+22	+10	+32
Malaysia	8	9	20	+1	+11	+12
Mexico	52	38	76	-14	+38	+24
New Zealand	10	12	4	+2	-8	-6
Papua New Guinea	0	0	0	0	0	0
Peru	13	25	6	+12	-19	-7
Philippines	2	1	2	-1	+1	0
Russia	0	18	19	+18	+1	+19
Singapore	2	0	0	-2	0	-2
Chinese Taipei	8	5	16	-3	+11	+8
Thailand	3	22	42	+19	+20	+39
United States	218	257	388	+39	+131	+170
Viet Nam	0	0	10	0	+10	+10
APEC	**445**	**602**	**935**	+157	+333	+490

Source: WTO i-TIP Goods database. Latest data accessed on 22 October 2020. APEC Policy Support Unit Calculations

Note: The cells in red color refer to an increase in anti-dumping measures, while the cells in green refers to a decrease in anti-dumping measures.

Throughout the years, products under iron and steel (HS chapter 72) and articles of iron and steel (HS chapter 73) were subject to the largest number of anti-dumping measures in the APEC region (Table 4.4). Furthermore, other sectors affected by a high number of anti-dumping measures are the manufacturing sectors such as chemicals (HS chapters 28 and 29), paper and

paperboard (HS chapter 48) and boilers, machinery and mechanical appliances (HS chapter 84). In recent years, plastics and articles thereof (HS Chapter 39) has been increasingly affected by anti-dumping measures.

Table 4.4: Top 5 Sectors Affected by Anti-Dumping Measures (End of Calendar year)

Top	2000	2010	2019
1	Iron and steel	Iron and steel	Iron and steel
2	Articles of iron or steel	Articles of iron or steel	Articles of iron or steel
3	Organic chemicals	Boilers, machinery and mechanical appliances	Organic chemicals
4	Electrical machinery	Paper and paperboard	Paper and paperboard
5	Boilers, machinery and mechanical appliances	Organic chemicals	Plastics and articles thereof

Source: WTO i-TIP Goods database. Latest data accessed on 22 October 2020. APEC Policy Support Unit Calculations

2. Countervailing Measures

Collectively, the APEC region registered a significant increase in countervailing measures, from 59 in 2000 to 181 in 2019 (Table 4.5). While the increase seems to indicate that the APEC region has not performed well in addressing countervailing measures, these measures can be traced to only eight APEC economies, which have implemented such measures during this period.

Table 4.5: Frequency of Countervailing Measures in Force by APEC Member Economies (End of Calendar Year)

	2000	2010	2019	Absolute Change		
				2000-2010	2010-2019	2000-2019
Australia	4	2	11	-2	+9	+7
Brunei Darussalam	0	0	0	0	0	0
Canada	8	9	28	+1	+19	+20
Chile	0	0	0	0	0	0
China	0	2	4	+2	+2	+4
Hong Kong, China	0	0	0	0	0	0
Indonesia	0	0	0	0	0	0
Japan	0	0	0	0	0	0
Korea	0	0	0	0	0	0
Malaysia	0	0	0	0	0	0
Mexico	7	0	3	-7	+3	-4
New Zealand	2	0	0	-2	0	-2
Papua New Guinea	0	0	0	0	0	0
Peru	0	2	3	+2	+1	+3
Philippines	0	0	0	0	0	0
Russia	0	0	0	0	0	0
Singapore	0	0	0	0	0	0
Chinese Taipei	0	0	5	0	+5	+5
Thailand	0	0	0	0	0	0
United States	38	50	127	+12	+77	+89
Viet Nam	0	0	0	0	0	0
APEC	**59**	**65**	**181**	+6	+116	+122

Source: WTO i-TIP Goods database. Latest data accessed on 22 October 2020. APEC Policy Support Unit Calculations
Note: The cells in green color refer to decrease in the implementation of countervailing duties, while the cells in red color refer to an increase in the implementation of countervailing duties.

Non-agricultural products that are most affected by the imposition of countervailing measures are iron and steel (HS chapter 72), articles of iron and steel (HS chapter 73), aluminum (HS chapter 76) and paper and paperboard (HS chapter 48) (Table 4.6). Some agricultural products such as sugars and sugar confectionary (HS chapter 17) have also been targeted with countervailing duties several times in recent years.

Table 4.6: Top 5 Sectors Affected by Countervailing Measures (End of Calendar year)

Top	2000	2010	2019
1	Iron and steel	Iron and steel	Iron and steel
2	Sugars and sugar confectionery	Articles of iron or steel	Articles of iron or steel
3	Articles of iron or steel	Aluminum	Aluminum
4	Meat and edible meat offal	Sugars and sugar confectionery	Paper and paperboard
5	Preparations of cereals, flour, starch or milk	Paper and paperboard	Sugars and sugar confectionery

Source: WTO i-TIP Goods database. Latest data accessed on 22 October 2020. APEC Policy Support Unit Calculations

3. Safeguards

Global safeguards registered the lowest frequency among the types of trade remedies put in force within the APEC region (Table 4.7). While the number of safeguards in force have been low, the number of economies implementing safeguards increased from three economies in 2000 to nine economies in 2019.

Table 4.7: Frequency of Safeguards in Force by APEC Member Economies (End of Calendar Year)

	2000	2010	2019	Absolute Change		
				2000-2010	2010-2019	2000-2019
Australia	0	0	0	0	0	0
Brunei Darussalam	0	0	0	0	0	0
Canada	0	0	1	0	+1	+1
Chile	2	0	0	-2	0	-2
China	0	0	1	0	+1	+1
Hong Kong, China	0	0	0	0	0	0
Indonesia	0	2	4	+2	+2	+4
Japan	0	0	0	0	0	0
Korea	2	0	0	-2	0	-2
Malaysia	0	0	2	0	+2	+2
Mexico	0	0	0	0	0	0
New Zealand	0	0	0	0	0	0
Papua New Guinea	0	0	0	0	0	0
Peru	0	0	0	0	0	0
Philippines	0	2	2	+2	0	+2
Russia	0	0	1	0	+1	+1
Singapore	0	0	0	0	0	0

Chinese Taipei	0	0	0	0	0	0
Thailand	0	0	1	0	+1	+1
United States	4	0	2	-4	+2	-2
Viet Nam	0	0	4	0	+4	+4
APEC	**1**	**4**	**18**	+3	+14	+17

Source: WTO i-TIP Goods database. Latest data accessed on 22 October 2020. APEC Policy Support Unit Calculations

Note: The green cells refer to a decrease in safeguard measures in place, while red refers to an increase in safeguard measures in place.

By the end of 2019, safeguards within the APEC region were applied to sectors such as iron and steel (HS chapter 72), paper and paperboard (HS chapter 48) and organic chemicals (HS chapter 29) (Table 4.8).

Table 4.8: Main Sectors Affected by Safeguards (End of Calendar year)

Top	2000	2010	2019
1	Animal or vegetable fats and oils	Iron and steel	Iron and steel
2	Meat and edible meat offal	Sugars and sugar confectionery	Paper and paperboard
3	Vegetables and certain roots and tubers	Glass	Organic chemicals
4	Iron and steel	Articles of iron or steel	
5	Sugars and sugar confectionery		

Source: WTO i-TIP Goods database. Latest data accessed on 22 October 2020. APEC Policy Support Unit Calculations

4. Sanitary and Phytosanitary Measures (SPS)

The frequency of unresolved SPS-related specific trade concerns (STCs) reported in the WTO SPS Committee against an APEC economy increased from 28 in 2000 to 140 in 2019 (Table 4.9). This upward trend is also reflected in several APEC economies between 2000 and 2019. In fact, the WTO SPS Committee discussed an increasing number of these concerns against 15 APEC economies during this period.

Table 4.9: Frequency of SPS-related Specific Trade Concerns against APEC Member Economies (End of Calendar Year)

	2000	2010	2019	Absolute Change		
				2000-2010	2010-2019	2000-2019
Australia	5	7	9	+2	+2	+4
Brunei Darussalam	0	0	0	0	0	0
Canada	2	6	3	+4	-3	+1
Chile	2	1	1	-1	0	-1
China	0	11	21	+11	+10	+21
Hong Kong, China	0	0	0	0	0	0
Indonesia	2	9	12	+7	+3	+10
Japan	5	20	19	+15	-1	+14
Korea	4	9	6	+5	-3	+2
Malaysia	0	2	4	+2	+2	+4
Mexico	2	7	5	+5	-2	+3

New Zealand	0	1	2	+1	+1	+2
Papua New Guinea	0	0	0	0	0	0
Peru	0	0	0	0	0	0
Philippines	0	1	3	+1	+2	+3
Russia	0	0	15	0	+15	+15
Singapore	0	0	0	0	0	0
Chinese Taipei	0	4	4	+4	0	+4
Thailand	0	2	4	+2	+2	+4
United States	6	28	31	+22	+3	+25
Viet Nam	0	0	7	0	+7	+7
APEC	**28**	**99**	**140**	+71	+41	+112

Source: WTO i-TIP Goods database. Latest data accessed on 22 October 2020. APEC Policy Support Unit Calculations

Note: The green cells refer to a decrease in SPS-related specific trade concerns against a specific economy, while the red cells refer to an increase in SPS-related specific trade concerns against a specific economy.

SPS-related specific trade concerns primarily affect agricultural goods (Table 4.10:). As of 2019, most of the SPS-related concerns involved products under meat and edible meat offal (HS chapter 02), edible fruits and nuts (HS chapter 08), dairy produce, birds eggs and natural honey (HS chapter 04), live animals (HS chapter 01) and edible vegetables (HS chapter 07)

Table 4.10: Top 5 Sectors Affected by SPS-related Specific Trade Concerns (End of Calendar year)

Top	2000	2010	2019
1	Edible fruits and nuts	Meat and edible meat offal	Meat and edible meat offal
2	Meat and edible meat offal	Edible fruits and nuts	Edible fruits and nuts
3	Dairy produce; birds eggs; natural honey	Dairy produce; birds eggs; natural honey	Dairy produce; birds eggs; natural honey
4	Cereals	Misc. edible preparations	Live Animals
5	Beverages, spirits and vinegar	Edible vegetables	Edible vegetables

Source: WTO i-TIP Goods database. Latest data accessed on 22 October 2020. APEC Policy Support Unit Calculations

5. Technical barriers to trade (TBT)

The number of measures raised as TBT-related trade concerns to the WTO TBT Committee increased over time. However, because economies are not obligated to report at the WTO TBT Committee whether a concern has been resolved or not by the parties involved, it is not possible to determine how many of these measures are actually still in force.

Back in 2000, only 23 TBT measures were reported against an APEC economy. But in 2019, this number of measures grew to 292 (Table 4.11). By 2019, 19 APEC economies had received concerns from WTO members regarding technical measures that may be affecting trade.

Identifying the specific sectors affected by the measures raised as TBT-related specific trade concerns is particularly challenging, as few of them allowed for such identification in the WTO i-TIP database. To be specific, only 14.7% of these measures raised by the end of 2019 can be linked with HS sectors. Most of the affected sectors were beverages, spirits and vinegar (HS chapter 22), Edible fruits and nuts (HS chapter 08), coffee, tea, mate and spices (HS chapter 09), cereals (HS Chapter 10) and ceramic products (HS chapter 69).

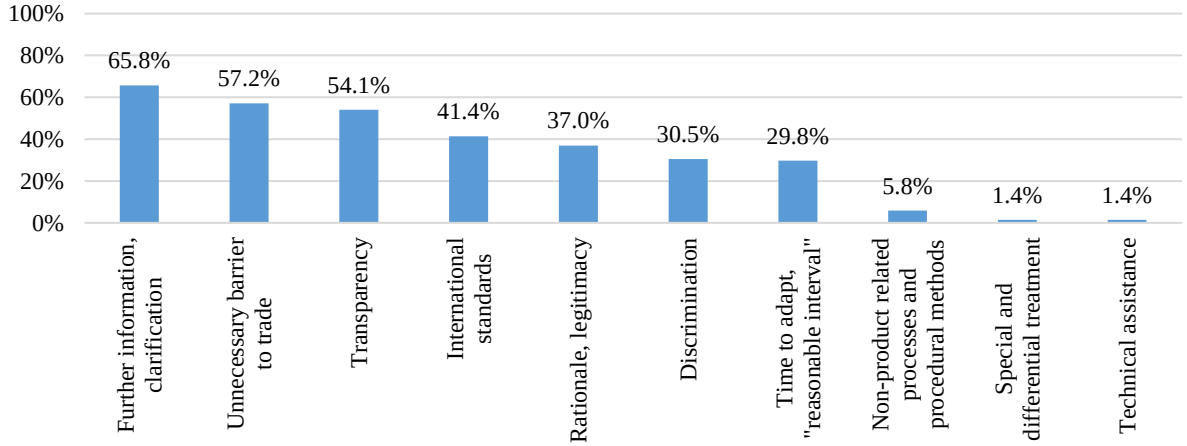
Table 4.11: Accumulated Number of TBT-related Specific Trade Concerns against APEC Member Economies (End of Calendar Year)

Economy	2000	2010	2019
Australia	0	0	2
Brunei Darussalam	0	0	0
Canada	2	9	11
Chile	0	2	6
China	0	34	72
Hong Kong, China	0	2	2
Indonesia	1	9	23
Japan	3	11	12
Korea	3	20	37
Malaysia	0	2	3
Mexico	5	8	15
New Zealand	2	2	3
Papua New Guinea	0	0	0
Peru	1	3	6
Philippines	0	1	1
Russia	0	0	20
Singapore	0	0	1
Chinese Taipei	0	5	8
Thailand	1	6	11
United States	5	34	52
Viet Nam	0	1	7
APEC	**23**	**149**	**292**

Source: WTO i-TIP Goods database. Latest data accessed on 22 Ocrtober 2020. APEC Policy Support Unit Calculations

The latest information from the WTO shows that the most pressing concerns raised against APEC member economies were the need for further information and clarification (65.8%), followed by unnecessary barriers to trade (57.2%) and transparency (54.1%) (Figure 4.19).

Figure 4.19: Issues Raised against APEC Member Economies Regarding TBT-related Specific Trade Concerns



Note: Sum of shares do not add up to 100% since some measures are associated with more than one type of issue.
Source: WTO TBT Information Management System Database; APEC Policy Support Unit Calculations. Latest data accessed on 18 March 2020.

6. Quantitative restrictions

Changes in the WTO notification system regarding quantitative restrictions make only possible to analyze the frequency of quantitative restrictions in force after 2012, but the current available data only allow a reliable analysis from 2014. In this regard, the total number of quantitative restrictions in the APEC region grew from 510 in 2014 to 534 in 2018 (Table 4.12). At the economy level, while four APEC economies reported a decrease in quantitative restrictions, eight economies reported an increase in the use of this kind of measures.

Table 4.12: Frequency of Quantitatve Restrictions in Force Notified by APEC Member Economies (End of Calendar Year)

Economy	2014	2018	Absolute change between 2010-2018
Australia	57	69	+12
Brunei Darussalam	0	0	0
Canada[e]	13	26	+13
Chile	NA	NA	NA
China	33	42	+9
Hong Kong, China	41	40	-1
Indonesia	NA	NA	NA
Japan[b]	36	45	+9
Korea[c,d]	92	13	-79
Malaysia	NA	NA	NA
Mexico[e]	NA	57	NA
New Zealand	40	45	+5
Papua New Guinea	NA	NA	NA
Peru[b]	5	NA	NA
Philippines[a]	21	NA	NA
Russia[d]	33	30	-3
Singapore	47	55	+8
Chinese Taipei	17	25	+8
Thailand[c]	57	52	-5
United States[c]	18	35	+17
Viet Nam	NA	NA	NA
APEC	**510**	**534**	+27

Note: [a] Data from 2015 was instead used for 2014; [b] Data from 2013 was instead used for 2014. [c] Data from 2012 was instead used for 2014; [d] Data from 2019 was instead used for 2018; [e] Data from 2016 was instead used for 2018. NA= data not available.
Source: WTO notifications on quantitative restrictions. Latest data accessed on 9 June 2020. APEC Policy Support Unit Calculations.

In terms of the type of quantitative restrictions in force, "Non-Automatic Licensing" in imports remained the most common form in both 2014 and 2018. Despite this being the case, measures in place regarding non-automatic import licensing within the APEC region fell marginally from 208 in 2014 to 207 in 2018 (Table 4.13). Also, APEC economies increased the use of six types of quantitative restrictions during these period, being the largest increase for import prohibitions with exceptions, which increased from 50 in 2014 to 89 in 2018.

Table 4.13: Types of Quantiative Restrictions in-force within the APEC region

Type of Quantitative Restrictions	2014	2018	Absolute change in 2010-2018
Non-Automatic Licensing (Imports)	208	207	-1
Non-Automatic Licensing (Exports)	121	137	+16
Prohibition (Imports)	94	88	-6
Prohibition (Exports)	48	60	+12
Prohibition except under defined conditions (Imports)	50	89	+39
Prohibition except under defined conditions (Exports)	46	55	+9
Not Available (Imports)	9	5	-4
Not Available (Exports)	6	0	-6
Global Quota (Imports)	11	5	-6
Global Quota (Exports)	3	4	+1
Global Quota allocated by economy (Imports)	3	0	-3
Global Quota allocated by economy (Exports)	0	2	+2
Voluntary Export Restraint (Imports)	0	0	0
Voluntary Export Restraint (Exports)	1	0	-1
State Trading Administration (Imports)	0	0	0
State Trading Administration (Exports)	2	2	0
Prohibition (Not Available)	1	1	0
Prohibition except under defined conditions (Not Available)	1	0	-1
Non-Automatic Licensing (Not Available)	1	0	-1

Source: WTO Notifications on quantitative restrictions. Latest data accessed on 9 June 2020. APEC Policy Support Unit Calculations.

7. NTMs and COVID-19

According to the WTO, the APEC region has experienced a combination of NTMs facilitating and restricting trade as a reaction to the COVID-19 pandemic. As of 08 September 2020, 50 of these measures had been implemented by APEC economies at some point since the pandemic started (Table 4.14). Initially, many of the NTMs affected exports of food, medicines, medical supplies, medical equipment and personal protective products. However, in recent months, as APEC members were securing the provision of essential goods, many of these measures were terminated. Moreover, APEC members have been implementing NTMs facilitating trade in reaction to the economic crisis caused by the pandemic.

Since the emergence of the COVID-19 pandemic, most of the measures implemented by APEC economies have facilitated trade in the APEC region. About 60 percent of the measures currently in place are facilitating trade. They are mostly aiming to provide relief to firms by postponing the payment of deposits, taxes, duties and fees; expedite the movement of essential goods across the border; eliminate import taxes or value-added taxes on a temporary basis to imported goods; simplify import/export declaration forms; relax import licensing requirements and accept paperless documentation.

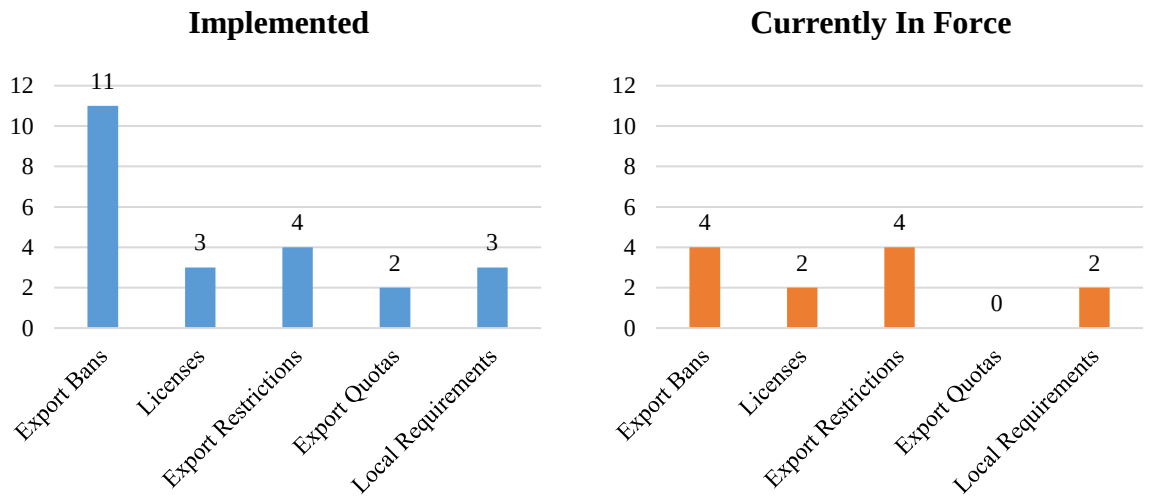
Table 4.14: Status of NTMs in the APEC Region in Response of the COVID-19 Pandemic (As of 08 September 2020)

Measures/Status	In Force	No Longer in Force	Total
Facilitating Trade	18	9	27
Restricting Trade	12	11	23
Total	30	20	50

Source: WTO

The pandemic motivated several APEC economies to impose temporary export prohibitions, restrictions, licenses and quotas. In addition, some local requirements were implemented on the production and sales of medicines, personal protective products and medical equipment. However, in recent months, many of the initial measures have been terminated, in particular those related to export bans, and only half of the initial measures restricting trade are still in place (Figure 4.20). All the measures currently in force involve medical supplies, equipment or personal protective products to fight the COVID-19 pandemic.

Figure 4.20: NTMs Restricting Trade implemented by APEC Economies since the Emergence of the COVID-19 Pandemic (As of 08 September 2020)



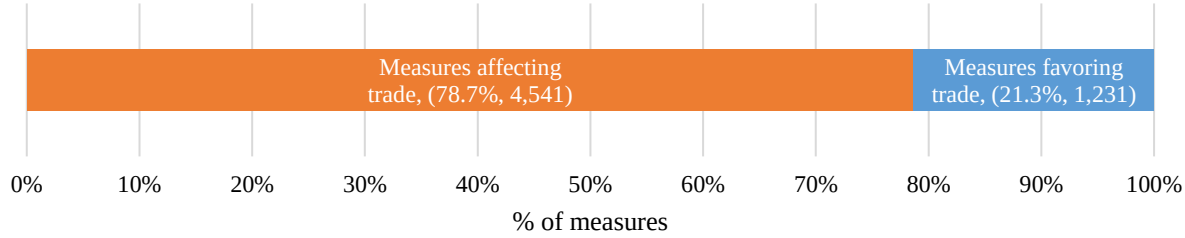
Source: WTO

b. Global Trade Alert: Frequency of NTMs Implemented

The Global Trade Alert (GTA) is a database that provides information on policy interventions carried out by economies that may affect international trade by implementing measures that are discriminatory or likely to be discriminatory. This database is compiled from information reported by policymakers, government officials, exporters, media and third parties. Given the source of information, it complements the information provided by WTOs i-TIP and the EU Market Access Database. Furthermore, as the database could associate a single policy measure to more than one type of NTM and economy, it should be noted that the number of policies identified is unlikely to be the same as the total number of NTMs.

As of December 2019, the APEC region enforced a total of 5,772 measures (Figure 4.21). Of these, 78.7% (4,541 measures) were determined to be measures affecting trade while the remaining favored trade (1,231 measures).

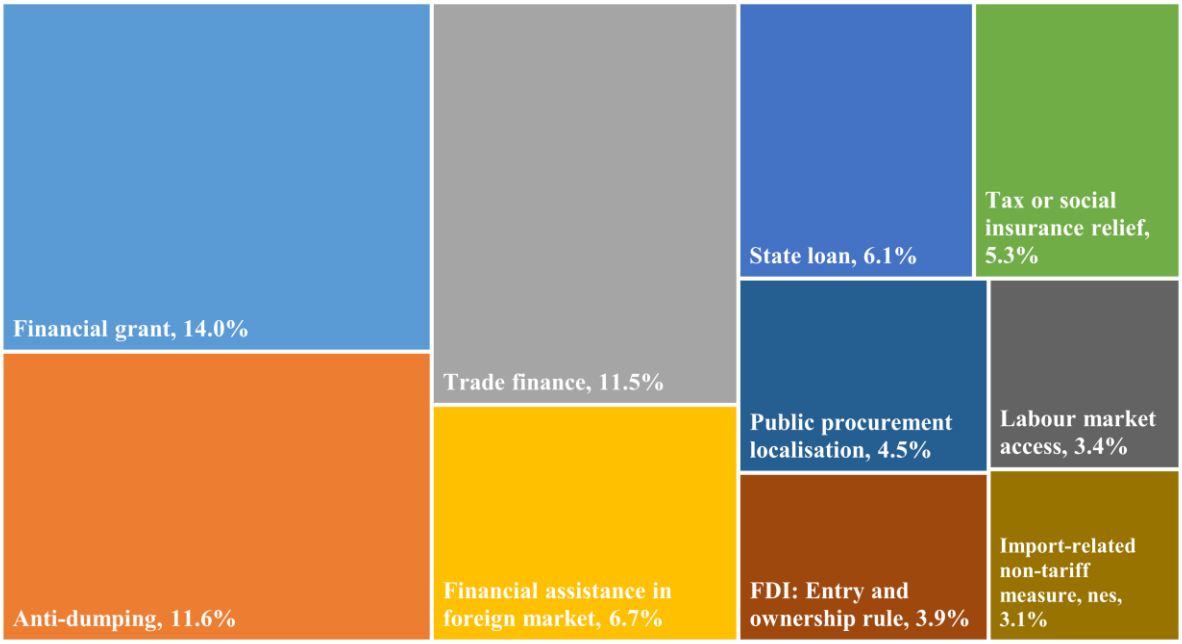
Figure 4.21: Measures in Force within the APEC Region, 2019



Source: Global Trade Alert (GTA) database; and APEC Policy Support Unit Calculations. Latest data accessed on 23 December 2019.

Among the most common types of NTM implemented within the APEC region are financial grants, anti-dumping and trade finance, which correspond to 14.0%, 11.6% and 11.5% of the NTMs in force within APEC, respectively (Figure 4.22). However, the figures for financial assistance and loans may be undercounted due to the often non-transparent nature of these non-tariff measures, in particular from government-linked institutions in the financial sector.[40]

Figure 4.22: Top 10 NTMs in Force within the APEC Region



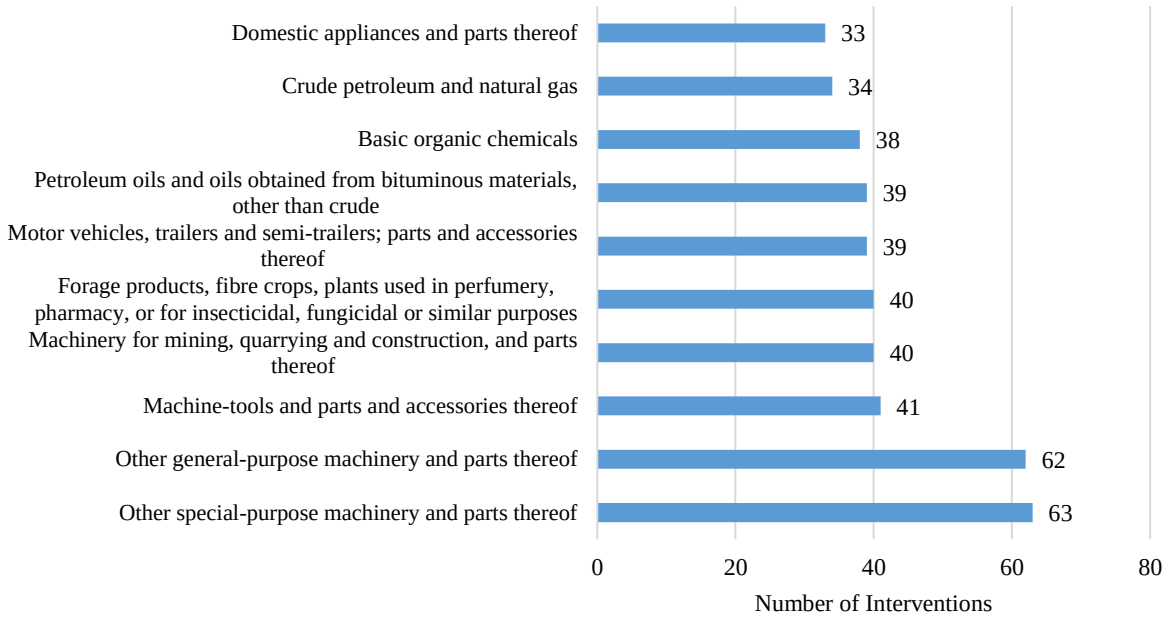
Source: Global Trade Alert (GTA) database; and APEC Policy Support Unit Calculations. Latest data accessed on 23 December 2019.

Figure 4.23: illustrates the 10 sectors that have mostly benefitted by measures favoring trade implemented by APEC economies as of December 2019. Out of these, "other special-purpose machinery and parts thereof" was the most liberalized sector with a total of 63 favorable interventions made by economies. This is followed closely behind by "other general-purpose machinery and part thereof" which registered 62 positive interventions.

On the other end of the spectrum, the sectors mostly harmed by the trade-restrictive measures implemented by APEC economies included "electrical energy" and "products of iron or steel" (Figure 4.24:).

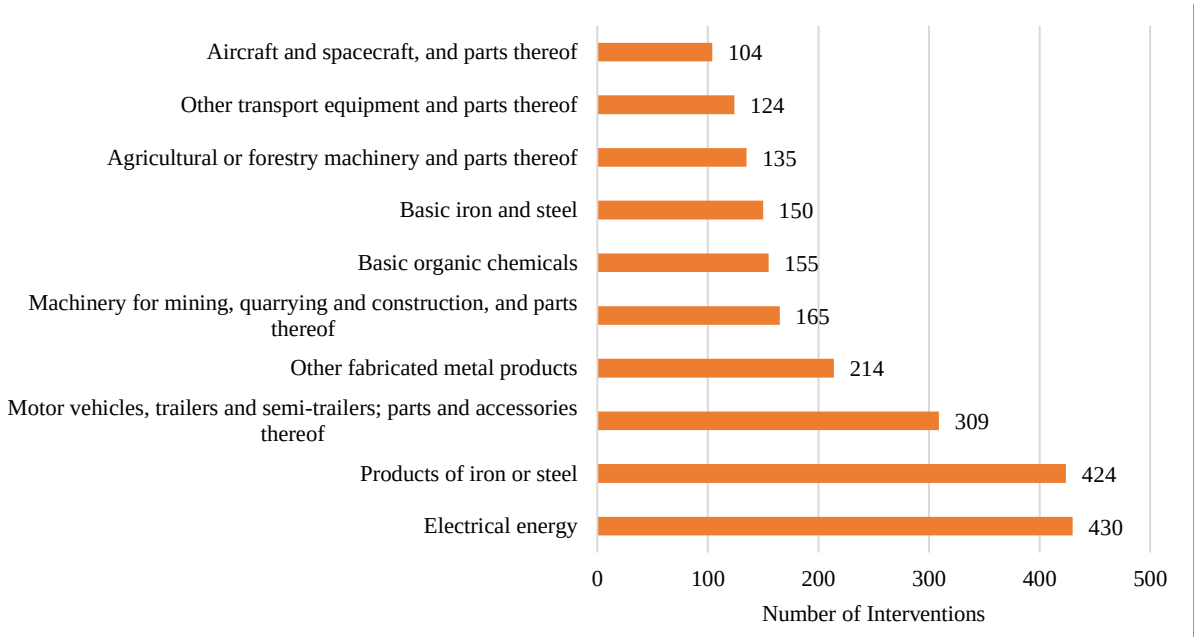
[40] International Monetary Fund. Fiscal Affairs Dept, *Fiscal Monitor: Policies to Support People During the COVID-19 Pandemic* (Washington D.C.: International Monetary Fund, 2020), 47, https://www.imf.org/~/media/Files/Publications/fiscal-monitor/2020/April/English/text.ashx?la=en. This report mentions that "the growing internationalization of SOEs has fuelled apprehension about their potential pursuit of non-commercial objectives or unfair competition given that they often benefit from government support, including subsidies or cheaper finance."

