

Asia-Pacific Economic Cooperation

Deregulation Report 1998

APEC Committee on Trade and Investment (CTI)

1998

Deregulation Report 1998

FOREWORD

The Osaka Action Agenda (OAA), announced by APEC Leaders in November 1995, requires a range of actions in the area of deregulation. APEC Senior Officials subsequently decided in 1996 to combine APEC's work on competition policy and deregulation, given the important linkages between the two work programmes. The APEC Committee on Trade and Investment (CTI) is responsible for both areas.

An ongoing activity is the publication of annual reports detailing deregulation initiatives undertaken by member economies. To facilitate access to this information, the 1997 and 1998 reports have been published on the Internet. The 1998 report contains the Deregulation sections of the 1998 Individual Action Plans (IAPs) which were endorsed by APEC Leaders at their Kuala Lumpur Meeting in November 1998. Each economy has outlined the reforms to its domestic regulatory regimes undertaken and those announced for the future.

Work on regulatory issues is key to achievement of the Bogor Goals – removal of Tariff barriers is only part of the process. Regulatory and administrative barriers can increase business costs and reduce the benefits of cross-border trade and investment. The current economic turmoil has further highlighted the importance of sound domestic regulation and the need to build capacity and institutions to support it. Against this backdrop the 1998 APEC Economic Leaders Meeting welcomed further APEC work on regulatory reform for 1999.

The CTI hopes that the following report and its other work on deregulation will be of interest to the business community as APEC members continue progressively to reform their economies. The 1998 Deregulation report should also be seen as further evidence of APEC's commitment to improving transparency and understanding of APEC economies' regulatory regimes.

Ambassador Edsel T Custodio

Chair, APEC Committee on Trade and Investment

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Australia's Individual Action Plan 1998

DEREGULATION

Objective

To promote the transparency of regulatory regimes and eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfil a legitimate objective.

Current Position

As part of its competition policy, Australia has laid down principles and processes for reviewing legislation which restricts competition.

Guiding Principle

The guiding principle in reviewing legislation is that it should not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community as a whole outweigh the costs; and
- the objectives of the legislation can only be achieved by restricting competition.

The Review Process

Australia's Federal, State and Territory governments have developed a timetable for the review and, where appropriate, reform of all existing legislation that restricts competition by the year 2000.

Once existing legislation has been reviewed, each government is committed to systematically reviewing the legislation at least once every ten years. This review exercise requires governments to identify and justify restrictions on competition, thus greatly improving the transparency of Australia's regulatory regime. Because governments are committed to reforming legislation which unnecessarily restricts competition, it also helps to eliminate trade and investment distortions arising from domestic regulations.

Improving the Regulatory System

Complementary to the review process for existing legislation, Australia's Federal, State and Territory governments have committed to ensuring that proposals for new legislation that restricts competition must be accompanied by evidence that the legislation is consistent with the guiding principle outlined above.

For the Commonwealth, this is done through the Regulation impact statement (RIS) process, under which a RIS must be prepared for new regulatory proposals (this includes primary and delegated legislation) and treaties involving regulation which directly affect business, or which have a substantial indirect effect on business or which restrict competition. A RIS sets out the relevant policy objective along with all the viable alternatives for achieving that objective. The purpose of RISs is to ensure that Government departments and agencies fully consider the costs and benefits of all viable alternatives, with a view to choosing the alternative with the maximum positive impact. A Government agency, the Office of Regulation Review, has the function of training officers from departments and agencies in the preparation of RISs, and will review compliance with RIS requirements. The Assistant Treasurer has been given overall policy responsibility to ensure compliance with regulatory best practice procedures.

Occupational Regulation

Reform to occupational regulation is proceeding under both the National Competition Policy framework and through the implementation of procedures for the mutual recognition of occupational qualifications between Australian jurisdictions and between Australia and New Zealand.

The extension of the competitive conduct rules in the *Trade Practices Act* in July 1996 means that they now apply to occupational or professional associations. Such associations need to consider the anti-competitive effect of their existing or proposed activities or rules and, if necessary, apply to have any anti-competitive arrangements authorised by the ACCC. Where authorisation is not granted, associations will need to change their practices or amend their rules.

An Inter-governmental Agreement on Mutual Recognition was signed by Australian Heads of Government in 1992. In relation to occupations, the mutual recognition scheme is based on the principle that a person registered in one jurisdiction can be registered to carry out the equivalent occupation in any other jurisdiction, without the need for further assessment or qualifications. In June 1996 it was agreed to extend the mutual recognition arrangements to include New Zealand according to the Trans-Tasman Mutual Recognition Arrangement. This arrangement provides for reciprocal treatment between New Zealand, Australia and the Australian States and Territories, and in relation to occupations covers all but the medical profession, which has been specifically excluded.

Small and Medium-sized Enterprises

In April 1998 the Australian Parliament enacted amendments to the Federal *Trade Practices Act* which protect small business against unconscionable conduct and allow for the prescription of industry codes of practice, including a Franchising Code of Conduct.

Dialogue, principles and work program

Given the importance of deregulation in the context of market access, Australia sees merit in establishing a forum to progress the deregulation objective among APEC economies. Given the linkages between deregulation and competition policy, Australia sees synergies in dialogues on competition policy and deregulation occurring within the same forum.

Sectoral Deregulation Programs

In addition to the economy-wide policies put in place to identify and reform regulations which unnecessarily restrict competition, Australia has developed a number of micro-economic reform programs which reduce the cost of regulation in particular industries or sectors of the economy.

Food

The report of the Review of Food Regulation in Australia was completed in August 1998. The report recommends a more streamlined and efficient system in which all sectors of the agrifood industry, consumers and the three levels of government in Australia work together to protect public health and safety, and facilitate trade. The report's recommendations are based on:

- nationally uniform and less overlapping legislation;
- performance-based rather than prescriptive regulations; and
- greater use of industry self-regulation, where this is appropriate and effective.

Wheat

In 1998 the Australian Parliament passed legislation giving effect to the restructure of the Australian Wheat Board into a grower owned and controlled company instead of a statutory authority, with effect from 1 July 1999. The monopoly on wheat exports will be continued through the statutory Wheat Export Authority which will be reviewed in 1999-2000 under the National Competition Policy.

Postal Services

See the *Communication Services* entry in the section on *Services*.

Maritime Transport

See the *Transport Services* entry in the section on *Services*.

Air Transport

See the *Transport Services* entry in the section on *Services*.

Rail Transport

See the *Transport Services* entry in the section on *Services*.

Petroleum Products

See the *Other Services not included elsewhere* entry in the section on *Services*.

Gas

See the *Other Services not included elsewhere* entry in the section on *Services*.

Electricity

See the *Other Services not included elsewhere* entry in the section on *Services*.

Implementation of Previous Commitments

Australia has:

- Made significant progress towards reviewing legislation that restricts competition. In addition to 13 reviews underway at June 1996 when the formal review program commenced, 47 reviews had commenced by 30 June 1998 and 33 of these had been completed. A further 29 reviews are expected to commence in 1998-99. Recommendations arising from these reviews may lead to reforms to the relevant legislation. Each Australian State and Territory Government is also conducting a similar legislative review program.
- Amended the *Federal Trade Practices Act* to protect small business against unconscionable conduct and allow for the prescription of industry codes of practice, including a Franchising Code of Conduct.

Current Commitments

Australia will:

- Continue to review domestic regulation with the objective of minimising restrictions on competition.
- Participate in policy dialogue between APEC economies about experiences in deregulation, including the use of individual case studies.
- Participate in regular dialogue with the business community, including a possible APEC symposium.
- Use the policy dialogue between economies to develop APEC principles and identify “best practice” for domestic deregulation.

Australia's Response to the Recommendations of the APEC Business Advisory Council

Recommendation	Australia's Response
<p>APEC should consider the views of business in its approach to competition policy and deregulation.</p>	<p>Australia strongly supports the principle that APEC should consider the views of business in its approach to competition policy and deregulation.</p> <p>In Australia, many businesses provided submissions to the Independent Committee of Inquiry into National Competition Policy (the Hilmer Committee) established by the Federal, State and Territory governments in 1992. The Hilmer Committee considered these submissions before formulating its recommendations. These recommendations formed the basis of the competition policy and deregulation principles contained in the national competition policy reform package adopted by the Federal, State and Territory governments in 1995. Providing business with the opportunity to have their views heard and properly considered was a key element in obtaining general support amongst members of the business community for this landmark reform package.</p> <p>Australia is committed to considering the views of business, particularly in relation to the ongoing review of government legislation and any significant amendments proposed for Australia's competition laws.</p>

Brunei's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfil a legitimate objective.

I. Current Position

The Government of Brunei Darussalam is undertaking and will continue to undertake steps to eliminate or reduce the negative impact of any domestic regulations, which impede free and open trade and investment. The current five-year National Development Plan aims to diversify the economy through broadening the industrial and commercial base, including undertaking liberalisation and deregulation measures. A number of public services in the telecommunications and transportation sectors have recently been privatised and other services may also transfer to licensed private operators.

Brunei Darussalam will endeavour to deregulate whenever appropriate.

Canada's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. *promote the transparency of their respective regulatory regimes; and*
- b. *eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfil a legitimate objective.*

Current Position:

The Canadian government continues to look for ways to move away from the “command and control” model of rules and regulations towards a performance model where governments are held accountable for meeting performance targets and government intervention only occurs where absolutely necessary. Canada views regulatory reform as a continuous process of improvement and is examining the scope for international harmonization of regulations.

More specifically, Canada has:

- introduced a revised Federal Regulatory Policy (November 1995), which seeks to ensure that use of the government’s regulatory powers results in the greatest net benefit to Canadian society;
- revised the *Standards Council of Canada Act* (Bill C-4, amendments proclaimed in force November 5, 1996), modernizing the mandate, structure and processes of the Standards Council of Canada and the National Standards System; and
- consolidated all federally-mandated food inspection and quarantine services into a single agency, the Canadian Food Inspection Agency, as of April 1, 1997. This allows importers of different food products into Canada to deal with a single federal agency for issues related to food inspection.

Individual Actions:

Regulatory Reform

Canada is primarily concerned with regulatory improvement which is being driven by demands from the business community for more efficient regulation and by reduced government resources. To this end, both the federal and provincial governments are coordinating enhanced efforts to remove regulatory overlap and duplication and are undertaking continuous reviews to update regulatory regimes to enhance domestic trade.

Moreover, as part of the government's 1994 Jobs and Growth initiative, regulatory reform was identified as a major component in its micro-economic statement, "Building a More Innovative Economy" (BMIE). A Deputy Minister level Challenge Team was created to ensure completion of BMIE commitments. BMIE committed the government to reducing regulatory burden and, during the past two years, over half of the paper burden irritants that small business identified have been addressed.

BMIE also committed the government to improved management of the regulatory system. The Federal Regulatory Policy has, accordingly, been amended and strengthened, now requiring regulators to ensure that regulation results in the greatest net benefit to Canadians -- that benefits outweigh costs, regulatory burden is minimized and the competitive position of Canadian businesses is impeded as little as possible. It also ensures that alternatives to regulation have been considered and that stakeholders have been consulted. Regulators must also ensure that intergovernmental agreements are respected, that there is coordination with other governments and agencies and that Canadian regulations facilitate adherence to international obligations, thereby contributing to international cooperation. As well, Regulatory Process Management Standards, aimed at ensuring the policy objectives are consistently achieved, have been introduced which, *inter alia*, mandate the use of the Business Impact Test (BIT) or equivalent analysis to assess the impact on business of all major regulatory changes.

Finally, BMIE committed the government to improve efficiency, in consultation with producers and other stakeholders, in six priority sectors: automotive and auto parts manufacturing; forest products; biotechnology; aquaculture; mining; and, health, food and therapeutic products. In conducting sectoral reviews, the government has used the BIT to identify business' regulatory concerns and is currently working to address these issues. The automotive and forest products sectoral reviews uncovered several areas for regulatory improvement: tax simplification, Workplace Hazardous Materials Information Systems, transport dispute mechanisms and harmonization of effluent regulations. The review of environmental regulations, including those stemming from proposed amendments to the *Canadian Environmental Protection Act*, revealed significant private sector concerns. Also, a Joint Monitoring Project of the *Canadian Environmental Assessment Act* has led to agreement for bench marking aimed at continuous improvement -- tracking costs to the private sector to keep them down.

Chile's Individual Action Plan 1998

DEREGULATION

I. Current Position

Chile has privatized most of the public utilities and is promoting private investment in infrastructure. In general, there are no barriers to private investment deriving from regulatory regimes.

An important objective is to review regulatory regimes for promoting private investment and competition. Chile is trying to implement pro-competitive regulatory frameworks for utilities or natural monopolies, and is promoting private investment in ports, airports and other infrastructure.

Extent to which deregulation has been undertaken:

Privatizations

Chile has had three major rounds of privatization: (1) 1974-1979, mainly banks, followed by manufacturing firms, the process ended with the 1982 financial crisis; (2) 1984-1989, mainly telecommunications, electricity and steel production; and (3) since 1990, mainly in air and railroad transportation, mining and electricity.

The most recent privatizations have been: in 1993, 49% of the Iquique duty-free zone was privatized. In 1994, the freight division of the National Railroad company was auctioned, and the Government sold part of its stock in the airline company Lan Chile and in the electrical utility Edelnor. In early 1996, CODELCO sold 26% of its main electricity plant to private investors and it is expected to sell another 50% before the end of 1997. In 1997, procedures to privatize a major state-owned electricity concern were initiated.

Deregulation

During the seventies, Chile, from being an "Interventionist State", which could intervene directly in the allocation and administration of economic resources, became a "Regulatory State" that fixes rules through which the role of open and competitive markets as a primary means for allocating economic resources is protected and preserved.

For an efficient performance of this new role, deep reforms were promoted in the legal framework, the State structure and the public administration: (1) elimination of price fixation and controls, the institution in charge (Dirinco) was transformed into the Consumer's National Service (Sernac); (2) elimination of legal restrictions to investment and operation of enterprises in most of the sectors; (3) external opening and establishment of a flat tariff rate, which contributed to enhance competition in the tradable sector; and (4) the institutional reform of the basic services on electricity, telecommunications and drinkable water, which involved the establishment of a concession regime, the fixation of prices of self financing in efficiency conditions, and the conformation of prosecutor's agencies and superintendencies.

In addition, as stated in the Chapter on Competition Policy, in 1973 a new Competition Law was promulgated (strengthened in 1979), which created the anti-trust commissions; and the National Commission in charge of investigating the existence of distortions in the price of imported goods was created in 1983.

Extent and coverage of remaining regulations

The Constitution of 1980 guarantees the right of any local or foreign person to develop any economic activity, as long as they respect the legal regulations that govern that activity, and do not harm morals, public order or national security.

The remaining regulations are not aimed at impeding free and open trade and investment. They are aimed at improving competition and avoiding trade distortions. The sectors that have undergone major reforms are financial services, energy, telecommunications, water and sewerage services and transportation. Reforms essentially focus on pricing and the establishment of concession systems.

With respect to pricing, the tariffs for basic services are subject to regulation because of their monopolistic character (for instance in distribution of electricity, telecommunications, and water and sewerage). The pricing is in all cases according to marginal cost and there is no discrimination among sectors or consumers or national or foreign companies. The institutions in charge of setting these tariffs vary for each service, with the participation of the Market Development Division of the Ministry of Economy.

The concession systems are aimed at allowing the increasing incorporation of private capital in public utilities and services. The systems, as well as the institutions in charge vary for each service. In most of the sectors, the companies which have been conferred concessions are obliged to provide the related services within the Service Area (Area de Servicio) that is established with the Government and that does not necessarily correspond to the Concession Area (Area de Concesión).

For a complete picture on the main market conditions that affect the provision of services under the following sectors, please refer to areas 3 and 4 on trade in services and investment regimes.

Telecommunications

- Law N° 18.168, General Law on Telecommunications, Official Gazette October 2, 1982.
- Supreme Decree N° 119 of the Ministry of Transportation and Telecommunications, General Regulation on Telecommunications, September 10, 1984.
- Supreme Decree N° 189 of the Ministry of Transportation and Telecommunications, Multi-carrier Regulation for Local and International Long Distance Services, June 10, 1994.
- Decree N° 425 of the Ministry of Transportation and Telecommunications, Public Telephonic Services Regulation, December 27, 1996.

The Regulation on Telephonic Services was issued at the end of 1997. The Regulation on Claims was issued in June 1998.

- (1) The telecommunication sector has been fully privatized. There are 27 private companies: 15 carriers, of which nine are in operation; nine local companies; and three cellular phone companies. Seven companies have concessions to operate as long-distance carriers. With the introduction of the multi-carrier system, in 1994, tariffs were reduced by 30%. In addition, the private companies have undertaken important investments in infrastructure, including networks of fiber optics and satellite equipment.

The General Law on Telecommunications establishes that:

- concessions are required for the provision of (i) public services, (ii) intermediary services, and (iii) radio broadcasting. They are conferred for 30, 30 and 25 years respectively by Decree by the Under-Secretary of Telecommunications. Concessionaries can freely provide auxiliary services through the public network, and no concessions are required for it.
- for the installation, operation and exploitation of limited services of telecommunications for specific enterprises or persons, a permission is conferred, upon request, for 10 years (renewable) by the Under-Secretary of Telecommunications by means of a simple Resolution. If the Under-Secretary does not refuse the permission within 60 days, it is presumed conferred. The limited services provided by an experimental station or by regional or local stations need a license conferred by the Under-Secretary for 5 years, renewable.

- concessions for telecommunication services of free reception, radio broadcasting, or services for which a technical regulation establishes the need for a limited number of concessions, are conferred after a public call (*concurso público*), every 4 months.
- More than one concession or permission of the same type may be conferred in the same geographical zone. Concessionaries are obliged to provide services within the Service Area.

- (2) The regulatory role of the State in telecommunications sector is undertaken by the Under-Secretary of Telecommunications (SUBTEL), which controls and surveys public telecommunications services and protect users. SUBTEL is separate from, and not accountable to, any supplier of basic telecommunications services. It is in charge of implementing and surveying the application of the General Telecommunication Law N° 18,168, approved in 1982 and subsequently amended. The first amendment, in 1987, incorporated a procedure for establishing the tariff for local public services, long-distance national and international services, and services provided among concessionaries through interconnections, in the event of market failure. The law was amended a second time, in 1994, to allow competition in the long-distance market.

Tariffs of public services and of intermediary services contracted among enterprises may be freely established by the provider. However, if there is a resolution by the Resolutive Commission to the effect that market conditions do not allow tariffs to be determined by market forces, these tariffs are fixed according to the provisions of the General Law of Telecommunications N° 18,168. Tariffs so fixed are based on the long-run marginal cost of a hypothetical efficient enterprise and are indexed according to increases in the costs of production of the enterprise. They are calculated every five years by the Ministry of Transportation and Telecommunications and the Ministry of Economy.

The General Telecommunications Law stipulates that the public telephone service must provide access to the general network. Inter-connection with a major supplier is ensured at any technically feasible point in the network. Such inter-connection is provided under non-discriminatory terms, conditions (including technical standards and specification) and rates. A service supplier requesting inter-connection with a major supplier has a right of recourse to resolve disputes regarding terms, conditions and rates for- inter-connection. The dispute settlement body is generally the regulatory body, SUBTEL. If the parties involved in the dispute disagree with the resolution, this may be appealed in the courts. However no such disputes have taken place.

- (3) Chile made specific commitments in the WTO Telecommunications Services Agreement in domestic and international long-distance basic telecommunications services.

Chile, in the negotiation process, decided to exclude some sectors of its commitments since liberalization commitments of many of the WTO members are well below the openness level of Chile's current regime. Sectors without commitments include local basic telecommunications services, one-way satellite transmissions of Direct-to-Home and Direct Broadcast Satellite television services and digital audio.

Water and sewerage services

- Decree Law N° 70 of the Ministry of Public Works, December 30, 1988 (amended).
- Supreme Decree N° 453 of the Ministry of Economy which fixes the tariffs of water and sewerage services, January 17, 1990 (amended).
- Decree Law N° 382 of the Ministry of Public Works which establishes the concession system and the sanitary services exploitation regime, December 31, 1987.

In December 1997, a Law was promulgated which modifies the regulatory laws for water and sewerage companies in order to promote competition and transparency in operation, as well as to allow an increasing incorporation of private investment, through, among others the partial privatization of the existing State-owned firms. The Law also includes technical provisions for the sewage treatment, and quality and safety of the service provided, among others.

- 1) The companies operating in the provision of water and sewerage services are 52, of which 6 are private. The State-owned enterprises represent 96.2% of the market.

Water and sewerage services companies must have the sole purpose of covering this activity. A concession in a particular concession area must be requested to the Superintendency of Sanitary services. The request is published in the Official Gazette to allow interested companies to present their offers within 60 days. Finally, the concession is granted by the Superintendency to the company which offers the lower tariffs. These tariffs may not exceed the regulated tariffs.

Concessionaries are obliged to provide services within the Service Area.

- 2) The regulatory role of the State in the water and sewerage services sector is undertaken by the Superintendency of Sanitary Services, which reports to the Ministry of Public Works.

Water and sewerage services provision is subject to pricing. The Regulatory agency fixes maximal tariffs for both fix and variable prices, based on the long run marginal cost of a hypothetical efficient enterprise and indexed according to increases in the costs of production of the enterprise. Tariffs are adjusted periodically according to the inflation rate and new tariffs are determined every five years.

Energy

A Electricity

- Decree Law N° 1 of the Ministry of Economy, General Law on Electrical Services, 1982.

In 1998, the Government issued the Regulation of the Electrical Law, aimed at promoting competition in generation, improving transparency in the establishment of transmission tolls and in the operation of the CDEC and modifying the legislation on the use of water rights (uso de derechos de agua).

- 1) The electrical services sector has been mostly privatized. 58 companies are operating, of which 20 are concessionaries for generation, 4 for transmission and 36 for distribution of electricity.

