



Asia-Pacific  
Economic Cooperation

# APEC Committee on Trade and Investment

Annual Report to Ministers

2009

Advancing Free Trade for Asia-Pacific Prosperity



**Asia-Pacific  
Economic Cooperation**

**APEC Secretariat**

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**Asia-Pacific  
Economic Cooperation**

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**COMMITTEE ON TRADE AND INVESTMENT**

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Dear Ministers,

I am pleased to present to you the APEC Committee on Trade and Investment's (CTI) **2009 Annual Report** for your review and endorsement. The report contains an overview of CTI's work this year along with a series of recommendations to advance the Committee's continued work program.

In accordance with the direction provided by Leaders and Ministers in Lima in November 2008, CTI's work for 2009 continued to be framed in the context of the 2007 Leader's mandate to accelerate efforts towards the promotion of **Regional Economic Integration (REI)** agenda, focusing on supporting APEC's 2009 priorities and theme of "Sustaining Growth, Connecting the Region".

Accordingly, CTI's key work priorities in 2009 concentrated on Supporting and Accelerating Regional Economic Integration (REI) *at the border, behind the border and across the border*. *At the border* focused on exploring FTAAP; on making rules of origin more business friendly; development of the Environmental Goods and Services Work Program and facilitating cross border trade in services; Improving the Business Environment "*behind the border*" focused on Improving the Business Environment in terms of taking forward the Investment Facilitation Action Plan and "*across the border*" which focused on enhancing physical connectivity via the supply chain connectivity initiative and enhancing the implementation of TFAP II. In addition, CTI continued with the work-plan on digital economy and IPR and the outstanding model measures. We continued our collaboration with the Economic Committee with the initiation of the EC-CTI Supply Chain Connectivity Initiative at CTI 1 and expanded this collaboration to include the Transportation Working Group.

The establishment of the APEC Policy Support Unit (PSU) has greatly benefitted the work of the CTI as collaboration on specific projects with the PSU has allowed the CTI to embark on analytical work in support of our key priorities for 2009; develop practical work programs as well as be aware of the areas of our work program that could benefit from more focused capacity building. Working with the PSU, CTI has completed the following projects:

- An interim assessment of the implementation of APEC's Second Trade Facilitation Action Plan (TFAPII) as well as to advise on the appropriate methodologies and approaches to quantify the impact of TFAPII on trade transaction costs and review the approach taken and progress made at the mid-way point of TFAP II (2006-2008);
- Development of a rigorous methodology to measure the progress in implementing the IFAP and to identify KPIs which may provide a consistent basis for measurement of progress across the 2008-2010 period;
- Study on good regulatory practices (GRP) for EGS necessary or desirable for climate change mitigation and adaption as an element to the EGS work program for further discussion at CTI1, 2010 with a view to looking at whether to develop a set of GRP for EGS;

2009 in fact has proved to be another extremely productive year for the CTI and the 9 subgroups and 3 industry dialogues that it oversees. Excellent progress has been made in many priority areas.

Some significant CTI deliverables for 2009 are highlighted below.

- Continuing with the exploration of FTAAP, CTI has continued with the convergence and divergence work that we commenced in 2008 by expanding the coverage to 42 FTAs and including analysis of e-commerce provisions in these FTAs. The results of this work indicate that some chapters are more prone to convergence than others. Complementing this work is the further analytical study of the economic impact of an FTAAP. At the CTI 3 Trade Policy Dialogue, CTI examined the impact of the expansion of the EU and what lessons APEC could learn from this in terms of FTAAP.
- With the economic crisis uppermost in our mind, CTI's REI agenda also focused on work that would help our business community cut costs, be it in terms of simplification of processes or reduction of time to do business. In relation to the former, CTI and subfora key priority for 2009 has been to examine ways in which we could make rules of origin more business friendly. Arising from this we have launched the CTI Self-certification of Origin pathfinder. In addition MAG and SCCP have been working together to see how best they could further simplify the customs documentation relating to preferential trade so as to allow for greater utilization of FTAs. CTI also worked with the PSU to assess if we were on track to meet our goal of a further 5% reduction in transaction costs under TFAP II and whether the Key Performance Indicators selected in 2008 were helpful in this respect. In terms of reducing time, CTI with the Economic Committee embarked on the Supply Chain Connectivity Initiative pursuant to which we have identified eight chokepoints that impede business supply chains and suggested possible work-streams to overcome these chokepoints so as to allow for faster, easier and quicker delivery of goods and services within the APEC region.
- Realizing the importance of the services sector as a contributor to economic growth CTI has initiated work on facilitating cross border trade in services under the rubric of the APEC Services Initiative (ASI). The ASI has 3 objectives i.e. (1) to increase awareness of the nature of cross-border services and relevant policy issues (2) develop a framework of services principle to facilitate further expansion of cross-border services trade and (3) develop a Services Action Plan (SAP) to boost services trade and facilitate the development of open and efficient services markets in the APEC region.
- Aware that the global crisis could have negative effects on foreign direct investment flows into the APEC region, CTI with the IEG and the PSU has begun work to identify the key performance indicators of the investment facilitation action plan that would result in the APEC region continuing to be an attractive FDI zone.
- In response to Minister's instructions to develop an Environmental Goods and Services (EGS) Work Program a mapping exercise was undertaken of all the EGS related work taking place in CTI and subfora and based on this an EGS Work Program has been developed.

#### Interaction with Business

CTI continues to work closely with the APEC Business Advisory Council (ABAC). The ABAC liaison representatives at the CTI and designated subfora meetings have

contributed greatly to APEC's understanding of business needs and collaboration with ABAC on rules of origin has allowed CTI to be more cognizant of the concerns that business would like to see addressed in this area. I have also continued to participate in ABAC meetings in 2009 and gained useful insights from them, which helped to shape CTI's work this year. I hope that my participation in their meetings has also helped ABAC better understand the workings of the APEC processes, especially CTI, which will result in better interaction and results over time.

All of this productive work, though, would not have been possible without the commitment, engagement and cooperation of all CTI representatives, especially my FOTC leads who have proved to be able independent workers. I would like to take this opportunity to thank them for responding quickly to tight timelines imposed at CTI this year as we rushed to try to deliver practical outcomes to business in the throes of the economic crisis. I would also like to thank all the sub-fora Convenors and industry dialogue Chairs for their dedication to their work and their innovation not just in terms of ideas but in getting consensus on tricky issues which has resulted in a plethora of activities taking place in 2009 as the rest of this report will show.

Last but not least I would like to thank Catherine Wong for all the help she has provided to me throughout this year.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Chelliah', with a horizontal line underneath.

Mary Elizabeth Chelliah  
Chair, APEC Committee on Trade and Investment

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## Recommendations

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CTI recommends that Ministers **endorse**:

- CTI's 2009 Annual Report, including the Collective Action Plans in *Appendix 10*.
- Services Action Plan aimed at providing a common direction and coherence to APEC's work on services trade and establish a forward work program to foster development of open and efficient services market in the APEC region. (*Appendix 4*)
- Framework of APEC Principles for Cross-Border Trade in Services that will guide the development of a more liberal service sector within the Asia-Pacific region. (*Appendix 5*)
- Environmental Goods and Services (EGS) Work Program which will address barriers to trade and investment in EGS. (*Appendix 6*)
- The APEC Cooperation Arrangement for Cross-Border Privacy Enforcement and related documents, a key step in establishing a voluntary system of cross-border privacy rules based on the APEC Privacy Framework
- Supply-Chain Connectivity Framework which identified eight chokepoints in regional supply chains and recommended for further discussion in 2010 possible actions to address these choke points and **commend** the strong collaboration among the CTI, the Economic Committee, and Transportation Working Group (TPTWG) in developing this Framework. (*Appendix 8*)
- APEC Pathfinder Initiative Self-Certification of Origin to reduce the administrative burden and costs involved in dealing with multiple customs administrations associated with navigating complex and divergent rules of origin documentation and procedures when utilizing Free Trade Agreements (FTAs). (*Appendix 1*)
- Life Sciences Innovation Forum's (L SIF) Report and Recommendations for submission to Leaders.

**welcome:**

- Interim assessment report on the implementation of APEC's Second Trade Facilitation Action Plan (TFAP II) where APEC was found to be overall on track to reduce transaction costs by an additional 5% by 2010. (see *Appendix 7* for Executive Summary of the report)
- Transparency for Ease of Doing Logistics Business initiative and APEC's efforts to provide contact points and websites on the full range of issues affecting door-to-door delivery.
- Environmental Goods and Services Information Exchange, which will provide a one-stop gateway to access and exchange information on EGS.
- Work to study the economic impact of enhanced multi-modal connectivity to improve the flow of goods and services across land, air, and sea.
- Work undertaken with the help of the PSU to identify a set of key performance indicators to measure progress in the implementation of APEC's Investment Facilitation Action Plan (IFAP) and instruct officials to complete this work by Ministers Responsible for Trade (MRT) 2010.
- Efforts put into simplifying ROOs through the consideration of reasonably long validity periods, waivers for low value shipments, and harnessing IT to ease documentation and

procedures. (*Appendix 3*)

- progress report on Preferential ROOs Sector Analysis on refrigerators; musical instruments; steel; bicycles and consumer electronics. (*Appendix 2*)
- work to improve the transparency and accessibility of tariffs and rules of origin information in APEC economies through the development of APEC Transparency Initiative on Tariffs and ROOs.
- update to the 2008 Convergences and Divergences Study with the expansion in scope to cover 12 additional intra-APEC FTAs/RTAs and an additional chapter on e-commerce.
- Outcomes of the Eleventh Automotive Dialogue, Eighth Chemical Dialogue and Seventh Meeting of the Life Sciences Innovation Forum (LSIF).

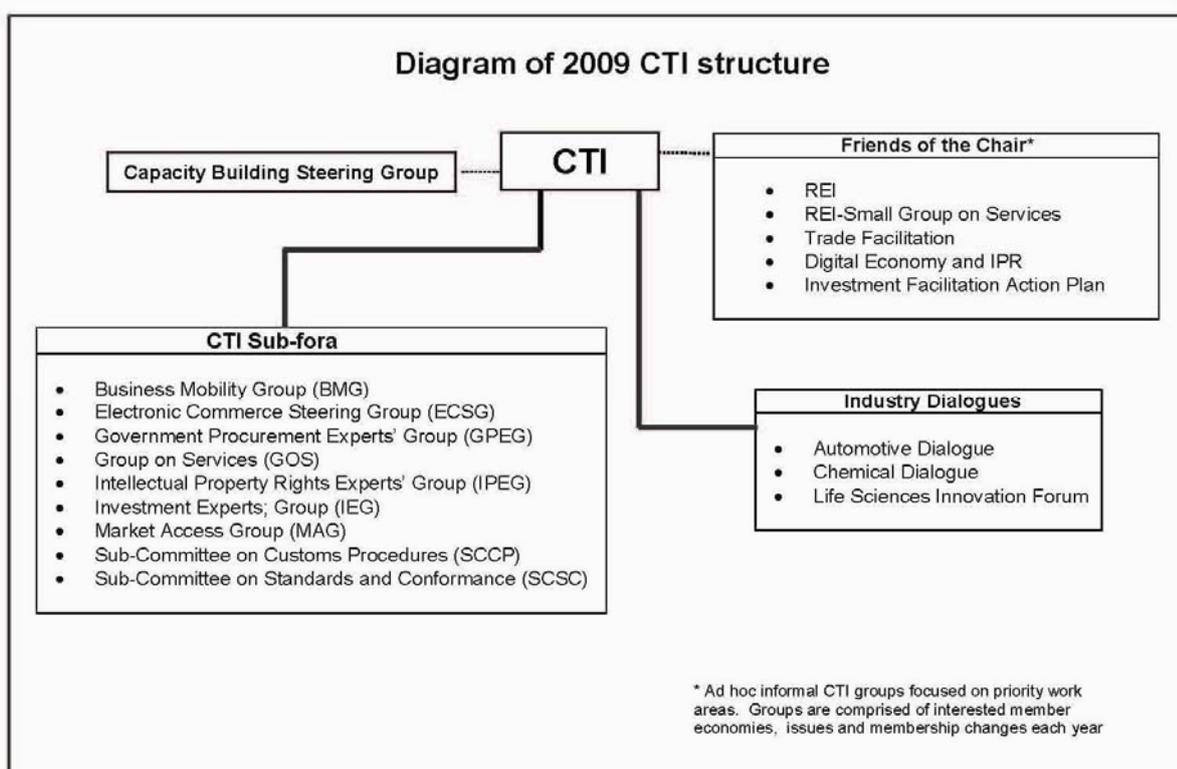
and **note**:

- recommendations in the interim assessment report to improve upon TFAP II and instruct officials to consider and report on this at MRT 2010.
- study on good regulatory practices (GRP) for EGS necessary or desirable for climate change mitigation and adaptation as an additional element to the EGS work program.
- Russia has launched a process to work towards transitional membership in the ABTC scheme.

## Introduction

The APEC Committee on Trade and Investment (CTI) is the key body responsible for delivery of APEC's work on trade and investment. CTI encourages APEC member economies to undertake individual and collective actions to liberalize and facilitate trade and investment within the APEC region, in order to achieve the Bogor Goals. This work is supported by economic and technical cooperation (ECOTECH) initiatives, aimed at building capacity in member economies to assist them in undertaking trade and investment liberalization and facilitation.

The CTI oversees nine sub-groups and three industry dialogues (see diagram below). CTI also works closely with other specialist APEC Committees, Task Forces and Working Groups to ensure that Leaders' and Ministers' instructions on trade and investment issues are implemented in a coordinated manner.



The CTI Annual Report to Ministers for 2009 outlines the Committee's accomplishments and recommendations in the key priority areas of APEC's Trade and Investment Liberalization and Facilitation (TILF) agenda in support of APEC's 2009 priorities and theme of "Sustaining Growth, Connecting the Region". Collective Action Plans (CAPs) in various *Osaka Action Agenda* (OAA) issues areas, which were first reported in 1996, continued to be the Committee's main vehicle for advancing APEC's trade and investment agenda.

The key elements of CTI's work program for 2009 continued to be framed in the context of the 2007 Leaders' mandate to accelerate efforts towards the promotion of regional economic integration (REI), focusing on the three broad tracks adopted by Senior Officials, which for ease of communication, relate to initiatives "at the border"; "behind the border" and "across

the border". The CTI also undertook work related to other APEC-wide priority areas including: support for the multilateral trading system and addressing the economic crisis; exploring a Free-Trade Area of the Asia-Pacific (FTAAP); improving the business environment behind-the-border; implementation of the Leaders' security commitments and capacity building. Four small groups of "friends of the Chair (FOTC)", comprising between 5–17 economies, were established in the CTI to develop work plans with time frames, objectives and deliverables in four initial key areas: REI/FTAAP; Trade Facilitation; Digital Economy and Strengthening Intellectual Property Rights (IPR); and Investment. A smaller sub-group was also formed within the REI/FTAAP FOTC to undertake work to promote greater convergence among economies in cross-border services as mandated by APEC Leaders in 2008.

The Committee has continued to collaborate closely with the Economic Committee (EC) to ensure that our respective work programs on business facilitation, competition policy and economic legal infrastructure are complementary. For 2009, CTI and the EC worked jointly on a "Supply-Chain Connectivity Initiative (SCI)" in response to Senior Officials' instructions to develop a framework of measures to improve trade logistics starting with the CTI1 Trade Policy Dialogue; on investment facilitation initiatives in recognition of the close linkage between investment and behind the border regulatory reform measures; and lastly, on capacity building projects.

CTI also worked closely with the APEC Business Advisory Council (ABAC) throughout 2009, ensuring that its work plans and deliverables took into account the needs of the business community. Both CTI and ABAC participated in each others' meetings, maintaining a consistent and constructive dialogue on key issues, such as public-private partnerships, investment liberalization, and trade facilitation.

With the establishment of the Policy Support Unit (PSU) in 2008, the PSU has provided invaluable support to the CTI by undertaking assessment/analytical work relating to CTI's key priorities: implementation of APEC 2<sup>nd</sup> Trade Facilitation Action Plan (TFAP II) and the APEC Investment Facilitation Action Plan (IFAP); and a study on good regulatory practices (GRP) for environmental goods and services (EGS). The PSU has also developed a research report which seeks to set out holistic measurement tools in areas applicable to the SCI. This report will form the basis in which the CTI would work with the PSU in the upcoming year to develop targets, KPIs and a strategic framework to advance the SCI. The PSU also commenced work on a Study on the Economic Impact of Enhanced Multi-Modal Connectivity in the APEC Region for consideration by CTI in 2010.

## Section I: Support for the Acceleration of Regional Economic Integration

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### Highlights:

#### *Making Rules of Origin More Business Friendly*

- A Joint CTI-MAG Trade Policy Dialogue (TPD) on Rules of Origin (ROOs) was held on 21 May in Singapore. The objectives of the TPD were to raise awareness of issues relating to harmonization, cumulation and simplification pertaining to possible initiatives that CTI could undertake to help business better tap into the benefits of the numerous FTAs within the APEC region.
- CTI agreed on a proposal for an APEC Pathfinder Initiative for Self-Certification of Origin (see *Appendix 1*) which seeks to reduce the administrative burden and costs involved associated with navigating complex and divergent rules of origin documentation and procedures when utilizing Free Trade Agreements (FTAs). The initiative would involve: (i) participating economies' agreement to practise self-certification with FTA partners based on a set of common operating guidelines; and (ii) a capacity building program to encourage adoption and ensure successful implementation. CTI welcomes the announcement by Australia, Canada, Japan, Korea, New Zealand, Singapore and the United States to participate in the Pathfinder, thereby enabling this initiative to be launched as an interim Pathfinder.

#### *Improving Transparency of Information on Tariffs and Rules of Origin*

- CTI agreed to a proposal for an APEC Transparency Initiative on Tariffs and ROOs to improve the transparency and accessibility of tariffs and rules of origin information in APEC economies. This initiative was subsequently endorsed by MRT in July where Ministers also instructed officials to "provide up-to-date and accurate tariff and ROOs information in English and in a prominent location on their respective economy's websites for public access by MRT 2010 and to develop the APEC Website on Tariffs and ROOs ("WebTR") by AMM 2010" and "explore ways to expand this initiative, including through publication of additional customs-related information".

#### *Facilitating Cross-Border Trade in Services*

- CTI discussed a proposal for an APEC Services Initiative comprising three main elements: (i) increase awareness of the nature of cross-border services and relevant policy issues. This envisages the organization of a series of seminars in the Group on Services (GOS) to exchange information on issues related to cross-border services trade; (ii) develop a framework of services principles to facilitate expansion of cross-border services trade; and (iii) develop a Services Action Plan to boost services trade and facilitate the development of an open and efficient services market in the APEC region.
- CTI agreed on an APEC Services Action Plan (SAP), the aim of which is to provide common direction and coherence to APEC's work on services trade and establish a forward work program to foster the development of open and efficient services markets in the APEC region. (see *Appendix 4*). CTI welcomed and encouraged member economies to keep the matrix of actions accompanying the SAP updated regularly to take into account new priorities, projects and progress made.

- CTI agreed on a set of APEC Principles for Cross-Border Trade in Services (see *Appendix 5*). The purpose of these Principles is to draw together APEC's considerable services-related work into a consolidated document, which will serve as a comprehensive policy framework that supports the expansion of services trade in the APEC region.

#### *Advancing Work on Environmental Goods and Services*

- CTI agreed on environmental goods and services (EGS) work program as mandated by Ministers in 2008 (see *Appendix 6*) which include elements aimed at the dissemination and increased utilization of EGS by addressing barriers to trade and investment in these products and services, and the enhancement of the capabilities of members to develop EGS sectors.
- CTI endorsed the Environmental Goods and Services Information Exchange, which will provide a one-stop gateway to access and exchange information on EGS.
- CTI welcomed the study on good regulatory practices (GRP) for EGS necessary or desirable for climate change mitigation and adaptation as an additional element to the EGS work program. The study, undertaken by the Policy Support Unit (PSU), produced a set of chapters through: (i) a brief quantitative survey of the production and trade in goods and services necessary or desirable for climate change mitigation and adaptation, both from an APEC and global perspective; (ii) the identification of regulatory barriers and impediments to production and trade in these goods and services; and (iii) a selective survey of existing GRP and suggestion of other GRPs that may be needed to address these barriers and impediments to production and trade. Using the study as a tool, member economies will discuss it at CTI1, 2010 and consensually decide whether to develop a set of GRP for EGS. CTI will review the results of study at CTI1 next year.
- A Survey on the Impact of Environmental Regulation on Trade has been completed. The survey examined the status of applying Trade related Environmental Measures (TREM) and Environmental related Trade Measures (ERTM) in APEC member economies, problems they encountered in complying with those standards and possible tools and assistance to meet such standard. It built on the APEC Survey on Trade-related Environmental Measures (TREM) and Environmental related Trade Measures (ERTM) which was conducted by the Economic Committee, in cooperation with APEC members in 1998. A Seminar on Facilitating Trade and Environmental Protection is being scheduled for December to review and discuss the findings of the survey.
- A Survey on APEC Trade Liberalization in Environmental Services has been completed and the Report is being finalized. The research methods applied in this survey include: literature review, survey by questionnaire in APEC economies, interview with experts and case study in China, Korea and the United States. The survey focuses on both macro-level analysis of the trade liberalization in environmental services and the analysis on practice in environmental services of some economies. The survey report will help sharing information of trade liberalization trends in environmental services, and the new classification of environmental services raised in the report will provide references for APEC economies' future discussions on environmental services.
- SCSC's Trade Facilitation Task Force (TFTF) met on 23 February in Singapore to exchange views and information on the nexus between the trade and technical aspects of product-related environmental standards, technical regulations and conformity assessment procedures. The TFTF reviewed the trade and technical aspects of current work related to carbon emission estimation and sustainability as a possible new area of

work. TTF will further discuss ways to make TTF work most effective in meeting APEC economy needs and concerns regarding information and cooperation on the trade and technical aspects of product-related environmental measures.

#### *Bridging Differences on Remaining Model Measures for RTAs/FTAs*

- CTI members were encouraged to re-consider the draft texts of the model measures carried forward from 2008 on trade in services; investment; anti-dumping; subsidies and countervailing measures; and labour cooperation to see if the texts were ready to be adopted as they are.

#### **Work Plan:**

In 2009, CTI adopted a work plan on REI/FTAAP that responds to 2008 Leaders' and Ministers' instructions as well as directions from SOM1, 2010. CTI agreed that the Committee and its sub-fora will pursue the following objectives in 2009:

- Make Rules of Origin (ROOs) more business friendly.
  - Examine harmonized, common approaches by sectors.
  - Explore other areas of work on ROOs such as cumulation and simplification of documents and procedures.
- Identify possible vehicles for an FTAAP (*For details, please see section on VI*)
  - Study the feasibility and applicability of enlarging, docking or merging methodology by using real world examples (e.g. EU, ASEAN).
- Deepen analysis for FTAAP (*For details, please see section on VI*)
  - Expand the convergence/divergence study to include new agreements and chapters not currently included in the study and deepen the analysis.
  - Explore the scope of further analysis on the likely economic impact, benefits and challenges of an FTAAP  
(*For details, please see section on VI*)
- Promote greater convergence among economies in key areas of APEC's trade and investment portfolio, including areas such as customs administration, trade facilitation, and cross-border services.
- Develop an implementation plan for the IFAP, including KPIs and reporting methodologies for endorsement by MRT at their meeting in 2009. (*For details, please see section on III*)
- Intensify the implementation of the TFAP II to reduce trade transaction costs by an additional 5% by 2010. (*For details, please see section II*)
- Advance work on EGS as a basis for the development of a concrete EGS work program to be delivered to MRT at their meeting in 2009.
- Make efforts to bridge differences in 2009 on remaining model measures investment; anti-dumping; subsidies and countervailing measures; trade in services; and labour cooperation.

- Work towards the implementation of international trade " Single Windows" across APEC using recognized international instruments and standards to enhance interoperability of trade systems. *(For details, please see section II)*
- Improving and enhancing usage of APEC Business Travel Card (ABTC) among existing participants. *(For details, please see section II)*

**Table 1: Sub-fora Outcomes - Support for the Acceleration of Regional Economic Integration**

SUB-FORA	WORK UNDERTAKEN
<p><b>Market Access Group (MAG)</b></p>	<p><b>Make Rules of Origin (ROOs) More Business Friendly</b></p> <ul style="list-style-type: none"> <li>• MAG completed an analysis of preferential ROOs in the APEC economies FTAs in the following sectors: refrigerators; musical instruments; steel; bicycles and consumer electronics (See <i>Appendix 2</i>).</li> <li>• MAG studied the basics of ROOs as a first step to prepare for detailed and technical discussions on ROOs</li> <li>• MAG in collaboration with the SCCP conducted a business survey on procedures and documentation relating to preferential ROOs to identify and prioritize problems that businesses face. The findings suggested that long and burdensome process on certificate of origin was the number-one issue that business felt contributed to onerous compliance costs.</li> <li>• MAG endorsed APEC Elements for Simplifying Documents and Procedures Relating to Rules of Origin (See <i>Appendix 3</i>) and agreed to collect information on the two elements, i.e., validity period and waiver of certificate of origin or declaration.</li> <li>• MAG contributed to CTI's work on developing the APEC Website on Tariff and ROOs ("WebTR") by discussing challenges members have faced regarding posting information, keeping it updated, and providing it in a format that is accessible to stakeholders.</li> </ul> <p><b>Environmental Goods and Services (EGS)</b></p> <ul style="list-style-type: none"> <li>• MAG contributed to CTI's work on developing environmental goods and service (EGS) work program to be delivered to Ministers in November 2009.</li> <li>• MAG developed several projects that facilitate trade in EGS and could be incorporated as part of the EGS work program. These include: <ul style="list-style-type: none"> <li>○ The Environmental Goods and Services Information Exchange (EGSIE) website, to be formally launched in November 2009 as a one-stop gateway to access and exchange information on specific EGS;</li> <li>○ Workshop on Trade and Environment held on 25–26 May in Jakarta, Indonesia. The workshop sought to facilitate the sharing of ideas, information and experiences between participants to provide APEC policy-makers with tools to develop effective environmental regulations and to develop policies and regulations that do not distort trade in environmental technologies, goods and services.</li> <li>○ Workshop on Environmental Goods and Services held on 28 July in Singapore. The objective of the workshop was to enhance the understanding and awareness of the linkages between trade in environmental goods and climate change.</li> <li>○ Survey of Major Impediments and Market Drivers to the Development of Trade in Environmental Goods. The purpose of the survey is to share information on impediments to expanded trade in environmental goods and to improve the functioning markets of environmental goods.</li> </ul> </li> </ul>

SUB-FORA	WORK UNDERTAKEN
	<ul style="list-style-type: none"> <li>MAG undertook a mapping exercise to produce a matrix which lists EGS-related projects undertaken by APEC fora as MAG's input to CTI's drafting of EGS work program</li> </ul>
<b>Group on Services (GOS)</b>	<p>GOS held two capacity building workshops to increase knowledge and understanding among APEC member economies of issues relating to cross-border services trade. The first seminar held on 20 May focused on the commercial realities of cross-border trade, while the second seminar held on 27 July focused on approaches to addressing regulatory issues on services trade, such as quality assurance, consumer protection and data privacy.</p>
<b>Sub-Committee on Customs Procedures (SCCP)</b>	<p>The SCCP has worked closely with the MAG on the simplification of rules of origin (ROO) procedures to make ROO more business-friendly.</p> <p>The SCCP conducted a survey of APEC Customs administrations' roles and responsibilities in ROO matters and, where relevant, customs procedures for claiming preferential tariff treatment. The key findings were: about half the member economies have FTAs that allow for self-certification of origin; very few APEC Customs administrations are involved in the issuance of certificates of origin (CO); most APEC Customs administrations verify an importer's eligibility for preferential tariffs; most member economies publish customs procedures related to FTAs on websites; and most Customs administrations set service standards for issuing preferential CO (where applicable) or processing claims for preferential tariff. These findings provided clarity on the scope of the SCCP in the simplification of origin rules and procedures.</p> <p>The SCCP also collaborated with the MAG on a proposal on APEC Elements for Simplifying Documents and Procedures relating to ROO, and agreed that the SCCP could work on one of the elements, "clarity on treatment of errors made on certificates or declarations with errors". SCCP member economies will provide information on their treatment of minor errors in certificates or declarations of origin on a voluntary basis as a information gathering exercise.</p>
<b>Intellectual Property Rights Experts Group (IPEG)</b>	<p>IPEG members were encouraged to contribute to the RTA/FTA matrix that was developed in 2007 to show members' experiences on negotiating and implementing IP chapters in RTAs/FTAs and support the goal of economic integration.</p>
<b>Automotive Dialogue (AD)</b>	<p>The Automotive Dialogue (AD) agreed to update individual economies' Matrixes of automotive related FTA (already in effect) provisions, including tariffs, rules of origin and indication of online locations of individual FTA texts that was first presented in 2005.</p> <p>The AD has conducted a substantial amount of work on the issue of automotive ROOs and has offered specific recommendations to member governments and to the APEC CTI. Noting the CTI 2009 objectives with regards to ROOs, the AD recommended exploring with the CTI ways to best advance the proposal for founding a one-time APEC Automotive ROOs Workshop to provide further training into the core methodologies recommended by the AD, and to answer the many technical questions</p>

SUB-FORA	WORK UNDERTAKEN
	that economies' trade and customs officials have regard regarding the implementation of these methodologies. Before conducting the Workshop, the AD Rules of Origin Task Force will reconvene to review and update the 2006 AD's ROOs recommendations.
<b>Chemical Dialogue (CD)</b>	The Chemical Dialogue continued to work on providing guidance for harmonization of chemical ROOs. It commenced work on developing a set of draft Guidelines for Chemical Rules of Origin in Preferential Trade Agreements among APEC Economies.

## Section II: Trade Facilitation and Supply-Chain Connectivity

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### Highlights:

#### *Trade Facilitation*

- CTI with the help of the Policy Support Unit (PSU), commissioned a consultant to undertake an interim assessment of the implementation of APEC's 2<sup>nd</sup> Trade Facilitation Action Plan (TFAP II) as well as to advise on the appropriate methodologies and approaches to quantify the impact of TFAP II on trade transaction costs and review the approach taken and progress made at the mid-way point of TFAP II (2006–2008). The findings showed that (i) APEC is overall on track to reduce trade transaction costs by an additional 5% by 2010, having already reduced transaction costs by 3.2% between 2006 and 2008, with the greatest gain achieved through the reduction in time; (ii) reducing the time that regulation imposes on transactions reduces transaction costs more than cutting fees; and (iii) the KPIs selected for TFAP II could not effectively measure the impact of their respective Actions and Measures had on reducing trade transaction costs. The Executive Summary is attached as *Appendix 7* (The full report is available on the APEC website, [www.apec.org](http://www.apec.org))
- CTI and the relevant sub-fora will review the findings of the assessment and consider the recommendations to (i) extend the definition of transaction costs for TFAP II to include "Ports, Terminal Handling and Inland Transport"; (ii) revise TFAP II "actions and measures"; and (iii) to adopt revised KPIs to measure trade transaction cost reduction in 2010. Some 22 new KPIs have been recommended as suitable indicators for assessing reductions in trade transaction costs as a result of progressing toward current TFAP II Actions and Measures. These new KPIs have been agreed to by the relevant CTI sub-fora for use over the remaining period of TFAP II and as an input for the Final Assessment of TFAP II in 2011.

#### *Supply Chain Connectivity*

- CTI and the Economic Committee (EC) jointly held a policy dialogue on Trade Logistics on 18 February in Singapore where both committees agreed to collaborate and take forward the APEC 2009 priority on enhancing physical connectivity, "across the border". They decided to call this the Supply Chain Connectivity Initiative and agreed that it would be carried out in three steps: (i) **Mapping**: to identify the work that has been done on trade logistics within APEC, in other organizations and on the regional/multilateral fronts; (ii) Identification of **choke points** within the supply chain; and (iii) **Prioritization** of steps to be taken by APEC to address the choke points.
- Australia and Singapore hosted an APEC Supply-Chain Connectivity Symposium on 16–17 May in Singapore. Participants at the Symposium identified eight choke points impeding the smooth flow of goods and services along the supply chain in the APEC region; made over 300 useful suggestions on possible initiatives and actions for consideration by APEC.
- CTI undertook a mapping of efforts on Supply Chain Connectivity on the Regional/Multilateral Fronts and categorized the information collated under nine key areas: customs; trade security; transport infrastructure; services sectors; information communications technology (ICT); transparency and regulatory reform; capacity building; stakeholder participation; and collaboration with other regional and multilateral institutions. The exercise identified differing degree of commonality amongst target

improvements being pursued in the various fora under the different areas.

- CTI agreed on Supply-Chain Connectivity (SC) Framework which sets down the 8 chokepoints to the smooth flow of goods, services and business travelers throughout the region and suggests possible new work streams to address these chokepoints. (see Appendix 8).
- CTI agreed on a *Transparency for Ease of Doing Logistics Business* initiative which is aimed at (i) raising awareness on the complex regulatory environment affecting logistics companies; and (ii) encouraging economies to make information pertinent to logistics businesses publicly and readily available. The initiative will be carried out in two Phases. Phase One involves the completion of a questionnaire by economies to identify domestic regulators and contacts involved in logistics related activities. Phase Two envisages the provision of information specific to logistics business and the creation of a webpage to house the information collated.
- CTI agreed to commission the PSU to undertake a *Study on the Economic Impact of Enhanced Multi-Modal Connectivity in the APEC Region*. The study aims to deliver findings that will help economies understand further where our choke points lie and how removing these choke points could improve the flow of goods and services across land, air, and sea; contribute to trade gains, and overall economic competitiveness.
- Noting the scope of issues covered pursuant to the SC Framework and the instructions from the Transportation Ministerial Meeting held in April and the Meeting of the Ministers Responsible for Trade held in July, the CTI, EC and the Transportation Working Group have collaborated to progress the work on the Supply-Chain Connectivity Initiative.

### Work Plan:

In 2009, CTI adopted a work plan on trade facilitation and agreed on the following objectives:

- Intensify the implementation of TFA P II with a view to achieving a further reduction of trade transaction costs by 5 per cent in the period 2007-2010.
- Develop new trade facilitation and trade logistics initiatives, including a Supply-chain Connectivity Initiative; and
- Foster a closer relationship with ABAC and the wider business community.