Figure 4.23: Main Sectors Favored by the Implementation of Trade-Facilitating Measures



Source: Global Trade Alert (GTA) database; and APEC Policy Support Unit Calculations. Latest data accessed on 23 December 2019.

Figure 4.24: Main Sectors Affected by the Implementation of Trade-Restrictive Measures



Source: Global Trade Alert (GTA) database; and APEC Policy Support Unit Calculations. Latest data accessed on 23 December 2019.

C. SERVICES

The services sector has been a major driving force of economic growth, accounting for 65% of the world GDP in 2017. Its relevance in global trade is also significant: trade in services reached USD 5.8 trillion in 2018, taking up approximately one quarter of the value of global trade.[41]

[41] World Bank Database; UNCTAD e-Handbook of Statistics 2019 https://stats.unctad.org/handbook/Services/Total.html

However, measuring the degree of liberalization of trade in services is not straightforward, as it requires examining the regulations on each services sector. This section reviews the progress of services liberalization made by APEC economies. The General Agreement on Trade in Services (GATS) provides an initial start with regards to the depth of services liberalization committed by APEC economies. However, with the lack of progress at the WTO Doha Round, most of the subsequent progress in services liberalization has taken place at the bilateral or regional level through RTA/FTAs and at the unilateral level. Nevertheless, efforts need to intensify as new types of barriers in services trade are emerging (for example, restrictions regarding services affecting cross-border data flows[42]).

In general, while APEC industrialized economies have maintained deeper liberalization in trade in services than APEC developing economies, the latter have been picking up the pace by liberalizing through trade agreements with partners, especially by adopting a negative list approach[43], and unilateral measures aiming to improve competitiveness.

i. WTO Commitments in Trade in Services

Table 4.15 shows the number of services sectors wherein APEC economies have made multilateral commitments under GATS (General Agreement on Trade in Services). Although the numbers do not indicate the depth and quality of the commitments, they provide a picture of the coverage of services sectors in each APEC economy. Out of a total number of 155 services sub-sectors, APEC industrialized economies on average made more commitments than APEC developing economies (98 vs 66 sub-sectors). However, the range of the number of sub-sectors with GATS commitments is wider among APEC developing economies, between 22 and 115 sub-sectors, compared to 84 to 105 in APEC industrialized economies. [44]

Table 4.15: Number of Services Sub-Sectors with GATS Commitments

Economy	Number of Services Sub-Sectors with GATS Commitments
APEC Industrialized	
Australia	99
Canada	99
Japan	105
New Zealand	84
United States	105
APEC Developing	
Brunei Darussalam	23
Chile	40
China	92
Hong Kong, China	64
Indonesia	42
Korea	92
Malaysia	69
Mexico	75
Papua New Guinea	25
Peru	45

[42] For more information, please see subsection iii on unilateral domestic measures.
[43] A positive list specifies the sectors for which obligations are undertaken; while under a negative list, obligations cover all sectors, except those listed.
[44] The calculation is based on WTO Services Sectoral Classification List (MTN.GNS/W/120). Subsectors under 7.B.f were counted as one. http://i-tip.wto.org/services/Search.aspx.

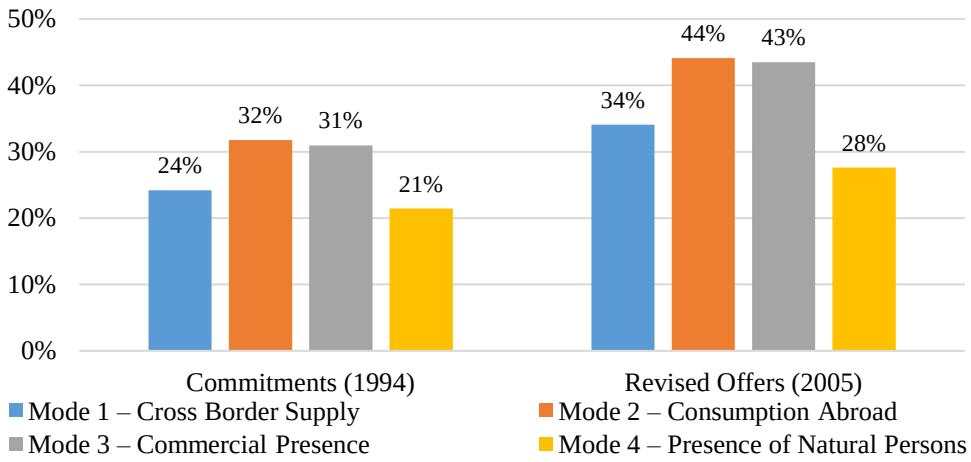
Philippines	43
Russia	115
Singapore	61
Chinese Taipei	113
Thailand	72
Viet Nam	101

Source: WTO I-TIP database and information provided by APEC economies. APEC Policy Support Unit calculations

Note: The number of sub-sectors with GATS commitments has been higher in APEC industrialized economies and in those APEC developing economies that concluded successfully their negotiations to be WTO members after the conclusion of the Uruguay Round.

On a modal basis, the GATS schedules of APEC economies have better sectoral coverage for Mode 2 (Consumption Abroad) and Mode 3 (Commercial Presence) than for Mode 1 (Cross-border Supply) and Mode 4 (Presence of Natural Persons). This was also the case with respect to their Doha Round revised offers. (Figure 4.25).

Figure 4.25: APEC Economies with Public Revised Offers: Schedule of Services Commitments vis-à-vis Revised Offers by Mode of Services Supply



Source: PSU calculations based on the WTO Schedule of Commitments from APEC member economies published in 1994 and those 2005 revised offers made public[45]. For China and Chinese Taipei, the Schedule was made in 2002. For Russia, the Schedule was made in 2012. For Viet Nam, the Schedule was made in 2007.

However, the number of sub-sectors with services commitments at the multilateral level and the depth of those commitments do not provide a full picture of one economy's openness on services, as GATS commitments only reflect the minimum levels of openness that governments commit to maintain in terms of market access and national treatment[46]. In fact, APEC economies tend to implement unilateral measures in their services sectors with a degree of

[45] The index was calculated based on the methodology at Hoekman, Bernard (1995), "Tentative First Steps : An Assessment of the Uruguay Round Agreement on Services" (The World Bank, May 31, 1995), http://documents.worldbank.org/curated/en/160421468739499350/Tentative-first-steps-an-assessment-of-the-Uruguay-Round-agreement-on-services. The index assigns a score on each of the commitments on market access and national treatment for each of the 155 subsectors in each mode of services supply with regards to market access and national treatment. A full commitment or no restriction (which is declared as "None" in the Schedule of Commitments) gets a score of 1. If no commitment is made (declared as "Unbound", which means any restriction can be put in place), it gets a score of 0. Any commitment in between gets a score of 0.5. The percentages indicate the points obtained by APEC economies over the maximum possible score.

[46] Business services, construction and related engineering services, financial services, and tourism services are the major sectors with the deepest GATS commitments in both industrialized and developing APEC economies. Education services, health related and social services, recreation, culture and sporting, as well as transportation services, have the lowest binding commitments. Similar patterns are reflected in the revised offers submitted by APEC economies in the context of the Doha Round negotiations.

openness that is greater than those in their GATS commitments. Moreover, it is also common to find APEC economies committing to a higher level of openness at bilateral or regional free trade agreements than at the multilateral level.

ii. RTA/FTA Commitments on Trade in Services

APEC economies have also made progress in liberalizing services trade, particularly by including sectorial services commitments in many of their RTA/FTAs. Currently, 72% of RTA/FTAs put in place by at least one APEC economy include sectorial services commitments (Table 4.16). Most of these agreements took a negative list approach (55.0% of the agreements with sectorial services commitments), while 42.6% took a positive list approach, with very few using a hybrid approach (i.e. containing both negative and positive list approaches) (Figure 4.26). In general, negative-list agreements tend to provide greater sectoral coverage of commitments than positive-list agreements[47].

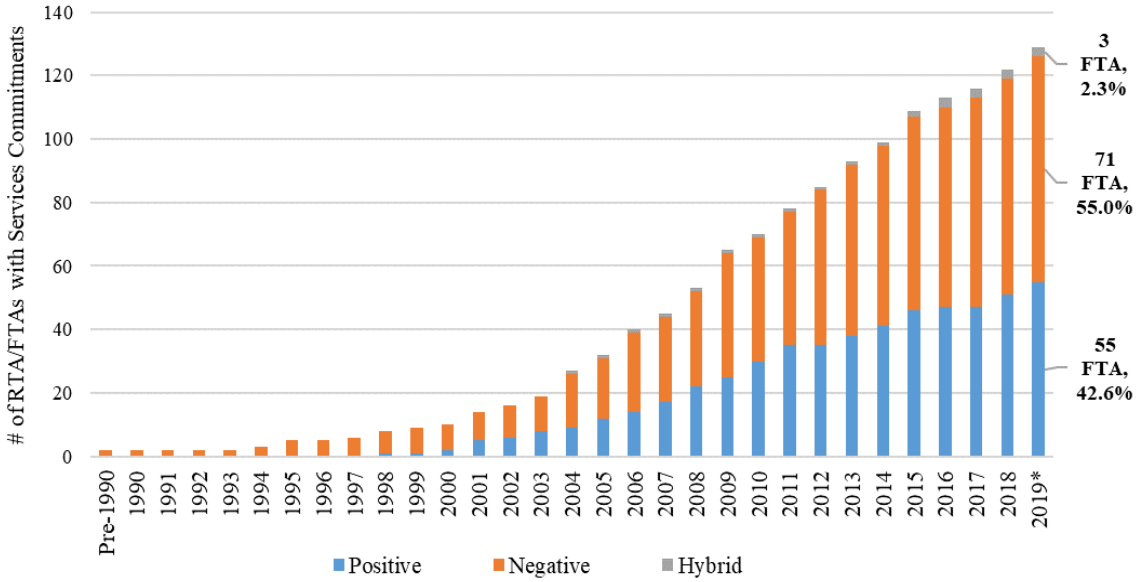
Table 4.16: Number of RTA/FTAs with Services Sector Commitments in 2019

Economy	# of Total RTA/FTA Agreements	# of RTA/FTAs with services commitments	Percentage of RTA/FTAs with services commitments
Australia*	13	12	92%
Brunei Darussalam#	9	9	100%
Canada	14	9	64%
Chile	26	17	65%
China	15	15	100%
Hong Kong, China*	8	8	100%
Indonesia#	9	8	89%
Japan	17	17	100%
Korea	15	14	93%
Malaysia	13	11	86%
Mexico	23	15	65%
New Zealand	11	10	91%
Papua New Guinea	4	0	0%
Peru	19	14	74%
Philippines#	9	9	100%
Russia	13	2	15%
Singapore	23	23	100%
Chinese Taipei	7	7	100%
Thailand	13	10	77%
United States	14	13	93%
Viet Nam	11	10	91%
APEC*#	**178**	**129**	**72%**

Source: APEC-PSU Bogor Goals Dashboard 2019 and official information provided by governments.
Note: The numbers are based on information on RTA/FTA texts available in official government websites. The total number of RTA/FTAs for APEC do not equal to the sum of RTA/FTAs of all APEC members, as several RTA/FTAs include the participation of more than one APEC economy.
*Includes the Australia-Hong Kong, China FTA, which was signed in 2019, but only entered into force in January 2020. # Includes the ASEAN-Hong Kong, China FTA, which was put in force in 2019 by Hong Kong, China; Malaysia; Singapore; Thailand; and Vietnam, and in 2020 by Brunei Darussalam; Indonesia; and the Philippines.

[47] See https://www.wto.org/english/tratop_e/serv_e/dataset_e/dataset_e.htm

Figure 4.26: Type of Services Commitment List



Source: APEC-PSU Calculations
*The 2019 figures include the Australia-Hong Kong, China FTA, which was signed in 2019, but only entered into force in January 2020 and the ASEAN-Hong Kong, China FTA, which was put in force in 2019 by Hong Kong, China; Malaysia; Singapore; Thailand; and Vietnam, and in 2020 by Brunei Darussalam; Indonesia; and the Philippines.

To compare the extent of services commitments made by APEC economies in GATS and their RTA/FTAs, Roy (2011) assessed the commitments on mode 1 (cross-border supply) and mode 3 (commercial presence) in 67 RTA/FTAs.[48] The results showed that all WTO members offered more extensive commitments in their RTA/FTA negotiations than in their multilateral negotiations at GATS/WTO. For economies with relatively few GATS commitments, the differences can be dramatic. Chile and Peru, for example, have implemented RTA/FTAs in which their sectoral coverage greatly exceeds their GATS coverage.

iii. Unilateral Domestic Measures

In addition to the approaches via WTO and RTA/FTAs, APEC economies have also undertaken unilateral domestic policies. Quantifying the impact of the regulations and comparing the various regulations in different economies is not easy, as they could differ in nature. The approach adopted in this assessment is to quantify the degree of restrictiveness imposed on each sector and compare it across sectors and economies. The services trade restrictiveness index (STRI) developed by OECD identifies the policies that restrict trade in services and assigns a score to each sector based on five policy areas. These five areas are:

1) Restrictions on market entry conditions;
2) Restrictions on the movement of people;
3) Barriers to competition;

[48] Martin Roy, "Services Commitments in Preferential Trade Agreements: An Expanded Dataset," WTO Working Papers, vol. 2011/18, WTO Working Papers (Geneva: World Trade Organization, November 9, 2011), https://doi.org/10.30875/5a2a5938-en. The methodology used by Roy (2011) is developed based on the GATS Commitments Index developed by Hoekman (1995). Unlike Hoekman's methodology of assigning a score of 0.5 for any partial commitment, Roy's methodology gives an incremental bonus to the score for each additional improvement in RTA/FTA partial commitments. The methodology does not attempt to represent the quality of commitments or to determine their level of trade restrictiveness, but focuses on the extent to which RTA commitments go beyond GATS commitments and services offers in the Doha Development Agenda. Neither does it attempt to account for the more limited scope of the Market Access obligation in many PTAs compared to its scope in GATS.

4) Regulatory transparency; and
5) Other discriminatory measures.

APEC has recognized that more work needs to be done in services. In this sense, APEC has been developing a work agenda to address the unfinished business of the Bogor Goals. This agenda includes technical areas such as domestic regulation, mutual recognition of qualifications and licensing, environmental services and manufacturing-related services. In addition, the agenda acknowledges the importance of improving the measurement of the regulatory environment of services trade in the APEC region and the APEC Group on Services is currently working to develop an APEC-wide index that is able to meet this purpose.[49]

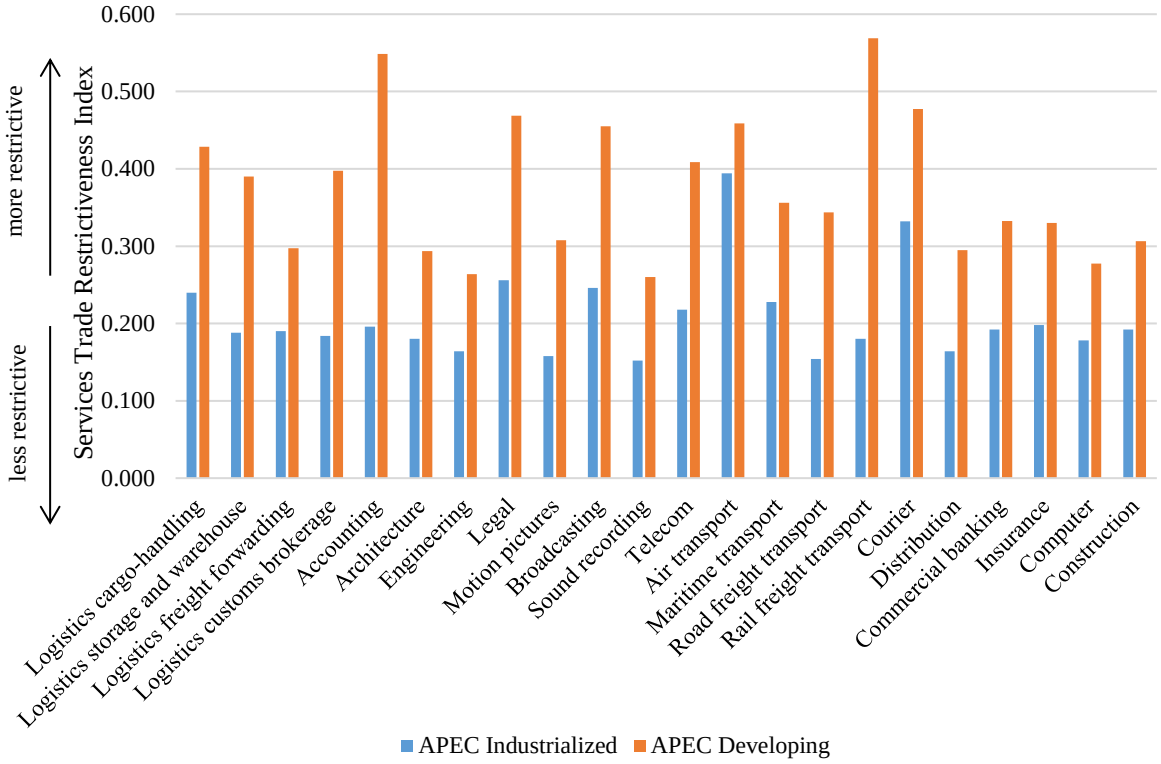
In addition, within the APEC region, there have been unilateral efforts to implement services liberalization in a gradual manner. For instance, through the use of pilot programs.[50] These pilots can be used as gradual mechanisms, if successful, provide an opportunity for governments to adopt them and expand them to other sectors and locations across the economy. Similarly, a greater number of APEC economies are implementing regulatory sandboxes in recent years, with the objective of allowing experimentation and innovation to offer new services in a controlled and relaxed environment, and test regulations at the same time.[51]

Measuring progress in services trade liberalization through the analysis of changes in statutory regulations is a challenging task. Data processing requires plenty of time and resources and there is no indicator that could provide a comparison across the 21 APEC economies and all services sectors during a long and recent period of time and be accepted by all APEC members as an objective measuring tool.[52] Despite these caveats, some services indicators have been released in recent years that could provide a glimpse of the progress made by the APEC region in terms of services trade liberalization. The indicator that covers most economies and sectors for recent years is the OECD's Services Trade Liberalization Index (STRI).

Based on the STRI, the average scores for APEC economies have decreased between 2014 and 2019 for most of the 22 subsectors included in the database, indicating a reduced level of restrictiveness on 20 out of 22 subsectors (Figure 4.27). Services subsectors experiencing the lowest levels of restrictions in the APEC region include architecture, engineering, sound recording, distribution, and computer sectors. However, restrictions remain high in some sectors such as air transport, courier, rail freight transport, broadcasting, legal and accounting services. Accounting and broadcasting are the only subsectors experiencing increased restrictiveness.

[49] See "Summary Report - 65th Group on Services Meeting 2020" (66th Group on Services Meeting, Putrajaya: APEC, 2020), http://mddb.apec.org/Documents/2020/GOS/GOS2/20_gos2_002.pdf.
[50] United Nations Conference on Trade and Development, "Chapter IV: Special Economic Zones," in *World Investment Report 2019* (New York: United Nations, 2019), 127–206, https://unctad.org/system/files/official-document/wir2019_en.pdf.
[51] ASEAN Secretariat and United Nations Conference on Trade and Development, "Chapter 5: Investment and Digital Development Policies in ASEAN," in *ASEAN Investment Report 2018: Foreign Direct Investment and the Digital Economy in ASEAN* (Jakarta: The ASEAN Secretariat, 2018), https://asean.org/storage/2018/11/ASEAN-Investment-Report-2018-for-Website.pdf.
[52] For a review of existing indicators measuring services trade liberalization, please check Gloria O. Pasadilla, Andre Wirjo, and Kathrina G. Gonzales, "APEC Services Competitiveness Roadmap (ASCR) Baseline Indicators" (APEC-PSU, November 2017), https://www.apec.org/-/media/APEC/Publications/2017/11/APEC-Services-Competitiveness-Roadmap-Baseline-Indicators/TOC/217_PSU_ASCR-Baseline-Indicators.pdf.

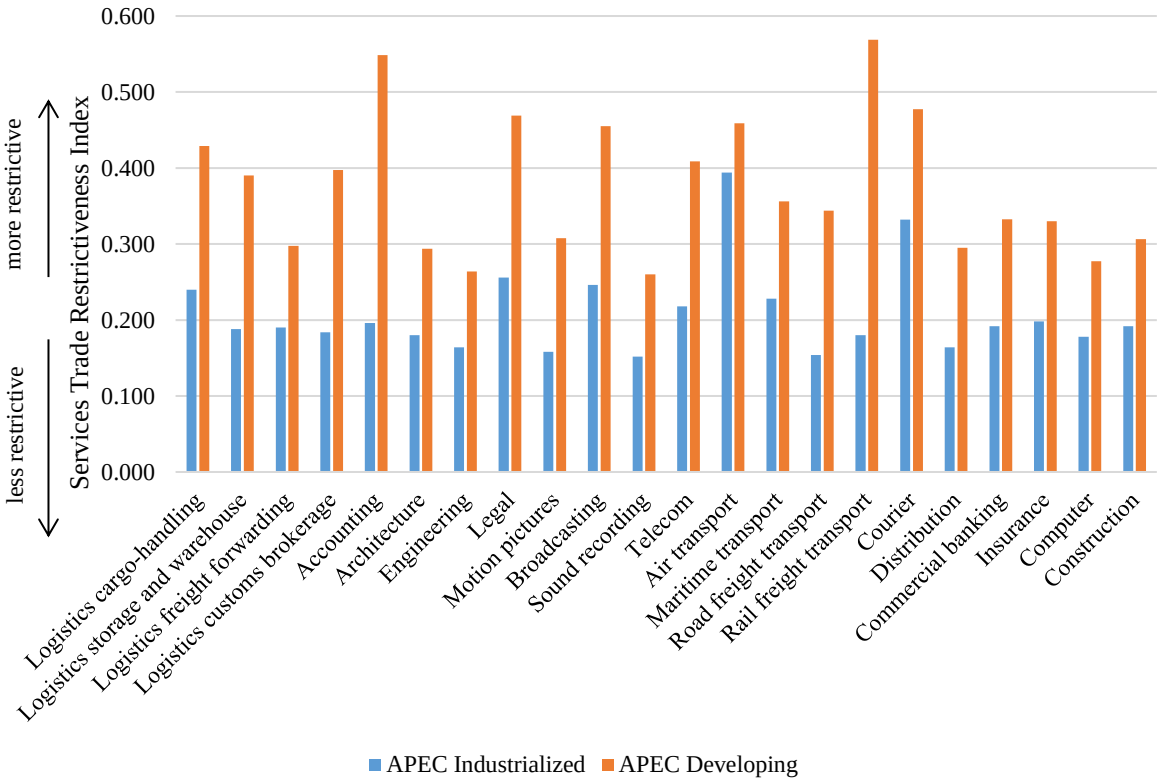
Figure 4.27: APEC Average Services Trade Restrictiveness Index in 2014 and in 2019



Source: OECD - StatsOECD. APEC Secretariat, Policy Support Unit calculations.
Note: Data is available for 13 APEC economies, namely Australia; Canada; Chile; China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Russia; Thailand and United States. China data have not been officially ratified.

While APEC developing economies have made most of the progress in reducing services restrictions between 2014 and 2019, they still need to do further work to catch up with the lower restrictiveness levels by APEC industrialized economies. Freight forwarding, architecture, engineering, computer and sound recording are the services subsectors where APEC developing economies have mostly closed the gap with regards to APEC industrialized economies. However, APEC developing economies still keep on average greater restrictions and face a larger gap in services subsectors such as cargo-handling, storage and warehouse, customs brokerage, accounting, legal, broadcasting, telecommunications and rail transportation (Figure 4.28).

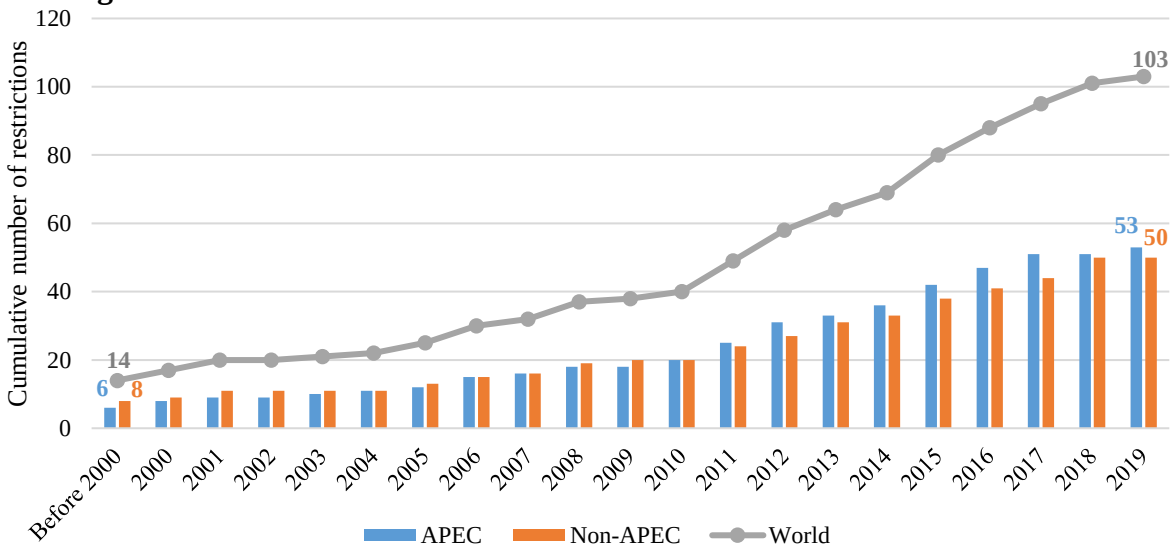
Figure 4.28: APEC Average Services Trade Restrictiveness Index by Development Levels in 2019



Source: OECD - StatsOECD. APEC Secretariat, Policy Support Unit calculations.
Note: Data is available for 13 APEC economies, namely Australia; Canada; Chile; China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Russia; Thailand and United States. China data have not been officially ratified.

Despite significant unilateral efforts to reduce restrictions affecting services trade, growing concerns regarding new services trade restrictions are emerging. Barriers on cross-border data flows across the APEC region and the rest of the world have increased in recent years, for example, through requirements regarding data transfer, location and storage, as well as conditional data flow regimes (Figure 4.29). These restrictions could hamper economies to adopt digital technologies and restrict the development of digital trade.

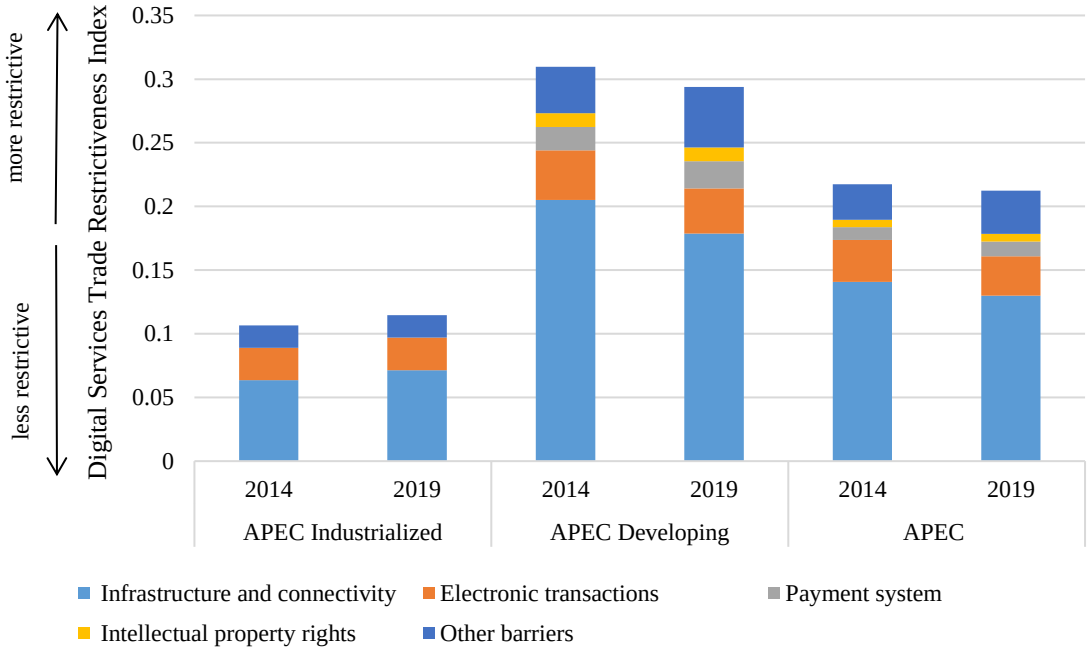
Figure 4.29: Cumulative Number of Restrictions on Cross-Border Data Flows



Source: ECIPE – Digital Trade Estimates Database. APEC Secretariat, Policy Support Unit calculations

The digital STRI developed by OECD complements the STRI by looking at policy constraints that affect trade in digitally enabled services. As shown in Figure 4.30, APEC developing economies tend to impose more restrictions on digitally enabled services than APEC industrialized economies. However, in recent years, the restrictiveness of these services increased slightly on average among APEC industrialized economies. For APEC economies, restrictions on infrastructure and connectivity and electronic transactions are the major barriers to trade in digitally enabled services. While significant progress on liberalizing the digital services trade was achieved by Mexico between 2014 and 2019, restrictiveness levels remained steady or even at higher levels for the rest of APEC economies with available data.

