

REPORT ON THE IMPLEMENTATION OF APEC TRANSPARENCY STANDARDS

Transparency is an essential component in the openness of decision-making related to the introduction and enforcement of new and amended regulations. In both social and economic terms, it plays an important role in revealing the basis for, and the full range of possible costs and benefits of, regulatory decisions and implementation. Globalization has highlighted the need to enhance competitiveness by reducing the regulatory burden on business. Differences in regulatory requirements of individual economies may actually impede gains from trade liberalization. A smooth functioning, transparent regulatory system can have positive effects on trade and investment flows. At the same time, regulatory efficiency helps ensure better consumer protection. Consequently regulatory issues are increasingly becoming part of the global and international trade agenda.

In recent years, APEC has made impressive commitments in the area of transparency. In 2002, Leaders agreed to a set of General Transparency Standards that committed members to such measures as publishing all laws and regulation, and establishing appeal mechanisms for administrative decisions. In 2003 and 2004, the general standards were mapped onto specific trade policy areas with nine sets of Area-Specific Transparency Standards¹, and agreement was reached on incorporating the transparency standards into Individual Action Plan (IAP) templates for annual reporting starting in 2005.

Leader's Statement to Implement Transparency Standards

Transparency is an essential principle in the APEC process for both promoting economic stability and in meeting APEC's free trade and investment goals. In their 2004 "Statement to Implement APEC Transparency Standards", APEC Economic Leaders observed that transparency:

- is an important element in promoting economic growth and financial stability at the domestic and international levels;
- is conducive to fairer and more effective governance and improves public confidence in government;
- is a General Principle in the Osaka Action Agenda which requires its application to the entire APEC liberalization and facilitation process;
- is a basic principle underlying trade liberalization and facilitation, where the removal of barriers to trade is in large part only meaningful to the extent that the members of the public know what laws, regulations, procedures and administrative rulings affect their interests, can participate in their development, can participate in administrative

¹ Services, Investment, Competition Policy and Regulatory Reform, Standards and Conformance, Intellectual Property, Customs Procedures, Market Access, Business Mobility and Government Procurement.

- proceedings applying them and can request review of their application under domestic law;
- in monetary, financial and fiscal policies, and in the dissemination of macroeconomic policy data ensures the accountability and integrity of central banks and financial agencies, and provides the public with needed economic, financial and capital markets data; and
 - will be enhanced through well-targeted, demand-driven capacity building to assist developing economies make progress toward greater openness.

Accordingly, they committed to implementing the APEC Transparency Standards, taking into account the General Principles in the Osaka Action Agenda.

Assessment Implementation of Transparency Standards

At the 18th APEC Ministerial Meeting (AMM) held in Hanoi, Vietnam on 15-16 November 2006, Ministers reaffirmed the importance of robust implementation of APEC's General and Area-Specific Transparency Standards and encouraged Senior Officials to fully complete the assessment of implementation of the Transparency Standards.

At SOM III last year, CTI agreed on a set of 10 templates to assess economies' implementation of the Transparency Standards and agreed that economies will complete these templates by CTI2, 2007.

Fourteen economies have submitted completed returns and another six economies have submitted partial returns. A review of economies' submissions indicates that for the most part, members have implemented APEC's General and Area-Specific Transparency Standards.

Recommendations

Drawing on the results of this self-assessment exercise, it is recommended that:

- the completed templates, which contain very useful information for the business community and other stakeholders on members' laws, regulations, procedures and administrative rulings, be made publicly available;
- the completed transparency templates of those economies that are to be reviewed under APEC's IAP Review Process in 2008 and 2009 be made available to the independent experts that are commissioned to develop the questionnaire for the Peer Review and prepare the Study Reports;
- the economies that have not yet submitted any returns or have only submitted partial returns, complete this self-assessment exercise in time for the upcoming 19th APEC

Ministerial Meeting (AMM) which will be held in Sydney, Australia on 5-6 September 2007.

Future APEC Work on Transparency

Transparency is an important aspect of trade facilitation, which recognizes that it is not only the restrictiveness of at-the-border and behind-the-border policies that matters for trade and investment, but also the way in which those policies are designed and administered. Making trade policy more predictable reduces uncertainty, and therefore costs, for business. Simplifying trade policy makes it easier, and therefore less costly, for importers, exporters and exporters to identify, assess, and comply with regulations. These issues should be explored further by CTI.

The recent study on “Transparency and Trade Facilitation in the Asia-Pacific: Estimating the Gains from Reform” commissioned by APEC from the World Bank, indicates that APEC economies stand to gain a collective US\$148 billion to their trade performance from greater trade policy predictability and simplification.