The Decree Law N° 1 of 1982 establishes that:

- Concessions are compulsory for the distribution activity subject to pricing and that make use of public goods. They can be temporary, and then they are conferred for a period of two years by the Superintendency of Electricity and Fuels; or permanent, and then they are conferred by Decree by the Ministry of Economy after a technical evaluation by the Superintendency. Concessionaries are obliged to provide services within the Service Area.
 - Concessions are optional for generation and transmission. However, the right to use public goods is conferred through concessions, then, usually, hydraulic stations, or electric substations need a concession. The Law does not contemplate concessions for thermoelectric stations.
- 2) The regulatory role of the State is undertaken by the National Commission of Energy, the Superintendency of Electricity and Fuels, the Ministry of Economy and the Centers for the Economic Dispatch of Charge (CDEC) of each of the electrical systems. The CDEC coordinate the operation of the companies which generate electricity, they determine the value of the electricity transfers among these companies based on the marginal cost per hour.

Tariffs may be freely established. However tariffs are fixed for the distribution services for users of low consumption since electricity is most commonly provided to them under monopolistic systems and the users lack of power of negotiation. Two prices are fixed. The knot price (precio de nudo) which is the price paid by the distribution companies is fixed each semester. The distribution value added price (Valor Agregado de Distribución), which is the price paid by the final consumer is fixed each 4 years, based on the long run marginal cost of a hypothetical efficient enterprise and indexed according to increases in the costs of production of the enterprise.

B Gas

Concessions for distribution and transport are granted by the Superintendency of Electricity and Fuels. They are free. There is no pricing.

C Hydrocarbons

Concessions are not granted for the exploitation of hydrocarbons (liquid or gaseous), or for any deposits located in the ocean that are not accessible from land. However the state can extend an operational contract, which allows an individual (national or foreign) to exploit those minerals for which concessions are not granted (they are actually granted for petroleum).

Transportation

The Under-Secretary of Transport is responsible for regulating transportation services. The general guidelines of the transportation policy are: (1) the State does not operate transport companies, with the exception of three companies managed by an autonomous board (Santiago Metro which administrates the subway of Santiago, the train company for passenger transportation Ferrocarriles del Estado, and a maritime transportation enterprise TRANSMARCHILAY); (2) the transport companies operate under a free competition framework, the State establishes solely technical regulations with a limited economic impact; and (3) the State does not subsidize transport companies, subsidies are only granted to services in isolated sites where the State has a responsibility to ensure regular transportation.

At present, the aim of the authorities is to increase the participation of the private sector in the administration of roads, ports, airports and railways.

A Maritime transport regulations

- Decree Law N° 2.222, Navigation Law, Official Gazette May 21, 1978.
- Decree Law N° 3.059 on the National Merchant Marine, Official Gazette December 22, 1979.

(1) The maritime transport services sector has been fully privatized, with the exception of one company. The market share of the state-owned maritime transportation company, TRANSMARCHILAY is of minor importance, since the company operates solely in the fjords of Chiloé. Another state-owned maritime transportation company, EMPREMAR, was privatized in 1996.

(2) The Under-Secretary of Transportation, inter-alia, regulates and surveys international transport and cabotage. The Merchant Marine Commission is in charge of ensuring that the principle of reciprocity is enforced. The General Directorate of the Marine Territory and Merchant Marine is in charge of safety at sea, and grant licenses to crew members. The State does not intervene directly in the activities realized by maritime transportation companies, it does not fix tariffs and does not assign routes.

Transport policy is based upon the principle of freedom of maritime navigation, however cargo preferences for national vessels may be applied for reciprocity reasons. At present, public and private ports and maritime transportation companies coexist. In coastal trade, cabotage is reserved to Chilean vessels, however, under certain circumstances, foreign vessels may also operate: (i) to and from Arica; (ii) when the volume concerned exceeds 900 tons, prospective carriers have to participate in a public tender for concessions; (iii) when the volume concerned is below 900 tons and there are not Chilean vessels available, the Maritime Authority may give its authorization; and (iv) for the transportation of empty containers under reciprocal treatment.

Only a Chilean or legal person registered in Chile is qualified to register a ship in Chile. The president, managers and directors must be Chilean, and more than 50% of the capital of the Company must be owned by Chileans. Ships, other than for fishing owned by foreigners may be registered as Chilean ships if the foreigners are domiciled in Chile, is the principal location of their business is Chile or if they exercise permanently a profession in Chile.

(3) Chile participated in the WTO maritime transportation negotiations.

B Air transport regulations

- Decree Law N° 2.564, Commercial Air Navigation Law, Official Gazette June 22, 1979.
 - Law N° 18.243, which modifies the Decree Law N° 2.564 of 1979, Official Gazette September 24, 1983.
- (1) The air transport services sector has been fully privatized. At present, 34 airlines operate in Chile, seven of which are private national companies. Thirty of these airlines engage in the transportation of passengers, cargo and mail, and the other three transport solely merchandise. There are 25 additional non-regular cargo airlines.
 - (2) Commercial air transportation is regulated by the Civil Aeronautics Board (JAC), while the General Directorate of Civil Aeronautics (DGAC) is responsible for technical and operational matters. Both agencies are in charge of approving the entry of new airlines to the Chilean market.

Under the Commercial Navigation Law of 1979, Chile adopted an open sky policy regarding transportation of passengers and merchandise. Chilean and foreign airline companies are allowed to supply commercial air transport services both domestically and internationally. However, the participation of foreign companies is allowed only on the basis of reciprocity. The open sky policy has been complemented by the negotiation of traffic rights with different countries, resulting in 22 bilateral air transportation agreements, as well as several multilateral aviation agreements.

While companies may freely establish their tariffs, under Law N 18.243 of 1983 the JAC was allowed to negotiate international airline tariffs when another country fixed or attempted to fix tariffs. The law is intended to safeguard the interests of companies and users. In addition, the JAC is allowed to limit the access of foreign companies only if other countries limit the access of Chilean airlines to international routes.

Private companies, including airlines, can obtain concessions from the ministry of Public Works to supply auxiliary services such as handling, cargo, catering, etc. The concessions are granted for 5-25 years, according to the size of the investment; both nationals and foreigners may participate in the bids to obtain a concession. Limitations on the use of foreign labor, stipulated in Chile's horizontal commitments, apply in the following auxiliary air services: opening of offices, issue and sale of air transport tickets, computer reservations systems, ground operation of support equipment and aircraft maintenance. All other modes of supply

have no limitations or Chile made no commitments with respect to these items.

The DGAC is in charge of the administration and control of the infrastructure and equipment of airports, as well as the establishment of technical standards (which are based on international standards).

Financial services

In Chile, there is a local presence requirement to provide financial services, with the exception of the reinsurance activities.

Chile has signed the Fifth Protocol to the GATS on financial services.

A Banking services

- DFL N° 252, General Banking Law, Official Gazette March 30, 1960.
- Law on the Superintendency of Banks and Financial Institutions.
- Central Bank General Compendium of Rules.
- Decree Law N° 600 of 1974, Foreign Investment Statute.

In November 1997, a Law was promulgated, which modifies the General Banking Law and is aimed at modernizing the banking sector. Reforms include the expansion of the scope of banking activities both domestically and internationally, and the adoption of international standards regarding supervision methods. At the domestic level, banks were allowed to undertake activities such as factoring, securitization, underwriting and brokerage of non-provisional insurances; at the international level, Chilean banks were also allowed to establish branches abroad and to lend money abroad. In addition, the standards laid down in the Basel Agreement regarding capital requirements were adopted.

(1) The banking sector has been fully privatized, with the exception of one state-owned enterprise, Banco del Estado, accounting for 17.0% of deposits and 14.7% of assets. Some 30 private banks are registered, of which 17 are foreign banks, accounting for 18.5% of deposits and 21.1% of assets, 12 are domestic private banks, and 3 are financial enterprises.

To operate in Chile, banking companies must be legally constituted as corporations according to Chilean Law, and obtain an authorization from the Superintendency of Banks and Financial Institutions. Foreign banking institutions may only operate through share-holdings in Chilean banks established as corporations, subsidiaries and branches. They can also operate in Chile through a representative office but such offices cannot supply banking services.

(2) The Banking Sector is regulated by the Superintendency of Banks and Financial Institutions, which reports to the Ministry of Finance.

The banking companies established in Chile (Chilean Banks as well as subsidiaries of foreign banks) are subject to the same rules of operation and supervision. Among others, they are subject to the same capital requirements, credit limits, requirement of asset classification, and transparency obligations. Their deposits are guaranteed by the State.

Banks are allowed to trade foreign exchange on the official foreign exchange market. Since mid-1992, banks and other local firms have been allowed to trade currency futures and options, including foreign currency interest futures and options. There are no restrictions on the setting of interest rates that the banks can charge, with the exception of measures to prevent usury (for example, interest rates on consumer loans can not be more than 50% above the average market interest rate published monthly in the Official Gazette).

B Insurance and re-insurance companies

- DFL N° 251, Insurance Law of 1931.
- Decree Law N° 3.538 which creates the Superintendency of Securities and Insurance, Official Gazette December 23, 1980.

National regulations apply equally to national and foreign companies.

(1) According to the Insurance Law, insurance and re-insurance services can be provided only by companies that comply with the two following requirements: (i) be legally constituted in Chile as a corporation with the exclusive purpose of developing this line of business and related activities; and (ii) meet the minimum capital requirements. The Superintendency of securities and Insurance is in charge of approving the establishment of insurance and re-insurance companies.

Re-insurance services can be supplied by insurers or re-insurers established in Chile, that is (i) corporations whose sole purpose is to operate re-insurance, subject to inspections by the Securities and Insurance Supervision Department; and (ii) those foreign re-insurers who are enrolled in the Register of Foreign Re-insurers maintained by the same Department.

(2) The insurance and re-insurance business is divided in two groups: (i) companies that insure goods and property against the risk of loss and damage and credit insurance companies; and (ii) companies that provide personal insurance or that guarantee, within or at the end of a certain term, a capital sum, a paid-up policy, or an income for the insured of his beneficiaries. Insurance and re-insurance companies are not allowed to cover both types of risks, and credit insurance companies must have the sole purpose of covering this type of risk.

Insurance and re-insurance can be bought abroad, with the exception of compulsory insurances which must be contracted with companies established in the Chilean market. Importers and exporters that contract insurance services abroad are subject, in addition to the VAT, to a tax of 20% levied on the insurance premium. Insurance for the transport of exports and imports is exempt from the VAT.

C Securities

- Law N° 18.045, Securities Market, Official Gazette October 22, 1981.

National regulations apply equally to national and foreign companies. The security trading of public offering can be carried out by stock exchange brokers or by security dealers operating outside a stock market. Notwithstanding, the trading of shares or securities issued inside the stock exchange must be carried out by stock exchange brokers. Other securities may be traded by brokers and dealers registered in the Superintendency of Securities and Insurance or by banks and financial institutions.

Legal requirements to operate in the securities market in Chile are of a cautious character and correspond to requirements of capital, solvency and liquidity.

Infrastructure

A Highways, airports and railways

The Concessions Law of the Ministry of Public Works establishes a legal framework for the provision of concessions in highways, airports, and railways, through concession contracts signed after a competitive bidding process. Under this concessions contracts, private companies agree the construction, conservation and management of a national property, being paid by the user (in accordance with the bidding guidelines, the State can guarantee a minimum income). There is no discrimination among foreign and local companies, and the institutions in charge vary for each service.

With respect to airports, certain functions related with air navigation and airports security per se, remain under the responsibility of the General Directorate of Civil Aeronautics (DGAC).

B Ports

The state-owned ports are administrated by the Chilean Port Enterprise EMPORCHI (in 1995, 44% of trade was conducted through public ports). A draft bill to modify the EMPORCHI Law is being discussed in the Congress. Warehousing is provided by EMPORCHI. The remaining auxiliary services in the state-owned ports have already been privatized by grant of concessions by the Ministry of Defense. The government has also established that there will be no further public investment in new ports, leaving the way open to private companies.

In November 1997, a Law was promulgated, which allows the privatization and decentralization of the State-owned ports. Nine autonomous companies were created to replace EMPORCHI. The State remains as the regulatory body.

Mining

(1) The Constitution of 1980 stipulates that the State is the sole owner of all the mines, independently of who owns the surface land. However, a system of concessions is in place, under which foreigners are allowed to explore for or exploit minerals, and are granted national treatment.

Applications for concessions have to be posted with the Justice of the Peace (i.e. the nearest judge of the mining site). A concession to exploit is valid for an indefinite period, it remains in force as long as the license fee continues to be paid. A concession to explore is valid for two years from the day it is granted, it can be extended for two additional years if the area of land being explored is reduced by 50%.

The State participates in production through two enterprises, Chile's National Copper Corporation (CODELCO), which concentrates mainly on exploitation of copper and molybdenum, and the National Mining Company (ENAMI) which owns two copper processing plants and an electrolytic refinery, and purchases copper, gold and silver from small-scale producers. There are also 27 private Chilean companies, and 17 foreign companies engaged in exploration and 27 in exploitation.

(2) The Ministry of Mines is responsible for mining policy and regulating the sector. It has several advisory bodies: (i) the Chilean Copper Commission (COCHILCO), which advises on mining policy, supervises and evaluates the performance of the state-owned mining enterprises and advises the Foreign Investment Committee on the approval of investment contracts; (ii) the National Service of Geology and Mining (SERNAGEOMIN), which is responsible for the geological survey of Chile, for updating data on mineral resources, for keeping and updating a registry of all mining concessions and the official land registry, and for monitoring safety conditions in the mining sector; and (iii) the Mining Metallurgic Research Center (CIMM), which specializes in applied research for technological development and serves both the state-owned and private companies.

There is no discrimination between private and public enterprises, or between national and foreign investors, and tax treatment is equal to that in other sectors of the economy.

II. Objective (a) - to promote transparency of regulatory regimes

Chile will:

Short/medium term (1998-2005)

- The privatization of the only public energy generation facility (the third one in Chile) has been handled in such a way as to attract new investors, foreign or national in order to create a more competitive market structure. Natural gas brought from Argentina is available in Chile since early this year. This source of energy competes directly with the thermoelectric companies.
- A bill is being drafted that creates the Superintendency of Telecommunications.
- The Government will implement the Laws issued at the end of 1997 and allow for the privatization of water and sewage services companies, and ports.
- Review all regulatory frameworks to make them more pro-competitive. A Sub-Committee of Under-Secretaries, chaired by the Under-Secretary of Economy, which reports to the Committee of Ministers for the Modernization of the Public Administration, is working in a proposal of reform of the public services regulatory legislation and institutions. A draft bill would be presented to Congress for its approval before the end of 1999.
- Provide updated deregulation initiatives in Chilean economy and contribute to the APEC world wide web on member economies respective deregulation schemes.

III. Objective (b) - to eliminate trade and investment distortion arising from domestic regulations

Chile will:

Short/medium/long term (1998-2010)

- The economic regulations currently in force in Chile are not aimed at impeding free and open trade and investment. On the contrary, they are aimed at improving competition and avoiding trade distortions.
- The government constantly reviews and improves its regulatory framework, some important reforms are currently being discussed in Congress.

China's Individual Action Plan 1998

DEREGULATION

I. Current Position

To keep a rapid and steady economic growth, China will give full play to the role of market mechanism, as well as strengthen and improve the macroeconomic control. On the one hand, the role of market forces that serve as the basic means of regulating the allocation of resources should be fully exerted for the development of socialist market economy, otherwise economic development will lose its dynamism. On the other hand, market has its own limitations that need administration and guidance through macroeconomic control by government, otherwise economy will be in chaos. The macroeconomic control under market economy, which is different from government's direct interference in the operation of enterprises under the planning economic system, is to make a rational regulation on national economy in accordance with the discipline of market economy combined with economic, legal and supporting administrative measures.

China considers that a developing economy should maintain a balance among reform, development and stability. Reform, the motive force of development, should aim at promoting social and economic development and raising people's living standards. China will press ahead reform in various fields, resolve the conspicuous issues in the social and economic development. Development is the objective of reform, as well as the guarantee of stability. The key to the solution of all China's problems lies in our own development. China will promote the fundamental shift of the economic system and of the mode of economic growth, improve the quality and effectiveness of economic growth. Stability is the prerequisite of reform and development. China will promote reform and development on the basis of social and political stability and achieve the social and political stability in the process of reform and development. China will pay attention to harmonization and unification of the intensity of reform, the speed of development and social ability to sustain them so as to advance amid stability.

In recent years, great breakthroughs have been made in the reform aiming at establishing a socialist market economy. The framework of a macroeconomic control system was preliminarily established, and market forces notably served as the basic means of regulating the allocation of resources. China took big strides in reforming the systems of public finance, taxation, banking, foreign exchange, planning, pricing, investment, and financing etc. The mode of planning control with directive planning as the base is improved, the control on price is further relaxed. The prices of consuming products and raw materials are mostly determined by market. Market mechanism plays a more active role on increasing supply, adjusting demand and raising welfare. Reform was undertaken in the fields of investment and financing through putting into effect the new effective system such as bidding with a view to strengthening the control of risk in investment and further widening channels of financing for enterprises. China redoubled its efforts in reforming the state-owned enterprises, pressed forward on the basis of making experiments in selected ones. China further developed the pattern with the public sector remaining dominant and diverse sectors of the economy developing side by side. The national economy is further

market-oriented and socialized. Deepening reform continued to put new vitality into national economy and social development.

China has recently taken the following measures in deregulation and regulatory reform:

---- Trade and investment

At present, most of industries in China are now open to foreign investment in addition to a few categorized as prohibited. China relaxed the conditions for market access in service areas such as financial services, commercial retailing, energy, transportation and tourism. Pilot programs are being actively explored for further deregulation. China has now loosened criteria of granting trading rights to production enterprises. China simplified the procedure for prior authorization and speeded up the process of approval. The registration system for trading right is now experimented in the special economic zones.

---- Telecommunication Services

Before 1993, China's telecommunication services, including basic and value-added telecommunication services, are all operated and administrated by China's postal and telecommunication enterprises. Since 1993, China has granted domestic enterprises the right to operate nine value-added telecommunication services: radio paging service, 800MHz trunked telephone service, 450MHz wireless mobile communications, VSAT, telephone information service, electronic mailbox service, electronic data exchange service, etc.

In 1994, China Unicom Corporation was established and permitted to engage in some basic telecommunication services -- such as long-distance phone, local phone service- and value-added telecommunication services. It marked that China further introduced a competitive mechanism into its telecommunication service.

---- Financial Services

In 1982 China began the experiments of seeking foreign investments in financial service and then gradually expanded the experimental areas. There are five types of foreign financial institutions that are permitted to provide services in China: branch of a foreign bank, subsidiary of a foreign bank, Chinese-foreign joint bank, foreign financial company and Chinese-foreign joint financial company. By the end of 1997, there had been 162 foreign financial institutions (insurance excluded) operating in China. Nine of them are permitted to engage in the currency business of Renminbi.

Insurance: From 1992 China began to open its insurance market conditionally, allowing foreign insurance institutions to establish their branches and/or Chinese-foreign joint venture insurance companies in the designated cities of Shanghai and Guangzhou.

“Interim Provisions Governing Open market Business and First-class Dealers” promulgated by the People's Bank of China, standardized open market business established and perfected the system on open market business and first-call dealers.

In 1997, the Securities Committee of the State Council published *“Interim Provisions Governing Convertible Company Bonds”* that opened the convertible company bond market.

In 1997, the Securities Committee of the State Council promulgated *“Interim Provisions on Funds Investment in Securities”* that contributed to the regular development of investors in security market institutions and protected the legitimate rights and interests of the parties to the funds.

---- Professional Services

Legal services: In December 1993, the State Council approved and promulgated “*The Plan of the Ministry of Justice for Deepening the Reform of Bar System*”. Since then, China began to set up its own bar system with Chinese characteristics that adapted to the needs of socialist market economy and international exchange. The principles of voluntary organization, self-debiting and crediting, independent development, and self-regulating are applied in the new system. “*The Law of the Bar of the People’s Republic of China*” which entered into force on 1 January 1997 further consolidated the administrative system on lawyer that combined the administration of relevant enforcement authorities with profession administration of the lawyer’s association.

---- Transportation

“*The Administrative Measures for International Freight Forwarding of the People’s Republic of China*” issued in 1995 opened the operation of freight forwarding to foreigners conditionally and made the administrative system more transparent and regular.

“*Provisions Governing the Paid Transfer of the Business Right to Operate Transportation on Highways*” published in 1996 opened the non-gratuitous transfer of road operational rights under certain conditions.

II Objective

Short- and Medium Term

---- Administrative agencies

- Actively promote the restructuring of the government institutions. In accordance with the requirements of a socialist market economy, following the principle of simplification, uniformity and efficiency in the reform, China altered the functions of the government and separate them from those of enterprises, with a view to establishing a highly efficient, well coordinated and standardized administrative system. The reform of central government institutions focused on reorganizing or reducing specialized economic departments and strengthening the departments for macroeconomic control and supervising law enforcement. After the restructuring, the number of departments that constitute the State Council reduced from 40 to 29. Local governments of different levels will also be restructured step by step.

---- Trade and Investment

- Continue to enhance the transparency of the administrative regime through various ways including MOFTEC Gazette that publishes all kinds of laws and regulations related to trade and investment. China will actively support the compiling of the report on APEC deregulation and liberalization measures.
- Review the domestic regulations on trade and investment, simplify licensing procedures, promote and improve the fair competitive mechanism, gradually reduce the number of import products handled by designated companies.

---- Telecommunication Sector

- Actively explore ways to utilize foreign investment in this area, undertake research to formulate the administrative measures governing pilot experiments of utilizing foreign investment

- Accelerate the legislation on telecommunication, regulate the market according to the law, and protect the orderly competition.

---- *Financial Sector*

- Establish a unified and transparent currency market, regulate the inter-bank call-money businesses of all kinds of financial institutions, basically open the interest rate of inter-bank business. Establish the open market business for national debts in central bank, reform the required reserve system for deposit, continue to introduce the management on the ratio of assets and liabilities and risk management. The departments such as banking, trust, insurance, and securities will operate and be administrated independently with a view to improving the financial legislation and prevent serious systematic financial risks.

---- *Professional Services*

- Legal services: China will press ahead the openness of its legal services through active, rational and effective measures, legalize the procedure of approving foreign law firms.