Figure 4.30: Digital Services Trade Restrictiveness Index in 2014 and in 2019



Source: OECD - StatsOECD. APEC Secretariat, Policy Support Unit calculations.
Note: Data is available for 11 APEC economies, namely Australia; Canada; Chile; China; Indonesia; Japan; Korea; Mexico; New Zealand; Russia and United States. China data have not been officially ratified.

iv. Trade in Services and COVID-19

Firms in services sectors have suffered significant losses due to the emergence of the COVID-19 pandemic. According to the WTO, the tourism, transportation and distribution services have been heavily affected because of the implementation of lockdowns and social distancing measures imposed for public health reasons[53]. Trade in services in terms of mode 2 (consumption abroad) and mode 4 (temporary movement of natural persons) have plummeted due to movement restrictions affecting the flow of people across borders.

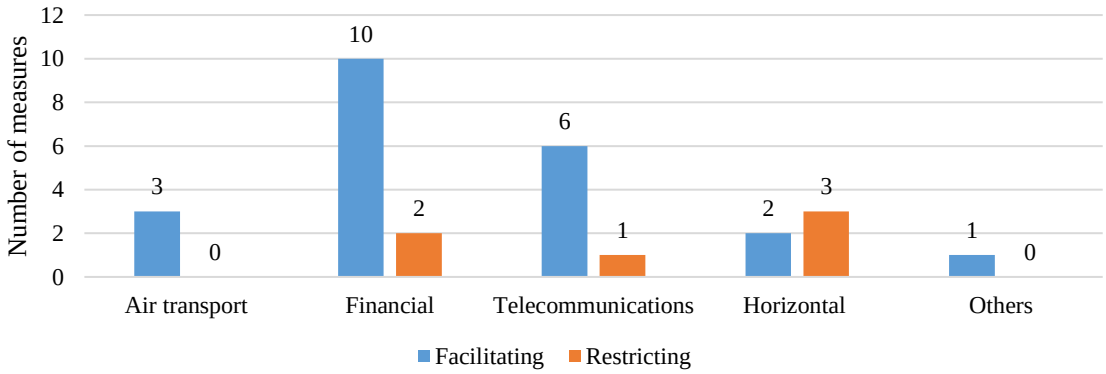
The current pandemic has also influenced patterns of daily activities. For example, the implementation of lockdowns has increased the prevalence of working and studying from home. This has led to an increasing demand on telecommunication services. Also, other services sectors such as retail, financial, education and health are using telecommunications more intensively. In the view of WTO, there could be a continuing shift to more online services, which could increase mode 1 of services supply (cross-border supply of services)[54].

[53] WTO. "Trade in Services in the Context of COVID-19". Information Note. 28 May 2020, p.1.
[54] Ibid

In response to the current challenges caused by COVID-19, governments have been implementing measures in relation to trade in services, many of them on a temporary basis and subject to the economic conditions. 22 out of the 28 measures implemented by APEC economies since the pandemic started are facilitating trade (Figure 4.31). Some of the measures are horizontal (i.e. applicable to all sectors) concerning mode 3 (commercial presence), such as the relaxation of limits to examine foreign direct investment proposals and investment promotion initiatives.

Other measures target specific sectors, primarily financial and telecommunication services. Regarding financial services, these measures aim to increase liquidity and promote lending by relaxing capital buffers, as well as raising the cap for investments in foreign instruments. As for telecommunication services, measures aim to provide a spectrum boost to facilitate the provision of broadband services to households and firms.

Figure 4.31: Number of Measures in the APEC Region Implemented due to the COVID-19 Pandemic (by Sector as of 08 September 2020)



Source: WTO

Services restrictions implemented by APEC economies since the pandemic started concern the prohibition on short-selling transactions in the financial sector, tightening of investment screening regimes and imposition of taxes to e-commerce activities.

D. INVESTMENT

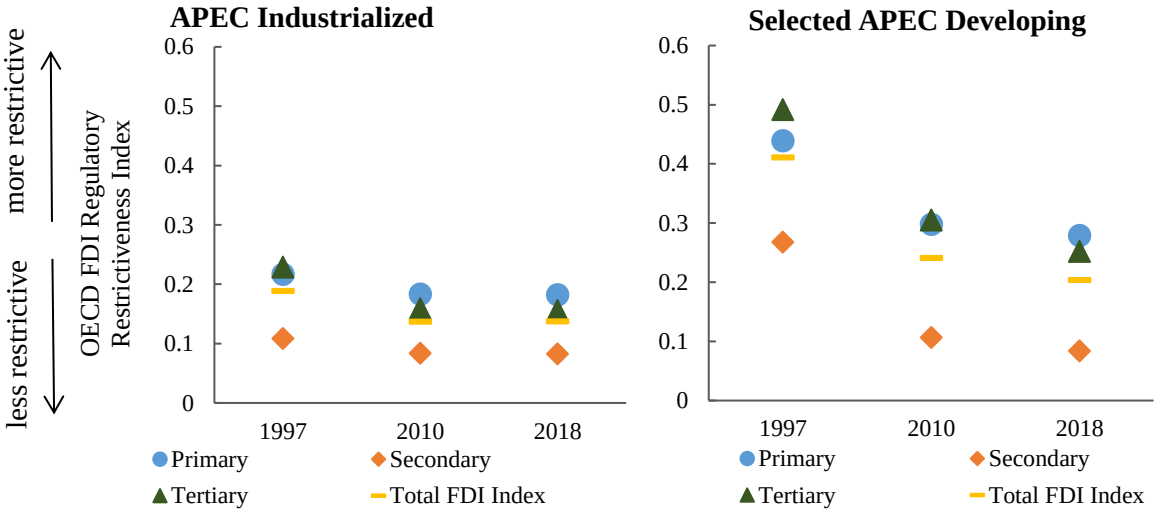
APEC economies have been implementing measures to reduce barriers to investment and improve the regulatory environment. However, there are also some concerns about certain types of measures that could disincentive investors. This section evaluates APEC's progress in reducing barriers to investments by analyzing the evolution of indices developed by external sources measuring the degree of investment restrictiveness. This is followed by a review on international investment agreements and domestic investment policy measures implemented by APEC economies over the years.

i. Measuring Investment Restrictiveness

Restrictions affecting investments across the APEC region can be compared by taking into account the actual content of statutory regulations (i.e. what regulations say and not what a person perceives). For example, the OECD FDI Regulatory Restrictiveness Index, which covers 15 APEC economies, measures an economy's FDI restrictiveness by looking at four types of constraints: 1) foreign equity limitations, 2) screening or approval mechanisms, 3) restrictions on the employment of foreigners as key personnel and 4) operational restrictions.

According to the index, both APEC industrialized and developing economies gradually relaxed their FDI regulations from 1997 to 2010, with developing economies continuing to lift restrictions from 2010 to 2018 (Figure 4.32). While APEC industrialized economies slightly tightened their FDI regulations between 2010 and 2018, these regulations are still more open on average than those at APEC developing economies. In all cases, the secondary sector in general experienced less FDI restrictions than the primary and tertiary sectors.

Figure 4.32: OECD FDI Regulatory Restrictiveness Index (Scale 0 − 1)

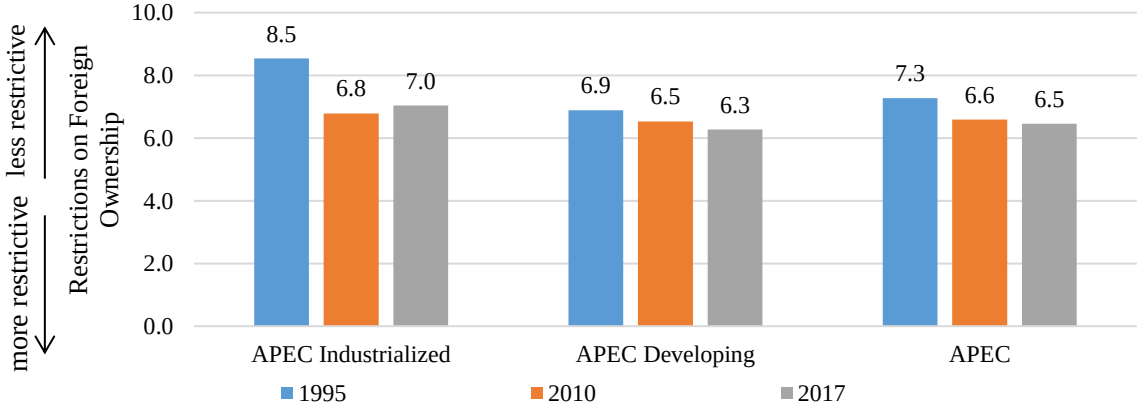


Source: OECD, FDI Regulatory Restrictiveness Index and APEC Policy Support Unit calculations
Note: The index includes information on 15 APEC economies, namely Australia, Canada, Chile, China, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Peru, The Philippines, Russia, United States, and Viet Nam.

While the measures discussed above show an overall decline in the restrictiveness of the statutory regulations regarding investments, other indicators measuring restrictions by taking into account the perceptions of people tell a different story.

The Fraser Institute has developed an index on the constraints of foreign ownership, based on a survey conducted by World Economic Forum gathering business community's perception on the following two questions: 1) how prevalent foreign ownership is; and 2) how restrictive regulations relating to international capital flows are. Figure 4.33 shows that the business community perceive that the overall restrictions affecting foreign ownership have become more restrictive between 1995 and 2010 in both industrialized and developing economies. This trend continued on both groups until 2017, with businesses perceiving that restrictions on foreign ownership continued to tighten.

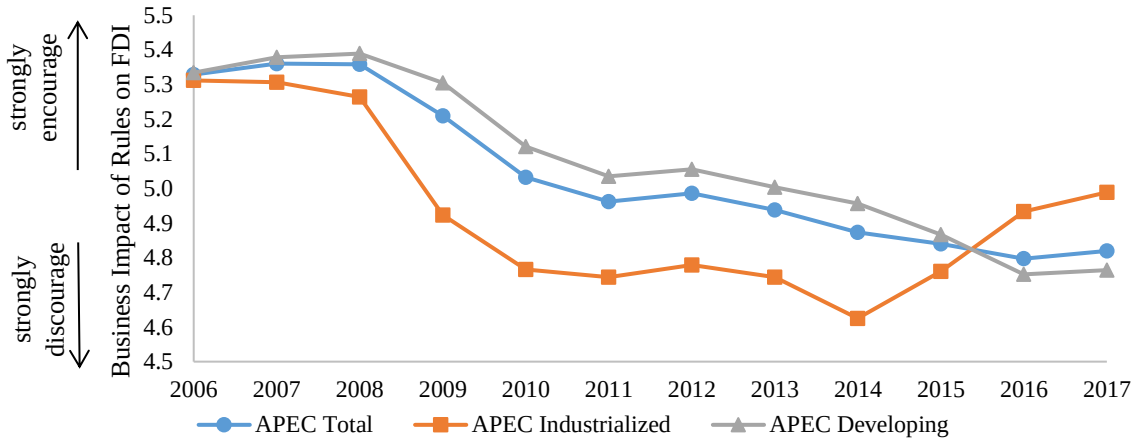
Figure 4.33: Restrictions on Foreign Ownership (Scale 0 – 10)



Source: Fraser Institute, Economic Freedom Index and APEC Policy Support Unit calculations

Similarly, survey results obtained by the World Economic Forum showed that there has been a perception throughout most of the current decade that regulations in APEC are increasingly discouraging towards FDI (Figure 4.34). This sentiment is more pronounced with respect to developing economies. However, APEC industrialized economies perceived to be making substantial progress to relax FDI restrictions since 2015.

Figure 4.34: Business Impact of Rules on FDI (Scale 1 − 7)

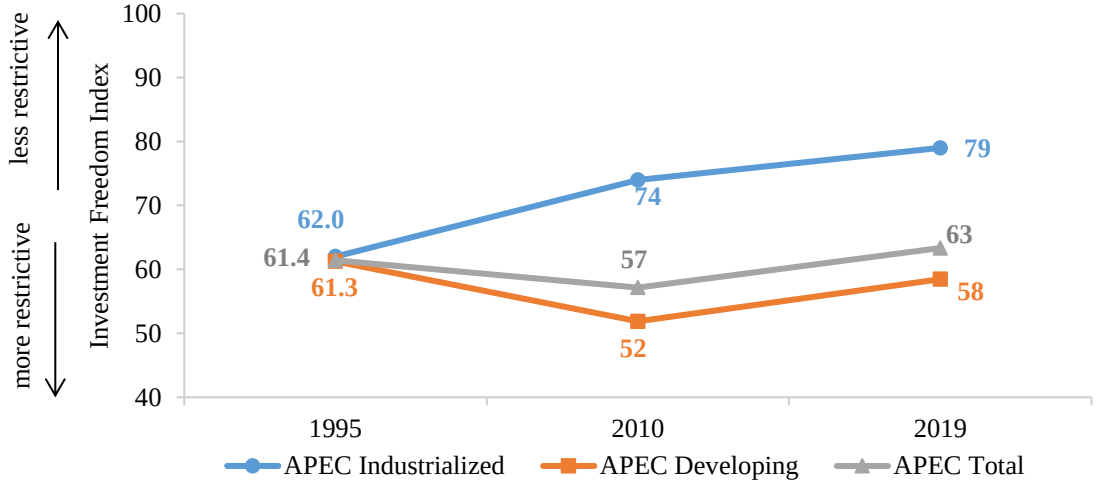


Source: World Economic Forum, The Global Competitiveness Report Series and APEC Policy Support Unit calculations

Note: The perception on how much business rules encouraged FDI was fairly similar among APEC industrialized and developing economies in 2006.

The Investment Freedom Index developed by the Heritage Foundation evaluates the overall regulatory restrictions imposed on investment by an economy on a scale from 0 to 100 (Figure 4.35). It reviews restrictions such as prescreening, treatment of foreign investment, inefficient policy implementation and bureaucracy, restrictions on land ownership, foreign exchange controls, and sectoral investment restrictions. Since 1995, APEC industrialized economies have further loosened their policies on investment, with the average score rising from 60 in 1995 to 73 in 2010 and to 79 in 2019. APEC developing economies witnessed more tightened investment policies between 1995 and 2010 as the average score dropped from 61 to 52. While developing economies have made effort uplifting some of the restrictions between 2010 and 2019 as the score bounced back, the average restrictiveness on investment remained at a higher level than that of 1995.

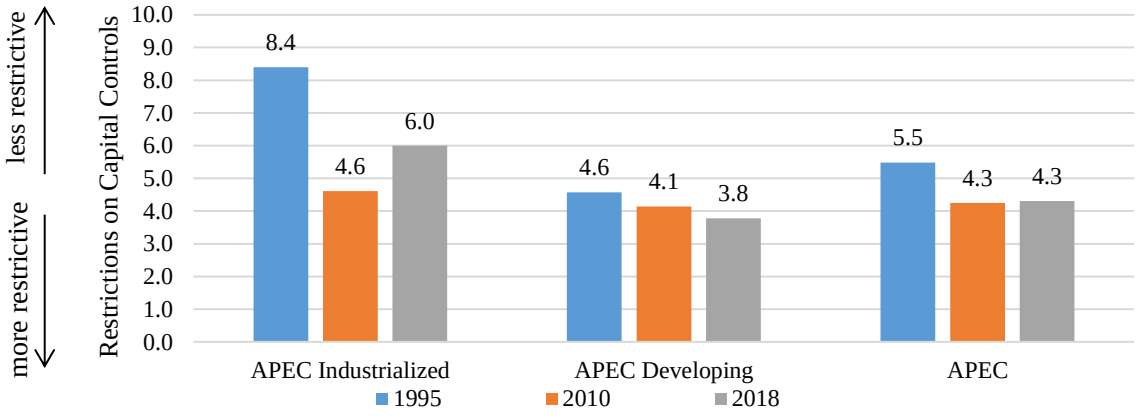
Figure 4.35: Heritage Foundation: Investment Freedom Index (scale 0 − 100)



Source: The Heritage Foundation, Index of Economic Freedom and APEC Policy Support Unit calculations

Figure 4.36 shows the index on capital controls as calculated by the Fraser Institute, which reviewed 13 typical types of controls on capital transactions imposed by economies. The measures considered for the index include constrains on capital market securities, money market instruments, commercial credits, real estate transactions, liquidation of direct investment, and personal capital transactions. Based on the index, both industrialized and developing economies in the APEC region imposed more control on capital transactions between 1995 and 2010. Nevertheless, since 2010, APEC industrialized eased their capital controls.

Figure 4.36: Restrictions on Capital Controls (Scale 0 −10)

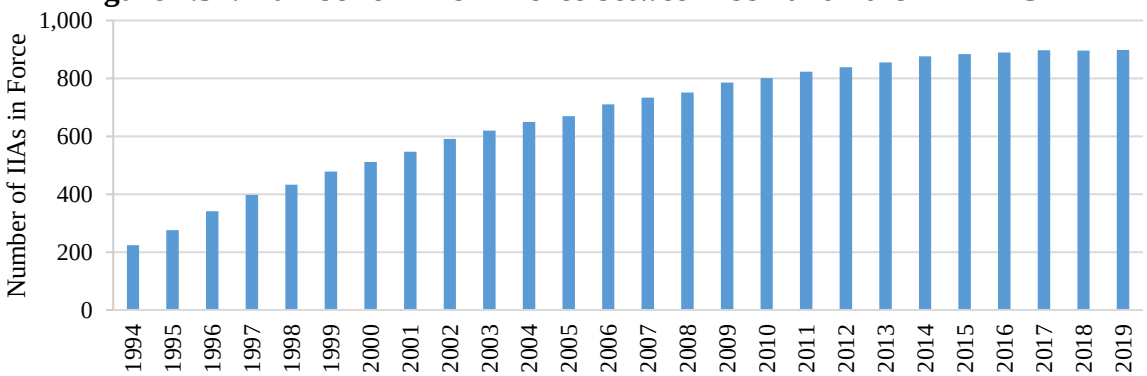


Source: Fraser Institute, Economic Freedom Index and APEC Policy Support Unit calculations

ii. International Investment Agreements (IIAs)

APEC economies have made significant progress in International Investment Agreements (IIAs) through active engagement in the negotiation and conclusion of such agreements at the bilateral, multilateral, and regional levels. Statistics show a rapid expansion of IIAs in the APEC region between 1994 and 2019, with the total number of IIAs in force increasing fourfold from 224 to 898, as shown in Figure 4.37. Moreover, 182 IIAs had been signed by the end of 2019 but had not entered into force yet, and 2 IIAs are currently under negotiation. These IIAs seek to promote and protect investors, and many of the new IIAs tackle emerging issues such as gender equality and sustainable development, contributing to a more dynamic and diversified IIA regime at international and regional levels.[55] Developing economies, in particular, have contributed greatly to the development of IIA network (Figure 4.38).

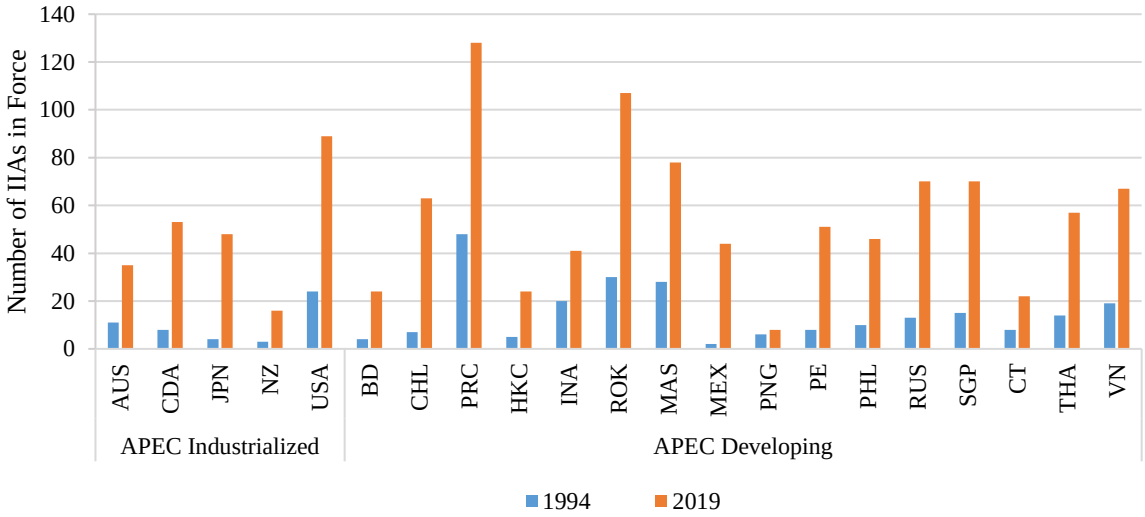
Figure 4.37: Number of IIAs in Force between 1994 and 2019 in APEC



Source: UNCTAD and APEC Policy Support Unit calculations
Note: RTA/FTAs with investment chapters are included as well. The numbers include those IIAs that had been in force by the end of each year

[55] UNCTAD, World Investment Report 2019.

Figure 4.38: Number of IIAs in Force in 1994 and 2014 by Economy



Source: UNCTAD and APEC Policy Support Unit calculations
Note: RTA/FTAs with investment chapters are included as well. The numbers include those IIAs that had been in force by the end of each year

iii. Domestic Investment Policy Measures

APEC member economies have put in place various unilateral investment-related policies, including measures on entry and establishment, operational treatment, promotion and facilitation, as well as those affecting the general business climate. As shown in Table 4.17, developing economies took a lead in implementing new policies, although, as noted above, they have liberalized from a more restrictive baseline. These new policy measures relating to entry and establishment, and promotion and facilitation taking up the larger share. The measures included a mix of both positive and negative measures, but the majority of the measures facilitated a more favorable investment environment and opened up new opportunities for foreign investors within an economy.

a. Entry and Establishment of Investment

In general, APEC economies have implemented measures on the entry and establishment conditions of foreign investment, via restricting or loosening foreign investment in specific sectors, requiring general conditions to be fulfilled for all investments, and screening individual investment cases for domestic security and other objectives.[56] Major reforms included relaxing foreign ownership caps, simplifying capital registration systems, removing minimum registered capital requirements, and lifting or loosening requirements for local hires.

Table 4.17: Domestic Investment Policy Measures Adopted between Dec 2009 and Oct 2019

Economy	Entry and Establishment	Treatment	Promotion and Facilitation	General Business Climate	Total
APEC Industrialized	**50**	**5**	**6**	**6**	**67**
Australia	16		2	1	19
Canada	16	1		3	20
Japan	3	2	1	1	7

[56] UNCTAD, World Investment Report 2019: Special Economic Zone.

New Zealand	4	1			5
United States	11	1	3	1	16
APEC Developing	**87**	**30**	**69**	**31**	**217**
Brunei Darussalam	2		1	6	9
Chile		1	2	1	4
China	26	13	19	1	59
Hong Kong, China					
Indonesia	11	3	8	1	23
Korea	3	1	9	2	15
Malaysia	2		1		3
Mexico	8	2	3	3	16
Papua New Guinea					
Peru	2		3	3	8
Philippines	6	1	4		11
Russia	12	3	6	5	26
Singapore	1		1	1	3
Chinese Taipei	1		1	1	3
Thailand	1	1	4	1	7
Viet Nam	12	5	7	6	30
APEC Total	**137**	**35**	**75**	**37**	**284**

Source: APEC Policy Support Unit calculations based on UNCTAD Investment Policy Monitor Series. Brunei Darussalam's data was obtained from the World Bank's Doing Business database.

Note: Measures are double-counted when they relate to more than one type of policy adopted.

In particular, efforts have been made in recent years to liberalize sectors such as finance, education, telecommunications, real estate, and logistics. For instance, China announced a series of measures that further opened up its financial sector, such as allowing foreign insurance group companies to establish foreign-invested insurance companies within China; allowing foreign-funded institutions to conduct credit-rating businesses for the bond market; allowing the ownership of proprietary currency brokerage companies, among others.[57] The Philippines released a new "negative list", increasing the foreign ownership of private radio communications network. Moreover, the list allows full foreign ownership regarding internet businesses, lending and financing companies, certain types of teaching at higher education, training centers engaged in short-term high-level skill development and wellness centers.[58] Similarly, Indonesia's current Negative List of Investment raises the ceiling for foreign investment in sectors including tourism, film and cold storage; as well as e-commerce, golf courses, health support services and airport support.[59] Mexico increased foreign ownership limits in certain air transport services.[60] Likewise, Canada increased the ceiling of foreign ownership for air carriers.[61] The United States reduced taxes on foreign investment in the real estate and increased the limit that foreign pension funds are allowed to invest in a U.S. publicly

[57] UNCTAD, Investment Policy Monitor No. 22.
[58] UNCTAD, Investment Policy Monitor No. 21. National Economic and Development Authority, "NEDA Welcomes Signing of 11th RFINL", https://www.neda.gov.ph/neda-welcomes-signing-of-11th-rfinl/.
[59] UNCTAD, Investment Policy Monitor No. 16.
[60] UNCTAD, Investment Policy Monitor No. 18.
[61] UNCTAD, Investment Policy Monitor No. 20.

traded real estate investment trust.[62] Moreover, Malaysia relaxed foreign ownership thresholds in real estate to address the supply overhang in this sector[63].

On the other hand, economies have also introduced restrictive measures, aiming at various industries and for a wide range of economic and public objectives. Some examples are related to the imposition of a cap on foreign ownership in the electronic payment service sector;[64] the inclusion of additional industries in investment screening mechanisms;[65] the tightening of screening procedures for sensitive land acquisitions by foreign investors;[66] and the introduction of certain inward investment prohibitions for offshore companies and approvals for foreign investment involving assets of strategic importance due to domestic security reasons.[67] Some of the sectors where foreign investments were blocked or abandoned in an APEC economy due to domestic security concerns were related to electronics, energy, technology, semiconductors, finance, construction, transportation and logistics.[68]

b. Treatment of Established Investment

APEC economies have also put in place policies on the operational treatment of the foreign investment after establishment, including foreign exchange policies, procedures for licensing and facilities, and the treatment of foreign investors regarding public procurement, tax and issuance of visas. Examples includes Chile's new Framework Law for Foreign Investment, which ensures investors' access to the formal foreign exchange market and free remittance of capital and earning. The law also protects foreign investors against arbitrary discrimination and provides exemptions on sales and service tax on imports of certain capital goods.[69]

Other recent examples include China, which further simplified foreign exchange control requirements under current and capital account items and relaxed the domestic equity investment restrictions on foreign enterprises.[70] In Viet Nam, foreign investors are now allowed to pay deposit and provide collateral in foreign currency in purchasing shares of state-owned enterprises under certain circumstances.[71]

c. Promotion and Facilitation

APEC economies have adopted measures to promote and facilitate investment. Such measures look to ease investment procedures or offer investment incentives. Typically, new industries or high value-added industries such as high-tech and internet are supported in order to enhance the economy's overall innovation capacities and productivity. An illustrative example is Korea, which has revised 19 tax enforcement decrees to foster new growth industries through measures such as increasing the R&D tax credit rate for large and medium-sized companies in new growth industries, and restructuring tax incentives and extended benefits for foreign invested companies in the high-tech industry.[72] Similarly, Peru developed a tax deduction regime, which reduces taxes for activities related to scientific research, technological development and

[62] UNCTAD, Investment Policy Monitor No. 15.
[63] UNCTAD, Investment Policy Monitor No. 22.
[64] UNCTAD, Investment Policy Monitor No. 17.
[65] UNCTAD, Investment Policy Monitor No. 22.
[66] UNCTAD, Investment Policy Monitor No. 19.
[67] UNCTAD, Investment Policy Monitor No. 18.
[68] UNCTAD, Investment Policy Monitor, Special Issue, National Security-Related Screening Mechanisms for Foreign Investment - An Analysis of Recent Policy Developments. December 2019.
[69] UNCTAD, Investment Policy Monitor No. 14.
[70] UNCTAD, Investment Policy Monitor No. 22.
[71] UNCTAD, Investment Policy Monitor No. 22.
[72] UNCTAD, Investment Policy Monitor No. 17.

innovation.[73] In Singapore, a new work visa known as 'EntrePass' was introduced to attract global talents to start innovative businesses.[74]

In addition, APEC economies have been implementing initiatives to foster the arrival of FDI beyond their largest economic centers in order to improve the conditions in other regions, provinces and towns. For instance, in 2018, Japan adopted a program to assist local governments to attract foreign companies and advice both sides on regulations and procedures.[75] In Russia, territories of advanced social and economic development (TORs) and the so-called "single-industry towns" have been created mostly in the Far East region to contribute to regional developments[76]. Investors in these areas benefit from fiscal preferences[77].

In many economies, special economic zones have been developed to cluster businesses in specific areas. These special economic zones are usually located next to seaports, airports or border corridors, and provide a series of benefits such as preferential policies, infrastructure support, one-stop single window services platforms, among others.[78] Recent examples in APEC include Mexico, which established three new Special Economic Zones (SEZs) and provided tax incentives including tax credit and reduced value added tax for businesses in the northern border zone for the year 2019 and 2020.[79] Similarly, the Eastern Economic Corridor (EEC) Act passed by Thailand in 2018 lists a series of incentives to attract investments in the special economic zone. Benefits include tax grants, right to land ownership, visa issuance, and expedited process for various approvals.[80] In addition to various specialized SEZs (Industrial SEZs, Technology and Innovation SEZs, Tourism and Recreational SEZs, and Logistical SEZs), Russia established a free port zone, including the Vladivostok port, 15 other municipalities and the ports of Nakhodka, Zarubino and Posiet. The free port zone is a customs-free zone with benefits such as tax incentives and visa on arrival for foreign visitors.[81]

d. General Business Climate

The general business climate in any economy can be improved by introducing more transparent, effective, and efficient policies; simplifying administrative procedures; and promoting fair competition among domestic and foreign investors. Recent examples include Korea, which passed a bill to amend the Commercial Code, expanding the allowable types of merger and acquisition structures. Other measures to facilitate corporate restructuring and investment activities were also included.[82] In 2018, Viet Nam passed a new law on competition, which allows antitrust investigations for economic concentration deals conducted overseas that are anticipated to impact the domestic market.[83] Also, measures to improve antimonopoly rules have been undertaken by Russia as part of implementation of the 2018-2020 National Competition Development Plan approved in 2017[84].

