

Roadmap for Trade and Investment Cooperation of GTI (2017 - 2020)

1. Introduction

Trade and investment are vital engines for economic growth. Promoting trade and investment in the Northeast Asia (NEA) has always been a key priority since the beginning of GTI activities. To enhance regional cooperation on trade and investment, GTI Ministers, at 16th CC Meeting in Seoul, Korea, agreed to transform the former Trade Facilitation Committee (TFC) into the Trade and Investment Committee (TIC). The inaugural meeting of TIC was successfully held on 14th December 2016, where GTI Member countries took stock of their achievements towards the goals of the GTI Strategic Action Plan 2012-2015. They were satisfied with the development of the progress to date and shared their views on future cooperation. They reaffirmed their commitments to further strengthen trade and investment cooperation in the region. Noting that the pressures on realizing sustainable economic growth continued to mount against the background of slow recovery of the world economy, they decided to develop a Roadmap with mutually agreed targets, clear guidelines and a set of concerted actions to promote tangible cooperation and implement the updated GTI Strategic Action Plan for 2017-2020.

2. Goals

The main goals of the Roadmap is to enable concrete actions which will improve the trade and investment environment in the region, enhance intra-regional policy coordination, promote economic growth and people's wellbeing and achieve common development and prosperity. And the Roadmap will also act as an instructive instrument which will help to achieve the Objectives and to enrich the Approaches in the updated GTI Strategic Action Plan for 2017-2020.

3. Priority areas and actions

3.1 To accelerate trade liberalization and facilitation

In terms of trade, NEA countries are among the active players in the world. GTI has touched a broad agenda on trade facilitation. Topics on single window, paperless trade, authorized economic operators (AEO), border crossings, public-private collaboration, trade financing, etc. have been introduced. According to the Greater Tumen Initiative Trade Facilitation Study by UNDP (2015), trade among GTI Member Countries is still lower than potentials due to information asymmetry on cross border trade, high cost on transportation and time delays on procedures.

Noting that legitimate international trade must continue to be liberalized and facilitated, GTI Member countries will:

- a. Establish a network among trade promotion agencies in order to enhance linkages and cooperation among them;
- b. Simplify and harmonize customs procedures and improve efficiency in customs clearance to reduce the cost and time delays for cross-border trade;
- c. Expand Mutual Recognition Arrangement (MRA) of Authorized Economic Operators (AEO) between GTI Member countries;
- d. Promote paperless trade, and facilitate access to, use of, and data exchange with the single window;
- e. Facilitate the mobility of business people who are engaged in the trade and investment activities in the region;
- f. Enhance cooperation on Sanitary and Phytosanitary (SPS) measures to reduce negative effect on cross border trade;
- g. Enhance the function of existing regional Trade Fairs, such as the GTI EXPO held in Korea, the CNEA EXPO hosted by China, to improve the information asymmetry of business opportunity and trade-related policies and regulations;
- h. Share the information on Regional Trade Agreements (RTAs)/Free Trade Agreements (FTAs) which GTI Member countries involved in and exchange experiences and practices in developing, negotiating and implementing RTAs/ FTAs; and
- i. Adopt international instruments as useful guidelines in relevant

fields, such as WTO Trade Facilitation Agreement, Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific by UNESCAP, which can provide good international environment and set up international standards.

3.2 To promote cross border E-commerce development

E-commerce has changed the way of doing business and opened up completely new opportunities in the global market. It helps to reduce trade costs, encourage innovation, increase productivity and promote economic growth. It also contributes to increasing competitiveness and efficiency of SMEs. The e-commerce cooperation among GTI Member countries is of great potential.