**Table 2: Sub-fora Outcomes - Trade Facilitation**

SUB-FORA	WORK UNDERTAKEN
<b>Market Access Group (MAG)</b>	<p>MAG conducted a Workshop on Remanufacturing on 21 February to enhance understanding the benefits from removal of barriers to trade on remanufactured products.</p> <p>MAG agreed on the Next Steps on Remanufacturing which included (i) a questionnaire that economies would individually answer to provide a snapshot of each economy's existing policies, including regulatory and other measures for remanufactured goods and (ii) the drafting of a paper on best practices for policies affecting remanufacturing for consideration in</p>

SUB-FORA	WORK UNDERTAKEN
	<p>2010 based on the feedback to the questionnaire.</p> <p>MAG discussed ideas for a workshop on the APEC food system to be held in 2010 to identify cross-cutting issues affecting trade in food and agricultural products.</p>
<b>Group on Services (GOS)</b>	<p>Australia held a two-day capacity-building workshop on APEC Legal Services Initiative to identify impediments to the provision of legal services across APEC economies and is currently finalizing the inventory of current foreign law regulations across APEC, which will be compiled into a database stored on an APEC-related website.</p>
<b>Investment Experts Group (IEG)</b>	<p>IEG implemented a joint project with the EC on Capacity Building for Sharing of Success Factors in Improvement of Investment Environment through a seminar held on 27 July in Singapore. The seminar covered amongst other things, the main topics of APEC trade logistics (as seen through the work of JETRO in ASEAN), FDI regimes and liberalization; and the need to reform domestic regulation.</p>
<b>Sub-Committee on Standards and Conformance (SCSC)</b>	<p>The number of economies participating in Part I of the APEC Electrical and Electronic Equipment Mutual Recognition Arrangement (APEC EEMRA) increased from 16 to 17, with the recent participation of Papua New Guinea. Following the implementation of Part II and III of the APEC EEMRA in November 2008, the committee for the MRA has now expanded its scope to assume its role as a regulator-to-regulator dialogue to facilitate regulatory cooperation on electrical and electronic equipment. The committee has also changed its name to the Joint Regulatory Advisory Committee on EEE to reflect its expanded scope. A Seminar on Understanding and Implementing the APEC Electrical and Electronic Equipment Mutual Recognition Arrangement (APEC EEMRA) was held on 26–27 May in Singapore to enhance the awareness and understanding on the APEC EEMRA Pathfinder initiative.</p> <p>The first workshop under the APEC Toy Initiative was held on 1–2 August in Singapore. The regulators at the closed-door workshop, entitled “APEC Toy Safety Initiative Regulator Dialogue”, agreed to find practical ways to strengthen consumer product safety standards and practices using risk-based scientific approaches, and without creating unnecessary impediments to trade. It also agreed on the need to promote greater alignment of technical requirements, including by exploring ways to “expand the common set” of reference standards. The approach to address these critical issues will be discussed at the next workshop in Hong Kong, China in January 2010. All stakeholders, including consumer organizations, manufacturers, retailers, standards developers, and conformity assessment bodies will be invited to the workshop in January 2010. These initiatives would play a role helping raise awareness on toy safety regulations and help facilitate trade by identifying areas for alignment of these requirements.</p> <p>A Workshop on Managing Risk Across the Supply Chain was held on 30 July to share best practices on consumer product safety risk management approaches and the need for APEC to develop a set of guidance documents and training to promote consensus and common approaches to risk management in the region.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>The SCSC encourages greater alignment of APEC Member Economies' standards with international standards through Voluntary Action Plans (VAP). 28 standards would be added in the VAP (Voluntary Action Plan). This would include standards in the area of product safety (toys), electrical equipment and assistive products (wheelchairs).</p> <p>The APEC Food Safety Cooperation Forum (FSCF) met for the second time since its establishment in 2007, in Singapore in the margins of SOM2 on 30 July. The FSCF, which acts as an advisory body on food safety issues, reaffirmed its commitment to work together to build robust food safety systems so as to accelerate progress towards harmonization of food standards with international standards, as recommended in the World Trade Organization's SPS/TBT Agreement, to improve public health and to facilitate trade. To build on its success to date and to address areas of challenge, the FSCF would focus on:</p> <ul style="list-style-type: none"> <li>• Strengthening the coordination of food safety capacity building activities, utilizing a broad range of government, industry and academic stakeholders. This would be achieved through providing strong support to the implementation of the FSCF Partnership Training Institute Network (PTIN) that was endorsed in 2008;</li> <li>• Building on already established networks and processes, particularly to strengthen our ability to share information in the event of food safety emergencies;</li> <li>• Continuing to make progress towards the establishment of robust food safety systems and greater harmonization to international standards across APEC member economies.</li> </ul> <p>An inaugural PTIN workshop on the Examination of Hot Issues in Risk Analysis was held on 1 –2 August in Singapore. The workshop brought together over 100 participants from APEC food safety regulators, officials from international standard setting bodies, academic institutes and representatives from private sector food producers to share information to promote trade in safe food. The workshop discussed on access to the tools and methods to improve food safety and understanding of acceptable levels of protection. Following the success of this workshop, more activities are in the pipeline for 2010.</p> <p>A Workshop on Strengthening Chemical Metrological Infrastructure Part II was held on 1 –2 August in Singapore. The objectives of this workshop are, among others, based on the experiences of a comparative traceability study to identify existing measurement capability in safety and quality of food export, and the evaluation of the comparative results, to conduct cause-effect analysis and to discuss on action plans of capability building for each economy, which might help each economy prepare a supporting document of strengthening of chemical metrology infrastructure, to establish comparable measurements among member economies of APEC.</p> <p>The SCSC has completed a Study on Critical Infrastructure and Support Systems Standardization. The report is available on the APEC Publications Database (<a href="http://publications.apec.org">http://publications.apec.org</a>). The study will assist in the development of a framework to address the need to protect critical infrastructure in times of emergencies, whether these be caused by natural disasters or criminal activity. It will promote (i) security standards and systems capacity which support business as well as critical</p>

SUB-FORA	WORK UNDERTAKEN
	<p>infrastructure in government control; and (ii) the harmonization of related standards across the APEC region – this will help improve the interoperability, and compatibility of systems related to securing critical infrastructure.</p> <p>The SCSC organized a conference on business engagement in standards and conformance on 3–4 August. Participants at the conference recommended the development of a strategy to sustain business engagement in standards and conformance activities in APEC. The Strategy to Engage Business in SCSC activities would be drafted intersessionally and tabled for consideration at SCSC1 in Japan in 2010.</p>
<p><b>Sub-committee on Customs Procedures (SCCP)</b></p>	<p>SCCP continues to implement TFAP II initiatives, and identify and support the necessary capacity building and technical requirements.</p> <p>A new Single Window Working Group (SWWG) Phase 2 was established in 2008 to advance and deliver the recommendations of the Single Window Strategic Plan that was adopted in 2007. The SWWG has fulfilled its mandate when it presented its Final Report to the SCCP in August. This final deliverable from the SWWG contains the <i>Single Window Implementation Guide</i>, a summary of the activities and products which are aligned with the six recommendations of the SWWG (Phase 1), and useful references such as the agendas of the various capacity building workshops and a CD-ROM. The SCCP will now focus on the implementation of single windows by member economies that have not yet done so. Member economies will continue to share experiences and discuss related implementation issues.</p> <p>The annual APEC Customs-Business Dialogue (ACBD) was held in Singapore on 1 August where 280 representatives from the private sector, international organizations and government agencies shared experiences and exchanged views on three important topics: (i) harnessing IT for regional trade facilitation, (ii) securing and facilitating the global supply chain, and (iii) establishing an open and transparent relationship between Customs and Businesses.</p> <p>SCCP members continued to share information on their implementation of the time-release survey (TRS) CAP item.</p> <p>SCCP members continued to exchange views on the future challenges in border management.</p> <p>A Workshop on Implementation of Valuation Advance Rulings in APEC Member Economies was held in Lima, Peru on 29–30 September. This workshop is a follow-up to the “Workshop on application of valuation criteria in Advance Rulings in APEC Member Economies” held in Arequipa, Peru on 23–24 May 2008. This workshop would develop a report on the best practices identified in the implementation process of Valuation Advance Rulings and individual cases identified in the application of valuation.</p> <p>A Seminar on Experience Exchange in the Adoption of Tools and IT for Goods Identification was held in Lima, Peru on 15–16 October. The Seminar enabled participants to learn the experiences of the economies that have adopted international tools and IT for goods identification, where they have used each one of them, how are data models that contain them, why, how, when they adopted them, among other things.</p>

SUB-FORA	WORK UNDERTAKEN
<b>Intellectual Property Rights Experts' Group (IPEG)</b>	<p>An APEC Seminar on Supply Chain Integrity was held on 8-9 January in Hong Kong, China. The seminar advanced the implementation of the APEC Model Guidelines to Secure Supply Chains against Counterfeit and Pirated Goods adopted under the Anti-Counterfeiting and Piracy Initiative.</p> <p>IPEG remains open to further formal exchanges with SCCP. To the extent that it is feasible to do so, economies have been encouraged to include enforcement authority representatives in their delegations. The IPEG Chair briefed SCCP1 held in February on their activities, such as the exchange of information on member economies' intellectual property (IP) systems and capacity building activities. Representatives of enforcement/customs authorities from China; Hong Kong, China; Japan; and the US joined their Economies' delegations and gave brief presentations at 29<sup>th</sup> IPEG Meeting on the enforcement effort on IP protection in their respective economies.</p>
<b>Government Procurement Experts Group (GPEG)</b>	<p>GPEG conducted a Seminar on APEC-wide Government Procurement Market Accessibility on 14-15 July in Seoul, Korea. Aiming at trade facilitation among APEC economies in government procurement sector, the Seminar collected the participating economies' government procurement framework with particular focus on the regulations, procedures, and recommendations for foreign suppliers' participation in government procurement.</p> <p>Member economies recognized the need for an e-Procurement guideline to be used for reference by member economies in developing and enhancing their own e-Procurement System. GPEG discussed commissioning a research project on developing an e-Procurement guideline.</p>
<b>Business Mobility Group (BMG)</b>	<p>BMG agreed on a set of KPIs and a methodology in 2008 for reporting on the implementation of the TFAP II "business mobility" actions/measures. The second TFAP II Report indicates progress has been made in most of the agreed eight Action areas including the ABTC, with a 21.4% increase in the number of active cardholders since end 2006 and a 54% increase in the year 31 July 2008-30 June 2009. Progress is also evident against other Actions including 17 economies have already implemented or are committed to implement an API system, including two economies trialing (one without commitment); and 20 economies maintain comprehensive, up to date information in the APEC Business Travel Handbook and other official economy and related websites.</p> <p>In 2007, BMG created a 3-year transitional membership category with extended border facilitation in the ABTC Scheme to encourage participation by Canada, Mexico, Russia and the United States. Since then membership of the ABTC has grown to 20 economies. Mexico joined as a full member of the ABTC in September 2007. Canada and the United States have "transitional member" status until such time that they become fully compliant with all obligations, but both economies enable cardholders to enjoy the key benefit of facilitated clearance through special APEC lanes at their international airports. Russia advised the BMG that it has launched a process to work towards transitional membership in the ABTC scheme. It is expected that the scheme will continue to grow. As of October 2009, there were 74,000 active APEC cards, which is an increase of 52 per cent from the 2007-2008 reporting period.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>In February 2009 the BMG's "Enhancing the ABTC" working group held a two-day TILF-funded workshop to explore the feasibility and desirability of introducing biometrics to the ABTC and to consider possible governance arrangements for such an initiative. The workshop brought together several experts in biometrics and trusted traveller programs who were able to enhance members' understanding of relevant technical and policy issues. The working group decided that further work was required to determine the business case for a biometric ABTC. Intersessionally, each working group economy completed an extensive questionnaire to determine their own business case and this was discussed at a working group meeting at SOM II where it was determined that three economies have a moderate or high business case for a biometric ABTC. The working group is currently looking at possible models for a biometric ABTC pilot.</p> <p>In addition to the TFAP II Actions, members continued to share information and best practice on immigration legislation, free trade and other trade agreements, relevant policies and procedures and technologies.</p>
<p><b>Electronic Commerce Steering Group (ECSG)</b></p>	<p>ECSG developed projects on the use of paperless trading in commercial processes. These projects aim at using "e-solutions" or electronic procedures and processes in cross-border trade in order to save time and costs for firms and government agencies seeking regulatory compliance information from traders. The use of paperless trading applications for cross-border trade impacts on the business operations of companies and assists them in adopting business management practices and supporting technologies to comply with regulations and customers demand. Areas covered by these projects include, for example: electronic certificates of origin, electronic invoicing, business requirements for data harmonization and single window, best practices in paperless trading, archiving of e-documents and e-trade financing. These projects involve B2B and B2G transactions and promote the use of electronic documents and internet technologies in the process of international trade, responding to an important aspect of APEC's TFAP II of speeding the use of electronic commerce. Projects were developed and implemented in 2009 to build capacity and promote trade in the areas of (i) Electronic certificates of origin; (ii) Use and Archiving of e-Documents; and (iii) Assessment and Best Practices on Paperless Trade to Facilitate Cross-Border Trade.</p> <p>The ECSG work on the implementation of the Data Privacy Pathfinder with 16 participating economies is the responsibility of the Data Privacy Subgroup (DPS). Specific items on the ECSG work-program that help further APEC Bogor goals include the APEC Privacy Framework and Privacy Pathfinder which both enhance trust and confidence in the Internet as well as facilitate the continued flow of needed information to support both domestic and international business. This work also supports capacity building on these issues by local economies with (currently) no domestic approaches to privacy or other foundations of online trust.</p> <p>A current focus of the Sub-Group is the development and implementation of a set of cross border rules or practices – CBPR – in the area of data privacy protection. The implementation of such a system of rules and procedures will simplify the transmission and manipulation of data across borders while ensuring a high level of data privacy protection. It will result in simpler procedures, cost and time savings, for business and for government agencies responsible for data privacy matters.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>Two Technical Assistance Seminars on International Implementation of the APEC Privacy Framework were held in the margins of the ECSG meetings in Singapore on 22–23 February and 28 July 2009. The first seminar discussed key issues such as trust mark independence; challenges for public sector accountability agents; needs of consumers and mechanics of how they will engage the system; education of some companies while the 2<sup>nd</sup> Seminar deliberated on areas such as accountability and privacy, international developments on privacy issues, developing domestic enforcement priorities and strategies as well as trust marks and other regulatory models.</p> <p>Completion of the Study on APEC Paperless Business Environment with a Focus on the Use and Archiving of e-Documents. The objectives of the study were to (i) analyze and understand the use of e-Documents for paperless business environment in APEC economies; (ii) identify the obstacles, requirements and approaches of APEC economies in the use of e-Documents for paperless business environment; and (iii) develop a guideline for APEC economies to refer in facilitating the use of e-documents for paperless business environment.</p> <p>Completion of the Study and Symposium on Assessment and Best Practices on Paperless Trading in the APEC Region. Assessment and Best Practices on Paperless Trading to Facilitate Cross Border Trade in APEC Region. The objective of this project was to construct an assessment of the standards, barriers, best practices for paperless trading that would make domestic frameworks more compatible to international practice. The project draws from best practices in APEC member economies and focuses specifically on identifying critical success factors and key performance indicators and would be useful to helping the ECSG refine its KPIs for the TFAP II exercise.</p>
<p><b>Automotive Dialogue (AD)</b></p>	<p>AD has agreed to support the SCCP and ABAC in their efforts to advance the initiatives to modernize customs websites and encourage the use of expedited customs clearance of goods.</p> <p>AD continued with the implementation of the Model Port/Customs Import Automation project which is aimed at developing and implementing an online automated import documentation system in order to expedite trade transactions of automotive SMEs and OEMs. A survey of industry practices has been completed.</p>
<p><b>Chemical Dialogue (CD)</b></p>	<p>The majority of the CD's 2009–2010 work program is in the area of trade facilitation, particularly issues affecting classification and labelling of chemicals, harmonization, regulatory best practices, and technical regulations.</p> <p>Implementation of the Globally Harmonized System for the Classification and Labelling of Chemicals (GHS) could facilitate the movement of chemicals in APEC as well as cut costs for business. The CD is developing a clearinghouse website to collect and provide GHS information. In the initial stage of development, this website will provide GHS standardized labelling elements in local languages. Authorities and industries can look for proper labelling terms for hazard communication and international trade purposes.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>CD's Regulators Forum met in conjunction with the 8<sup>th</sup> CD on 31 July. The Forum's objectives are to: facilitate risk reduction and the sound management of chemicals across the APEC region, share information, tools and experiences with best practices and create opportunities for regulatory collaboration to address common concerns, discussing the nexus between chemicals management and competitiveness, including for SMEs, to help facilitate trade in concert with protecting human health and the environment.</p> <p>CD will organize a "Good Regulatory Practice: Case Study Workshop on the Chemicals Sector- from Principles to Practice" in 2010. This workshop specifically furthers regional economic integration through structural (regulatory) reform. The workshop and subsequent train-the-trainer seminars foster the exchange and uptake of good regulatory practices for industrial chemicals management in the region, promote overall enhanced economic and environmental sustainability, and facilitate transparent, science-based processes. The work also aims to enhance the competitiveness of SMEs, reduce potential trade barriers, and increase opportunities for innovation within and across the APEC region.</p>
<p><b>Life Sciences Innovation Forum (LSIF)</b></p>	<p>The LSIF regulatory harmonization agenda is far advanced and will make a significant contribution to the REI agenda and the associated facilitation of trade. 2009 marked the launch of the APEC LSIF Harmonization Center (AHC) in Seoul during 15–18 June, with an associated training program on multi-regional clinical trials and the first meeting of the newly established LSIF Regulatory Harmonization Steering Committee (RHSC) chaired by Canada. More than 640 participants from 17 APEC economies registered for the June events. The AHC held a second self-funded workshop in Seoul on 16–18 September, which focused on regulatory harmonization in the context of biosimilars. More than 430 participants from 13 APEC economies attended the 16-18 September workshop. The AHC will provide the facility for capacity building on regulatory harmonization and the RHSC will develop a strategic plan for the harmonization of life sciences regulatory procedures, which would include the adoption and implementation of harmonized international guidance and regulatory best practices for medical life sciences products.</p> <p>LSIF has a number of other regulatory harmonization projects in train (clinical trials, medical device regulatory capacity building) or planned. LSIF successfully completed the first in the series of "Capacity Building for Drug Regulatory Agencies on Clinical Trials and Good Clinical Practice (Phase 2)" The Advanced workshop on review of drug development in clinical trials was held from 2–6 February and the advanced workshop on GCP/Clinical Research Inspection was held from 2–6 March. The second in the series of medical device regulatory harmonization seminars was held in Toronto in May. An Asia medical devices regulatory harmonization delegation visit to Australia was completed, including 22 Asia regulators was completed during September, and a Latin American medical devices regulatory harmonization delegation visit to the US and Canada is planned during 2010. LSIF is exploring a concept paper as the basis for a project proposal to examine quality control and quality assurance procedures for stem cell technologies.</p>

## Section III: Investment

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### Highlights:

- CTI, supported by a FOTC group and the IEG developed a work plan which outlined the broad steps to be taken in 2009 with respect to (i) identification of KPIs; (ii) measurement of progress against these KPIs and (iii) identification and implementation of action items listed in the APEC Investment Facilitation Action Plan (IFAP) (2008 –2010) endorsed by Ministers Responsible for Trade (MRT) last year.
- CTI, with the help of the PSU commissioned a research project to develop a rigorous methodology to measure the progress in implementing the IFAP and to identify KPIs which may provide a consistent basis for measurement of progress across the 2008-2010 period. The overall aim of the research was to provide systematic evidence that APEC members are advancing in measures to create and sustain the most conducive climate to attract investment, as this will be an important determinant in ensuring that APEC members and the APEC region are able to maximize their share of global foreign investment. The final report of the PSU (available on the APEC website, [www.apec.org](http://www.apec.org)) includes a theoretical framework on investment facilitation and the attraction of investment, as well as some possible KPIs to measure the progress made within APEC with regard to the implementation of investment facilitation actions and principles included in the IFAP. It also identifies key areas in IFAP where data is not available to measure progress. To address this, a stakeholder survey is being suggested to fill the existing gaps and make an assessment on business perceptions to the impact of actions taken by APEC member economies in implementing IFAP.
- CTI welcomed the completion of the research on IFAP and agreed the report would serve as an input to CTI's consideration of IFAP measurement and will be further discussed at CTI1, 2010 in the context of determining the way forward with IFAP measurement, including whether or not a particular methodology or individual KPI recommended in the report is to be used.
- IEG continues to play a major role in implementing the IFAP. The group identified five specific priority actions under each of the three priority themes (e-transparency, reducing investor risk, and simplifying business regulation) by Ministers in 2008. These are attached as *Appendix 9*.
- Completion of Phase 1 of the Sub-National Doing Business: Driving Reform of Local and Regional Business Environments in APEC study. Using the World Bank's "Ease of Doing Business" indicators, the study identified successful efforts to overcome behind-the-border barriers to investment in Mexico, the Philippines, Indonesia and China at the sub-national level complementing work under way in Economic Committee.
- Completion of Phase 2 of the Study of the Core Elements in Existing RTAs/FTAs and Bilateral Trade Agreements. This joint APEC-UNCTAD study builds upon the Phase 1 study which addressed APEC Leaders' calls for further work to examine bilateral investment agreements and the core investment-related elements of existing FTAs by expanding its coverage to a larger sample of intra-APEC investment agreements and other international investment agreements (IIAs). CTI agreed that the Core Elements study is a useful tool upon which to base tailor-made capacity building activities designed to improve member economies investment agreement making abilities – thereby

enabling improvement in the quality, consistency and overall standard of APEC agreements.

- The IEG jointly with the Economic Committee held the following activities:
  - Seminar on Regulatory Reform to Improve the Domestic Business Environment in Singapore on 16–17 February. The objective of the seminar was to help officials from APEC economies gain insights into the impact of regulatory reform on business and how to foster a positive environment across APEC economies for greater trade and investment.
  - Seminar on the Ease of Doing Business: Enforcing Contracts held in Singapore 26 July. The objectives of the Seminar were (i) discuss current perspectives and practices regarding procedures relating to the enforcement of contracts in APEC economies, with a view to identifying examples of best practice; (ii) exchange experiences on the “how to” of adopting better quality procedures for enforcement of contracts; and (iii) Develop practical guidance on possible ways to improve procedures relating to enforcement of contracts.
  - Seminar for Sharing Success Factors in the Improvement of Investment Environment held in Singapore on 27 July. It was attended by more than 70 participants and addressed by some eminent private sector speakers covering the main topics of APEC trade logistics (seen through the work of JETRO in ASEAN), FDI regimes and liberalization; the need to reform domestic regulation, public sector reform and strengthening economic legal infrastructure, and also the results of a study of cross-border mergers and acquisitions within APEC and their implications.
- Seminar for Sharing Experience on Improving Investment Policy held in Singapore on 18 May. Participants discussed possible policy options to improve the investment climate – namely one-stop shops or special inquiry points, effective, reasonable cost dispute settlement mechanisms and simplifying, streamlining and quickening investment regime and processes.
- Workshop on Improving Investment Promotion Activity Performance in Accessibility to Investors and Information Provision held in Bangkok on 3-5 June with the World Bank’s FIAS support. The objective was to help APEC’s investment promotion agencies benchmark and improve their performance in the areas of information provision and enquiry handling. The workshop targeted senior staff in investment facilitation and servicing agencies.
- APEC-UNCTAD Regional Training Course on the Core Elements of International Investment Agreements in the APEC Region held in Malaysia on 15–19 June. The training course was aimed at providing in-depth understanding of the key and emerging issues in investment liberalization, protection and facilitation. It covered a comprehensive range of topics relating to key and emerging issues in IIAs; stocktaking of treaty provisions on liberalization, protection and facilitation; a analysis of recent treaty and specific case studies; dispute settlement mechanism and management; and a simulation exercise on the negotiation of a comprehensive investment agreement.
- APEC-UNCTAD Joint Capacity Building Project for Addressing Knowledge Gaps in the Use of Foreign Direct Investment (Stage 1 – completed) Stage 2 – expected completion: November. IEG members had a discussion on the lessons learned from this research and analysis project; the best practices; and case studies done in four areas – two in infrastructure (electricity, roads) and two related to FDI and small and medium

enterprises (backward linkages and accessing skills) and associated future capacity building activities.

- LSIF continued moving forward with its work on the Enablers of Investment Checklist that was endorsed in 2008. The checklist examines the enabling conditions that attract private investment in innovative life sciences in an economy. Singapore completed the checklist and presented the results to LSIF VII held on 3–4 August as a benchmark for other economies. LSIF VII agreed that more economies needed to fill out the checklist so that the metrics in the checklist could be validated. A small group will be formed in 2010 to review the checklist to ensure that new technologies such as biologics are adequately reflected in the checklist and examine consistency with the Digital Prosperity Checklist in the case of Health IT.
- LSIF will be undertaking work to advance the research study conducted in 2008 by teams from Australia and China on the public sector returns to investment in health innovations. The authors have been invited to convene a small group to respond to the study, as requested by Ministers in 2008. Preliminary discussions would have the group convening in December. LSIF VII also considered the prospect of broadening the study to include temporal aspects of the return on investment as well as metrics that would show the economic returns such as through increased economic activity.
- LSIF completed a project which looked at the returns to investment in preventive interventions such as vaccines. This survey of perceptions of the value of such interventions was conducted by independent consultants in two APEC economies – Thailand and Chinese Taipei. Results showed that while there was good appreciation of the value of vaccines in terms of health outcomes, there was little appreciation of the value in terms of economic outcomes.

### **Work Plan:**

IEG adopted the following work plan which is structured around CTI's 2009 priorities to facilitate progress reporting:

#### CAP Implementation and Review

- Continue to review the CAP with particular emphasis on ensuring sufficient priority to work on implementing the IFAP in 2009–10 including the areas of e-transparency, reducing investor risk and simplifying business regulation.

#### Strengthening Regional Economic Integration

- *Exploring a FTAAP*: Review existing analytical work on investment issues relevant to a possible FTAAP and assess the need for any additional analytical work.
- *Promotion of RTAs and FTAs*:
  - Enable greater consistency in key provisions of RTAs/FTAs in the region through capacity building projects namely: (i) Finalize Stage 2 of the study of the Core Elements of International Investment Agreements to underpin Leaders' call to consider development of principles for investment agreements. Hold discussion of final report at IEG2; and (ii) Contribute to the Convergence and Divergence Study in CTI as necessary
- *Trade Facilitation*

- Capacity Building for Sharing of Success Factors in Improvement of Investment Environment: discussion is planned at this event in July 2009 of certain trade facilitation issues related to investment
- *Investment- Research and Analysis:*
  - APEC-UNCTAD Joint Capacity Building Project for Addressing Knowledge Gaps in the Use of Foreign Direct Investment (Stages 1 & 2) - Implement project and finalize both Stages, discuss lessons learned from the 4 best practice case studies and consider associated capacity building.
  - Continue to update List of Analytical Studies on FDI and developments in international investment agreements.
  - Monitor regional and global FDI trends and policy
- *Investment- Facilitation and Promotion including the development of the IFAP:*
  - Assist CTI by providing advice on the development and implementation of the IFAP.
  - Assist CTI in developing reporting framework for fora/sub fora on IFAP actions
  - Assist CTI, ABAC and APEC PSU in developing project to establish realistic benchmarks or other measurements including KPIs related to IFAP actions.
  - Prepare analysis of investment-related work undertaken and planned in 2008-2010 in terms of its relevance to meeting specific IFAP actions
  - Implement project: Joint APEC-BOI-FIAS Workshop on Improving Investment Promotion Performance in Accessibility to Investors and Information Provision; and Seminar for Sharing Experience of Improving Investment Policy. In 2009, we are planning to hold discussions about possible policy options to improve the investment climate – namely one-stop shops or special inquiry points, effective, reasonable cost dispute settlement mechanisms and simplifying, streamlining and quickening investment regime and processes.
- *Investment- Liberalization of border barriers to FDI:*
  - Consider how we can report back to CTI on the matter of satisfying the Leaders commitment to refrain from raising new barriers to trade and investment. To be discussed at IEG1
- *Digital Economy and IPR:*
  - Capacity Building for Sharing of Success Factors in Improvement of Investment Environment. In 2009, there are planned discussions of: (i) Implication of strengthening the protection of IPRs and facilitating technology transfer (electric and electronics, automobile and software industries); and (ii) Implication of promoting business utilizing intellectual property of colleges and universities (foreign knowledge-based industry)
- *Transparency:* Consider lessons learned from implementation of update to Investment Guidebook and review next steps.
- *Structural Reform, behind-the-border barriers:*
  - Implement project Investment at the Sub-National level to promote Economic Integration (Phase I).
  - Participate in Joint EC/IEG Regulatory Reform: Improving the Domestic Business Environment Seminar
  - Consider further capacity building events sharing experience with the Policy Framework for Investment
  - Capacity Building for Sharing of Success Factors in Improvement of Investment Environment

- In 2009, there are plans to hold discussions about the: (i) Implication of promoting structural reform and strengthening economic legal infrastructure toward market-oriented economic reform (mergers and acquisitions of state-owned enterprises by foreign investors); (ii) Implication of promoting regulatory reform, public-sector reform and strengthening economic infrastructure (public-utility industry)
- *Private sector engagement, sectoral issues:*
  - Continue to strengthen dialogue and cooperation with the private sector, including through ABAC.
  - Work with ABAC to produce statements on: (i) the importance of transparency to facilitate investment; (ii) harmonization of rules to facilitate investment; and (iii) simplification of approval processes to facilitate investment; together with a Matrix of Successful Investment Facilitation Measures.
  - Continue to work with ABAC to identify potential joint activities (including public-private dialogues) that would benefit the APEC business community by facilitating trade and investment and addressing structural reform issues.

#### Capacity Building and Information Sharing

- Consider development of *Investment Reform Toolkit* utilizing outputs from previous capacity building projects

#### Inputs to Investment work undertaken by/with other APEC fora

- Continue to work with HRDWG to consider implications for IEG of HRDWG's Strategic Approach to Sustainable Capacity Building Project
- Continue to work with EC on investment issues related to structural reform including as necessary, participation at meetings and events, inputs to projects, etc. Implement Project: EC/IEG Regulatory Reform: Improving Domestic Business Environment Seminar.
- Continue collaboration with EWG including on implementation of the APEC Energy Trade and Investment Action Plan.
- Collaborate with the MTF to study the recommendations made in the 2007 Mining REI study on impediments to trade and investment in mining and assist as necessary to propose possible actions for the next APEC Mining Ministerial Meeting.
- Work with FMP officials as necessary on issues relating to capital market development and investment efficiency.

## Section IV: Digital Economy and Strengthening Intellectual Property Rights

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### Highlights:

- ECSG agreed to develop a simple survey or questionnaire, in conjunction with the CTI to collect information on how economies' policies and practices map against the Digital Prosperity Checklist. The information collated would help enhance the understanding of how economies are implementing policies to support ICT-enabled growth and identify additional capacity building needs. The survey or questionnaire was circulated intersessionally with the goal of economies completing it by SOM I, 2010.
- ECSG agreed to map the Digital Prosperity Checklist against work on -going in APEC and thus identify gaps for possible future work. This work will be undertaken in conjunction with the CTI and other sub-fora and targeted for completion by SOM I, 2010.
- IPEG completed the Survey on Copyright Limitations and Exceptions. The final report contained the results submitted by fourteen member economies up to February and represented a snapshot of the information submitted. Also, two other surveys have been also developed and are being carried out: (i) Survey on Opposition Proceedings to determine the best practices for opposition procedures; and (ii) Survey on Certification and Collective Marks for member to gain better understanding of current protection of certification and collective marks among APEC members.
- The development of a Survey of Strategic Consideration of IPR Capacity Building in APEC Economies. The survey is being undertaken in support of the Model Guidelines to Strengthen IPR Capacity Building and to assist efforts within IPEG to undertake a more strategic and structured approach to designing and delivering capacity building programs. The survey is intended to help identify IPR related development and capacity building needs within APEC economies.
- IPEG conducted several seminars and forums during this year on various IP issues such as: (i) APEC Seminar on Supply Chain Integrity, 8–9 January, Hong Kong, China; (ii) APEC IPEG Seminar on Technology Transfer, 23–24 February, Singapore; (iii) Seminar on APEC IPR Public Education and Awareness Program for SMEs, 1–3 April, Melbourne, Australia; (iv) Colloquium For Public Prosecutors And The Judiciary on Intellectual Property Rights Enforcement, 9-11 June, Kuala Lumpur, Malaysia; (v) APEC Workshop on Effective Practices in the Border Enforcement of Intellectual Property Rights, 20–23 July, Honolulu, Hawaii; and (vi) APEC Trading Ideas 2009 Symposium 2009, 30–31 July, Singapore.
- An APEC Workshop on Effective Implementation of Best Practices Concerning Cable and Satellite Signal Piracy and Enforcement will be held on 15-16 December in Jakarta, Indonesia.
- IPEG discussed some initial ideas for a more coherent approach under the APEC Cooperation Initiative on Patent Acquisition Procedures as well as the development of the Patent Cooperation Initiative on Patent Acquisition Procedures – Roadmap for Further Cooperation. A gap analysis on patent acquisition among APEC economies is being conducted to determine the capacities and capabilities of economy's patent office and where it may be lacking in experience and resources.

- IPEG discussed a proposed Intellectual Property Academy Collaborative Initiative (iPAC) aimed at strengthening collaboration on human resource development in the IP field.
- IPEG continued to discuss the proposal on APEC Satellite and Cable Signal Theft Initiative.
- IPEG discussed a proposal to address illegal use of recording devices to record or transmit movies in cinemas.

**Work Plan:**

In 2009, CTI adopted a work plan on Digital Economy and Strengthening IPR which included:

*Digital Economy*

- Undertaking capacity building workshops in relevant CTI sub-fora to promote the use of the APEC Digital Prosperity Checklist.

*Intellectual Property Rights*

- Undertaking initiatives to strengthen the protection and enforcement of IPR in the region.
- Promoting greater collaboration among our IPR experts and enforcement authorities.
- Continuing with the implementation of the IPR Guidelines adopted under the 2005 Anti-Counterfeiting and Piracy Initiative.
- Making progress improving patent systems in the region.
- Continuing with the implementation of the APEC Cooperation Initiative on Patent Acquisition Procedures. (This includes discussion of a roadmap for Patent Cooperation Initiative on Patent Acquisition Procedures reflected in the APEC REI Progress Report (Matrix)).
- Promoting work on awareness raising and advancing shared objectives in ongoing international discussions, especially in the WTO, regarding genetic resources and the protection of traditional knowledge and folklore.
- Continuing work to address satellite and cable signal theft in the region as outlined in the 2007 AMM Statement.

**Table 3: Other Sub-fora Outcomes – Digital Economy and Strengthening IPR**

SUB-FORA	WORK UNDERTAKEN
<b>Sub-Committee on Customs Procedures</b>	SCCP continued its collaboration with IPEG. The IPEG Convenor addressed SCCP1 on IPEG activities, stressing the importance of involving SCCP although there are differing roles on IP enforcement amongst Customs administrations. In turn, a few SCCP member economies presented their customs administrations' roles in IPR enforcement at IPEG2.

SUB-FORA	WORK UNDERTAKEN
	<p>SCCP conducted a Seminar on Implementation of Border Measures for IPR Protection 5-7 October in Lima, Peru. This seminar was aimed at providing participants with information on the general aspects of border enforcement of IPR as well as with the technical knowledge and skills on best practices and procedures related to implementation of border measure for IPR protection.</p>
<p><b>Electronic Commerce Steering Group (ECSG)</b></p>	<p>ECSG conducted a Seminar on the Digital Prosperity Checklist on 26 July in Singapore. The Seminar provided an opportunity for participants to exchange information and learn from each other about using networked ICT to stimulate growth and prosperity. A second initiative focusing on the concept of Global Value Chains, is being planned for 2010.</p>
<p><b>Automotive Dialogue (AD)</b></p>	<p>AD discussed collaboration with IPEG on proposed future activities such as a program to increase public awareness of IPR best practices in the automotive sector.</p>
<p><b>Life Sciences Innovation Forum (LSIF)</b></p>	<p>LSIF completed its series of anti-counterfeiting seminars for medical life sciences products with the last in the series being held in Mexico City in February. The key objective of these seminars was to assist in building capacity to maintain the integrity of the pharmaceutical products and medical devices supply chain. Many new ideas for cooperation were generated and an action plan will be developed for consideration. Consideration is also being given to establishing an LSIF anti-counterfeiting committee within the LSIF structure to work on implementation of the plan and additional training.</p> <p>LSIF also examined the role of information technology in health systems as part of its work to implement the LSIF Strategic Plan and agreed to recommend for endorsement by AMM/ AELM, the establishment of a small group to discuss and coordinate priorities in the development of mechanisms, frameworks and guidance on the role of information and communications technologies in health systems to facilitate and enhance the exchange and use of health and information and related data for improved patient outcomes, disease management and crisis response.</p>

## Section V: Collective Actions, Pathfinder Initiatives and Industry Dialogues

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### Collective Action Plans

Collective Action Plans (CAPs) continue to frame the work plans of the CTI and its sub-fora. These CAPs are living documents and, in 2009, they were revised and enhanced in pursuit of the Bogor Goals (see Appendix 8).