Similarly, in Thailand, a new Trade Competition Act has been enacted, which unlike the previous law, it regulates every business operator, including state-owned enterprises (with the exception of those which conduct their undertakings in accordance with the laws or resolutions

[73] UNCTAD, Investment Policy Monitor No. 21.
[74] UNCTAD, Investment Policy Monitor No. 18.
[75] UNCTAD, Investment Policy Monitor No. 20.
[76] See https://eng.minvr.ru/activity/territorii-operezhayushchego-razvitiya/
[77] UNCTAD, Investment Policy Monitor No. 14.
[78] UNCTAD, World Investment Report 2019: Special Economic Zone.
[79] UNCTAD, Investment Policy Monitor No. 18; UNCTAD, Investment Policy Monitor No. 21.
[80] UNCTAD, Investment Policy Monitor No. 19.
[81] UNCTAD, Investment Policy Monitor No. 14.
[82] UNCTAD, Investment Policy Monitor No. 15.
[83] UNCTAD, Investment Policy Monitor No. 20.
[84] OECD. "Annual Report on Competition Policy Developments in the Russian Federation - 2017", 6-8 June 2018. https://one.oecd.org/document/DAF/COMP/AR(2018)26/en/pdf

issued by the Cabinet for the benefit of maintaining domestic security, public interest, the interests of society or the provision of public utilities). Furthermore, the Act also established the new Office of Trade Competition Commission (OTCC) as an independent organization to ensure independence with respect to the enforcement activities under the competition law[85].

However, other measures can negatively affect the business climate. Such detrimental measures include regulations to collect and update company information on their beneficial owners on an annual basis; regulations to increase the frequency of record-keeping;[86] and regulations to establish local content requirements to determine eligibility for duty-free imports.

iv. Investment and COVID-19

COVID-19 is expected to adversely impact investments. The United Nations Conference on Trade and Development (UNCTAD) projects a fall of 40% fall in global FDI in 2020, affecting almost all sectors in developing and industrialized economies. UNCTAD also adds that this drop also applies to all components of FDI. Equity, re-invested earnings, and intra-firm loans are expected to plummet as companies impose austerity measures or redirect capital to rescue ailing affiliates. Moreover, the reduction in capital expenditures will hamper greenfield investment and mergers and acquisitions, impeding business expansion and retention activities in host economies.[87]

As the global economy is battered by COVID-19, APEC economies primarily sought to protect firms within their jurisdictions and support investments. Many economies like Australia and Malaysia, among others, have pledged financial or fiscal supports for SMEs, such as temporary cash grants, wage subsidies, and loan moratoriums.[88] China obligated economic development zones to enact actions to ensure that both Chinese and foreign companies get equal access to the government's preferential policies, while Thailand announced that it will accommodate visa extension requests from foreign nationals wishing to stay longer in Thailand.[89] To enhance FDI during the pandemic, Indonesia is implementing a non-discriminatory principle to all investing economies[90]. To help businesses become more resilient and adaptable, Canada introduced subsidy programs for upskilling and capacity-building in areas like e-skills related to telework and digital literacy.[91]

Besides launching investment support mechanisms, some APEC economies have also introduced investment restrictions. The most common rationale for such restrictive measures is to protect economic or security interests. Moreover, as the pandemic rages on, many companies struggle to make ends meet, causing their equity values to drop. In this sense, APEC economies have introduced new measures like stricter FDI screening procedures in sensitive industries, financial support, and equity acquisition in affected companies. Australia and Canada introduced tighter and longer-screening times screening for FDIs to protect sensitive industries like healthcare and agriculture from "opportunistic investment behaviours" that

[85] Office of the Trade Competition Commission. 2020. "Trade Competition Act B.E. 2560". https://otcc.or.th/wp-content/uploads/2020/02/TRADE-COMPETITION-ACT-B.E.-2560-EN-article_20190221100346.pdf
[86] UNCTAD, Investment Policy Monitor No. 16.
[87] UNCTAD, Investment Policy Monitor, Special Issue, Post-COVID-19: Investment Promotion Agencies and the "New Normal." July 2020.
[88] UNCTAD, Investment Policy Monitor, Special Issue, Investment Policy Responses to the COVID-19 Pandemic. May 2020.
[89] Ibid.
[90] Indonesia Investment Coordinating Board
[91] UNCTAD, Investment Policy Monitor, Special Issue, Investment Policy Responses to the COVID-19 Pandemic. May 2020.

could impact their security and strategic interests.[92] These measures are in place temporarily and are expected to be lifted later on during economic recovery.

Investments will play a crucial role in economic recovery. However, investors are likely to have more limited resources and be more conservative early on in economic recovery. As such, an economy's investment climate will play a huge role in determining how early and how much investments will be able to aid in economic recovery. Investment promotion agencies (IPAs) are crucial in informing and attracting potential investors. A survey by UNCTAD on IPAs show that 77% of surveyed IPAs worldwide have provided COVID-19 information and support online.[93] The Japan External Trade Organization (JETRO) created a dedicated "COVID-19 helpline" to solicit and address the concerns of investors during the pandemic. In addition, Indonesia has been utilizing video conferencing to facilitate domestic consultations with related stakeholders as part of its efforts to improve investment services[94]. However, UNCTAD noted that many developing economies are left behind by the digital divide – among IPAs in developing economies, only 44% of those surveyed provided information for investors on the pandemic online.[95] APEC economies hence need to work closely to ensure that their investment climate remains attractive for investors, and that their IPAs effectively assess the needs of investors and provide up-to-date relevant information.

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[92] Ibid.
[93] UNCTAD, Post-COVID-19: Investment Promotion Agencies and the "New Normal."
[94] Indonesia Investment Coordinating Board
[95] UNCTAD, Post-COVID-19: Investment Promotion Agencies and the "New Normal."

5. BUSINESS FACILITATION

Trade and investment facilitation are imperative pillars in the pursuit of the Bogor Goals. Complicated cross-border procedures, poor infrastructure and weak laws could lead to costs and delays, impeding many businesses from catering to the global market. On the other hand, efficient trading processes and investment-friendly regulations reduce costs and benefit all businesses – small or large – across the global value chain.

Recognizing the importance of business facilitation, this report assesses APEC's progress on business facilitation based on six factors:

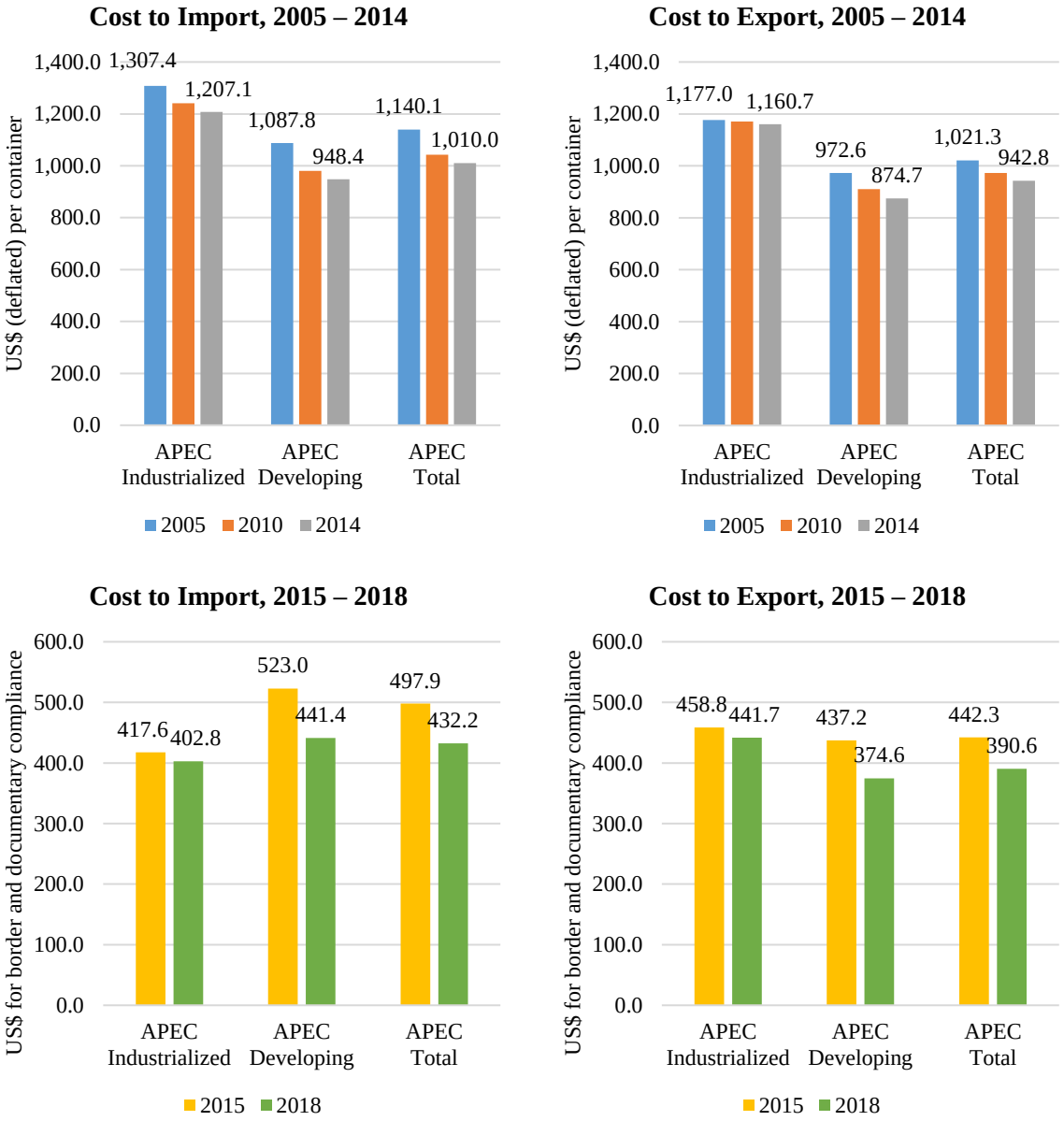
a) Simplified trade regulations, which enable quicker completion of trade related procedures
b) Improved quality of logistics, which allows smoother and more secure transfer of goods across the supply chain
c) Increased agency cooperation, which allows easier implementation of new regulations and policies, and alleviation of regulatory burdens
d) Simplified business regulations, which allow entrepreneurs to start and manage a business easily
e) Reduced business and investor risk encourage more investments and innovation; and
f) Improved governance provides predictability and hence investment confidence

A. SIMPLIFIED TRADE REGULATIONS

Simplifying trade regulations can make trading easier, quicker and cheaper. In general, APEC´s performance has been positive: according to the World Bank's Doing Business (DB),[96] the average cost to trade exhibited a decreasing trend for the APEC region across the 13 years (Figure 5.1). Both APEC industrialized and developing economies experienced reductions in costs to import and export between 2005 and 2014. The decrease in cost was particularly significant with regard to imports, where the region noted an 11.4% reduction. Meanwhile, the cost to export reduced by 7.7%. In recent years, larger reductions in cost were observed in the APEC region. The cost to import continued to decline more rapidly, noting a reduction of 13.2% between 2015 and 2018; while the cost to export also dropped by a significant 11.7% during the same period.

[96] The Doing Business methodology for measuring the cost and time to export and import changed in 2015. In order to analyze comparable data, this report analyzed the years 2005 – 2014 and 2015 – 2018 separately.

Figure 5.1: Cost to Trade across Borders



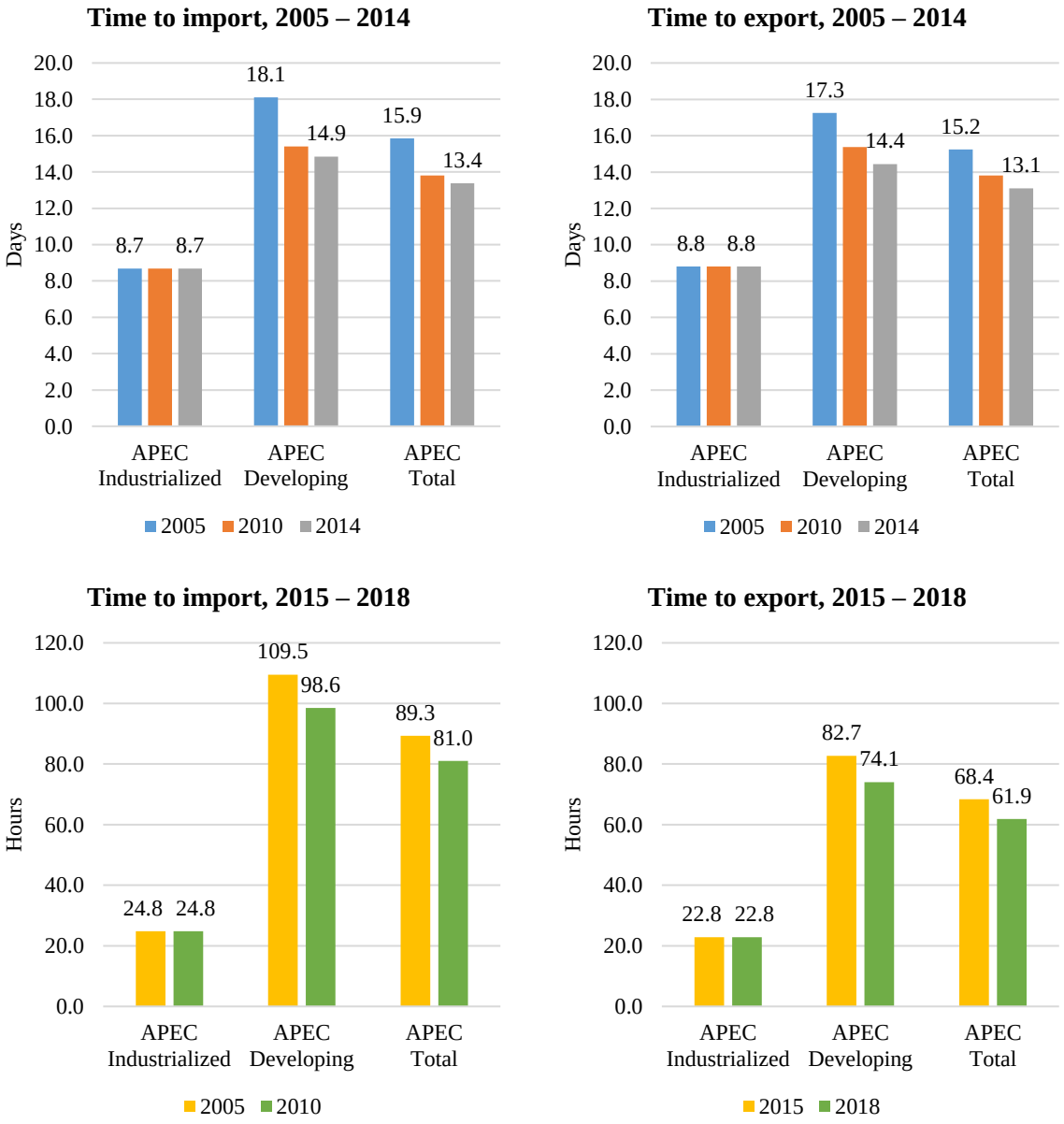
Note: Cost to Trade 2005-2014 measures the cost to export and import in terms of USD per container deflated; and Cost to Trade 2015-2018 measures the cost to export and import in terms of border and documentary compliance (USD). The 2018 value has been deflated to 2015 prices. Aggregate scores are simple averages.
Source: World Bank Doing Business databank.

The average time to import and export consistently declined across the years for the APEC region (Figure 5.2).[97] The reduction in time to import was larger at 15.6% compared to the 14.1% reduction in the time to export between 2005 and 2014. A downward trend in time taken to import and export was also observed between 2015 and 2018, where both time to import and

[97] Doing Business measured the time to export and import in terms of days between 2005 and 2014 and in terms of hours between 2015 and 2018. Between 2005 and 2014, for each APEC economy, these indicators measured the time to export and import a 20ft container, fully loaded with one of the economy's leading exports or import products. The products could not be hazardous, need refrigeration or requiring special phytosanitary or environmental safety standards other than internationally accepted standards. Between 2015 and 2018, the time to export indicator took into account the exportation of the product of its comparative advantage (defined by the largest export value) to the economy that is the largest purchaser of the product; while the time to import indicator considered the importation of a standardized shipment of 15 metric tons of containerized auto parts from the economy where it imports the largest value of auto parts.

export declined by 9.4% and 9.6% respectively. These reductions were solely driven by APEC developing economies, which collectively noted a decrease of 11 hours in time to import and 9 hours in time to export. Nonetheless, trading with developing economies still take significantly longer compared to trade with industrialized economies, which means that there is still room to improve, such as by further streamlining procedures in developing economies.

Figure 5.2: Time to Trade across Borders



Note: Time to Trade 2005-2014 is measured in days; and Time to Trade 2015-2018 is measured in hours. Aggregate scores are simple averages.
Source: World Bank Doing Business databank.

Greater efficiency at customs clearance reduces the possibility of delays or spoilage, which is particularly helpful for perishable goods. However, unlike the indicators on cost and time to trade, the scores on efficiency of customs clearance processes as published by the World Bank's Logistics Performance Index indicators show that the speed, simplicity and predictability of customs formalities did not continually improve across the APEC region

(Table 5.1). For example, the customs clearance performance of APEC developing economies deteriorated between 2007 and 2010, before improving in 2018. The fall in performance among developing economies in 2010 drove the APEC average score down. Nevertheless, the region recorded improved average scores in 2018. Inefficient customs processes could have increased time and cost to trade, which emphasizes the need to introduce further reforms to customs processes.

Table 5.1: Efficiency of Customs Clearance Processes in APEC

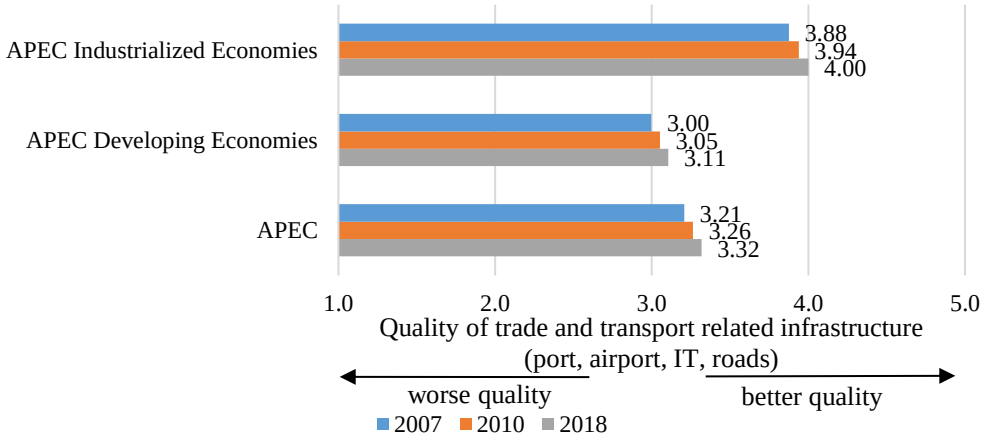
Group	2007	2010	2018	Change between 2007-2010	Change between 2010-2018	Change between 2007-2018
APEC Industrialized Economies	3.65	3.70	3.79	+0.05	+0.09	+0.14
APEC Developing Economies	2.94	2.91	3.00	-0.03	+0.09	+0.06
APEC	**3.11**	**3.10**	**3.19**	**-0.01**	**+0.09**	**+0.08**

Note: This indicator could take values from 1.0 to 5.0. Higher values mean higher efficiency of customs clearance processes. Group scores are simple averages.
Source: World Bank Logistics Performance Index databank.

B. IMPROVED QUALITY OF LOGISTICS

Good logistics services are necessary for the smooth flow of goods and resilience against disruptions to the supply chain. Quality trade and transport infrastructure are important to ensure safe storage, timely delivery, greater certainty and efficient business operations. Based on the World Bank's Logistics Performance Index, the quality of trade and transport-related infrastructure (i.e. ports, railroads, roads and information technology) has consistently improved across the periods of 2007 – 2010 and 2010 – 2018 for both APEC industrialized and developing economies (Figure 5.3). Average scores of developing economies have been lower than industrialized economies throughout the duration. Further improvements through investments in quality infrastructure may help APEC developing economies improve their average scores to be more on par with the industrialized economies.

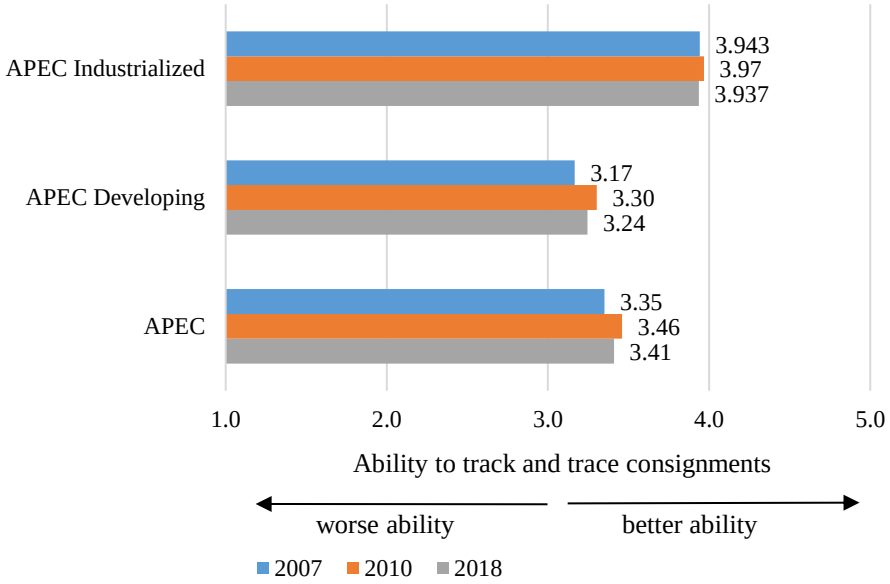
Figure 5.3: Quality of Trade and Transport Infrastructure in APEC



Note: This indicator could take values from 1.0 to 5.0. Higher values mean better quality of trade and transport-related infrastructure. Group scores are simple averages.
Source: World Bank Logistics Performance Index databank.

APEC has achieved mixed results in its ability to track and trace consignments (Figure 5.4). Improvements in this area will allow stakeholders to more easily verify the origin of products, the quality and arrival times of deliveries; as well as improve the capacity of businesses in planning stock and quality assurance. While there has been an overall improvement in APEC's average score between 2007 and 2018, the average scores for APEC industrialized and developing economies decreased between 2010 and 2018. It is important for APEC economies to adopt new technologies that promote secure sharing of data such as tracking information to improve their scores.

Figure 5.4: Ability to Track and Trace Consignments in APEC



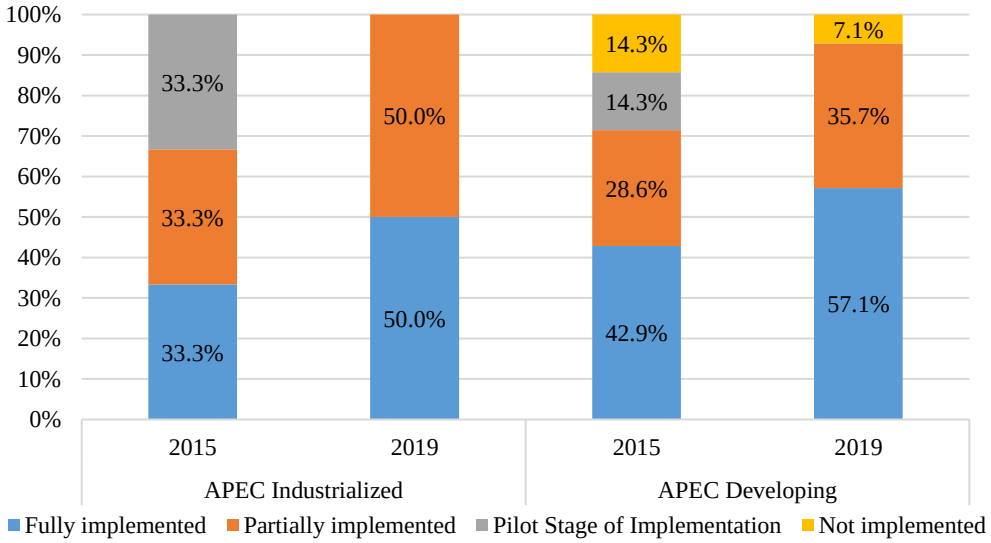
Note: This indicator could take values from 1.0 to 5.0. Higher values mean higher ability to track and trace consignments. Group scores are simple averages.
Source: World Bank Logistics Performance Index databank.

C. INCREASED AGENCY COOPERATION

Cooperation across domestic agencies and between international border agencies play an important role in facilitating trade. This cooperation could assist in the implementation of new regulations and policies, alleviate regulatory burdens, and standardize certifications and processes.

One example of agency cooperation is the implementation of compatible single window programs. More APEC economies have progressively adopted electronic single window (SW) systems which allow for greater visibility and security across the supply chain. Back in 2015, only 70.6% of the APEC economies interviewed had either fully or partially implemented SW systems. But in 2019, 94.4% of economies interviewed had done so, with all interviewed APEC economies except for one having begun the process of implementation. APEC industrialized and developing economies alike have increased their adoption of SW systems (Figure 5.5). Between 2015 and 2019, three more APEC developing economies and two more APEC industrialized economies had partially or fully implemented SW systems.

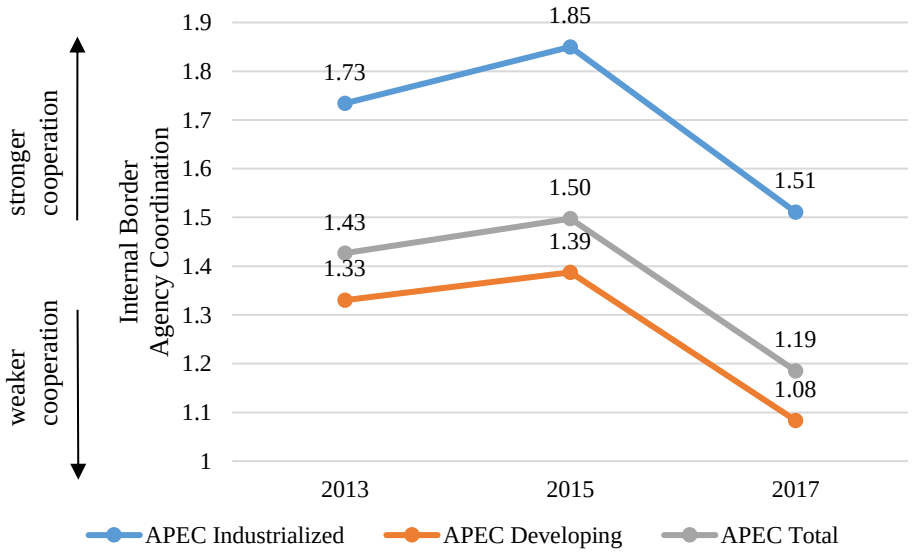
Figure 5.5: Adoption of Electronic Single Window System (in %) among APEC Economies



Source: UN Global Survey on Trade Facilitation and Paperless Trade Implementation.

The OECD's Internal Border Agency Cooperation indicator measures the extent of coordination, standardization and harmonization among domestic agencies, considering aspects like authorized operator programs and infrastructure use. Internal agency cooperation improved for both APEC industrialized and developing economies between 2013 and 2015, but dropped substantially by 2017 to levels below those in 2013 (Figure 5.6). Strong reforms to domestic agencies are needed to create a more collaborative and cooperative environment.

Figure 5.6: Internal Border Agency Cooperation in APEC

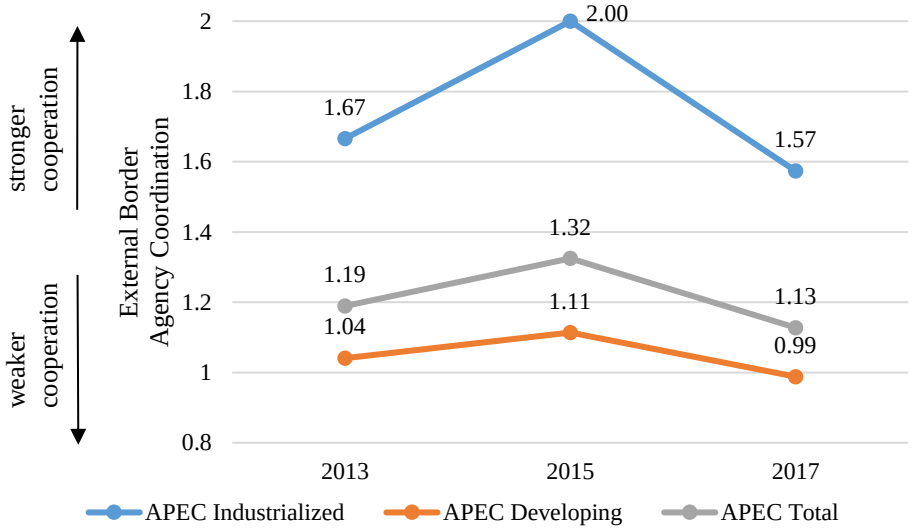


Note: The index could take values between 0.0 and 2.0. Higher values mean stronger internal border agency cooperation. Group scores are simple averages.
Source: OECD Trade Facilitation Indicators Simulator.

The OECD's External Border Agency Cooperation Indicator considers coordination, alignment of procedures and formalities, harmonization of requirements, staff training exchange programs, and mutual recognition agreements among institutions from other economies. APEC industrialized and developing economies improved their average scores between 2013 and

2015, but both experienced worsened scores between 2015 and 2017 (Figure 5.7). In contrast to the pattern noted in internal border agency cooperation, the score dropped more considerably for industrialized economies than for developing economies.

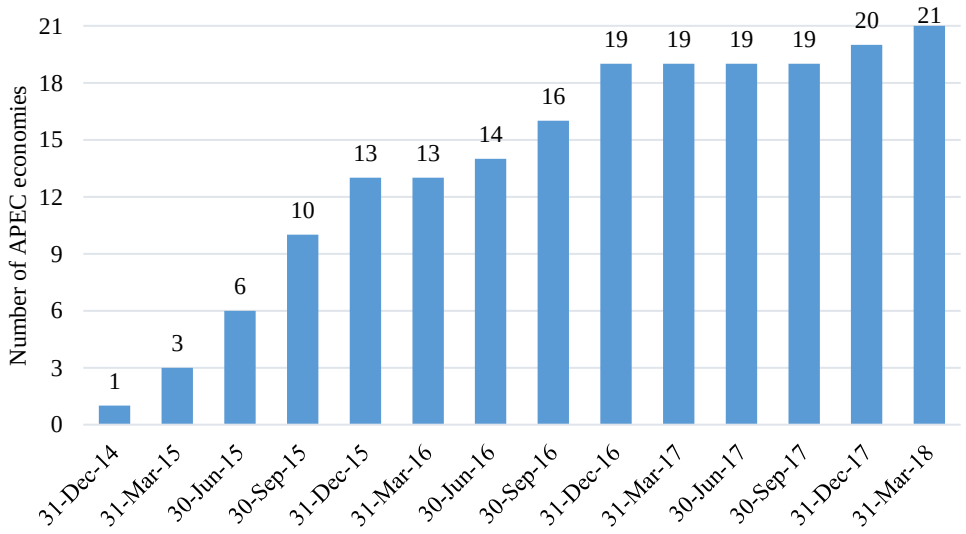
Figure 5.7: External Border Agency Cooperation in APEC



Note: The index could take values between 0.0 and 2.0. Higher values mean stronger external border agency cooperation. Group scores are simple averages.
Source: OECD Trade Facilitation Indicators Simulator.

