

Annex B: APEC Services Competitiveness Roadmap (2016-2025)

In 2015, we, the Leaders of APEC, called for the development of a strategic and long-term Services Competitiveness Roadmap with actions and mutually agreed targets to be achieved by 2025. We now endorse this APEC Services Competitiveness Roadmap (2016 – 2025), and instruct Senior Officials to undertake the commitments outlined here and in greater detail in the accompanying Implementation Plan.

We recognise the important role that services will play in the growth of our region over the coming decade. New technologies are increasing our ability to trade in services while creating platforms that allow many service providers, such as women and small businesses, to participate in this trade. Services are also a growing and dynamic component of global value chains. Together these developments have the potential to significantly increase productivity levels within our economies.

We also recognise that we need to address barriers that inhibit our businesses from competing or trading in services markets and undertake concrete actions that will facilitate services trade and investment and enhance the competitiveness of the services sector. We will seek to ensure that regulations promote fair competition and the adoption of new technologies.

Targets

To increase APEC competitiveness in the services sector by 2025 we set the following targets:

- Ensuring an open and predictable environment for access to services markets by progressively reducing restrictions to services trade and investment;
- Increasing the share (%) of services exports from APEC economies in the total world services exports so that it exceeds the current share in world services exports by 2025¹;
- Increasing trade in services in the APEC region so that, by 2025, the compound average annual growth rate exceeds the historic average of 6.8 per cent² and the share (%) of value-added of the services sector in the total GDP of the APEC region exceeds the global average level by 2025.

Meeting these targets will require APEC to develop some of the most dynamic and efficient services markets in the world. APEC-wide action, including enhanced levels of cohesion within APEC and collaboration between APEC members, is crucial. We also commit to improving services-related statistics to help measure progress and inform decision-making, including establishing an APEC index on the services regulatory environment by 2020.

We recognise the differences in economic and social circumstances across APEC economies and are determined to cooperate in advancing economy-specific actions, through policy dialogue and capacity building for developing economies.

Enabling Factors

Developing and sustaining competitive services sectors requires a range of enabling factors. We commit to putting in place the best possible enabling environment for services competitiveness both at an APEC-wide and individual economy basis, including by undertaking capacity building activities, as needed. These steps will include:

- promoting good regulatory practices, international regulatory cooperation and sound competition policy frameworks and institutions;
- ensuring openness of services markets by extending APEC's overall standstill commitment and rolling back protectionist and trade distorting measures on trade in services;

¹ In 2014, APEC's share of total world services exports was 38.38 per cent.

² WTO Statistics Database

- ensuring an adequate supply of skills in a rapidly changing economy, helping workers adjust to change and providing for increased participation in the workforce by such groups as women, youth, Micro Small and Medium Enterprises (MSMEs) and indigenous businesses;
- fostering dynamic, competitive and effective telecommunications, innovation and information and communication technologies (ICT) policies;
- facilitating effective financial markets, including through the use of new technologies to promote greater inclusion in financial markets; and
- improving people-to-people, physical and institutional connectivity.

APEC-wide Action

Pursuing these enabling factors through APEC-wide action can help achieve the targets and spur the trade and investment necessary to improve the competitiveness of the services sector across APEC economies. APEC, as the premier regional economic cooperation forum, is well-placed to drive this action, in many cases building on existing or planned work in services.

We endorse the following APEC-wide actions:

- Enhancing **global value chains**, including increased participation of MSMEs and women, under the agreed Strategic Blueprint for Promoting Global Value Chains Development and Cooperation.
- Supporting **cross-border mobility for professionals**, building on initiatives such as the APEC Architects and Engineers Registers to facilitate mutual recognition arrangements.
- Enhancing **flexibility for business visitors**, building on initiatives such as the APEC Business Travel Card.
- Implementation of the Renewed APEC Agenda on **Structural Reform**, including progressing the 2016 APEC Economic Policy Report on Structural Reform and Services.
- Supporting liberalization, facilitation and cooperation of **environmental services**, under the agreed Environmental Services Action Plan.
- Progressive liberalization and facilitation of **manufacturing-related services**, under the agreed Manufacturing Related Services Action Plan.
- Supporting **cooperation in the education sector** including promoting internship schemes, overseas student exchange programs, and collaborative policy studies, as well as, in accordance with domestic education systems, information sharing pertinent to economies' education standards, qualifications and credit systems and measures to explore mutual recognition (learning from measures such as the ASEAN Qualifications Reference Framework).
- Collaboration in responding to the rapid developments in **internet-based technology** to promote a regulatory approach that provides appropriate prudential oversight, legitimate consumer and security protections while enabling the flow of trade-related data in the context of an increasingly digitalized world.
- Supporting **cross-border provision of certain financial services**, including through financial inclusion initiatives and engagement by interested economies in the Asia Region Funds Passport initiative.
- Supporting APEC's work on developing **air, maritime and land transportation**, as well as **ICT infrastructure**, in line with the APEC Connectivity Blueprint 2015-2025.
- Supporting APEC's work on developing the **travel and tourism** sector for sustainable and inclusive growth, building on the work of the APEC Tourism Strategic Plan.
- Developing a set of good practice principles on **domestic regulations** in the services sector.
- Development of **services-related statistics** to measure and support implementation of the Roadmap and improve tracking of services trade and investment more broadly.

In addition we note potential further APEC-wide actions that will be subject to further work:

- Progressive facilitation of services to improve the regional **food system** to ensure access to safe, high quality food supplies across the Asia-Pacific.³

Individual Economy Action

Meeting the targets and enabling factors set out in this Roadmap will require significant unilateral action on the part of individual economies to implement structural reform in individual services sectors, as well as across the economy as a whole. Given the importance of unilateral reform, we encourage economies to implement unilateral reforms aimed at further improving the services sector, as part of their structural reform action plans under the Renewed APEC Agenda for Structural Reform (RAASR). This commitment will take into account the circumstances of individual economies such as level of development, readiness and appropriate timing. Such measures should seek to have a high positive impact, both within individual economies and across APEC as a whole.

To support the process of unilateral reform, we agree that APEC will facilitate a process of peer learning and capacity building. The process will provide APEC economies with the tools and information necessary to undertake unilateral reforms on a voluntary basis.

Implementation

We agree that this Roadmap and associated Implementation Plan should be seen as living documents. Additional APEC-wide actions can be agreed at any time in order to achieve its objectives.

APEC will manage a program of capacity building for interested developing economies that request support with implementation of the Roadmap at both the APEC-wide and individual economy level. Funding for capacity building can be sought from relevant existing APEC funds (including the RAASR Sub-fund). Additional funding from economies for capacity building will be welcomed.

APEC will also facilitate a process of peer learning. Economies interested in implementing reforms will be encouraged to seek peer support from other economies with relevant experience and their best practices.

APEC will facilitate improved measurement of trade and investment in services both to support implementation of the Roadmap and to improve the collective understanding of key issues. A particular priority will be the development of an APEC index to measure the services regulatory environment in APEC economies, taking into account the indices already developed by other fora such as the OECD and World Bank.

Senior Officials will have overall responsibility for monitoring and evaluating progress under the Roadmap. Senior Officials will report periodically to Ministers on progress, and seek further guidance, as appropriate, from Ministers to move forward on additional actions during implementation of the Roadmap. We commend the key role that business organizations have played in the development of the Roadmap, particularly the APEC Business Advisory Council, Pacific Economic Cooperation Council and the Asia-Pacific Services Coalition. We encourage further collaboration with organizations engaged in implementation and monitoring progress of the Roadmap.

We agree to a mid-term review in 2021 with a view to assessing what individual and APEC-wide actions will be required to complete the objectives by 2025.

³ subject to further consideration by the CTI and the APEC Policy Partnership on Food Security