Many of these improvements were made in response to the priorities set by Leaders and Ministers, including the call to ensure deliverables in CAPs are relevant to businesses. The revised CAPs also increase the transparency of trade and investment policies, lower transaction costs of cross-border trade, stimulate competition and result in greater certainty and predictability.

Some highlights from sub-fora collective action plans:

The **Market Access Group (MAG)** advanced work on initiatives on tariff and non-tariff measures that contributed to the APEC activities on Regional Economic Integration. The group discussed intensively making ROO more business friendly from three aspects: (1) harmonization, (2) cumulation and (3) simplification of documents and procedures. In particular, the discussion led to completion of five sectors for ROO analysis as a contribution to ROO harmonization study and an endorsement of APEC Elements for Simplifying Documents and Procedures Relating to ROOs. The Group also assisted CTI's work on developing the APEC Website on Tariff and ROOs ("WebTR") which was endorsed by Ministers Responsible for Trade in July.

MAG also initiated projects on EGS as inputs to the EGS work program to be delivered to Ministers, including launch of Environmental Goods and Services Information Exchange (EGSIE) and holding of EGS Workshop. The mapping matrix, which listed a number of activities and projects on EGS developed within APEC, was also one of the contributions by MAG to enabling relevant fora to work for increasing utilization of EGS and help economies build capacities to develop the EGS sector.

The **Group on Services (GOS)** discussed and developed activities to facilitate the development of open and efficient services markets in the APEC region. Sectors discussed in 2009 included environmental services, legal services, health services and educational services. GOS conducted a capacity building workshop to identify impediments to the provision of legal services across APEC economies in July 2009. Two capacity building seminars were held for cross-border services trade in May 2009 and July 2009 to increase knowledge and understanding of the commercial realities and regulatory issues relating to cross-border services. The Group reviewed its mandate and revised its terms of reference so as to be more aligned with APEC's priorities.

In 2009, the **Investment Experts Group (IEG)** continued to support the CTI's efforts in progressing the Investment Facilitation Action Plan (IFAP) for 2008–2010 that was adopted by Ministers and Leaders last year. The Group provided technical inputs to CTI's work on establishing a measurement methodology and KPIs. Under each of the three priority themes agreed in 2008 to address IFAP action points: e-transparency, reducing investor risk through more certainty, and simplifying business regulation including reducing business costs, the IEG identified five actions for implementation in the first three years of the IFAP, taking into consideration the views of ABAC. The IEG also further identified capacity building needs in

IFAP priority action areas for immediate action in the latter half of 2009 and early 2010. Besides the IFAP, the IEG completed the 2<sup>nd</sup> phase of its Core Elements Study, the result of which were found to be a useful tool upon which to base tailor-made regular capacity building activities designed to improve member economies' abilities to make investment agreement – thereby enabling improvement in the quality, consistency and overall standard of APEC agreements. The IEG had also successfully delivered several short- to medium-term multi-stage capacity building projects with strong linkages both to each other and the work of other APEC fora in 2009.

The ***Sub-committee on Standards and Conformance (SCSC)*** assists the CTI to deliver the standards and conformance related outcomes of APEC's trade and investment liberalisation and facilitation agenda. For 2009, several key activities were organized for the first time to help achieve this agenda. This included the launch of a study on models and practices deployed by APEC economies to help their businesses, particularly SMEs, to gain access to information on technical regulatory requirements and overcoming technical barriers to trade (TBT). Engaging businesses is a priority, with a seminar on Engaging Businesses on Standards and Conformance conducted on 3–4 August. To help educate business and academia on the importance of standards and conformance, the SCSC PAGE (Project Advisory Group on Education) met on 22 February to discuss Phase II of the Standards Education project on Textbook and Teaching Manual Development. To promote awareness and understanding of the APEC Pathfinder initiative on the APEC Electrical and Electronic Equipment Mutual Recognition Arrangement (APEC EE MRA), a seminar, with strong participation from both regulators and industry was held on 26–27 May. Recognizing the importance and impact of environmental related measures on trade of products, the SCSC Trade and Facilitation Task Force (TFTF) met on 23 February to discuss ways to more effectively meet the needs and concerns regarding information and cooperation on the trade and technical aspects of these measures. Capacity building activities relating to legal metrology and chemical metrology were also carried out throughout the year.

Product safety was emphasized with a workshop on Managing Risk Across Supply Chain in the APEC Region on 31 July and a Toy Safety Regulator workshop on 1–2 August. In the area of food safety, the successful inaugural workshop by the Food Safety Cooperation Forum (FSCF) Partnership Training Institute Network (PTIN) on Examination of Hot Issues in Risk Analysis was held on 1–2 August. Regulator to regulator dialogue was enhanced with the Food Safety Cooperation Forum meeting on 30 July and the transformation of the JAC EE MRA (Joint Advisory Committee on the APEC EE MRA) into a Joint Regulatory Advisory Committee on Electrical and Electronic Equipment. The TOR of the SCSC was also reviewed with an added focus on Good Regulatory Practice.

In 2009, the ***Sub-committee on Customs Procedures (SCCP)*** worked to address the priorities identified by our Leaders, Ministers and Senior Officials to accelerate regional economic integration efforts towards achieving the Bogor Goals, by focusing its efforts on: (i) contributing to making rules of origin business-friendly; (ii) continuing to contribute to the implementation of the TFAP II in areas related to customs; (iii) contributing to the advancement of single window implementation in the region; (iv) progressing the implementation of the APEC Framework for Secure Trade; (v) strengthening collaboration with the Intellectual Property Rights Experts' Group; (vi) advancing the implementation of the SCCP Collective Action Plans; and (vii) building capacity to simplify and modernize customs procedures.

The ***Intellectual Property Rights Experts' Group (IPEG)*** worked on a range of activities addressing key IPR issues in the region, including trademark and patent acquisition and protection, copyright protection and enforcement, plant variety protection, IPR capacity building and other pro-business initiatives such as electronic filing systems and IPR Service

Centres. IPEG worked to strengthen inter-fora cooperation, whereby representatives from member economies' IP enforcement authorities were invited to attend the IPEG Plenary Meeting and address challenges on border enforcement for IPR protection.

The IPEG has been especially active in providing IP capacity building programs over the past year. Seminars and workshops on various IPR topics were held, where IPR experts and stakeholders came together to share ideas and exchange experience on supply chain integrity, technology transfer, prosecution on IPR infringements, border enforcement of IPR and copyright limitation and exceptions. A seminar on IPR public education and awareness was conducted to address surging demands from SMEs on IP management. Additionally, IPEG is currently completing an APEC-funded project to further develop and disseminate the "e-learning" program called IP Xpedite, which is aimed at increasing awareness and utilization of IP information.

The **Government Procurement Experts Group (GPEG)** continued to exchange information on the developments of e-procurement systems and best practices related to government procurement as well as information on multilateral and bilateral trade agreements negotiated by member economies. GPEG discussed revitalizing GPEG's activities and increasing participation at its meetings. GPEG members agreed to set up mid and long term agendas that are more relevant to APEC goals and the practical interests of GPEG members for future meetings. GPEG will continue discussion intersessionally about commissioning a research on developing a framework for eProcurement Guidelines for reference of member economies in order to assist them in developing and enhancing their own e-procurement systems.

The **Business Mobility Group (BMG)** continued work that would facilitate business travel while ensuring passenger safety and border security. Specifically, the BMG worked on expanding the membership and participation in the APEC Travel Business Card (ABTC) scheme, the unilateral Advance Passenger Information (API) systems and the Regional Movement Alert System (RMAS). The Group undertook an ABTC client satisfaction survey which demonstrated that the ABTC is highly valued by frequent business travelers and provides real and tangible benefits. It further agreed to commence work on an ABTC Client Service Model which will lead to a more uniform product and service afforded to clients. The BMG's latest Report on TFAP II implementation for the period indicates progress has been made in most of the agreed eight action areas including the ABTC, with a 214 % increase in the number of active cardholders since end 2006 and a 5.4% increase in the year 31 July 2008–30 June 2009 (44,931 to 69,029 cards) over the previous year. As of October 2009, the number of active ABTC cards was 74,000.

The Group agreed to develop a paper which will evaluate the past work of the BMG. This will assess the considerable body of work that the BMG has undertaken in past years and by doing so, might identify gaps in the work of BMG which the BMG would consider completing in the future.

The **Electronic Commerce Steering Group (ECSG)** recognizes the importance of public-private collaboration in developing an environment conducive to e-commerce and encourages the active participation and contribution of the private sector in its meetings and activities. For 2009, the ECSG made further progress in its work program relating to the data privacy pathfinder and paperless trading which include works in areas such as electronic certificates of origin, electronic invoicing, business requirements for data harmonization and single window, best practices in e-government procurement, e-documents and e-trade financing. It developed projects involving B2B and B2G transactions and promoted the use of electronic documents and internet technologies in the process of international trade, responding to TFAP II of speeding the use of electronic commerce. The ECSG's work is

supported by two sub-groups, the Data Privacy sub-group which oversees the implementation of the Data Privacy Pathfinder that was adopted in 2007; and the Paperless Trading sub-group which oversees the development and implementation of projects on the use of paperless trading in commercial processes.

The ECSG advanced work on developing and implementing a Cross-Border Privacy Rules (CBPR) system encompassing a set of cross border rules or practices in the area of data privacy protection. The implementation of such a system and procedures will simplify the transmission and manipulation of data across borders while ensuring a high level of data privacy protection. The ECSG also supported CTI in the implementation of the Digital Prosperity Checklist which outlines specific steps economies can take to enable an economy to utilize ICTs as catalysts for growth and development.

## Pathfinder Initiatives

In 2009, lead economies continued to promote increased participation in the existing TILF-related Pathfinder initiatives.

**Table 4: Status of TILF-Related Pathfinders (as of end August 2009)**

Pathfinder	Lead economy	APEC Forum responsible	Membership status - Sept 2004	Membership status
<b>Trade and the Digital Economy</b>	United States	N/A (launched at Leaders level; CTI has oversight)	18/20	
<b>Advance Passenger Information (API)</b>	Australia/BMG		All agreed on API standards; 6 either fully implemented or committed to implementation; 8 undertaken feasibility studies; 6 committed to undertaking feasibility studies.	All agreed on API standards; 17 either fully implemented or committed to implementation; 10 undertaken feasibility studies.
<b>E-Cert SPS</b>	Australia & New Zealand	ECSG 6		6
<b>Kyoto Pathfinder</b>	Australia/SCCP		15 participating in Part A; 8 participating in Parts A & B.	Has become a CAP in the SCCP.
<b>Mutual Recognition Arrangement of Conformity Assessment on Electrical and Electronic Equipment</b>	Australia/SCSC		15 participating in Part I; 3 participating in Parts II & III.	17 participating in Part I; 5 participating in Part II; 4 participating in Part III.
<b>Electronic Certificates of Origin</b>	Korea and Chinese Taipei	ECSG 3		3 Vietnam and Thailand have expressed their strong interest to participate in the pathfinder; the Philippines, Malaysia, Peru and Russia would like to join as observer.
<b>Food MRA</b>	Thailand/SCSC		5	5
<b>Technology Choice Principles</b>	United States	CTI	N/A	15
<b>Data Privacy</b>	Australia/ECSG		N/A	16

## **Industry Dialogues**

### ***Automotive Dialogue***

The **Eleventh Automotive Dialogue** was held in Seoul, Korea on 30 March–2 April. The Dialogue continued to pursue a broad ranging agenda encompassing market access and trade policy; harmonization of technical regulations and road safety; SME development; customs and trade facilitation; intellectual property rights; motorcycle safety; and alternative fuels. At this meeting, the Automotive Dialogue endorsed a resolution calling on all APEC economies “to refrain from raising new barriers to investment or trade in goods and services, or implementing WTO inconsistent measures, particularly in the automotive sector”.

The Dialogue agreed to the recommendations, put forth by its Customs and Trade Facilitation working group that (i) the SCCP undertake an initiative to modernize the Customs websites of APEC economies, and develop a centralized list of links to the relevant individual economies’ government sites that contain the key information; (ii) APEC economies: (a) implement the WCO’s Safe Framework to Secure and Facilitate Global trade to avoid a “spaghetti bowl” of divergent Authorized Economic Operator (AEO) programs; and (b) agree on minimum security standards for AEO programs in APEC; and (iii) SCCP works towards the implementation of WCO’s Revised Kyoto Convention and implementation of WCO’s guidelines pertaining to immediate release of goods. On ROOs, the Dialogue continued to review and update its 2005 recommendations on ROO methodologies for future FTAs; as well as to explore how to best advance the proposal for funding a one-time APEC Automotive Rules of Origin Workshop to provide further training into the core methodologies recommended, and to answer the many technical questions that economies’ trade and customs officials have regarding the implementation of these methodologies. The Automotive Dialogue continued to collaborate with the Energy Working Group’s Biofuels Task Force to take forward a jointly developed project on biofuels transport and distribution options for APEC economies. The project examines the best practices for cost effective expansion of the infrastructure needed to transport and distribute biofuels as the market expands. The Dialogue also endorsed a proposal to develop a SME Partner Search and Matching Program with the SMEWG.

### ***Chemical Dialogue***

The **Eighth Chemical Dialogue** was held in Singapore on 1 August to discuss and develop the proposed 2009–2010 work plan for the Chemical Dialogue (CD) and associated recommendations. The Dialogue extended its discussions of important regulatory and trade-related developments such as the EU REACH (Registration, Evaluation, and Authorization of Chemicals), GHS (Globally Harmonized System of Classification and Labeling of Chemicals), and SAICM (Strategic Approach to International Chemical Management) to include new areas of work including the prospect of a contribution to APEC’s work on sustainable development and climate change, outreach to SMEs, information sharing on the strategic role of chemicals, the scope for a capacity building workshop on voluntary industry programs to support the sound management of chemicals, and exploring supply chain considerations of regulatory regimes. The Dialogue was preceded by the first formal meeting of the newly established Chemical Dialogue Regulators Forum, and approved the work plan of this forum, which is intended to facilitate risk reduction and the sound management of chemicals. The work plan includes a capacity building workshop on Good Regulatory Practice scheduled to be held in the margins of SOM I 2010.

The Principles for Best Practice Chemicals Regulation and a Report on issues associated with implementation of the GHS approved by APEC Ministers in 2008 were communicated

by the Dialogue formally to the second International Conference on Chemicals Management in Geneva on 11–15 May as the approved APEC contributions to SAICM. A status report on the implementation of GHS by APEC member economies was transmitted to the MRT in July. A web-based GHS information clearing house is being established to assist industry in APEC member economies with GHS compliance. The Dialogue continued to advance work on a common approach to simplifying rules of origin in the chemicals sector, with the completion of a comparative study on rules of origin in the 32 FTAs in the region, and agreed to explore the development of business friendly guidance on rules of origin as a contribution to APEC's regional economic integration agenda. The Dialogue continued exchanges with the European Commission on the implementation of REACH and developed and circulated a survey of problems companies were encountering with REACH implementation. Members continued to express concern over the potential trade-distorting effects of REACH and potential issues with the protection of confidential business information.

### ***Life Sciences Innovation Forum***

The **Seventh Life Sciences Innovation Forum (LSIF VII)** was held in Singapore on 3–4 August. The forum was preceded by a workshop, conducted in cooperation with the Health Working Group and a regional institute on 2 August in Singapore, and focusing on the role of Health IT. The main theme for this year's forum was *Engaging in a Multi-disciplinary Approach to Health Innovation*. Discussions were set in the context of the Global Financial Crisis and economic recovery efforts. They focused on additional analysis of returns to trade and investment in the innovative life sciences sector in the APEC region; identifying ways of optimizing the use of emerging technologies; research priorities; collaborative efforts with other APEC groups, including innovative ways of addressing emerging health challenges; and establishing a formal mechanism for regulatory cooperation.

The major deliverables from the forum this year were (1) the completion by Singapore of the LSIF enablers of investment checklist, which was developed as a guide for policy makers in each APEC economy to assess their investment environment for life sciences innovation; (2) the completion of the survey of perceptions of the return on investment in vaccines; (3) the launch of the APEC Harmonization Center in Seoul and associated training workshops in multi-regional clinical trials and biosimilars regulatory pathways (participation exceeded 640 and in 400 respectively); (4) completion of the third in the series of anti-counterfeiting training workshops; (5) additional medical device regulator training sessions based on guidelines of the Global Harmonization Task Force (GHTF); (6) completion of the three-phase clinical trials good regulatory practice workshops; and, (7) agreement to extend the study called for by Ministers in 2007 on the benefits of investment in health innovations, to include infectious disease, temporal aspects and metrics that would show the economic returns such as through increased economic activity. The forum also agreed to work on ways of applying the study on an individual economy basis; and to work with the ECSG and other APEC groups on guidance on the role of and enabling environment for the use of information technologies in health systems. As a contribution to the REI agenda, the forum agreed to begin work in the Regulatory Harmonization Steering Committee on a multi-year strategy plan for regulatory harmonization and capacity building.

## Section VI – CTI’s Contribution to APEC-Wide Initiatives and SOM Priorities

In 2009, CTI undertook work in response to a number of APEC-wide priorities. While some of this work is reflected in earlier sections of this report, this chapter provides an overview of our activities in the following areas that respond to APEC-wide priorities: Support for the Multilateral Trading System and addressing the Economic Crisis; Exploring a Free Trade Area of the Asia-Pacific (FTAAP); Improving the Business Environment Behind-the Border; Implementation of Leaders’ Security Commitments; and Capacity Building.

### Support for the Multilateral Trading System and Addressing the Economic Crisis

CTI members recognized that a successful conclusion of the Doha Development Round negotiations remained APEC’s highest priority. They noted businesses’ frustrations about the impasse in global trade negotiations at the WTO and concerns over what they consider to be a disturbing rise in trade protectionist measures. They welcomed the participation of the WTO Director-General Pascal Lamy at the Ministers Responsible for Trade Meeting on 21–22 July and expressed an interest to hear the Director-General’s ideas on how the WTO and APEC could collaborate and play complementary roles with each other to build up cooperation efforts to assist economies to get over the current economic crisis. CTI members were generally supportive of APEC reiterating the Leaders’ statement from 2008 regarding resisting protectionism. In this regard, the Committee welcomed the Automotive Dialogue’s resolution to refrain from raising any new barriers to investment or trade in the automotive sector.

While there was limited scope for CTI and its sub-fora to contribute directly to the DDA negotiations or measures to address the economic crisis, workshops/seminars were organized to build capacity and raise awareness amongst member economies in the areas of services, investment and EGS.

**Table 5: Sub-fora Outcomes - Support for the Multilateral Trading System and Addressing the Economic Crisis**

SUB-FORA	WORK UNDERTAKEN
<p><b>Market Access Group (MAG)</b></p>	<p>MAG continued to support on-going DDA/NAMA negotiations, <i>inter alia</i>, by monitoring and sharing information on the developments in specific liberalization initiatives such as the Information Technology Agreement.</p> <p>MAG developed projects for the environmental goods and services (EGS) work program. A Workshop on Trade and Environment was held in Jakarta on 25–26 May to allow for a non-dialogue on environment policy and regulatory development with implications for trade in the region. Another Workshop on Environmental Goods and Services took place in Singapore on 28 July. The workshop sought to (a) promote a better understanding and awareness of the linkages between trade in environmental goods and climate change by addressing the economic impact of liberalizing trade and trade barriers (such as tariffs) and thereby making environmental goods broadly available and enhancing climate-friendly lifestyles; (b) increase understanding and raise awareness of the role of technology and environmental goods in addressing climate change issue; and (c) identify business motivation for the uptake of environmental technologies through establishing international technical standards and other</p>

SUB-FORA	WORK UNDERTAKEN
	regulatory systems in developing economies.
<b>Group on Services (GOS)</b>	<p>GOS discussed recent developments in the WTO services negotiations and how the Group could support progress in these negotiations at its meeting on 28 July. There was support within the GOS to possibly hold an APEC caucus during the WTO's services negotiations in an effort to contribute to the successful outcome of the negotiations.</p> <p>GOS revised its terms of reference to reflect changes to the international trading environment, the current state of multilateral trade negotiations and APEC's focus on Regional Economic Integration.</p> <p>Completion of the project, Survey on APEC Trade Liberalization in Environmental Services. This project is designed to conduct a survey on trade liberalization in environmental services across APEC economies and the <i>General Agreement on Trade in Services</i> modes of supply, and make analysis of the findings for the purpose of sharing information of trade liberalization trends in environmental services for APEC economies.</p>
<b>Investment Experts Group (IEG)</b>	<p>IEG held general roundtable discussions on global environment for FDI flows and investment protectionism at its <i>three</i> meetings this year. At the first two meetings in February and May, there was a wide-ranging discussion about the origin and effects of the current global financial crisis based on various literature from the many international organizations working in the areas of the global financial crisis, FDI impacts and investment protectionism, including UNCTAD's paper on "Assessing the impact of the current financial and economic crisis on global FDI flows". At IEG3 in July, economies were invited to share information of the progress in investment facilitation in their economies and to submit item of general interest for discussion or information.</p> <p>IEG continued to update the List of Analytical Studies on FDI and developments in international investment agreements and update IEG members on information about the global financial crisis and investment protection.</p> <p>IEG also monitored regional and global FDI trends and policy responses.</p>
<b>Sub-committee on Customs Procedures (SCCP)</b>	SCCP members undertook to share information, on a voluntary basis, on initiatives or actions taken by APEC Customs Administrations in helping businesses cope with the global economic crisis.
<b>Intellectual Property Rights Experts Group (IPEG)</b>	IPEG members reported on their respective progress in developing IP systems consistent with the WTO and other international fora.
<b>Business Mobility Group (BMG)</b>	<p>The BMG continues to work towards expanding the membership to include all member economies in the ABTC scheme to facilitate business travel and thereby enhance trade and investment in the APEC Region.</p> <p>The BMG continued to cooperate to share information and best practice</p>

SUB-FORA	WORK UNDERTAKEN
	on immigration legislation including temporary entry provisions in economy trade agreements, as well as immigration policy, procedures and technologies.
<b>Chemical Dialogue (CD)</b>	<p>This year, the Chemical Dialogue's discussions were set in the context of APEC's work to promote economic recovery. The 2009-2010 work program thus is centered on trade facilitation measures to enhance trade flows and lower the costs of doing business, while protecting human health and the environment. The challenges to competitiveness of the industry are internal and external to the region. Steps to achieve best practices in chemical regulations, harmonize chemical classification and labeling through GHS implementation, and address potential trade-distorting effects of external chemicals management regimes will provide a significant contribution to enhancing competitiveness.</p> <p>The Chemical Dialogue will host a workshop, which will be held in March 2010 to showcase government and industry case study examples of good regulatory practices, tools and approaches and which will assist economies in identifying further capacity building needs and information exchange opportunities for increased collaboration among the APEC economies for the sound management of chemicals. This workshop builds upon the Principles for Best Practice in Chemical Regulation, a report that was completed by the Chemical Dialogue in 2008 and approved by APEC Ministers and Leaders in 2008 as an APEC contribution to SAICM. The report also was presented to second International Conference on Chemicals Management (ICCM2) in Geneva in May 2009.</p>
<b>Life Sciences Innovation Forum (LSIF)</b>	<p>LSIF VII examined the state of the industry given the economic downturn and its effect on life sciences research and development and identified measures that would stimulate investment in research and development in the region consistent with the Enablers of Investment Checklist. LSIF VII concluded that (1) investment in health will be a key plank of sustained economic recovery and (2) investments in health innovations will provide medium to long term returns that have the potential to significantly improve the bottom line and resource base of governments, the health community and industry. As such, these returns should be factored into the economic recovery and forward development plans of economic, trade, health, science, and budget policy architects.</p>

**CTI's Contribution to SOM's Work on Exploring a Free Trade Area of the Asia-Pacific (FTAAP)**

CTI agreed to update the 2008 Convergences/ Divergences Study of APEC FTAs by expanding the scope from 30 to 42 intra-APEC FTAs/RTAs and deepening the coverage include to a new chapter on e-commerce. The updated information has been uploaded to APEC FTAs database of the Convergence and Divergence Study at [http://www.mincetur.gob.pe/apec\\_fta/](http://www.mincetur.gob.pe/apec_fta/). As a next step, CTI agreed to explore organizing future TPD sessions on specific chapters in the Convergences/Divergences Study, starting with investment in the margins of CTI1, 2010.

CTI discussed Leaders' decision to undertake further analytical study on the "likely economic impact, benefits and challenges of an FTAAP" and CTI's contribution to SOM's analytical

work on the economic impact of an FTAAP and specific benefits and challenges for APEC economies of such an agreement. Subsequently, Senior Officials, upon CTI's recommendation that there were merits in undertaking further analytical studies on FTAAP, agreed on the modalities for conducting such a study on the likely economic impact, benefits and challenges of an FTAAP. The study, led by Korea with Australia, China, New Zealand, Peru and the United States, is expected to address the economic impact of liberalization for trade in goods and reduction of barriers to trade in services as well as possibly, the economic impact of trade facilitation or rules of origin.

CTI agreed to explore whether the model measures for trade facilitation could be expanded to provide more specificity and content. A comparative listing of the 2005 APEC model measures for trade facilitation, the 2008 ABAC model measures for trade facilitation and customs facilitation and the trade facilitation chapter from the Canada-Costa Rica FTA was put together for this exercise. CTI noted the possible contribution of comparative listing to future TFAP II or SCI work and that members might want to explore this further in 2010.

CTI held a Trade Policy Dialogue on FTAAP issues on 24 July covering two main topics: (i) Issues Associated with Docking and Merging FTAs/RTAs; and (ii) Convergence/Divergence in APEC FTAs.

### **Improving the Business Environment Behind-the Border**

The CTI Chair and the EC Chair continued to maintain close contact with each other to ensure they worked in a seamless way and to ensure complementarities and links between the two committees were strengthened. The CTI and EC Chairs attended each others' meetings to brief the respective Committees on their work programs. They have also identified areas of synergies between the two Committees and agreed to collaborate with one another to maximize resources. CTI and the Economic Committee (EC) jointly held a policy dialogue on Trade Logistics on 18 February in Singapore where both committees agreed to collaborate and take forward one of the APEC 2009's priority on enhancing physical connectivity, "across the border".

CTI noted that efforts to improve the business environment were one aspect of the broader structural reform work that was being spearheaded by the Economic Committee (EC). For 2009, Senior Officials had placed more focus on regulatory reform, i.e. reducing business costs and easing business practices, business operations across borders. CTI also noted the potential synergies between the EC's task by SOM to identify 3-4 priority areas for regulatory reform with the IEG's selection of priority actions in the implementation of IFAP. In 2009, the IEG undertook several joint activities with the EC in support of the ease of doing business agenda.

### **Implementation of Leaders' Security Commitments**

As in the past years, two CTI sub-fora, the SCCP and the BMG continue to play key role in supporting APEC's wider security agenda.

**Table 6: Sub-fora Outcomes related to Leaders' Security Commitments**

SUB-FORA	WORK UNDERTAKEN
<b>Sub-Committee on Customs Procedures (SCCP)</b>	SCCP continued with the implementation of the APEC Framework for Secure Trade. SCCP members also continued to share experiences on their implementation of the Framework. Canada, China, Japan, Korea, Singapore, Chinese Taipei, Thailand and the United States shared their

SUB-FORA	WORK UNDERTAKEN
	<p>experiences on their respective Authorized Economic Operators (AEO) programs including their progress and future plans.</p> <p>Canada, Japan, New Zealand and the United States made presentations on the developments of the mutual recognition arrangements (MRA) of their AEO programs, including lessons learnt.</p> <p>SCCP formed an Authorized Economic Operator (AEO) working group (AEO-WG) to collate AEO best practices, create reference documents and provide capacity building to member economies in establishing their AEO programs.</p> <p>Singapore presented the key findings and lessons learnt from the APEC Trade Recovery Program (TRP) Pilot Exercise (TPE) held from 20-30 April 2009. The key findings and lessons learnt were the affirmation of APEC TRP Guidelines as a baseline for trade recovery, the importance of defining the activation and execution processes, the benefits of trusted relationships between trading partners, and that trade recovery was a shared responsibility and the availability of information was crucial to the ability of economies to conduct effective risk assessment.</p> <p>Chinese Taipei presented on the best practices of using RFID for customs control on transit containers at the Kaohsiung Port. Chinese Taipei highlighted the challenges and benefits of implementing the RFID system, and their plans to expand the RFID system to other types of cargo and other ports.</p> <p>The United States updated the SCCP on their Secure Freight Initiative (SFI) and 100% scanning policy. In 2009, the Secretary of Homeland Security announced that the Department of Homeland Security / Customs and Border Protection (CBP) would not meet the 2012 implementation deadline due to various technical, logistical and diplomatic challenges. CBP was currently working to address these challenges in a manner consistent with both the WCO Framework of Standards and the risk management approach that the agency already had in place.</p> <p>A Seminar on Implementing the APEC Framework for Secure Trade: Seminars on Targeting and Risk Management and Border Enforcement Training will be held in Lima, Peru at the end 2009. This seminar, the second under this project, will focus on Supply Chain Management and AEO implementation in support of the APEC Framework for Secure Trade.</p>
<p><b>Business Mobility Group (BMG)</b></p>	<p>BMG continued to actively progress its Security work program in 2009.</p> <p>BMG completed and ratified a standards document 'Framework for Assuring Identity in the Issuance of Biometric Machine Readable Travel Documents'. The purpose of this document is to provide good practice guidance for APEC economies to ensure the integrity of identity enrolment processes for biometric machine readable travel documents, in order to prevent the issuance of genuine travel documents to persons who are not entitled to them.</p> <p>BMG continued its work to explore the possibility of introducing biometrics to the ABTC. A BMG working group assessed the business case for a biometric ABTC at a workshop on 31 July and agreement was reached on an intersessional work plan to develop this initiative.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>Singapore hosted a self-funded two day workshop on identification and border control on 4 –5 August. The focus of this workshop was the work already done on biometrics and border systems. The workshop was valuable in providing an opportunity for economies to share information on biometric passports and visas; Interpol's Mobile Interpol Network Database (MIND); RMAS and API.</p> <p>BMG continued to progress the expansion and functionality of the Regional Movement Alert System (RMAS). RMAS enables participating APEC economies to conduct automated real-time checks to detect lost, stolen or otherwise invalid travel documents. The technical capacity of RMAS has been expanded to include the positive validation of travel documents. An RMAS web service has also been developed to enable validation requests and responses to run securely over the internet. Work has commenced on piloting participation in the RMAS web service by a fourth APEC economy.</p> <p>BMG continued to encourage economies to implement Advance Passenger Information (API) systems as soon as possible. To date, a total of 17 economies have either implemented or have announced their commitment to implementing an API system, including: Australia; Canada; China; Hong Kong, China; Indonesia (planning); Japan; Korea; Malaysia; Mexico; New Zealand; Philippines (planning); Chinese Taipei; Thailand; the United States; Vietnam (planning) and two economies trialing (one without commitment).</p>

### **Capacity Building**

CTI agreed to temporarily suspend CTI's work on promoting capacity building in a more holistic way for CTI and its sub-fora in collaboration with the EC, SCE and BMC until after the SCE completes its strategic policy framework that would guide APEC funded capacity building and cooperation activities. This new framework is expected to provide for better orientation of ECOTECH activities and better coordination among APEC fora. CTI provided inputs to the SCE's survey on capacity building needs in developing member economies and stocktake on capacity building activities in APEC.

## Section VII: Interaction with ABAC

CTI and its sub-fora collaborate with the business community to ensure that private sector perspectives contribute to APEC's trade and investment outcomes. In 2009, the Committee continued to engage with ABAC as the key voice of the business community in the APEC process. CTI and its sub-fora welcomed ABAC's appointment of Liaison Representatives to liaise with designated APEC fora. The CTI Chair accepted invitations to attend ABAC's 2009 meetings to brief ABAC on the Committee's work programs and exchange views on issues of mutual interest. The ABAC Chair and other senior representatives from ABAC also participated in meetings of the Committee and a number of its sub-fora. CTI welcomed their active participation.