Another instrument that supports business facilitation is the WTO Agreement on Trade Facilitation (TFA), which entered into force on 22 February 2017, and requires the collaboration of customs authorities with other line agencies within each economy. This agreement includes provisions to facilitate the release and clearance of goods, as well as to simplify formalities connected with the import, export and transit of goods, among others. In addition, the agreement establishes mechanisms to pursue border agency cooperation. By the end of March 2018, all APEC economies had already notified their acceptance of this agreement (Figure 5.8).

Figure 5.8: Number of APEC Economies Accepting the WTO Trade Facilitation Agreement



Source: WTO Trade Facilitation Agreement Database.

Currently, the rate of implementation commitments of the WTO TFA is high among APEC economies. Based on the notified schedules of commitments, 13 of them have fully implemented the WTO TFA. Among the remaining eight APEC economies, six have implemented more than 88% of their WTO TFA commitments (Table 5.2).

Table 5.2: Rate of Implementation Commitments by APEC Economy (as of March 2020)

Economy	Rate
Australia	100.0%
Brunei Darussalam	91.6%
Canada	100.0%
Chile	100.0%
China	100.0%
Hong Kong, China	100.0%
Indonesia	88.7%
Japan	100.0%
Korea	100.0%
Malaysia	94.1%
Mexico	100.0%
New Zealand	100.0%
Papua New Guinea	41.6%
Peru	95.0%
Philippines	94.1%
Russia	100.0%
Singapore	100.0%
Chinese Taipei	100.0%
Thailand	97.1%
United States	100.0%
Viet Nam	26.5%
APEC Average	**91.8%**

Source: WTO Trade Facilitation Agreement Database

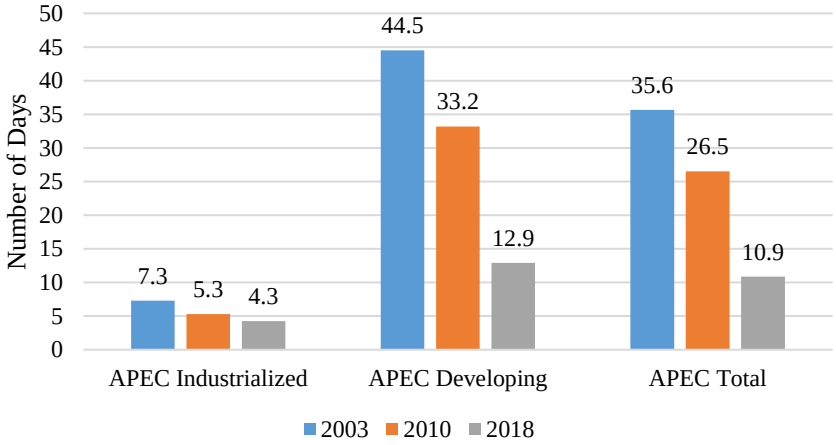
APEC's efforts in improving agency cooperation have been mixed. The indicators on internal and external agency cooperation scores declined between 2015 and 2017, emphasizing the need to strengthen inter-institutional coordination within governments and with other governments. However, there is evidence that economies are making strides to adopt new technologies that can make coordination more hassle-free. Moreover, efforts at harmonizing and standardizing procedures, documents and requirements can go a long way in making trade easier to conduct. In this regard, the implementation of the WTO TFA is a positive step that helps APEC economies facilitate trade and strengthen inter-agency border cooperation.

D. SIMPLIFIED BUSINESS REGULATIONS

Streamlined regulations make it easier to set up businesses and carry out day-to-day business activities. In contrast, bureaucratic red tape involved in establishing and operating a business can be a major deterrent for entrepreneurs. The APEC region has made large improvements in reducing the time to start a business: the average time decreased from 35.6 days in 2003 to 10.9

days in 2018 (Figure 5.9). APEC developing economies drove most of this reduction. However, gaps remain between APEC industrialized and developing economies: in 2018, entrepreneurs in APEC industrialized economies on average needed only 4 days to start a business, whereas their counterparts in APEC developing economies on average took 13 days to start a business.

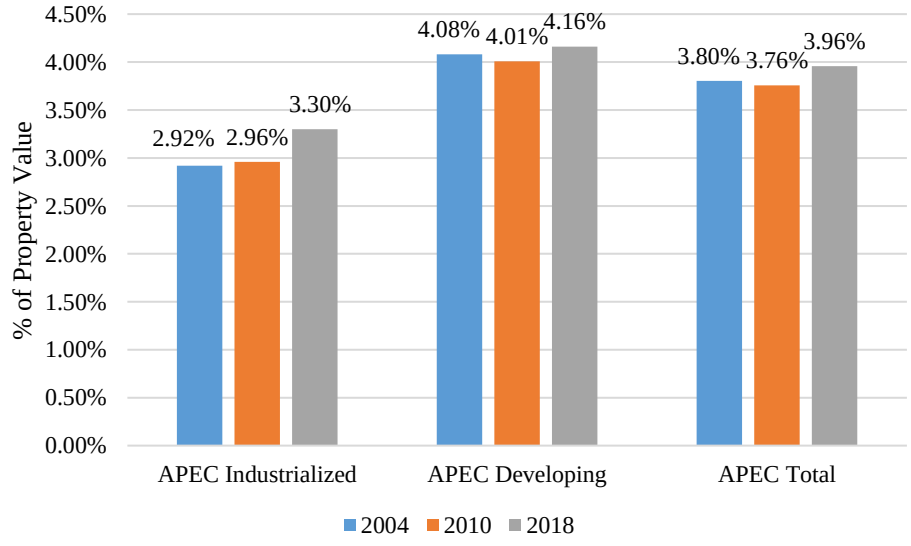
Figure 5.9: Average Time to Start a Business (Number of Days) in APEC



Note: Group scores are simple averages.
Source: World Bank Doing Business databank.

In terms of registering property, APEC's performance has shown mixed results. On the one hand, APEC's average cost to register property as a percentage of the property value increased between 2004 and 2018, more acutely during the last decade (Figure 5.10). On the other hand, the number of procedures and time taken to register property during the same period went down. The number of procedures reduced marginally from 5.5 to 5.3 for the region, while the time taken decreased significantly from 44.7 to 32.5 days. Yet, there is a large gap in the time taken to register property between APEC industrialized and developing economies, which can be addressed by further simplifying procedures.

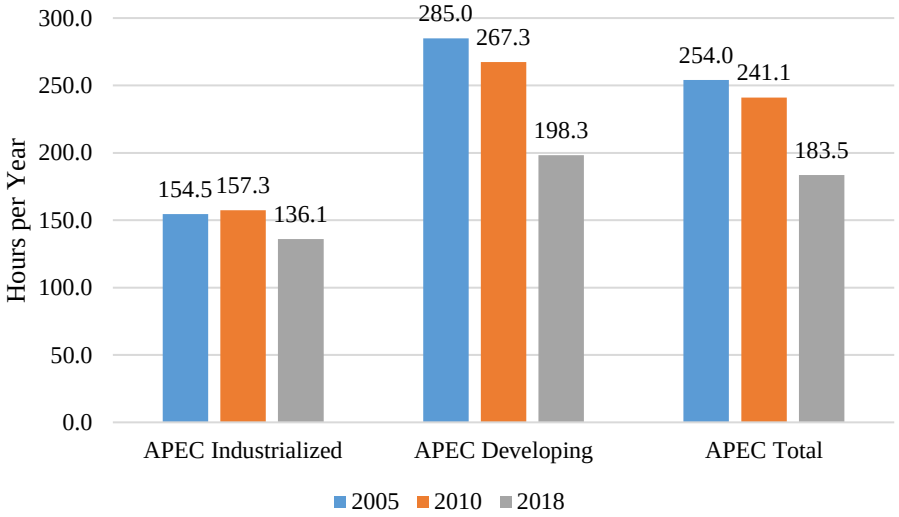
Figure 5.10: Average Cost to Register Property (% of Property Value) in APEC



Note: Group scores are simple averages.
Source: World Bank Doing Business databank.

The ease of paying taxes is one of the top factors that could affect an investor's FDI decision.[98] While tax incentives are more often used by governments to encourage investors, the ease of tax payments is also an important factor that is taken into account by investors. Streamlining tax procedures warrant reduced disruptions to businesses and their activities. APEC economies have been successful in decreasing the number of tax payments per year and in turn, the amount of time spent on filling taxes. APEC developing economies have been reducing the time spent in paying taxes: they observed a 6.2% decrease between 2005 and 2010 and a further 25.8% decrease since 2010 (Figure 5.11). APEC industrialized economies, on the other hand, saw a 1.8% increase in time spent on filling taxes in the first time period but noted a 13.5% decrease in the latter. Overall, the average time spent on paying taxes in the APEC region fell from 254.0 hours per year in 2005 to 183.5 hours per year in 2018.

Figure 5.11: Average Time Spent to Pay Taxes (Hours per Year) in APEC



Note: Group scores are simple averages.
Source: World Bank Doing Business databank.

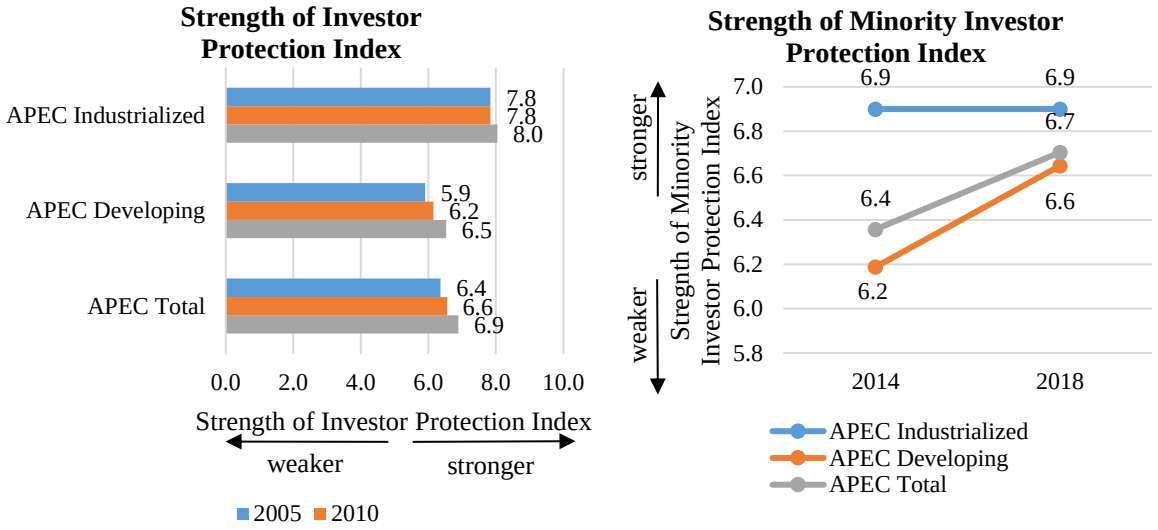
E. REDUCED BUSINESS AND INVESTOR RISK

Economies with proper laws and enforcement are likely to have higher entrepreneurs' confidence. Provisions that protect investors, in particular minority stakeholders, could make an economy more attractive to investors, including those in startups, and encourage innovations. The World Bank's Doing Business initiative has measured — through indices ranging from 0 to 10 — the strength of investor protection from 2005 to 2013, as well as the strength of minority investor protection from 2014 to 2018 (Figure 5.12).

In terms of investor protection, APEC industrialized and developing economies achieved large improvements between 2005 and 2013. The average APEC-wide value for the index increased from 6.4 to 6.9 between 2005 and 2013. On the other hand, the index measuring the strength of minority investor protection for the whole APEC region rose from 6.4 to 6.7 between 2014 and 2018. This improvement was solely driven by APEC developing economies whose index rose from 6.2 in 2014 to 6.6 in 2018.

[98] Paul A Laudicina, Erik Peterson, and Courtney Rickert McCaffrey, "Facing a Growing Paradox: The 2019 A.T. Kearney Foreign Direct Investment Confidence Index®," *A.T. Kearney*, 2019, https://www.kearney.com/documents/3677458/3679958/Facing+a+growing+paradox.pdf/c1c5e325-6107-a1c0-5f62-ad33e9bb3d2c?t=1568061511594.

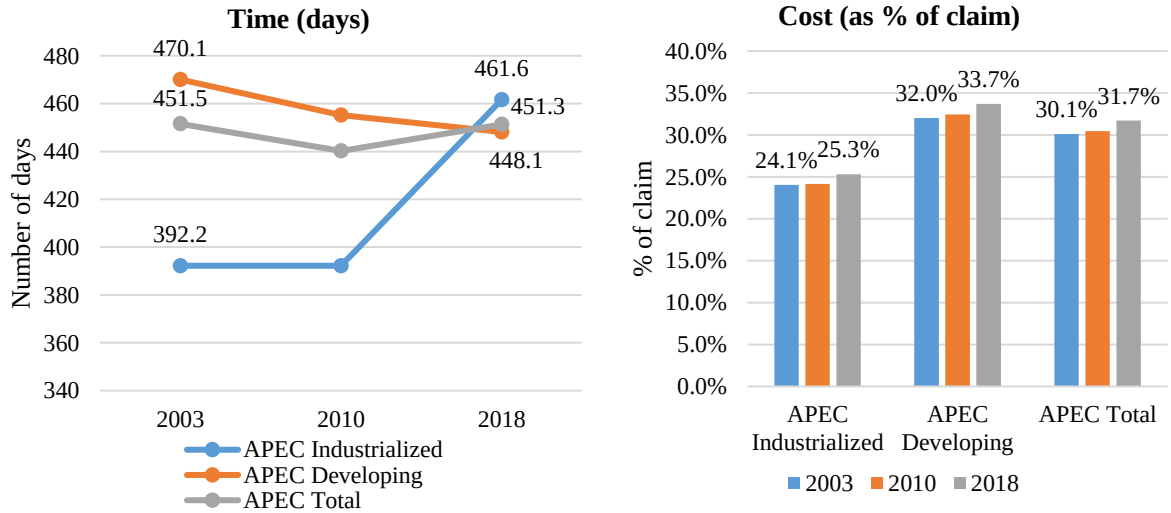
Figure 5.12: Strength of Investor Protection Index



Note: The indices are valued between 0 and 10, with higher values denoting higher levels of protection for investors. Group scores are simple averages.
Source: World Bank Doing Business databank.

The time and cost involved in enforcing contracts are important determinants of the stability and security of a business environment. Weak laws and a fragile enforcement increase uncertainty and discourage investments. The APEC region has only registered marginal improvements with regard to the average time needed to enforce contracts from 451.5 to 451.3 days (Figure 5.13). However, the cost — as a percentage of the claim — involved in enforcing contracts increased from 30.1% to 31.7% between 2003 and 2018. While APEC developing economies managed to reduce the time to enforce contracts significantly, these efforts were offset by the increase in time to enforce contracts in APEC industrialized economies. Nevertheless, the cost to enforce contracts rose across APEC, with the cost as a percentage of the claim rising for both industrialized and developing economies.

Figure 5.13: Enforcing Contracts in APEC



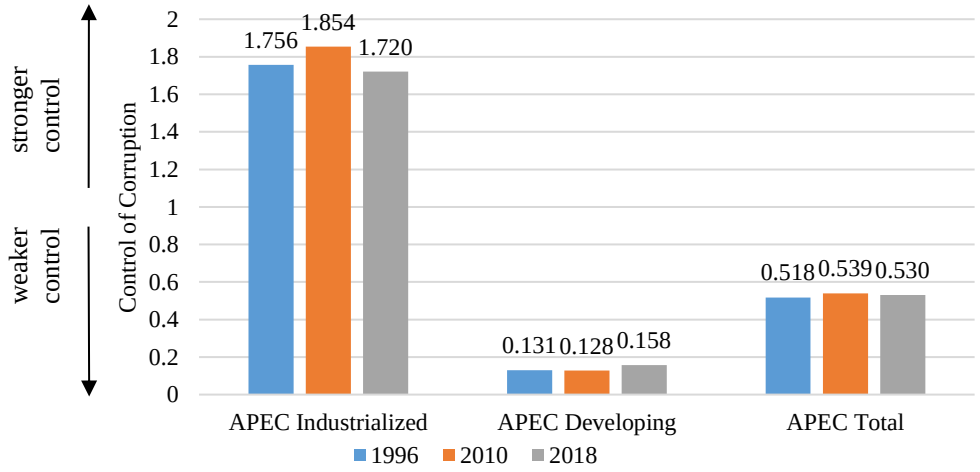
Note: Group scores are simple averages.
Source: World Bank Doing Business databank.

F. IMPROVED GOVERNANCE

One of the factors taken into account by firms to make investment decisions is the quality of governance in an economy. Investors are likelier to invest in economies with good governance. Governance issues can be seen from a number of factors, such as the control of corruption, government effectiveness and regulatory quality.

Since 1996, the World Bank Worldwide Governance Indicators benchmark how well economies fare in these areas. For instance, economies with cumbersome bureaucratic processes and inefficient regulations are more likely to face corruption issues. The Control of Corruption Index reflects the influence of private interests on the government and the extent to which public power can be exercised for private gains. While all APEC economies have a positive score for this indicator, progress has been less promising. The average score for APEC industrialized economies decreased between 1996 and 2018. APEC developing economies experienced a marginal decline between 1996 and 2010, before making an improvement between 2010 and 2018. The average APEC score only rose marginally during the 22 years and there is a large gap between developing and industrialized economies with respect to this indicator (Figure 5.14).

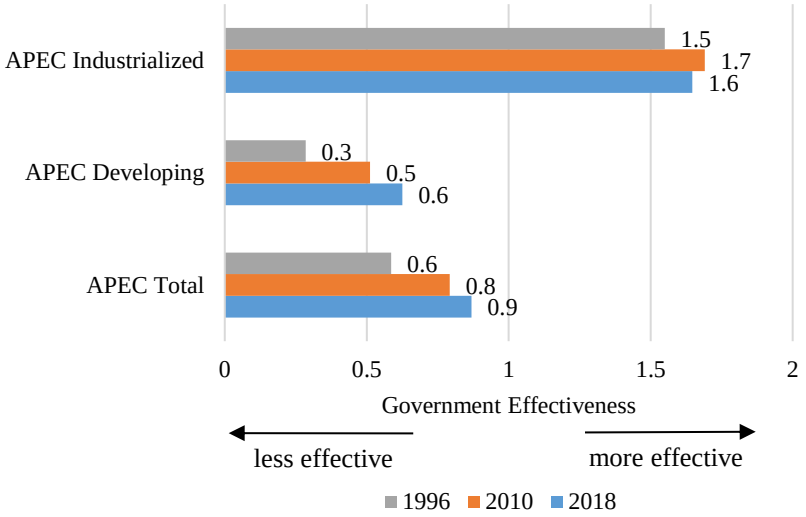
Figure 5.14: Control of Corruption in APEC



Note: The economies are scored on a scale between -2.5 (weak) and 2.5 (strong). Group scores are simple averages.
Source: World Bank Worldwide Governance Indicators.

The indicator Government Effectiveness measures the quality of services, policy formulation and implementation, and civil service. In addition, it reflects the credibility of commitments made by the government, which in turn signal stability. Government effectiveness has improved significantly since 1996 for both APEC industrialized and developing economies (Figure 5.15). There is still a large gap between the groups, but developing economies are working towards reducing it.

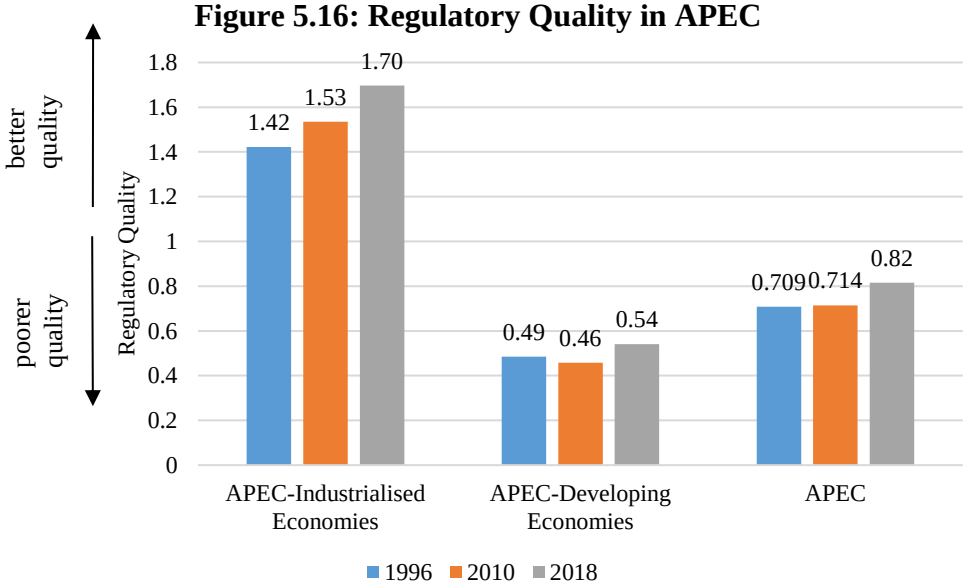
Figure 5.15: Government Effectiveness in APEC



Note: The economies are scored on a scale between -2.5 (weak) and 2.5 (strong). Group scores are simple averages.
Source: World Bank Worldwide Governance Indicators.

Regulatory quality reflects the government's ability to formulate and implement sound policies that will promote private sector development. Higher scores in the Regulatory Quality indicator testify to the commitment of governments to nurture development and efficiency. APEC developing economies have attained lower scores than those of industrialized economies (Figure 5.16). However, the overall average score of APEC developing economies increased between 1996 and 2018 despite a dip in performance between 1996 and 2010. On the other hand, APEC industrialized economies have consistently improved in this area.

Figure 5.16: Regulatory Quality in APEC



Note: The economies are scored on a scale between -2.5 (weak) and 2.5 (strong). Group scores are simple averages.
Source: World Bank Worldwide Governance Indicators.

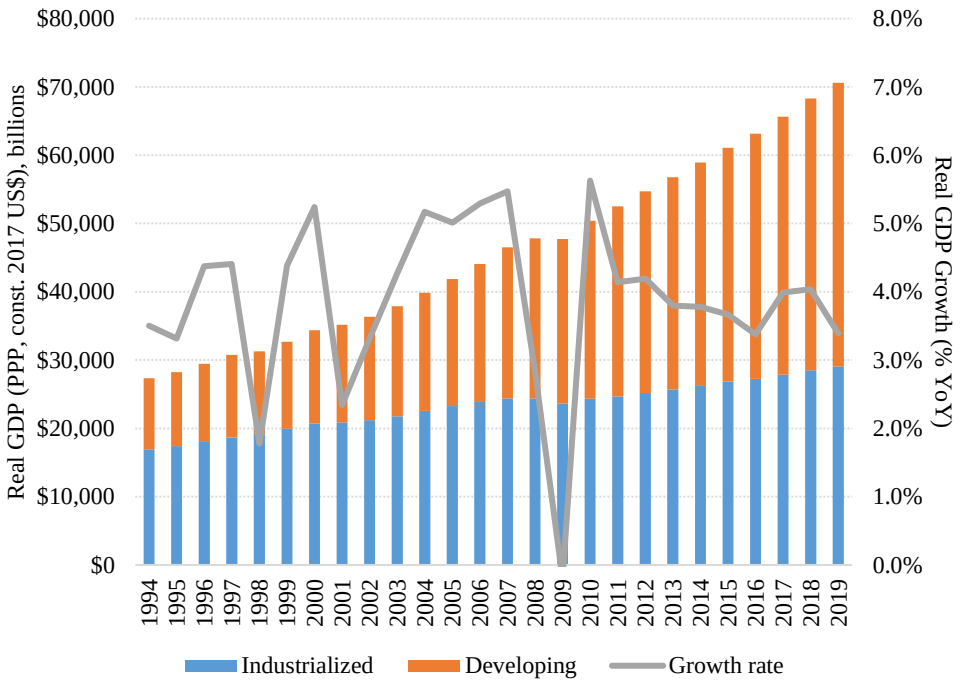
6. GROWTH AND DEVELOPMENT

The 1994 Bogor Declaration underscores that trade and investment policies should redound to an economic growth that benefits all people living in the APEC region. Therefore, economic gains from reducing barriers to trade and investment flows should lead to improvements in income and employment. Economic growth should likewise generate resources that will enhance access to and the quality of basic services such as healthcare, education and utilities. Moreover, the Bogor Declaration added that economies should not sacrifice the environment for economic growth when it underscored the need to ensure the sustainable use of resources in APEC.

A. Growth and Employment

As a whole, APEC's real GDP increased from 27.3 trillion dollars in 1994 to 70.6 trillion dollars in 2019,[99] expanding at an average annual rate of 3.9% compared to a 3.5% growth for the rest of the world. The trajectory of the APEC region's economic growth from 1994 up to 2019 showed APEC's resilience: the region recovered from major troughs during the 1997 – 1998 Asian financial crisis, the 2001 dot-com crash, and the 2008 – 2009 global financial crisis (Figure 6.1**:**).

Figure 6.1: APEC Real GDP Growth, 1994 – 2019



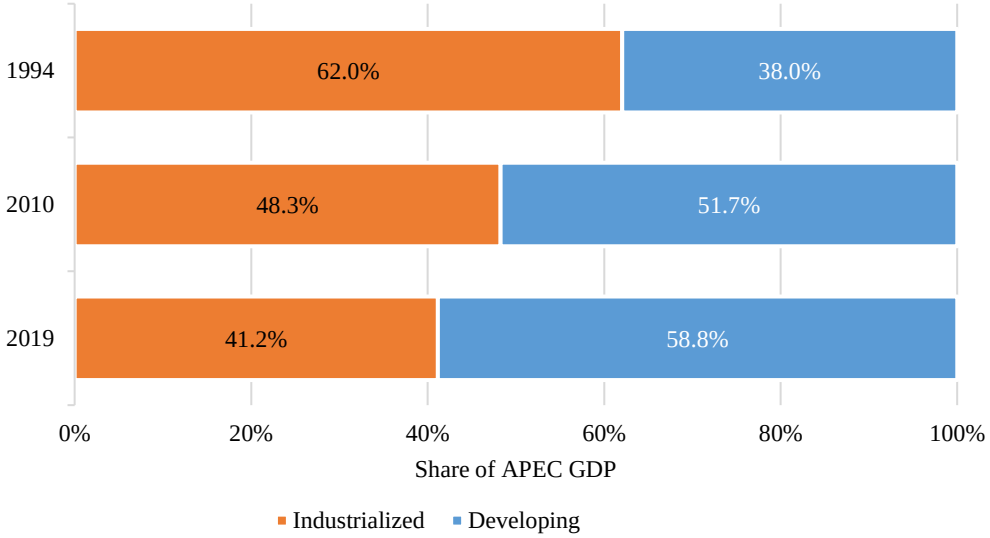
Source: WDI, DGBAS (Chinese Taipei) and APEC-PSU staff calculations.

From 1994 to 2019, APEC developing economies expanded annually by 5.7%, outpacing the 2.2% annual growth posted by APEC industrialized economies. This varied growth rate between APEC developing and APEC industrialized economies changed their share in the total APEC GDP. From 1994 up to 2008, the share of APEC industrialized economies in total APEC GDP was higher than the share of APEC developing economies. This situation reversed after

[99] Expressed in Purchasing Power Parity (PPP), 2017 constant USD values.

the global financial crisis: from 2009 onwards, the share of APEC developing economies was greater than that of APEC industrialized economies, comprising about 58.8% of the total APEC GDP in 2019 (Figure 6.2**:**).

Figure 6.2: Share of APEC GDP (%)



Source: WDI, DGBAS (Chinese Taipei), and APEC-PSU staff calculations.

Despite episodes of economic and financial crisis, all APEC member economies posted expansions in their economic outputs for the period 1994 – 2019. All APEC members except Russia also recorded population growth, with annual growth rates ranging from 0.04% – 2.2% during the same period. In general, economic growth in APEC was faster than population growth, resulting in positive per capita income growth for all APEC economies except Brunei Darussalam (Table 6.1**:**).

Table 6.1: Average Annual Growth Rates, 1994 - 2019 (%)

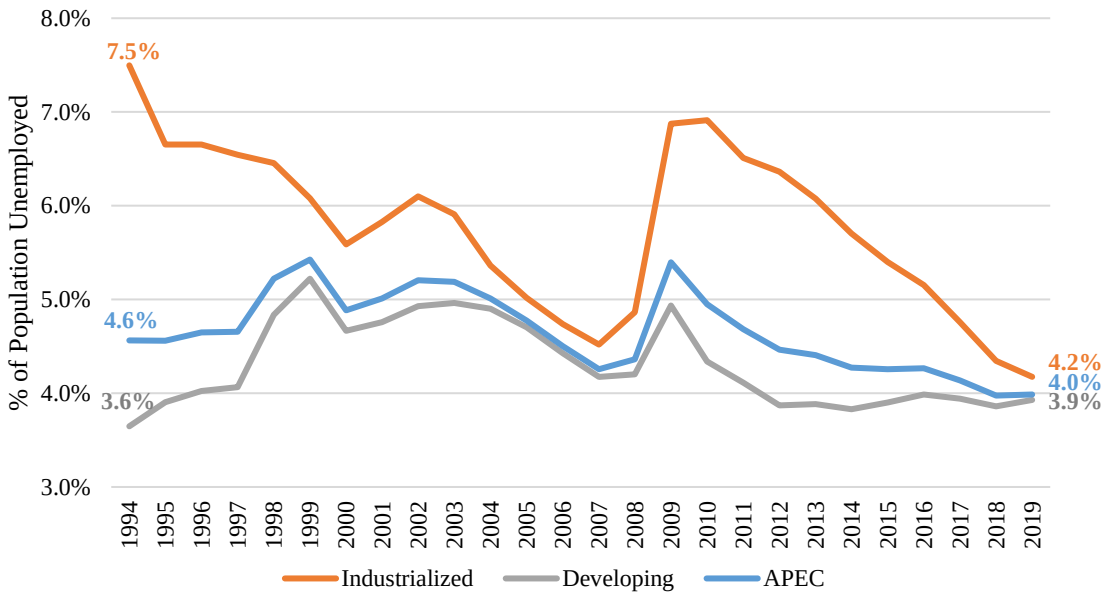
Economies	GDP	Population	GDP per capita
Australia	3.2%	1.4%	1.7%
Brunei Darussalam	1.1%	1.6%	-0.5%
Canada	2.7%	1.0%	1.7%
Chile	4.1%	1.2%	2.9%
China	9.0%	0.6%	8.3%
Hong Kong, China	3.1%	0.9%	2.2%
Indonesia	4.5%	1.3%	3.1%
Japan	0.9%	0.04%	0.9%
Korea	4.4%	0.6%	3.8%
Malaysia	5.0%	1.9%	3.1%
Mexico	2.2%	1.4%	0.8%
New Zealand	2.9%	1.2%	1.7%
Papua New Guinea	3.2%	2.2%	0.9%
Peru	4.5%	1.2%	3.2%
Philippines	5.1%	1.9%	3.2%
Russia	2.6%	-0.1%	2.8%

Singapore	5.1%	2.1%	3.0%
Chinese Taipei	4.0%	0.5%	3.5%
Thailand	3.4%	0.7%	2.8%
United States	2.5%	0.9%	1.6%
Viet Nam	6.7%	1.1%	5.5%
APEC Industrialized	2.2%	0.7%	1.5%
APEC Developing	5.7%	0.8%	4.9%
APEC Total	3.9%	0.8%	3.1%

Source: WDI, DGBAS (Chinese Taipei), IMF WEO, and APEC-PSU staff calculations.

