



June 4, 2019

Mr. Mathias Francke

APEC 2019 SOM Chair

Director for Multilateral Economic Affairs

General Directorate for International Economic Affairs

Ministry of Foreign Affairs

cc: **Mr. Justin Allen**

CTI Chair

Ms. Krasna Bobenrieth

GOS Chair

Dear Mr. Francke:

As you are aware, the Asia Pacific Services Coalition (APSC) is a key APEC business stakeholder representing services industry coalitions from APEC member economies as well as other associations in the Asia Pacific region. APEC Leaders conferred an official role on APSC at the time of its creation in 2015 to provide input and monitor the progress in achieving the targets established in the APEC Services Competitiveness Roadmap. Since that time, we have provided our recommendations to each SOM on the Services Roadmap as well as on related digital trade issues.

The Indonesia Services Dialogue hosted the fifth annual meeting of the Asia Pacific Services Coalition (APSC) in Jakarta, Indonesia on April 24, 2019. We reaffirmed our commitment at that meeting to work with APEC member economy officials and stakeholders to promote the growth and competitiveness of regional services industries, particularly digitally enabled services and e-commerce. APSC members also shared their views at the APEC-sponsored Public-Private Dialogue on “The Impact of New Technologies: Implementing the APEC Services Competitiveness Roadmap in the Digital Era”. We have attached a copy of the press release issued following our annual meeting.

We were pleased to have the opportunity to exchange views with Ms Krasna Bobenrieth, Chair of the APEC Group on Services (GOS) and to hear an update on the progress on GOS initiatives. We are especially appreciative of the GOS report to the SOM urging a final push on services to achieve unfinished business in the Bogor Goals, especially the recommendations to: deepen work on application of the non-binding principles on domestic regulation; take further steps to promote cross-border data flows; undertake further work on professional business services especially mutual recognition arrangements which facilitate the movement of people. APSC

Asia Pacific Services Coalition

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also believes the tourism sector should be included in the list of services sectors identified for further work.

The Coalition supports the call for a Services Summit during SOM3 and considers that the Summit agenda should include discussion of the importance of facilitating rather than erecting barriers to e-commerce or digitally enabled services. APSC members stressed the need to integrate innovation and harness digital technology in order to optimize benefit to customers as well as to service providers, especially MSMEs. This also means leveraging new and emerging technology to build on the future of work and the workforce of the future.

APSC members consider it is critically important for APEC member economies to create regulatory environments that facilitate e-commerce and allow cross border flow of digitally enabled services, such as cloud services and artificial intelligence across all services sectors including financial services. The APSC urges the SOM to put a high priority on preventing barriers to e-commerce, such as imposition of customs duties on electronic transmissions or other fees, removing data localization requirements and other barriers to digital services, and facilitating investments in services such as e-payments, insurance and logistics. APSC urges the SOM to support adoption of the existing pathfinder supporting the continuation of the e-commerce moratorium on customs duties and to consider additional innovative APEC pathfinder approaches to develop the building blocks required for digital trade, including confidence-building regulatory exchanges and capacity-building measures. APSC believes that data flows can be facilitated while ensuring data protection.

The Coalition welcomes recent developments in APEC and in the WTO towards an e-commerce framework and urges APEC member economies to work together with the WTO to help achieve a high standard set of disciplines on digital trade and simultaneously to maintain support for the longstanding e-commerce moratorium.

Services and digital trade are key contributors to inclusive and sustainable growth in the APEC region. It is therefore imperative to address the challenges of the digital revolution and build on the opportunities presented by digitalization to better equip our businesses, our people and our institutions in this new trade area.

We remain committed to supporting the SOM Chair's office along with the APEC Business Advisory Council (ABAC), and the Pacific Economic Cooperation Council (PECC), to achieve the Services Competitiveness Roadmap objectives and promote the creation of conducive APEC regulatory environments for e-commerce and digital trade.

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Launched in Cebu, Philippines in 2015, the Asia Pacific Services Coalition (APSC) - composed of the major business organizations focused on services in the Asia Pacific region - agreed to develop closer cooperation and dialogue aimed at fostering growth and efficiency in the services sectors.

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