CTI and its sub-fora delivered outcomes consistent with ABAC's 2008 recommendations as outlined in the following table:

**Table 7: CTI /CTI sub-fora Responses to key ABAC TILF-related Recommendations**

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p><b>Responding to the Suspension of the Doha Development Agenda (DDA) Negotiations.</b></p> <p>ABAC has been consistent in providing support to the WTO system, including the DDA negotiations. The recent suspension of the Doha Round is a deep disappointment for the business community. The business community urges Leaders to continue to drive liberalization in international markets and particularly in the Asia-Pacific.</p> <p>That being said, the suspension of the DDA does present an opportunity for APEC to focus on steps to strengthen and deepen trans-Pacific regional integration.</p> <p>A stronger, fully committed and free trade oriented APEC is the best contribution we can make to the WTO under the current situation.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Promote a more integrated and developed trans-Pacific regional integration through APEC;</li> <li>• Encourage further efforts to secure what has been achieved to date in the Doha negotiations as well as to secure a balanced final Doha agreement; and</li> <li>• Support the accession of Russia to the WTO.</li> </ul>	<p>CTI and some of its sub-fora like MAG, GOS, IPEG as well as the Automotive Dialogue (AD) continued to monitor and review efforts to reinvigorate WTO DDA negotiations in their respective areas.</p> <p>Specifically, the AD encouraged its members to participate in the activities of the Global Automotive Industry Dialogue to support relevant aspects of NAFTA negotiations in Geneva. The AD's "Agreement to Commit to No New Auto Tariff or Non-Tariff Measures" was welcomed by the APEC 2009 Trade Ministers Meeting. In this agreement, the AD endorsed government and industry initiatives to support the automotive sector and provide additional consumer-oriented incentives to stimulate demand, provided that such programs are WTO-consistent and least restrictive to trade.</p>
<p><b>Accelerating Regional Economic Integration.</b></p> <p>ABAC welcomes the Leaders' decision to</p>	<p>CTI updated the 2008 Convergence/</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>accelerate efforts to promote further economic integration in the Asia-Pacific region. ABAC reiterates its belief that the Free Trade Area of the Asia-Pacific (FTAAP) represents a practical means to achieve convergence among RTAs/FTAs, advance regional trade and investment liberalization, and achieve the Bogor Goals.</p> <p>ABAC has undertaken work in a number of areas that could serve as building blocks towards the FTAAP. These include the development of model chapters, the assessment of high quality RTAs/FTAs in order to identify the core elements of regional integration, and a study on rules of origin.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Mandate APEC Ministers to accelerate the work on an FTAAP by completing the current studies on regional economic integration and exploring all options or other measures to achieve the free flow of goods, services, labor and capital within the region.</li> </ul>	<p>Divergence Study on APEC FTAs/RTAs by expanding the scope from 30 to 42 intra-APEC FTAs/RTAs and deepening it to include an additional chapter on e-commerce. The updated database can be accessed at this URL: <a href="http://www.mincetur.gob.pe/apec_fta/">http://www.mincetur.gob.pe/apec_fta/</a></p> <p>CTI organized the Trade Policy Dialogue on FTAAP issues on 24 July to discuss the feasibility and applicability of enlarging, docking and merging FTAs and the next steps on the Convergence/Divergence Study.</p> <p>CTI undertook the APEC Services Initiative and developed the APEC Principles for Cross-Border Trade in Services and the Services Action Plan to build greater convergences among APEC economies in their treatment of services.</p> <p>The Automotive Dialogue agreed to update individual economies' Matrices of automotive related FTA (already in effect) provisions, including tariffs, rules of origin and indication of online locations of individual FTA texts that was first presented in 2005.</p> <p>IPEG is updating the matrix of RTA/FTA IP chapters in APEC economies that was first developed in 2007.</p> <p>CTI members were encouraged to re-consider the draft texts of the model measures carried forward from 2008 on trade in services; investment; anti-dumping; subsidies and countervailing measures; and labour cooperation to see if they were ready to adopt them as they are.</p> <p>Making ROOs more business friendly is one of APEC's key work priorities for 2009. A Joint CTI-MAG Trade Policy Dialogue (TPD) on Rules of Origin (ROOs) was held on 21 May in Singapore. The objectives of the TPD were to raise awareness of harmonization issues relating to origin criteria for FTAs and help business to know better the origin criteria.</p> <p>CTI endorsed a proposal for an APEC Transparency Initiative on Tariffs and ROOs and agreed to provide up-to-date and accurate tariff and ROOs information in English and in a prominent location on their respective economy's websites for public access by MRT 2010 and to develop the APEC Website on Tariffs and ROOs ("WebTR) by AMM 2010.</p> <p>CTI agreed on a proposal for a APEC</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
	<p>Pathfinder Initiative for Self-Certification of Origin which seeks to reduce the administrative burden and costs involved in dealing with multiple customs administrations when utilizing FTAs.</p> <p>MAG completed an analysis of ROO for the following sectors: refrigerators; musical instruments; steel; bicycles and consumer electronics with the participation of volunteering economies.</p> <p>MAG and SCCP collaborated to take forward work on simplification of documents and procedures. A survey "Business Feedback on Procedures and Documentation Relating to Preferential Rules of Origin" was conducted. The findings suggested that long and burdensome process on certificate of origin was the number-one issue that business felt contributed to onerous compliance costs. Both sub-fora agreed to the proposal on APEC Elements for Simplifying Documents and Procedures Relating to Rules of Origin where MAG would collect information on the two elements, i.e., validity period and waiver of certificate of origin or declaration while SCCP would collate information on the "clarity on treatment of errors made on certificates or declarations with errors" element. The objective of the proposal was to provide better utilization of the FTAs among APEC economies and to reduce compliance costs for business.</p> <p>The AD has conducted a substantial amount of work on the issue of automotive ROOs and will be exploring with the CTI ways to best advance the proposal for funding a one-time APEC Automotive ROOs Workshop to provide further training into the core methodologies recommended by the AD, and to answer the many technical questions that economies' trade and customs officials have regarding the implementation of these methodologies. Before conducting the Workshop, the AD Rules of Origin Task Force will reconvene to review and update the 2006 AD's ROO recommendations.</p>
<p><b>Enhancing SME Developments, including Micro-enterprises</b></p> <p>A constant theme in ABAC Reports to APEC Leaders has been the high level of dependence every economy has on the contribution of its micro, small and medium enterprises. ABAC has made repeated calls for the reduction or removal of regulatory obstacles to SME growth,</p>	<p>The AD endorsed in principle the Project Proposal on SME Partner Search and Matching Program to be further developed for presentation in 2010.</p> <p>IPEG will conduct a workshop on "One Village,</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>and to improving access to finance, information and technology, and training. This focus has been mainly on fostering the role of SMEs in domestic economies. In the past two years, there has been increased ABAC attention to ways of enabling SMEs to succeed in overseas markets. Under the general theme “ease of doing business,” ABAC has highlighted ‘behind-the-border’ issues that influence the opportunity for SMEs to establish their presence offshore and perform successfully.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Implement a Technological Infrastructure Program by providing a appropriate Information Communication Technology (ICT) services and technological infrastructure for SMEs’ development in all APEC member economies by 2020. Detailed actions include, but are not limited to: establishing an improving the ICT social support, service and safeguard systems for SMEs by harmonizing all administrative and social resources; enhancing targeted financial support for ICT use by SMEs; promoting the introduction of programs which assist SMEs to protect their intellectual property; encouraging ICT R&amp; D and utilization capability of SMEs; developing systems and methods for improving SME productivity, especially the use of evolving new technologies; and supporting the development of business transformation mechanisms to help SMEs deal with major challenges to their business.</li> <li>• Implement a Financing Capacity Building Program by carrying out comprehensive capacity building programs to reinforce SME financing capability of all APEC member economies. Detailed actions include, but are not limited to: establishing micro credit and loan systems and sound financing legal frameworks by APEC member economies; establishing venture investment funds for SMEs; establishing governmental financing guarantee and re-guarantee institutions for SMEs; promoting the establishment of Internet-based lending systems; and promoting new capital markets for trading high risk equities, aimed specifically at SMEs, and especially on-line systems that ensure extreme transparency in investee companies.</li> <li>• Implement a SMEs Training Program through the following actions: establish day-to-day cooperation and exchange mechanisms among APEC economies;</li> </ul>	<p>One Brand” in 2010. This workshop is aimed at helping local farmers and producers in developing economies benefit from branding and IP protection. The workshop will help them establish effective branding strategies and protection of their unique products using IPR tools.</p> <p>A Seminar on “Trading Ideas 2009: the Future of IP in the Asia Pacific” was held in Singapore on 30-31 July. The event was aimed at building the capacity of small and medium enterprises to commercialise their IP.</p> <p>A Workshop on “Conducting Effective IPR Public Education and Awareness Campaigns for Small and Medium Enterprises” was held in Melbourne, Australia on 1–3 April. The objective was to equip APEC Member Economies with the skills and resources required to implement public education and awareness campaigns for SMEs which promote the identification, protection, commercialisation and enforcement of IPR in the region. An online resource is currently being developed in connection with this project.</p> <p>The IPEG seminar entitled “From Mind to Market: The Highs and Lows of Technology Transfer” was held in Singapore on 23-24 February. It brought IP policy makers together to consider how technology transfer offices and networks allied to universities and other institutes of higher learning play an important role in promoting technology transfer as an economic driver, especially amongst SMEs. The seminar identified continued innovation and development of IP management practices as key to assisting businesses.</p> <p>Chemical Dialogue (CD) participants and APEC Ministers have consistently expressed concern about the potential trade-distorting effects of REACH (the European Union’s system of Registration, Evaluation and Authorisation of Chemicals), particularly for small and medium-sized enterprises. The CD is compiling specific examples of problems encountered by industries around the region in attempting to comply with REACH and has transmitted a set of questions to the European Chemicals Agency seeking clarification of certain implementation issues that could impede trade.</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>fully utilize and exploit a full range of educational resources, strengthen coordination among relevant international and domestic training institutions; establish Special Fund to support SME management education under appropriate APEC economic and technical cooperation schemes; and consider whether SME management education could, as appropriate, be pursued as an APEC Collective Action.</p>	
<p><b>Responding to Food Supply and Price Issues</b></p> <p>ABAC remains convinced that efforts to increase productivity and ensure the freer flow of foodstuffs and production technologies are the key means by which APEC should address these challenges. We urge APEC Leaders to renew the commitment they made in 1999 to bring the APEC Food System (AFS) into effect, and to instruct officials to review and update the AFS and develop policies and programs required for its effective implementation. We also urge Leaders to renounce the use of embargoes or export restrictions as a means of addressing food shortages.</p> <p>ABAC recommended that APEC</p> <ul style="list-style-type: none"> <li>• Renew the commitment entered into by APEC Leaders in 1999 to bring the AFS into effect, and to instruct officials to review and update the AFS and develop policies and programs required for its effective implementation; and</li> <li>• Renounce the use of embargoes or export restrictions as a means of addressing food shortages.</li> </ul>	<p>The APEC Food Safety Cooperation Forum (FSCF) which acts as an advisory body on food safety issues, met for the second time was held on 30 July in Singapore. The FSCF reaffirmed its commitment to work together to build robust food safety systems so as to accelerate progress towards harmonization of food standards with international standards, as recommended in the World Trade Organization's SPS/TBT Agreements, and to improve public health and to facilitate trade.</p> <p>A Workshop on Hot Topics in Risk Analysis was held on 1–2 August. The workshop discussed on access to the tools and methods to improve food safety and understanding of acceptable levels of protection. Following the success of this workshop, more activities are being planned for 2010.</p>
<p><b>Facilitating Investment Flows</b></p> <p>Regional economic integration will be facilitated by measures which improve transparency and make the rules for investing – by both domestic and foreign investors – simpler and clearer. Unnecessary impediments to cross-border investment flows should be avoided and internationally agreed rules for the fair treatment of investments maintained. ABAC strongly commends the advent of the Investment Facilitation Action Plan and will provide recommendations on indicators to measure progress under the plan.</p> <p>ABAC recommends that priority be given to the promotion of measures to reduce impediments</p>	<p>CTI, with the assistance of the APEC Policy Support Unit (PSU) and the Investment Experts' Group, completed the report on "Establishing a methodology and selecting Key-Performance Indicators for measuring progress in implementing APEC's Investment Facilitation Action Plan (IFAP)". The final report (available on the APEC website, <a href="http://www.apec.org">www.apec.org</a>) includes a theoretical framework on investment facilitation and the attraction of investment, as well as the selection of possible KPIs to measure the progress made within APEC with regards to the implementation of investment facilitation actions and principles included in the IFAP. It also identifies key areas in IFAP where</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>to FDI flows in the region and to remove “behind-the-border” barriers to investment in financial services. Further, in the WTO negotiations, ABAC urges APEC to utilize the checklists it produced in 2006 on goals and best practices for financial services liberalization. This year, ABAC has also revised the financial services checklist to reflect best practices and goals for the securities industry. We recommend that APEC Leaders instruct officials and WTO negotiators to review and use them to further their deliberations in financial services in the securities sector, and implement the goals and best practices in the domestic policy framework for investment in securities services in APEC economies</p> <p>CTI Recommendations</p> <ul style="list-style-type: none"> <li>• Ensure that investment facilitation actions under the IFAP focus on improving transparency in rules and decision-making, simplifying processes and in making doing business in the region easier, and on model measures to promote the convergence of investment chapters in RTAs and FTAs between regional economies;</li> <li>• Place emphasis on critical linkages which occur between the IFAP and measures arising from the Ministerial Meeting on Structural Reform in securing regional integration; and</li> <li>• Continue to collaborate with major international agencies in promoting and facilitating investment.</li> </ul>	<p>data is not available to measure progress. CTI will consider the findings of the report at CTI1, 2010 in the context of determining the way forward with IFAP measurement, including whether or not a particular methodology or individual KPI recommended in the report is to be used.</p> <p>IEG identified 15 priority actions under 3 priority themes of IFAP (e-transparency, reducing investor risk and simplifying business regulation) for priority implementation in 2008-2010. The views of ABAC and the likely biggest business impact were key factors influencing member economies choices of the 15 priority actions. Focusing on the above, IEG in cooperation with other fora and other organizations, has been conducting several projects. IEG further identified IFAP priority action area capacity building needs for immediate action in the latter half of 2009 and early 2010.</p> <p>Three priority themes of IFAP are closely related to regulatory reform which is one of the five LAISR priority work streams. Cooperation among concerned parties is essential to ensure strategic linkage in their activities. IEG undertakes joint work with SMEWG and EC, on the Ease of Doing Business.</p> <p>IEG continues close collaboration with major international agencies and fully benefit from their expertise at the IEG meetings and joint projects in investment promotion and facilitation. Recent collaborative works include joint study and capacity building activities, such as, the AP-EC-UNCTAD Capacity Building Project for Addressing Knowledge Gaps in the Use of FDI (2008-2009), APEC-UNCTAD Regional Training Course on the Core Elements of International Investment Agreements in the APEC Region (June 09), APEC-BOI-FIAS workshop on Improving Investment Promotion Performance in Accessibility to Investors and Information Provision (June 09), Regulatory Reform Seminar using the World Bank EODB (Feb 09), Capacity-Building Seminar on EODB (July 09). More activities are planned for 2009-2010.</p>
<p><b>Facilitating Trade Flows : Movement of Goods</b></p> <p>Removing impediments which impact on the efficient movement of goods at the border is critical to business in the region. Regional business favors a border regime that has</p>	<p>In August, the SCCP endorsed the Single Window Implementation Guide with the assistance of public and private sector stakeholders. The purpose of the Guide is to</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>minimal impact on the flow of goods and people but with maximum penalties for those who do not comply. A single-entry for all regulatory requirements and seamless data-sharing would help constrain compliance costs, supporting the growth of regional supply chains and economic integration. To that end, ABAC urges the acceleration of the implementation of the “Single Window” approach across the Asia-Pacific region with adherence to recognized international instruments and uniform standards which increase international interoperability.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>Accelerate the implementation of the “Single Window” approach across the Asia-Pacific region with adherence to recognized international instruments and uniform standards which increase international interoperability.</li> </ul>	<p>assist economies in the design, building and implementation of a single window. The Guide provides a comprehensive list of single window related components and elements with supporting information, and provides links to available standards which promote a common understanding of what an international trade single window is and what it can deliver. Economies using the guide will reduce the time and labor cost usually spent on research during the design and implementation of a single window.</p>
<p><b>Facilitating Trade Flows: TFAP II and KPIs</b></p> <p>ABAC fully supports the implementation of APEC’s Second Trade Facilitation Action Plan (TFAP II), and the use of Key Performance Indicators (KPIs) for measuring savings in time and transaction costs resulting from actions taken under the Plan. ABAC has provided what it sees as suitable KPIs to particular APEC sub-fora whose work is directly related to business.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>Ensure that TFAP II outcomes are relevant to actual business practices; and</li> <li>Incorporate the business perspective in assessments of TFAP II implementation</li> </ul>	<p>CTI, with assistance of the PSU, commissioned an interim assessment of the implementation of TFAP II with a view to advising on the appropriate methodologies and approaches to quantify the impact of TFAP II on trade transaction costs. The study will be submitted to CSOM for consideration. The findings showed that (i) APEC is overall on track to reduce trade transaction costs by an additional 5% by 2010. Some 22 new KPIs have been recommended as suitable indicators for assessing reductions in trade transaction costs as a result of progress toward current TFAP II Actions and Measures. These have been proposed to the relevant CTI sub-fora for use over the remaining period of TFAP II and as an input for the Final Assessment of TFAP II in 2011. CTI will review the findings of the assessment and consider the recommendations in 2010.</p> <p>CTI agreed on Supply-Chain Connectivity (SC) Framework which sets down the 8 chokepoints to the smooth flow of goods, services and business travelers throughout the region and suggests for further discussion possible new work streams to address these chokepoints.</p> <p>The APEC Supply Chain Connectivity Initiative Symposium was held on the 16–17 May 2009. The purpose of the Symposium was to: (i) identify the significant choke points impeding the smooth flow of goods and services in the</p>

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	<p>APEC region; (ii) prioritize these choke points according to how important they were, and (iii) recommend actions APEC could usefully take to address them.</p> <p>SCSC updates its Collective Action Plan (CAP) in Trade Facilitation annually. The SCSC has implemented a number of projects such as (i) Workshop on Managing Risk Across the Supply Chain held on 31 July 2009; and (ii) project on Seminar on Understanding and Implementing the APEC EE MRA.</p>
<p><b>Facilitating Trade Flows: Trade Security</b></p> <p>Excessive proliferation of trade security schemes in recent years would hinder the smooth flow of legitimate trade. However, enhanced trade security can and must be compatible with improved facilitation. APEC economies should work closely with regional business to establish reliable and effective risk management systems with a holistic approach to trade security measures.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Develop a methodology for mutual recognition of Authorized Economic Operators (AEOs) sanctioned by other member economies to avoid inconsistent, redundant and/or duplicative requirements and audits for AEOs;</li> <li>• Refrain from implementing trade security regimes that will significantly hinder shipments either due to time or prohibitive costs; and</li> <li>• Address any such costs through countervailing measures such as provision of finance for expensive equipment and capacity building assistance.</li> </ul>	<p>In July 2009, the Ministers Responsible for Trade recognized the importance for economies to establish Authorized Economic Operator (AEO) programmes. In response to the instruction by the Ministers, the SCCP agreed to establish an AEO Working Group at the meeting in August 2009. The Group will prepare a work plan to address the development of AEO programmes and tackle the divergent array of existing AEO programmes, with a view to minimizing businesses' operating costs in the APEC region.</p> <p>The SCCP continues to provide capacity building assistance to those economies in need in the areas of trade facilitation under its Collective Action Plan including "Implementation of APEC Framework Based on the WCO Framework of Standards to Secure and Facilitate Global Trade." The SCCP will continue its efforts in capacity building assistance to reduce transaction costs at the border while securing trade in the APEC region.</p>
<p><b>Facilitating Trade Flows: Business Mobility</b></p> <p>Business mobility is crucial to promoting trade and investment. APEC should continue to encourage transitional and non-participating economies to fully join the APEC Business Travel Card scheme, and also improve the operation of the scheme and capacity building facilities in participating economies.</p> <p>ABAC is building momentum towards the harmonization of standards across the region, to advance an APEC-wide initiative on emergency management standards for security of critical infrastructure. The outcomes from this project, to be available in November, will be reviewed as to their possible value as a</p>	<p>BMG "Enhancing the ABTC" working group (Australia, Mexico, New Zealand, Philippines, Singapore and Thailand) met to consider the results of its inter-essional survey work to determine whether there is a business case for a biometrically-enabled ABTC (e-ABTC) as it pertains to each economy. Business case for an e-ABTC varies in different member economies as there is a divergence of circumstances and priorities. The working group will prepare a discussion paper which will bring together the extensive body of work from the workshop at SOM1 2009, inter-essional work through the e-ABTC survey and any further thinking from the three inter-ested</p>

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<p>template for future work in other sectors.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Continue to improve the operation of ABTC in participating economies, such as priority processing, further shortening the processing time for pre-clearance, extending the term of the validity of the card, providing seamless validity at the time of passport renewal, improving online services, ensuring definite recognition of ABTC at airports, and providing clearly marked ABTC lanes;</li> <li>• Encourage transitional and non-participating economies to fully join the ABTC scheme through a minimum transition period (three year maximum) to eliminate card holder confusion and facilitate the full participation of these economies;</li> <li>• Provide sufficient capacity building for immigration officials to avoid confusion at airports;</li> <li>• Publicize changes to ensure widespread awareness among cardholders and to avoid confusion both at the individual economy and APEC-wide levels; and</li> <li>• Consider utilizing new technology such as a "Contact-less" chip, which would allow ABTC to store a cardholder's biographic data, so long as it provides benefits even for economies with fewer cardholders, and is proven to be cost-efficient.</li> </ul>	<p>economies should they decide to pursue a pilot of an e-ABTC. The working group will also prepare a second version of the e-ABTC governance framework reflecting the conclusions of the discussion paper. Separate to the e-ABTC work, the working group also decided to develop the concept of an ABTC client service model and to look at other ways of enhancing the ABTC.</p> <p>The client service model, in particular, would seek to focus each economy on ways in which the ABTC scheme could continually monitor and seek to respond to the needs of ABTC clients and which would be informed on an annual basis through a Client Satisfaction Survey.</p>
<p><b>Facilitating Trade Flows: Harmonization of Standards</b></p> <p>ABAC is building momentum towards harmonization of standards across the region. It has been utilizing some research on standards and capacity building across the region to advance an APEC-wide initiative on emergency management standards for security of critical infrastructure, a global initiative on the creation and introduction of disaster and emergency procedures. The outcomes from this project will be reviewed as to its possible value as a template for future work in other sectors</p>	<p>The SCSC has completed a Study on Critical Infrastructure and Support Systems Standardization. The report is available on the APEC Publications Database (<a href="http://publications.apec.org">http://publications.apec.org</a>). The study will assist in the development of a framework to address the need to protect critical infrastructure in times of emergencies, whether these be caused by natural disasters or criminal activity. It will promote (i) security standards and systems capacity which support business as well as critical infrastructure in government control; and (ii) the harmonization of related standards across the APEC region - this will help improve the interoperability, and compatibility of systems related to securing critical infrastructure. As next steps, a workshop for CEOs will be organized for the ABAC meeting in November 2009.</p>

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	<p>A closed-door-workshop on APEC Best Practices: Toy Safety Systems Toy Regulators Dialogue was held on 1–2 August in Singapore. The regulators present agreed to find practical ways to strengthen consumer product safety standards and practices using risk-based scientific approaches, and without creating unnecessary impediments to trade. It also agreed on the need to promote greater alignment of technical requirements, including by exploring ways to “expand the common set” of reference standards. The approach to address these critical issues will be discussed at the next workshop scheduled for January 2010 in Hong Kong, China.</p> <p>The SCSC organized a conference on business engagement in standards and conformance on 3-4 August. Participants at the conference recommended the development of a strategy to sustain business engagement in standards and conformance activities in APEC. The Strategy to Engage Business in SCSC activities would be drafted intersessionally and tabled for consideration at SCSC1 in Japan in 2010.</p>
<p><b>Boosting Innovation: Intellectual Property Rights Protection – Patent Cooperation and Enforcement</b></p> <p>Faster approval of high quality patents will accelerate innovation and increase competitiveness. We urge that APEC economies take steps to harmonize application formats and to share the results of patent searches and examinations in order to create highly efficient patent approval processes, and to support legislation/regulation to prevent copiers from using the safety and efficacy data of the originator to gain marketing approvals of patent infringing products.</p> <p>Collaboration between private sector and IPR enforcement authorities is essential to effectively crackdown on increasingly globalized and sophisticated counterfeiting and piracy activities. ABAC urges APEC Leaders to encourage the establishment of a platform to collect and analyze IPR infringing cases and share such information through public-private partnership within each economy, and to promote the establishment of a framework for information sharing among economies to take more effective measures.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Pursue efforts to increase cooperation in exchanging information relative to the</li> </ul>	<p>IPEG continued to work on the proposed “Patent Cooperation Initiative on Patent Acquisition Procedures – Roadmap for Further Cooperation.” The “roadmap” is based on the “APEC Cooperation Initiative on Patent Acquisition Procedures.” IPEG conducted the survey “Patent Acquisition Procedures – Roadmap for Further Cooperation: Gap Analysis.” After collecting survey information from APEC economies, a gap analysis will be conducted to determine the capacities and capabilities of each economy’s patent office and where it may be lacking in experience and resources in the following three areas: examination capacity, IT infrastructure, and office administration/human resources.</p> <p>IPEG is currently completing an APEC-funded project to further develop and disseminate the “e-learning” program called IP Xpedite, which is aimed at increasing awareness and utilization of IP information. An online course based on IP Xpedite was held in July 2009 to foster basic IP awareness in APEC economies. The course provided training to 466 participants from 18 APEC economies, with 172 trainees successfully completing a certification exam. A follow-up off-line course was held in Daejeon,</p>

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<p>examination and issuance of patents so that work-sea research and examination conducted in one economy can be applied to the patent filing process in another economy;</p> <ul style="list-style-type: none"> <li>• Encourage patent experts in the APEC region to have a workshop for the analysis of the feasibility of a common patent application format according to the current patent status;</li> <li>• Encourage greater investment in innovation through capacity building assistance from developed APEC economies to establish legislation/regulation to prevent marketing approval of patent infringing products and reliance by infringers on safety and efficacy data provided by originator companies; and</li> <li>• Establish a pathfinder initiative to pursue related issues in the near- and long-term.</li> </ul>	<p>Korea. The Daejeon course provided 30 selected trainees from 15 APEC economies with practical experience and study of advanced IPR information and databases. Additional e-learning contents are now being developed.</p>
<p><b>Boosting Innovation: Intellectual Property Rights Protection – Signal Theft</b></p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Give effect to APEC’s 2007 Ministerial Declaration and the 2008 MRT Meeting Chair’s Statement regarding theft of broadcast signals, through further documentation of the nature and extent of the problem, the development of guidelines and best practices and capacity building activities through public-private sector workshops, in order to prevent the unauthorized redistribution of copyrighted content, including “free-to-air” digital terrestrial broadcasts, over various platforms including the internet.</li> </ul>	<p>IPEG is preparing for a Seminar on “Signal Piracy, Regulation, and Enforcement in a Convergent World” to be held in Jakarta, Indonesia 15 –16 December 2009. This capacity-building program will focus on best practices and effective measures that can be taken to implement regulation of broadcast and cable activities to address compliance with intellectual property laws, and on satellite signal piracy issues, emphasizing law enforcement and public awareness strategies.</p> <p>ECSG work program includes the APEC Privacy Framework and Privacy Pathfinder which both enhance trust and confidence in the Internet as well as facilitate the continued flow of needed information to support both domestic and international business. The Data Privacy Sub-Group (DPS) is focusing on the development and implementation of a set of cross border rules or practices (CBPR) in the area of data privacy protection. The implementation of such a system of rules and procedures will simplify the transmission and manipulation of data across borders while ensuring a high level of data privacy protection. It will result in simpler procedures, cost and time savings, for business and for government agencies responsible for data privacy matters. The implementation of a system of CBPR supports the Data Privacy Pathfinder and helps make the electronic cross-border flow of information more secure.</p>

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<p><b>Boosting Innovation: Intellectual Property Rights Protection – Technological Protection Measures</b></p> <p>Protection of digital content is important for purposes of information security, privacy protection and rights management. We urge APEC to develop an action plan to give effect to its 2007 Ministerial Declaration regarding theft of satellite and cable broadcast signals through measures such as the development of best practices and capacity building through public-private sector workshops.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Pursue the protection of digital contents for purposes of information security, privacy protection and copyright management by limiting circumvention of technological protection measures (TPMs) and prohibiting the sale and distribution of circumvention devices.</li> </ul>	<p>IPEG continues to discuss the proposal on APEC Satellite and Cable Signal Theft Initiative, where multi-disciplinary approaches are needed to address the challenges of unauthorised camcording in cinemas, including public education, partnership with private sector, legal measures. Intersectoral discussion is now being carried out to explore how to take the matter forward.</p>
<p><b>Boosting Innovation: Intellectual Property Rights Protection – Sharing Information for IPR Counterfeit Enforcement</b></p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Establish a contact point to collect and analyze cases involving business and encourage sharing of such information to promote private/private and public/private cooperation and collaboration within each economy;</li> <li>• Promote information sharing between the contact point of each economy and other economies' companies and enforcement authorities; and</li> <li>• Take a leadership role in promoting appropriate measures to develop the private/private and public/private information sharing framework.</li> </ul>	<p>IPEG held the “Workshop on Effective Practices in the Border Enforcement of Intellectual Property Rights” on 20–23 July 2009 in Honolulu, Hawaii, the United States. In order to confront the growing and serious challenge of copyright piracy and counterfeiting in the APEC region, this project addressed the shared goals of promoting peace and prosperity by liberalizing trade through the protection of intellectual property rights within the region. The workshop focused on the importance of cross-border enforcement measures for IPR enforcement and addressed such topics as: border measures obligations and procedures, utilization of technology to combat commercial-scale piracy and counterfeiting, risk assessment and ex officio actions, best practices in building effective relationships between customs and the private sector, and border enforcement strategies and best practices in transnational law enforcement.</p> <p>IPEG held the “Colloquium For Public Prosecutors And The Judiciary on Intellectual Property Rights Enforcement” on 9–11 June in Kuala Lumpur, Malaysia. In order to confront the global challenge of copyright piracy and counterfeiting, this colloquium provided an opportunity for public prosecutors and members of the judiciary to share their</p>

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	<p>experiences in litigation relating to the protection and enforcement of intellectual property rights. Participants focused on civil and criminal law enforcement systems and their utilization for the protection and enforcement of IPR. Discussions covered: critical IPR enforcement and adjudication issues such as public health and safety concerns; the evolving standards of IP enforcement; best practices and strategies to be utilized in the prosecution of organized crime and Internet-based copyright piracy and counterfeiting operations; deterrent sentencing; and alternative dispute resolution and judicial mediation of IPR disputes.</p> <p>IPEG looks forward to continued cooperation and further exchanges with SCCP. Additionally, economies have been encouraged to include enforcement authority representatives in their delegations to IPEG meetings. Representatives of enforcement/customs authorities from China; Hong Kong, China; Japan and the U.S. joined their economies' delegations at the 29th IPEG meeting held in Singapore in July 2009. These officials gave presentations on enforcement efforts concerning IP protection in their respective economies. Representatives of enforcement/customs authorities from Chinese Taipei and Singapore also participated in the meeting.</p>
<p><b>Boosting Innovation: Intellectual Property Protection – Life Sciences</b></p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>▪ Support policies that enable investment and promote innovation in life sciences.</li> </ul>	<p>LSIF continuously support policies that enable investment and promote innovation in life science by:</p> <ul style="list-style-type: none"> <li>• extending the 2008 APEC LSIF study on the benefits of investment in health innovations to include the economic impact of infectious disease, measures of fiscal improvements, and the dynamic effects on economic growth of investment in health innovations.</li> <li>• encouraging additional economies to complete the LSIF Enablers of Investment Checklist to identify gaps and capacity building needs and to assure metrics are included for enablers of biologicals development and deployment that would optimize the sector's performance as a health solutions innovator.</li> <li>• reaffirming the central role of regulators in assuring timely access to high quality, safe and effective medical products and support the development of a multi-year strategic</li> </ul>

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	<p>plan and projects for achieving regulatory harmonization among APEC member economies where appropriate, including in new areas of emerging technologies, and best regulatory practices, including good regulatory review practices, that will establish a robust underpinning for a well functioning regulatory system.</p>
<p><b>Promoting ICT-Enabled Growth: Closing the Digital Divide, Creating Digital Dividend</b></p> <p>Effective utilization of ICT increases productivity and will continue to be encouraged. However, access to, and adoption of, ICT are not sufficient to close the digital divide. The focus should shift to the creation of digital dividend, to reduce poverty in line with the United Nations Millennium Development Goals (MDGs), through effective development programs that aid the growth of new economic opportunities for future ICT markets. To this end, the elimination of tariffs on ICT products and devices by the WTO Information Technology Agreement (ITA) should be maintained. ABAC also encourages APEC to support the ICT/Electronics and Electrical Products sectoral talks under the WTO DDA.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Increase coordination amongst the multi-stakeholder partnerships of government, private sector, international organizations and civil society; and</li> <li>• Provide a more effective system of evidence evaluation and monitoring with new emphasis on indicators measuring socio-economic value.</li> </ul>	<p>ECSG recognizes the importance of public-private collaboration in developing an environment conducive to e-commerce and encourages the active participation and contribution of the private sector in its meetings and activities, including involvement and contribution from the Global Business Dialogue on Electronic Commerce (GBDe), the International Chamber of Commerce (ICC), the Pan Asian Alliance on E-Commerce (PAA), the United Nations Centre for Trade Facilitation and Electronic Business (UNCEFACT), the Organization for Economic Co-operation and Development (OECD), and the International Conference of Data Protection and Privacy Commissioners (ICDPPC). ECSG also supports the work of the Asia Pacific Women's Information Network Centre in respect to the APEC Digital Economy Forum for Women.</p> <p>ECSG is working with the private sector to support CTI in implementing the Digital Prosperity Checklist which outlines specific steps economies can take to enable an economy to utilize ICTs as catalysts for growth and development. In so doing, the ECSG is building on its current work streams and projects, including data privacy and paperless trading, which are key elements of ICT-enabled growth.</p> <p>A Seminar was conducted on 26 July on the implementation of the Digital Prosperity Checklist. It provided an opportunity to exchange information and learn from each other about using networked ICT to stimulate growth and prosperity. Two recommendations were formulated and endorsed by ECSG:</p> <ul style="list-style-type: none"> <li>• To enhance understanding of how economies are implementing policies to support ICT-enabled growth and identify additional capacity building needs, the ECSG in conjunction with the CTI, will develop a simple survey or questionnaire to collect information on how economies'</li> </ul>

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	<p>policies and practices map against the Digital Prosperity Checklist to be circulated intersessionally with the goal of completion of the survey/questionnaire by all economies by SOM I 2010.</p> <ul style="list-style-type: none"> <li>To ensure that APEC is fully contributing through its work to the goals of the Digital Prosperity Checklist the ECSG, in conjunction with the CTI and other sub-fora, will map the Digital Prosperity Checklist against work on-going in APEC and thus identify gaps for possible future work. The target date for completion of the gap analysis is SOM I, 2010.</li> </ul> <p>The implementation of the Checklist will be a significant contribution to the CTI's trade facilitation, transparency, capacity building and investment priorities and will enhance aspects of the CTI's Digital Economy agenda. A seminar focusing on the concept of Global Value Chains is being planned for 2010 to explore the contributions of ICTs to the functioning of Global Value Chains in the APEC region.</p>
<p><b>Promoting ICT-Enabled Growth: Information Technology Agreement; Tariff Elimination for the ICT/Electronics and Electrical Products</b></p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>Strongly support continued efforts to preserve the integrity of the Information Technology Agreement and its coverage, which was negotiated initially in APEC.</li> <li>Actively support and exercise leadership in the successful negotiations of the ICT/Electronics and Electrical Products sectoral talks under the framework of the WTO DDA NAMA negotiations; and</li> <li>Encourage all member economies to actively participate in the negotiations and to become participants of the ICT/Electronics and Electrical Products sectoral agreement so that it may be established as an integral part of the successful conclusion of the DDA.</li> </ul>	<p>MAG discussed the development and concerns regarding products covered by the ITA, and possible initiatives in this area. MAG noted that recent technological development has blurred the boundary between IT products and other electronics and electrical products, and emphasized that further trade liberalization of a broader range of electrical and electronics products is crucial. Concerns were raised at MAG meeting on the latest developments in the EU which is imposing tariffs on products such as LCD computer monitors, set-top boxes and multi-function printers. MAG agreed to continue to work in this area.</p>
<p><b>Promoting ICT-Enabled Growth: Technology Choice Principles</b></p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>Unanimously adopt the Technology Choice Pathfinder Principles;</li> <li>Conduct a survey of APEC economies on</li> </ul>	<p>CTI continued to encourage member economies to participate in the Pathfinder on the APEC Technology Choice Principles. The current number of participating economies</p>

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<p>the current status of legal and regulatory regime vis-à-vis the principles; and</p> <ul style="list-style-type: none"> <li>• Conduct a study on the long-term economic growth and innovation benefits of adherence to the principles.</li> </ul>	<p>remained at 15.</p>
<p><b>Addressing Energy Security And Climate Change: Trade in Environmental Goods and Services</b></p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Attach priority to the trade in environmental goods and services on its liberalization agenda in 2008/2009;</li> <li>• Promote practical ways of exchanging further information between public and private sectors and monitoring new developments, such as through participation in the APEC Market Access Group (MAG) panel discussions and workshops;</li> <li>• Encourage, support and participate in work initiated in the MAG to build a regional database of up-to-date material on environmental trade and tariff regimes; and</li> <li>• Request Ministers of Trade for wider flexibility in the WTO negotiations on environmental goods and services.</li> </ul>	<p>CTI developed an environmental goods and services (EGS) work program which include elements aimed at the dissemination and increased utilization of EGS by addressing barriers to trade and investment in these products and services, and to developing and implementing capacity-building activities to ensure that economies are able to cultivate and further develop their EGS sectors.</p> <p>CTI has with the assistance of the PSU undertaken a study on good regulatory practices (GRP) for EGS necessary or desirable for climate change mitigation and adaptation. The findings of this study are being reviewed by members interessionally and will be discussed at CTI1, 2010.</p> <p>MAG was mandated by the CTI to work on an EGS matrix of APEC EGS projects as part of the EGS work program in order to implement the Ministerial instruction. Some of the activities on EGS that have been undertaken as follows:</p> <ul style="list-style-type: none"> <li>• A Workshop on Trade and Environment was held in Jakarta on 25–26 May, and a MAG Workshop on Environmental Goods and Services was held on 28th July (2009/SOM2/MAG/007rev1)</li> <li>• Proposed Survey of Major Impediments and Market Drivers to the Development of Trade in Environmental Goods that are Necessary for Climate Change Mitigation and Adaptation (2009/CTI2/MAG/004), through which views of members and ABAC on impediment to trade in such goods would be compiled.</li> <li>• MAG endorsed APEC Environmental Goods and Services Information Exchange Tool (EGSIE) exchange tool as part of APEC's EGS work program. The purpose of EGSIE is to provide public and private stakeholders in APEC economies with a means to access and share the latest information, studies, projects and commitments on EGS and voluntarily</li> </ul>

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	exchange information on specific environmental goods and services.