Meanwhile, unemployment is trending downward, particularly following a spike in 2009 during the global financial crisis (Figure 6.3). For APEC as a whole, the unemployment rate went down from 4.6% in 1994 to 4.0% in 2019. APEC industrialized economies reflected the same declining trend, with the level of unemployment dropping from 7.5% in 1994 to 4.2% in 2019. While APEC developing economies in recent years have a higher unemployment rate than in 1994 (3.6%), unemployment levels have largely remained low (around 3.9% in 2019), except for key surges around the crisis episodes.

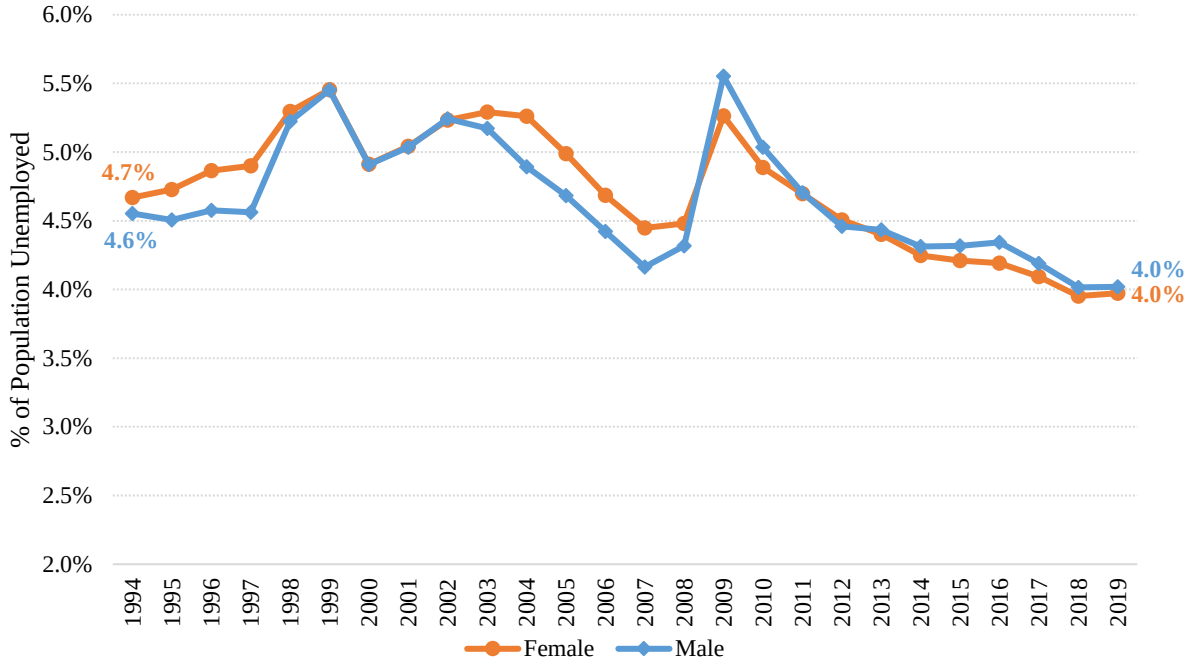
Figure 6.3: Unemployment Rate (%) in APEC, 1994 – 2019



Note: Aggregate figures are simple averages.
Source: WDI, DGBAS (Chinese Taipei), and APEC-PSU staff calculations.

Unemployment among APEC women averaged slightly higher at 5.0% for the period 1994 – 2010 compared to 4.8% for men. From 2011 up to 2019, the unemployment rate for both women and men in APEC went down and was largely the same, averaging at around 4.3% (Figure 6.4). Moreover, women had a lower unemployment rate than men from 2013 onwards.

Figure 6.4: Female and Male Unemployment Rate (%) in APEC, 1994 – 2019

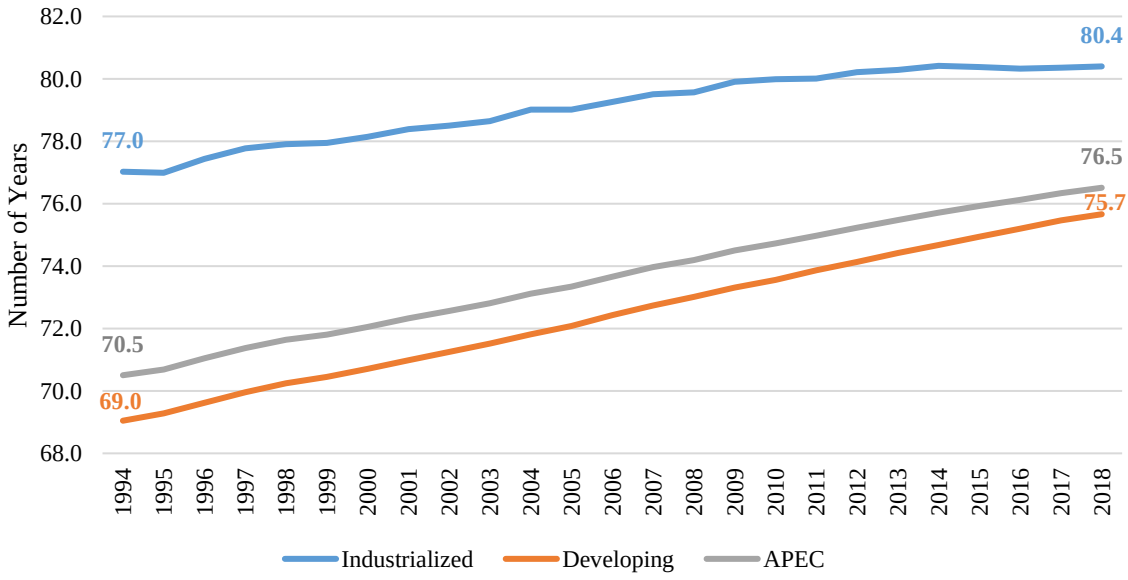


Source: Aggregate figures are simple averages.
Source: WDI, DGBAS (Chinese Taipei), and APEC-PSU staff calculations.

B. Access to Social Services

Life expectancy at birth has been steadily increasing in APEC, including for both APEC industrialized and developing economies (Figure 6.5). However, there is a disparity between the life expectancy of people in APEC industrialized economies, which stood at 80.4 years as of 2018, with that of APEC developing economies, which was at 75.7 years. Nevertheless, life expectancy among developing economies is catching up as it has been improving at a faster rate of 0.38% per annum annually compared to 0.18% for industrialized economies.

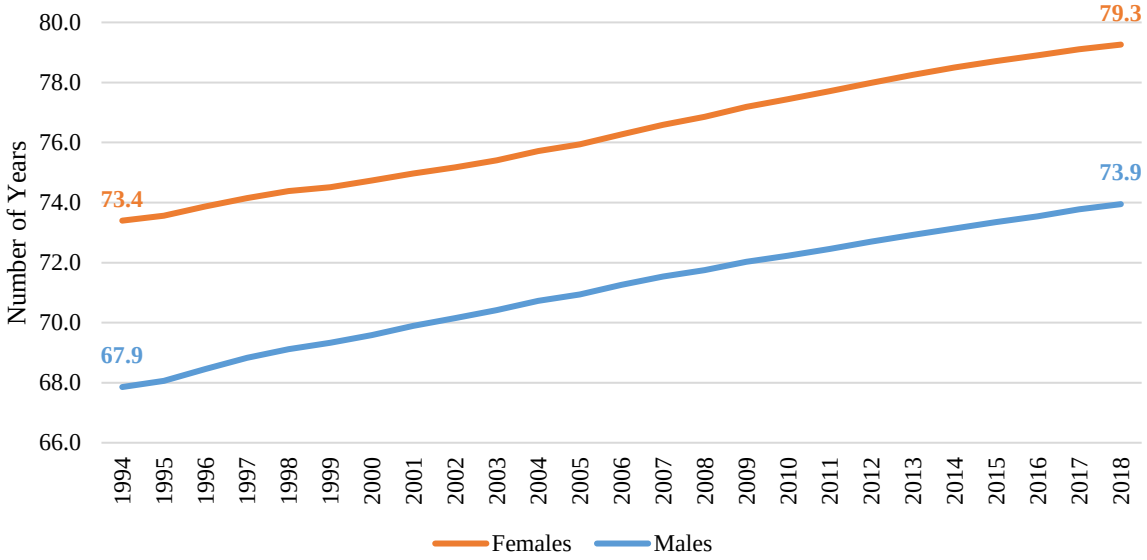
Figure 6.5: Life Expectancy at Birth (number of years), 1994 – 2018



Note: Aggregate figures are population-weighted averages.
Source: WDI, DGBAS (Chinese Taipei), and APEC-PSU staff calculations.

Women in APEC are expected to live longer than men. Nonetheless, the gap between female and male life expectancy at birth has narrowed somewhat from 5.5 years in 1994 to 5.3 years as of 2018 (Figure 6.6).

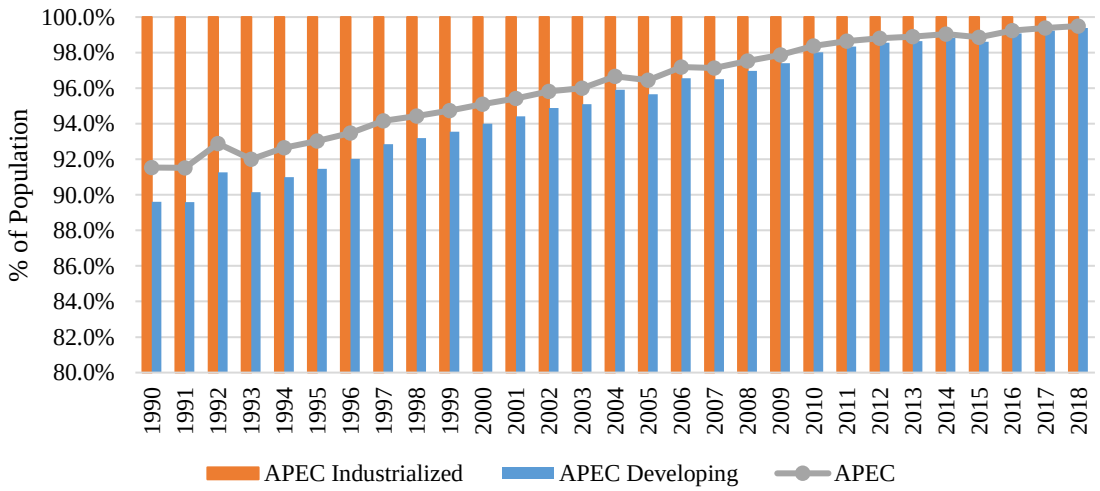
Figure 6.6: APEC's Female and Male Life Expectancy at Birth (number of years), 1994 – 2018



Note: Aggregate figures are female and male population-weighted averages.
Source: WDI, DGBAS (Chinese Taipei), and APEC-PSU staff calculations.

Access to electricity has improved for APEC as a whole. APEC industrialized economies maintained full electricity coverage from 1994 up to 2018, while APEC developing economies have increased access to electricity and narrowed the gap with APEC industrialized economies. By 2018, 99.4% of the population in APEC developing economies had electricity access (Figure 6.7).

Figure 6.7: Access to Electricity (%), 1994 – 2018



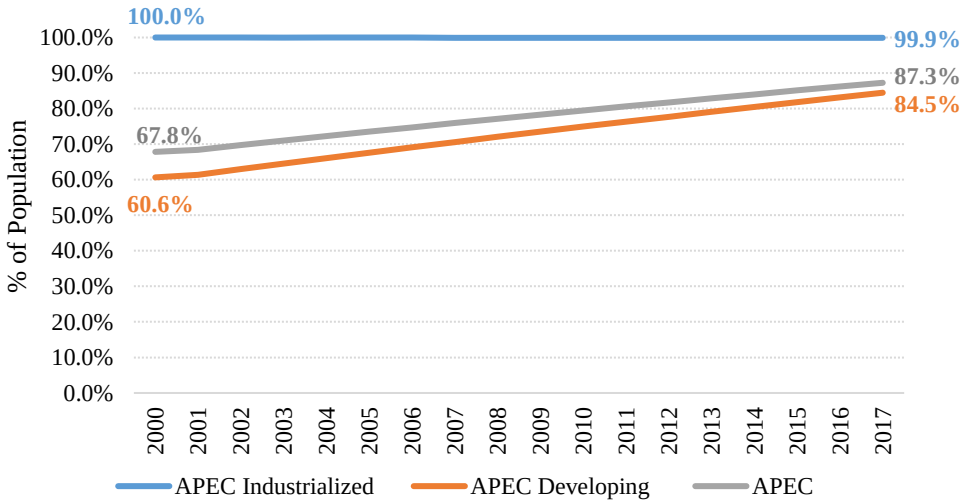
Note: Aggregate figures are population-weighted averages.
Source: WDI and APEC-PSU staff calculations.

Meanwhile, access to basic sanitation services by people living in the APEC region has improved from 67.8% in 2000 to 87.3% in 2017 (Figure 6.8). APEC industrialized economies

provides almost full basic sanitation access to its population during this period, although this coverage has declined marginally in recent years. On the other hand, more people in APEC developing economies have access to basic sanitation at 84.5% in 2017, up from 60.6% in 2000.

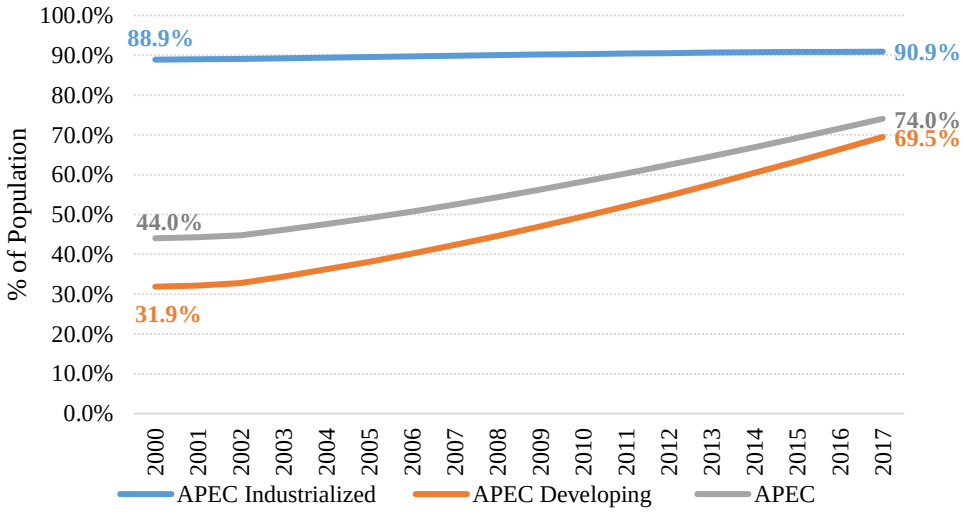
In terms of access to safely managed sanitation services, marked improvements are seen in all APEC economies. APEC industrialized economies raised access to safely managed sanitation from 44.0% in 2000 to 74.0% in 2017, while APEC developing economies raised it from 31.9% to 69.5% across the same period (Figure 6.9).

Figure 6.8: Access to Basic Sanitation (%), 2000 – 2017



Note: Aggregate figures are population-weighted averages.
Source: WDI and APEC-PSU staff calculations.

Figure 6.9: Access to Safely Managed Sanitation (%), 2000 – 2017

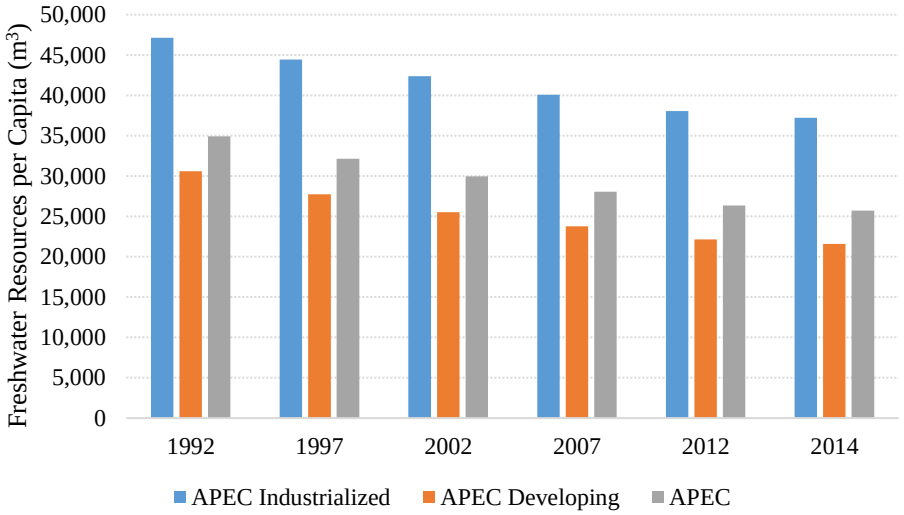


Note: Aggregate figures are population-weighted averages.
Source: WDI and APEC-PSU staff calculations.

However, available data showed that an opposite trend prevailed in APEC's renewable internal freshwater resources per capita. In particular, APEC economies' renewable freshwater resources have been declining, aggravated by the region's population growth. The APEC average went down by 26.4%, from 34,928 m^3 in 1992 to 25,693 m^3 in 2014 (Figure 6.10).

APEC developing economies diminished more of their renewable internal freshwater resources per capita, leading to a 29.4% reduction in freshwater resources per capita between 1992 and 2014; while APEC industrialized economies posted a 26.4% decline in the same timeframe.

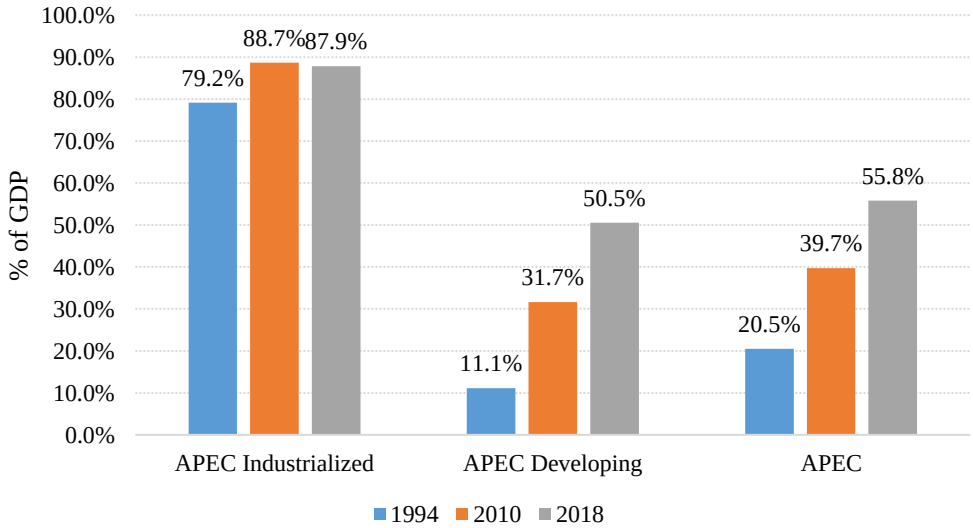
Figure 6.10: Renewable Freshwater Resources per Capita (cubic meters)



Note: Aggregate figures are simple averages.
Source: WDI and APEC-PSU staff calculations.

Enrolment in tertiary level has shown positive developments, where APEC as a whole is tracking an upward trend so far, climbing from 20.5% of gross enrolment in 1994 to 55.8% as of end-2018. The same steadily increasing trend could be seen for APEC developing economies, while tertiary enrolments for APEC industrialized economies declined slightly to 87.9% as of 2018 from 88.7% in 2010 (Figure 6.11).

Figure 6.11: Enrolment in Tertiary Education (%), 1994 – 2018

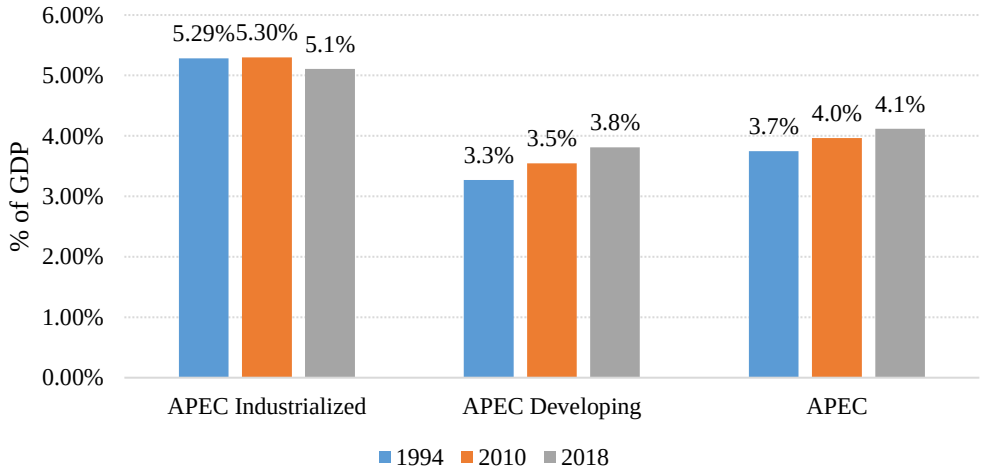


Note: Aggregate figures are population-weighted averages.
Source: WDI, Ministry of Education (Chinese Taipei), and APEC-PSU staff calculations.

It is worth noting that the enrolment rate in tertiary education in developing economies has more than quadrupled just two decades, from 11.1% in 1994 to 49.6% in 2017. A contributing factor to this uptick could be increasing allocations for education: in APEC developing

economies, government expenditures on education as a percent of GDP went up from 3.3% in 1994 to 3.8% in 2018. This contrasts with the trend in APEC industrialized economies, which saw faltering education expenditures from 5.29% of GDP in 1994 to 5.1% of GDP in 2018. Nevertheless, the share of education in the entire APEC region's GDP has been going up from 3.7% in 1994 to 4.1% in 2018 (Figure 6.12).

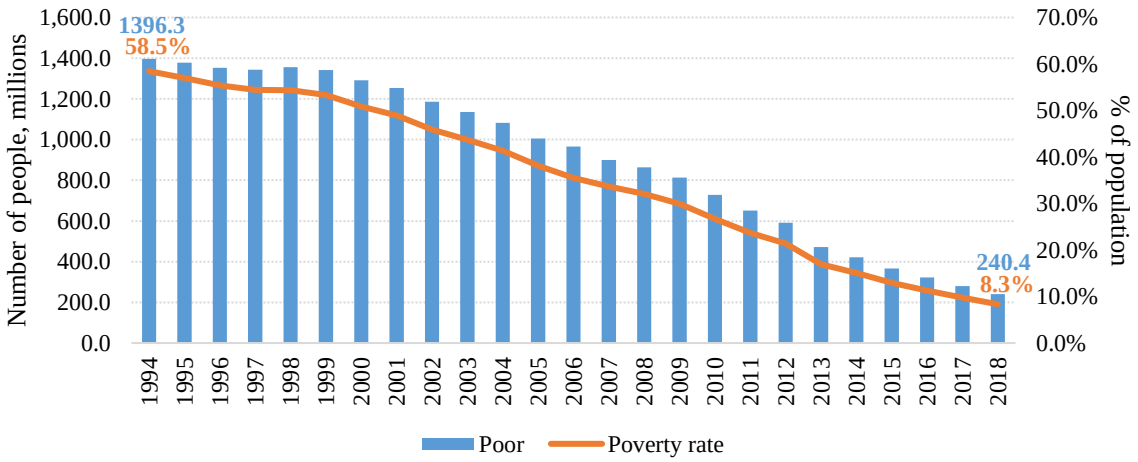
Figure 6.12: Government Expenditures on Education (as % of GDP), 1994 – 2017



Note: Aggregate figures are simple averages.
Source: WDI, Ministry of Education (Chinese Taipei), and APEC-PSU staff calculations.

It is important to note that, in general, the APEC region's efforts to reduce poverty have translated into significant progress (Figure 6.13). Between 1994 and 2018, the number of people living in poverty, defined as those whose daily expenditures stood at USD 3.80 or less (2011 PPP US$), went down markedly by 76%, equivalent to more than 1 billion people (from 1.4 billion to 240.4 million people). Furthermore, APEC reduced the percentage of people living in poverty, from 58.5% in 1994 to 8.3% in 2018.

Figure 6.13: Poverty Indicators, 1994 – 2018



Notes: Data cover Australia; Canada; Chile; China; Indonesia; Japan; Korea; Malaysia; Mexico; Papua New Guinea; Peru; The Philippines; Russia; Chinese Taipei; Thailand; United States; and Viet Nam.
Source: PovcalNet and APEC-PSU staff calculations.

However, a different picture emerges when analyzing income changes in the population with the lowest levels of income across the APEC region. While the income of the poorest 10%

increased for all 17 APEC economies with data available, the average annual income growth has been uneven across APEC economies, ranging between 0.7% and 8.1%. (Table 6.2). However, much work still remains to curb rising inequality. In nine APEC economies, while the income of the poorest 10% has grown, the poorest 10% also received a smaller share of the economic pie, showing that they are not receiving equitably the fruits of economic growth. Moreover, in five of these economies, the richest 10% has grown their income share (Table 6.3). This shows that while APEC economies have been successful in lifting many people out of poverty and in increasing the income of the poorest 10%, there is still unfinished business with regards to the distribution of wealth.

Table 6.2: Income Change of the Poorest 10%

Economies	Period	Average Annual Income Change (%)
Australia	1995 - 2014	3.0%
Canada	1994 - 2017	1.1%
Chile	1994 - 2017	5.3%
China	1996 - 2016	6.7%
Indonesia	1993 - 2018	3.4%
Japan	2008 - 2013	8.1%
Korea	2006 - 2012	1.4%
Malaysia	1995 - 2015	4.9%
Mexico	1994 - 2018	3.5%
Papua New Guinea	1996 - 2009	1.0%
Peru	1994 - 2018	3.0%
Philippines	1994 - 2015	1.7%
Russia	1993 - 2018	4.2%
Chinese Taipei	1995 - 2016	0.7%
Thailand	1994 - 2018	3.5%
United States	1994 – 2016	0.7%
Viet Nam	1993 – 2018	5.0%

Note: The calculations take into account household-based data in real values at PPP 2011 international dollars. For Australia; Canada; Chile; Japan; Korea; Malaysia; Mexico; Chinese Taipei; and the United States, the data was obtained through the income approach. For China; Indonesia; Papua New Guinea; Philippines; Russia; Thailand; and Viet Nam, the data was obtained through the consumption or expenditure approach. For Peru, 1994 data is via the consumption approach and 2018 data is via the income approach.[100]
Source: PovcalNet and APEC-PSU staff calculations.

Table 6.3: Change in Income Distribution of the Poorest and Richest 10%

Economies	Year 1	Year 2	Income Share of the Bottom 10%			Income Share of the Top 10%		
			Share in Year 1	Share in Year 2	Net change	Share in Year 1	Share in Year 2	Net change
Australia	1995	2014	2.9%	2.9%	-0.01%	24.6%	27.0%	2.4%
Canada	1994	2017	2.9%	2.7%	-0.2%	23.6%	25.3%	1.7%

[100] PovcalNet calculations use per capita household income or consumption expenditure, where every household member is assigned an equal share of household income or consumption. As economies use different standards and metrics in their respective household surveys, the results of these calculations are more useful in highlighting progress within an economy than in making cross-economy comparisons. In general, income-based data will show a more unequal distribution than consumption-based data.