To enhance the role of E-commerce in regional economic development, GTI Member countries will:

- a. Create a sound trade policy environment facilitating cross-border E-commerce;
- b. Explore concrete measures to improve the infrastructure and technical conditions for development of cross-border E-commerce;
- c. Enhance transparency on laws, regulatory measures and procedures relating to cross-border E-commerce and make them easy accessible and regularly updated;
- d. Promote innovation of online trade financing for cross-border E-commerce transactions and explore facilitating measures; and
- e. Share successful cases and best practices in terms of creating better framework on laws, policies, regulatory measures and procedures for cross-border e-commerce.

3.3 To improve regional supply chain connectivity and integrate regional logistics

Efficient and unimpeded supply chain connectivity will help to increase the efficiency, resilience and sustainability of regional economy. Besides infrastructure and customs procedures, logistics also plays an important role on the performance of supply chain connectivity. An APEC study found that a 1% improvement in logistics performance could

lead to an immediate 3% growth in exports. The Greater Tumen Initiative Trade Facilitation Study by UNDP (2015) points out that the efficiency and cost effectiveness of logistics services in the region are not so satisfactory and there is a common need to improve the performance in supply chain connectivity.

To reduce trade costs across supply chains and improve supply chain reliability in supporting the competitiveness of business, GTI Member countries will:

- a. Encourage multi-modal transportation and support seamless and trackable movement of containers between different modes of transport across the region;
- b. Identify the impediments to regional multi-modal connectivity and take concrete actions to address the bottlenecks;
- c. Explore the collective actions on regional cross-border customs-transit arrangements;
- d. Improve transparency of the regulatory environment affecting logistics and increase awareness of the policies among logistics services companies doing business in the region;
- e. Raise the quality of logistics services and management through capacity building, information sharing, best practice showcase, etc.;
- f. Share the best practices on the operation of the regional logistics corridors; and
- g. Strengthen the dialogues among the stakeholders of regional supply chain connectivity, such as government agencies, private sectors, research and academic institutions, multilateral institutions, etc.

3.4 To create attractive investment environment

Investment is recognized as the engine of economic growth, job creation, trade and development. With the objectives of creating an open, transparent and conducive investment environment, collaborative approaches will be adopted on enhancing policy coordination, carrying

out effective investment promotion activities and promoting dialogues among stakeholders in investment sectors.

Aiming at promoting cross-border investment flows, GTI Member countries will:

- a. Facilitate investment activities through promoting awareness of investment opportunities, enhancing market access conducive to investment, undertaking capacity building and technical cooperation activities, etc.;
- b. Promote accessibility and transparency in the formulation and administration of investment-related laws, regulations and policies;
- c. Enhance stability of investment environments, security of property, protection of investments and predictability and consistency in investment-related policies;
- d. Improve the efficiency and effectiveness of investment procedures; and
- e. Build constructive stakeholder relationships.

3.5 To enhance the cooperation on SEZs

Special Economic Zones (SEZs) including Export Processing Zones, Industrial Parks, Border Economic Zones, Logistics Parks, Cross-border Economic Zones, etc., serve as a useful tool to attract investments, create jobs, and boost industry competitiveness, which ultimately results in economic growth. The establishment of SEZs is also the impetus for supporting regional connectivity, promoting urbanization and realizing economic corridors in conjunction with the improvements on cross-border infrastructure through roads, railways and land-sea routines. Recently, the establishment of SEZs, no matter within one country's territory or cross border with its neighboring country, has emerged as a national strategy for some of the Asia countries.

To encourage further development on SEZs as new generator of regional development for domestic reforms and window of opening up to the outside world, GTI Member countries will:

- a. Facilitate the investment on the construction of SEZs through reducing administration costs and providing one-stop services of

- administrative procedures;
- b. Promote accessibility, transparency and consistency on policies, regulations and laws related to SEZs;
- c. Showcase the best practice on the construction and operation of SEZs; and
- d. Incubate new SEZs by enhancing knowledge sharing, capacity building, public-private dialogue and policy coordination activities.

