



**Asia-Pacific  
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## **Outcomes of APEC Industry Forum on Addressing Barriers to Trade in Health Care Products: Helping SMEs Participate in Global Value Chains**

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**APEC**  
PHILIPPINES  
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**40<sup>th</sup> Small and Medium Enterprises Working Group  
Meeting  
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**Outcomes of APEC Industry Forum on Addressing Barriers to Trade in Health Care Products:  
Helping SMEs Participate in Global Value Chains  
June 8, 2015**

In November 2014, APEC Leaders endorsed the “Healthy Asia-Pacific 2020” initiative, which aims to achieve sustainable and high-performing health systems across member economies. Previously, at the APEC Health & Economy Ministerial in August, ministers had urged APEC “to increase the efficiency of global value chains by examining barriers in the health supply chain that impede population access to affordable, safe and effective medical products and services.” The APEC Life Sciences Innovation Forum (LSIF) Regulatory Harmonization Steering Committee is undertaking a number of activities to foster greater regulatory cooperation. The CTI has endorsed the proposal “Promoting SMEs’ Integration into Global Value Chains in Major Industries,” for which the United States is the sector lead for the health care industry.

In this context, the United States held a one-day forum focused on identifying the barriers to trade in health care products on June 8, 2015 in Atlanta, Georgia during which public and private sector participants discussed the barriers to trade in the health care sector that significantly hinders access to safe and effective medical products.. Speakers from a range of government agencies and industry representatives throughout the day highlighted experiences exporting and importing in the health care sector, and emphasizing that many of these barriers disproportionately impact SMEs.

The Forum provided an opportunity to present preliminary results of the draft APEC study, undertaken by the US-APEC Technical Assistance to Advance Regional Integration Project, on Trade Policies Affecting APEC Trade in Health Care Products Study, which identifies tariff policies and non-tariff barriers (NTBs) that affect trade flows in health care products in the APEC region. While still in progress, the study noted that out-of-pocket expenditures as a share of total health care expenditures are higher in lower income economies, and thus implying a disproportionate impact on those consumers in lower income economies as they are more likely to purchase health care products directly.

The Forum highlighted that reducing cost of health care is a necessary component in all actions that focus on addressing barriers to trade, from reductions in product costs for consumers or lowering costs for SMEs to enter into the health care market. Ultimately, reducing costs of health care, including through trade, will significantly improve access to health care and expand health care safety for patients. Industry and government experts highlighted the need for a focus on reducing the cost of existing regulations, and eliminating unique regulatory approaches through APEC’s existing harmonization initiatives, while also focusing on building an enhanced partnership with private sector to implement change. Participants also concluded that emphasis should be placed on expanding training on issues that include regulation and innovation, and expand engagement on border and customs processes that relate to implementing the WTO trade facilitation agreement. Several speakers noted that localization policies often prevent SMEs from exporting and/or participating in the global value chain in the healthcare area and discussed the importance of more specifically addressing services in the healthcare sector in the future.

Finally, based on preliminary results of the regional study noted above, participants recognized the need to eliminate tariffs on broad range of healthcare products in the region.

While many of these trade barriers are not unique to the health care product sector, they have a more significant impact on GDP and the average consumer. Based on the inputs from this Forum, the United States will move forward to finalize the regional study for presentation at SOM3 in August. Both the Forum and the study will help to inform discussions in APEC's Life Sciences Innovation Forum as well as in APEC's Committee on Trade and Investment on ways APEC can take concrete actions to eliminate tariffs and reduce select non-tariff barriers in the healthcare sector.