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## **APEC Pathfinder Initiative for Self-certification of Origin**

### **Nature of the proposal**

To cut compliance costs for businesses and fulfill APEC Leaders' direction to promote the use of high-quality FTAs/RTAs, we propose APEC to launch a Pathfinder Initiative on Self-Certification of Origin. The initiative would involve: 1) APEC pathfinder participants agreeing to practice self-certification with FTA partners based on a set of common operating guidelines; and 2) A capacity building program to encourage adoption and ensure successful implementation.

### **Common Operating Guidelines**

Under this Pathfinder Initiative, APEC economies will agree to practice self-certification on the basis of reciprocity; within the framework of their own laws, rules, and regulations; and based on the following elements:

1. Implementation is based on individual economy circumstances and its relationship with its respective FTA partner.
2. The trader's declaration of a product's economy of origin is accepted in good faith by the importing authority.
3. The declaration is allowed to be made on an invoice, company letterhead, or other format as agreed to between the partner economies.
4. Verification, carried out selectively based on risk assessment and/or intelligence, is shifted to the post-importation phase. However, there is nothing to prevent verification steps being undertaken at the time the import entry is lodged if Customs wishes to do so.
5. Comprehensive and effective legislation that contains adequate penalties against the importer is required to deter false declarations and enable recovery of customs duties due.
6. Claiming procedures between importer and importing authority are conducted electronically to reduce paper work.
7. A declaration should include, at a minimum, a full description of the goods, the six-digit Harmonized System Code for the goods, and the names of the producer and importer, if known.

### **Assistance in achieving the Bogor Goals or other APEC priorities**

This pathfinder initiative is in support of the direction set by both APEC Leaders and Ministers in their 2008 Leaders' Declaration and Annual Ministerial Meeting Statement to accelerate Regional Economic Integration (REI) Agenda in the Asia-Pacific, with a view to promoting continued growth and recovery from the global economic slowdown.

Self-certification is a one-step process which greatly reduces the administrative burden of trading for APEC-based businesses, including small and medium-sized businesses, and enables them to better take advantage of preferential tariff rates offered under FTA arrangements, and in turn support the Bogor Goals of free and open trade and investment.

### **Timeframe for implementation and expected completion**

#### *Launch of the initiative*

- i. October 2009 – CTI initiates APEC Pathfinder on Self-Certification of Origin
- ii. November 2009 – Ministers and Leaders endorse the APEC Pathfinder Initiative on Self-Certification. Ministers and Leaders instruct officials to develop a capacity building program to support the pathfinder initiative.
- iii. CTI 1, 2010 – CTI to consider capacity building program
- iv. MRT, 2010 – Ministers endorse capacity building program

*Implementation of the initiative*

The initiative will begin once the minimum number of participant economies is reached (25% for an interim pathfinder for one year or 50% for a full pathfinder).

**Indicators against which progress will be measured**

Progress of the initiative will be measured against

- a. the number of economies participating in the pathfinder
- b. the number of free trade agreements permitting self-certification.

**Participating economies at commencement**

- Australia
- Canada
- Japan
- Korea
- New Zealand
- Singapore
- United States

**Existing business support for the initiative**

In its 2008 *Report to Leaders*, ABAC stressed that removing impediments to the efficient movement of goods at the border is critical to trade in the region. It added that regional business cannot maximize the benefits of improved market access and reduced tariffs provided by FTAs and RTAs, without efficient and cost effective border management regimes that enhance the ease and speed of moving goods and services among APEC economies.

**Communication strategy**

The proposed communication strategy will encompass the following:

- advice to ABAC outlining the aim and content of the initiative;
- use of relevant websites by participating economies to give the initiative wide exposure;
- regular reports to relevant APEC fora and sub-fora on progress;
- etc.

**Strategy to achieve participation by other APEC members**

Participating economies will work with various interested parties to develop a capacity building program. The program will include components such as:

- comparative implementation experiences
- legal and institutional mechanisms to support a self-certification regime
- best practices for confidence building and risk management
- verification and audit techniques
- stakeholder outreach

**Schedule for review**

If this pathfinder proposal starts as an interim initiative, it will be reviewed at every meeting of the Committee on Trade and Investment. If it attracts sufficient membership for a full pathfinder, normal review provisions will apply.

## Progress Report on Preferential Rules of Origin (ROOs) Sector Analysis

### 1. MAG's Work on ROOs Sector Analysis in 2009

The APEC report on “Strengthening Regional Economic Integration” (REI Report), agreed by APEC Leaders in Sydney in 2007, outlined a wide range of actions that APEC should take to advance its work agenda on economic integration in the Asia-Pacific region. Among other things, the report underscored APEC’s commitment to high-quality and comprehensive RTAs/FTAs, but noted that the business community has expressed concerns about the unnecessary complexity of trade agreements as well as marked divergences among them. In this context, the report cited preferential rules of origin (ROOs) as a possible area of APEC future work on RTAs/FTAs, since differences between and complexities in these rules are often cited by businesses as an impediment to better utilization of preferential trade agreements. The REI report suggested, in close cooperation with the business community, exploration of the various preferential ROOs used in the APEC region, and how they might be rationalized.

Based on the above understanding, MAG agreed at MAG3 last year to conduct analytical work on preferential ROOs and to seek to examine common or model approaches to ROOs for specific sectors (2008/SOM3/MAG/007).

In February this year, SOM tasked CTI to work for “making Rules of Origin (ROOs) more business friendly” as one of the key priorities on accelerating trade and investment liberalization “at the border.” In this context, MAG was directed to initiate the work on “harmonization based on sectors.”

Based on the foregoing agreement and direction from Senior Officials, Australia, Japan, Chinese Taipei and the United States volunteered to lead analysis on particular sectors at MAG1 and MAG2 in 2009. The analyses undertaken by the volunteer economies are as follows:

Volunteer Economy	Selected Sector	Documents
<b>Australia</b>	Refrigerators	2009/SOM1/MAG/006
<b>Australia</b>	Musical Instruments	2009/SOM1/MAG/006
<b>Japan</b>	Steel	2009/SOM1/MAG/008 2009/SOM1/MAG/013rev1
<b>Chinese Taipei</b>	Bicycles 2009/	CTI2/MAG/006
<b>United States</b>	Consumer Electronics	2009/SOM1/MAG/007 2009/SOM1/MAG/018

Furthermore, MAG invited Cisco System Inc. as industry representatives to the CTI-MAG Trade Policy Dialogue on Rules of Origin (ROO) held on 21 May 2009 to learn their views on different ROO approaches (2009/CTI2/CTI-MAG/TPD/008).

The following section encapsulates the sector analyses undertaken by MAG this year.

### 2. Key Findings from Sector Analyses Undertaken by MAG

#### i) Refrigerators (Australia)

##### *Characteristics of the products in the selected sectors*

HS heading 8418 covers refrigerators, freezers and other refrigerating or freezing equipment. It also includes heat pumps (but not for air-conditioning machines) and furniture designed to receive refrigerating or freezing equipment. The white goods industry is highly globalised. It consists of many producers and/or manufacturers with world-wide, regional or local brands. Additionally, many importers and distributors, such as department store chains, have created their own brands for specific markets.

##### *Patterns and uniqueness found in preferential ROOs in the sector*

The rules of origin of the 33 free-trade agreements surveyed show no consistent pattern. It is, however, possible, to discern two main categories, each of which contains broadly similar characteristics. The

first consist of agreements that follow more or less the NAFTA pattern. These agreements typically offer two choices:

- tariff shift only, with the change occurring either from a chapter or a heading; or
- tariff shift supplemented by a regional value content expressed as a build-down or build-up value, sometimes both.

The second major category consists of the economic partnership agreements between Japan and ASEAN economies. These agreements typically offer a choice between tariff shift only (either at the four-digit or the six-digit level) or a regional value content of 40 percent (transaction value). Two agreements rely entirely on the regional value content.

*Factors that are assumed to affect the patterns and uniqueness of preferential ROOs in the Sector*

The market for whitegoods (which includes refrigerators and freezers) tends to be fiercely competitive. It is characterised by a small number of multinational manufacturers with well-known brands, and a very large number of brands available in specific areas only. Many firms in this sector are manufacturers which import and export concurrently. Significant globalization has occurred in this sector over the last several decades. It is not possible to detect a convincing pattern in the rules of origin based on production, supply and demand.

*Any other findings from sector analysis*

The state of the economy and of the housing market is particularly important to the demand for white goods, since purchases may often be deferred. Consumers can opt for cheaper items than they may have wanted. Often it is a move to a new address that triggers the purchase of household goods, whether for the first time or as a replacement.

## **ii) Musical Instruments (Australia)**

*Characteristics of the products in the selected sectors*

HS Chapter 92 (musical instruments; parts and accessories of such articles) lists musical instruments proper in headings 9201 to 9207. Some of these instruments, e.g. electric organs, electric pianos and electric guitars, contain electronic parts. Heading 9208 contains devices which, although they make a sound or a noise, are not generally considered musical instruments. Examples are musical boxes, fairground organs and whistles. Heading 9209 covers parts and accessories for all of the items included in this chapter.

The market for mainstream musical instruments is dominated by a relatively small group of makers. In the case of pianos they include Bösendorfer, Kawai, Steinway and Yamaha. A representative group of such makers of saxophones would be Jupiter, Keilwerth, Selmer, Yamaha and Yanagisawa. In addition, there is a vast number of smaller brands. Developing economies are important suppliers of musical instruments. Some instruments are produced through traditional handicraft processes.

*Patterns and uniqueness found in preferential ROOs in the sector*

The rules of origin of the 33 free-trade agreements surveyed show no consistent pattern. It is possible, however, to discern two main categories which each have broadly similar characteristics. The first category consists of agreements that follow more or less the NAFTA pattern. These agreements typically offer two main processes:

- tariff shift only, with the change occurring either from a chapter or a heading; or
- tariff shift supplemented by a regional value content expressed as a build-down or build-up value, sometimes both.

The second major category consists of the economic partnership agreements between Japan and ASEAN economies. These agreements typically offer a choice between tariff shift only (either at the four-digit or the six-digit level) or a regional value content of 40 percent (transaction value). Two agreements rely entirely on the regional value content.

*Factors that are assumed to affect the patterns and uniqueness of preferential ROOs in the Sector*

Most APEC economies produce or assemble musical instruments. Producers in developed economies

(or at any rate their brands) still dominate the high-end professional market for orchestral instruments. Many of the instruments for the remainder of the market are now made in developing economies. These instruments are often of high quality. It is clear that significant globalization has occurred in this sector over the last three decades or so. It is not possible to detect a convincing pattern in the rules of origin based on production, supply and demand.

*Any other findings from sector analysis*

None.

### iii) Steel (Japan)

*Characteristics of the products in the selected sectors*

- ✓ HS72.10 describes 'Flat-rolled products of iron or non-alloy steel, of a width of 600mm or more, clad, plated or coated' including high-spec steel products.
  - ✓ High-spec steel products (e.g. HS 7210.30 and HS 7210.49) are mainly used as materials for the production of automobiles (both two- and four-vehicles), electric/electronic appliances and machineries
- (Examples)
- Subheading 7210.30 (Electro-galvanized steel sheet and coil (EG)) → Plates of refrigerators and other white products
  - Subheading 7210.49 (Galvannealed steel sheet and coil (GA)) → Outer panel of automobiles

*Patterns and uniqueness found in preferential ROOs in the sector*

- ✓ Among 32 RTAs in the Asia/Pacific region, 26 basically employ Change in Tariff Heading (CTH: 4 digit basis) or Change in Tariff Sub-heading (CTSH: 6 digit basis).
- ✓ Other than CTH/CTSH style, 3 RTAs take RVC/VA criteria, 1 employs change in Chapters (CC: 2 digit basis) and 2 are unknown.
- ✓ While the commonalities (CTH/CTSH) can be found among RTAs in the Asia/Pacific region, difference exists even among those employ CTH/CTSH. The difference is defined as "exceptions" for using specific non-originating materials in satisfying CTH/CTSH: those materials excluded to use are required to be originating in the Parties (e.g. CTH except from heading 7208, 7209 and 7211).

*Factors that are assumed to affect the patterns and uniqueness of preferential ROOs in the Sector*

1. The finding of de facto commonalities that more than 80% of RTAs employ CTH/CTSH style seems to reflect the production processes of these products, which make it difficult to use RVC/VA criteria and CC rule. Steel makers purchase iron ores and other materials from various countries at a broad range of prices (volatility of iron ore prices). In the production process, iron ores are mixed at random along with the operation of blast furnace. This makes the calculation of RVC very difficult. Also CC rule prevents usage of ferroalloy (HS 7202: necessary for the production of any iron/steel products), so it is impossible to satisfy the rule.
2. The background of differences in "exceptions" on CTH/CTSH rules may be responding to interest/sensitivities of related industries (exporters, domestic steel producers, domestic steel users) which are slightly different from economy to economy.

### iv) Bicycles and their parts (Chinese Taipei)

*Characteristics of the products in the selected sectors*

The bicycle is a 'multi-functional' product, and it provides a less-polluting, lightweight, energy-saving and traffic-friendly means of transportation and sports. Trade volume in bicycles has increased steadily in recent years, and we may expect great potential for further expansion in the future. APEC as a whole is the most important bicycle-producing region in the world. According to WTO statistics, the export value of bicycle products and components (HS 8712~HS 8714) for 16 APEC member

economies increased 18% from US\$10.81 billion in 2006 to US\$12.75 billion in 2007, while their export market share in the global bicycle trade increased to 89%.

#### *Patterns and uniqueness found in preferential ROOs in the sector*

In regards to the ROO for bicycle products (HS 8712), we find that most of the 29 FTAs in the Asia-Pacific region have adopted ‘change in tariff heading’, supplemented by Regional Value Content (RVC) requirements.

- (1) For FTAs signed by NAFTA members with other economies, the typical rules are “a change from any other heading except from heading 8714 which are the parts and accessories” And the RVC threshold for FTAs signed by U.S.A. with Australia, Chile, Korea and Peru respectively, is at least 35% (build-up method) or at least 45% (build-down method). The threshold for NAFTA is 50% while 30% for U.S.-Singapore FTA. Regarding Canada-Peru FTA, 55% RVC applies while for Mexico-Japan FTA, 50% applies.
- (2) As for Transpac Agreement and the most FTAs signed by Japan with economies such as Chile, Singapore, Thailand, Malaysia, the Philippines, often use tariff shift, i.e. a change to heading 8712 from any other subheading or 40% RVC rule.
- (3) The FTAs signed by New Zealand with China, Thailand, use tariff shift only, while China-Chile FTA uses 50% RVC rule.
- (4) 5 out of 29 FTAs have no specific rules for bicycle products. They include FTAs signed by Singapore with Australia, New Zealand, and Australia-New Zealand FTAs.

#### *Factors that are assumed to affect the patterns and uniqueness of preferential ROOs in the Sector*

In addition to preventing possible free riders from non-FTA parties, ROOs reflect the level of competitiveness of the relevant industries and governments’ industrial policies which sometimes are affected by the strong domestic industrial associations with lobby power. In general, the stricter rules provide stronger protection for the domestic industries, including suppliers of key materials/components. So, it will help boost the intra-trade between partners. The more globalized the production process and supply chain has become, the less strict the rules should be, due to that businesses may have had their supply chain spread beyond FTA partners, based on the consideration of comparative advantages of locations.

#### *Any other findings from sector analysis*

We can see some clear pattern and similarity in the rules of origin of intra-regional FTAs. To further facilitate the bicycle trade and enhance the overall competitiveness of the sector, it may be quite a useful exercise for mid or long term, to try to harmonize or rationalize the rules of origin among APEC FTAs in the future. In general, the more flexible and simpler rules of origin would help facilitate the regional economic integration.

### **v) Consumer Electronics and Information/Communication Technology Products (the United States)**

#### *Characteristics of the products in the selected sectors*

Thirty-six six-digit Harmonized System subheadings in the consumer electronics and ICT sector were studied. The product categories covered computers, computer monitors, transformers, static converters, electric storage batteries, cell phones, microphones, loud speakers, headphones and earphones, amplifiers, set top boxes, transmission apparatus, television cameras, digital camera recorders, radar, radio apparatus, cathode ray tubes, projectors, TV reception apparatus, LCD or LED indicator panels, and various parts. About half of the products in this sector are covered by the Information Technology Agreement.

#### *Patterns and uniqueness found in preferential ROOs in the sector*

With respect to rules of origin for the 36 subheadings in the 32 FTAs studied, we find that economies used tariff shift only, regional value content (RVC) only, tariff shift supplemented by RVC, a general rule, or a combination of approaches. Our findings on both a product basis and as a percentage of the total FTA/RTAs are summarized in the table below. Note that the percentage of

approaches when examined on a product basis exceeds 100% because some economies permit more than one approach for a single product.

ROOs Approach	Percentage of 36 products	Percentage of 32 FTA/RTAs
<b>Tariff Shift only</b>	70.8% 57.7%	
<b>RVC only</b>	30.5% 24.2%	
<b>Tariff shift + RVC</b>	16.4% 13.5%	
<b>General Rule</b>	5.5% 4.6%	
<b>TOTAL</b>	123.2% 100%	

From this table, it is apparent that tariff shift only is the predominant approach used by economies for rules of origin in the consumer electronics sector, followed by regional value content only.

The NAFTA pattern of tariff shift only or tariff shift supplemented by RVC is observed for seven agreements. Another eight agreements permit tariff shift only or RVC only for a majority of the 36 products. Three agreements rely entirely or almost entirely on RVC only.

#### *Factors that are assumed to affect the patterns and uniqueness of preferential ROOs in the Sector*

APEC economies are major producers of consumer electronics and information/communication technology products. These products range from basic to very high-tech, and like other electronic products, components are sourced globally. The industry is characterized by intense price competition and profit margins on many products are small. New consumer electronics and ICT products are always coming on the market, replacing older models, and frequently at lower cost or with additional functionality. Classification divergences – which can be exacerbated by ever-changing products – can affect rules of origin. The Harmonized System was not designed to differentiate between partially manufactured products and fully manufactured goods, particularly in high tech products. As a result, a component and the finished product into which it is incorporated may be within the same six-digit tariff subheading (e.g., printed circuit board and the finished product). Prices of consumer electronics, ICT goods, and component parts change frequently, as do suppliers in the global supply chain; therefore, tracing component values through the global supply chain is more difficult in this sector than on average.

It may be assumed that product-specific rules of origin in this sector – as in any other sector – reflect the particular competitive situation of the industries in the respective FTA/RTA partners. No specific ROOs patterns were observed for products covered by the Information Technology Agreement.

#### *Any other findings from sector analysis*

According to one company in this industry, more consumer electronics companies would take advantage of FTAs/RTAs if rules of origin were simple, clear and harmonized; compliance was easier to achieve; and compliance could be managed systematically.

### **3. Summary of MAG's Work on Sector Analysis**

#### **Summary of Key Findings**

Up until MAG2, MAG examined the preferential ROOs to seek to examine common approaches to ROOs on the five sectors stated above. Key findings of this exercise are as follows:

First, the volunteer economies researched on approaches of the preferential ROOs in APEC region with regard to respective sectors.

- ✓ Refrigerator and Musical Instruments - ROO show no consistent pattern. It is, however, possible, to discern two main categories. The first consists of agreements that follow more less the NAFTA pattern, and the other category consists of the economic partnership agreements between Japan and ASEAN economies.
- ✓ Steel – Among thirty-two RTAs in the Asia-Pacific region, twenty-six basically employ Change in Tariff Heading (CTH: 4 digit basis) or Change in Tariff Sub-heading (CTSH: 6 digit basis)

- ✓ Bicycle products – Most of the twenty-nine FTAs in the Asia-Pacific region adopt CTH, supplemented by Regional Value Content (RVC) requirements.
- ✓ Consumer Electronics – Among a number of approaches, tariff shift only is the predominant approach (70.8% of thirty-six products) used by economies for ROOs in this sector, followed by regional value content only (30.5% of thirty-six products).

Then, the volunteer economies laid out their findings on the patterns and the presumed rationales (if any) of the preferential ROOs with regard to respective sectors.

- ✓ While for some sectors (e.g., musical instruments, refrigerators), it has been found that there is no consistent pattern in ROOs, for other sectors (e.g., steels), it has been found that de facto commonalities among various ROOs have emerged presumably as a reflection of the production processes of the products concerned;
- ✓ While for some sectors (i.e., bicycles), it has been found that that, in general, ROOs reflect the level of competitiveness of the relevant industries and governments' industrial policies, for consumer electronics sector, no specific difference in ROOs patterns was observed between products covered by the Information Technology Agreement (ITA) (i.e., the products already liberalized) and non-ITA products.

### **Work Plan for Sector Analysis**

The original proposal on sector analysis (2008/SOM3/MAG/007), which was agreed by MAG3 last year, prescribes the timetable of this sectoral exercise as follows:

- i) MAG 3 2008 – MAG agrees to undertake work on preferential ROOs in specific sectors.
- ii) Sept 30, 2008 – Economies volunteer to lead analysis for a particular sector
- iii) MAG 1, 2009 – Lead economies present the inventory of approaches in APEC FTAs based on a common template.
- iv) MAG 2, 2009 – Industry presents on its views on approaches to ROOs for the selected sectors
- v) June 30, 2009 – Lead economies circulate an analysis of various approaches to ROOs in their selected sector.
- vi) MAG 3, 2009 – Analysis of the various approaches to ROOs, along with the common approach, is agreed at MAG and forwarded to CTI for endorsement. MAG selects additional sectors for examination in 2010.

MAG has completed (i), (ii), (iii) and (iv) in accordance with the agreed timetable. MAG, however, has not come up with any strategy such as "common approach" on how to move this exercise forward after completion of analysis of the five sectors, except that MAG members are encouraged to volunteer in analyzing on additional sectors. At MAG 2 this year, therefore, members agreed that the current workplan could be modified reflecting where we are on this exercise at MAG. Therefore, the workplan will be revised based on the discussions at MAG3.

## APEC Elements for Simplifying Customs Documents and Procedures Relating to Rules of Origin

### Introduction

1. In February 2009, Senior Officials identified Rules of Origin as a priority for 2009, and tasked the Committee of Trade and Investment (CTI) and its various sub- fora to look into making rules of origin (ROOs) more business-friendly. They sought to undertake work relating to (i) harmonisation; (ii) cumulation; and (iii) simplification of documentation and procedures.
2. To address item iii, Singapore would like to propose for the Market Access Group (MAG) to undertake work to promote the usage of five key elements to simplify documents and procedures relating to rules of origin. The objective of this is to facilitate trade, provide better utilization of the FTAs that APEC economies enter with each other, and to reduce compliance costs for business.

### Background

3. In the APEC region, documents and procedures administering preferential rules of origin are as complex as the rules themselves as they are usually the outcome of a negotiated process. In many cases, there is even a need to streamline such procedures *within* individual economies. The resulting divergences within and across APEC economies are cumbersome to business and add unnecessary costs to trade<sup>1</sup>.
4. Recent studies have revealed that costs associated with administering rules of origin are around 6 percent of the value of goods traded within NAFTA<sup>2</sup>, and as high as 25 percent of the value of goods traded within ASEAN.<sup>3</sup> These numbers suggest that preferential margins must at least be equivalent to the costs to positively influence trade flows. The additional costs of dealing with these divergences and complexities have resulted in the under-utilization of FTAs within the APEC region.
5. In a round of consultations conducted among APEC-based companies<sup>4</sup>, importers and exporters noted the burdensome process associated with the use of origin-related documents. Many alluded to the tedious layers of information required for a pplication and authentication of such documents, the lack of predictability as a result of low tolerance for errors, and in general the huge workload involved.

### Singapore's Proposal

6. Singapore believes that APEC could reap additional trade gains by simplifying and streamlining documents and procedures. The effort will not only result in tangible benefits for business but is a significant step towards streamlining the spaghetti bowl effect caused by FTAs and RTAs.
7. To address the challenges faced by businesses, we propose that work be undertaken to promote the usage of five key concepts for simplifying documents and procedures relating to rules of origin. The proposed five elements are applicable to both traditional authorized certification and self-certification regimes.

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<sup>1</sup> To illustrate convergences and divergences among APEC economies, please see Table 1 comparing *some* aspects of procedures applicable to FTA arrangements.

<sup>2</sup> Carrière, C. and J. de Melo, 2004. "Are Different Rules of Origin Equally Costly? Estimates from NAFTA", CEPR Discussion Paper No. 4437.

<sup>3</sup> Manchin, M. and A. O. Pelkmans-Balaoing, 2007. "Rules of Origin and the Web of East Asian Free Trade Agreements". World Bank Policy Research Working Paper 4273 (July).

<sup>4</sup> Business Feedback: Customs Procedures Relating to Preferential Rules of Origin, APEC Market Access Group (MAG), May 2009

**a. Validity period**

A reasonably long validity period prevents documents or declarations from expiring before goods reach their final destination. Validity periods of documents stating origin vary across APEC FTA arrangements and range from as short as four months<sup>5</sup> to as long as four years.

**b. Waiver of Certificate of Origin or Declaration**

Waiving the need for origin-proving documents for low value goods facilitates trade. Due to the associated work and cost, businesses have found suppliers to be reluctant to provide origin documents for low value shipments as it is simply not cost effective to do so. For Customs authorities, the administrative burden associated with verifying the origin of low value shipments is often greater than the revenue it could potentially gain.

**c. Minimum data requirements**

Origin related documents should be as simple as possible requiring only the minimum amount of information needed to establish the claim of preference and to enable the start of a verification process if required.

**d. Clarity on Treatment of Errors Made in Certificates of Origin or Declarations**

Companies trading in the APEC region note the importance of clarity on the types of errors that result in rejection of origin-related documents. Currently rejection can take place for discrepancies as minor as spelling, font type, or ink color, to tariff classification differences between the issuing and receiving authorities. At times it would appear that the types of errors causing acceptance or rejection are determined at the discretion of the customs officer. This results in frustration amongst business.

To promote greater clarity and predictability for business, economies recognize that errors which do not prevent disclosure or create doubts do not on their own invalidate documents if the origin of the good is not in doubt. Similarly, for multiple goods declared under the same document, endeavour that a problem encountered on one of them should not affect or delay the granting of the preferential tariff treatment and clearance of the rest.

**e. Harnessing IT to Ease Documentation and Procedures**

Information technology can help streamline and ease documentation and procedures and improve transparency and predictability. IT can for example facilitate the application of documents between the exporter and the issuing authority or facilitate the submission of a self-declaration. Claiming procedures between the importer and importing authority can also be conducted electronically to reduce paper work.

**Next Steps**

8. We recognize that implementation of each of these elements is often based on unique circumstances faced by economies and their relationships with trading partners. However, we welcome your interest in taking forward particular elements, for which further information gathering and comparative analysis could possibly be conducted. We look forward to collaborating with APEC economies on a future work program.
9. Singapore has revised this proposal for endorsement at MAG 3. We thank APEC's economies for your comments to this proposal and look forward to working with you to deliver concrete benefits for business in this area.

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<sup>5</sup> Eg under the ASEAN-China FTA validity period for Certificates of Origin is 4 to 6 months. An extension of up to 6 months is allowed if the shipment is passing through one or more of territories.

## APEC Services Action Plan

### The importance of services

Modern economies are heavily dependent on services as drivers of economic activity, growth and job creation. In developed and developing economies alike, services account for a large and increasing share of gross domestic production and employment and play a critical enabling role in all aspects of economic performance. In 2007, the services sector accounted for over 70% of GDP in developed economies and over 50% in developing economies<sup>1</sup>. Moreover, the rate of growth of services sectors in developing economies is higher than that in developed economies.

Services such as logistics, communications and financial services create the basic economic infrastructure upon which businesses operate. Educational, health and social services affect human security and the availability and quality of labour. Professional services provide the specialised expertise required by other firms to increase productivity and competitiveness. In manufacturing industries, services provide critical inputs to the production chain, making up a major portion of value-added through research and development, accounting, engineering, administration, advertising, warehousing and distribution services.

### Benefits of open and efficient services markets

Business competitiveness in all industrial sectors is highly dependent on access to low-cost, high-quality producer services. Developing and developed countries alike are becoming increasingly aware that efficient services industries, supported by sound domestic regulatory systems, are fundamentally important for economic growth. Open and efficient services markets increase consumer choice, enhance productivity, boost competition, drive down the price of producer services, and create opportunities for firms to develop or introduce new services to the benefit of the wider economy. The positive effects flow on into other industrial sectors, which in turn can lead to higher employment levels, higher incomes and higher standards of living. Competitive services sectors help to attract foreign direct investment by creating the conditions necessary for businesses to operate effectively. By contrast, inefficient or uncompetitive services sectors can stifle productivity growth, innovation, and the diffusion of technology, and inhibit economies from achieving their highest potential growth.

### APEC and services

In their 2008 Statement, APEC Leaders called for accelerated implementation of APEC's regional economic integration agenda, and:

*...instructed officials to undertake initiatives designed to promote greater convergence in key areas of APEC's trade and investment portfolio, including...cross-border services.*

In response to Leaders' instructions, a Services Action Plan (SAP) has been developed to provide an overarching level of coordination and focus to the services-related work conducted across all of APEC's various sub-committees and working groups.

The aim of the SAP is to provide common direction and coherence to APEC's work on services trade, and establish a forward work program to foster the development of open and efficient services markets in the APEC region.

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<sup>1</sup> According to the World Bank's *World Development Indicators* (2007)

## SAP Matrix of Actions – A Living Document

As noted above, the principal function of the SAP is to provide an umbrella framework to coordinate and promote services work in APEC's trade and investment liberalisation and facilitation agenda. The framework, in the form of a 'matrix of actions,' is a living document incorporating past, current and prospective services-related work.

By drawing together APEC's services-related work across its various sub-fora, the matrix of actions aids in the identification of priorities and capacity building needs in relation to individual and collective efforts to boost services trade and development.

The matrix of actions is divided into three broad categories relating to:

- a. Policy issues (i.e. cross-cutting work relating to services trade, such as services principles, regulatory issues, economic impact of services trade).
- b. Technical issues (i.e. work of a statistical or analytical nature, such as measuring services trade volumes, classifying services).
- c. Sector-specific work (i.e. work relating to trade in specific services sectors, such as professional services, energy services, education services, environmental services, tourism services etc).

The matrix will be regularly updated to take into account new priorities, projects and progress made. As such, it will act as a tool for the identification of future work priorities, including capacity building initiatives, to address gaps in APEC's overall services agenda.

APEC SERVICES ACTION PLAN						
Matrix of Actions: Policy Issues						
Policy Issue	Past Action	Current Action	Project Status	Future Action	Forum/ End Date	Aims and Outcomes
IMPACT OF SERVICES TRADE						
	IEG/GOS Joint Workshop on the Relationship Between Investment and Trade in Services in RTAs and Other International Investment Agreements (XXXX, Australia)		Completed		GOS/IEG 2007	[to be completed]
		Seminar on Commercial Realities of Cross-Border Services Trade (CTI30/2008T, US)	In progress		GOS 2009	Increase understanding of the commercial realities, opportunities and impediments to trade in cross-border services
		Seminar on The Impact of Liberalization on Trade in Services (CTI 04/2008Trev1, Indonesia)	Follow-up proposal/project under development	Follow-up seminar on The Impact of Liberalization on Trade in Services focusing on additional sectors and recent studies (Indonesia)	GOS 2012	Increase understanding of the costs and benefits of services trade liberalisation.
REGULATORY ISSUES						
	APEC-IDRC Conference on Competition Policy Issues in Services Sectors (XXXX)		Completed		CPDG/GOS 2008	[to be completed]
		Seminar on Regulatory Issues in Cross-Border Services Trade: (CTI30/2008T, US)	In progress		GOS 2009	Increase awareness of mechanisms for addressing regulatory issues in cross-border services trade

**APEC SERVICES ACTION PLAN**  
**Matrix of Actions: Technical Issues**

Technical Issue	Past Action	Current Action	Project Status	Future Action	Forum/ End Date	Aims and Outcomes
SERVICES TRADE STATISTICS						
		Seminar/workshop on the measurement of international trade in services (CT103/2008, Philippines)	In progress		GOS 2008	Boost capacity of APEC economies to measure trade in services.
			Proposal/project under development	Collection of data on trade in education services	GOS/HRDWG	Develop a mechanisms for collection of data on trade in education services, particularly for modes of cross border exchange other than consumption abroad.
CLASSIFICATION ISSUES						
		Survey on APEC Trade Liberalisation in environmental services (CT138/2008T, China)	In progress			[to be added]
		Environmental services: Classification of new technologies (Australia)	Under discussion (GOSIII 2009)			

APEC SERVICES ACTION PLAN						
Matrix of Actions: Sector-specific						
Sector-Specific Work	Past Action	Current Action	Project Status	Future Action	Forum/End Date	Aims and Outcomes
CROSS-CUTTING/ MULTISECTORAL			Proposal/project under development	Develop mechanisms to facilitate competitive markets in key services sectors.	2010	Develop mechanisms to facilitate competitive markets in key services sectors as a contribution to a comprehensive policy framework in APEC that supports the expansion of services trade in the Asia-Pacific region.
PROFESSIONAL SERVICES						
	Forum on international trade in the professional services in APEC economies (TP 02/2006T, Malaysia)		Completed		WGTP 2007	Explore practices and challenges of professional services providers and promote closer cooperation, transparency and networking
Engineering services	APEC Engineers project		Initial project completed. Follow-up proposal/project under development	Expand scope and participation of economies in APEC Engineer Framework	GOS 2012	Facilitate trade in engineering services across the APEC region
Architecture services	APEC Architects project		Initial project completed. Follow-up proposal/project under development	Expand scope and participation of economies in APEC Architect Framework	GOS 2012	Facilitate trade in architectural services across the APEC region.
Legal services		APEC legal services initiative (CTI 05/2009A rev, Australia)	In progress		GOS 2012	Facilitate the provision of services in foreign and/or international law throughout the APEC region
Accounting services			Under discussion (GOSIII 2009)	APEC accounting services initiative (Australia)	GOS 2012	Facilitate trade in accounting services across the APEC region
EDUCATION SERVICES						
		Capacity-building seminar on transnational education (TNE) services (CTI 02/2008, Philippines)	In progress		GOS 2008	Forum for exchanging insights on "best" practices and standards on TNE regulations, with focus on domestic regulations that strike a balance between promoting opportunities for TNE on one hand while ensuring the establishment of and managing quality of legitimate TNE arrangements.
		Measures affecting cross border exchange and investment in higher education in APEC region (HRD 02/2008T, Australia)	In progress		HRDWG 2009	Identify costs and benefits of cross border exchange and investment in higher education in the APEC region across four modes of supply
		Comparability and benchmarking of competencies and qualification frameworks in APEC Region (pilot area: construction/welding) HRD 02/2009, Philippines/China	Initial project completed. Follow-up proposal/project under development	Seminar on qualifications frameworks across APEC economies (Philippines)	HRDWG 2010	Boost awareness and information exchange on qualifications frameworks (QFs) and recognition agencies; identify capacity building needs for development and implementation of QFs to take advantage of freer movement of human capital and wider employment opportunities and address mismatch of skills and labor market requirements.
			Proposal/project under development	Capacity building for policies and monitoring of cross-border education in the APEC region (China)	HRDWG 2011	

APEC SERVICES ACTION PLAN						
Matrix of Actions: Sector-specific						
Sector-Specific Work	Past Action	Current Action	Project Status	Future Action	Forum/End Date	Aims and Outcomes
EDUCATION SERVICES			Under discussion in BMC (HRD 12/2009)	Higher education diploma supplement (Australia)	HRDWG 2010	Raise awareness of Diploma Supplement (DS) as a tool for increasing transparency and reliability of information on higher education systems in APEC region, develop 'agreed principles', and identify capacity building needs of economies to develop and implement DS.
			Proposal/project under development	Capacity building for policies and monitoring of cross-border education in APEC region (China)	HRDWG 2010	Develop common understanding about cross-border education and quality assurance, promote student and academic mobility and assure that cross-border education is delivered effectively and efficiently.
			Proposal/project under development	Education quality assurance	HRDWG/	Develop common understandings of quality assurance in higher education and identify capacity building needs of economies to develop and implement effective quality assurance systems.
			Proposal/project under development	Education provider registration and accreditation systems	HRDWG	Develop transparent and uniform rules for the registration of domestic and foreign education services providers and identify capacity building needs of economies to adopt registration systems.
			Proposal/project under development	Cross-border (mode 1) delivery of education services	HRDWG	Identify the impact on government policies on the delivery of education services via mode 1 and develop common approaches to the accreditation and recognition of Mode 1 delivery to reflect changing educational requirements.
			Proposal/project under development	Qualifications recognition	HRDWG	Identify the best frameworks for qualifications recognition in conjunction with employers and professional bodies.
ENERGY SERVICES						
		Training seminar on trade in energy services ( CTI 05/2008T, Philippines)	In progress		GOS 2009	Enhance understanding of, and capacity to participate in negotiations on trade in energy services
ENVIRONMENTAL SERVICES						
	Study of impacts on APEC economies of measures to liberalize and facilitate trade in environmental services (CTI 19/2003T, China)		Completed			Examine impacts on APEC economies of liberalization of trade in environmental services.
		Environmental goods and services (climate change) one day workshop (CTI 30 2008T, NZ)	In progress		MAG? 2009	Increase understanding of opportunities to liberalise trade in environmental goods and services relevant to climate change
		Survey on APEC trade liberalization in environmental services (CTI 31 2008T, China)	In progress		GOS 2009	Facilitate exchange of information relevant to liberalisation of trade in environmental services
		Environmental Goods and Services Workshop (CTI 32 2009T, Australia, Japan, NZ, Singapore)	Held in Singapore on 28 July, 2009		MAG 2009	Enhance understanding of i) role and relevance of developing economies to EGS, ii) technologies for achieving greater energy conservation and efficiency, and iii) ideas for a common platform to

						eliminate/moderate existing obstacles to EGS.
APEC SERVICES ACTION PLAN Matrix of Actions: Sector-specific						
Sector-Specific Work	Past Action	Current Action	Project Status	Future Action	Forum/ End Date	Aims and Outcomes
HEALTH SERVICES						
	Skills standardisation for nursing profession (CTI 19/2005T, Indonesia)		Initial project completed. Follow-up proposal/project under development	Identify priority areas for nursing standards and qualifications; establish a certification system to recognize achievement and facilitate qualification portability; study of existing bilateral and regional nursing MRAs (Indonesia)	CTI	Develop a common competency standard of nursing skills to underpin a Mutual Recognition Agreement for the APEC region.
	Workshop on the comparability of qualifications in the health sector within the APEC region (HRD 07/2006A, Philippines)		Initial project completed. Follow-up proposal/project under development	Follow-up to workshop (Philippines)	HRDWG	Facilitate establishment of registers for various health services within APEC.
	Seminar on trade in health services (CTI 37/2003T, Japan)	Seminar on trade in health services (Philippines CTI 33/2009T)	In progress		GOS 2010	Deepen understanding of the factors facilitating or inhibiting health services trade
TELECOMMUNICATIONS SERVICES						
	WTO Capacity Building On Domestic Regulation (TEL 02/2006T)		Completed		TEL	Familiarize APEC members to the WTO GATS Domestic Regulation disciplines and how they are applied to the ICT sector; development of a set of guidelines to assist developing economies in implementing WTO compliant domestic regulations in the ICT sector.