3.6 To boost trade in services

Modern economies are heavily dependent on services as drivers of economic activity, growth and job creation. Efficient services markets increase consumer choice, enhance productivity, boost competition, drive down the price of producer services, and create opportunities for firms. Competitive services sectors can also help to attract foreign direct investment by creating the conditions necessary for businesses to operate effectively.

To build up open and efficient market environment of trade in services, GTI Member countries will:

- a. Improve the transparency in laws, regulation and administrative procedures relating to trade in services;
- b. Create business opportunity through trade promotion activities and industry dialogues; and
- c. Conduct capacity building to improve services supply by providing adequate skills, increasing the participation in supply chain and promoting the use of advanced technologies.

3.7 To promote regional infrastructure investment

With a growing demand for infrastructure investment in the region, various institutions are making efforts to respond. New routes to improve GTI's financing ability, increase the efficiency on matching the projects and funds and enhance the project managing capacity have been explored. The NEA EXIM Banks Association has been set up to deal with the bottlenecks of lacking financial resources in the region and the proposal to set up a Project Office is under discussion. Infrastructure investment is

a cross-sector issue which requires more comprehensive manners, such as Public-Private Partnership (PPP) which has been proved effective at optimizing resources, alleviating fiscal constraints and providing high quality public products.

To build a diversified and multi-channel investment and financing system for infrastructure investment, GTI Member countries will:

- a. Establish a regional database on infrastructure projects;
- b. Enhance the cooperation mechanism to improve GTI's financing ability for regional infrastructure investment;
- c. Strengthen government capacity in project planning and coordination and build a sound legal and regulatory environment to attract investment;
- d. Enhance government policies and operation to facilitate infrastructure investment through multi-channels including PPP modality;
- e. Share the good policies and practice on innovating financial mechanisms for infrastructure investment, including the application of PPP modality;
- f. Launch capacity building initiatives to address impediments in promoting infrastructure investment and improve the ability of GTI Member countries to better utilize PPP; and
- g. Strengthen collaboration between GTI Member countries, EXIM banks, private sectors, and international organizations with a view to sharing project information and enhancing effective deployment of financial and knowledge resources.

4. Implementation and Evaluation

Pursuing further development of regional trade and investment, GTI shall take collective actions in the identified areas under the Roadmap. The Trade and Investment Committee (TIC), as the main coordinating mechanism tasked to deal with the comprehensive issues on trade and investment, shall take overall responsibility of implementing the Roadmap and evaluating progress with the Roadmap, with the support of the GTI Secretariat. It should call on GTI Member countries to promote trade and investment liberalization and facilitation in the region, guide

them towards effective implementation of the Roadmap and develop annual working plans to achieve step-by-step progress. TIC could facilitate the full implementation of the Roadmap through providing dialogue platform among GTI Member countries, inspiring in-depth discussion on practical approaches, encouraging specific project proposals, organizing supporting activities and reviewing the progress on regular basis. However, meeting the targets set out in this Roadmap will also require significant individual actions and reforms by GTI Member countries. Taking into account of different levels of economic development in the region, all the actions for the implementation will be undertaken on the basis of non-binding commitments, open dialogue and equal respect for the views of all GTI Member countries.

Considering trade and investment issues are of relevance with other sectors, such as transport, synergies with other GTI work streams (Transport Committee, Local Cooperation Committee, EXIM BANKS Association, Research Institutions Network, etc.) will be further promoted through intensive dialogues and effective team work. Realizing the limited resource of GTI, close partnership and collaboration with international or regional institutions and organizations, such as GIZ, ESCAP, should be enhanced. Noting that the private sector plays a very important role in regional cooperation, their further engagement shall be strengthened.

To assess the progress in implementing the Roadmap, reviews on the status of implementation, including results achieved and problems encountered, shall be conducted on a regular basis. A report on the progress shall be submitted to the GTI National Coordinators' Meeting (NC Meeting) periodically. The NC meeting will review the overall achievements and then report them to the GTI Consultative Commission Meeting.