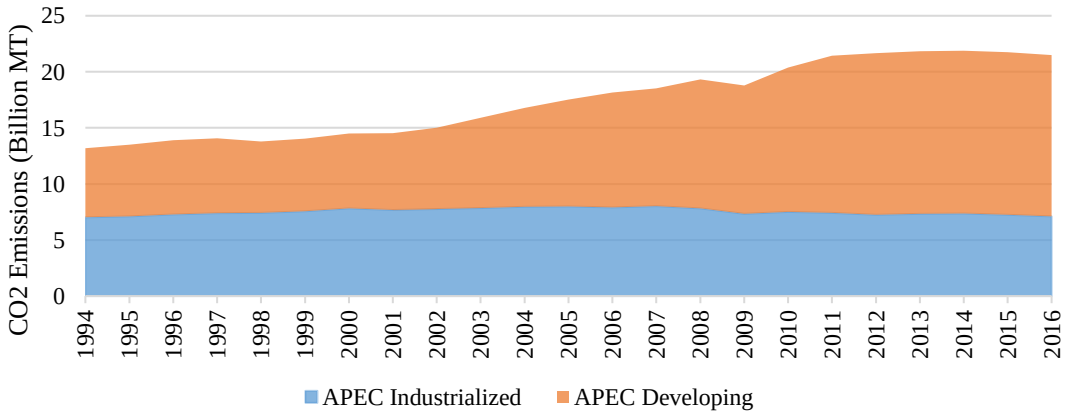
Chile	1994	2017	1.2%	2.3%	1.0%	45.9%	36.3%	-9.6%
China	1996	2016	3.1%	2.7%	-0.5%	27.3%	29.4%	2.1%
Indonesia	1993	2018	3.9%	2.9%	-1.0%	27.0%	29.3%	2.3%
Japan	2008	2013	2.3%	2.9%	0.6%	26.2%	26.4%	0.3%
Korea	2006	2012	2.7%	2.6%	-0.1%	24.0%	23.8%	-0.2%
Malaysia	1995	2015	1.8%	2.3%	0.5%	37.9%	31.3%	-6.6%
Mexico	1994	2018	1.1%	2.0%	0.9%	43.4%	36.4%	-7.0%
Papua New Guinea	1996	2009	1.9%	1.9%	-0.01%	34.5%	31.0%	-3.5%
Peru	1994	2018	1.8%	1.8%	-0.08%	33.2%	32.1%	-1.2%
Philippines	1994	2015	2.6%	2.7%	0.2%	33.6%	31.3%	-2.3%
Russia	1993	2018	1.7%	2.9%	1.2%	38.3%	29.9%	-8.4%
Chinese Taipei	1995	2016	3.2%	3.4%	0.2%	24.6%	25.1%	0.5%
Thailand	1994	2018	2.5%	3.0%	0.5%	35.9%	28.2%	-6.7%
United States	1994	2016	1.9%	1.8%	-0.1%	29.6%	30.4%	0.8%
Viet Nam	1993	2018	3.3%	2.5%	-0.7%	28.6%	27.5%	-1.2%

Note: The calculations take into account household-based data in real values at PPP 2011 international dollars. For Australia; Canada; Chile; Japan; Korea; Malaysia; Mexico; Chinese Taipei; and the United States, the data was obtained through the income approach. For China; Indonesia; Papua New Guinea; Philippines; Russia; Thailand; and Viet Nam, the data was obtained through the consumption or expenditure approach. For Peru, 1994 data is via the consumption approach and 2018 data is via the income approach.
Source: PovcalNet and APEC-PSU staff calculations.

C. Environmental Conditions

As APEC continued to expand its economy and uplift living standards, the region's carbon footprint has also exhibited an upward trend from 1994 to 2016. The APEC region's carbon dioxide emissions[101] went up from 13.2 billion metric tons in 1994 to 21.5 billion metric tons as of the latest available data from 2016, equivalent to an annual growth of 2.2% (Figure 6.14). However, a slight decline in the level of carbon dioxide emissions was recorded in the APEC region between 2014 and 2016 in both APEC industrialized and developing economies.

Figure 6.14: Carbon Dioxide Emissions (Billion Metric Tons), 1990 – 2016



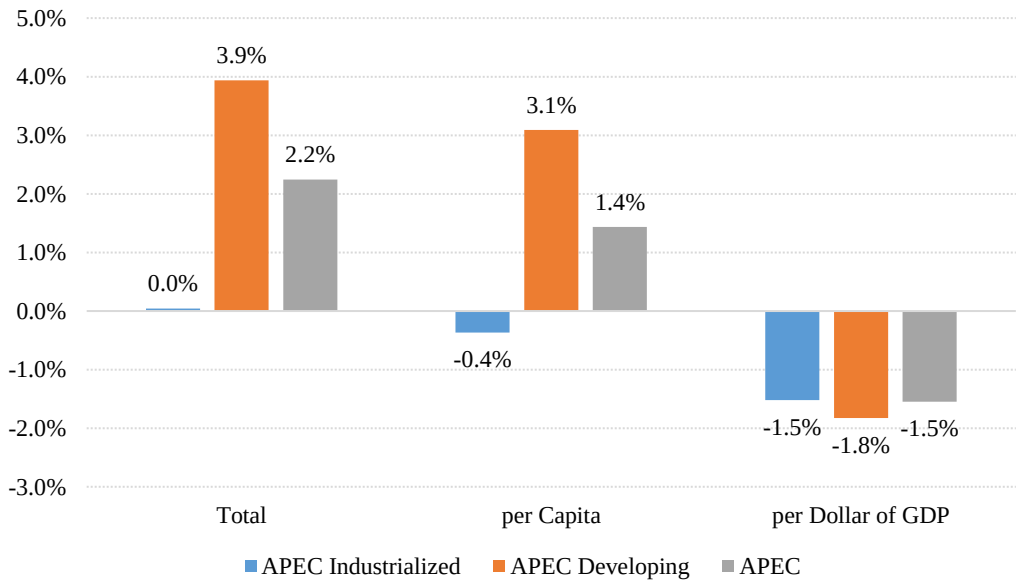
Source: WDI and APEC-PSU staff calculations.

[101] Carbon dioxide emissions are those stemming from the burning of fossil fuels and the manufacture of cement. They include carbon dioxide produced during consumption of solid, liquid, and gas fuels and gas flaring.

While APEC industrialized economies have kept their levels of carbon dioxide emissions steady since the inception of the Bogor Goals, APEC developing economies increased carbon dioxide emissions at an average annual rate of 3.9% between 1994 and 2016. In 1994, APEC developing economies started from a lower development base, facing shortages in capital and technology. As economic growth increased, CO2 emission levels followed the same path (Figure 6.15).

While carbon dioxide emissions in per capita terms declined for APEC industrialized economies due to their slower population growth rates and steady level of CO2 emissions, APEC developing economies increased their carbon emissions per capita at 3.1% per annum, raising APEC's emissions per capita growth to 1.4%. Nevertheless, it is optimistic to note that the carbon intensity production in APEC is on a declining trend, with the region's carbon emissions per dollar of GDP decreasing by 1.5% between 1994 and 2016 (Figure 6.15). This reduction is greater in APEC developing economies which decreased by 1.8%, compared to industrialized economies, which dropped by 1.5%

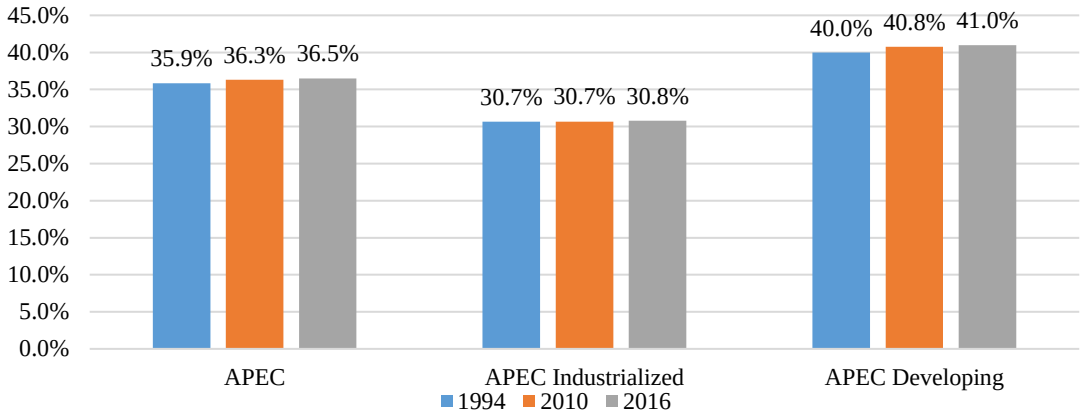
Figure 6.15: Annual Average Growth in Carbon Dioxide Emissions (percent), 1994 – 2016



Source: WDI and APEC-PSU staff calculations.

In terms of the conservation of natural resources, there has been a slight increase of forest land as percentage of total land in the whole APEC region, from 35.9% to 36.5% between 1994 and 2016 (Figure 6.16). While this has happened in both industrialized and developing economies, nine APEC economies reduced their percentage of forest land due to forest fires, unsustainable logging practices and switch of land use to agriculture and residential purposes.

Figure 6.16: Forest Land as Percentage of Land Area, 1994 – 2016

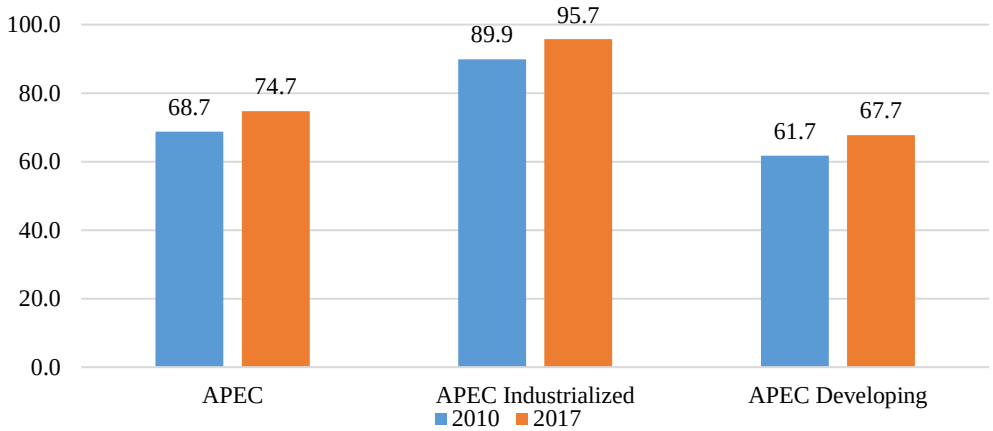


Source: WDI and APEC-PSU calculations

As for the availability of water resources, Figure 6.10 already showed a decline in renewable freshwater resources per capita as resources coming from internal river flows and groundwater from rainfall have remained steady while the population increases. In terms of the water productivity in the APEC region, statistics on water productivity measuring the amount of GDP created by cubic meter of water withdrawal are not available for recent years in several APEC economies, which prevent the calculation of an APEC-wide figure to determine whether the APEC region is becoming more efficient in the use of water. However, all four APEC economies with data available between 2012 and 2015 (i.e. Australia; China; Mexico; and Russia) reported increased water productivity levels in comparison to those recorded at least 10 years before.

A higher use of water means that more wastewater treatment is needed to remove pollutants and release water to the environment in a safe manner or reuse it for other purposes. In recent years, there has been noticeable progress in the APEC region on this matter in both industrialized and developing economies. On average, APEC economies increased the percentage of collected wastewater that is treated between 2010 and 2017 from 68.7% to 74.7% (Figure 6.17). While most of the collected wastewater is already being treated in APEC industrialized economies, around 2/3 of the wastewater is treated in APEC developing economies.

Figure 6.17: Wastewater Treatment as Percentage of Collected Wastewater, 2010 – 2017



Source: Center for International Earth Science Information Network (CIESIN) and Yale Center for Environmental Law & Policy – Environmental Performance Index.

7. INFORMATION REPORTED BY APEC MEMBER ECONOMIES ON THEIR PROGRESS

A. Tariffs

Since the Bogor Declaration, APEC member economies have made substantial progress in reducing tariff rates. Table 7.1 shows the simple and weighted average tariff rates in the APEC region, as calculated by each APEC economy. APEC economies have generally reduced tariff rates between 1996 and 2019, with some economies slashing their rates by more than half. However, a number of economies have also registered higher tariff rates between 2009 and 2019, with the rise explained by a combination of increasing tariff rates for some commodities, the introduction of new tariff lines, and the reclassification of existing tariff lines.

Table 7.1: APEC Tariff Average (%)

Economies	Import-weighted MFN Average			Simple Average MFN Applied Tariff			Average based on Import Tariff Revenue		
	1996	2009	2019	1996	2009	2019	1996	2009	2019
Industrialized Economies									
Australia	5.4%	3.2%.	1.4%	5.9%	3.8%	2.5%	4.6%	3.0%	1.1%
Canada	n.a.	n.a.	n.a.	6.3%	3.7%	2.7%	1.3%	1.1%	0.9%
Japan[a]	4.0%	1.6%	2.0%	9.0%	6.5%	6.3%	2.8%	1.2%[a]	1.3%[a]
New Zealand[b]	3.5%[b]	1.5%	2.0%	5.3%[b]	2.4%	2.2%	5.3%[b]	2.4%	2.2%
United States	5.0%	4.1%	2.5%	n.a.	n.a.	4.9%	2.4%	1.3%	3.0%
Developing Economies									
Brunei Darussalam	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Chile	11.0%	6.0%	6.0%	11.0%	6.0%	6.0%	n.a.	1.1%	0.8%
China	n.a.	n.a.	n.a.	23.6%	9.8%	7.5%	n.a.	n.a.	n.a.
Hong Kong, China	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Indonesia	n.a.	3.8%	5.7%	13.0%	7.6%	10.1%	2.8%	1.8%	1.6%
Korea	10.9%	7.5%	7.2%	14.4%	12.2%	12.7%	4.4%	2.2%	1.5%
Malaysia	n.a.	n.a.	n.a.	10.2%	7.4%	7.4%	5.0%	2.0%	2.0%
Mexico	14.0%	8.3%	3.9%	13.3%	9.7%	5.9%	n.a.	n.a.	2.6%
Papua New Guinea	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Peru	15.3%	2.7%	1.8%	16.3%	5.0%	2.2%	11.5%	2.1%	0.9%
Philippines	10.3%	3.8%	5.1%	14.0%	6.2%	7.1%	n.a.	n.a.	n.a.
Russia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Singapore	0.0%	0.0%	0.0%	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%
Chinese Taipei	4.4%	1.8%	1.9%	8.6%	6.0%	6.3%	3.6%	1.2%	1.3%
Thailand	n.a.	n.a.	n.a.	n.a.	10.3%	11.2%	n.a.	n.a.	n.a.
Viet Nam	n.a.	n.a.	n.a.	n.a.	11.0%	11.4%	n.a.	n.a.	n.a.

Notes: The figures are based on the information directly reported by APEC economies through the Fact Sheet on Individual Efforts Made towards the Achievement of the Bogor Goals.

[a] Japan's Average Tariff based on Import Tariff Revenue for 2009 and 2019 were calculated from revenues from Financial Years 2008 and 2018.

[b] New Zealand's data for 1996 were from the earliest data available, which is from 1998.

Tariffs in developing economies were high; hence, tariff reductions from these economies are usually more pronounced than those in industrialized economies. Many developing economies moved from double-digit rates in 1996 to single-digit in 2009. Yet, similar to APEC's overall trend, some developing economies registered higher tariffs in 2019 than in 2009.

Average tariffs calculated from import tariff revenue are generally lower than tariffs calculated by simple and weighted averages. In cases where import-weighted MFN tariffs or simple average tariffs increased, such as in Indonesia, average tariffs calculated from import tariff revenue actually declined. This shows that economies are generally keeping low tariffs on frequently traded goods.

Another indicator that reflects APEC's progress in trade liberalization is the percentage of imports subject to zero tariffs. Table 7.2 summarizes the prevalence of zero tariff imports, both as a percentage of total tariff lines and as a percentage of the import value. Many economies reported a rise in the share of tariff lines and imports subject to zero tariff. Mexico tripled the percentage of tariff lines subject to zero tariff between 1996 and 2019. Peru demonstrated the most notable progress, with zero tariffs applied to 70.4% of total tariff lines and 73.6% of all imports in 2019, from none in 1996. Yet, a number of economies have noted a reduction in the percentage of imports and tariff lines that are subject to zero tariffs. The lower percentage of tariff lines subject to zero tariffs can also be traced to the introduction of new tariff lines and reclassifications of certain goods.

Table 7.2: Zero-Tariff Product Lines and Imports

Economies	Zero Tariff Lines as % of Total lines			Zero Tariff Imports as % of All Imports		
	1996	2009	2019	1996	2009	2019
Industrialized Economies						
Australia	40.8%	46.3%	47.0%	42.0%	53.1%	47.0%
Canada[a]	32.0%	54.0%	69.0%	78.0%	87.0%[a]	89.0%
Japan	35.5%	40.8%	39.9%	n.a.	80.2%	82.3%
New Zealand[b]	54.3%	57.7%	61.7%	63.7%	73.7%	95.4%
United States	n.a.	n.a.	37.8%	n.a.	n.a.	50.7%
Developing Economies						
Brunei Darussalam	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Chile	n.a.	0.5%	0.4%	n.a.	0.3%	0.2%
China	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Hong Kong, China	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Indonesia	19.2%	24.1%	12.1%	n.a.	24.5%	12.4%
Korea	n.a.	n.a.	19.5%	n.a.	n.a.	22.8%
Malaysia	57.6%	60.3%	56.4%	58.4%	60.7%	79.8%
Mexico	15.0%	58.0%	56.0%	n.a.	39.0%	67.0%
Papua New Guinea	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Peru	0.0%	53.9%	70.4%	0.0%	72.5%	73.6%
Philippines	0.0%	4.0%	14.6%	0.0%	24.0%	42.0%
Russia	4.4%	13.5%.	15.3%	n.a.	n.a.	n.a.
Singapore	n.a.	n.a.	99.9%	n.a.	n.a.	99.9%
Chinese Taipei	13.8%	30.6%	30.5%	22.1%	72.3%	72.4%
Thailand	n.a.	18.2%.	33.1%	n.a.	41.1%.	50.5%
Viet Nam	n.a.	32.7%	29.2%	n.a.	n.a.	32.5%

Notes: The figures are based on the information directly reported by APEC economies through the Fact Sheet on Individual Efforts Made towards the Achievement of the Bogor Goals.
[a] Canada's share of zero tariff imports as a percentage of all imports for 2009 was calculated from 2008 data.
[b] New Zealand's data for 1996 were from the earliest data available, which is from 1998.

The standard deviation of applied tariff rates across APEC economies are uneven, reflecting the diverse tariff regimes in the region. Hong Kong, China has a standard deviation equal to zero as it applies zero tariffs to all imports. Singapore has a standard deviation close to zero, as tariffs are applied to only eight tariff lines. Chile, which applies a flat tariff of 6% on most goods, also registered a low standard deviation. Meanwhile, other APEC economies use an escalated tariff system, with standard deviations reflecting a sizable dispersion in tariff rates. Nevertheless, most of these economies also registered a downward trend in the standard

deviation of applied tariff rates, showing that economies have made efforts to flatten tariff structures.

APEC economies have transparent tariff regimes, with all economies making their tariff schedules publicly available in government publications and/or websites. Several economies routinely notify the WTO of updates to their tariff schedules. A number of APEC economies incorporate stakeholder participation in tariff clarifications and updates: Mexico provides a dedicated enquiry portal on tariff matters, while the Philippines and Chinese Taipei hold public hearings with stakeholders to discuss potential tariff changes.

B. Non-Tariff Measures (NTM)

While APEC economies generally do not impose NTMs, most economies reported that they do apply NTMs in the interest of public health, security, and safety; as well as to conform to other international agreements.

Quantitative restrictions in APEC are typically applied to agricultural goods such as rice and livestock products, with the caveat that such measures safeguard domestic food security. Other quantitative restrictions are applied to goods that may be inimical to the human life or the environment, including products like toxic chemicals, defense materials, narcotics, pollutants, and invasive species. Some economies like Mexico reported a higher number of tariff lines subject to quantitative import restrictions, but they explained that this increase can be traced to updates to tariff lines and classifications.

Import licensing are also present in APEC economies, with such licenses typically applied to goods with quantitative restrictions. Economies typically categorize controlled goods under automatic or non-automatic import licensing. Economies like Malaysia emphasize that automatic import licensing are only for monitoring and recording purposes, and do not deter trade. Non-automatic licensing applies to goods that warrant greater scrutiny (e.g. ozone-depleting substances, controlled chemicals, and wildlife), and are in place to guarantee public and environmental safety. To facilitate trade, some economies abolished licensing requirements for certain products. In 2014, Hong Kong, China fully liberalized the licensing regime for textiles and clothing. Other economies also extended automatic licensing to a wider range of products. In 2019, Indonesia applied automatic import licensing to more product classes, such as forestry products, cellular phones, and plastic raw materials.

Most APEC economies do not apply import levies or export subsidies. As of 2019, only one economy applied import levies to regulate petroleum imports to improve supply and price stability. APEC economies instead opt to use duties and taxes to promote a level playing field for market participants. Meanwhile, economies that still have export subsidies are making efforts to phase these measures out. In 2015, the United States set export subsidy budgetary outlay and quantity reduction commitments to zero. Canada removed all export subsidies except for butter, cheese, skim milk powder, and other dairy products. Canada also scheduled to eliminate these remaining subsidies by the end of 2020.

In general, economies are making efforts to guarantee that such measures are consistent with international commitments and are notified to the WTO. Most of these measures are applied for public and environmental safety reasons. For example, as of 2019, the Philippines maintains 26 sanitary and phytosanitary measures, while Hong Kong, China requires health certifications for products such as plants, meat, eggs, poultry, and dairy products, among others; to guarantee

public health. Australia adopts biosecurity measures to mitigate risks to human, animal, and plant life and health.

Some economies also reported the adoption of anti-dumping measures and safeguards to shield local businesses from unfair competition from foreign imports. Indonesia listed 29 anti-dumping measures and 17 safeguards in 2019, compared to 35 anti-dumping measures and three safeguards in 2009. Nevertheless, Indonesia affirmed that such NTMs are in accordance with the five principles put forward in the ASEAN Commitments on Non-Tariff Measures on Goods: Necessity and Proportionality; Consultations and Engagement; Transparency; Non-Discrimination and Impartiality; and Periodic Review.

C. Services

APEC economies demonstrated consistent progress in liberalizing trade in services. Over the years, economies have signed and enforced new RTA/FTAs that commit more market access and/or national treatment to services sectors than those established under the GATS. Back in 1996, Australia; Canada; Malaysia; New Zealand; the United States; and Singapore each reported only one RTA/FTA with commitments for trade in services more liberal than those in GATS. Mexico was the only economy to extend such treatment in multiple RTA/FTAs. However, between 1996 and 2019, APEC economies have tremendously increased the number of RTA/FTAs featuring such provisions for services (Table 7.3). In 2019, Singapore had the most number of RTA/FTAs with more services commitments than those set in GATS, at 26; followed by Chile with 20 RTA/FTAs; and China and Japan with 17 RTA/FTAs each.

Table 7.3: Number of RTA/FTAs with More Commitments Reported than Those in GATS

Economies	Year		
	1996	2009	2019
Industrialized Economies			
Australia	1	6	11
Canada	1	3	7
Japan	0	10	17
New Zealand	1	5	9
United States	1	9	14
Developing Economies			
Brunei Darussalam	n.a.	n.a.	n.a.
Chile	0	14	20
China	n.a.	5	17
Hong Kong, China	0	1	8
Indonesia	n.a.	2	8
Korea	0	4	16
Malaysia	1	4	12
Mexico	4	11	n.a.
Papua New Guinea	0	0	0
Peru	0	5	15
Philippines	n.a.	3	6
Russia	0	0	2
Singapore	1	16	26
Chinese Taipei	n.a.	0	2
Thailand	n.a.	n.a.	10
Viet Nam	n.a.	n.a.	n.a.

Notes: The figures are based on the information directly reported by APEC economies through the Fact Sheet on Individual Efforts Made towards the Achievement of the Bogor Goals. The figures on Russia include the Eurasian Economic Union.

In the multilateral context, in comparison to the commitments made in GATS or during their accessions to WTO, APEC economies have offered market access and/or national treatment in more sectors during the DDA negotiations. The United States offered to extend market access and/or national treatment to the largest number of sectors, offering such treatment to 49 out of 55 sectors. All but two economies increased or maintained the number of sectors offered with market access and/or national treatment (Table 7.4). While Canada did not expand its sectoral coverage, it offered deeper liberalization commitments at the DDA negotiations for the 31 sectors that had already been granted market access and/or national treatment during GATS.

Table 7.4: Sectors with Market Access and/or National Treatment under the WTO

Economies	Number of Sectors (out of 55, as of 2019)		Change
	MA and/or NT granted in GATS Commitment	MA and/or NT Offered in DDA Negotiations	
Industrialized Economies			
Australia	34	40	+6
Canada	31	31	0
Japan	43	45	+2
New Zealand	27	35	+8
United States	38	49	+11
Developing Economies			
Brunei Darussalam	7	8	+1
Chile	8	12	+4
China	40	6	-34
Hong Kong, China	18	28	+10
Indonesia	15	21	+6
Korea	29	36	+7
Malaysia	21	28	+7
Mexico	30	47	+17
Papua New Guinea	40	40	0
Peru	14	22	+8
Philippines	12	16	+5
Russia	40	40	0
Singapore	19	31	+12
Chinese Taipei	40	41	+1
Thailand	28	31	+3
Viet Nam	n.a.	n.a.	n.a.

Notes: The figures are based on the information directly reported by APEC economies through the Fact Sheet on Individual Efforts Made towards the Achievement of the Bogor Goals.

Similarly, many APEC economies have reported that they are keeping exemptions to extend MFN treatment under GATS on just a few sectors. Most of them also reduced the number of sectors with MFN exemptions in the DDA negotiations. Hong Kong, China does not avail of MFN exemptions under GATS and have not sought for any exemptions in DDA negotiations (Table 7.5). Some APEC economies expressed that they would consider lifting some of their MFN exemptions pending the results of DDA negotiations.

Table 7.5: Sectors with MFN Exemptions Maintained due to GATS Commitments and DDA Negotiations

Economies	Number of Sectors (out of 55, as of 2019)	
	MFN Exemptions from GATS	MFN Exemptions due to DDA Negotiations
Industrialized Economies		
Australia	n.a.	n.a.
Canada	6	5

Japan	0	1[102]
New Zealand	2	1
United States	7	6
Developing Economies		
Brunei Darussalam	5	5
Chile	7	7
China	1	1
Hong Kong, China	0	0
Indonesia	2	n.a.
Korea	1	0
Malaysia	3	3
Mexico	2	n.a.
Papua New Guinea	0	0
Peru	9	9
Philippines	3	3
Russia	11	0
Singapore	6	n.a.
Chinese Taipei	2	2
Thailand	6	2
Viet Nam	n.a.	n.a.

Notes: The figures are based on the information directly reported by APEC economies through the Fact Sheet on Individual Efforts Made towards the Achievement of the Bogor Goals.

APEC economies have also kept the number of sectors requiring licensing and qualifications that apply specifically to foreign services providers low. As of 2019, Australia; Canada; Chile; Japan; Peru; and Chinese Taipei reported not imposing discriminatory licensing requirements for foreign services providers. Indonesia; Malaysia; and Mexico treat foreign services providers similarly to domestic services providers, and impose upon them the same requirements that they institute for domestic services providers. Some economies like Japan and the United States note certain restrictions, mostly related to immigration and residency requirements. Hong Kong, China and New Zealand maintain four and three requirements respectively. Papua New Guinea notes that all requirements are applied on a non-discriminatory basis.

To improve transparency in trade in services, several economies are routinely engaging in public consultations during the policy making process. Economies likewise upload relevant regulations, amendments, and provisions on online portals and maintain contact points to provide timely updates to businesses and traders.

D. Investment

APEC economies reiterated their commitment to promote the free flow of capital and develop free and open investment regimes. In general, economies did not report restrictions on transfers of capital, with few exceptions. For example, while Malaysia has some restrictions in place, it has a liberal policy in capital transfer via foreign direct investment. Japan, on the other hand,

[102] The Most Favored Nation (MFN) principle is expected to be applied to Maritime Transport Services when DDA negotiations on this sector come to a successful conclusion. In this sense, Japan submitted a request for MFN exemptions in this sector, which only will be effective after these negotiations are successfully concluded. However, Japan's MOFA noted that this does not represent any changes in Japan's basic position of attaching particular importance to the MFN principle, and it will pursue MFN-based liberalization to the extent possible, including on these matters.

just requires an ex-post facto reporting for outward foreign direct investment. Papua New Guinea exempts Bilateral Investment Treaties (BITs) partners from capital transfer restrictions. Chile; Hong Kong, China; Indonesia; Korea; New Zealand; Peru; and the United States do not apply any performance requirements such as export or local content requirements for foreign investments. Singapore applies such offsets to only four sectors. Papua New Guinea maintains offsets for foreign investments in a number of extractive sectors such as mining, petroleum, oil, and gas. Papua New Guinea also applies offsets in fisheries, forestry, agriculture, and tourism. In the case of the Philippines, there is no performance requirement to obtain an investment license, but the government grants fiscal and non-fiscal benefits to investors who invest in identified priority sectors and register with the Board of Investments (BOI) or other Investment Promotion Agencies (IPAs) and comply with the requirements provided by the law.

There are ongoing efforts to reduce restrictions on foreign investments in APEC. Malaysia no longer considers the level of exports and local material content in approving foreign investments, and approvals of foreign investments are not linked to performance issues in Indonesia. Canada has included a provision in all of its 38 foreign investment promotion and protection agreements (FIPAs) and all of its FTAs with investment chapters in order to avoid imposing performance requirements on any investment.

Table 7.6: Total Number of BITs and RTA/FTAs where Both MFN Treatment and National Treatment are Extended to Foreign Investors

Economies	Total Number of BITs and RTA/FTAs		
	Year		
	1996	2009	2019
Industrialized Economies			
Australia	n.a.	n.a.	23
Canada	9	29	38
Japan	4	24	44
New Zealand	0	1	11
United States	26	48	54
Developing Economies			
Brunei Darussalam	1	13	15
Chile	14	44	46
China	5	35	53
Hong Kong, China	10	15	22
Indonesia	n.a.	n.a.	32
Korea	39	89	94
Malaysia	52	80	88
Mexico	4	39	n.a.
Papua New Guinea	2	2	2
Peru	25	22	n.a.
Philippines	15	44	48
Russia	36	70	81
Singapore	9	21	31
Chinese Taipei	6	19	32
Thailand	15	36	46
Viet Nam	n.a.	n.a.	n.a.

Notes: The figures are based on the information directly reported by APEC economies through the Fact Sheet on Individual Efforts Made towards the Achievement of the Bogor Goals.

APEC economies have also signed several BITs and RTA/FTAs that guarantee MFN and national treatment to foreign investments. The number of such agreements have been increasing throughout the years (Table 7.6).

All reporting APEC economies declared that their investment regimes are mostly consistent with APEC's Non-Binding Investment Principles. In 2019, Australia; Canada; Chile; Korea; New Zealand; Chinese Taipei; and the United States reported that their investment regimes are fully consistent with these principles, with the United States also advocating for strong investor protection. Other economies such as China; Hong Kong, China; Japan; Malaysia; Papua New Guinea; Peru; the Philippines; Russia; and Singapore reported that their investment regimes are in accordance with most of the aforementioned principles, and have increased conformance to these principles between 1996 and 2019.

APEC economies have also noted some restrictions on foreign investments in a number of sectors. Nevertheless, they mostly affect sectors related to domestic and strategic interests such as food security (e.g. agriculture, livestock, and fisheries) and other sensitive industries (e.g. broadcasting, mining, energy, and telecommunications).