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## **APEC Principles for Cross-Border Trade in Services**

*In the spirit of APEC's underlying approach of open regionalism;*

*Recognizing the dependence of all APEC economies on the services sector as a driver of economic growth, employment, and competitiveness;*

*Emphasizing the importance of creating a policy and regulatory environment conducive to services trade;*

*Recognizing the range of policy issues that can have a direct impact on the openness and facilitation of services trade, and a significant influence on cross-border delivery of services;*

*Recognizing the right of APEC economies to regulate and introduce new regulations on the supply of services in order to meet policy objectives, and the particular need of developing economies to exercise this right*

*Mindful of the shared commitments of APEC economies to achieving greater regional economic integration and free and open trade in services in the APEC region;*

*Acknowledging diversity in the level of development of APEC economies, and mindful of the particular economic situation and specific needs of developing economy members;*

*Without prejudice to applicable bilateral, plurilateral, and multilateral agreements and other international instruments, or to APEC economies' positions with respect to discussions in other fora, including the WTO Doha Development Agenda;*

*APEC economies recognize the following non-binding principles:*

### **A. PROMOTION OF OPEN SERVICES MARKETS**

#### Most-Favored-Nation Treatment

1. APEC economies should accord or endeavor to accord to service suppliers of another APEC economy treatment no less favorable than that accorded, in like circumstances, to service suppliers of any other economy.

#### National Treatment

2. APEC economies should accord or endeavor to accord to service suppliers of other APEC economies treatment no less favorable than that accorded, in like circumstances, to their own service suppliers.

#### Local Presence

3. To the extent possible, APEC economies should not require service suppliers of other APEC economies to establish or maintain a representative office or other form of enterprise in their territory, or require service suppliers to be resident in their territory, as a condition of supplying a service.

#### Number of Service Suppliers

4. APEC economies should not place numerical limitations on the number of suppliers of any service that is permitted within their territories, whether in the form of numerical quotas, monopolies, or exclusive service suppliers.

Progressive Liberalization

5. APEC economies acknowledge that – due to domestic policy constraints – each economy may not be able to adhere to the principles in paragraphs 1-4 with respect to all sectors, subsectors, or areas of activity.
6. APEC economies should endeavor to:
  - (a) refrain from introducing new measures that would have the effect of making measures not consistent with the principles in paragraph 1-4 more restrictive as to the service suppliers of other APEC economies; and
  - (b) eliminate existing measures not consistent with the principles in paragraphs 1-4 or make those measures progressively less restrictive as to the service suppliers of other APEC economies.

**B. REGULATORY PRINCIPLES**Right to Regulate

7. APEC economies recognize the right of each APEC economy to regulate and to introduce new regulations on the supply of cross-border services to meet that APEC economy's policy objectives, including the protection of consumers, the protection of human, animal or plant life or health, the protection of public morals, the maintenance of public order, and to take measures for prudential reasons or to ensure the integrity and stability of the financial system.

Requirements and Procedures

8. In service sectors subject to regulation, APEC economies should provide for the fair and transparent development, adoption and application of regulations and regulatory procedures for trade in services.
9. APEC economies should endeavor to ensure that measures relating to licensing requirements and procedures, qualification requirements and procedures, and technical standards are consistent with Article VI of the WTO *General Agreement on Trade in Services*.
10. With respect to applications for a license or authorization:
  - (a) Where practicable, applications should be accepted in electronic format under the same conditions of authenticity as paper submissions; and
  - (b) Relevant authorities should initiate the processing of applications without undue delay.
11. Where relevant authorities do not accept submission of applications for a license, authorization, or determination of qualification, on an ongoing basis, they should establish reasonable periods during which applicants will be permitted to submit such applications.

Regulatory Cooperation

12. APEC economies should work cooperatively to address regulatory matters and enhance regulatory capacity in pursuit of effective, high-quality regulation that supports trade and economic development. Such work could include encouraging, where appropriate:
  - (a) relevant bodies in their territories to develop mutually acceptable standards and criteria for the licensing and certification of service providers, including, for example, through mutual recognition agreements and temporary licensing arrangements, and
  - (b) cooperation and sharing of information among competent authorities on enforcement and disciplinary matters.

**C. PRINCIPLES TO ENHANCE TRANSPARENCY AND PREDICTABILITY**Publication

13. Each APEC economy should ensure that its laws, regulations, procedures, and administrative rulings of general application respecting matters concerning cross-border trade in services are promptly published or otherwise made available in such a manner as to enable interested persons and other APEC economies to become acquainted with them.
14. To the extent possible, each APEC economy should:
  - (a) publish in advance any laws, procedures, and regulations or administrative rulings of general application that it proposes to adopt and the purpose of these measures;
  - (b) provide service suppliers a reasonable opportunity to comment on such proposed measures; and
  - (c) allow reasonable time between publication of final regulations relating to cross-border trade in services and their effective date.

Regulatory Procedures

15. Where an APEC economy requires authorization for the supply of a service, the economy's competent authority should:
  - (a) make publicly available the requirements, including any documentation required, for completing applications for such authorization; and
  - (b) within a reasonable time after the submission of an application considered complete under its laws and regulations, inform the applicant of the decision concerning the application.
16. On the request of an applicant, an APEC economy's regulatory authority should inform the applicant of the status of its application.
17. On the request of an unsuccessful applicant, an APEC economy's regulatory authority that has denied an application should, to the extent practicable, inform the applicant of the reasons for denial of the application. Applicants should be given the opportunity to resubmit or amend their application for further review, or file an appeal if an application is denied.

Provision of Information

18. On request of an APEC economy, another APEC economy should promptly provide information and respond to questions pertaining to existing or proposed measures that affect cross-border trade in services.

19. Each APEC economy should establish or maintain appropriate mechanisms for responding to inquiries from interested persons regarding its regulations relating to cross-border trade in services.

#### **D. PRINCIPLES TO FACILITATE SERVICES DELIVERED ELECTRONICALLY**

##### Consumer Protection for Electronic Transactions

20. APEC economies should adopt and maintain transparent and effective mechanisms to protect consumers from fraudulent and deceptive commercial practices when they engage in cross-border services trade through electronic channels.
21. APEC economies should seek to enhance consumer protection by encouraging cooperation among their respective national consumer protection agencies.

##### Enabling of Cross-Border Information Flows

22. APEC economies should endeavor to facilitate information flows in accordance with economies' respective laws and regulations.

##### Copyright Protection for Works Distributed Over the Internet

23. APEC economies should continue their cooperative efforts under the APEC Anti-Counterfeiting and Piracy Initiative.

#### **E. PRINCIPLES TO FACILITATE SERVICES DELIVERED THROUGH THE PRESENCE OF NATURAL PERSONS**

##### Business Mobility

24. Each APEC economy should, subject to its laws and policies, enhance the mobility of business people<sup>1</sup> by implementing transparent, streamlined temporary entry procedures, and immigration and related border systems, while recognizing the need to ensure the safe and secure movement of people.
25. Each APEC economy should make available information on requirements and procedures for applying to gain entry, temporary stay, and permission to work in that economy, as well as requirements and procedures for applications relating to changes or renewals of entry status.

##### Recognition

26. For the purposes of fulfillment of their standards and criteria for licensing and authorization of natural persons, APEC economies may recognize the education or experience obtained, requirements met, or licenses or certifications granted in another APEC economy. Such recognition may be based upon an agreement or arrangement with the economy concerned or may be accorded autonomously.
27. An APEC economy that is a party to an agreement or arrangement of the type referred to in paragraph 28, should afford adequate opportunity for other interested APEC economies to negotiate their accession to such an agreement or arrangement or to negotiate comparable ones with it. Where an APEC economy accords such recognition autonomously, it should afford adequate opportunity for other APEC economies to demonstrate that education, experience, licenses, or certifications obtained or requirements met in the other APEC economy's territory should be recognized.

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<sup>1</sup> Business people may include categories of natural persons such as intra-corporate transferees, business visitors, contractual services suppliers, independent professionals, and other possible categories.

28. APEC economies should not accord recognition of the kind described in paragraph 28 in a manner which would constitute a means of discrimination between APEC economies in the application of its standards or criteria for the authorization, licensing or certification of services suppliers, or a disguised restriction on trade in services.

## F. SCOPE OF APPLICATION

29. For purposes of these Principles, Cross-border Trade in Services means services supplied:
- (a) from the territory of one APEC economy into the territory of another APEC economy
  - (b) in the territory of one APEC economy to the service consumer of another APEC economy; or
  - (c) by a natural person of an APEC economy in the territory of another APEC economy.
30. These Principles are intended to apply to measures taken by central, regional and local governments of APEC economies.
31. These Principles are not intended to apply to air transport services; services supplied in the exercise of governmental authority; government procurement; subsidies; or financial services,<sup>2</sup> except for cross-border trade in:
- (a) insurance of risks relating to maritime shipping, commercial aviation, and goods in international transit; and
  - (b) reinsurance.
32. APEC economies recognize that relevant exceptions of the General Agreement on Trade in Services (GATS) would apply to these Principles, including Articles III*bis*, XIV, and XIV*bis* of the GATS (including their footnotes); paragraphs 2 and 4 of the GATS Annex on Movement of Natural Persons; paragraphs 1, 2, and 4 of the GATS Annex on Air Transport Services; and paragraphs 2(a) and 2(b) of the GATS Annex on Financial Services.
33. Nothing in these Principles is intended to prevent an APEC economy from adopting or maintaining nondiscriminatory measures of general application taken by any public entity in pursuit of monetary and related credit policies or exchange rate policies.

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<sup>2</sup> Terms used in this paragraph have the same meaning as in paragraph 5(a) of the GATS Annex on Financial Services and in paragraph 1:3(c) of the GATS.

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## APEC Environmental Goods and Services Work Program

In Sydney in 2007 APEC Leaders committed, through wide-ranging and ambitious actions, as set out in the Sydney Action Agenda, “to ensuring the energy needs of the economies whilst addressing the issue of environmental quality and contributing to the reduction of greenhouse gas emissions.” Leaders also affirmed that “An open global trade and investment system is central to our core development objectives and market opening in the World Trade Organization (WTO) would advance our climate and energy security goals.” and recognized that “Joint research, development, deployment and transfer of low and zero emission technologies will be crucial in our shared efforts to address climate change.”

2. The 2007 Leader’s Action Agenda included co-operative actions and initiatives designed to achieve an objective of supporting economic growth and development of the Asia Pacific region and to further contribute to the reduction of global greenhouse gas emissions.
3. The Committee on Trade and Investment (CTI) has worked since then to address Leaders’ instructions, including by developing an EGS work program as a contribution to APEC’s broader objective of promoting sustainable economic growth in the region. Central to the CTI’s work in this area is the recognition that an open global trade and investment system is necessary for the dissemination and increased utilization of EGS, and that this would be part of APEC’s contribution to global development, economic, and environment objectives.
4. The **APEC EGS Programme Framework** was endorsed by Ministers at the **2008 AMM**. The objectives of the Framework are to support the development of the EGS sector in APEC and to provide a coherent setting for the work under way in various APEC bodies. The Framework has four components: (a) research and development, (b) supply, (c) trade and (d) demand. The full description of the four framework components is as follows:
  - a. **Research and development:** For both goods and services, this refers to developing new and better EGS through innovation and R&D which address not only trade in EGS but also environment and development (i.e. rural development, job creation and applied technology). APEC economies can share ideas and best practices on innovation and R&D programmes that spur the development of EGS.
  - b. **Supply:** For goods, this includes the incorporation of cleaner, more resource and energy efficient technologies. For services, this includes the training of skilled personnel. Both entail a need for more focus and investment in the EGS industry. APEC economies can explore ways to facilitate investment in EGS and share best practices in developing the EGS industry sector.
  - c. **Trade:** This component aims to improve trade in EGS through trade facilitation and trade liberalisation. For the former, APEC MAG (Market Access Group)/GOS (Group on Services) have been developing projects that facilitate trade in EGS. For trade liberalisation, this component adheres to the Doha Paragraph 31(iii) mandate. Recognising that the negotiations will be done in the WTO, APEC MAG/GOS can come up with ways to support the negotiations in the WTO.
  - d. **Demand:** An increase in demand will create incentive for the market to increase R&D and investment in EGS. APEC economies can look into sharing best practices in public education on EGS and pro-EGS consumer policies, such as measuring and showing the impact of EGS on the environment.
5. In July 2009 APEC Ministers Responsible for Trade (MRT) welcomed the progress made so far in the development of an APEC work program for EGS (environmental goods and services) as set out in the EGS Framework. They instructed officials to finalise the work program for consideration by the 2009 APEC Ministerial Meeting (AMM).
6. Consequently, CTI tasked the Market Access Group (MAG) to conduct a **Mapping Exercise**, which identified the work streams relevant to the EGS Framework currently underway across

APEC fora and sub-fora. The **Mapping Matrix** is appended here as **Annex 1**. It includes activities and projects initiated or under way in 2009. To allow for improved oversight by APEC economies of the myriad of initiatives underway in APEC in this area, and to identify areas of potential collaboration, the Mapping Matrix will be updated regularly by the APEC Secretariat. Keeping the Mapping Matrix up-to-date will also help us to prevent duplication of resources across APEC fora and sub-fora.

7. Based on the results of the mapping exercise, APEC members agreed to take the following actions in order to support sustainable economic growth in the region, advance APEC's work to increase utilization of EGS, reduce barriers to trade and investment in EGS and enhance the capabilities of members to develop their EGS sectors:
  - Launch and continue to contribute to the Environmental Goods and Services Information Exchange (EGSIE), a Website that will serve as a foundation for future work on EGS in APEC, and will promote greater transparency, information-sharing, collaboration, and dissemination of EGS in the APEC region and globally.
  - Identify a "package" of follow-up actions that would enable economies to enhance their sustainable economic development and contribute to the growth of the APEC region. Three key aspects of this would be an identification of: (1) goods and services for which, via increased utilization, an economy would be able to contribute towards climate change mitigation as well as sustainable economic development; (2) concrete steps to facilitate the diffusion of climate friendly and other EGS technologies so as to increase the capabilities of economies to maintain sustainable growth; and (3) capacity-building activities to help ensure that APEC economies, especially developing economies, are able to cultivate and further develop their EGS sectors and meet their sustainable growth goals, including identifying areas of technology transfer of interest to economies and initiating a series of case studies so as to better understand the needs of developing economies in this area.
  - Promote greater dissemination and utilization of EGS by raising awareness of the differing economic conditions and resultant needs of economies; undertaking work to address non-tariff barriers and enhance market drivers to environmental goods through close cooperation among relevant fora, such as local content requirements; explore greater harmonization and convergence of standards, particularly in the area of energy efficiency; facilitate investment in the EGS sector; and
  - Improve understanding and market access for environmental services and services relevant to climate change mitigation.

## APEC EGS Projects Mapping

At MRT this year, Ministers agreed that APEC could make an important contribution to the success of the Copenhagen Conference by exploring ways to reduce barriers to trade and investment in environmental goods and services (EGS), in particular those goods and services that contribute to the success of our climate change efforts. Ministers also instructed officials to finalize the EGS work programme for consideration by AMM 2009.

The matrix below is a list of EGS projects which are being developed by APEC fora and help make EGS more available in the APEC region. The matrix presupposes that there is no definition of EGS. The categories utilised in this matrix are intended as broad examples only. It will be provided by MAG to CTI Chair for consideration in her drafting up an EGS work programme.

APEC Forum	Description of Initiative	Objectives	Proponents	Categories*	Work Program Component†	Status
CTI (Committee on Trade and Investment)	Study on Good Regulatory Practices for Goods and Services Necessary or Desirable for Climate Change Mitigation and Adaption	To assist Member Economies to adopt trade-facilitating regulatory measures for goods and services necessary or desirable for climate change mitigation and adaption	Singapore (iii)	climate change	Supply; Trade	PSU is expected to complete the study by October 2009. As next steps, Member Economies may consensually decide on the approach in developing a set of GRP for such goods and services.
CTI	Survey on the current status of applying trade related environmental standards (TREM)s	To help members, especially developing members, to build capacity to implement trade-related environmental standards by best practices and experience sharing	Viet Nam	(vi) others	Supply; Trade	Questionnaire has been sent out, Seminar should take place in Viet Nam in December 2009 (CTI/29/2009T)
MAG (Market Access Group)	Environmental Goods and Services Information Exchange	To provide public and private stakeholders in APEC economies with a means to access and share the	Canada, New Zealand,	(i) technology, (ii) energy efficiency	R&D; Supply; Trade; Demand	Trial version online May 2009 Formal launch planned in November 2009

\* Some broad categories of EGS, which the project could help increase the use of, include: (i) environmentally friendly technology goods and services (technology); (ii) energy efficiency goods and services (energy efficiency); (iii) environmental goods and services necessary or desirable for climate change mitigation and adaption (climate change); (iv) clean air; (v) clean water and (vi) others (eg renewable energy, waster water management, environmental monitoring, analysis and assessment equipment).

† The EGS Work Programme framework endorsed by Ministers in 2008 uses the basic value-chain of EGS as a framework to holistically address all aspects of EGS. Four components set out by the framework are: R&D, Supply, Trade and Demand.

APEC Forum	Description of Initiative	Objectives	Proponents	Categories*	Work Program Component†	Status
	(EGSIE)	latest information, studies, projects and commitments on EGS	US (iii)	climate change, (iv) clean air, (v) clean water (vi) others		
MAG	Workshop on Trade and Environment	To facilitate the sharing of ideas, information and experiences between participants to provide APEC policy-makers with tools to develop effective environmental regulations and to develop policies and regulations that do not distort trade in environmental technologies, goods and services.	Australia, Indonesia	(i)technology, (iii)climate change	Trade; Demand	Held on 25–26 May 2009, Jakarta
MAG	Workshop on Environmental Goods and Services	To enhance understanding of i) role and relevance of developing economies to disseminating environmental goods; ii) role and relevance of technologies to achieving enhanced energy conservation and efficiency; and iii) ideas of establishment of a common platform to eliminate/moderate existing obstacles.	Australia, Japan, New Zealand, Singapore	(i)Technology (ii)energy efficiency, (iii) climate change	Supply; Trade; Demand	Held on 28 July 2009, Singapore (CTI/32/2009T)
MAG	Survey of Major Impediments and Market Driver to the Development of trade in Environmental Goods	To share information on impediments to expanded trade in environmental goods and to help markets of environmental goods more well-functioning	Australia, Japan	(i)technology, (ii)energy efficiency, (iii)climate change, (iv)clean air, (v)clean water (vi) others	Supply; Trade; Demand	Budget proposal to be submitted. To be completed 2009–2010

APEC Forum	Description of Initiative	Objectives	Proponents	Categories*	Work Program Component†	Status
MAG Wo	Workshops on Remanufacturing	To raise awareness about business practice of remanufacturing and to enhance understanding of APEC Economies' respective remanufacturing capabilities and regimes impacting trade in remanufactured goods.	US	(vi) others	Trade	Workshop held on 21 February 2009, Singapore Questionnaire submitted by US at MAG 3 2009, and answers to be circulated by economies before MAG1, 2010
GOS (Group on Services)	Survey on APEC Trade Liberalisation in Environmental Services	To share information of trade liberalization trends in environmental services for APEC economies. In the long run, it could also be regarded as a positive response to meeting the challenges of the climate change.	China (i)te	Technology, (ii)energy efficiency, (iii)climate change, (iv)clean air, (v)clean water (vi) others	Trade;	Report currently being finalized (CTI/31/2008T)
SCSC (Sub-Committee on Standards and Conformance)	Trade Facilitation Task Force (TFTF)	To exchange views and information on the nexus between the trade and technical aspects of product-related environmental standards, technical regulations and conformity assessment procedures.	Korea, US	(i)technology, (ii)energy efficiency, (iii)climate change, (iv)clean air, (v)clean water	Supply; Trade; Demand	Established in 2006 The most recent TFTF held on February 23, 2009 to exchange views and information on the connection between trade and product-related environmental standards, technical regulations and conformity assessment procedures.
EWG (Energy Working Group)	APEC Cooperative Energy Efficiency Design for Sustainability (CEEDS)	To promote "high-performance" energy efficiency policy measures in developing economies in the APEC region. The focus will be on how to apply such measures to the unique conditions of each economy.	Japan (ii)e	Energy efficiency (iii)climate change	Supply; Trade; Demand	The schedule of the Phase 1 CEEDS process will be designed to allow the final report to be submitted to the APEC Leaders meeting in 2010. As CEEDS is a multi-year project, CEEDS will be expanded to cover different sets of measures in different sectors in the coming several years. (EWG14/2009A)

APEC Forum	Description of Initiative	Objectives	Proponents	Categories*	Work Program Component†	Status
EWG, EGEE&C (EWG/Expert Group on Energy Efficiency and Conservation)	APEC Energy Standards Information System (ESIS)	<ul style="list-style-type: none"> <li>- To provide up-to-date information about appliance and equipment energy standards and regulations;</li> <li>- To provide “Communities of Practice” for experts and officials to discuss efforts to harmonize and rationalize the testing, labelling, and minimum energy standards for specific appliances and equipment; and others.</li> </ul>	New Zealand	(i)technology (ii)energy efficiency (iii)climate change	Supply; Trade; Demand	Ongoing
EWG, EGEE&C	Using Smart Grids to Enhance the Use of Energy Efficiency and Renewable Energy Technologies.	To understand how smart grid technologies and practices have been used to enable new products and services, optimize the use of power grids, allow greater use of renewable energy options, and encourage greater demand-side efficiency response in APEC economies	US (i)te	chnology (ii)energy efficiency (iii)climate change	Demand	Draft (The project would fund a report on the status and potential, within APEC economies, of smart grid technologies to enhance the use of renewable energy and energy efficient buildings, appliances and equipment.)
EWG, EGEE&C	Energy-Saving Windows: Survey of Policies and Programs to Promote Advanced Window and Glazing Technologies in APEC Economies	To compile information on recent efforts to reduce building energy use through advanced windows and glazing technologies in APEC economies. By assessing the current market status of energy-saving windows and barriers to their increased use, the project will also help guide decisions on new policies or programs to promote them.	US (i)te	chnology (ii)energy efficiency (iii)climate change	Supply; Demand; Trade	In implementation (EWG10/2009A)

APEC Forum	Description of Initiative	Objectives	Proponents	Categories*	Work Program Component†	Status
ISTWG (Industrial Science and Technology Working Group)	Promoting Sustainable Development through Environmentally Sound Recycling	To demonstrate a new regional model for environmentally sound recycling.	US	(i)technology	R&D	Seminar to be held in the late fall of 2009 on building a recycling-based economy (RBE) among APEC economies. Website, which would promote environmentally and economically sound recycling between APEC economies, will be operational by the end of the project.
ISTWG Utilization and protection of water resources	To conduct research and analysis of river basin water resources; to open a website for utilization and protection of water resources; and to build up an expert research group	China (i)te	chnology (v) water	R&D; Supply	Symposium on Utilization and Protection of Water Resources would be held in Suzhou, China from 22–23 September 2009.	
ISTWG	Develop the eco-environmental impact assessment estimating tool	To develop the prototype technology of design for electronic waste recycling to reduce carbon foot print and to reach the optimum use of resources.	Chinese Taipei	(i)technology; R&D	Proposal has been submitted to the APEC Secretariat for SPAP assessment. Will seek APEC fund.	
ISTWG Research on the Futures of Low Carbon Society: Climate Change and Strategies for Economies in APEC Beyond 2050	To foresight the future society where low carbon economy and lifestyle becomes the principal driver governing trade and development. The expected outcome includes short, middle, and long term strategies for the region in technological development in responding to the need of the future society envisioned.	Thailand (i)te	chnology (iii)climate change	R&D; Supply; Trade; Demand	An online, real-time survey is being prepared by an international working group whose member consists of representatives from a large number of APEC member economies. The survey, to be targeted mainly at experts in APEC, will be officially launched after enough number of international experts to respond to the survey are solicited.	

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## Reducing trade transaction costs in APEC economies by 5% – Progress with achieving the goals of TFAPII

### Interim Assessment of TFAPII (2006–2008) and Approach for the Final Assessment (2006–2010)

#### Executive Summary

The Consultant was commissioned by the Policy Support Unit to review progress towards the TFAPII goal of reducing trade transaction costs in APEC economies by 5% by the end of 2010. The review specifically included an assessment of the reduction over the TFAPII period 2006–2008 for which data were available.<sup>1</sup>

#### Findings

##### **1. APEC is well on track to reduce trade transaction costs by 5% by the end of 2010. This is the leading finding of the Interim Assessment.**

Trade transaction costs across APEC fell by 3.2% between 2006 and 2008. This exceeds the *pro rata* benchmark of 2.5% for the period if the 2010 target is to be achieved.

This is the result of Direct Estimation of the change by the Consultant. These estimates were based on data on the time taken by and fees and charges levied on trade transactions, collected for the *Trading Across Borders* component of the World Bank's *Doing Business Index*.

Gravity modelling of APEC trade flows implied that trade transaction costs had declined by more than 5%.

Since there are methodological uncertainties in both means of assessment, the Consultant recommends use of the more conservative assessment for policy purposes.

Gravity modelling shows cuts have been achieved in all areas of APEC and have expanded the value of merchandise trade by 15%.

##### **2. Most, but not all, APEC economies achieved reductions in trade transaction costs.**

Twelve of the 20 economies assessed achieved a real reduction in trade transaction costs. Eleven exceeded the 2.5% benchmark and four realized cuts of over 20%. These economies accounted for 55% of APEC merchandise trade in 2008.

Some economies, however, made little progress or regressed.

##### **3. Reducing the time that regulation imposes on transactions reduces transaction costs more than cutting fees.**

Across APEC, the fees and charges along the logistics chain increased by nearly 20%. Yet the reduction in time taken (6.3%) still delivered a net reduction in estimated trade transaction costs.

This indicates the aggregate cost of the time taken is substantially greater than the aggregate cost of the fees and charges. Accordingly, measures to facilitate trade should give priority to reducing the time required to comply.

##### **4. Did policy actions contribute? At this stage, it is not possible to tell.**

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<sup>1</sup> The Consultant assessed the changes in trade transaction costs in 2007 and in 2008 by comparison to 2006.

The Key Performance Indicators (KPIs) selected for TFAPII could not assess the contribution of public policy and operational changes by public sector border agencies to the overall reduction in trade transaction costs.

It is possible that some of the reductions in time taken were achieved by private sector initiatives.

### ***Recommendations to improve TFAPII***

The Consultant was also asked to review key features of TFAPII, namely the definition of trade transaction costs, the appropriateness of its "Actions and Measures", and the effectiveness of its KPIs in assessing how well the Actions and Measures performed.

It was to propose changes as necessary and has recommended that APEC:

#### **1. Extend the definition of transaction costs for TFAPII to include "Ports, Terminal Handling and Inland Transport."**

The CTI agreed that the scope of TFAPII be expanded to include these links in the international logistics chain. Inclusion of Ports and Transport was recommended by the Consultant.

Subsequent research by the Consultant confirmed the importance of that decision – 60% of estimated costs occur in ports, terminal handling and inland transport links.

#### **2. Revise TFAPII "Actions and Measures."**

The Consultant recommends that APEC members:

- Establish a specific set of "Actions and Measures" for Ports, Terminal Handling and Inland Transport; and
- Amend one "Action and Measure" in the Standards and Conformance area.

#### **3. Adopt revised KPIs to measure trade transaction cost reductions.**

New KPIs were proposed after the Consultant assessed that most of the TFAPII KPIs were incapable of measuring the impact their "Actions or Measures" had on reducing trade transaction costs.

This recommendation reflects consultations with, and agreement by, the relevant CTI sub-fora.

#### **4. Commission research to implement new KPIs.**

Implementation of some of the recommended KPIs will require new systems for data collection. Some will need independent research to be undertaken for sub-fora to determine how best to measure the changes in transaction costs.

### ***Recommended methodology for the TFAPII Final Assessment***

The Consultant was asked to recommend a Methodology for the Final Assessment of TFAPII on its conclusion at the end of 2010.

The Consultant notes that the Interim Assessment did not extend to evaluating the various contributions that public policy changes within APEC had made in reducing estimated trade transaction costs.

A Final Assessment which made such an evaluation would greatly assist in defining the most effective strategies for APEC policy makers to take to continue to facilitate trade and reduce transaction costs in the logistics chain.

Accordingly the Consultant recommends that APEC:

**1. Commission empirical research before undertaking the Final Assessment to identify the contribution of public policy changes to the reduction in trade transaction costs; and**

**2. Base the Final Assessment on the following five components:**

- Direct estimation of the change in trade transaction costs over the TFAPII period, utilizing the annually updated World Bank data from its *Doing Business* project;
- A Gravity Model of APEC trade flows to provide an indirect measurement of those costs over the Final Assessment period, a s p o i n t s o f c o m p a r i s o n a n d c o m p l e m e n t a r i t y;
- Utilization of data from measurement of performance against the revised KPIs;
- A case study of real business transaction costs for a selection of products in a selection of APEC economies that are broadly comparable to the *Doing Business* data; and
- An assessment of the public policy changes over the period and their impact in reducing measured trade transaction costs.

Report to the APEC Policy Support Unit

BY:

ITS Global in association with the Centre for Customs & Excise Studies, University of Canberra and the Australian APEC Study Centre, RMIT University

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## Supply-Chain Connectivity Framework

In Shanghai in 2001, APEC reaffirmed the key importance of trade facilitation in achieving the Bogor goal of free and open trade and investment in the Asia-Pacific. APEC's trade facilitation work continues to play an important role in improving business conditions in the region by fostering an environment that increases trading opportunities and helps business save time and reduce costs.

2. Accordingly, the *APEC Principles on Trade Facilitation*, (i.e. transparency, communications, consultations and cooperation; simplification, practicability and efficiency; non-discrimination, consistency, predictability and due process; harmonization, standardization and recognition; and modernization and the use of new technology) were endorsed in 2001. These *Principles* became the cornerstone of two consecutive Trade Facilitation Action Plans (TFAPs) that Leaders affirmed in 2002 and 2006. They will continue to provide guidance on the work to be carried out in APEC on supply-chain connectivity.
3. The objective of both TFAPs has been the reduction of transaction costs by 5% across the APEC region over two five-year timeframes, through focussing on customs and other administrative procedures that hinder, delay or increase the cost of moving goods across international borders.
4. With the upcoming conclusion of the second of the TFAPs, APEC is looking to move beyond reducing transaction costs addressed in the TFAPs and expand its trade facilitation work to cover other associated transport, communication and related regulatory behind the border costs. Improving trade logistics through enhanced supply-chain connectivity has emerged recently as a significant factor contributing towards increased trade facilitation. In November 2008, in recognition of this linkage, Ministers in Lima welcomed the inclusion of trade logistics issues in the trade facilitation agenda and instructed officials to make this a focus of APEC's work in 2009.
5. In February 2009, the Committee on Trade and Investment (CTI), together with the Economic Committee (EC) held a Trade Policy Dialogue to identify the elements to be included in a work program on trade logistics/connectivity. It was agreed that a framework would be developed that would (i) identify chokepoints in the existing supply-chain networks and (ii) identify work streams that would address these chokepoints. This was to be done by building and expanding on the existing TFAP as well as identifying work currently underway in other APEC fora (e.g. the Transportation Working Group (TPTWG)). All of this was to be carried out under the rubric of a new APEC Supply-Chain Connectivity (SC) Framework.
6. The attached SC Framework has been developed building on policy recommendations from the Supply-Chain Connectivity Symposium in May 2009, a mapping exercise undertaken by the CTI, and continuing input from [the EC and], the TPTWG, and other relevant CTI sub-fora such as SCCP. The process was also informed by academic research as well as studies by private sectors and international organisations.
7. The Framework sets down eight chokepoints to the smooth flow of goods, services and business travellers throughout the APEC region. These were identified as trade-impeding bottlenecks at the Singapore Symposium. Annex 1 of the Framework spells out these chokepoints.
8. Annex 2 lists work identified in the map exercise as relevant to addressing the various chokepoints and currently underway in various APEC fora. Non-binding preliminary suggestions for possible new APEC action, including those arising from the outcome of discussions at the Singapore Symposium, are set out in Annex 3.
9. Taken together as the SC Framework these are being put forward for consideration by Ministers at the APEC Ministerial Meeting (AMM) 2009 for possible further work by relevant APEC sub-fora from 2010 onwards. The SC Framework reinforces the need for approaching supply chain connectivity holistically and conducting cross-cutting work on trade facilitation across APEC fora and sub-fora.
10. As with the TFAPs, the SC Framework will entail setting objective criteria for progressing forward. The criteria will take into account the diversity among the member economies, as well as progress

achieved in respective economies in their implementation of the T FAPs and the development of their respective transport corridors, etc. Noting the challenges involved in the setting of specific performance measures in areas addressing logistical chokepoints, Senior Officials have tasked the APEC Policy Support Unit (PSU) to explore ways to measure progress and to report on this by AMM 2009.