---- *Transportation Sector*

- In addition to national and large- or medium-sized transporting infrastructure projects, the procedure for examination and assessment of the projects directly governed by the Ministry of Communication will be simplified.

Long-term (2011-2020)

---- *Trade and Investment*

- Replace the approval system with registration system for granting trading rights gradually within 5 years after China's accession to the WTO.
- Further review and liberalize regulations on trade and investment and make efforts to eliminate the barriers to trade and investment development.

---- *Deregulation*

- The role of market mechanism will be played in more areas through deepening the reform. Those economic activities that should be regulated by the market force will be further liberalized. The resources for competitive industries will be allocated by market. Competitive mechanism will be introduced into the infrastructure industries so as to make the economy more dynamic and efficient.

Hong Kong, China's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

I. Current Position

Hong Kong, China believes in market forces and adopts a hands-off approach to economic management. Most of the public utilities are privately-owned, e.g. electricity, gas, telecommunications, container terminals, bus and ferry service. A few are owned by the government but run on a commercial basis, e.g. train services and airport. Postal and water supply services are operated by the government.

Our regulatory regimes are established to provide prudential supervision (e.g. financial services), to ensure safety, to protect consumer interests, and to encourage investment (e.g. by limiting competition where delivery of the service concerned requires very substantial capital investment). Details are set out in the relevant Annexes in this Individual Action Plan.

Our regulatory regimes are highly transparent. All laws are published and major policies are widely publicised. Furthermore, the Government of the Hong Kong Special Administrative Region is required under a "Code on Access to Information" to provide, routinely or on request, information to the public about the Government, the services it provides and the basis for policies and decisions that affect individuals or the community as a whole, unless there are specific reasons for not doing so.

Helping Business Programme

Since 1996, we have been undertaking a Helping Business Programme whose focus is to make Hong Kong a genuinely friendly place for both local and overseas businesses. The objectives of the Programme are, among others, to cut red tape, deregulate and transfer services out of the public sector to the business sector where appropriate market conditions prevail. Our aim is to eliminate and simplify regulations which hinder our ability to innovate and grow, and to provide a more open and fair environment to achieve growth and improve competitiveness, while maintaining the necessary standards and disciplines.

We are taking forward the Helping Business Programme with advice from a Business Advisory Group which comprises a mix of prominent local businessmen and senior Government officials.

We set up in April 1997 the Business and Services Promotion Unit, a dedicated organisation, to assume responsibility for implementing the Programme.

We have completed 24 studies in the last two years with over 270 helping business recommendations identified. The studies were about cutting red tape, reducing costs of compliance, transferring public services to the private sector and improving services. A brief description of these studies is at Attachment.

II. Objective (a) - to promote transparency of regulatory regimes

Hong Kong, China will -

Short/medium/long term (1999 - 2010)

- maintain high transparency of its regulatory regimes and explore further ways to publicise them.

III. Objective (b) - to eliminate trade and investment distortion arising from domestic regulations

Hong Kong, China will -

Short term (1999 - 2000)

- continue to undertake the Helping Business Programme to cut red tape, deregulate and transfer services out of the public sector to the business sector where appropriate market conditions prevail; and

Short/medium/long term (1999 - 2010)

- implement reform and deregulatory measures where appropriate, as set out in the relevant Annexes in this Individual Action Plan.

Indonesia's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

To promote economic growth, the remaining regulations which impede free and open trade and investment, inter-alia, tariff and non-tariff measures as well as negative investment list will be reviewed continuously. Tariffs will be reduced gradually with a clear and certain schedule. Non-tariff measures will be eliminated or reduced. The number of business sectors contained in the negative list of investment will also be reduced in order to increase the participation of the private sector in Indonesian economy.

I. CURRENT STATUS

- In its continuing effort to increase economic efficiency, to improve the environment for trade and investment, and to implement its commitment under APEC and the WTO, Indonesia has undertaken a series of deregulatory measures in trade, investment, taxation, finance, monetary and banking, and other economic sectors. The May Deregulation Package of 1995 and the June Deregulation Package of 1996 cover: clear and certain schedule of continued tariff reductions; elimination of tariff surcharges; reduction of non-tariff barriers; administrative simplification of import and export procedures; facilitation of trade in services; relaxation of restrictions on export, import, and distribution activities for foreign manufacturing companies; clarification and simplification of regulations governing industrial estates; increased opportunities for participation of the private sector; and enactment of anti-dumping measures.
- As continuation of the previous deregulation steps, the July Deregulation Package of 1997 was issued which covers, among others, further reduction of tariffs, simplification of export and import procedures, allowing transfer of capital goods as well as simplification and reduction of regional taxes and levies.

- The September Deregulation Package of 1997 has further reduced tariffs on certain products.
- On the simplification of export procedure, in July 1997, the maximum value of export without "Export Declaration Document (PEB)" was increased from Rp. 100 million to Rp. 300 million.
- On the transfer of capital goods, in July 1997, the Government decided to exempt from paying import duty for capital goods sold or transferred at least 2 years after they were imported.
- On the local taxes and levies, in July 1997 simplification was made by reducing the regional taxes from 42 to 9 kinds of taxes and the regional levies from 192 to 30 kinds of levies.
- To allow greater private participation on petroleum and gas industries, in July 1997 the Indonesian Government has issued a Presidential Decree (No. 31/1997) regarding the opportunity given to the private companies to build and operate petroleum and natural gas refineries as well as to sell their products. Private companies may conduct their petroleum or natural gas refinery activities after obtaining approval from the Government.
- Over the past 15 years, Indonesia has carried out a systematic efforts to increase the pace of development through the removal of government-based restraints on trade and industry and the empowerment of the private sector through a consistent process of deregulation and de-bureaucratization.
- In the past, the Government provided most goods and services. Through Indonesia's privatization policy, the private sector has been given greater opportunity to provide goods and services. The privatization process in Indonesia started with the banking system. This step was followed by a series of actions to begin deregulating trade and investment. These actions broadened the opportunities for the private sector which led to substantial burst in economic growth that reduced the need for direct government actions.
- In the area of electric generation, the government has encouraged the development of private power producers. Paiton I and Paiton II were the first big private power projects. Since then, a number of smaller private power projects have been approved.
- In telecommunications, Indonesia has sold part of the government's equity in its international communication firm (INDOSAT) and its domestic communication firm (TELKOM). This latter privatization will result in millions of new phone lines throughout the country over the next few years. In the area of cellular phone services, a number of private companies with some participation by TELKOM and INDOSAT, are currently operating in Indonesia.

- Privatization has also been implemented in the provisions of auction centers and bonded zones and other infrastructure services such as toll roads, harbors, airports, airlines, and potable water. This privatization has dramatically expanded the infrastructure of the country. It is expected that further infrastructure services will be privatized in the future.
- Indonesia has continued its efforts in the privatization of state-owned enterprises by privatizing Bank BNI.
- In November 1997, Indonesia eliminated price control on cement.
- Import marketing monopolies on certain agricultural commodities such as wheat, wheat flour, garlic and soybean have been abolished.
- Export taxes on leather, cork, ore and waste aluminum products have been abolished.
- In January 1998 Indonesia discontinued special tax, customs or credit privileges granted to the National Car Program.

II. INDIVIDUAL ACTIONS

A. Short Term

- Indonesia is taking bold measures to restructure its banking system.
- Indonesia will continue its efforts to further privatize state-owned enterprises and economic sectors. This privatization improves the efficiency of the firms and sector involved, overcomes the shortage of government funds and helps to develop Indonesia's capital markets.
- Indonesia is in the process of privatizing its electric utility company (PLN) and other state-owned enterprises, inter-alia, Garuda (national flag carrier), Jasa Marga (state-owned toll road company), Krakatau Steel, and Gresik Cement.
- Indonesia is restructuring its electric power sector.
- Indonesia is preparing legislation to amend banking law to relax limitation on private ownership of bank.

B. **Medium/Long Terms**

- Indonesia will continue to further deregulate its economy.
- Although Indonesia's regulatory framework has always been transparent, the government will continue to explore ways and means to further increase transparency in the regulatory process.
- Indonesia will continue to privatize its public firms by offering the shares of government owned companies to the public.
- Areas that will be further privatized will cover, inter-alia, steel industries, services, shipping lines, and public railways.

Japan's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

I. Current Position

1 Basic Approach

- Deregulation will promote competition and contribute to rectifying the high-cost structure of the Japanese economy. It will also encourage the creation of new business by giving scope for free and creative innovation by companies. Deregulation will also improve market access and will be effective in harmonizing the Japanese economy to international norms.
- Regulations should be radically reviewed and abolished, when necessary, regardless of the past process. Economic regulation should be based on the principle of "freedom in principle with regulation only as exception". Social regulations should be reviewed on an ongoing basis because technological advancements have weakened their significance and necessity. The basic idea in social regulation should be to have only the minimum regulation necessary to achieve policy objectives.

2 Before Deregulatory Action Program (FY 1993-1995)

- The Japanese government adopted the following measures: Immediate Economic Measures (September 16, 1993), Fundamental Principle of Administrative Reform (February 15, 1994), and Guidelines for Promotion of Deregulation (July 5, 1994). More than 90 percent of the items in these measures have been implemented to date.

3 Deregulation Action Program (decided in March 1995, revised twice in March 1996 and March 1997 by cabinet)

- Coverage: 2,823 items in 12 fields, about 99 percent of the items have been implemented.

4 "Economic Measures--toward steady economic recovery" (September 20, 1995)

- Coverage: 37 items

5 APEC Osaka Meeting "Initial Actions" (November 19, 1995)

- Coverage: 50 items

- 6 Formulation of the Action Plan for Rectifying High-Cost Structures and Promoting Dynamism, part of the Social and Economic Plan for Structural Reforms--Towards a Vital Economy and Secure Life (approved by the Cabinet, December 1, 1995)
- 7 Administrative Reform Committee "Views on Promotion of Deregulation (Part I)" (December 14, 1995)
- 8 Policy Actions on Market Access Issues as concerns Standards, Certification and others (approved by Office of Market Access, the Office of Trade and Investment Ombudsman, March 1996, March 1997, March 1998)
- 9 Survey on differentials between prices at home and abroad concerning consumer goods, intermediate materials and services were conducted in 1997.
- 10 Administrative Reform Committee "Views on Promotion of Deregulation (Part II)" (December 16, 1996)
- 11 "The Program for Economic Structure Reform" (approved by the Cabinet, December 17, 1996)
- 12 "Comprehensive program of logistics policies" (approved by the Cabinet, April 1997)
- 13 "The Action Plan for Economic Structure Reform" (approved by the Cabinet, May 16 1997)
- 14 "White Papers on Deregulation"(July 1995, July 1996, August 1997, August 1998)
 - They report on the present state of public regulations in Japan and deregulation efforts in Japan by the Government, give an outline of the program discuss the impact of deregulation on national life, and provide information on its effects.
- 15 Administrative Reform Committee "Final Views"(December 12, 1997)
- 16 "The Three-Year Deregulation Program" (decided by the Cabinet on March 31, 1998)
 - Coverage: 624 items in 15 fields, including 327 newly added items
 - A briefing was held for foreign governments and other organizations to outline the program on April 1, 1998.
 - Revision of the program: The Government will revise the program, taking into consideration requests and opinions from the public (including foreign people) as well as the results of the monitoring by the Deregulation Committee under the Administrative Reform Headquarters (mandated to monitor implementation of the program and address new deregulation challenges). The revision process is supposed to be finished about the end of FY 1998.
 - Ensuring transparency of the revision process: When a conclusion of the revision process goes against a request or opinion from the public for deregulation, the Government will clarify and explain the necessity and the reason to sustain the regulation concerned.

I. Action Plan

1 Enhance the transparency of the regulatory system

Short term (1998-2000)

- In addition to actively implementing the measures set forth in the Three-Year Deregulation Program, thorough follow-ups will be conducted with regard to the state of implementation. The Deregulation Committee under the Administrative Reform Headquarters will monitor implementation of deregulation measures decided by the Three-Year Deregulation Program and address new deregulation challenges.
- The Action Plan for Rectifying High-Cost Structures and Promoting Dynamism will be steadily promoted.
- Programs to enhance public awareness and understanding of deregulation will be actively promoted.

2 Eliminate trade and investment distortions arising from domestic regulations that are more restricting than necessary to fulfill a legitimate objective

Short term (1998-2000)

- Japan will implement the 624 items incorporated in the Three-Year Deregulation Program of March 1998.
- The U.S.-Japan Enhanced Initiative on Deregulation and Competition Policy will continue to be conducted in order to strengthen the dialogue between and reinforce the efforts of their governments under the U.S.-Japan Framework for a New Economic Partnership.
- New regulations will be held to the minimum necessary. When instituting new regulatory measures, the regulations will, in principle, be reviewed after a fixed period of time.
- Local public bodies will be requested to review their regulations.
- Surveys on differential between prices at home and abroad will be continued to annually. The results are expected to contribute to consideration within the government toward deregulation.

Short/medium/long term (1998-2010)

- In order to promote deregulation measures which contribute to improved market access, active use will be made of complaint handling functions of the Office of Trade and Investment Ombudsman.
- Japan (the Office of Market Access) will take the necessary actions in accordance with "Proposals of the Market Access Ombudsman Council on Market Access Issues as Concerns the Standards, Certification and Others" (The Market Access Ombudsman Council, June 18, 1997), which clarify the existing problems relating to the Japan's system of standards, certification, etc., and present the Council's recommendations for necessary actions regarding those problems.

3 Publication of annual report detailing actions taken to deregulate the domestic regulatory regimes

Short term (1998-2000)

- Japan will publish "the White Paper on Deregulation" annually. The White Paper will report on the present state of public regulations and deregulation efforts by the Government, give an outline of the program, discuss the impact of deregulation on national life, and provide information on its effects.

- 4 Provision of technical assistance in designing and implementing deregulation measures

Medium / long term (2001-2010)

- In an effort to facilitate sharing of experience and technical expertise, case studies will be made of examples (i.e., best practices) where deregulation (including privatization) has succeeded in stimulating the economy

**THE DEREGULATION MEASURES
(SEVERAL MEASURES IMPLEMENTED FROM
APEC OSAKA MEETING TO THE END OF FY 1998)**

1. Housing and Land

- Demonstration of safe construction methods for low-rise buildings, both using mobile scaffolding and without the use of scaffolding. (FY 1996)
- To abolish the following requirements for the Government Housing Loan Corporation financing (April 1996); (a) incombustible roof material, (b) fire prevention for three stories wooden detached house, (c) duration standard for three stories wooden apartment house
- Revision of technical standards regarding housing construction methods using wood frame construction (two-by-four method) with a view to stipulating performance regulations. (FY 1996)

2. Transportation

- Expansion of the range of cases in which cost account statements can be omitted from trucking rate notifications. (March 1997) - Review of the judgment criteria for identity of type of motor vehicles. (March 1997)
- Reduction of the number of government-qualified mechanics required for designated garages from 3 to 2. (August 1996)
- Reduction of the number of government-qualified mechanics required for certified garages from 2 to 1. (August 1996)
- Concerning designated garages,
 - (1) Promote to offer the information in detail on the result of the inspection etc. to automotive users. (November 1996)
 - (2) Designated garages which do not have their own inspection facilities will be able to inspect at the site of other designated garages. (February 1997)
- Establishment of a certification system for garages specializing in only certain types of parts such as brakes. (February 1997)
- Broad and full review of the definition of disassembling repair in view of developments in automobile technology and changes in the actual disassembling repair situation. (August 1996)
- Change of the total gear ratio in noise tests. (September 1996)
- To clarify the application procedure concerning parallel import cars. (March 1997)
- Review of the various technical regulations of railways such as the intervals for the periodical technical inspection of rolling stocks. (March 1997)
- With respect to international cargo transportation, in order to allow passage of fully-loaded ISO standard 40-foot and 20-foot containers, tractors and trailers manufactured to carry these containers have been allowed to apply for the relaxation of regulations. (March 1998)

3. Standards, Certification, Import Processing and Related Matters

- Review of present systems of licensing and labeling regulation relating to the manufacture and importation of cosmetics. (FY 1996)

- Expansion of allowable cosmetic ingredients for each cosmetic category in the Comprehensive licensing Standards for Cosmetics by Category. (FY 1996)
- The approval application process has been streamlined for "set products", where articles already approved for the company are simply combined, in cases where there is no concern that quality control problems arise. (FY 1996)
- The scope of medical devices that do not require partial change approval for cases of dimensional changes or addition of components has been expanded. (FY 1996)
- With regards to the soft contact lenses, when the method of use is changed by the addition of an antiseptic solution after approval, its re-examination has not been unnecessary if the way for confirming its effectiveness and safety does not have problem. (FY 1996)
- Some of the 11 categories of liquefied petroleum gas equipment and appliances certified by the government were excluded from regulation, others became self-confirmed. (May 1996)
- Of the 10 types of gas equipment and apparatus in the 5 categories certified by the government, 3 types in 3 categories were transferred to self-confirmation categories, and 1 category was excluded from regulation. Of the 3 types of gas equipment and appliances in the 3 categories requiring self-confirmation, 1 category was excluded from regulation. (May 1996)
- The scope of pharmaceuticals was reviewed, and some of vitamins are allowed to be on the market as foods regardless of the shapes of pharmaceuticals (capsules, tablets, pills). (FY 1996)
- Some of herbs treated as pharmaceuticals have been re-categorized into foods. (March 1998)
- Permission to use products equivalent to products with Better Living approval mark is government housing construction projects. (FY 1997)
- When it poses no problem in terms of product quality, kit products that combine pharmaceutical with medical devices treated as medical (FY 1997).
- Medical supplies that are managed under previously assessed radiation sterilization levels will be allowed to be shipped without further sterilization tests, to the extent that safety can be assured. (FY 1997)
- Japan extended the period of validity for licenses and identification certificate for selling drugs for animals.
- Japan abolished the Import Report. (FY 1997)
- Japan abolished the Export Inspection Law and Export Commodities Design Law. (April 1997)
- Reviewing the scope of products covered by the Household Goods Quality Labeling Law (textile products, electrical appliances, plastics and miscellaneous manufactured goods, and etc.), to expand the flexibility of labeling methods, to implement international harmonization of evaluation methods, and to expand the use of designated terms in English in labeling the composition of fiber of the textile products. (Implementation from October 1997 in order)

4. Financial Services and Securities

- Review of the various reports submitted by securities houses. (In January 1996, eight report types were abolished. In April 1996, over 100 types of report were abolished or simplified.)
- As to the range of firms eligible to be registered under relaxed standards as special rule issues on the Over-the-Counter market, "R&D-based companies" has been revised to "new venture businesses including service

companies" in the registration standards. (Japan Securities Dealers Association rules amended in April 1996)

- Legal books mandated under the Securities and Exchange Law may now be maintained and preserved on electronic media. (April 1996)
- Restrictions on the Employee Pension Fund's asset investments, formerly applied to individual trust bank, were abolished. Restrictions are now imposed on the investment of assets as a whole. (April 1996)
- Raising the exemption ceiling beyond which approval is required for setting up overseas deposits and trusts by residents in foreign currency denomination for the purpose of portfolio investment (from 100 million to 200 million). (April 1996)
- Deregulation on the account current radically, including introduction of the multi-netting, abolition of limitation by industry and limitation on amount of book entry, and expansion of the scope of the becoming an account current party. (March 1997)
- Legal books of Investment trust management company have been made and preserved by the electric media. (August 1997)
- Japan lift a ban on issuance of yen bonds by Foreign commercial bank. (April 1997)
- Japan abolished the official requirements for the inauguration of a financial organization's branch. (July 1997)
- Japan revised of business area regulation about the subsidiary classified by business status. (October 1997)
- The Bill for reform of financial system, involving amendments to 24 laws altogether, has passed the Diet and most of which will be implemented from December, 1998. The main pillars for the Reform Bill are as follows.

(1) Expansion in Means of Asset Investment

Through amendments to Securities Investment Trust Law, Securities and Exchange Law, Banking Law, etc., the changes will make ways for:

(i) Enhancements to investment trusts by way of (a) launching new investment trust products (b) Liberalizing product design (c) Introducing overt-the-counter sales of investment trust by banks and other institutions.

(ii) Full liberalization of the securities derivatives

(iii) Expansion of the definition of securities

These will cater for broader range of products available to the investors, such as securities derivatives, but also for over-the-counter sales of investment trust by banks and other institutions.

(2) Provision of Attractive Services through Active Intermediations.

It is designed to liberalize securities company services and fees, encourage new entries, and provide for reforms designed to make it easier for market participants to receive higher-quality services from financial institutions through:

(i) Liberalization of services in terms of (a) diversification of securities company services (b) diversification of asset investment businesses

(ii) Price liberalization in the forms of (a) full liberalization of brokerage commissions (brokerage commission that applies to transaction value in excess of ¥50 million was liberalized in April 1998, and full liberalization will be completed by the end of 1999) (b) reform of the rating organisation system (eliminating the obligation for member insurers of the rating organisation to use premium rates calculated by the rating organisation for fire, automobile, and other insurance products. For example, the full liberalization of fees will make it possible to launch "wrap accounts" which in the US have enabled individual investors to receive asset management services.

- (iii) Promotion of new entry to the market by way of (a) Shifting from licensing to registration system for securities companies (b) Promotion of cross-sectoral entry (e.g. banks entering into insurance business) (c) Revision of the provision consequent upon the ratification of the WTO Protocol on Financial Services.