E. Standards and Conformance

APEC industrialized economies have gradually aligned more of their domestic standards with international standards. Excluding standards set for food safety and health reasons, New Zealand raised the proportion of its domestic standards aligned internationally from 28.8% (620 out of 2,150) of its domestic standards in 1996 to 46.8% (1,304 out of 2,789) in 2019. New Zealand has also collaborated with Australia over the years, increasing the number of joint standards with Australia from 450 to 2,418 between 1996 and 2019. As of 2019, 87% of New Zealand's domestic standards are aligned with Australia. On the other hand, Australia reported that approximately 41% of its standards are aligned internationally. Canada increased the number of standards aligned internationally to 2,635, now covering 72% of its standards up from roughly 50% in 1996.

Over the years, some developing APEC members have reported higher levels of alignment of domestic standards with international standards. For instance, Korea's adoption of harmonized standards rose from 62.7% (14,661 out of 23,372) in 2009 to 66.8% (13,704 out of 20,507) in 2019. The Philippines also saw a rise in aligning with international standards from 47% of domestic standards in 1996 to 79.4% in 2019. Likewise, Malaysia raised its percentage of standards harmonized internationally from 21.6% to 60.0% between 1996 and 2019. Also, Peru reported having 242 standards that became mandatory (i.e. technical regulation) and 4,949 technical standards and deliverables in 2019, with 1,229 of them (24.8%) conforming to international standards and deliverables, a significant increase since 2005, when Peru only had adopted 261 harmonized international standards and deliverables. Chinese Taipei raised its harmonization rate from 74.16% (2,595 out of 3,499) in 2009 to 99.16% (4,006 out of 4,040) in 2019.

Some economies are participating in the APEC Sub-Committee on Standards and Conformance (SCSC) Voluntary Action Plan (VAP) to align domestic with international standards reported progress in fulfilling their commitments. For example, Papua New Guinea made progress in aligning domestic standards on electronics (e.g. electrical equipment, LED lightning, solar photovoltaics) with target international standards under the VAP. Japan increased the number of aligned domestic standards from just one in 1996 to 376 in 2019. Chile increased the number of standards that are aligned with international standards from none in 1996 to seven in 2019. Chinese Taipei likewise raised the number of aligned standards from 40 to 72. Singapore and Viet Nam reported that they met 100% of their commitments to the VAP. Other economies reported only the number of internationally aligned standards in 2019. For example, China and

Indonesia had 30 and 65 standards aligned respectively. The United States also does not participate in the VAP alignment work, but is one of the largest developers and users of international standards.

APEC economies have also expanded their participation in mutual recognition arrangements (MRAs). Japan and the United States reported that they each had four ongoing MRAs. While most economies did not provide figures on the number of MRAs currently in force, APEC economies collectively maintained a diverse portfolio of MRA arrangements, covering a wide range of sectors (toys, food safety, measurement standards, telecommunication equipment). Several multilateral MRAs include the APEC MRA for Conformity Assessment of Telecommunications Equipment (APEC TEL MRA), the International Laboratory Accreditation Cooperation (ILAC) MRA, the International Accreditation Forum Multilateral Recognition Arrangements (IAF MLA), the International Committee for Weights and Measures (CIPM) MRA and the Certification System of the International Organization of Legal Metrology (OIML-CS). Economies like Chinese Taipei have also signed additional MRAs in new areas such as electrical products, and some economies like Viet Nam expressed interest in exploring new areas for MRAs such as on car type approval, construction materials, and traditional medicine.

APEC members are striving to make standards transparent and objective. Many APEC economies reported their compliance with the WTO Agreement on Technical Barriers to Trade and Sanitary and Phytosanitary Agreements. In addition, they regularly inform the WTO on updates on regulations, standards, and conformity assessments. Other efforts to improve transparency include the incorporation of transparency clauses in FTA/RTAs, compliance with the APEC Leaders' Transparency Standards on Standards and Conformance, coordination with regulatory counterparts in other economies, implementation of Good Regulatory Practices in using relevant international standards and increasing public consultation in the process to introduce standards and technical regulations. Furthermore, most APEC economies maintain online publications and enquiry portals to provide updates and respond to questions on standards.

F. Customs Procedures

As of 2019, all APEC economies, except Mexico, had adopted the Harmonized Commodity Description and Coding System (HS) 2017 Nomenclature. Australia; Canada; China; Indonesia; Japan; Korea; Malaysia; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Chinese Taipei; Thailand; the United States; and Viet Nam have reported acceding to the Revised Kyoto Convention. Other economies such as Chile; Hong Kong, China; Mexico; and Singapore reported that while they have not acceded to the Revised Kyoto Convention, their legal frameworks are in compliance with “some” or “most" provisions of this convention.

Reporting economies highlighted substantial progress in improving the transparency and efficiency of customs procedures. Economies have made customs laws and regulations available to the public via official publications and dedicated websites. Economies also conduct various measures such as client surveys, stakeholder forums, and regulatory impact assessments to enhance customs transparency. On the other hand, economies also leveraged on information technology and automation to optimize customs procedures. Since 1996, economies have explored data digitalization to streamline several processes (i.e. e-filing, e-declarations) and facilitate the exchange of trade-related information between various stakeholders such as customs authorities, customs brokers, banks, and traders. Such initiatives

laid the groundwork in further enhancing the cross-functionality and efficiency of customs systems. By 2019, all reporting economies except Papua New Guinea have either implemented or piloted single-window systems for customs. However, Papua New Guinea has reported that it is making its Automated System for Customs Data ready for Single Window operation in the future.

Economies also implemented measures to secure trade. As of 2019, most economies were using Authorized Economic Operators (AEOs) and risk management systems. Several economies like China; Hong Kong, China; Japan; Korea; New Zealand; Singapore; Thailand; and the United States have existing MRAs on AEOs. Hong Kong, China; Korea; Mexico; Peru; and the United States also reported risk management measures such as the use of advanced surveillance equipment at certain ports of entry and selective inspections to facilitate border clearance without compromising security.

Other best practices on customs procedures adopted by APEC economies include Advance Ruling Systems, which inform importers in advance on the tariff classification and valuation of goods; and Time Release Surveys, which monitor time taken to complete customs procedures and identify bottlenecks for improvement. Some APEC economies also report adherence to the WTO Valuation Agreement, the Admission Temporaire/Temporary Admission (ATA) Convention, the World Customs Organization (WCO) Immediate Release Guidelines, and other initiatives to improve customs procedures.

G. Intellectual Property

Reporting economies have made substantial progress in advancing intellectual property rights (IPRs). All reporting economies have acceded to the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and its amendment, which took effect on 23 January 2017. In addition, many APEC economies have made efforts to accede to established IPR agreements such as the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol); the Singapore Treaty on the Law of Trademarks; the Marrakesh Treaty to Facilitate Access to Published Works by Visually Impaired Persons and Persons with Print Disabilities (Marrakesh VIP Treaty); and the Beijing Treaty on Audiovisual Performances; among others. Several APEC economies have also launched new initiatives to improve IP coverage and enforcement to underrepresented groups. Australia; Indonesia and Canada are developing indigenous knowledge policy frameworks to protect the traditional knowledge and cultural expressions (arts and crafts, ceremonies) of their indigenous population.

APEC economies have updated regulations and introduced new measures to expedite the granting of IPRs and effectively enforce IPRs. Canada; Japan; Korea; Russia; Singapore; and Viet Nam noted the use of the Patent Prosecution Highway (PPH) to accelerate the processing of a patent application. The Philippines started operating as an international searching authority (ISA) and international preliminary examining authority (IPEA) allowing it to conduct search and preliminary examination of international applications filed under the World Intellectual Property Organization (WIPO) Patent Cooperation Treaty (PCT). Moreover, APEC initiatives have expanded the implementation of robust IPR systems. For example, the United States reported updated copyright provisions in the Music Modernization Act of 2018 to adapt primarily to musical licensing issues in the digital age. Also, China has revised laws and increased penalties for malicious trademark registration, trademark infringement and trade secret misappropriation.

Intellectual property (IP) literacy initiatives such as the incorporation IPR in school curricula, the hosting of cultural events, and the implementation of trainings on IP-related matters for government officials help economies raise awareness on the importance of protecting IPRs. These in turn complement the efforts of economies to improve IP inspection systems and more effectively enforce sanctions on copyright infringements.

Besides updating IP coverage and promoting IP awareness, APEC economies have also made strides to improve IP enforcement. For example, to implement the United States – Canada – Mexico Agreement, Canada introduced new legislation that, among others, expand the penalties for copyright infringement and improve the interdiction of pirated and counterfeit goods. In addition, Canada has created two new trade secrets offenses and has also removed exceptions for goods moving in-transit through Canada to investigate suspected piracy and counterfeit trademark goods. Singapore likewise passed the Intellectual Property (Border Enforcement) Bill to strengthen IP border enforcement power. The Philippines created the National Committee on Intellectual Property Rights (NCIPR) to further strengthen the economy's IP enforcement efforts. Regarding digital goods and services, Peru enforced regulations to nudge internet service providers to block illegal transmission and streaming of digital media such as music and streams of sports matches. Indonesia and Peru passed bills that considers unlawful copyright conducts (e.g. distribution, redistribution, transmission, retransmission, or commercialization of copyrights) as valid grounds to terminate a concession contract. Russia has introduced new measures aimed to ensure the electronic interaction of customs authorities with the right holders (and their representatives), while suspending the release of goods with signs of violation of IPR.

APEC economies actively participate in international cooperation such as through the APEC Intellectual Property Experts Group, IP5 cooperation, and bilateral agreements to harmonize IP requirements and improve IP granting and protection. These initiatives complement the domestic unilateral efforts of APEC economies to improve the handling of IP-related matters. In recent months, several APEC economies have implemented measures related to intellectual property issues in order to mitigate the impact of the crisis generated by the COVID-19 pandemic. For example, by putting in the public domain patent reports and technical specifications on technologies to fight COVID-19 and facilitate licensing. Similarly, there are cases of copyrighted software for contact tracing becoming freely available through an open source license.

H. Competition Policy

APEC economies have progressively introduced reforms and new regulations to promote competition in their markets. As of 2019, all reporting economies confirmed the existence of competition laws and the establishment of competition authorities. Korea is updating its Monopoly Regulation and Fair Trade Act for the first time in 38 years. The United States conducts regulatory impact assessments on new competition policies and live-streams hearings on regulatory updates to increase transparency.

Australia; Canada; China; Hong Kong, China; Japan; Korea; Mexico; New Zealand; Papua New Guinea; Peru; Russia; Singapore; and the United States noted full compliance with the APEC Principles to Enhance Competition and Regulatory Reform in 2019. Chile and Chinese Taipei progressed from conforming to "some" to "most" of the principles between 1996 and

2019; while Indonesia, Malaysia, the Philippines, and Viet Nam progressed their compliance from "none" to "most" of the principles over the same period.

APEC economies emphasized that they also actively participate in both bilateral and multilateral cooperation to exchange information, extend technical assistance, and share experiences on the best practices and challenges in updating competition policy.

I. Government Procurement

APEC economies made government procurement more explicit by increasing the transparency of laws, regulations, bidding systems, bidding qualifications, and contract awarding. Several economies like Australia; Canada; Hong Kong, China; Japan; Korea; New Zealand; Singapore; Chinese Taipei; and the United States have acceded to the WTO's Agreement on Government Procurement.

All economies have demonstrated progress in aligning with the APEC Non-Binding Principles on Government Procurement. Chile; China; Hong Kong, China; Japan; Korea; Mexico; New Zealand; Peru; the Philippines; Russia; Singapore; Chinese Taipei; and the United States reported full consistency with the principles in 2019; while Canada, Indonesia, and Malaysia reported alignment with most of the principles.

APEC economies have also capitalized on digital technologies to introduce electronic means of government procurement. Back in 1996, only Canada and New Zealand utilized electronic means for government procurement. By 2019, all APEC respondents had introduced e-systems for government procurement.

APEC economies have progressively removed preferences to domestic suppliers in government procurement processes. Australia; Chile; Hong Kong, China; Japan; Korea; and Peru reported that they do not have any restrictions towards foreign goods, services, and suppliers in government procurement. New Zealand also reported not applying such restrictions or preferences at the central level, but mentioned that while there are no restrictions towards foreign goods, services or suppliers, or preferences for local authorities in the government procurement regulatory framework, there is some flexibility for local government units to support local suppliers. Malaysia maintains such restrictions and preferences in all cases, while the Philippines and Indonesia implements such measures in most cases. Nevertheless, most economies report that such restrictions are only applied in "some" cases.

Chile; Hong Kong, China; Indonesia; Japan; Malaysia; Mexico; New Zealand; Peru; Russia; and Singapore do not have reciprocity requirements in providing access to government procurement markets[103].

J. Deregulation/Regulatory Reform

Regulatory reforms facilitate trade and investment by streamlining regulations and removing obsolete measures. APEC economies recognized the importance of making it easier to do business, and as such conduct routine regulatory reviews.

[103] While some APEC economies reported not having reciprocity requirements in providing access to government procurement markets, it is possible for foreign suppliers to participate in procurement processes subject to requirements stated in each economy's domestic regulations and commitments with other partners via RTA/FTAs.

From 1996 to 2019, many APEC economies have consistently reviewed existing regulations. However, only industrialized economies; and Korea, Singapore, and Chinese Taipei mentioned that have regularly reviewed "most" or "all" existing regulations. Most other developing economies reported routinely reviewing "some" existing regulations.

On the positive side, APEC economies have generally conducted broad reviews of new and proposed regulations. Industrialized economies regularly reviewed "most" or "all" such regulations. Among developing economies; Korea, the Philippines, Singapore, and Chinese Taipei reviewed "all" new or proposed regulations, while Viet Nam reviewed "most" of such regulations.

Australia; Canada; Hong Kong, China; Japan; Korea; New Zealand; Russia; Singapore; Chinese Taipei; and the United States noted that they fulfilled all of the APEC Principles to Enhance Competition and Regulatory Reform in 2019. Indonesia, Peru, and Viet Nam reported compliance with "most" of these principles, while Malaysia and the Philippines reported aligning with "some" of the principles. To improve further the transparency of regulatory updates, all APEC economies reported the implementation of measures to provide for the transparency of regulatory regimes, and increased stakeholder collaboration such as by publishing new and proposed regulations in advance and soliciting public feedback on certain regulations.

Some APEC economies also spearheaded new initiatives to advance regulatory reform. In 2019, the Australia assembled a "Deregulation Taskforce", a dedicated body working on easing the burden of regulatory compliance for businesses. Peru likewise is developing a regulatory quality system, incorporating public consultations and regulatory impact analyses, to systematize how the government reviews regulation and administrative processes. Russia has launched the "regulatory guillotine" initiative, which stipulates for the revision of all mandatory requirements and procedures with the view to withdraw unnecessary and excessive requirements identified by the private sector. At the same time, Russia has been constantly improving its Regulatory Impact Assessment (RIA) mechanism which is aimed to assess possible positive and negative implications of adopting regulatory acts, including for MSMEs through an "SME-test".

K. WTO Obligations/Rules of Origin

As of 2019, all APEC reporting economies indicated full compliance to their obligations under their respective WTO agreements. Moreover, all reporting economies fully adhere to the WTO Agreement on Rules of Origin under the Uruguay Round. This shows the determination of APEC economies to harmonize non-preferential rules of origin and ensure that such rules do not create unnecessary barriers to trade.

APEC economies have taken a number of measures to guarantee the transparent, accurate, and efficient application of preferential rules of origin. RTA/FTAs in the region include a chapter on rules of origin with clear rules. Furthermore, APEC economies have been facilitating measures to ensure that products will meet origin requirements to quality for preferential treatment. In this sense, Canada and Chinese Taipei reported encouraging importers to use advance rulings to determine if a good can be considered as originating from a trade partner with an existing trade agreement. China is leveraging on digital technologies to facilitate declarations of origin, and offer self-service printing to exporters for certificates of origin for specific products. Several economies have also developed platforms for the electronic

exchange of certificates of origin to facilitate information sharing with trade partners. Chile; Mexico; and Peru have developed such a system for the Pacific Alliance. There is a similar mechanism involving Russia at the Eurasian Economic Union. Similarly, Brunei Darussalam; Indonesia; Malaysia; Singapore; Thailand; and Viet Nam have developed a platform under the ASEAN Single Window Mechanism based on the ASEAN Trade in Goods Agreement (ATIGA).

L. Dispute Mediation

All responding economies have dispute mediation mechanisms, which could assist foreign traders and investors in resolving issues with governments and other businesses.

APEC economies mentioned that their dispute mediation systems align with international practices, such as those outlined in the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the WTO Dispute Settlement Understanding, the UNCITRAL Model Law on International Commercial Arbitration, the International Convention on the Settlement of Investment Disputes (ICSID), among others. Brunei Darussalam; Chile; China; Korea; Malaysia; the Philippines; Singapore; and the United States have also signed the Singapore Convention on Mediation in 2019 to enforce and invoke mediated settlement agreements. Singapore has also ratified the Singapore Convention on Mediation, which entered into force on 12 September 2020. In addition, APEC economies have incorporate dispute settlement chapters in their RTA/FTAs and Bilateral Investment Treaties. The United States notes that all RTA/FTAs negotiated after the Bogor Goals Mid-term Assessment in 2010 now have dedicated provisions for dispute resolution.

Foreign investors can use domestic courts and other arbitration and mediatory bodies to resolve domestic disputes. These mediators include chambers of commerce, business associations, and other specialized bodies. Some economies like Indonesia reported to also offer dedicated arbitration institutions to handle issues on specialized areas like intellectual property, construction, contracts, trade, oil and gas-related issues.

M. Mobility of Business People

APEC economies report a wide disparity in the number of visa free arrangements extended to business people, ranging from 19 jurisdictions to over 170. While visa liberalization in the region is uneven, most economies have made efforts to facilitate the entry of business travelers. All APEC economies participate in the APEC Business Travel Card (ABTC) Program, with Canada and the United States indicating that they are transitional members to the initiative.

In general, APEC economies have made progress by offering more visa-free or visa waiver arrangements throughout the years. China used to have only 1 visa-free arrangement in 1996, but has expanded this to 19 in 2019, 3 of which are with APEC members. Likewise, Indonesia only had 11 visa-free arrangements in 2009, but grew this list to 169 in 2019, offering visa-free access to passport holders from all APEC economies.

To date, Hong Kong, China features the most liberal visa-waiver program, offering visa-free entry to travelers from about 170 economies, 17 of which are with APEC members. Malaysia and Singapore extended visa-free privileges to a wide range of people, both requiring visas for passport holders from only 35 economies, respectively. Korea has 48 visa-free arrangements and 109 visa waiver arrangements. Japan; Chinese Taipei; New Zealand; Canada; and Russia

have 68, 66, 60, 54 and 48 visa-free arrangements respectively, while the United States extends visa waivers to passport holders from 39 economies.

Where visas are required, economies have taken steps to speed up the approval of short-term business visas. By 2019, most APEC economies take a week or less to approve visas. New Zealand typically issues visas within 1 working day, Malaysia within 2 working days, Indonesia and Singapore within 3 working days, and China within 4 working days. Japan; Peru; and Chinese Taipei take an average of 5 working days to approve short-term visit visas; Korea takes 6 working days; and Mexico takes 10 working days. Russia issues single-entry visas within 3 working days, double-entry visas within 5 working days and multiple-entry visas within 10 working days. The Philippines offers varying visa processing time in specific situations (for example, an Alien Employment Permit normally takes 5 days to approve, while Special Investors' Resident Visas take 14 days). Finally, while Hong Kong, China pledges to approve all visit visas within four weeks, it offers the flexibility to approve urgent applications within a few days.

To further facilitate the mobility of business people, APEC economies have adopted various measures such as digital applications, electronic visa clearance, and advance clearance procedures in immigration facilities. Japan has adopted the use of Bio Carts (devices to acquire biometric information) in immigration clearance in some ports of entries. Korea and New Zealand have also taken steps to extend the use of smart-gate border clearance to passport holders of select economies. Indonesia has implemented autogate facilities in two ports of entries for selected economies (one for departures and the other for departures and arrivals). Russia has also introduced e-visa to enter the Kaliningrad region.

N. Trade Facilitation

APEC has made significant progress in trade facilitation. As of 2019, China; Hong Kong, China; Japan; Korea; New Zealand; Singapore; Chinese Taipei; and the United States complied with "all" of the APEC Principles on Trade Facilitation. Malaysia reported consistency with "most" of these principles, while Indonesia noted conformance to "some" principles. While Peru did not indicate its degree of compliance, it reported putting into force some decrees to better align with the principles. For instance, Peru passed supreme decrees to regulate the authorization of operators involved in international multimodal transport of goods, the strengthening of the single window, the implementation of the authorized exporter, the incorporation of domestic agencies into the AEO Program, among others.

APEC economies have also launched several programs to support and facilitate trade. Indonesia launched an e-payment system called SIMPONI to simplify and standardize the collection of non-tax revenue from e-commerce. The Philippines passed the Customs Modernization and Tariff Act in 2016, which leverages on information technology to expedite the flow of goods. Since then, the Philippines' Bureau of Customs has implemented seven systems in customs procedures that expedite trade, such as the Goods Declaration Verification System, Document Tracking System, and Cargo Targeting System, among others. Viet Nam highlighted that it is exploring the digitalization of documents to expedite trade, and has handled 192,000 digital files in its single window mechanism in 2019. As for Russia, the Customs Code of the Eurasian Economic Union was approved in 2018 with a view to improve customs regulation, including in terms of automation processes and electronic workflows.

O. Promotion of High-Quality RTA/FTAs

APEC economies have furthered their commitment to free and open trade under the Bogor Goals by concluding and negotiating high-quality RTA/FTAs.

Table 7.7 compares the number of RTA/FTAs that APEC members have successfully concluded between 1996 and 2019 and shows that APEC member economies drastically increased their commitments to sign RTA/FTAs.

In signing and negotiating these new trade agreements, APEC economies have made efforts to adhere to APEC Model Measures for RTAs and FTAs. Indonesia; Korea; Peru; the Philippines; and Singapore indicated that all of their RTA/FTAs are fully consistent with the model measures. Meanwhile, Canada; Hong Kong, China; and Chinese Taipei indicated that their RTA/FTAs are broadly consistent with the APEC model measures. Japan reported that its RTA/FTAs are mostly consistent with APEC model measures as they contain most prescribed elements. New Zealand reported a high level of consistency, while Malaysia indicated that its RTA/FTAs are generally consistent with the APEC Model Measures.

Table 7.7: Number of RTA/FTAs Successfully Concluded

Economies	Number of RTA/FTAs		Change
	1996	2019	
Industrialized Economies			
Australia	1 (1)	14 (8)	13 (7)
Canada	3 (2)	15 (6)	12 (4)
Japan	0 (0)	18 (10)	18 (10)
New Zealand	1 (1)	13 (9)	12 (8)
United States	2 (1)	20 (8)	18 (7)
Developing Economies			
Brunei Darussalam	1 (0)	10 (n.a.)	9 (n.a.)
Chile	6 (0)	32 (19)	26 (19)
China	0 (0)	17 (11)	17 (11)
Hong Kong, China	0 (0)	9 (5)	9 (5)
Indonesia	n.a.	20 (4)	n.a.
Korea	0 (0)	17 (10)	17 (10)
Malaysia	1 (5)	14 (10)	13 (5)
Mexico	4 (1)	n.a.	n.a.
Papua New Guinea	n.a.	n.a.	n.a.
Peru	2 (1)	26 (14)	24 (13)
Philippines	1 (1)	10 (9)	9 (8)
Russia	0 (n.a.)	2 (n.a.)	2 (n.a.)
Singapore	1 (1)	26 (16)	25 (15)
Chinese Taipei	0 (0)	7 (3)	7 (3)
Thailand	1 (0)	13 (5)	12 (5)
Viet Nam	0 (0)	5 (3)	5 (3)

Note: Negotiations with APEC economies in parenthesis. Numbers obtained from Fact Sheets submitted by APEC economies.

Currently, at least 13 APEC economies have reported their involvement in RTA/FTA negotiations. The list of current negotiations include bilateral initiatives, as well as regional ones, such as the Regional Comprehensive Economic Partnership (RCEP).

P. Voluntary Self-Reporting

i. Labor

Some APEC economies have reported on the importance of fundamental labor rights as a key pillar in development. New Zealand has labor provisions in certain FTAs to guarantee the parties' commitment to the 1998 ILO Declaration on Fundamental

Principles and Rights at Work. These labor provisions include measures that establish consultation mechanisms over labor-related issues, increase public awareness on labor policies, and encourage cooperation and communication between parties. Since 2010, New Zealand has concluded the labor chapters in three FTAs: the CPTPP, New Zealand – Korea FTA and the New Zealand – Chinese Taipei ANZTEC agreement, as well as signed a Memorandum of Understanding on Labour Cooperation alongside the New Zealand – Hong Kong, China Closer Economic Partnership,

Japan also have labor provisions in some of its trade agreements. Two of Japan's new RTAs, the CPTPP and the Japan – European Union Economic Partnership Agreement (EPA), each have an independent chapter on labor. Moreover, the Japan – Philippines EPA also has a dedicated provision on labor in its chapter on investment.

In the case of the United States, for many years, its trade agreements have included provisions that require parties to adopt, maintain, and enforce legal provisions on internationally-recognized worker rights. The labor rights cover freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor, a prohibition on the worst forms of child labor, and other labor protections for children and minors; the elimination of discrimination regarding employment and occupation; and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health. In addition, negotiations in 2019 surrounding the United States-Mexico-Canada Agreement (USMCA), which entered force in July 2020, resulted in a ground-breaking provision requiring all three parties to prohibit the importation of goods produced wholly or in part with forced labor.

Peru reported that it introduced new measures to provide for procedural guarantees and increase transparency in judicial proceedings related to fundamental labor rights. Peru passed an administrative resolution to promote the use of electronic documents before jurisdictional bodies of the Judicial Branch. Moreover, Peru established procedural acts to expedite the processing and execution of sentences in the Corporate Labor Module of the New Labor Procedure Law. These laws expedite labor processes by using technology to minimize paperwork and establish processes that streamline court procedures.

Singapore enacted reforms in the legislative framework for collaborations between Singapore and foreign law practices. These reforms liberalize the legal sector in Singapore as they allow lawyers to hold concurrent partnership or directorship positions in various law practices, and increase the limit of the profit and equity share of foreign practitioners in Singapore. Moreover, the Ministry of Law set up the Legal Services Regulatory Authority to administer more effectively certain regulatory functions, such as the licensing of law practices, the regulation of business criteria (e.g. foreign ownership and profit-sharing in Singapore law practices), and the registration of foreign lawyers and regulated non-practitioners in Singapore.

ii. Environment

Recognizing the importance of protecting the environment, several APEC economies have included environment-related articles into their trade agreements.

Since 2009, New Zealand has signed six additional environmental cooperation agreements and chapters with 15 APEC economies, ranging from in-depth environmental chapters in trade agreements to environmental side agreements. Over the years, New Zealand's environmental agreements evolved from non-binding high-level commitments to pursue environmental protection to enforced comprehensive environment chapters in trade agreements.

Japan reported that all 18 trade agreements signed since 2009 have environment-related articles, and that in 15 of them, environment is recognized as one of the fields of cooperation. Two of the agreements stipulate that each party of the agreement shall not relax environmental measures to encourage investments, while other ten agreements recognize the inappropriateness of relaxing environmental measures to encourage investments. The agreements with Brunei Darussalam and Indonesia have chapters on energy and mineral resources with provisions on environmental aspects. These provisions help mitigate the harmful environmental impact of activities related to energy and mineral resources; consider the environment throughout the process of policy formulation and implementation; and encourage the transfer and dissemination of more environmentally friendly technologies.

Since 2009, Peru has included comprehensive environmental chapters in its trade agreements, environmental-related articles in other chapters, including cooperation or negotiated side agreements on the matter. Peru has environmental chapters with APEC economies as United States, Canada, Korea, Australia and has signed the CPTPP with 11 economies, which includes a very comprehensive environmental chapter.

The United States reported that the USMCA includes a modernized high-standard environmental chapter, which includes obligations to combat illegal trafficking in wildlife, timber and fish, to enhance the effectiveness of customs inspections and to strengthen law enforcement networks to stem such trafficking. The agreement includes a streamlined mechanism for public submissions regarding a failure of one or more parties to effectively enforce their environmental laws. In addition, under the USMCA, parties have to implement key multilateral environmental agreements and prohibit some of the most harmful fisheries subsidies, such as those that benefit vessels or operators involved in illegal, unreported and unregulated (IUU) fishing. The USMCA also includes new protections for marine species such as prohibitions on shark-finning and the killing of great whales for commercial purposes.

iii. E-commerce and Privacy

Economies acknowledge the growing importance of e-commerce, and have taken measures to support its development. Japan passed domestic laws, regulations, and guidelines to foster e-commerce. These include the Basic Act on the Formation of Advanced Information and Telecommunications Network Society; the Act on Specified Commercial Transactions; the Act on Special Provisions to the Civil Code Concerning Electronic Consumer Contracts and Electronic Acceptance Notice; the Act on the Protection of Personal Information; and the Interpretative Guidelines for Electronic Commerce. In addition, Japan has included a chapter on e-commerce in its trade agreement with Switzerland, which aims to guarantee the non-discriminatory treatment of digital products and services; clarify rules on market access; promote the protection of online consumers; facilitate paperless transactions; and bind the current practice of

not imposing custom duties on electronic transmissions within the framework of the WTO.

As economies increase their participation in the digital economy, economies also recognize new emerging issues such as data protection and privacy. The Philippines promulgated the Data Privacy Act of 2012, and issued several advisories to address issues on data privacy, such as management of personal data breach, information sharing amongst government agencies, and guidelines on compliance checks. The Philippines established the National Privacy Commission in 2016 to act as an independent body mandated to administer and implement the law, to monitor compliance, and to ensure the compliance of the Philippines with international standards on data protection.

iv. Women

APEC recognize the importance of women in economic development. The Philippines has taken a number of steps to improve the economic inclusion among women. It institutionalized the Magna Carta of Women, which allocates at least 5% of total budget appropriation of all local government units for gender and development activities. Several government bodies have launched projects to encourage entrepreneurship among women. The Philippine Commission on Women spearheaded the Women's Economic Empowerment Project (2014 – 2020), which benefited 2,696 women micro-entrepreneurs by the end of 2019. The Department of Labor and Employment's "Balik Pinay! Balik Hanapbuhay!" program provides livelihood skills trainings to distressed Filipina migrants returning from overseas, and expands their employment and economic opportunities in the Philippines. Finally, the DTI also partnered with the Bangko Sentral ng Pilipinas (BSP) to expand the financing ecosystem of Negosyo Centers catering to micro, small, and medium enterprises (MSMEs). This helps MSMEs, many of which are women-led, access a broader range of financial products and services.

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