11. Pending the report from the PSU, the suggestions for action in this SC Framework are meant to be open-ended at this stage. The further development of the SC Framework will need to be explored fully through discussion in relevant sub-fora, through the course of 2010 and finalized by the 2010 MRT meeting. Further development of the SC Framework in 2010 will be iterative and inclusive to the relevant APEC fora and subfora. It will entail close cooperation between relevant APEC fora and the APEC Business Advisory Council (ABAC). By the 2010 MRT meeting, it is anticipated that an action plan based on the SC Framework will be completed; this first phase of the SC Framework will cover the period 2010–2013.

## **APEC Supply-Chain Connectivity Framework**

### **Chokepoints**

Chokepoint 1: *Lack of transparency/awareness of the full scope of regulatory issues affecting logistics; Lack of awareness and coordination among government agencies on policies affecting logistics sector; Absence of single contact point or champion agency on logistics matters.*

Chokepoint 2: *Inefficient or inadequate transport infrastructure; Lack of cross border physical linkages (e.g. roads, bridges).*

Chokepoint 3: *Lack of capacity of local/regional logistics sub-providers.*

Chokepoint 4: *Inefficient clearance of goods at Customs; Lack of coordination among border agencies, especially relating to clearance of regulated goods 'at the border'.*

Chokepoint 5: *Burdensome customs documentation and other procedures (including for preferential trade).*

Chokepoint 6: *Underdeveloped multi-modal transport capabilities; inefficient air, land, and multimodal connectivity.*

Chokepoint 7: *Variations in cross-border standards and regulations for movement of goods, services and business travellers.*

Chokepoint 8: *Lack of regional cross-border customs-transit arrangements*

## APEC Supply-Chain Connectivity Framework

### What APEC is Already Doing

Chokepoint 1: *Lack of transparency/awareness of full scope of regulatory issues affecting logistics; Lack of awareness and coordination among government agencies on policies affecting logistics sector; Absence of single contact point or champion agency on logistics matters.*

- Sector-specific investment laws: Publication of Investment Guidebook which provides information on sector-specific laws and policies for investing in APEC economies. (IEG)
- Customs Business Consultation: Annual meeting between APEC customs administration and business sector. (SCCP)
- Transparency for Ease of Doing Logistics Business – Contact Points & Website (CTI)

Chokepoint 2: *Inefficient or inadequate transport infrastructure; Lack of cross border physical linkages (e.g. roads, bridges).*

- Project “Web-based Atlas of Global Commerce, Transportation Corridors, Infrastructure and Constraints”. (TPTWG)
- APEC Port Services Network (APSN). (TPTWG)
- Study on Impact of Transport Policy on International Cargo Shipping and Economic Activities. (TPTWG)

Chokepoint 3: *Lack of capacity of local/regional logistics sub-providers.*

- APEC-Customs Business Dialogue. (SCCP)
- Survey of Supply Chain Workforce Development Needs and the conduct of seminars on Managing Operations and Risk in International Global Supply Chain Operations. (TPTWG)
- Project “Customs Import Automation – A Pilot Project for SMEs and OEMs”. (Automotive Dialogue)

Chokepoint 4: *Inefficient clearance of goods at Customs; Lack of coordination among border agencies, especially relating to clearance of regulated goods ‘at the border’.*

- Project “Conducting Time Release-Survey to measure the effect of simplifying and facilitating customs procedures”. (SCCP)
- WCO Immediate Release Guidelines (previous WCO Guidelines on Express Consignments Clearance) (SCCP)

Chokepoint 5: *Burdensome customs documentation and other procedures (including for preferential trade).*

- Simplification and harmonisation of customs procedures on the basis of Kyoto Convention. (SCCP)
- Simplification and harmonisation of data necessary for customs procedures. (SCCP)
- Harmonisation of Tariff Structure with the HS Convention. (SCCP)
- APEC Tariff Database and APEC Website on Tariff and Rules of Origin (WebTR). (CTI)

- Assessment of best practices in paperless trade. (ECSG/PTS)
- Study on archiving of e-documents in paperless trade. (ECSG/PTS)
- Alignment with UN/EDIFACT International Standards for Electronic Commerce/Paperless Trading. (ECSG & SCCP)
- APEC Elements for Simplifying Documents and Procedures Relating to Rules of Origin. (MAG & SCCP)

Chokepoint 6: *Underdeveloped multi-modal transport capabilities; inefficient air, land, and multimodal connectivity.*

- Eight Options for Competitive Air Services with Fair and Equitable Opportunity. (TPTWG)
- Continue with work to facilitate further work on the multilateral negotiation on Multilateral Agreement on the Liberalisation of International Air Transport.(MALIAT) (TPTWG)
- Project “Secure and Smart Container Development for Intermodal Transport”. (TPTWG)
- Research and Analysis on Using Inland Rivers in Intermodal Transport. (TPTWG)
- Project “Management of Security, Safety and Emerging Technology in Global Intermodal Transportation and Supply Chain Systems”. (TPTWG)
- Survey of Workforce Development Needs and Development of Train-the-Trainer Seminar on Intermodal & Global Supply Chain Management with a
- Focus on a Risk Management Approach to Improve Intermodal Logistics Networks. (TPTWG)
- Promoting the use of multimodal infrastructure (land terminals) through customs regime of the internal transit. (sub-forum *tbc*)

Chokepoint 7: *Variations in cross-border standards and regulations for movements of goods, services and business travellers.*

- APEC Business Travel Card (ABTC) scheme. (BMG)
- Review of immigration processing functions to ensure effective and responsive delivery of services to business travellers within APEC. (BMG)
- A project to develop a compendium of best practice measures to improve motorcycle and scooter safety. (TPTWG)

Chokepoint 8: *Lack of regional cross-border customs-transit arrangements.*

## APEC Supply-Chain Connectivity Framework

### Possible Work Streams

Chokepoint 1: *Lack of transparency/awareness of full scope of regulatory issues affecting logistics; Lack of awareness and coordination among government agencies on policies affecting logistics sector; Absence of single contact point or champion agency on logistics matters.*

#### Enhance transparency

- Encourage transparency on all aspects of policy affecting the logistics sector.
  - Encourage the creation of a single APEC online contact point for information on logistics regulations within the APEC region through the establishment of the 'Transparency for Ease of Doing Logistics Business' APEC website.
- Promote regular consultations by pertinent government agencies with private sector to seek feedback on areas for improvement.
- Support and regularly consult logistics associations.
- Promote the exchange of best practices among trade logistics practitioners.

#### Encourage Coordination and Holistic Approach to Logistics within each APEC economy

- Encourage a whole-of-economy approach on logistics by individual economies via
  - Exploring the concept of individual economy logistics council.
  - Improved coordination amongst pertinent government agencies
- Consider establishment of an APEC coordination mechanism on supply-chain connectivity to integrate various streams of APEC work on trade logistics.
- Share models and best practices on efficient coordination among agencies regulating the logistics sector

#### Encourage Review and Assessment of the Policy Environment

- Identify policies or regulations that address chokepoints in the supply chain

Chokepoint 2: *Inefficient or inadequate transport infrastructure; Lack of cross border physical linkages (e.g. roads, bridges).*

#### Encourage 'informed' infrastructure development through needs assessment and stakeholder consultation

- Review existing models to determine the appropriate infrastructure development that contributes to the enhancement of supply chain connectivity in the region.
- Identify infrastructure needed to support efficient trade through an informed
- Infrastructure approach. This might include:
  - taking a whole-of-supply-chain focus that includes business users of supply chains
  - identifying opportunities to optimise systems that support the efficient use of infrastructure.

#### Study international best practices

- Share expertise on approach to attaining 'informed' infrastructure throughout APEC.
- Study the development of infrastructure linkages based on identified trade and transport corridors.
- Examine individual transportation/trade policies that use a gateway or trade corridor approach.

### Explore financing options

- Understand the feasibility and legal requirements for establishment of Public-Private Partnerships (PPP).

Chokepoint 3: *Lack of capacity of local/regional logistics sub-providers.*

### Needs Assessment and Capacity Building

- Review constraints affecting engagement of Small and Medium Enterprises.
- Work with other relevant APEC sub-fora to develop capacity-building, especially focused on the SME sector, to help raise the quality of APEC economies' logistics services and management.
- Identify Free Trade Zone (FTZ) models or complimentary programs.

Chokepoint 4: *Inefficient clearance of goods at the border; Lack of coordination among border agencies, especially relating to clearance of regulated goods 'at the border'.*

### Enhance customs clearance efficiency

- Encourage adoption of appropriate de minimus thresholds for low value shipments allowing duties to be waived.

### Facilitate coordination among border agencies

- Encourage implementation of individual single windows to assist with inter-agency coordination at the border.

Chokepoint 5: *Burdensome procedures for customs documentation and other procedures (including for preferential trade).*

### Simplification of customs documents

- Explore the possibility of widely adopting self-certification of origin for simplifying trade
  - For example, conducting capacity building under the APEC Pathfinder Initiative on Self-Certification with common operating guidelines
- Explore other ways to simplify customs documents and procedures relating to rules of origin, including collecting information on:
  - Waiver of Certificates of Origin/declarations for low value shipments
  - Adopting a reasonably long and common validity period for Certificates of Origin or Declarations

### Enhance Customs Transparency and Predictability

- Explore common criteria for tolerating certificates of origin or declarations with errors.

Chokepoint 6: *Underdeveloped multi-modal transport capabilities; inefficient air, land, and multimodal connectivity.*

- Study to quantify how enhanced multi-modal connectivity could contribute to economic integration and competitiveness in APEC, including opportunity costs arising from chokepoints relating to physical infrastructure.
- Explore and identify policy and technical requirements relating to multi-modal transportation.
- Explore public-private sector collaboration to address development concerns.

- Identify Intelligent Transportation Systems (ITS) gaps impeding efficiency of multi-modal transport.

Chokepoint 7: Variations in cross-border standards and regulations for movement of goods, services and business travellers

**Develop common technical standards**

- Consider introduction of uniform logistics safety arrangements
  - For example, 'black box' technology.

**Facilitate cross-border movement of service providers**

- Explore ways in which the movement of drivers of vehicles across borders can be facilitated.
- Consider further enhancements to ABTC, including introduction of biometrics.

Chokepoint 8: Lack of regional cross-border customs-transit arrangements

- Examine and identify issues relating to transport and customs-transit and work towards addressing them.
  - e.g. Identify and examine the policy, technical, and regulatory issues involved in the passage of goods through 3<sup>rd</sup> party territory

## IEG'S Priority Actions for Implementing the IFAP 2008–2010

As agreed at IEG1, the IEG SG Chair on Implementing the IFAP requested comments from all member economies on their choices of the 15 IFAP Priority Actions under the three priority themes. Comments and preferences were received from several economies. These were incorporated into the final choice of the 15 priority actions which are listed below:

### 1. E-transparency:

Publish laws, regulations, judicial decisions and administrative rulings of general application, including revisions and up-dates.

Make available to investors all rules and other information relating to investment promotion and incentive schemes.

Establish an APEC-wide website or e-portal to replace the hard copy publication the APEC Investment Guidebook.

Simplify and reduce the number of forms relating to foreign investment and encourage electronic lodgment.

Encourage on-line enquiries and on-line information on all foreign investment issues.

### 2. Reducing investor risk through more certainty:

Maintain a mechanism to provide timely and relevant advice of changes in procedures, applicable standards, technical regulations and conformance requirements.

Establish and maintain effective formal mechanisms for resolving disputes between investors and host authorities and for enforcing solutions, such as judicial, arbitral or administrative tribunals or procedures.

Provide advance notice of proposed changes to laws and regulations and provide an opportunity for public comment.

Establish and disseminate widely clear definitions of criteria for the assessment of investment proposals.

Establish timely, secure and effective systems of ownership registration and property use rights for land and other forms of property.

### 3. Simplifying business regulation including reducing business costs:

Simplify and streamline application and, registration, licensing and taxation procedures and establish a one-stop authority for the lodgement of papers.

Shorten the processing time for applications.

Conduct periodic reviews of investment procedures ensuring they are simple, transparent and at lowest possible cost.

Ensure the issuing of licences, permits and concessions is done at least cost to the investor.

Simplify the process for connecting to essential services such as telecommunications and utilities.

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### **CTI Sub-fora's Collective Action Plan**

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## TARIFFS AND NON-TARIFF MEASURES: COLLECTIVE ACTION PLAN for 2009

Objectives	Action	2009 work plan item
<b>A. Support for the multilateral trading system</b>		
(a) Ensure the expeditious supply of updates to the WTO Integrated database and any APEC databases.	<p><i>Individual:</i> support the WTO by providing tariff and trade data annually in accordance with WTO obligations. Non-WTO members may provide this information as a voluntary measure.</p> <p><i>Collective:</i> seek ways to improve the accessibility of tariff and ROO information including alternatives to APEC Tariff Database which ceased to exist early 2009.</p>	<ul style="list-style-type: none"> <li>• MAG members will regularly update their tariff data for inclusion in the WTO Integrated Database and the APEC Tariff Database.</li> <li>• Assisted CTI's work on developing the APEC Website on Tariff and ROOs ("WebTR") by discussing challenges members have faced regarding posting information, keeping it updated and providing it in a format that is accessible to stakeholders.</li> </ul>
(b) Undertake practical work in support of the multilateral trading system	<p><i>Collective:</i> Support the ongoing DDA/NAMA negotiations.</p>	<ul style="list-style-type: none"> <li>• Affirmed the importance of the principle of adhering to commitments made by ITA participants to provide duty-free treatment for products covered by ITA</li> <li>• Discussed possible MAG initiatives in a sectoral tariff elimination for electronics/electrical products in NAMA negotiations</li> <li>• Agreed on the substance of Singapore's proposal for Initiating an Environmental Goods and Services Work Programme Framework, and agreed to continue to work on the proposal for finalization</li> <li>• Discussed the objectives of environmental goods and services reference database</li> </ul>
<b>B. Making Rules of Origin More Business Friendly</b>		
(a) Examine measures for making ROOs more business-friendly	<p><i>Collective:</i> Conduct analysis, survey and information sharing in the areas of:</p> <p>a) Harmonization;</p> <p>b) Cumulation; and</p> <p>c) Simplification of documents and procedures</p>	<ul style="list-style-type: none"> <li>• Conducted analyses of ROOs (a) in five sectors.</li> <li>• Study cumulation at the CTI/MAG Trade Policy Dialogue on ROO (b)</li> <li>• Conducted business survey on procedures and documentation (b)</li> <li>• Endorsed APEC Elements for</li> </ul>

Objectives	Action	2009 work plan item
		<p>Simplifying Documents and Procedures Relating to Rules of Origin</p> <ul style="list-style-type: none"> <li>Assisted CTI's work on developing the APEC Website on Tariff and ROOs ("WebTR") by discussing challenges members have faced regarding posting information, keeping it updated and providing it in a format that is accessible to stakeholders.</li> </ul>
(b) Arrange seminars and/or workshops on RTAs/FTAs	<i>Collective:</i> Organize seminars on RTAs/FTAs.	<ul style="list-style-type: none"> <li>Held CTI/MAG Trade Policy Dialogue on ROO in the margin of MAG2.</li> </ul>
<b>C. Develop Environment Goods and Services</b>		
(a) Share information and experiences of EGS	<i>Collective:</i> Develop information sharing system via website and conduct research on EGS.	<ul style="list-style-type: none"> <li>Developed Environmental Goods and Services Information Exchange (EGSIE)</li> <li>Agreed to conduct survey of Major Impediments and Market Driver to the Development of Trade in Environmental Goods.</li> </ul>
(b) Arrange workshops on EGS	<i>Collective:</i> Arrange workshops on EGS	<ul style="list-style-type: none"> <li>Held Workshop on Trade and Environment in May 2009, Jakarta</li> <li>Held Workshop on Environmental Goods and Services in July 2009, Singapore</li> </ul>
<b>D. Trade Facilitation</b>		
(a) Pursue a series of seminars/policy discussions on trade facilitation measures	<p><i>Collective:</i> Share information and experiences for facilitating trade in remanufactured products.</p> <p><i>Collective:</i> Arrange workshops on food trade</p> <p><i>Individual and Collective:</i> Promote the implementation of the APEC transparency principles in the market access area</p>	<ul style="list-style-type: none"> <li>Held Remanufacturing Workshop in February 2009, Singapore.</li> <li>Endorsed Next Steps on Remanufacturing</li> <li>Discussed ideas of workshop on APEC food system to be held in the margin of MAG2 in 2010.</li> </ul> <p>Ensure that MAG's own operations are transparent by keeping its website up to date, publishing MAG meeting documents on-line.</p>

Objectives	Action	2009 work plan item
<b>E. Activities with ABAC and/or Other External Stakeholders</b>	Collective; Enhance collaboration with other relevant fora and business	<ul style="list-style-type: none"> <li>• Invited business communities including ABAC to MAG meetings and MAG-sponsored workshops to reflect business interests on MAG agenda.</li> <li>• Conducted business survey to prioritize problems relating to documents and procedures on ROOs</li> <li>• Enhance cross-for a cooperation with SCSC, GOS, EGEE&amp;C (Expert Group on Energy Efficiency and Conservation) on EGS, and with SCCP on ROO work for simplification of documents and procedures.</li> </ul>

## SERVICES: COLLECTIVE ACTION PLAN for 2009

All Sectors other than Energy, Telecommunications, Tourism, and Transportation			
Collective Action	Steps to Implement	Time Frame	Last implemented actions
I. Develop and Implement the Menu of Options (MOO) for Voluntary Liberalization, Facilitation and Promotion of ECOTECH in Service Trade and Investment	Adopted the MOO.  Discussion on ways to follow up the MOO.	Completed	
a. Review and exchange information on all trade and investment in services arrangements within APEC and study common elements.	Foster closer cooperation and synergy with other APEC fora/groups	Ongoing	An update on the HRDWG project on educational services which contain a summary of various regulations affecting cross-border education services trade was presented to the GOS.  MAG presented an update on the Workshop on Environmental Goods and Services.
b. Gather and analyze information on the services section contained within the Individual Action Plans.	Promote the use of developed template for service IAP reporting.  Incorporate the services transparency standards in the services chapter of the IAP.  Follow-up on the MOO.	Ongoing  Completed  Completed	
c. Identification of measures affecting trade and investment in all service sectors.	Member economies to volunteer papers and studies in this area and consider cases of "best practices."  Implement the Policy Framework Follow-up on the MOO.	Ongoing  Ongoing  Ongoing	

<b>All Sectors other than Energy, Telecommunications, Tourism, and Transportation</b>			
<b>Collective Action</b>	<b>Steps to Implement</b>	<b>Time Frame</b>	<b>Last implemented actions</b>
	Survey of Trade Liberalization in Environmental Services	Ongoing	Report on the survey of trade liberalization in environmental services is being finalised
	APEC Seminar on Trade in Health Services	Ongoing	APEC seminar on trade in health services will be held in the Philippines in February 2010.
d. Study and carry out work concerning the development and adoption of common professional standards, in conjunction with professional accreditation bodies and needed legislative measures.	<p>Discussion of possible actions or means to facilitate the provision of professional services in all member economies.</p> <p>Update the APEC Directory on Professional Services.</p> <p>APEC Legal Services Initiatives</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	Capacity-building workshop to identify impediments to the provision of legal services across APEC economies (Singapore, July 2009). An inventory of current foreign law regulations across APEC will be compiled into a database stored on an APEC-related website.
e. Enhance transparency in service sectors	<p>Adopted the transparency standards for services.</p> <p>Incorporated the services transparency standards in the services chapter of the IAP.</p> <p>Develop a template for sharing information on mode 4 commitment</p> <p>Follow-up on the MOO.</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Ongoing</p>	

<b>All Sectors other than Energy, Telecommunications, Tourism, and Transportation</b>			
<b>Collective Action</b>	<b>Steps to Implement</b>	<b>Time Frame</b>	<b>Last implemented actions</b>
f. Continue discussion of issues related to possible APEC principles or guidelines that may be necessary to achieve free and open trade and investment in this area	<p>Follow-up on the "Statement to Implement APEC Policies on Trade and the Digital Economy" (the Statement).</p> <p>Follow-up on the MOO</p> <p>Completion of services chapter for model measures for RTAs/FTAs</p>	<p>Ongoing</p> <p>Completed</p> <p>Ongoing</p>	Extensive discussions in 2008 of draft model measures in GOS & CTI
II. Compile information on services trade statistics	To provide networking opportunities for trade statistics compilers for exchange of information on the challenges of services trade data collection	Ongoing	
III. To improve understanding of the impact of liberalization of services.	<p>Member economies to present case studies of their experiences on a voluntary basis aiming to generate momentum for services liberalization in light of perceived benefit of such process</p> <p>To increase knowledge and understanding of the commercial realities and regulatory issues relating to cross-border services</p>	<p>Ongoing</p> <p>Completed</p>	Two capacity building workshops were held. The first seminar focused on the commercial realities of cross-border trade, while the second seminar focused on regulatory issues in cross-border services trade (Singapore, May and July 2009).
IV. Where appropriate and possible to the WTO's work on services, including	Monitor WTO work through Watch Group	Ongoing	

<b>All Sectors other than Energy, Telecommunications, Tourism, and Transportation</b>			
<b>Collective Action</b>	<b>Steps to Implement</b>	<b>Time Frame</b>	<b>Last implemented actions</b>
through:			
a. Identification of APEC services related work projects as inputs to consideration of services trade issues by the WTO Council for Trade in Services and its subsidiary bodies; and	More detailed consideration, including a possible workshop, in 2008 of issues related to the development of an emergency safeguard mechanism for services.	Ongoing	
b. Information exchange and technical assistance, to support GOS Members' preparations for successful participation in WTO services negotiations	<p>Survey of Trade Liberalization in Environmental Services</p> <p>APEC Seminar on Trade in Health Services</p> <p>Capacity Building for Cross-Border Services Trade</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	Two capacity building workshops were held, focusing on the commercial realities of cross-border trade, and on regulatory issues in cross-border services trade (Singapore, May and July 2009).



Action	Steps to Implement	Time Frame
	<p>ABAC's recommendations to Leaders in the previous year</p> <p>b) consider possible joint projects suggested by IEG or business organizations.</p> <p>3. Request input from ABAC and PECC on major APEC investment initiatives including through participation at IEG meetings and other IEG events such as workshops, seminars, or investment symposia</p> <p>4. Encourage development of effective, reasonable cost mechanisms for resolving disputes including private arbitration services</p> <p>5. Examine and share APEC member economies' experience with responsible business conduct instruments.</p>	<p>Ongoing</p> <p>Ongoing</p>
<p>C. Continue dialogue with appropriate international organizations dealing with global and regional investment issues</p>	<p>1. Establish a policy dialogue process with other international organisations, where appropriate</p> <p>a) Continue dialogue with the IMF and other relevant international organisations on ways to address the potential for protectionism with respect to the use of national interest screening and the transparency and treatment of sovereign wealth funds and other state-owned enterprises</p> <p>b) Continue dialogue with World Bank on <i>Ease of Doing Business</i> indicators</p> <p>c) Continue dialogue with UNCTAD on current and emerging international investment issues with a view to undertaking joint studies and capacity building projects</p> <p>d) Continue dialogue with OECD on current and emerging international investment issues with a view to undertaking joint studies and capacity building projects</p>	<p>Ongoing</p>
<p><b>Study and Evaluation</b> <i>Short-Term</i></p> <p>D. Undertake an evaluation of the role of investment liberalization and facilitation in strengthening regional economic integration in the Asia-Pacific region for economic growth and</p>	<p>Consider further work arising from <i>Enhancing Investment Liberalisation and Facilitation in the APEC Region: Reducing Behind-the-Border Barriers to Investment</i> (published August 2007)</p>	<p>Ongoing</p>

Action	Steps to Implement	Time Frame
development.	<p>Report back to CTI on measures taken to implement <i>APEC Regional Economic Integration Agreed Actions – key priorities and deliverables for 2009</i></p> <p>Consider extent to which existing peer review mechanisms assist in meeting APEC's strengthening regional economic integration objectives and options for improvement.</p>	Ongoing
E. Study possible core elements between existing sub-regional arrangements relevant to investment	Review the investment provisions of current sub-regional arrangements including RTAs/FTAs, and identify possible core elements, including the relationships between these provisions.	Ongoing
F. Refine APEC's understanding of free and open investment	In the context of the 2005 mid-term stocktake of the Bogor Goals, assess the recommendations of Leaders as far as investment liberalization and facilitation and as necessary developing a new work program. Take into account Leaders' Declarations since then.	Ongoing
<b>Medium &amp; Long-Term</b>		
G. Assess the merits of developing an APEC-wide discipline on investment in the light of APEC's own progress through the medium-term, as well as developments in other international fora	To be determined in the light of progress with policy dialogue in the medium-term.	
H. Study the advantages and disadvantages of creating investment rules – bilateral, regional, or multilateral – with a view to fostering a more favorable investment environment in the Asia-Pacific region	<p>Where feasible, contribute to SOM studies on ways and means to promote regional economic integration, particularly investment issues as they relate to :</p> <p style="padding-left: 40px;">Identifying Convergences and Divergences in APEC's RTAs/FTAs; and</p> <p style="padding-left: 40px;">Docking or Merging FTAs</p>	
<b>Facilitation</b>		
<b>Short-Term and Continuing</b>		
<p>I. Undertake practical facilitation initiatives by:</p> <p>(i) Implement the Investment Facilitation Action Plan 2008-10 endorsed by Ministers Responsible for Trade in June 2008</p>	<p>IEG has identified three themes and fifteen sub-actions for priority attention in the areas of</p> <p style="padding-left: 20px;">a) e-transparency</p> <p style="padding-left: 20px;">b) reducing investor risk through more certainty</p> <p style="padding-left: 20px;">c) simplifying business regulation</p>	2009-10

Action	Steps to Implement	Time Frame
(ii) Progressively working towards reducing impediments to investments	<p>(Project proposals to address actions under the heading of these themes will necessarily relate to other areas of the CAP and will be noted there.)</p> <p>Establish monitoring and review mechanisms for investment policies, drawing on ABAC advice to improve the efficiency and effectiveness of investment procedures</p> <p>a) Explore the possibility of using the World Bank <i>Doing Business</i> indicators “Starting a Business”, “Registering Property”, “Enforcing Contracts”, “Protecting Investors”, and “Dealing with Licenses” as the basis for peer dialogue and benchmarking and measuring progress across APEC</p> <p><b>Implement project</b> — Investing Across Borders: an important diagnostic tool to assist in IFAP implementation (CTI 43/2009T)</p> <p>b) Study and share successful APEC economy experience for:</p> <p>(i) the dissemination of accurate market reputation information including creditworthiness and reliability; and</p> <p>(ii) the process for connecting to essential services such as telecommunications and utilities</p> <p>Develop and Implement projects – Study and share successful APEC economy experience (to be developed)</p>	<p>2008-10</p> <p>Ongoing</p>
(iii) Initiating investment promotion and facilitation activities to enhance investment flows within APEC economies	<p>1. Establish indicators for monitoring the performance of the special inquiry points or Investment Promotion Agencies such as those set down by the Multilateral Investment Guarantee Agency / Foreign Investment Advisory Service</p> <p>2. Promote the role of policy advocacy within IPAs as a means of addressing the specific investment problems raised by investors including those faced by SMEs</p> <p>3. Implement capacity building program designed to benchmark and improve performance of member economy IPAs in specific areas under the IFAP</p>	

Action	Steps to Implement	Time Frame
<p><b>Economic and Technical Cooperation</b></p> <p style="text-align: right;"><i>Short-Term</i></p> <p>J. Identify ongoing technical cooperation and capacity building needs in the Asia-Pacific region and organize training programs which will assist APEC economies in fulfilling APEC investment objectives.</p>	<ol style="list-style-type: none"> <li>1. Consider collective efforts to improve the efficiency and effectiveness of investment procedures and such as               <ol style="list-style-type: none"> <li>a) Simplify, streamline and quicken investment regime and processes</li> <li>b) Where appropriate, establish “one-stop” approval authority, e.g. an active investment promotion agency with adequate funding</li> <li>c) Encourage and foster institutional cooperation and coordination</li> <li>d) Keep the costs to the investor of the investment approval process to a minimum</li> </ol> </li> <li>2. Share successful experiences of APEC economies in investment liberalization, facilitation and promotion in the APEC region through identifying key success factors including improved policies               <p style="margin-left: 20px;"><b>Implement project</b> — <i>Capacity Building for Sharing Success Factors of Improvement of Investment Environment (Japan)</i></p> </li> <li>3 Enhance predictability and consistency in investment-related policies               <ol style="list-style-type: none"> <li>a) Establish accessible and effective administrative decision appeal mechanisms including where appropriate impartial “fast-track” review procedures</li> </ol> </li> <li>4. Enhance planning, development and implementation of policies concerning international investment rules</li> <li>5. Identify other target areas for technical cooperation including ‘best practice’ policy/administrative frameworks.               <ol style="list-style-type: none"> <li>a) work cooperatively with APEC Study Centres, ABAC and international organisations to conduct training courses for officials in the use of innovative approaches to investment climate reform such as the Policy Framework for Investment and other similar diagnostic tools</li> <li>b) model measures for investment chapter of</li> </ol> </li> </ol>	<p>2009/10</p> <p>2009/10</p> <p>2009/10</p> <p>2009/10</p> <p>2008-10</p> <p>2010</p> <p>Ongoing</p> <p>Ongoing</p>

Action	Steps to Implement	Time Frame
	RTAs/FTAs	
<p><b>Capacity Building Initiatives</b></p> <p>K. Undertake new activities that contribute to capacity building.</p>	<p>Identify the elements of capacity building to strengthen the economies of APEC member economies and undertake the following activities:</p> <p>1. How to prepare for trade and investment liberalization:</p> <p><b>Implement project</b> — Capacity Building for Dispute Prevention and Preparedness (CTI 42/2009T)</p> <p><b>Implement project</b> — Core Elements Phase III Activity 2: APEC – UNCTAD Workshop on Investor-State Dispute Settlement (CTI 47/2009T)</p> <p><b>Implement project</b> — Filling the Infrastructure gaps in the APEC's developing economies (CTI 11/2009A)</p> <p>2. Training of officials at all levels of government in the application of new technology to improve information, application and approval processes.</p> <p>3. Explore joint capacity building initiatives with other APEC fora/sub-fora:</p> <p>a) <b>Consider outcomes of project</b> — Capacity Building for Investment Liberalisation and Facilitation (HRDWG 01/2007T) (Japan)</p> <p>b) Consider implications for IEG of HRDWG's <i>Strategic Approach to Sustainable Capacity Building</i> project (Japan)</p> <p>c) Work on the Ease of Doing Business Indicators with SMEWG and EC</p>	<p>2010</p> <p>2009</p> <p>2010</p> <p>Ongoing</p>
<p><b>Menu of Options</b></p> <p>L. Ongoing improvements to the Menu of Options.</p>	Cross-reference between the IAPs and Menu of Options.	Ongoing

## STANDARDS AND CONFORMANCE: COLECTIVE ACTION PLAN FOR 2009

OAA Objectives	Actions	Year of CAP/ Lead economy	Starting year	Target year Developed / developing	Target outcomes (Quantitative/ Qualitative)	Status (Completed/ in process )	Remarks
1	2 3		4	5	6	7	8
<b>1. Alignment (02 actions)</b>							
Align APEC economies' domestic Standards with international standards	<b>1) Member economies</b> to align their standards with international standards in the area of IEC standards for electrical equipment, particularly those used in the IECEE CB Scheme	2006/ Japan	2006	2010	All the participated economies achieve 100% alignment in the 2006–2010 VAP activity.	in Process	As of 1 <sup>st</sup> Jan. 2006, 09 economies out of 13 participated economies reported having completed their alignment work. No additional information reported
	<b>2) The SCSC</b> to continue identifying additional priority areas for alignment with international standards.	1997/ Japan	From 1997	On-going	To identify additional priority areas for the VAP alignment work.	in Process	Japan has been conducting a survey to identify economies' /industries' needs. The result has been reported at SCSC2 meeting in August 2008.
	3) The member economies to align their standards with 28 international standards in the SCSC work program for 2010 VAP alignment Work	2009 Japan	2009	2010	All the participated economies achieve 100% alignment in the SCSC work program for 2010 VAP activity		
<b>2. Good Regulatory Practice (01 actions)</b>							
	<b>1) The SCSC</b> to continue to investigate means of enhancing regulatory practices in the APEC region through a program of case studies, seminars and	2000/ Host economy	From 2000	On-going	- means of enhancing regulatory practices recommended for implementation	in Process	5 <sup>th</sup> GRP Conference and 7 <sup>th</sup> Standards and Conformance Conference held in Cusco, Peru, in August 2008

OAA Objectives	Actions	Year of CAP/ Lead economy	Starting year	Target year Developed / developing	Target outcomes (Quantitative/ Qualitative)	Status (Completed/ in process )	Remarks
1	2 3		4	5	6	7	8
	organization of SCSC conference on GRP and SCSC conference on Standards and Conformance in conjunction with SCSC Meeting						
<b>3. Recognition of Conformity Assessment (7 actions)</b>							
	<b>In regulated sector:</b>						
Achieve recognition of conformity assessment including mutual Recognition arrangements in regulated and voluntary sectors	<b>1) Member economies</b> to consider participation in the Arrangement for the Exchange of Information on Toy Safety and encourage the involvement of their regulators. (16 economies)	1996/ United States	From 1996	On-going	- Increased number of interested member economy participating in exchange of information on toy safety - Increased number of regulators involved in the process - Harmonization of technical regulation on toy safety is carried out	in Process	- Member economies continue to implement the APEC Arrangement for the Exchange of Information on Toy Safety. - US proposed the TILF project on APEC best practice of Toy Safety conformity assessment systems to be implemented in 2009-2010
	<b>3) Member economies</b> to consider participation in Food safety cooperation forum and Sectoral food MRA	1997/ Australia China, Thailand	From 1997	On-going	- review yearly participation and its effectiveness in Food , food recall and Sectoral food MRA - implementation of the measures to improve the effectiveness participation	in Process	- increasing number of economies-attending in Sectoral Food MRA meeting in Thai land since 2006, 2007, 2008 - the use of the ASEAN Food Safety Network platform as a starting point for the development of the APEC Sectoral Food MRA network has been

OAA Objectives	Actions	Year of CAP/ Lead economy	Starting year	Target year Developed / developing	Target outcomes (Quantitative/ Qualitative)	Status (Completed/ in process )	Remarks
1	2 3		4	5	6	7	8
							approved by ASEAN Secretariat - No information on additional participation in Food, Food recall, sectoral food MRA reported - No measures to improve the effectiveness participation reported
	<b>4) Member economies</b> to consider participation review and improve its effectiveness in the MRA of conformity assessment of Electrical and Electronic Equipment, and encourage the involvement of their regulators.	2000/ JAC Chair	From 2000	On-going	- Review yearly participation and its effectiveness in EE MRA - regulators participation of all member economies in EE MRA	in Process	- the progress of the APEC EE MRA work plan has been reported by JAC Chair (Singapore) - JAC and joint APEC-ASEAN seminar on EE MRA held on 5 November in Bali, Indonesia - Peru is preparing participate in I part and Chi le is preparing to participate in II part of EE MRA
	<b>Voluntary sector:</b>						
	<b>1) Member economies</b> to encourage on going participation and expansion in APLAC-MRA, PAC MLAs and CIPM Global MRA.	1998/ Indonesia	From 1998	On-going	- Increased number of member economies participating in MRAs and technical activities underpinning their participation	in Process	To be reported at SCCC2 in July 2009