(3) Create Diverse and Distinctive Market Systems

- (i) We will provide investors and fund-raisers with a variety of markets and fund-raising channels rather than only the traditional exchange markets through:
- (ii) Abolishment of requirement of consolidation of order-flow for listed securities
- (iii) Reviewing the operations of exchange markets
- (iv) Reinforcement of registered over-the-counter market functions
- (v) Introduction of proprietary trading systems (PTSs)

(4) Build Framework that Enables Users to Make Transactions with Confidence

While adhering to the principle of self-responsibility, we will also enhance disclosure requirements and formulate fair trading rules so as to ensure that markets are fair and reliable. In addition, under the transparent rule based framework, we will ensure the soundness of financial intermediaries, and will also prepare for frameworks for protecting investors and policy-holders in the event of failure. These will be achieved through:

- (i) Enhancing disclosure requirements and frameworks for fair trading by (a) providing for consolidated disclosure covering both parent and subsidiary companies. (b) Formulating and enhancing fair trading rules to prevent unfair trading activities
- (ii) Ensuring the soundness and fairness of intermediaries and enhance investor protection through (a) enhancing rules governing actions taken by securities companies etc. and (b) reviewing the disclosure systems on financial institutions (c) preparing for subsidiary rules (d) reviewing capital adequacy ratios for securities companies (e) creating new securities investor protection fund (f) creation of Policy-Holders Protection Corporation

5. Energy

- In principle, approval for wholesale electricity activities has been abolished. (December 1995)
- Abolition of the designated area system under the Gasoline Retail Business Law, which had restrained newly building a gasoline station in the excessive competition. (the end of September, 1996)

6. Other

- Review of the point system for mixed feed. (Revision of the Customs Tariff Law and other legislation on April 1, 1996)

**THE DEREGULATION MEASURES
(SEVERAL MEASURES SCHEDULED TO BE IMPLEMENTED
IN THE SHORT TERM (1998-2000))**

1. Housing and Land

- Revision of the structure of regulations in the Building Standard Law with a view to shifting from designating specifications regarding materials, construction methods and dimensions to stipulating performance regulations (Implementation as of June 2000); and formulation of a new systematic framework (Implementation as of June 1999).
- Revision of regulations on plumbing fixture contractors, including implementation of a uniform certifying exam and unification of requirements for designation. (April 1998)

2. Transportation

- Extension of the period of validity of completion inspection certificates to nine months from six months (May 1998)
- Revision of the Road Vehicles Act to abolish the system of the disassembling inspection, coupled with some measures for ensuring safety on the basis of maintaining such systems as renewal inspection and certificated garages. (Promulgated in May 1998 and to be implemented within six months of its promulgation, i.e., by November 1998)
- Raise of the gross shipping tonnage required to board pilots in Kobe harbor from more than 300 GRT to more than 10,000 GRT, coupled with necessary measures to ensure safety in the harbor.(July 1998)
- Revise of the Law for Ship Officers to establish the recognition system for foreign crews to board Japanese-registered ships, by reorganizing certifications issued by the authorities of the Parties to the Standard for Training, Certification and Watching (STCW) Convention, in order to make it easier for such crews to board Japanese-registered ships.

3. Standards, Certification, Import Processing, and Related Matters

- Study on transfer of appliances and materials requiring government certification based on the regulations relating to the products-safety such as the Electrical Appliance and Material Control Law to the self-confirmation or the confirmation by the third party. (Studies will be continued in FY 1998 and after.)
- In order to make drug expenditures more appropriate in to medical insurance, Japan will review the current system of the Drug Tariffs, and, when appropriate, take necessary measures, with a view to introducing the insurance payment system in which costs based on market prices of drugs are to be paid.
- The scope of pharmaceuticals will be reviewed, and some of minerals are to be allowed to be on the markets as foods regardless of the shapes similar to pharmaceuticals (capsules, tablets, pills). (FY 1998)
- Study the method for establishment of electronic handlings of agricultural chemicals registration aiming at submission of the application by utilizing electronic media. (FY 1998)

- The national inspection system of pearls for export will be abolished in January 1999.

4. Financial Services and Securities

- To abolish the authorized foreign exchange bank system, the designated securities firm system and the money exchanger system. (April 1998)
- To abolish, in principle, permission and prior notification requirements abolished for external settlements and capital transactions. (April 1998)
- Liberalization of brokerage commission. (Sale price on more than 0.5 billion yen will be liberalized in April 1998. Complete liberalization by the end of 1999.)
- Stipulation of privately -placed investment trusts in law.
- Abolishment of the requirement of consolidation of order-flow for listed securities.
- Introduction of over-the-counter sales of investment trusts by banks.

5. Others

- The Japan Racing Association(JRA), shall, with respect to maintaining the integrity of Horse Racing in Japan, establish the system for the registration as a Race Horse Owner for persons residing abroad which will be applicable to all international horse races. This system will be effective in January 1999.

Korea's Individual Action Plan 1998

DEREGULATION

(1) Current Status

- Since the inauguration of the new administration in February 1998, regulatory reform has been a major part of government reform efforts. Along with measures for economic reform and structural adjustments, regulatory reform has served as strong engine to propel government reform. It aims to reduce the government's role and intervention in order to encourage the autonomy and creativity of the private sector under the principles of market competition and democracy.
- Compared with the former approach to deregulation, the current approach has been more systemic and comprehensive. One of the most salient traits is that the current approach is based on 'the Basic Act on Administrative Regulations' which entered into effect in March 1998. Based on this Act, the Regulatory Reform Committee with the Prime Minister and a civilian as its co-chairmen was established in April 1998. The Committee has become a single body with a legal basis to conduct regulatory reform. Thus, former ad hoc bodies concerned with deregulation such as the Presidential Commission on Administrative Reform and the Committee for Regulatory Reform of Economic Administration ended.
- The Committee has played a central role in undertaking regulatory reform by formulating guidelines and standards, and by reviewing proposed plans for regulatory reform. Key jobs of the Committee are as follows:
 - To review newly established or strengthened regulations in the legislation process within the Executive.
 - To clear existing regulations by reviewing each ministry's plan for its regulatory clearance.
 - To select and deal with focused areas for regulatory reform on a package basis.
- Among these tasks, the Committee has concentrated its effort on clearing existing regulations under a target to reduce the number of regulations by half, including improving the quality of regulations this year. All central agencies have devoted themselves to drawing up and executing the clearance plan to meet the target. Examining laws and subordinate statutes in terms of eliminating or revising provisions of regulations therein has made this feasible.
- The maritime law enforcement regulations were amended to loosen the registration requirements for tugboats as well as the standards regulating the requirements on tugboats for ports.
- The maritime law was amended for ship masters with supplementary towing equipment to decide whether to use their own equipment or to use tugboats.

- The rotation system for tugboat service was abolished on January 1, 1998.

(2) Individual Action Plan

Basic Direction

- Clear the entire existing regulation of the central government on a zero basis
 - To eliminate regulations relating to economic activities which restrict competition or violate international standards. Number of regulations to be examined: approximately 7,000
 - To improve the quality of regulations relating to safety, health and the environment. Number of regulations to be examined: approximately 4,000
- Strengthen *ex ante* review on newly installed regulations in order to monitor new regulations and further manage the total number of regulations on an agency basis.
- Conduct regulatory reform continuously and drastically to improve the business environment.
- In principle, shift methods of regulation from *ex ante* control to *ex post* management and simultaneously from a positive list system focusing on control to a negative system on liberalization.
- Establish a systemic relationship between the Regulatory Reform Committee and the central agencies, and a partnership with research institutes to handle specific and technical issues efficiently and effectively.

Short and medium-term (1998- 2003)

Performing regulatory reform by law

- There were continuous demands to launch drastic measures for regulatory reform in the process of carrying out deregulation. As a result, the Basic Act on Administrative Regulations was enacted to meet this demand.
 - To strengthen *ex ante* review on either newly introduced or intensified regulations.
 - To draw up and execute annual plans by central administrative agencies for regulatory clearance through 2003.
 - To conduct a regulatory impact analysis in reviewing all significant regulations.
 - To apply a sun-setting rule with a maximum period of 5 years.

- To register and disclose all regulations on an agency basis so as to manage the total number of regulations.
- **Recognize important regulatory spheres to be handled urgently in order to enhance national competitiveness and invigorate the troubled economy.**
 - Sphere for facilitating foreign investment: liberalization of restricted categories for foreign investment; deregulation of factory site for foreigners; elimination of regulations inconvenient to foreign resident's life, etc.
 - Sphere for eliminating clustered and intricate regulations burdening business activities: deregulation of land use, industrial site and factory building; regulatory reform of construction, electricity, environment, telecommunications, gas and venture industry.
 - Sphere for enhancing soundness in finance, distribution, and trade sectors: lifting anti-competitive barriers in these sectors; encouraging autonomy and creativity; deregulation on distribution, transportation and road haulage industry.
 - Sphere for improving front-line services burdening the general population: reducing burdens and paperwork for following administrative procedures relating to car, housing and fire service.
- Short-term (1998-2000)
 - The Maritime Law enforcement regulations will be amended to loosen the registration requirements for tugboats as well as the standards regulating the requirements on tugboats for ports.
- Medium-term (2001-2005)
 - This year the related ministries will discuss ways to improve the administrative procedure by simplifying the entry and departure procedures so that they can be completed within two hours of having submitted the relevant documents.

Deregulation on Foreign Investment

- The scope of liberalization for foreign investment has been continuously expanded to the average level of OECD countries. Regulations discriminating foreign investors doing business in Korea were eliminated in May 1998.
- Regulations restricting foreigners' purchase or sale of listed bonds only at the stock market exchange were lifted.
- Foreigners investing in stocks or bonds may register under a single identification process.
- Regulations prohibiting foreigners from transferring their funds between securities companies and foreign exchange banks were removed.

- Visa services related to foreign investments were improved by extending the sojourn period and streamlining administrative procedures.

Deregulation of Real Estate Market

- Foreign companies and individuals, including non-residents may now own real estate in Korea. There is no discrimination between Koreans and foreigners in the real estate market. Foreigners were required to obtain approval from the government in order to buy real estate in Korea before July 1998. However, now they are only required to notify the government after their transaction.

Malaysia's Individual Action Plan 1998

DEREGULATION

The Malaysian economy has undergone substantial deregulation since the mid-1980s. The focus and commitment towards growth and industrialisation resulted in policies that favour liberalisation and deregulation in order to nurture a competitive environment.

Deregulation in the various sectors such as telecommunications, transport and education services as well as financial services have been taking place. This was in response to the fast pace of economic growth which necessitates faster and improved delivery of services to match demand for these services. Administrative procedures in relation to investment applications, visas and work permits, taxation and customs procedures have been streamlined to reduce transaction costs for business.

A major privatisation programme was launched in the early 1990s, involving business activities in telecommunications, power generation and supply, ports, airports, highways, posts, telecommunications, railways and sewerage works. A Privatisation Master Plan was drawn up in 1991 to guide the implementation of this programme. Up to September 1998, more than 400 projects were privatised, including those in the construction, manufacturing, infrastructure, transportation and communications. With privatisation, the private sector role in development has been enhanced and market forces allowed to operate in a competitive environment.

Deregulation was further enhanced through the implementation of the concept of Malaysian Incorporated and smart partnerships to foster greater collaboration between the government and the private sector. In line with this concept, the Government undertook further deregulation, simplifying administrative procedures and increasing the transparency of its processes.

Objective

Short/Medium Term

To examine and implement policies on deregulation to enhance competitiveness and efficiency, taking into account the need for regulation for prudential and supervisory reasons.

Financial Services

Consistent with efforts to create a more efficient, competitive and market driven financial sector, thereby enabling the sector to assume a more effective role in the economy, Malaysia has continuously reviewed the regulatory framework of the financial sector. Such reviews have taken into account the rapid changes taking place in the domestic economy, as well as developments in the global financial markets. Many structural barriers that inhibit competition and efficiency have been removed without compromising prudential standards. Major reforms undertaken include:

- the implementation of a free interest rate regime
- revision of the base lending rate (BLR) to make interest levels more responsive to monetary policy
- introduction of new liquidity management framework to enable banking institutions to manage liquidity in a more efficient manner

In the securities industry, various measures were also undertaken to ensure an effective regulatory framework and efficient operation of the stock market. These include:

- Allowing the listing of foreign-based companies with Malaysian interests, on the Kuala Lumpur Stock Exchange.
- Establishment of a financial reporting framework to ensure the independence of standard setting, the issuance of benchmark bonds and the introduction of a T+5 settlement cycle by the KLSE.

Recent Financial Sector Measures

Since the start of the financial crisis in mid-1997, Malaysia has implemented several measures to further strengthen the financial system, including strengthening prudential and supervisory standards, as well as transparency and disclosure requirements of financial institutions and private/public companies. The aim was to safeguard the soundness of the sector as well as increase its resilience in the face of a slowdown in economic activities.

Measures to Strengthen and Develop the Financial System

- Enhance transparency through accurate and frequent disclosure of information
- Broaden and deepen financial markets by promoting securitisation, development of the bond market and risk management systems
- Strengthen the banking and securities industries through mergers, branching and recapitalisation of existing companies
- Strengthening regulation and monitoring mechanisms in relation to capital adequacy and clients' assets as well as enhancing transparency
- Establishment of a joint public/private sector Steering Committee to expedite corporate debt restructuring

Measures To Strengthen the Banking System

- Consolidation of financial institutions through mergers/recapitalisation
- Improve supervisory and monitoring framework for financial institutions

- Recapitalisation of banking institutions. A Special Purpose Vehicle (SPV), Danamodal was established in July 1998 to recapitalise banks and act as a catalyst to rationalisation of the banking sector
- An asset management company was established to manage non-performing loans
- Improve transparency by requiring the quarterly publications of key indicators of financial soundness, including capital adequacy and non-performing loans
- Loan classification and provisioning standards in line with international practices

Measures To Strengthen the Securities Industry

- Implemented measures towards full disclosure-based regulations including changes to the policies and guidelines on issue/offer of securities to facilitate the raising of funds through the capital market in mid 1998. These included variations in the requirements for the issuance of convertible securities and warrants, earnings dilution in acquisition exercises, and profit forecast and projection.
- New provisions for securities laws introduced to enhance transparency and investor protection. These amendments are intended to strengthen the regulatory framework for good ethical practices, transparency and corporate governance by requiring accurate and timely disclosures, fair dealing by directors and good corporate governance.
- Changes to the rules, regulations and procedures of the stock exchange and its clearing houses to enhance transparency, including trading of listed securities through the Kuala Lumpur Stock Exchange, new disclosure requirements and clearing and settlement.

Measures to Enhance Transparency in the Public and Private Sectors

- Companies required to provide more frequent and accurate disclosure of information on shareholders and borrowings on a quarterly basis
- Companies to comply with standards set by the Malaysian Accounting Standards Board and Financial Reporting Foundation
- Improve corporate governance through effecting a framework of standards and setting best practices for the industry through the setting up of a high-level finance committee
- Review the Malaysian Code on Takeovers and Mergers to enhance clarity and transparency of rules for the protection of minority shareholders
- Review rules governing related-party and interested-party transactions to ensure high standards of corporate governance and disclosure and protection of minority shareholders
- Improve procedures for privatisation to ensure clear and transparent policies

Exchange Control Rules (1 September 1998)

The aim of this measure is to eliminate the availability of offshore ringgit funds for speculative activities, and in the process, promote a stable ringgit exchange rate and prevent excessive outflows of short-term capital and create a conducive environment for economic recovery.

- External Accounts: Approval required for transfer of funds between external accounts.
- Authorised Depository Institutions : All purchases and sales of ringgit financial assets transacted through authorised depository institutions
- Trade Settlements: All settlement of exports and imports to be made in foreign currency
- Currency held by Travellers: With effect from 1 October 1998, travellers are allowed to import or export ringgit currency of not more than RM1,000 per person. There are no limits on the import of foreign currencies by resident and non-resident travellers.
- Exchange rate : The exchange rate for the ringgit was fixed at RM1=US\$0.2632
- The following will be guaranteed:
 - general convertibility of current account transactions
 - free flows of FDI and repatriation of interest, profits and dividends and capital.
- Malaysia remains committed to the market mechanism and the trend towards liberalisation. But the benefits of the market can only be realised in an environment of stable and efficient capital markets. Malaysia will return to the previous arrangement of free capital flows once there is discernible normalisation of currency and financial markets.

Telecommunications

The first step towards deregulation and liberalisation was the privatisation of the Department of Telecommunications and the opening of the industry to more service providers. The exercise has changed the telecommunication industry from being monopolistic to one that is highly competitive and service-oriented. The sector has since registered tremendous progress in terms of the provision of services and service quality.

Malaysia now has several telecommunication service providers which have helped to increase the telephone penetration rate as well as provide comprehensive coverage of telecommunication services. The number of licences issued is:

Basic Network and services	:	7
International Gateways	:	5
Satellite Services	:	1
Cellular Services		
Analogue	:	3
Digital: GSM, D-AMP	:	3
Digital: PCN	:	3
Paging	:	34
Internet Service Providers	:	7

Recent Regulatory Changes

- In July 1998, the Communications and Multimedia Act and the Communications and Multimedia Commission Act were enacted. These two Acts addressed the convergence of legislation on broadcasting, computing and telecommunications. It is expected to come into force in 1999.
- Five additional Internet Service Providers licences were issued on 1.6.98 bringing the total to seven.

Transport

Aviation

Several measures have been undertaken to deregulate the aviation industry, including the privatisation of the national airline. The management of all airports in the country has also been privatised. To further facilitate and enhance the provision of services in the industry, measures were undertaken to ensure that aviation technical regulations are based on ICAO standards and procedures.

Shipping

The operations of major federal ports in the country have been privatised. Maritime laws in respect of safety of navigation are being reviewed to harmonise them with relevant international law and practices.

Roads

The privatised construction of toll expressways facilitates greater mobility. It also removes road mileage limitations and allows a more flexible modal split with rail and shipping. The new expressways have reduced travel time and perceived costs, namely vehicle operating and time-saving costs, leading to reduced costs and increased profits for business.

Rail

The Malayan Railways was corporatised in 1992 and this allows the private entity to plan and to promote the railway transport as an effective transport mode. An electric commuter rail service project has been completed and commercial operations started in August 1995. The Railways Act 1991 provides a legal framework for the privatisation of railway operations in the country. As a result, three private companies are providing urban rail transport in the Kuala Lumpur area at this moment in time.

Energy

The formation of Tenaga Nasional Berhad (TNB), as a privatised entity represented the first step towards deregulation and liberalisation of the energy sector. Further liberalisation was instituted to promote competition and improve efficiency and productivity in the electricity sector. Independent Power Producers (IPPs) were licensed to add to the installed generating capacities of the existing utility companies. Since 1993, 15 IPPs, including one mini-utility have been licensed, 11 in Peninsular Malaysia and 4 in Sabah.

TNB itself is undergoing restructuring, in line with the call for liberalisation of the energy market. Its generation business has been spun into a wholly-owned subsidiary, providing transparent costing and pricing. Its transmission and distribution business will undergo similar transformation as the generation business. To ensure fair competition in the generation sector, an Independent Grid System Operator will be established to despatch electricity on a competitive basis and it is expected that a more competitive tariff pricing will be provided for the benefit of electricity consumers.

Broadcasting

Malaysia has introduced a number of deregulation and privatisation measures in the area of broadcasting services.

Privatisation of Broadcasting Services

- * Free-to-Air TV (terrestrial) – four private TV networks.
- * Cable TV (by subscription) - one regional TV network with 6 channels.
- * Satellite TV (by subscription) - one nationwide TV network with 22 channels.
- * Free-to-air Radio - six radio stations.
- * Satellite Radio - one radio network with 8 channels (ASTRO).

Deregulation of Censorship Role

- * Public's role in censorship to be enhanced with the formation of an advisory panel.
- * Introduction of a rating system which encourages censorship role to be passed on to parents.
- * Media practitioners to implement a system of content self-regulation.
- * Malaysia's satellite television broadcaster (ASTRO) to exercise self-censorship and self-rating over all programmes.
- * No censorship for broadcasting materials on the Internet.

Higher Education Services

The provision of higher education services is a main priority of the government. The need to continuously expand the capacity of existing institutions, to establish new ones and to strengthen the delivery system of education has been recognised. As a result, significant steps have been taken recently to deregulate and liberalise the education sector, namely:

- (i) revision/replacement of legislation - The Education Act 1996 replaced the previous legislation, with the intention of increasing the effectiveness of the education system. The teaching of science and technical subjects in the English language was permitted. The University and University Colleges Act 1971 was amended to allow for the corporatisation of universities. The Private Higher Education Institution Act allows the private sector to establish degree granting institutions and for foreign universities to set up branch campuses.
- (ii) more liberal rules for the recruitment of foreign teachers and educators were put in place.

Mexico's Individual Action Plan 1998

DEREGULATION

Objective

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

Current position

Since 1989, regulatory improvement and deregulation have been central aspects of Mexico's structural reform program. Many rules and regulations have been eliminated or simplified, and several important sectors of the economy have been deregulated, including: railways, ports, satellites, financial institutions, water supply, mining, fishing, road transport and long distance telephony. The deregulation of these last two sectors has led to price reductions of 25% and 21%, respectively.

In November 1995, the federal government launched a new systematic regulatory reform program (*Acuerdo para la Desregulación de la Actividad Empresarial*) designed to reduce the costs of opening and operating businesses in Mexico. The program consists of four main activities:

- eliminate and simplify existing federal business formalities that impose unnecessary costs on businesses,¹
- review and modify all legislative and administrative proposals to ensure that new rules and regulations are not unduly restrictive,
- propose amendments to existing legislation in order to improve Mexico's regulatory framework, and
- provide advice and technical support to regulatory reform programs at the state and local levels.

The agency responsible for the design and implementation of the federal regulatory reform program is the Secretariat of Trade and Industrial Development (SECOFI), which draws on the technical assistance and opinions of an Economic Deregulation Board comprised of business, labor, agricultural and academic representatives as well as the Comptroller General and the Ministers of Trade, Finance and Labor.

¹ Business formalities are rules and regulations that require businesses to submit information to regulatory agencies in either paper or electronic format.

1. The elimination or simplification of existing federal business rules and regulations

In December of 1996, the complete inventory of business formalities was made available to the public and published on the Internet. Any new business formality created by the federal government must now be approved by SECOFI and the Economic Deregulation Board, and listed in the inventory before it can be enforced by regulatory authorities. This gives individuals more certainty as to what their legal obligations are and reduces the discretionary practices by regulatory authorities.

The criteria that SECOFI and the Economic Deregulation Board use to review business formalities, and business rules and regulations in general, are the following:

- there must be a clear justification for government involvement. Regulations must act as conduits for the processing of government services or respond to concrete economic or social problems such as health or environmental hazards, or inadequate consumer information;
- regulations must be maintained or issued only on evidence that their potential benefits exceed their potential costs;
- there must not exist regulatory alternatives that can accomplish the same objectives at a lesser cost;
- regulations must minimize the negative impact they have on businesses, especially small and medium size businesses, and;
- regulations must be backed by sufficient budgetary and administrative resources to ensure their effective administration and enforcement.

Advances in the deregulation and legal implementation of the changes to business formalities

Agency	Date agreement reached with the Economic Deregulation Council	Formalities before legal implementation of regulatory changes			Formalities after legal implementation of regulatory changes			Change in total number of formalities	Change in number of control formalities	% of formalities with specific reform Proposals	Advance in the implementation of reform proposals
		Total	Promotion*	Control**	Total	Promotion*	Control**				
Trade	May 96	227	152	75	127	94	33	-44%	-56%	85%	93%
For. Affairs	Aug. 96	24	10	14	22	9	13	-9%	-7%	76%	98%
Mexico City	Dec. 96	202	31	171	136	30	106	-33%	-38%	90%	81%
Health	Feb. 97	115	21	94	67	15	52	-42%	-45%	98%	88%
Labour	Apr. 97	72	23	49	38	22	16	-47%	-67%	92%	99%
Tourism	Oct. 97	67	63	4	56	55	1	-16%	-75%	79%	0%
Environment	Nov. 97	155	15	140	135	13	122	-13%	-13%	99%	40%
Education	Dec. 97	146	5	141	42	4	38	-71%	-73%	100%	21%
Agriculture	Apr. 98	48	31	17	42	31	11	-13%	-35%	100%	0%
Energy	May 98	179	75	104	146	64	82	-18%	-21%	99%	0%
TOTAL		1235	426	809	811	337	474	-34%	-41%	94%	

Agency	Projected date of presentation to the Economic Deregulation Council	Formalities before legal implementation of regulatory changes			Review status
		Total	Promotion*	Control**	
Interior	1998	72	5	67	In process
Communications and Transportation	1998	833	287	546	In process
Finance	1998	925	82	843	In process
TOTAL		1830	374	1456	

Formalities are grouped into two categories:

* Promotion: those formalities which are presented by businesses in order to gain access to government services or special promotion programmes (rules of origin, duty draw-back schemes).

** Control: formalities which regulate activities because of social reasons (health and safety, environment, anti-trust).

- The proposals for the deregulation of formalities corresponding to the Ministries of the Interior, Communications and Transport and Finance will be presented to the Economic Deregulation Council in 1998.
- New, enhanced on-line search tools for the formalities inventory were made available to the public on June 1, 1998. These tools make it easier for business people to pinpoint the specific formalities which they must comply.

2. The review and modification of all new regulatory proposals

All administrative and legislative proposals that affect business activity must be submitted, along with a regulatory impact statement to the Secretariat of Trade and Industry's Economic Deregulation Unit and the Economic Deregulation Council for review. This review curbs the development of new regulations and guarantees that any new regulatory burdens on businesses are kept to a minimum. It also helps ensure that deregulation of major industrial sectors is carried out efficiently and in a way that promotes effective competition in Mexico's markets.

Since 1996, over 200 legislative and administrative proposals have been reviewed and modified as necessary in areas such as health, labour, environment, water, mining and electricity.

Health

- Procedures for bringing new drugs to market have been made easier, as drugs previously introduced in countries with the highest standards of clinical drug testing do not have to repeat testing procedures in Mexico. This reduces the average time to market from over a year to four months.
- Almost one third (92 of 297) of the commercial activities previously subject to sanitary regulations have been exempted from them (for example, magazine editing, iron retailing and rug sewing). Furthermore, sanitary licenses have been eliminated or replaced with simple notifications for 80 of 106 activities. By making businesses co-responsible for regulatory compliance, making regulations more flexible, and reducing delays through the introduction of private third party testing, these reforms have benefited over 450,000 firms.
- The necessary framework for a generic drugs market has been created by instructing doctors to prescribe drugs by the names of their active ingredients (beginning in August 1999).

Labour

- Private third party authorisations have been introduced to facilitate compliance with labour regulations relative to the use of vapour generators or vessels subject to high pressures. These instruments are widely used in a large number of industrial and manufacturing processes.

- Labour inspections have been made clearer and more transparent. Inspectors' discretion has been greatly reduced and businesses can now verify the legality of inspections over the telephone.

Environment

- The environment law was amended, among other reasons, in order to clearly delimit attributions between federal, state and municipal authorities. In addition, the changes simplify and improve the procedure for the evaluation and authorisation of environmental impact statements (EIS), providing businesses with greater legal certainty. The response times for these authorisations have been reduced significantly from 240 working days to 60 (120 for well defined exceptional cases), and the reasons for denial expressly defined, significantly reducing the discretion of environmental authorities.
- The forestry law and by-laws (*reglamento*) were amended to give more legal certainty to investors in plantations or natural forests. Once a forest or plantation management programme is authorised, the extraction of the resource is also automatically authorised. Previously, two separate licenses were required. The authorisation of the programme also comprises approval of the EIS and of the sustainable extraction and regeneration plan. In addition, if the request for programme authorisation goes unanswered for 60 days, it is approved automatically.

Water

- The “use it or loose it” clause in the national water by-laws (*reglamento*) was repealed, allowing holders of water rights to invest in saving water without losing the corresponding rights. Also, the market for these rights has been made more efficient by allowing them to be traded independently of land ownership.
- Costly laboratory analyses are no longer required for water discharge permits, as long as the discharge is less than 300m³ and contains no heavy metals or other toxic substances.

Natural Gas

- The law was amended and by-laws (*reglamentos*) issued in order to allow private transportation, storage and distribution of natural gas. Transportation permits are given on a first-come first-serve basis. The initial permit in each geographic zone is allocated through an auction in which the bidder offering the lowest end-user fee is declared the winner. The winning bid also sets the average revenue from which the revenue cap regulation is begun.

Electricity

- The electricity by-laws (*reglamentos*) were amended, allowing co-generators or any other self-supplying firms to construct their own power lines even if these interconnect with the state owned monopoly supplier's grid.²
- The Energy Ministry can no longer restrict the geographic location of the associates or members of self-supply schemes.
- The parties involved in co-generation schemes are no longer required to share the risk of the operator of the co-generation plant.
- After going unregulated for many years, the terms and conditions by which connection charges are set have been improved and expressly stipulated in the corresponding by-laws.

3. Amendments to existing legislation in order to improve Mexico's regulatory framework

The Economic Deregulation Unit also drafts proposals to amend laws, decrees, rulings, administrative guidelines and any other type of legal instruments on which business regulations are based, in order to minimise the regulatory burden on businesses.

Reforms to mercantile and civil judicial proceedings

In May of 1996, a series of legal reforms designed by the Economic Deregulation Unit to streamline court proceedings and reduce borrowing costs for businesses were approved by the Mexican Congress. These reforms expedite the resolution of business disputes and provide businesses with greater access to loanable funds by eliminating the requirement that guarantee trusts (*fideicomisos de pago*) be administered by third parties. The legislative changes also increase the certainty of repayment for creditors who choose to use the trusts by reducing administration and transaction costs in the case of default and therefore allow banks to reduce the risk premium they charge to debtors. Borrowers, hence, benefit from lower interest rates, lower collateral requirements (small businesses in particular) and greater access to capital.

In addition, the reforms also eliminated unnecessary mortgage registration and information requirements in Mexico City, reducing the costs of selling mortgage portfolios between financial institutions and enabling the bundling and securitisation of mortgages.

The reforms have reduced the number of trials in Mexico City by 41% in the year and a half since they went into effect. Because it is now much more difficult to unscrupulously delay trial proceedings, many more commercial disputes are now being resolved without having to go to court.

² The monopoly supplier is vertically integrated from generation to distribution by constitutional mandate.

Deregulation Miscellany

In December 1996, the Mexican Congress approved an initiative (called the *Miscelánea de Desregulación Económica*) that amended several laws in order to expedite administrative procedures and impose greater discipline on the federal government in its relationship with businesses. The most important aspects of the miscellany are listed below.

- *Regulatory impact statement.* The law requires all federal regulatory authorities to prepare a regulatory impact statement for all new regulations. This impact statement must include detailed information on the problems being addressed, the proposed solutions, the alternatives considered, the quantitative and qualitative costs and benefits, and any changes in the number of formalities or amount paperwork that businesses in Mexico must face. Upon completion of the impact statement, it must be submitted to the Economic Deregulation Council along with the complete text of the proposed regulation. Together with the Economic Deregulation Unit, the Council determines whether any modifications are necessary to minimise the negative impact of the proposal on businesses, particularly small and medium size.
- *Quicker administrative response times.* The legislation eliminates unnecessary delays in the processing of many of the federal government's business formalities. All business requests or applications that are not processed by authorities before the deadline specified by law, will either be automatically accepted or rejected (*afirmativa* or *negativa ficta*). This gives businesses the certainty of receiving responses to their requests within concrete time periods. In addition, authorities will no longer be able to reject requests and applications because of insufficient information. The government must notify interested parties that the information provided is incomplete within one third of the legal response time limit for the formality in question.
- *Simpler administrative procedures.* The law allows paper exchanges between businesses and the federal government to be carried out by mail or by private courier, in order to save entrepreneurs from having to go to government offices in person to obtain permits, authorisations or certifications.
- *Fast-track for standards deregulation.* The law facilitates the deregulation of Mexican technical standards (*normas oficiales mexicanas*) by implementing a fast-track for their modification or elimination.
- *Clearer and less expensive procedures for mining concessions.* The reforms clearly define the rules and procedures for awarding mining concessions through a transparent auction process that allows companies to know precisely the criteria by which their bids are judged. The system for selecting a winner from a pool of simultaneous applications has been greatly improved, resulting in savings to society of up to one million pesos per concession.
- *Less paperwork for foreign investors.* The legislation simplifies the procedures pertaining to the registration of foreign investment in Mexico.

Reforms to the Federal Metrology and Standardisation Law

An initiative containing reforms to the Federal Metrology and Standardisation Law (*Ley Federal sobre Metrología y Normalización*) was presented to Congress and approved in April 1997. These reforms improve the procedures for developing technical standards (NOMs), the way in which they are analysed and the mechanisms to ensure their enforcement. Of particular note, all proposals for the creation of standards must include a regulatory impact statement which will be publicly available and used for the review of the proposals by those involved in the consultation process.

Regulatory reform in Mexico City

The results of the *Mexico City Regulatory Reform and Administrative Simplification Programme*, developed jointly by Mexico City and the Secretariat of Trade and Industry to improve the relationship between businesses and the City of Mexico, were presented to the Economic Deregulation Council in December 1996. The Programme's most important achievements are the following:

- *Creation of a new system for business inspections.* Mexico City is putting in place a new system of inspections which will reduce the discretionary nature of inspections and shrink the costs that they impose on businesses. Inspections will be carried out randomly, and businesses selected from a list in which establishments engaged in high-risk activities are weighted most heavily. Companies involved in low-risk activities, therefore, will be inspected with less frequency. Furthermore, for the vast majority of businesses inspections will consist of only one visit from Mexico City officials that will cover all aspects of regulatory compliance, and businesses will be able to verify the authenticity of the inspection certificate and the identity of inspectors instantly by phone.
- *Quickening of new business venture approvals.* Since October of 1997, the *Sistema de Apertura Inmediata de Empresas* (SAINE), has allowed businesses in Mexico City to begin operation in no later than 7 working days in the case of low-risk activities (73% of activities are considered low-risk), and 21 working days for businesses whose activities require health, safety or environmental controls. This has substantially reduced the approval time for new business permits, which has up to now averaged 46 days for low-risk activities and over 200 days for controlled activities.

Legal Compendium

In order to give greater transparency and clarity to Mexico's legal framework, a compendium of all current laws and other major legal regulatory instruments was made available to the public in February 1998. This compendium reflects the changes made in December 1997, when 181 such instruments were repealed by presidential decree because of their obsolescence.

4. Regulatory reform at the state and local levels

Because many rules and regulations do not fall under federal jurisdiction, deregulation measures have also been promoted at the state and local levels.

- In November 1995, all 31 Mexican states signed deregulatory co-operation agreements with the federal government.
- All states have also adopted similar approaches to the federal Agreement for the Deregulation of Business Activity (i.e., each of these states will develop its own register of business formalities and will review all new regulatory measures). Furthermore, 23 states have also signed agreements with their municipalities to promote deregulation at the local level.
- In June of 1997, the federal government signed co-operation agreements with the states of Oaxaca, Campeche and Quintana Roo in order to promote greater compatibility between state and federal transportation regulations.
- The States of Aguascalientes, Campeche, Chiapas, Coahuila, Colima, México, Nayarit, Oaxaca, Puebla, Quintana Roo, Sonora, San Luis Potosí, Tabasco, Veracruz and Zacatecas have amended their respective civil codes in order to permit the securitisation of mortgage portfolios.
- Reforms to mercantile and civil proceedings similar to the ones undertaken at the federal level were passed in the State of Nuevo León in July of 1997.

Actions

Mexico will continue to formulate and implement deregulatory measures in order to improve its institutional framework, enhance the competitiveness of Mexican businesses, and provide a better environment for trade and investment.

The measures that will be taken in the near future include:

- a) completing the review of business formalities for the establishment and operation of firms at the federal level (1997-1999);
- b) continuing the review of all legislative and administrative proposals in order to ensure that new regulations do not impose unnecessary burdens on businesses;
- c) investing additional resources in seminars and training in order to improve the quality of regulatory impact statements of regulatory decision making in general;
- d) developing additional legislative and administrative reform proposals; and
- e) continuing the promotion of regulatory reform at the state and local levels. SECOFI will continue to hold seminars with state and municipal deregulation authorities on the tools available to facilitate and improve the regulatory reform process.

New Zealand's Individual Action Plan 1998

DEREGULATION

I Current Position

The New Zealand Government believes that an open and competitive economy, functioning within a stable macro-economic policy framework, will best achieve sustained economic growth, increase business and employment opportunities, widen consumer choice and strengthen incentives for companies to become more efficient and innovative. Since 1983, New Zealand has embarked on an extensive programme of deregulation in a wide range of sectors. A list of liberalisation initiatives undertaken is included as Attachment 7.

New Zealand will promote the application of best practice in the use of regulations both domestically and in international fora including APEC, the OECD and the WTO. In particular, the Government is examining ways to ensure that regulatory solutions are only used where:

- a clear problem has been identified which might need to be addressed through regulation;
- all the feasible options for addressing that problem have been identified and considered, including the possibility of retaining the status quo;
- on the basis of rigorous analysis, regulation has been identified as the most appropriate option;
- the regulatory option is clearly targeted to the problem and is not more restrictive than necessary to achieve its objectives;
- all those who are affected by the regulation have been consulted and their views taken into account; and
- mechanisms for monitoring and review of the effectiveness of the regulation have been considered.

II Objective: To promote transparency of regulatory regimes and eliminate trade and investment-distorting regulation

ACTIONS

Short and Medium Term

(1) New Zealand is implementing a package of measures aimed at improving the quality of regulation. The themes which underpin this package include greater accountability,

transparency, and incentives for regulatory responsibility. The package also looks to build a capacity into the system to generate better information for regulatory decision making and greater scrutiny and contestability in the provision of policy advice. There are five main elements to this package:

- Code of Good Regulatory Practice
- Generic Policy Development Process
- Regulatory Impact Statements
- Regulatory Responsibility Act
- Regulatory Task Force

(2) Parliament has recently enacted Government-sponsored legislation on the regulation of airports. The Airport Authorities Amendment Act 1997 was aimed at limiting the potential for monopoly pricing by enhancing requirements that airport companies consult with major customers before fixing charges in respect of monopoly activities. Provisions to this effect were coupled with information disclosure requirements intended to expose any occurrence of monopoly pricing and inform the consultation process.

(3) The Postal Services Act 1998 has removed New Zealand Post Limited's monopoly on the carriage of standard letters. Any company, individual or organisation may now compete in all sectors of the postal market. There are no foreign ownership or market access restrictions on postal operations.

(4) The Ministries of Agriculture and Forestry were merged on 1 March 1998 to form a new Ministry of Agriculture and Forestry (MAF). As part of the Government's ongoing programme to reduce costs to the primary sector, the Government decided that MAF Quality Management should be split into two State Owned Enterprises (SOEs). The first SOE will provide front-line meat inspection services, and other services for the processing industry. The second SOE will provide TB screening and other services to the livestock industry.

(5) The New Zealand Government has asked Producer Boards and industries to formulate plans on how they will operate without specific statutory backing, and to consider a time-frame for deregulation.

(6) The New Zealand Government has announced reforms aimed at enhancing competition in the electricity industry. The main features are:

- splitting the dominant electricity generation company into three new SOEs; and
- requiring electricity lines business from the competitive activities of electricity retailing and generation.

(7) The Government has undertaken a number of initiatives in reviewing and reforming business laws. These include:

- commencing a medium term review of insolvency law;
- commencing a review of the roles and functions of the Securities Commission (responsible for enforcing securities law and other related legislation);
- agreeing to enact a new law governing personal property securities;
- commencing a review of the Insurance Rating and Inspection Act;

- commencing a review of the Life Insurance Act;
- considering changes to the Building Act;
- commencing a review of the Friendly Societies and Credit Unions Act;
- proposing a stocktaking of all business law statutes.

(8) The Government is focusing on ensuring that domestic regulation in particular sectors meets its goals, while minimising its costs. For example, it:

(a) is undertaking a review of intellectual property rights statutes to bring them up to date with changes in business and technology, to minimise the costs to businesses of protecting their intellectual property rights and to streamline the system to facilitate the granting of rights;

(b) introduced in December 1997, new Acts for the Meat, Wool and Pork Industry Boards, which are designed to improve the role, transparency and accountability of the Boards, and to ensure that the Boards have only those powers that are necessary and appropriate for their roles;

(c) is designing a possible generic framework for occupational regulation; and

(d) is undertaking a medium-term review of health occupational regulation to examine the case for continuing to regulate health occupations and, if regulation is required, to update the relevant legislation to establish a sound basis for health occupations in the future.

Medium/Long Term

The Government will:

(1) continue to assess, and where necessary improve, the regulatory regime for infrastructure and utility businesses, including those owned and operated by local government;

(2) continue to consider the scope for further privatisation of State-owned businesses and assets where there are no public policy reasons for continued taxpayer ownership; and

(3) continue to ensure domestic regulation in particular sectors meets its goals while minimising its costs.

Attachment 7

International Capital Controls	
Removal of controls on outward investment/borrowing	1984
Free entry of foreign direct investment (approved by Overseas Investment Commission, except for farmland, offshore islands and fishing)	1985-89
Very liberal regime for portfolio investment/repatriation of profits	1985

Industry and Service Sectors	
Finance	
Abolition of credit growth guidelines	1984
Removal of separate requirements for trustee banks, building societies, finance houses, stock brokers	1985-87
Removal of quantity restrictions and other entry barriers to banking	1985-86
End of formal financial controls (reserve ratio requirements, sector lending priorities)	1985
Removal of interest rate controls	1984
Abolition of export credit guarantees	1984
Removal of ownership restrictions on financial institutions	1985
Liberalisation of stock exchange	1986
Reserve Bank Act targets monetary policy solely at inflation	1989
Adoption of Banking Supervision Regime based on information disclosure	1996
Energy	
Corporatisation of State Coal Mines and of the Government's oil and gas interests	1987
Financial restructuring of oil refinery	1988-91
Legislation on oil company ownership of service stations	1988
End of price control	1984-88
Sale of Crown gas exploitation/distribution interests	1988-90
Sale of most other Crown energy holdings except electricity	1990-92
Corporatisation and restructuring of electricity generation and transmission	1987
Separation of electricity transmission from generation	1994
Separation of State-owned generation into two competing companies	1996
Corporatisation and some privatisation of local electricity distribution companies	1992
Competitive wholesale electricity market to come into operation	October 1996
Price controls on oil products ends	1987-88
Import restrictions on oil and oil products abolished	1988
Removal of franchise restrictions and oil company ownership restrictions on service stations	1988
Electricity generation deregulated	1988
Electricity and gas exclusive distribution area franchises removed	1993-94
Financial restructuring of the oil refinery	1988-91
Corporatisation of local authority electricity and gas operations	1992
Wholesale and retail price controls on gas allowed to lapse	1993

Transport	
Removal of restrictions on road carriage	1983-86
End of quantitative licensing of trucking	1986
Corporatisation of state rail and bus services	1980
Tendering of local authority bus services and liberalisation of licensing requirements	1991
Deregulation of taxi industry	1989
Replacement of quantitative licensing of domestic air services by 'qualitative' licensing	1984
Removal of foreign investment restrictions in domestic air services	1986
Corporatisation of Air Traffic Services	1987
Corporatisation of Airports	1988 onwards
Sale of Air New Zealand Ltd	1989
Adoption of liberal external aviation policy	1985
Deregulation of stevedoring industry	1989
End of qualitative licensing of domestic air services	1990
Removal of cabotage on coastal shipping	1995
Phasing of compulsory tendering on roading expenditure	1991-98
Compulsory competitive tendering of subsidised urban passenger transport	1991
Divestment of bus companies owned by local authorities	ongoing
Sale of NZ Railways	1993

Labour Market	
Introduction of voluntary unionism	1983
More market-based bargaining under Industrial Relations Act Amendment: compulsory unionism reinstated	1984
Some contestability in union coverage under Labour Relations Act	1987
Employment Contracts Act (voluntary unionism, contestable unions of any size, employer/employee bargaining at joint or individual level)	1990

Business Law	
Establishment of Commerce Act as liberal efficiency-based regime to govern mergers and trade practices	1986
Fair Trading Act governs consumer rights	1986
Review of securities legislation and takeover law	1988-91
Review of whole intellectual property regime (Patent, Copyright, Trademarks and Designs Acts) leading to reform of the Copyright Act and Amendments to Patents and Trade Marks Act	1990-94
Resource Management Act to govern more liberal planning and environmental legislation	1991
Crown Minerals Act to clarify property rights to mineral resources	1991
Review of Companies Legislation leading to Companies Act Law Reform	1993-96

Other Deregulation Measures	
End of wage/price freeze	1984
Termination of sector specific price control and replacement by price control powers under the Commerce Act (no goods are under price control)	1984-88
Removal of quantity licensing on almost all industries, and end of quantity regulation on most	1986-88
End of all state regulated monopoly rights (except letter post, air traffic control)	1984-89
Removal of some occupational licensing	1985-90
Termination of restrictions on shop trading hours	1989
Termination of export market development incentive schemes	1984
Phase-out of export performance tax incentives	1984-87
Deregulation of postal letters market	1998
Removal of New Zealand Accident Corporation's (ACC) statutory monopoly on provision of workers' compensation, and the opening up of workers' compensation from commercial insurers	1998

State Trading Operations	
Removal of almost all state regulated monopoly rights	1984-89
Corporatisation of 24 state-owned enterprises (in transport, finance, tourism, forestry, broadcasting, utilities and service industries)	1987-88
Restructuring to isolate natural monopoly elements of State-owned Enterprises	1989-91
Full or partial privatisation of Air New Zealand, Bank of New Zealand, Petroleum Corporation, Tourist Hotel Corporation, Shipping Corporation, Rural Bank, Government Life, forestry assets, Post Office Bank, Telecom Corporation, Radio New Zealand's commercial operations, Forestry Corporation and Works Corporation	1987-96
Requirement for local authorities to corporatise Local Authority Trading Enterprises (LATEs) and tender out services	1990-91
Encouragement to local authorities to sell holdings in port companies and local utilities	1991
Sale of other assets, eg irrigation schemes, fishing rights	1983-88

Agriculture	
Announced termination of price support (SMP) scheme	1984
Producer Board reserve accounts at Reserve bank charged commercial interest rates	1984
Announcement in Budget of phasing out of fertiliser and noxious weeds subsidies, lowering of irrigation and waters subsidies, partial cost recovery on product inspection introduced (December 1985) and Rural Bank and Finance Corporation (RBFC) interest rates raised progressively (by 1% annually) to market rates. Investment taxation allowance allowed to expire and farm vendor finance scheme ended	1984
Land development concessions and livestock incentive scheme phased out	1985-1993

Marketing and price controls on eggs abolished	1986
Introduction of and move to full cost recovery of advisory, animal health and quarantine services	1986-1990
First year tax depreciation allowance withdrawn	1986
Wheat Board abolished	1987
Milk Board abolished	1988
Poultry Board abolished	1988
Rural Bank (RBFC) sold to private interests	1989
Removal of the Apple and Pear Board's domestic sales monopoly	1994

PNG's Individual Action Plan 1998

DEREGULATION

Objective

APEC economies will:

- a. promote the transparency of their respective regulatory regimes and
- b. eliminate trade and investment distortion arising from domestic regulations, which not only impeded free and open trade and investment in the Asia- Pacific region but also a more trade and/or investment restricting than necessary to fulfill a legitimate objective.