OAA Objectives	Actions	Year of CAP/ Lead economy	Starting year	Target year Developed / developing	Target outcomes (Quantitative/ Qualitative)	Status (Completed/ in process )	Remarks
1	2 3		4	5	6	7	8
<b>4. Technical Infrastructure Development (6 actions)</b>							
Promote cooperation for technical infrastructure development to facilitate	1) <b>Member economies</b> to strengthen participation in Specialist Regional Bodies activities.	1996/	From 1996	On-going	- Increased number of member economies participating in SRBs - Active participation in SRBs activities strengthened	in Process	- report of SRBs to SCSC has been submitted at SCSC 1 and SCSC2 meetings in 2008 - SRBs strategic plan report
Broad participation in promote cooperation for technical infrastructure development	2) <b>The SCSC</b> to support and actively participate in APEC/SCSC Conferences on Standards and Conformance.	2006 Host economy	2006	On-going	- SCSC to organize the conference in every 02 years - SCSC support host economies in encouraging all member economies actively to take part in conference and to provide speakers for conference	in Process	Final report on the 7 <sup>th</sup> Standards & Conformance Conference held in Cusco August 2008 has been submitted by host economy (Peru)
To facilitate broad participation in mutual recognition arrangements in both regulated and voluntary sectors	3) <b>Member economies</b> to support and actively participate in APEC Conferences on Good Regulatory Practice.	2006/ Host economy	2006	On-going	- SCSC to organize the conference in every 02 years - all member economies actively to take part in conference - Member economies to provide speakers for conference		Final report on the 5 <sup>th</sup> GRP Conference held in Cusco August 2008 has been submitted by host economy (Peru)
	4) <b>The SCSC</b> to undertake the following technical infrastructure projects:	Fro	m 2006	2010			
	<i>APEC Strategic Standards Education Program: Phase II – Textbooks and Teaching manuals development</i>	2006/ Korea	2008	6/2009	<i>To be reported by Lead economy (Korea) in the final report of the project implementation</i>	In process	Results of project implementation reported by Lead economy (Korea) at SCSC meeting
	<i>Seminar and Training</i>	2007/ China	2008	2009	<i>To be reported by Lead economy (China) in the</i>	in Process	See progress report of

OAA Objectives	Actions	Year of CAP/ Lead economy	Starting year	Target year Developed / developing	Target outcomes (Quantitative/ Qualitative)	Status (Completed/ in process )	Remarks
1	2 3		4	5	6	7	8
	<i>Courses in Legal Metrology</i>				<i>final report of the project implementation</i>		Lead economy (China)
	<i>Seminar on National Food Safety System</i>	2007/ China	2008	2009	<i>To be reported by Lead economy (China) in the final report of the project implementation</i>	in Process	See progress report of Lead economy (China)
	<i>Strengthening chemical Metrology Infrastructure -Part I, II</i>	2008 Peru	2008 200	9	<i>To be reported by Lead economy (Peru) in the final report of the project implementation</i>	Part I completed in 2008	
	5) <b>The SCSC</b> to support capacity building oriented to training business, especially SMEs, improving their knowledge, expertise and skills on standards and conformance matters, including public consultation	2003/ Chile and Brunei Darussalam	From 2003	On -going	- Capacity building program approved for implementation - Encouraging member economies to provide inputs for training program	in Process	To be reported at SCSC2 in July 2009
	6) Member <b>economies</b> to support the implementation of work plan for improving SMEs access to standards and conformance information.	2006/ Chile- Brunei Darussalam	2006	On-going	- Member economies actively participating in work plan implementation	in Process	-Singapore's preliminary proposal on Urgent project to develop best practices for agencies/ organizations that assist companies, particularly SMEs, with overcoming TBTs to be conducted in 2009 - Chinese Taipei has provided URLs in supporting SMEs to access standards and conformance related information, which has been included in the SCSC webpage
<b>5. Transparency (02 actions)</b>							

OAA Objectives	Actions	Year of CAP/ Lead economy	Starting year	Target year Developed / developing	Target outcomes (Quantitative/ Qualitative)	Status (Completed/ in process )	Remarks
1	2 3		4	5	6	7	8
Ensure the transparency of the standards and conformity assessment of APEC economies	<b>1) Member economies</b> to update the APEC Contact Points for Standards and Conformance Information, including member economies' participants in the Specialist Regional Bodies and member economies SCSC Contact Points. Member economies agreed that this information should be maintained on the APEC Secretariat's homepage.	1997 APEC Secretariat	From 1997	On-going	- Contact point for Standards and conformance of economies is updated - The information on the member economies contact point for Standards and conformance is maintained on the APEC Secretariat's homepage	in Process	Member economies are updating contact points annually
	<b>2) Member economies</b> to endeavour to establish Internet websites to disseminate standards and conformance information.	1997	From 1997	On-going	- The internet website to disseminate standards and conformance information is established by member economies	in Process	Member economies continues to establish and maintain internet website to disseminate Standards & Conformance information
<b>6. Cooperation with Specialist Regional Bodies (01 actions)</b>							
	<b>1) SCSC</b> to pursue closer cooperation with the Specialist Regional Bodies (SRBs) e.g. in development of technical activities relevant to SRBs	2000/ Indonesia	From 2000	On-going	1. APEC TILF and other APEC-funded funding proposals involving standards and conformance issues have relevant SRB input, and resulting projects have active involvement by relevant SRBs. 2. Regulators in APEC economies develop appropriate reference standards and conformance infrastructures that build on and are effectively linked with SRB activities to achieve good regulatory practice and to minimise technical barriers to trade. 3. Industry (especially SMEs) make use of the SRB standards and conformance infrastructure to	In-processing	SCSC has endorsed the SRB strategic Plan (5 years) for Technical Infrastructure Development in Support of Trade Facilitation in APEC Economies at SCSC Meeting, in February 2008, including a summary of the activities undertaken by the SRBs in recent years and outlines some

OAA Objectives	Actions	Year of CAP/ Lead economy	Starting year	Target year Developed / developing	Target outcomes (Quantitative/ Qualitative)	Status (Completed/ in process )	Remarks
1	2 3		4	5	6	7	8
					help achieve its aims. 4. Closer ongoing dialogue between ABAC and SRBs.		projects and activities planned for the next five years
<b>7. Cooperation with International Bodies ( 02 actions)</b>							
	<b>1) The SCSC</b> to monitor the developments within the WTO Committees on the TBT and SPS and discuss implementation issues.	2001/ Japan- China	From 2001	On-going	SCSC be kept informed on and contribute to TBT/SPS activities.	in Process	Japan and China report at SCSC meeting the relevant TBT/SPS discussions as well as SCSC's contribution and implementation for these activities.
	<b>2) The SCSC</b> to encourage member economies to actively joint in ISO, IEC, ITU, IAF, ILAC, OILM, CGMP activities.	2003/ Japan	From 2003	On-going	Increased number of participating member economies.	in Process	Japan has been conducting a survey to identify the status of each economy's membership and its business' participation in ISO, IEC and JTC1.
<b>8. Cooperation with Other APEC Fora (03 actions)</b>							
	<b>1) The SCSC</b> to pursue further coordination with other APEC fora.	2001/ APEC Secretariat?	From 2001	On-going	-The coordination activities with other APEC fora to be considered in SCSC program	in Process	To be reported at SCSC2 in July 2009
	<b>2.</b> a) Involvement of the business in the SCSC's conferences on GRP and SCSC's conference on Standards and Conformance	Japan	2008	On-going	- Business' participation increased; - Information circulated and shared	In process	Increasing the number of business participating in 5 <sup>th</sup> GRP and 7 <sup>th</sup> Standards & Conformance conferences
	b) Participation of business	Japan &	2008	On going	- Update information on the involvement of APEC	In process	Japan has conduct and

OAA Objectives	Actions	Year of CAP/ Lead economy	Starting year	Target year Developed / developing	Target outcomes (Quantitative/ Qualitative)	Status (Completed/ in process )	Remarks
1	2 3		4	5	6	7	8
	in the national and international technical committees (TCs) and Sub-committees (SCs)	Indonesia			business in the national & international standardization process - Reporting the update information of the involvement of APEC business in national and international standardization.		reported on the survey to obtain information regarding the participation of business in International Technical Committees and Sub Committees.
	c) ABAC/Industry-SCSC dialogue on specific SCSC's activities interested by business at SCSC conferences and meetings	Host economy	2008	On going	- The Dialogue organized with participation of representatives from NSBs, businesses and ABAC.	In process	ABAC/Industry-SCSC dialogue has been conducted in 7 <sup>th</sup> SCSC Standards and Conformance Conference held in Cusco August 2008
	d) Supporting business in using IT for exploring and updating the information on standards, technical regulation and conformity assessment	Singapore	2008	2009	- Enhancement of IT use in standards and conformance through experiences sharing	In process	To be reported at SCSC 2 in July 2009
	e) to develop strategy for promoting the interaction between SCSC and business in standards and conformance activities through conducting the APEC/ TILF funding project	Viet Nam & US	2008	2009	- The strategic plan for have been prepared and endorsed by SCSC for implementation in the coming years - Experience-sharing workshop for discussion of the Strategic plan have been organized with Participation of ABAC, Business, SRBs and related stake-holders	In process	Progress report of the Project implementation including the workshop plan has been presented at SCSC1-2008
	<b>3) The SCSC</b> to hold Policy Dialogue sessions on standards and conformance and follow-up the policy	2002/ Host economy	From 2002	On-going	- Reflecting policy dialogue on S & C and follow-up actions in work plan of SCSC	In process	Policy Dialogue on Standards & Conformance is considered at SCSC

OAA Objectives	Actions	Year of CAP/ Lead economy	Starting year	Target year Developed / developing	Target outcomes (Quantitative/ Qualitative)	Status (Completed/ in process )	Remarks
1	2 3		4	5	6	7	8
	implications arising from them						meeting annually
<b>9. Reform of SCSC.</b>							

## NOTE:

## 1. Guide to use the column

Column 3. Year of CAP: to indicate the year CAP approved

Column 6. Target outcomes: Lead economy for the action to fix the results expected to be achieved by SCSC or member economies at target year using the principles suggested by Project CTI16-2006T. The outcomes should be quantitative attainable and qualitative scientific

Column 7. Status: to indicate the current status of CAP implementation (already completed or still in processing)

Column 8. Remarks: specific explanation, remarks to the action

## 2. SCSC TF CAP is the subject to update annually

## CUSTOMS PROCEDURES: COLLECTIVE ACTION PLAN FOR 2009

### Status of CAP Items Stage 1 and 2

Project	CAP Leader	Co-Leaders	Current CAP	Status Update/Comments
<b>Harmonization of Tariff Structure with the HS Convention</b>	Japan		Stage 2	Technical assistance is on-going. Item remains in Stage 2.
<b>Simplification and Harmonization on the Basis of the Revised Kyoto Convention</b>	New Zealand	Japan	Stage 1	No requests for assistance. Item remains in Stage 1.
<b>Harmonized APEC Data Elements</b>	Canada	Australia	Stage 1	Technical assistance is on-going. A workshop on APEC Customs Data Harmonization was conducted on 27 October – 1 November 2008 in Chinese Taipei. Item remains in Stage 1.
<b>Implementation of APEC Framework Based on the WCO Framework of Standards to Secure and Facilitate Global Trade</b>	United States	Japan, Korea	Stage 1	Technical assistance is on-going. CAP item remains in Stage 1.  Besides ongoing technical assistance, SCCP, formed an Authorised Economic Operator (AEO) Working Group (AEO-WG) to collate AEO best practices, create reference documents and provide capacity building to member economies in establishing their AEO programs.
<b>Time Release Surveys (TRS)</b>	Japan	Indonesia, Korea	Stage 1	Technical assistance is on-going. Japan last conducted their TRS in Mar 2009 and the results were shared at the SCCP 2 Meeting. CAP item remains in Stage 1.

## INTELLECTUAL PROPERTY RIGHTS: COLLECTIVE ACTION PLAN FOR 2009

Objectives/ Goals	Actions with lead economy, if any	Status/ Target Date
<p>(a) Deepening the Dialogue on Intellectual Property Policy</p> <ul style="list-style-type: none"> <li>- FTA/ RTA on IP Chapter</li> <li>- Exchange of development of IP-related policies</li> <li>- Strengthening the IPR system</li> <li>- Appropriate protection of IPR in emerging fields, including but not limited to the following:               <ul style="list-style-type: none"> <li>• Protection for Biotechnology and Computer-related Inventions</li> <li>• Protection for Geographical Indications</li> <li>• Electronic commerce</li> <li>• Genetic resources and traditional knowledge</li> <li>• Plant variety protection systems</li> </ul> </li> </ul>	<ol style="list-style-type: none"> <li>1. <u>Australia</u> made an oral update on the RTA/ FTA matrix, which helps support the goal of economic integration in this region.</li> <li>2. <u>Chile</u> presented a report of the self-funded APEC IPEG Survey on Copyright Limitations and Exception.</li> <li>3. <u>The US</u> has been conducting an APEC IPEG Survey on Opposition Proceedings.</li> <li>4. <u>Mexico</u> made a update on the development of the self-funded "Report on the Geographical Indications Regimes in APEC Economies" based on GI Questionnaire elaborated by IPEG</li> <li>5. <u>Singapore</u> will organise a seminar/symposium entitled "Trading Ideas 2009" (CTI/04/2009T)</li> <li>6. <u>The US</u> proposed an APEC Satellite and Cable Signal Theft Initiative. [<i>Proposal under consideration in IPEG</i>]</li> <li>7. <u>The US</u> is going to organise an "APEC Workshop on Effective Implementation of Best Practices Concerning Cable and Satellite Signal Piracy and Enforcement"</li> <li>8. <u>The U.S.</u> has been conducting an APEC IPEG Survey on Certification and Collective Marks</li> </ol>	<p>On-going. Members are encouraged to provide updates.</p> <p>Completed. IPEG endorsed the Report with a time reference.</p> <p>On-going. Members are encouraged to respond to the Survey.</p> <p>On-going. Members are encouraged to provide updates to the Report.</p> <p>Completed. The Seminar was successfully completed on 30-31 July 2009.</p> <p>On-going. The U.S. would continue to the discussion inter-sessionally.</p> <p>On-going. The Workshop would be held on 14-15 December 2009 in Jakarta, Indonesia.</p> <p>Ongoing. Members are encouraged to respond to the Survey.</p>
<p>(b) Support for Easy and Prompt Acquisition of Rights:</p> <ul style="list-style-type: none"> <li>- Participation in International IP-related Systems</li> <li>- Establishing Internationally Harmonized IPR Systems</li> <li>- Cooperation on Searches</li> </ul>	<ol style="list-style-type: none"> <li>1. <u>Japan</u> put forward some initial ideas for a more coherent approach under the APEC Cooperation Initiative on Patent Acquisition Procedures, with a view to formally presenting the proposal in the coming meeting.</li> </ol>	<p>Members are encouraged to give comments on the ideas presented by Japan.</p>

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<p>and Examinations</p> <ul style="list-style-type: none"> <li>- APEC Cooperation Initiative on Patent Acquisition Procedures (The launching of the initiative was included in REI Action Plan 2008)</li> </ul>	<p>2. <u>The US</u> made an oral update on the development of the “Patent Cooperation Initiative on Patent Acquisition Procedures - Roadmap for Further Cooperation: Gap Analysis”.</p>	<p>Ongoing. Members are encouraged to participate in the Gap Analysis exercise.</p>
<p>(c) Electronic Processing of IPR-related Procedures:</p> <ul style="list-style-type: none"> <li>- Electronic Filing Systems</li> <li>- Dissemination of Information by Electronic Means</li> </ul>	<p>1. <u>Members</u> are encouraged to better use of the APEC online resources, particularly APEC Information Management Portal (AIMP), and the renewed IPEG education websites.</p> <p>2. <u>Members</u> are encouraged to better utilise the new folder (IPEG Surveys) created in the APEC Collaboration System, which stores all surveys in-progress.</p>	<p>The Secretariat has been undertaking presentations to Members to encourage use of the platform.</p> <p>On-going.</p>
<p>(d) Cooperation for Improvements to the IP Systems and Its Operation, including capacity buildings, co-operation with other fora /authorities/ stakeholders</p>	<p>1. <u>Australia and China</u> have partnered to introduce a “Survey of Strategic Consideration of IPR Capacity Building in APEC Economies”.</p> <p>2. <u>China</u> proposed a “Survey on Prevention of Abuse of IP Right”. <i>[Proposal under consideration in IPEG]</i></p> <p>3. <u>China</u> proposed an APEC IPEG Seminar on Practices of IPR Protection in Standardisation. <i>[Proposal under consideration in IPEG]</i></p> <p>4. <u>Japan</u> introduced the concept of the Intellectual Property Academy Collaborative Initiative (iPAC initiative) with a view to formally presenting the proposal in the coming meeting.</p> <p>5. <u>Japan</u> is going to organise a high level forum with WIPO at the margin of the 30<sup>th</sup> IPEG Meeting.</p> <p>6. <u>Russia</u> proposed to organise a</p>	<p>On-going. Australia and China encouraged Members to respond to the Survey.</p> <p>On-going. Peru and Chinese Taipei offered to be co-sponsors. China was recommended to give thought to the definition of the “abuse of IP rights”.</p> <p>On-going. Chile, Russia and Chinese Taipei offered to be co-sponsors. China will lead inter-sessional discussion.</p> <p>Members are encouraged to give comments on the ideas presented by Japan.</p> <p>On-going. The Forum is scheduled on 1-2 March 2010, in Tokyo, Japan.</p> <p>On-going. China,</p>

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	project titled "Creating APEC Framework for Intellectual Property Protection and Use: Training for Officials" [ <i>Proposal under consideration in IPEG</i> ]	Korea and Viet Nam offered to be co-sponsors. Russia was encouraged to further develop the project proposal.
<p>(e) Establishing Effective Systems for IPR Enforcement:</p> <ul style="list-style-type: none"> <li>- Exchange of Information Concerning IPR Infringement</li> <li>- Other enforcement related matters</li> </ul>	<ol style="list-style-type: none"> <li>1. The Chair encouraged <u>IPEG</u> members to include delegates with enforcement background into their own delegation if possible.</li> <li>2. The <u>US</u> will introduce a new proposal to address illegal use of recording devices to record or transmit movies off the screen. [<i>Proposal under consideration in IPEG</i>]</li> </ol>	<p>On-going. Six Economies included delegates with enforcement backgrounds; while four of them gave brief presentations on IPR-enforcement works in their respective economies.</p> <p>On-going. Canada; Hong Kong, China; Japan and the Philippines are cosponsors. The U.S. will lead intersessional discussion on proposed Ministerial language and an Effective Practices document.</p>
<p>(f) APEC Anti-Counterfeiting and Piracy Initiative, with the following four key objectives:</p> <ul style="list-style-type: none"> <li>- Reduce Trade in Counterfeit and Pirated Goods</li> <li>- Reduce Online Piracy</li> <li>- Increase Cooperation to Stop Piracy and Counterfeiting</li> <li>- Increase Capacity Building to Strengthen Anti-Counterfeiting and Piracy Enforcement</li> </ul> <p>As of 2007, IPEG developed six sets of IPR model guidelines.</p>	<ol style="list-style-type: none"> <li>1. The <u>US</u> invited members to provide updates to Appendix 5 of Three Model Guidelines APEC Anti-Counterfeiting and Piracy Initiatives (2005/AMM/002anx4rev1) if there were changes in border enforcement. <ul style="list-style-type: none"> <li>1a) The <u>US</u> organised an "APEC Workshop on IP Border Enforcement for Custom Officials".</li> <li>1b) The <u>US</u> organised an "APEC Colloquium for Public Prosecutors and the Judiciary on Intellectual Property Enforcement".</li> </ul> </li> </ol>	<p>On-going. All APEC economies are encouraged to provide updates to the Paper.</p> <p>Completed. The Workshop was held on 20–23 July 2009 in Honolulu, Hawaii.</p> <p>Completed. The Colloquium was held on 9–11 June 2009 in Kuala Lumpur, Malaysia.</p>
<p>(g) Promoting IP Asset Management and Utilisation in</p>	<ol style="list-style-type: none"> <li>1. <u>Korea</u> gave a brief presentation on a new project proposal on "One</li> </ol>	<p>On-going. IPEG endorsed the Project</p>

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APEC Economies	<p>Village One Brand Seminar”.</p> <p>2. <u>Japan</u> presented the progress of establishment of IPR Service Centers.</p>	<p>Proposal, and would submit to CTI for the Third BMC Approval Session.</p> <p>On-going. Members are encouraged to supply with details.</p>
(h) Facilitation of Technology Transfer through Ensuring IP Protection	<p>1. <u>Singapore</u> organised an APEC IPEG Technology Transfer Seminar: "From Mind to Market - The Highs and Lows of Technology Transfer". (CTI/02/2009S)</p>	<p>Completed. The Seminar was successfully completed on 23–24 February 2009.</p>
(i) Raising Public Awareness	<p>1. <u>Australia, Singapore and Hong Kong, China</u> have co-organised a workshop titled “APEC IPR Public Education and Awareness Program for SMEs” (CTI 06/2008T)</p> <p>2. <u>Korea</u> has developed an online learning system called “APEC Project for Training Intellectual Property Right Information Facilitators Using e-Learning Content – IP Xpedite” (CTI 21/2009T)</p>	<p>Completed. The final deliverable, IPR Resource Tool for SMEs, would be released by the end of 2009.</p> <p>On-going. The project commenced in July 2009.</p>

## GOVERNMENT PROCUREMENT: COLLECTIVE ACTION PLAN FOR 2009

	Objectives	Actions	Status/Target Date
<b>A</b>	<b>Support for the multilateral trading system</b>		
	Exchange of Information with WTO GPA	Continue to monitor the WTO GPA activities	Ongoing
	Share and discuss GPEG members' experience with regional and bilateral free trade agreements in the area of government procurement	Member economies are encouraged to provide updates where appropriate	Ongoing
<b>B</b>	<b>Trade facilitation</b>		
	To review consistency of government procurement systems with APEC GPEG Non-binding Principles(NBPs) on government procurement, noting that actions to achieve this are voluntary	Member economies are invited to provide updates where appropriate	Ongoing
		All member economies should regularly review and update their summary information on the AIMP	Ongoing
	To exchange information on development of e-procurement in government procurement in ways consistent with the newly revised GPEG NBPs, and consider/develop relevant capacity building approaches	Member economies are encouraged to present on their experience in implementing e-procurement systems for government procurement and discuss ways of advancing GPEG work in this area	Ongoing
	Capacity building Project-Business Outreach	GPEG will continue to explore capacity building projects in relation to their e-Procurement development projects and public procurement reform	Ongoing
<b>C</b>	<b>Establishment of e-procurement guidelines</b>		
	To work out guidelines to help member economies develop e-procurement systems suitable for their infrastructures	To collect information from member economies regarding their own e-procurement infrastructure	Ongoing
	Development of KPI for government procurement	Continue to conduct research on key performance indicators to gauge the overall performance of government procurement	Ongoing
<b>D</b>	<b>Other areas</b>		
	To build greater links with the business sector and other stakeholders	To build a closer relationship with the SME Working Group	Ongoing
		To increase accessibility by business to information on AIMP	Ongoing
		To form a working relationship with ABAC to build better ties with the business community, particularly in regard to transparency	Ongoing

	<b>Objectives</b>	<b>Actions</b>	<b>Status/Target Date</b>
		The APEC Communications Unit to disseminate information to Business	Ongoing
	To contribute to the mid-term review of progress toward the Bogor Goals	In addition to the information already provided by GPEG and the member economies, work with CTI to provide further information as required	Ongoing
	To contribute to APEC reform agenda	To examine ways to reduce duplication in reporting on government procurement including in IAP templates	Ongoing

## MOBILITY OF BUSINESS PEOPLE: COLLECTIVE ACTION PLAN FOR 2009

OAA Objectives	Action	Time Frame
<b>Collective Actions</b> <b>APEC economies will:</b>		
<b>EXCHANGE INFORMATION</b> Exchange information on regulatory regimes in regard to the mobility of business people in the region, including through regularly updating the information in the online <i>APEC Business Travel Handbook</i> .	Members to continue to regularly update the online <i>APEC Business Travel Handbook</i> informing business of economies' short-term and temporary residence entry requirements and processing arrangements (standing item at BMG meetings), in accordance with agreed BMG Transparency Standards.	Ongoing
	Continue to improve the Business Mobility website to act as a conduit for meeting papers and exchange of information on trade agreements and other key BMG activities.	Ongoing
	Members to continue to implement enhancements to the online <i>APEC Business Travel Handbook</i> and other official immigration/consular affairs websites to improve the transparency and accessibility of public immigration information, in line with agreed actions to address the findings of the 2005 TILF funded Temporary Entry Review.	Ongoing
<b>SHORT-TERM BUSINESS ENTRY</b> Streamline short term entry requirements for business people. APEC economies will strive on best endeavors basis, and according to own immigration procedures, to implement one or more of the following options: <ul style="list-style-type: none"> <li>• visa free or visa waiver arrangements;</li> <li>• participate in the APEC Business Travel Card scheme;</li> <li>• multiple short-term entry and stay visas which are valid for 3 years.</li> </ul>	Members to continue to review and improve their arrangements for short term business travellers, including the progressive implementation of e-commerce arrangements consistent with agreed standards.	Ongoing
	Continue to support ABAC's aim of expanding the APEC Business Travel Card (ABTC) scheme to remaining non-participating economy.	Ongoing
	Members to report to BMG meetings on progress in implementing e-commerce facilities (standing item).	Ongoing

OAA Objectives	Action	Time Frame
<p><b>BUSINESS TEMPORARY RESIDENCY</b> Implement streamlined temporary residence processing arrangements for the intra company transfer of executives, senior managers and specialists, as defined by individual economies.</p>	<p>Members to continue to implement, on a best endeavors basis, the agreed 30 day service standard for the temporary residency processing of executives, senior managers on intra-company transfers, and specialists (as defined by individual economies), where all necessary documentation is completed. Members continue to report on processing times (standing item).</p>	<p>Ongoing</p>
	<p>Members to report to BMG meetings on implementing e-commerce facilities (standing item).</p>	<p>Ongoing</p>
<p><b>CAPACITY BUILDING (TECHNICAL COOPERATION AND TRAINING)</b> Develop and implement the mutually agreed standards and benchmarks essential to capacity building and engage in the capacity building initiatives necessary to provide streamlined visa application and immigration entry, stay and departure processing.</p>	<p>At SOM III 2001, the BMG endorsed a standards paper for Document Examination and Fraud detection. These standards are being used by economies to develop their current capacity.</p>	<p>Implementation of the standards is ongoing on an individual, best endeavors basis.</p>
	<p>Document security and related issuance systems. The standards and guidelines take into account all relevant international standards. The first phase of the project to develop draft standards was completed with a workshop conducted in July 2003.</p>	<p>Phase One completed July 2003</p>
	<p>A workshop was conducted in March 2004 in Sydney by Australia (phase 2) to raise economies' awareness of the standards and international best practice and developments in respect of biometrics.</p>	<p>Phase 2 completed by March 2004</p>
<p>At SOM III 2004 the BMG agreed that all APEC economies will begin issuing Machine Readable Travel Documents (MRTDs), if possible with biometrics by 2008, and on a best endeavors basis, endeavor to accelerate replacement of non-MRTDs by MRTDs as well as implement ICAO travel document security standards.</p>	<p>Ongoing with implementation, on a best endeavours basis.</p>	
<p>As at end 2009, at least 16 economies have introduced MRTDs and at least 10 have introduced a biometric MRTD.</p>		

OAA Objectives	Action	Time Frame
	<p><b>Biometrics</b></p> <p>The BMG received funding from the BMC (March 2006) to undertake a TILF funded project to build the capacity on biometric technology in travel documents and border systems (CTI 30/2006T) via the conduct of two capacity building events: a seminar in Ho Chi Minh on 22-23 May attended by 54 experts from 19 economies and a workshop in July 2006 in Hong Kong (China) attended by 45 experts from 18 economies.</p> <p>In February 2009 the BMG's "Enhancing the ABTC" working group held a two-day TILF-funded workshop to explore the feasibility and desirability of introducing biometrics to the ABTC and to consider possible governance arrangements for such an initiative. The workshop brought together several experts in biometrics and trusted traveller programs who were able to enhance members' understanding of relevant technical and policy issues. Between SOM I and SOM II each working group economy completed an extensive questionnaire to determine their own business case and this was discussed at a working group meeting at SOM II. The working group is currently looking at possible models for a biometric ABTC pilot.</p> <p><b>Identity Assurance Framework Document.</b></p> <p>At SOM I, 2008, the BMG endorsed work to commence on a 'framework for Assuring Identity in the Issuance of Biometric Machine Readable Travel Documents'. The purpose of this document is to provide good practice guidance for APEC economies on the process required for assurance of the integrity of identity enrolment processes for biometric machine readable travel documents, in order to prevent the issuance of genuine travel documents to persons who are not entitled to them.</p>	<p>Project completed July 2006.</p> <p>Workshop in February 2009 with ongoing follow-up work</p> <p>Project completed May 2009.</p>

OAA Objectives	Action	Time Frame
	<p><b>API Pathfinder Initiative</b></p> <p>The BMC approved TILF funding (1 August 2002) for a project to conduct feasibility studies in three APEC economies to assess the requirements for the implementation of Advance Passenger Information systems, to be conducted during 2002 and 2003. A second project to conduct feasibility studies was approved in July 2003 by the BMC.</p> <p>Some 10 economies have had an API feasibility study: Thailand (Aug 02), The Philippines (Nov 02), Indonesia (Feb 03), Korea (July 03), Chile (Sept 03), Chinese Taipei (Oct 03), China (Jul 04), Viet Nam (Oct 05), Brunei (Feb 06) and Peru (July 06)</p> <p>To date, 17 economies have either implemented or have announced their commitment to implementing an API system, including: Australia; Canada; China; Hong Kong, China; Indonesia (planning); Korea; Japan; Malaysia; Mexico; New Zealand; Philippines (planning); Chinese Taipei; Thailand; the United States; Viet Nam (planning) and two economies trialling (one without commitment).</p>	Ongoing
	<p><b>Immigration Legal Infrastructure Standards</b></p> <p>The BMC approved TILF funding (1 August 2002) for a project to develop standards and benchmarks for Immigration legislation. A workshop of Immigration law experts was convened in July in 2003 and Legal Infrastructure standards, covering all aspects of Immigration processes and issues, were ratified by the BMG at its 2004 SOMI meeting in Santiago.</p> <p>As at end 2009, almost half of all economies have implemented legal immigration standards (unchanged from 2008).</p>	Standards ratified February 2004. Implementation ongoing.
	<p><b>Regional Movement Alert System (RMAS)</b></p> <p>The BMG conducted a pilot Regional Movement Alert System</p>	

OAA Objectives	Action	Time Frame
	<p>(RMAS) and a report presented to Leaders in 2006. The RMAS pilot has enhanced border security and facilitated the travel of genuine business travelers.</p> <p><b>RMAS Multi-Lateral Framework</b></p> <p>At SOM III 2006, the BMG endorsed the final Multi-lateral Framework (MLF), Model Economy MOU and Management Board Governance Charter for RMAS. The MLF states the principles, standards and operational arrangements which will enable RMAS to operate consistently and effectively in the region for economies that join the initiative.</p> <p>At SOM III 2006, positive validation of the travel document as part of RMAS was announced. Work continues on implementing this function.</p> <p>Work is progressing on an internet-based RMAS which will enable other economies to join RMAS – a pilot will commence to test the system in 2009.</p>	<p>Completed and endorsed September 2006.</p> <p>RMAS can determine whether a passport is recognised by its issuing authority as having been validly issued.</p> <p>Pilot of internet-based RMAS in 2009 and 2010.</p>
	<p><b>Contribution to Interpol ICPO Database</b></p> <p>The BMG agreed at SOM I 2005 to a recommendation that members cooperate to ensure that members provide lost and stolen travel documents to the International Criminal and Police Organization (ICPO) database by end 2006, on a best endeavors basis. As at end 2009, 16 economies now contribute data to the ICPO database.</p>	<p>Ongoing</p>

OAA Objectives	Action	Time Frame
	<p><b>Dialogue with ABAC and Business Community</b></p> <p>ABAC actively participates in the work of the BMG. At SOM II 2009, ABAC informed the BMG about its call to consider whether the ABTC can be expanded beyond the APEC region and whether a cardholder list could be used by APEC for an “ABTC Information Service Platform” which could provide value adding services to cardholders. ABAC agreed to refer the proposal to expand the ABTC beyond the APEC region to the CTI.</p> <p>The BMG continues to consult closely with ABAC and an ABAC representative attended all BMG meetings in 2009.</p>	Ongoing
	<p>BMG to continue to work with ABAC to engage the APEC business community in improving business mobility (strategy agreed at SOM II, 2000).</p>	Ongoing
	<p>Members continue to consult with their business community in their home economies on mobility issues and report on any identified issues of concern to the BMG.</p>	Ongoing
	<p>Members provide information (including on the ABTC Scheme) and encourage feedback from the business community about the BMG's initiatives via the Business Mobility website.</p>	Ongoing

## Glossary of Terms

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ABAC	APEC Business Advisory Council
ABTC	APEC Business Travel Card
ACBD APEC	Customs-Business Dialogue
AD	Automotive Dialogue
AEO	Authorized Economic Operator
AHC	Harmonization Center
AMM	APEC Ministerial Meeting
API	Advanced Passenger Information
BMG	Business Mobility Group
CAPs	Collective Action Plans
CBP	Customs and Border Protection
CBPR	Cross-Border Privacy Rules
CD	Chemical Dialogue
CO	certificates of origin
CSOM	Concluding Senior Officials' Meeting
CTI	Committee on Trade and Investment
DDA	Doha Development Agenda
DPS	Data Privacy Subgroup
EC Econ	omic Committee
ECOTECH	economic and technical cooperation
ECSG	Electronic Commerce Steering Group
EE MRA	APEC Electrical and Electronic Equipment Mutual Recognition Arrangement
EGS	environmental goods and services
EGSIE	Environmental Goods and Services Information Exchange
EODB	Ease of Doing Business
ERTMs	Environmental related Trade Measures
FOTC	friends of the Chair
FSCF	Food Safety Cooperation Forum
FTAAP	Free-Trade Area of the Asia-Pacific
GATS	General Agreement on Trade in Services
GHS	Globally Harmonized System of Classification and Labeling of Chemicals
GOS	Group on Services
GPEG	Government Procurement Experts Group
GRP	good regulatory practices
ICCM	International Conference on Chemicals Management
ICT	Information Communication Technology
IEG	Investment Experts Group
IFAP	Investment Facilitation Action Plan
IAs	international investment agreements
iPAC	Intellectual Property Academy Collaborative Initiative
IPEG	Intellectual Property Rights Experts' Group
IPR	Intellectual Property Rights
KPIs	Key Performance Indicators
LSIF	Life Sciences Innovation Forum
MAG	Market Access Group
MIND	Interpol's Mobile Interpol Network Database
MRA	mutual recognition arrangements
OAA	Osaka Action Agenda
PSU	Policy Support Unit

PTIN	Partnership Training Institute Network
REACH EU's	Registration, Evaluation, and Authorization of Chemicals
REI	regional economic integration
RHSC	Regulatory Harmonization Steering Committee
RMAS	Regional Movement Alert System
ROO	Rules of Origin
SAICM	Strategic Approach to International Chemical Management
SAP	Services Action Plan
SC	Supply-Chain Connectivity
SCCP	Sub-committee on Customs Procedures
SCI	Supply-Chain Connectivity Initiative
SCSC	Sub-Committee on Standards and Conformance
SFI	Secure Freight Initiative
SOM	Senior Officials' Meeting
SWWG	single Window Working Group
TBT	technical barriers to trade
TFAP2 2	<sup>nd</sup> Trade Facilitation Action Plan
TFTF	Trade and Facilitation Task Force
TFTF	Trade Facilitation Task Force
TILF	Trade and Investment Liberalization
TPD	Trade Policy Dialogue
TPMs	technological protection measures
TPTWG	Transportation Working Group
TREMs	Trade related Environmental Measures
TRS time-relea	se survey
VAP	Voluntary Action Plan