Current Position:

Besides other deregulatory measures currently undertaken by Papua New Guinea to liberalize its trade and investment regime through the economic reform program, the following program have been initiated to review and deregulate existing practices and regulations.

- Enactment of Trade Practices Act/Anti-trust legislation;
- Review and Reform of existing Business Practices and Regulations;
- Liberalization of trade and investment barriers to entry into a market.
- Removing barriers to new entry to a market as a whole.
- Removal of controls that inhibit the use of market powers
- Removal of legislation's which govern the nature of a product and the terms under which it is produced.

Objective (a): Promote transparency of regulatory regimes

Papua New Guinea will:

Short/medium/long term (1998-2020)

- continue implementation and review of policies and to achieve greater transparency and eliminate distortive trade and investment relations (if any) in all sectors.

Peru's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortions arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also more trade and/or investment restricting than necessary to fulfill a legitimate objective.

Current Position

Since 1990, the Peruvian economy has been involved in a deep process of structural reform, one committed to modernizing the country in the economic and institutional senses, while also attracting investment. To reach that goal the Government has promoted macroeconomic discipline, established market rules, dismantled the trade protection structure, reinserted the economy into the world financial circuit and brought about an all encompassing deregulation of the economy.

Regarding this last topic, the Peruvian government has significantly deregulated the following areas:

Investment
Foreign Technology
Exchange Regulations
Labor Regime
Financial, Insurance and Capital Markets
Foreign Trade
Sectoral Laws
Taxation System

Investment

Mechanisms have been established in order to guarantee foreign investors tax and legal stability, availability of foreign currency and non-discriminatory treatment. All legal and administrative hindrances and distortions that block economic development and restrict free private initiative have been eliminated, leaving competition to the private sector. Concessions have been granted to private investors for providing services or for building and administration of public works, traditionally carried out by the State, including, and not limited to, road, public services, education and transportation.

Foreign Technology

Contracts for technology transfers, trademarks and other elements of foreign copyrights, technical assistance, basic and detail engineering, administration and franchises may be signed without any prior authorization by State agencies. However, contracts are to be registered at INDECOPI (National Institute for the Defense of Competition and the Protection of Intellectual Property).

Exchange Regulations

All exchange controls have been abolished. No government authorization is required to carry out exchange operations. Possession and receipt of foreign currencies is accepted. Individuals and corporations may remit foreign currency abroad or retain it in the country. Foreign currency investments by foreign investors may be exchanged for domestic currency through the banking system or deposited locally. Residents and non - residents in Peru may open and maintain deposits in foreign currency in the local banking system. Similarly, individuals and companies may hold foreign currency accounts abroad.

Labor Regime

The labor market has also been liberalized. Laws have been passed to create a new regime for involuntary severance compensation, regulating temporary employment and making labor stability more flexible. Enterprises in Peru may contract up to 20% of foreign workers, providing that their remuneration does not exceed 30% of the total salaries and wages paid by the company. Exemptions may apply.

Financial, Insurance and Capital Market Reforms

The government has expanded and substantially liberalized operations carried out by financial institutions:

- a. Interest rates and the distribution of financial resources are determined by market forces.
- b. No limits exist on foreign participation in banking, insurance and underwriter activities.
- c. Insurance and underwriting may be freely contracted abroad by Peruvian residents.
- d. There is freedom to determine policies and interest rates.
- e. Foreign investors have access to local short, medium and long term credits under the same conditions as nationals.
- f. Operation of private pension funds (domestic and foreign) is permitted.

Foreign Trade

Any prior governmental authorization, prohibition, control, public or private registration requisites and other non-tariff restrictions, for both exports and imports have been eliminated.

Free importation of goods exists and exports are not subject to any taxes. Moreover, companies exporting manufactured products have the right to a drawback mechanism. Similarly, prior authorizations and licenses have been eliminated, as well as other administrative requisites regarding exports, although a short list of goods may not be exported, for example animal species in danger of extinction.

It should be noted here that the reordering of the foreign trade regime also included drastic measures that successfully reduced costs in both ports and airports.

Sectoral Measures

i. Fishing

All restrictions on developing fishing activities that are not founded on the need for conservation of hydrobiological resources have been eliminated. The framework law promotes foreign investment in the sector and establishes the procedure and requisites for obtaining licenses for fishing in Peruvian waters.

ii. Mining

The framework law establishes tax, administrative and free exchange stability, exemptions from income tax, free remittances of dividends or profits and non discrimination.

iii. Oil

The State monopoly in this particular sector has been abolished and all provisions on investment in petroleum exploration and production activities have been liberalized. Present legislation expands the exploration period to seven years, permitting contractors to participate in different phases and simplifying procedures for approval of exploration and production contracts. Moreover, the framework law establishes measures for reducing contractor's costs and authorizes guarantees for the use of foreign currency and remittance of profits in foreign currency.

iv. Agriculture

New laws have relaxed the land tenure system and promote private investment, especially through the expansion of the agricultural front through the development of uncultivated lands.

Main changes to the laws are:

- a. Companies may invest in agriculture and own lands. The owning and handling of lands may be exercised by any person or company, in equal conditions.
- b. Agricultural land may be freely sold, rented, taxed and exploited in diverse associative forms, among individuals or legal entities, indiscriminately.
- c. Foreign investment, as in any other sector, does receive the same treatment as national investment.
- d. There are no limits to the number of hectares that private individuals or companies may own. However, the Executive has been given the faculty to enact a tax on any property exceeding 3,000 hectares.

v. Transport

Freedom of routes or operation permits for interprovincial public terrestrial transport under the form of concession exists. The same applies for international maritime transport. Also, procedures and requisites in order to facilitate capital and a firm's access to supply aerial services has become more flexible. Finally, freedom of train traffic has been established.

Taxation System

The government has made important modifications to the taxation system, reducing the tax burden applied to income and consumption, while having reduced a long list of taxes to the current four: the income tax with just to ranges (up to S/.50,000 Soles of net aggregate income is 15%, and over that amount 30%), the general sales tax of 18% (16% plus 2 points for the Municipal Promotion tax), the selective consumption tax for some specific items and tariffs at 20% and 12%.

ACTIONS

These measures have been the backbone of a very wide economic and institutional deregulation. In that sense, the Peruvian government is now committed to preserving and consolidating what has been achieved up to now.

In 1997 the main privatization drive has concentrated in activities related to mining and the generation and transmission of electricity. In addition, the government has launched an aggressive program of investment concessions in infrastructure projects and public services (with the exemption of the municipal ones) directed at the private sector (national and foreign). For that purpose, the Special Privatization Committees of COPRI – the Commission for the Promotion of Private Investment Promotion, has the faculties of carrying the privatization program in Peru – privatization of state owned enterprises and development of infrastructure projects through the concession modality.

Special Airport Committee

In view of Peru's rugged geographical features, airports play a fundamental role in promoting the development of the country, providing facilities for local and foreign trade, gathering access to new markets, encouraging the flow of tourism and linking the different regions of Peru with the rest of the world.

The Peruvian Corporation of Airports and Commercial Aviation -- CORPAC manages 33 airports which receive domestic and /or international commercial flights. The main airports capable of receiving international flights are Lima, Iquitos, Cusco, Tacna and Arequipa.

The "Jorge Chavez" international airport is located in the Province of Callao in the department of Lima. It is the most modern and has the best airport facilities in Peru. This airport takes in the most passengers and the largest volume of freight, and due to its strategic geographical location it can become a very important "commercial hub" in Latin America.

It represents an excellent business opportunity for the private sector because of the heavy air traffic it handles and its increasing development.

The public tender to grant the concession of Lima's international airport will take place the first trimester of 1999.

The other four important airports: Cusco, Arequipa, Iquitos and Trujillo will be tendered according to the defined strategy and schedule actually in progress. The Cusco Airport may be the next airport tendered.

Special Committee for Ports Concessions

In view of Peru's geographical location in South America, port facilities play a strategic role. Trade, particularly between member countries of the Asian Pacific area in recent years has been increasing at a faster pace than the world average and this tendency is likely to continue.

The Government is seeking to upgrade the existing management of its ports in order to make them more efficient. The objective is to offer in a public tender seven ports that will be operated under concession contracts. These ports: Paita, Salaverry, Chimbote, San Martin, Illo, Matarani and Callao are currently run by the National Ports Company - ENAPU. The first two ports to be granted in concession are Matarani (nearly 7% of the country's cargo volume is concentrated here, and it represents an important port facility for neighboring Bolivia) and Illo (caters fishery and mining sectors, and is also important for Bolivian trade) which are scheduled for the first trimester of 1999.

Special Committee for National Road Network Concessions

In a country like Peru, the development of road infrastructure is a fundamental element for the national and regional integration of the different economic activities in the country. A road network in good condition will help reduce transport costs for individuals, merchandise and the flow of tourism.

The Government is determined to encourage private investment in highways under a concession system. As far as investors are concerned, their potential profits would be based on direct fees charged for rendered services, based on dynamic economic growth.

The Government has been working to upgrade its national road network since the beginning of the decade. The national road network covers 74,000 Km of which just 12% are paved. In order to put Peru on par with regional standards; the government is seeking to grant in concession a total of 7,000 Km. of the 17,000 Km. that constitute the national road network.

These 7,000 Km. have been divided into 11 routes covering the Pan-American highway as well as the corridors to the interior of Peru.

The first route to be handed over to the private sector on concession, Network Route No. 5, which covers 200 Km. of Pan-American Highway to the north of Lima, as well as 200 Km. of an alternate route to the "Carretera Central", the main artery of the Andes.

The Special Committee of Privatization is currently in the final stage of reviewing, both demand traffic studies as well as final engineering projects. These, along with a fixed concession period and traffic rate per 100 Km., will be given to potential private investors. The concession should be awarded based on highest economic value to the State, given set quality parameters. The process is expected to begin in December 1998.

The Special Committee has undertaken economic and technical studies which are necessary for the Project, and it has already started the process of hiring and Investment Bank which will advise the Committee on how to promote the project until it is given in concession to the successful bidder.

Special Committee for Olmos Hydroelectric and Irrigation Project

The Olmos Irrigation and Hydroelectric Project is located on the north coast between the departments of Lambayeque, Piura and Cajamarca. The project will enable farmers to draw in, regulate and channel waters from the three rivers in the Amazon Basin over to the Pacific watershed so as to expand the agricultural front. The project will make it possible to irrigate more than 66,000 hectares in the valleys of Cascajal, Olmos, Motupe, La Leche and Alto Piura.

Alto Piura Special Committee

Another irrigation project to be included within the concession program covers the creation of arable land in the upper-reaches of the Piura Valley (northern coast).

The Huancabamba River, which flows through the Amazon Basin, and whose waters would be channeled into the Pacific Ocean would make it possible to irrigate 34,298 hectares of land. The second source is from underground water in the valley, with the purpose of regularizing the irrigation of approximately 29,000 hectares in the old "Alto Piura" valley. The Committee is working with an Investment Bank in order to define the strategy, the method and the conditions of the concession which will allow to select an investor to secure the construction, maintenance and operation of the works and services of the project.

Simultaneously, the Committee is accomplishing the actions to hire a technical consultant who will carry out the environmental impact study, which will assure the viability of the infrastructure and the public services of the concession. The Committee hopes to start the bidding process to grant in concession the project in January 1999 and conclude it in October of the same year.

Special Committee for Transport and Gas Distribution

The Camisea project is one of Latin America's largest gas projects, and involves the construction of a pipeline that will enable the project to supply natural gas to Lima and meet the energy demand from 1.4 million households. Also, gas could be used to meet energy demand in the industrial sector, which is currently covered by oil based products such as Diesel Number 2 and residual petroleum.

Special Committee for the Biabo Forest

The Biabo forest covers some 2.1 million hectares, located between the departments of Loreto, Ucayali and San Martin. The Government is studying to transfer the forest concession to the private sector, breaking it down into blocks of 20,000 to 40,000 hectares each. The concessions will be granted for a period of 50 years, which can be renewed for a similar term. The lots are scheduled to be put up for bidding in a public tender in late February 1999.

Philippines's Individual Action Plan 1998

DEREGULATION

Deregulation

Current Position

The Philippines has accelerated its adoption of market friendly reforms cognizant of the primacy of the private sector as the engine of growth, with the government providing the proper policy environment. The deregulation of the domestic regime has been undertaken in tandem with privatization and liberalization initiatives.

The Philippines has successfully privatized a number of government owned-or-controlled corporations and returned to private sector hands certain acquired assets. These include hotels, banks, an airline, steel firm, mining companies, petroleum refinery, etc. Scheduled for privatization are, among others, a fertilizer plant, smelting corporation, power-generating and transmission corporation. This consist the first wave of privatization.

The Philippines is now in the second and third waves of its privatization efforts. The second wave has been done through the BOT scheme and its variants primarily for the provision of energy, construction of roads and other infrastructure facilities. The third wave covers social sectors such as health services and education and pension funds.

A major restructuring of the tax system is being undertaken. This is aimed at making the system more equitable, the rates more reasonable and to facilitate administration.

A major reform in the financial sector is the liberalization in the entry of foreign banks, with issuance of RA 7721 in May 1994. This is a significant move considering that it amends a law which has been in place since 1948 and has limited to only 4 the number of foreign banks operating in the Philippines. Entry of foreign banks is allowed under 3 modes:

- ten (10) new foreign banks can open branches in the Philippines with full banking authority;
- an unrestricted number of foreign banks is allowed to set up locally incorporated subsidiaries up to 60% of which may be foreign owned; and
- an unrestricted number of foreign banks may enter the Philippines by acquiring up to 60% ownership of domestic banks.

On insurance, this has been opened to foreign equity up to 100% since October 1994.

Other reforms that have been implemented are:

- further reduction of the reserve requirement;
- lower capital requirement for bank branching, particularly as regards thrift banks;
- expanded use of ATMs;
- liberalization of accreditation guidelines for securities dealership of Treasury bills;
- simplification of reportorial procedures of banks;
- lifting of restrictions on repatriation of foreign investments;
- increasing the ceiling on outward foreign investments;

- reduction of requirements against deposit and deposit substitutes of banks and non-banks;
- removing restrictions on automatic conversion into pesos of a certain portion of foreign loans, limiting foreign loan approvals;
- extension of foreign currency denominated loans to indirect exporters;
- lowering of BSP rediscount rate to increase utilization thereof; and
- creation of an exporters' dollar facility funded by Bangko Sentral ng Pilipinas (BSP).

The exchange rate continues to be market-oriented with the BSP participating in the foreign exchange market when warranted to minimize unwanted fluctuations.

RA 8479 or the Downstream Oil Industry Deregulation Act of 1998 was approved on 10 February 1998. This measure removed the restrictions on the importation/exportation of crude oil and petroleum products; imposed a uniform rate of duty of 3% on crude oil and refined petroleum products; provided for the promotion of fair trade practices and the prevention of cartelization, monopolies, combination in restraint of trade and any unfair competition in the industry; and provided for incentives for five (5) years from registration with the Board of Investments pursuant to EO 226. On 14 March 1998, EO 471 was signed declaring the full deregulation of the downstream oil industry. However, LPG, regular gasoline and kerosene shall be covered by the Automatic Pricing Formula pursuant to RA 8479.

The Foreign Investments Act of 1991 has been amended. The amendments include, among others, the following: total removal of List C; elimination of list of strategic industries; reduction of the minimum paid-in equity capital from \$500,000 to \$200,000 for foreign-owned domestic market enterprises and to \$100,000 if they involve advanced technology or if they employ at least 50 direct employees; and deletion of the 3-year requirement before a domestic market enterprise may change its status to export-enterprise.

RA 8366 (Investment Houses Law) was passed on 21 October 1997 increasing foreign equity participation to 60% of the voting stock of an investment house. It further allows foreign nationals to become members of the Board of Directors to the extent of their participation in the equity of the enterprise.

RA 8556 (The Financing Company Act of 1998) was signed into law on 26 February 1998 increasing foreign equity participation to 60% of the voting stock of a financing company.

EO 11, "Approving the Third Regular Foreign Investments Negative List", was issued on 11 August 1998 which delists private domestic construction contracts from the Negative List, thus allowing up to 100% foreign equity participation.

RA 529, which prohibits the payment of domestically contracted obligations in foreign currency, except in four (4) cases, was repealed by RA 8183 on 11 June 1996. Under the new law, all monetary obligations are to be paid in Philippine currency. However, the parties may agree that the obligations shall be settled in any other currency at the time of payment.

The restriction on domestic borrowing of foreign firms has been lifted effective 1 January 1997.

The Metropolitan Waterworks and Sewerage System was privatized on 1 August 1997.

The Philippines maintains transparency in all its actions as part of the democratic process. Public hearings or consultations are usually conducted in the formulation of policies. The private sector and civil society have representation in certain government councils/committees. Laws and rules and regulations cannot take effect until after fifteen (15) days following complete publication in the Official Gazette or in a newspaper of general circulation in the Philippines unless otherwise provided.

time line	1998-2000	2001-2020
Obj. (a)	promote transparency of regulatory regimes	
	The Philippines will endeavor to further improve transparency of its regulatory regime through more timely publication of laws and rules and regulations and in the most widely read newspapers.	

Deregulation (cont.)		
time line	1998-2000	2001-2020
Obj. (b)	<p>eliminate trade and investment distortions arising from domestic regulations</p> <p>In its continuing program, the Philippines will initiate and implement measures that will further deregulate its domestic regime, taking into account its sustainable development thrust.</p> <p>Contemplated measures to be determined by Congress include those to:</p> <ul style="list-style-type: none"> • extend application of condominium law to industrial estates • open retail trade to foreign participation • relax requirements and improve benefits accorded to foreign entities setting up regional headquarters and warehouses • in investment companies, allow membership of foreign investors in the board and provide for up to 100% foreign equity participation • in investment banks, liberalize foreign equity participation • in maritime and land transport, deregulate rates and routes • gradually phase-out inter-grid subsidy and unbundle generation and transmission tariffs for electricity 	<p>The Philippines will continue to review and improve its regulatory regime.</p>

Russia's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

The legislation of the Russian Federation in the sphere of deregulation, competition and antimonopoly policy is based on the Constitution of the Russian Federation and the Federal Law On Competition and Prevention of Monopolistic Activity On Commodity Markets, formulated in accordance with international principles and norms, as well as on the federal laws, decrees by the President of the Russian Federation, acts, and instructions of the Government of the Russian Federation issued under this law.

The Ministry of the Russian Federation for Antimonopoly Policy and Business Support is in charge of direct competition & antimonopoly policy coordination and regulation.

The status of an observer in the Committee for Legislation and Competition of the OECD accorded to the Russian Federation in 1996, as well as the signing and implementation of several intergovernmental agreements and cooperation programmes are a proof of high efficiency of the deregulation & competition policy of the Russian Federation.

The basic requirements and objectives for a short & long term russian deregulation policy are also subject of sector 9. COMPETITION POLICY.

Singapore's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade- and/or investment-restricting than necessary to fulfill a legitimate objective.

I. Current Position

Singapore believes in the discipline of market forces and has, in the past few years, embarked on a programme to corporatize/privatize the provision of major public services. These include electricity, gas, telecommunications, local transport (including train, bus and taxi services), broadcasting and postal services.

Regulation, where applied, is to provide prudential supervision (for example, in the financial services sector), ensure public safety, protect consumer interests, protect national security interests and ensure that the Singapore market is not over-supplied.

II. Objective (a) - to promote transparency of regulatory regime

Singapore will:

Short/Medium/Long Term (1998 - 2010)

- maintain high transparency of its regulatory regimes and explore ways to further improve transparency.

III. Objective (b) - to eliminate trade and investment distortions arising from domestic regulations

Singapore will:

Short/Medium/Long Term (1998 - 2010)

- continue with its programme to corporatize and privatize major public services where appropriate; and
- continually review current regulatory regimes with a view to eliminating any over-regulation and unnecessary bureaucracy.

Chinese Taipei's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and*
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.*

I. Heading Statement

Since the 1980s Chinese Taipei has been implementing policies designed for economic liberalization and internationalization; efforts have been made to remove unnecessary regulations that domestic industries faced. In 1997, Chinese Taipei further eliminated restrictions on the import of many products and relaxed regulations on investment and various industries including finance, telecommunication and transportation; it has also advanced the privatization and announced the timetables for the future liberalization of the petroleum and telecommunication markets and the future privatization of state-run enterprises. These actions will steadily bring into reality Chinese Taipei's consistent goals of internationalization, liberalization, and privatization. In addition, in order to conform to the APEC principle of transparency, there are channels available for making inquiries about the deregulation measures taken by Chinese Taipei. Meanwhile, Chinese Taipei would also provide relevant concrete, complete information and publications for the reference of APEC members.

To accelerate the attainment of the APEC goal of trade and investment liberalization and to carry out regulatory reform, Chinese Taipei in 1995 proposed the "Asia-Pacific Regional Operations Center" (APROC) national reconstruction plan. Divided into short-term, mid-term, and long-term, the APROC plan is to gradually implement the following processes (1) promoting trade and investment liberalization; (2) reducing entry and exit barriers for natural persons; (3) relaxing limitations on the inward and outward transfer of capital; and (4) establishing a legal environment suited for a society with advanced information technology under five general principles including "Competitive policy in prime and industrial policy in aiding". These and other concrete measures will facilitate the smooth flow of domestic and foreign personnel, goods, capital, labor services, and information and eventually raise the level of Chinese Taipei's economic liberalization and internationalization.

The deregulatory and liberalization measures currently being taken by Chinese Taipei are all in accord with the goals of the Bogor Declaration, and the actual pace and schedule of the implementation of each stage are in full compliance with the objectives and guidelines of the Osaka Action Agenda. In the future, Chinese Taipei will continue to follow the objectives stated in the Bogor Declaration, eliminate or relax in stages all unnecessary trade and investment barriers, promote trade and investment liberalization throughout the Asia-Pacific region, reinforce the multilateral trading system, and actively seek broader plans for cooperation and development among all member economies.

With respect to the extent of remaining regulations which is envisaged to be deregulated, because Chinese Taipei is currently engaged in negotiation for accession to the WTO, certain areas in transportation, telecommunications, finance, services (such as insurance and legal services), and investments are still not completely open; certain state-run enterprises also await privatization; several import-export tariffs and certain non-tariff barriers also await further liberalization. In the future, after formal admission to WTO and in coordination with the pace of implementing its Asia-Pacific Regional Operation Center (APROC) national reconstruction plan, Chinese Taipei plans to engage further in the process of deregulation by stages.

This part of the individual action plan will place emphasis on the legal changes to effect deregulation measures, in order to provide more complete explanations about the content, public announcements, and dates of implementation of these deregulation measures in related areas. As for the details and future objectives of Chinese Taipei's liberalization measures in each area, please refer to the contents of each area in this IAP.

II. Detailed Statement

A. Current Position

In order to prepare for its entry into WTO and achieve its own APROC goals, in recent years Chinese Taipei, according to each stage of the trade and investment liberalization plan, has gradually been deregulating or liberalizing unnecessary regulations over each industry. A brief outline of the contents, public announcements, and timelines for several already-implemented deregulatory measures is given below:

- **Trade in Goods**
 - During the period from October 1997 to June 1998, Chinese Taipei has gradually deregulated or relaxed relevant regulations on import of 138 products and export of 253 products. Of these products, there has also been a reduction or elimination for 133 products on requirements of applying to relevant authorities for import permits before import.
 - In May 1997, the “Statute for Establishment and Administration of Export Processing Zones” was revised. The products from the Export Processing Zones will no longer be for export only, so as to further facilitate open and free trade.

- In August 1997, Chinese Taipei eliminated relevant examination requirements on import of the Hydrographic and Land Maps, so that they can be imported on a free and open basis. However, maps covering the territory of Chinese Taipei may be distributed and sold only after approval by the agency in charge.
- In addition to accepting applications for registration of imports of OTC products ever since the "OTC monograph" was completed and announced in April 1996, Chinese Taipei also began accepting applications for registration of imports of toll-manufactured new chemical entity (NCE) pharmaceuticals in February 1997.
- From April 1, 1998, the import and export of all publications will be handled by Chinese Taipei Customs, except for the export of publications produced by Chinese Taipei businesses on commission from foreign businesses and the import of publications from Hong Kong and the China, which will still require inspection and approval by the Government Information Office.
- Foreign-investment manufacturers are allowed to toll-manufacture for more than one pharmaceutical company outside Taiwan and to manufacture cosmetics and foods on the site from July 1998.
- The application for registration of imports of split-process toll-manufactured pharmaceutical product is accepted from May 1998.
- The requirements for new drug application, such as free sale certificate and local clinical trial, have gradually been deregulated since October 1997.
- Up to now, general cosmetics have been completely exempted from product registration.
- In June 1998, the restriction that foreign-investment manufacturers could only manufacture the products originating from a parent or affiliate manufacturers from the ten advanced countries was eliminated.

- **Privatization**

- Chinese Taipei has been in the move to privatize state-run industries since 1989. This includes state-run enterprises under the auspices of the Ministry of Economic Affairs and other domestic governmental agencies that have been gradually transferred to private management. By 1996, six state-run enterprises (Chung Kuo Insurance Co., Ltd., Yangming Marine Co., China Petrochemical Development Corp., China Steel Corp., BES Engineering Corp., and the Liquidized Petroleum Supply Administration) have been privatized.
- The Shipbuilding Plant of Taiwan Machinery Manufacturing Corp. under the Ministry of Economic Affairs in Chinese Taipei was sold to South-East Cement Corp. on January 10, 1997. In addition, the alloy plant of Taiwan Machinery Manufacturing Corp. was sold to Lon Chen Fa Iron-works Co. Ltd. on June 30, 1997.
- In June 1996, the revision of the "The Administrative Measures for Licensing Operation for Firms of Exporting, Importing, Producing or Selling Petroleum and its Products" was completed and promulgated. This revision has eliminated restrictions on petrochemical refineries and fully opened this industry for participation by the private sector, whose products may also be sold directly in domestic and foreign markets. This establishes a sound environment for the development of the petrochemical industry and will lead to liberalization of the market in petrochemical products.

- Chinese Taipei has formulated timetables for 42 government-run corporations to privatize during the next 5 years.

- **Services**

With respect to service industries, at present the first stage of the liberalization plan has already been completed. Below is a brief description of updated and concrete liberalization measures being undertaken in the areas of transportation and warehousing, telecommunications, finance, and industrial and commercial service industries:

(a) Transportation and warehousing

- Liberalization of air transport:
 1. In September 1996, the revision of the “Regulations Governing the Civil Air Transport Enterprises” was passed. This relaxed the regulations over the operation of private transport businesses, such as the helicopter transportation business, and it simplified the related licensing application procedures for these businesses.
 2. In November 1996 and January 1997, permission was granted respectively to the American companies, United Parcel Service (UPS) and Federal Express, to set up and operate their own distribution centers at Chiang Kai-Shek International Airport.
 3. In May 1997, the revision of the “Regulations Governing the Air Freight Forwarders” was amended.
 4. During the WTO bilateral accession negotiations on the services sector, Chinese Taipei has already made commitment to waive, on a reciprocal basis, the limitation on foreigners’ equity holding and on the number of foreigners as the board directors in air freight forwarding companies.
 5. In order to attain the goal of becoming a regional air cargo transshipment center, the Civil Aviation Law was revised on January 21, 1998. Accordingly, the ratio limitation imposed on equity-holding by foreigners and the number of foreign directors in the boards of local enterprises providing air freight forwarding services, airport terminal ground-handling services and off-airport air cargo terminal services was raised up to 50%. In addition, the reciprocal treatment condition imposed on foreign air freight forwarding enterprises for setting up branch offices in Chinese Taipei was lifted.
 6. In order to privatize the Taipei Air Cargo Terminal, an Implementation Plan was made and approved by the competent authorities.
- Liberalization of sea transport:
 1. In January 1996, the “Law on Commercial Ports” was revised. This removed the preferential rights that Chinese Taipei transport companies and container transport companies had enjoyed in terms of renting and investing in harbor facilities and gave foreign legal persons equal treatment.

2. In February 1996, the “Regulations Governing Implementation of Automatic Customs Clearance of Cargo” were revised. These removed the requirement that written reports and other documentation must accompany goods after being released by way of no-document review no-cargo examination in order to simplify customs procedures.
3. In October 1996, the “Ship Law” was revised. This increased the ratio of permitted foreign investment in Chinese Taipei registered ships from one-third to one-half.

(b) Telecommunications

1. In accordance with the APROC plan, Chinese Taipei will open its telecommunication services market in three stages. It already opened its Type 2 value-added network services sector and its public CT-2 in the Type 1 basic telecom services category.
2. In January 1997, the revision of the “Regulation on Radio Wave” was completed, and in February the “Regulation on Type II Telecom Enterprises” was also completed. In the future, these will further relax regulation of the telecommunication market and establish a freer, fairer environment for telecom operators.
3. In February 1996, the amendment and legislation of the “Telecommunications Law,” “Organizational Statute of the Directorate General of Telecommunications, Ministry of Transportation and Communications,” and “Statute of Chunghwa Telecom Co., Ltd.” were completed. This completely lifted the upper limit of the investment by foreign companies in Chinese Taipei for value-added network services. Moreover, it allowed joint foreign and domestic investment in and operation of basic telecommunication services, and it further broadened the scope of telecommunications value-added network services. However, the upper limit of the aforementioned foreign investment in jointly operated basic telecommunication services is kept at 20%.
4. In April 1996, the “Regulations Governing Mobile Telecommunications” were promulgated. These allow business operation in the areas of mobile telephones, radio paging, trunked radio, and mobile data communications. At present the assessment of licenses to be awarded is under way, and in the future we will continue to complete the third stage of liberalizing telecommunications services.
5. Chinese Taipei has opened up voice services for closed user group in corporation without any limitation on foreign shareholding.
6. Chinese Taipei began to accept license applications for the Satellite TV Broadcasting Links Services in August 1997.
7. In December 1997, the "Administrative Rules on Satellite Relay Services for Satellite Broadcasting Program" was announced to open up Satellite up-link services.
8. In December 1997 Chinese Taipei announced the license applications for provision of fixed Satellite Service & Mobile Satellite Service.

(c) Financial Sector

– Measures taken to liberalize the securities market:

1. The “Futures Trading Law” was promulgated in March and implemented in June 1997. The Taiwan International Mercantile Exchange (TIME) is being formed and is expected to commence operation in December 1997.
2. The amendments of the “Securities and Exchange Act” were promulgated in May 1997. Major changes include lifting of the nationality restriction on securities brokers and stockholders of the Taiwan Stock Exchange (TSE) and elimination of the regional restriction on the stock exchange.
3. Effective June 1, 1997, the issuance and trading of warrants of 31 selected TSE stocks were opened.
4. In January 1996, all restrictions on outward remittance of capital by foreign investors in the domestic stock market were lifted.
5. In February 1996, the “Guidelines for the Offering and Issuance of Securities by Foreign Issuers” were enacted. These allowed foreigners to come to Taiwan and issue valuable securities to raise capital, and they promote the internationalization of the money market.
6. In March 1996, the regulation limiting foreign investment in securities investment and trust companies to 49% was lifted.
7. In March 1996, the “Regulations Governing Securities Investment by Overseas Chinese and Foreign Investors and Procedures for Remittance” were revised. These raised the respective ceilings for individual and collective investments of foreign investment organizations, legal entities or natural persons in the stocks of a single publicly-traded company to 7.5% and 20%, abolished the overall US \$7.5 billion limit on direct overseas Chinese and foreign investment in securities, and comprehensively allowed investment into the domestic securities market by all overseas Chinese and foreign natural and legal entities.
8. In November 1996, the said ceilings for individual and collective investments of foreign investment organizations, legal entities or natural persons in the stocks of Chinese Taipei were again raised to 10% and 25%. In December 1996, the US \$ 0.4 billion ceiling amount for the said investments was also increased to US \$ 0.6 billion and, in October 1997, the period for remitting in funds was again extended from six months to twelve months.
9. To promote internationalization of the domestic stock market, from 7, 1998 ratios of total stocks issued by any single company that may be held by each foreign investor and all foreign investors were increased from the original 10% and 25%, respectively, to 15% and 30%.

– Measures taken to liberalize the insurance market:

1. In May 1997, the “Regulations Governing the Administration of Insurance Enterprises” was Amended so that now only a reporting requirement rather than a prior approval requirement is needed for policies which are international in nature and relate to special circumstances or for policies which have been approved by the MOF.

2. In January 1998, the insurance premium rates for "personal accident insurance" and for "travelers' accident insurance" were amended so as to become flexible; thus serving as a starting point for the general liberalization of insurance premium rates in the future.
 3. In February 1998, the "Admission Standards and Administrative rules Governing Foreign insurers in their application for the establishment of branches in Chinese Taipei. The period now begins on 1 July and extends until the end of each year.
 4. In June 1998, the "Key Points for Reviewing Application of Non-life Insurance Products" was amended to internationalize and liberalize the insurance market and to shorten the policy review procedure for non-life insurance products.
 5. To internationalize the insurance market and provide more choice to consumers, some insurance policies, under certain circumstances, can be issued in English. However, a Chinese version should be supplied to the MOF for monitoring purposes.
- Measures taken to liberalize the banking industry:
1. In May 1997, the revision of the "Central Bank Act" was passed. The foreign liability limits for authorized foreign exchange banks was abolished, and a reserve requirements system will be adopted, if necessary.
 2. In March 1997, the two-year operating experience requirement for establishing additional offices by foreign banks was removed.
 3. In January 1996, the "Trust Law" was enacted. This established a trust system in order to facilitate the development of new kinds of financial products.
 4. In October 1997, the "Offshore Banking Act" was revised. The business scope of offshore banking units has been enlarged significantly.
 5. In 1997, the draft revision of "Deposit Insurance Act" was submitted to the legislature for the purpose of enhancing the capacity of both competent authorities and the deposit insurance corporation to deal with unhealthy financial institutions.
- Measures taken to liberalize the foreign exchange regulation:
1. For recent years, Chinese Taipei has been liberalizing foreign exchange regulations based on the spirit of "Free in principle and managed by exceptions," in order to come closer to achieving the objective of liberalization.
 2. In December 1996, Chinese Taipei lifted several restrictions to permit any one who has the need for foreign exchange to engage in forward foreign exchange transaction with authorized foreign exchange banks, upon presentation of related underlying transaction documentation or approval letters issued by the competent authority.
 3. In June 1997, the annual limit that a company registered with the competent authority is allowed to freely settle foreign exchange against NT dollars was raised to US\$ 50 million from US\$ 20 million.
 4. In January 1996, all restrictions on period for outward remittance of capital by foreign investors in the domestic stock market were lifted.

(d) Industry and business service

1. In May 1997, the "Employment Service Law" was revised, which will help extend the employment time-limit for foreign workers.
2. In July 1997, in accordance with the passage of the revised "Implementation Regulation of Employment Service Act," the existing requirements on the educational background and working experience of foreigners who are willing to work in Chinese Taipei were relaxed, and administrative procedures were also streamlined.
3. In January 1996, the draft revision of the "Weights and Measures Law" was sent to the Legislature for review and discussion, which will eliminate the permit requirement for businesses that sell, certify, and export measuring instruments.
4. In April 1996, amendment to the "Rules Governing the Hiring of Foreigners by Local Lawyers" was promulgated and will be implemented after WTO accession. This, together with the revision of the "Employment Service Law," will protect the status of foreigners hired in Chinese Taipei, and will simplify the certification procedures for such foreigners.

• **Measures to liberalize investment**

1. In recent years Chinese Taipei has progressively adopted liberal, open policies on direct investment by foreigners, and at present it has taken several measures to encourage foreigners to invest in Chinese Taipei.
2. In September 1997, the "Rules Governing the Approval and Administration of Foreign Specialists and Technical Personnel Employed by Public or Private Enterprises and Ranking Executives Employed by Overseas Chinese or Foreign National Invested Enterprises" was completed. In the future, the limitation on the hiring of foreigners will be relaxed, and the application procedures, review procedures, and documentary requirements for foreign juridical persons coming to Chinese Taipei on work contracts will be simplified.
3. In July 1996, the "Negative List for Investment by Overseas Chinese and Foreign Nationals" (this lists areas where investments by overseas Chinese or foreign nationals are prohibited or limited) was revised and published. To encourage investment, this changed Type 1 telecommunications industries, real estate industries (buying, selling, and leasing), and land development industries from the "prohibited category" to the "restricted category," entirely removed Type 2 telecommunications industries and oil refining from the Negative List, and also simplified review procedures for foreign investment.
4. Beginning in October 1996, the screening procedures on foreign investments were substantially simplified. In all instances wherein foreigners apply to invest or expand capital in businesses not included on the "Negative List for Investment by Overseas Chinese and Foreign Nationals," and the investments are NT \$ 0.2 billion or less, an "express screening procedure" is used, so that a letter of approval may be received in one to two days.
5. On May 27, 1998, the Executive Yuan approved the revise of "Negative List for Investment by Overseas Chinese and Foreign Nationals." The electricity power supply industry, including power generation, transmission, and distribution, is now

listed in "Restrict" category, allowing overseas Chinese and foreign nationals to hold the shares up to 50%.

All the deregulatory measures described above are processed in a transparent manner; relevant information is made available to the public and the contents of relevant deregulatory laws and measures are published in government gazettes.

B. Action Plans

(a) Improve the transparency of regulatory requirements

Short/medium/long term (1998-2010)

Chinese Taipei will:

1. follow the APROC principle, "to strive for transparency of policy and indicate clearly the scope of government responsibility," and continue to publicize all deregulatory measures pertaining to trade and investment.
2. continue to publish or make publicly available all trade and investment related regulations.
3. continue studying the feasibility of putting all information related to deregulation on the Internet.

(b) Eliminate unnecessary regulations which may distort trade and/or investment

According to the five general principles of liberalization and internationalization that were publicly announced as part of the APROC plan, Chinese Taipei will deregulate in three stages to facilitate liberalization process. Below is a brief description of the deregulation plan:

Short/medium term (1998-2005)

Chinese Taipei will:

• **Trade in goods**

1. Continue the domestic legislative process for effecting Chinese Taipei's WTO accession commitments, and consider further lowering tariffs and elimination of non-tariff measures after WTO accession.
2. Deregulate in 2 stages. The first stage is to open the import of fuel oil, jet fuel and liquefied petroleum gas (LPG) to private enterprises in January 1999. The second stage is to open the import of all petroleum products by the end of June 2000.
3. Deregulate in stages, after our accession to the WTO, the control on textile products in line with rules of the ATC agreement. Chinese Taipei will eliminate all relevant export control according to the schedule set out in the ATC agreement.
4. To consider the abolishment of the local testing requirement for medical devices and accepting the foreign testing methods and results if the manufacturers comply with our GMP regulation.

5. To consider deregulation of the local clinical trial requirement for pre-marketing approval of contact lenses.
6. Continue to deregulate the requirements for new drug application in order to conform to the International Conference on Harmonization.
7. To lift the restriction of repackaging for imported pharmaceutical products.

- **Privatization**

1. continue to privatize during the next 5 years based on the timetables for 42 government-run corporations.
2. gradually open the production of tobacco, wine, spirits and beer to private sector in accordance with the policies of liberalization and privatization.

- **Services**

Chinese Taipei will continue domestic legislative process for effecting WTO accession commitments particularly in the areas of finance, insurance, telecommunications, transportation, and professional services, and movement of natural persons. Some of the important action plans in service is described as follows:

(1) Plans to liberalize Transportation

1. continue to improve its port management to improve the efficiency of harbor operations, improve construction of port facilities, increase cargo transshipment capability, and integrate inter-harbor function, in order to attain the goal of becoming a regional maritime trade and transshipment center.
2. continue to install in its harbors a fully automated customs system and automated network system to simplify cargo customs procedures.
3. continue to develop an express cargo transshipment center, an airline passenger transfer center, and an aerospace city, in order to attain the goal of becoming a regional aerospace transshipment center.
4. continue to encourage private investment or operation in businesses related to airport passenger and cargo facilities and services, such as air cargo terminals, airport hotels and car parks.
5. Completely liberalize the one-half ratio limitation on foreign equity-holding and number of foreign board directors in airport terminal ground-handling services, off-airport cargo terminal services and air freight forwarding services upon our accession to the WTO.
6. Privatize the Taipei Air Cargo Terminal according to the approved privatization plan.

(2) Plans to liberalize telecommunications market

1. continue the step-by-step liberalization of telecommunications, adjust tariff structure, and integrate its basic National Information Infrastructure (NII) to achieve the goal of becoming an Asia-Pacific regional telecommunications center.
2. continue to review and draft the “Schedule of Service Items, Scope, Deregulation Timetable, and the Number of Providers of Type 1 Telecom Enterprise” to allow operation of private companies in the international, long-distance, and local telephone markets.

3. continue to open the telecommunication sector according to the liberalization timetable, in which the satellite communications is scheduled to be opened in December 1999, the fixed network communications will be opened by 2001. These actions will gradually achieve the goal of full liberalization in telecommunications sector.
4. continue reviewing and revising relevant laws aiming at relaxing the limitation on foreign shareholding in Type I Telecommunications enterprises so as to follow the policy of liberalizing the telecommunications sector.
5. DGT expects to finalize network interconnection regulation before December 1998.
6. The article on foreign investment proportion in Telecommunications Act is to be amended as follows, "Foreign investment in the service providers other than Chunghwa Telecom is raised up to 60% with direct investment not exceeding 20%. As for Chunghwa Telecom, foreign investment including direct and indirect shareholding shall not exceed 20%."
7. Chinese Taipei will announce license applications for provision of fixed network service in January 1999.

(3) Plans to liberalize financial market

- continue pushing for the comprehensive liberalization of inward and outward movements of capital, in line with the goals of the APROC plan. This will integrate the domestic and foreign financial markets, improve the whole financial environment, and go further in developing sound capital, foreign exchange, insurance, gold, futures, and bills markets, thus gradually accomplishing the goal of becoming a regional financial center.
- continue to increase the ceilings on foreign investment in the stock market and further relax limits on free currency exchange by individuals and corporations and on foreign investment into domestic securities, in line with the policy of liberalizing foreign exchange control.
- continue discussing the feasibility of appropriate relaxation of controls on insurance rates. It will also study how the requirement for "prior approval" of policy clauses may be changed to the "use and file" system.
- continue reviewing and discussing the revision of the "Guidelines for the Screening Applications for the Establishment of Branches and Representative Offices by Foreign Banks," to make progress in relaxing restrictions on foreign banks coming to Taiwan to set up operation.
- continue to study revision of the "Banking Law," to make the banking regulatory regime sounder and to expand the range of banking services.
- completed revision to the "Offshore Banking Act" to further expand the scope of its international finance business.
- continue the liberalization process on capital movement progressively, in order to achieve the goal of "free in principle and managed by exceptions."
- To accelerate the innovation of insurance products and improve bureaucratic efficiency, upon accession of Chinese Taipei to the WTO, Chinese Taipei is committed to shortening the policy review procedure. Our goal is to have policies approved within 15 days if a like policy has been previously approved by the MOF or within 3 months if the policy is a new product.
- foreign mutual insurance companies with net worth of at least \$2 billion NT shall be permitted, upon accession of Chinese Taipei to the WTO, to establish

direct branches in Chinese subject to the normal prudential regulatory approval process.

(4) Plans to liberalize industry and business services

- continue to review and revise the “Employment Service Law” so as to extend the employment time-limit for foreign workers and put all procedures pertaining to the hiring of foreigners under a single law and a single responsible agency, with a view to achieving the goal of reducing barriers to personnel passing across its borders.

- **Investment**

1. To continue reviewing and revising the “Negative List for Investment by Overseas Chinese and Foreign Nationals” “Statute for Investment by Overseas Chinese” and the “Statute for Investment by Foreign Nationals” according to international practices, to simplify investment review procedures, and relax the equity holding limits on foreign investment in certain industries, in order to make progress in matching international practices in foreign investment.
2. Article 18, Paragraph 3 of the revised draft of the Cable Television Law explicitly stipulates that Shares acquired by foreign nationals through direct and indirect investment in cable television operations shall be less than 50% of the total shares issued by the cable television operators concerned. Only corporate bodies shall be permitted to acquire shares through direct investment and this shall be less than 30 percent of the total shares issued by the cable television concerned.

This revision represents an appropriate step toward the liberalization of investment by foreign nationals and intends to attract foreign capital and technology to Chinese Taipei. The revised draft was submitted by the Executive Yuan to the Legislative Yuan for review on January 3, 1998.

Short/medium/long term (1998-2010)

Chinese Taipei will:

- continue studying and assessing regulations that may distort trade and investment and will revise the relevant laws, regulations, and administrative orders in due course.
- Relax, as appropriate, the restriction on insurance premium rates and clauses.

Thailand's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

Metropolitan Waterworks Authority

Current Position

The Government has a clear policy to increase the public utility service which is the fundamental part in developing the people's well-being and in keeping pace with rapid growth of the economy. As such, some parts of the related business may be handled by the private sector instead of being carried out by the state enterprises.

In response to the above Government policy, the Metropolitan Waterworks Authority(MWA) in 1992 amended the law on Metropolitan Waterworks Authority called the Metropolitan Waterworks Authority Act (No.5) such power shall also include : to form a joint venture with other persons or to hold shares in a limited company or a public company limited for the benefit of the activities of the Metropolitan Waterworks Authority ; and in 1994 MWA engaged Arthur D Little International Inc.(ADL), an international management consulting company, to carry out study on increasing the private sector's role in the MWA.

In order to formulate an appropriate privatization plan for water supply in Thailand, the Government has set up a policy regarding increasing the private sector's role in the industry. It has instructed the Interior Ministry to establish a formality to oversee the water supply industry, including the roles of the MWA and PWA so that privatization plans could be clearly implemented. The steps undertaken by the Interior Ministry include:

- Proposing the formulation of a committee responsible for the establishment of policy and overseeing the national water supply.
- Defining the scope of responsibility of the committee as follows:
 - To establish policies and guidelines in order to increase the private sector's role in the water supply industry including concession rights.
 - To establish a pricing policy including a formula to determine water tariff and fees.
 - To establish a consumers' protection policy regarding the water quality and services.
 - To propose formulation of a permanent agency to oversee the national water supply industry.

At present, MWA is in the process of seeking to engage a financial advisor to evaluate the opportunities and options for greater participation by the private sector in the MWA's undertakings.

Action Plan

Thailand will:

(1998-2000)

Policies and Future Plans

The main policy is to extensively and efficiently provide quality water supply with a fair service charge. The following work plans are to be urgently implemented:

- Improvement of water supply services for people in the outskirts of Metropolitan Bangkok by undertaking feasibility study for the investment of private company or establishing a subsidiary company to provide water supply for the people.
- Improvement of management practices of all Branch offices to be more commercialized by streamlining the various processes and procedures and giving the service a face-lift.
- Improvement of customer service including a cut of steps in new connection application to be a one-stop service and encouraging payment of water bills through the banks as well as introducing payment method such as Counter Service.
- Establishment of a subsidiary company to undertake new connection services, pipe repairs, etc.

Telecommunications

Current Position

According to Thai Telecommunication laws, the telecommunication services are monopolized by 2 (two) state-owned organisations. One is the Telephone Organisation of Thailand (TOT), which is responsible for providing domestic telephone and related services, and the other is the Communications Authority of Thailand (CAT), which is responsible for providing postal services, international telecommunication services and domestic telecommunication services other than the one provided by the TOT. However, there are some services that CAT and TOT provide which compete with each other.

In addition, due to a rapid increase in demand, the diversification of services driven by new technologies and the government's policy of limiting debts of the public sector, has resulted in more private sector participation in telecommunication services with the CAT and TOT on a Build-Transfer-Operate arrangement, generally known as joint ventures.

Action Plan

Thailand will:

(1998-2000)

- Separate the Communications Authority of Thailand into two organizations: the Postal and Monetary Service Provider and the Telecommunication Service Provider.
- Progressively privatize the Telephone Organization of Thailand (TOT) and the Communications Authority of Thailand (CAT).

- Set up a neutral telecommunication regulatory body to ensure and promote competition in telecommunication services.
- Progressively liberalize value added services.

(2001-2020)

- Gradually decrease the proportion of the government's share in the Telecommunication Service Providers (Former TOT and CAT).
- Liberalize telecommunication services.

Maritime Transport Services

Current Position

- 1) In general the private sector, both foreign and local, have already taken significant roles in providing maritime transport services as well as port and other related shore-based services.
- 2) To facilitate supply of maritime transport services to and from Thailand, ships of all nationalities calling Thai ports are treated equally on a first-come-first-serve basis.
- 3) As to privatization of maritime transport and related services;
 - i) There is only one government-owned shipping company and it is under the process of privatization.
 - ii) Construction and operating of private-owned port by private sector is allowable in accordance with relevant laws and regulations.
 - iii) For the government-owned ports, the Thai Government has maintained the policy that the private sector be allowed to take part in the operation of the existing facilities as well as funding the construction and operation of new facilities.
- 4) With regard to foreign investment in this sector, foreign equity participation is subject to general limitations under the Alien Business Law, except:
 - i) Investment in shipping company owning non-Thai vessel which is not subject to any limitation;
 - ii) Investment in a shipping company owning Thai flag vessel which is subject to specific limitation and conditions under the Thai Vessels Act B.E. 2481.

Action Plan

(1998-2000)

Thailand will consider further privatization of maritime port services and facilities.

Energy

Current Position

Energy is a crucial fundamental production factor in Thailand. In developing the potential of the country to be able to compete in the free market, the Thai Government has maintained the energy policy principle supporting fair competition in the free market economy. The Government will ensure that each entity will have equal opportunity to compete in the energy sector and, at the same time, will reduce the government control measures to the minimum. The current policy of efficient use and conservation of energy also helps to reduce the impact of energy consumption on the environment.

Action Plan

Thailand will:

(1998-2000)

- Seek to liberalize the natural gas market.
- Seek to liberalize the electricity supply industry.

(2001-2020)

- Review further liberalization of the natural gas market.
- Review further liberalization of the electricity supply industry.

The Express Transportation Organization of Thailand (ETO).

Action Plan

Private sector operators have been allowed to undertake freight transportation service at the Bangkok Port which was previously undertaken solely by the Express Transportation Organization of Thailand (ETO). Since the beginning of July 1997, there have been 17 interested companies and the ETO operating at the port.

The Dairy Cooperative Federation of Thailand Limited

Action Plan

Since 16 May 1997, any juristic persons have been allowed, in accordance with the Department of Foreign Trade's regulation, to import milk and cream, not concentrated, nor containing added sugar or other matters, including flavored milk. These products were previously imported solely by the Dairy Cooperative Federation of Thailand Limited.

USA's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and**
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.**

Recent Actions

Electronic Commerce

The United States sees electronic commerce as a revolutionary new enabling technology that can create economic activity within and across borders. For this reason, the United States is committed to ensuring that its regulation is minimal. Its activity in APEC has been undertaken not only in this light, but also with a view to raising awareness among APEC members about how governments and business can stimulate economic activity at home and across borders by reaching global markets efficiently and effectively with intelligent technologies, and without creating obstacles to growth.

Issues concerning regulation and taxation of the Internet have been, and will continue to be, actively considered in the United States Congress and Executive Branch. In addition there are ongoing initiatives to promote use of the technology, such as project programs to provide export assistance to under-served rural manufacturers and small businesses, and to provide notification of international procurement opportunities.

Telecommunications

On February 8, 1996 President Clinton signed into law the Telecommunications Act of 1996. This important legislation spurs competition in all communications services by, among other steps, opening local phone markets to competition, setting conditions for regional phone companies to enter new markets, gradually eliminating price controls on large and mid-size cable systems, and reforming other aspects of cable system regulation.

Recent FCC efforts strive to foster increased competition in local and long distance telephone services by addressing issues related to infrastructure sharing, universal service, and access charge reform. The FCC and the Department of Justice have reviewed and will continue to review a number of Bell Operating Company petitions to provide in-region

long distance services and will evaluate several major mergers and acquisitions as the industry continues to restructure itself following the Act. The FCC has also been actively revamping its regulation of the radio spectrum, auctioning licenses for a wide range of new services and establishing rules for a new generation of digital television.

In 1998, a Foreign Carrier Entry Order was issued, liberalizing foreign ownership in the US telecom industry. The FCC adopted new rules that will allow an open entry policy for carriers from WTO members and expand competition in the US domestic telecom market. The new rules replace the effective competition test (ECO test) for WTO members and streamline applications for authorization for a variety of activities including exceeding the 25% indirect foreign ownership benchmark for wireless licenses.

A Foreign Satellite Entry Order was issued in November, 1997, liberalizing procedures for provision of satellite services by non-U.S. licensed satellite systems. The FCC established a presumption in favor of access to satellite systems licensed by WTO members.

Costs and Benefits of Federal Government Regulation

After a study lasting several months, the Office of Management and Budget (OMB) released in September, 1997, a report on the costs and benefits of current regulation. The report was required by the Treasury postal bill passed in September 1996 (Senate Appropriations Bill, sec. 645a). The report represents the first step in a comprehensive review and reassessment of regulation in the United States. It covers estimates of the total annual costs and benefits of Federal Regulatory programs, including quantitative and nonquantitative measures of regulatory costs and benefits, estimates of the costs and benefits (including quantitative and nonquantitative measures) of each rule that is likely to have a gross annual effect on the economy of \$100,000,000 or more in increased costs, an assessment of the direct and indirect impacts of Federal rules on the private sector, State and local government, and the Federal Government; and 4) includes recommendations from and a description of significant public comments to reform or eliminate any Federal regulatory program or program element that is inefficient, ineffective, or is not a sound use of the Nation's resources. The report can be found at www.whitehouse.gov/WH/EOP/OMB/html/intro.htm.

Agriculture

Omnibus Farm Bill Implementation. The Department of Agriculture (USDA) has implemented major provisions of the Agricultural Market Transition Act (AMTA) and other key elements of the Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127) which was signed into law on April 4, 1996. AMTA removes Government authority to require producers to idle some of their land in order to qualify for Government payments. It provides for fixed payments in lieu of "deficiency payments" for several basic commodities. Only peanuts and tobacco remain subject to Government regulation of production or marketing and prices; however, price support levels for peanuts have been reduced. Both tobacco and peanut programs operate on a no-net-cost to the Government basis. Marketing allotment provisions which restricted domestic marketing of sugar under certain conditions have been eliminated, and other adjustments have been made in the sugar price support program including utilization of a more transparent formula to determine tariff rate quota (TRQ) levels for sugar imports based on forecast stocks to use ratios. Dairy price support levels have also been reduced, and will be eliminated by 2001.

The USDA has also implemented new rules for the Conservation Reserve Program to emphasize the environmental benefits from the land retired under long-term contracts in this program and to shift productive cropland out of the program back into crop production where it is economically justified.

APHIS Deregulation. Over the past year the Animal and Plant Health Inspection Service has concentrated on updating its import regulations to comply with the principles of transparency and equivalency contained in the World Trade Organization (WTO) agreement. APHIS has also revised its regulations to enhance trade opportunities by allowing additional articles to be imported into the United States. Particular examples from the past year include final rules that allow importation of Has avocados from Michoacan, Mexico; pork from Sonora, Mexico, and beef from Argentina. APHIS is also working on a final rule that will align its regulatory and decisionmaking structure for cattle and swine and beef and pork product imports with WTO principles.

Export Administration

The Bureau of Export Administration (BXA), which administers and enforces U.S. export controls on certain commodities, software, and technical data that have both military and civilian uses, completely re-wrote their Export Administration Regulations (EARs) in the past three years. The interim final rule was issued on March 25, 1996, and simplifies and clarifies a complex body of US regulations. It makes the EARs more user-friendly and is designated to ensure that novice and veteran exporters alike can more easily locate those regulations which pertain to them. This effort also liberalized licensing restrictions which liberalizes an estimated \$10 billion in computer technology exports.

Food and Drug Administration

The FDA has announced 36 reforms in the past year that will significantly cut drug approval times and streamline the pre-market clearance process for certain devices, including: eliminating prior approval of certain manufacturing changes for drug manufacturers; eliminating most environmental assessments that must now accompany drug applications; and, increasing the number of medical devices that do not need pre-market clearance. In addition, FDA is eliminating its lot release requirements for well-characterized drugs, which will generate significant cost savings and speed the development of drugs created through biotechnology without sacrificing safety.

Transportation Previous Actions:

The interstate deregulation effort was extended to interstate trucking on August 26, 1994 in PL 103-305. The regulatory barriers that are dismantled by this law will save shippers and consumers anywhere from \$3 billion to \$8 billion.

As part of the Reinventing Government effort, the Department of Transportation (DOT) has in recent months made over 50 substantive revisions to text in the CFR to reduce burden or duplication, or to streamline requirements. In addition, DOT has made major efforts to harmonize regulations with those of other countries, particularly European Community member countries. Both the Federal Aviation Administration and the U.S. Coast Guard have efforts underway to harmonize safety standards. These will achieve common standards that reduce unnecessary costs on airplane manufacturers without

lowering the level of safety provided by existing regulations. The FAA is also working on harmonization of various regulations, ranging from rotorcraft regulation to structural load requirements, with European Joint Aviation Requirements.

Procurement

The Federal Acquisition and Streamlining Act of 1994, simplifies procedures for Federal purchase of commercially available goods, promotes the development of computer networks for conducting procurement electronically, and provides more flexibility in awarding and financing government contracts. It will provide billions of dollars in savings for both the private and public sector by increasing the efficiency and transparency of the government's procurement process.

Securities

Rule 144A, adopted in 1990, allows issuers to sell securities in the US markets to certain without registering the offering with the SEC. Operating in this less structured environment, the market for rule 144A offerings by foreign issuers from 43 countries used the rule to sell the securities. In fact, in those three years 300 foreign issuers have used rule 144A to sell over \$25 billion of securities.

In April 1994, the SEC amended its rules so that more foreign issuers are eligible to use short form prospectuses and the shelf registration process. In addition, the SEC made significant changes to its rules on reconciling financial statements. By the end of 1994, over 100 foreign issuers took advantage of these regulatory enhancements and entered the US capital markets for the first time -- this was a record of new listings.

Additional deregulation measures were reported in the October 1995 report on U.S. deregulation initiatives.

Vietnam's Individual Action Plan 1998

DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and*
- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfil a legitimate objective.*

I. Current Status

An comprehensive reform of the national economy, referred to as “Doi Moi”, has been introduced in Vietnam since 1986. The economic reform has been implemented through a variety of measures aiming to reform economic structure, attract foreign investment, establish gradually a new legal framework directing the economy towards market economy, and to integrate step-by-step into the global and regional economy. From that point of view, Vietnam has deregulated many sectors, especially in the following fields:

- + Enterprises administration;
- + Trade in goods;
- + Trade in services; and
- + Investment.

To regulate companies, the National Assembly and the Government of Vietnam has promulgated laws and guiding regulations to clarify the legal status of enterprises in production and business activities and to facilitate a more active participation of the private sector in the national economic development process. These Laws include the Law on State-owned Enterprises, the Law on Private enterprises, the Law on Companies, etc.

With respect to the trade in goods, the Government of Vietnam issued Decree No. 89/CP Removing Import/Export Shipment Licensing requirements (i.e. license required for each consignment of goods). In fact, the shipment licensing had been removed before the issuance of this Decree. Decrees No. 144/HDBT and No. 33/CP have extended the rights to import and export to companies of all economic sectors. Companies are permitted to export and import almost all kinds of goods which are only subject to tariff control. There are a few items which are still subject to quantitative restriction. From 1996 to early 1998, the Government has continued to expand the opportunities to do business in the items which used to be controlled or regulated by the State. Certain proportion in total import value and import licenses imposed on

consumer goods were removed and list of items controlled by quantities was also substantially reduced. On July 31st 1998, the Government issued the Decree No.57/1998/ND-CP providing detailed regulations on the implementation of the Commercial Law on Export, Import, Processing Goods and Agencies of Sale and Purchase of Goods with foreign merchants. This Decree has further enlarged import-export rights of Vietnamese enterprises (please see non-tariff measures for further information).

The Government of Vietnam is considering to re-structure its tariff schedule in accordance with HS 1996 and reducing the number of tariff rates in order to further facilitate the export and import activities. The List of items subject to minimum import price for the purpose of customs valuation is being shortened.

With regard to trade in services, a number of Laws and Ordinances have been adopted by the National Assembly and the Standing Committee of the National Assembly to facilitate business activities in Vietnam. Furthermore, the Government of Vietnam and Governmental agencies have also issued a range of legal documents to support Vietnamese and foreign businesses doing business in Vietnam.

With reference to foreign investment, the Government of Vietnam has lowered the land rental fees for foreign-invested enterprises, established hotlines to answer all enquiries relating to tax policies at the General Department of Taxation of the Ministry of Finance to help companies access easily to new information and policies. The State Planning Committee and the State Committee for Co-operation and Investment have been merged to be the Ministry of Planning and Investment to create a “one-door” mechanism for foreign investment projects appraisal and licensing. To further facilitate foreign investors in applying for investment licenses, the Prime Minister has issued Decision No. 386/TTg dated 7 June 1997 and Decision No. 41/1998/QD-TTg dated 20 February 1998 authorising the Municipal or Provincial Committees of Ha noi, Ho Chi Minh City, Hai Phong, Da Nang, Ba ría - Vung Tau, Dong Nai, Binh Duong, Quang Ninh, Ha Tay, Hai Duong, Thanh Hoa, Nghe an, Thua Thien Hue, Quang nam, Khanh Hoa, Lam Dong to issue investment licenses to foreign-invested enterprises in their relevant locality.

With regard to commercial activities of foreign-invested enterprises, the Ministry of Trade has authorised the Management Boards of Industrial Zones and the People’s Committees of the above-mentioned provinces and cities to approve export-import plans and manage export-import activities of enterprises in the relevant Industrial Zones and localities. Foreign-invested enterprises are permitted to export or export under the assignment a vast number of commodities which they do not produce.

Equitisation scheme of State-owned enterprises is in progress. Up to April of 1998, 21 State-owned enterprises has been equitised.

II. Action Plan

1. Short term (1999-2000)

- To continue efforts to accelerate the equitisation progress of State-owned enterprises.

- To continue to enhance market access opportunities in accordance with the socio-economic development progress and the growth of Vietnamese industries.
- To review policies with respect to the administration of investment and trade in services management and to amend such policies toward the facilitation for the foreign-invested enterprises' and other enterprises' business in trade in services.
- To consider the gradual reduction of non-tariff barriers in trading.
- To simplify the procedures and documentation requirements in commercial transaction and the customs formalities.

2. Medium term (2001-2010)

- To remove non-tariff barriers which are inconsistent with the WTO rules upon the accession to WTO;
- To continue to implement the equitisation scheme of State-owned enterprises through public issuance of their shares;
- To continue to participate actively in the formulation and harmonisation of the system of Vietnamese standards and qualities;
- To ensure the transparency and clarity of investment and trade policy regimes.

3. Long term (2011-2020)

- To continue to adjust its mechanism and policies in order to ensure the achieve APEC's goals by 2020; and
- To abolish the restriction on the import of petroleum and fertiliser through focal point enterprises