



Asia-Pacific  
Economic Cooperation

# Committee on Trade & Investment

## Annual Report to Ministers

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## FOREWORD

I am pleased to submit to APEC Ministers the 2003 Annual Report of the Committee on Trade and Investment (CTI).

2003 is again a challenging year for the CTI with Thailand holding the APEC Chair. It is a year largely characterised by operationalising and implementing the instructions of APEC Economic Leaders and Ministers to ensure that APEC trade and investment liberalisation and facilitation targets are on track to meet the Bogor goals of free and open trade and investment within the APEC region and working within Thailand's theme of "A World of Differences: Partnership for the Future". The year also saw increased public-private consultations through the ABAC mechanism and within the various CTI subfora and CTI with other relevant APEC fora.

All 21 APEC economies have identified actions and measures in the APEC Trade Facilitation Action Plan which they are implementing or plan to undertake in future. Progress is being made to measure the degree of success which these actions and measures contribute towards the overall 5 percent reduction target in transaction costs for businesses.

Member economies have also made progress to increase the transparency in their various actions and measures taken in their respective government-to-government or government-to-private sector activities. Specific sectoral transparency standards have been successfully developed during the year. Good progress has been made in implementing the trade-related pathfinder initiatives identified in 2002.

In the trade and the digital economy pathfinder, a number of economies which have not endorsed the initiative in 2002, have agreed to participate in selected areas of work where they can commit.

The CTI has again a full, busy and productive year in 2003, my second and last year as CTI Chair. The spirit of cooperation and community bonding in APEC is still very much alive, without which the basic foundation on which APEC was conceived would not have thrived since its inception in 1989.

Ms NG Kim Neo  
Chair

APEC Committee on Trade and Investment



## I. INTRODUCTION

The Committee on Trade and Investment (CTI) is responsible for working on APEC's twin objectives of creating a coherent APEC perspective and voice on global trade and investment issues, and increasing cooperation among members on key trade and investment liberalization and facilitation (TILF) goals. Towards these objectives, CTI's work is aimed at getting APEC member economies to either individually or collectively liberalize and facilitate trade and investment within the APEC region, consistent with the relevant World Trade Organization (WTO) agreements, so as to achieve the Bogor Goals of free and open trade and investment. This work is supported by economic and technical cooperation (ECOTECH) initiatives, which are primarily aimed at building capacity in member economies to assist them to undertake the tasks of trade and investment liberalization and facilitation. Through this process, CTI responds to the instructions of Leaders and Ministers. At the same time, CTI's work benefits the business community as it is often done through partnerships between the public and business/private sectors, hence contributing to the overall prosperity of the peoples in APEC.

The CTI Annual Report to Ministers for 2003 outlines the Committee's accomplishments and recommendations in the key priority areas of APEC's TILF agenda.

In executing its work program for 2003, CTI focused on the guidance received from Ministers and Leaders in October 2002 and the priority areas outlined in its Annual Report in addition to improving and enhancing the Collective Action Plans (CAPs) in various Osaka Action Agenda (OAA) issue areas. The CAPs, which were first reported in 1996, remain the Committee's main vehicle for progressing APEC's agenda on trade and investment liberalization and facilitation.

The Committee's key tasks for 2003, as mandated by Ministers and Leaders, fall into the following broad areas:

- *Contribution to the WTO* – to accelerate implementation of the APEC Strategic Plan for WTO-related capacity building; and undertake activities to build confidence in support of the Doha Development Agenda (DDA);
- *Trade Facilitation* – to identify and implement actions and measures from the Menu of Options that significantly reduce business transaction costs, identify objective methods for measuring or otherwise assessing the impact of these actions and measures on businesses, and undertake capacity building activities to assist developing economies achieve their trade facilitation objectives;
- *Transparency Standards* – to implement the Leaders' Statement on Transparency Standards by January 2005 and to develop or update area-specific transparency standards for incorporation into the Leaders' Statement on Transparency Standards;
- *APEC Policies on Trade and the Digital Economy* – to draw up a work plan to achieve the targets in the Leaders' Statement to Implement APEC Policies on Trade and the Digital Economy and identify new areas of work through information exchange and setting of new targets in these areas;
- *Pathfinder Initiatives* – to monitor and review progress in implementation of agreed TILF-related pathfinder initiatives and develop further possible pathfinder initiatives that will help to move APEC's progress towards the Bogor Goals; and
- *Strengthening the Functioning of Markets* – to continue work on strengthening the functioning of markets particularly through the implementation of the Cooperation Framework for Strengthening Economic Legal Infrastructure, APEC-OECD Cooperative Initiatives on Regulatory Reform and APEC Principles to Enhance Competition and Regulatory Reform.



## II. RECOMMENDATIONS

CTI recommends that Ministers:

- *Endorse* CTI's 2003 Annual Report, including the revised/enhanced CAPs;
- *Approve* the sector-specific transparency standards developed by CTI and its sub-fora for incorporation into the Leaders' Statement on Transparency Standards;
- *Endorse* the work by IPEG to develop effective practices for regulations related to optical disk production and enforcement best practices;
- *Agree* that, in carrying forward the CTI's work, a major focus should continue to be the implementation and progressive improvements of CAPs, as envisaged in the OAA;
- *Endorse* the "Comprehensive Strategy on Intellectual Property Rights (IPR) in APEC";
- *Approve* the reporting mechanism for the implementation of Strengthening Economic Legal Infrastructure (SELI) issues to meet the objectives of the chapter on SELI in Part I of the OAA;
- *Welcome* progress made on the implementation of APEC's :
  - Trade Facilitation Action Plan;
  - Strategic Plan on Capacity Building Related to the Implementation of WTO Agreements and the publication on *APEC's WTO Capacity Building Activities* for presentation to the APEC Ministers Responsible for Trade (MRT);
  - TILF-related pathfinder initiatives in particular the Advance Passenger Information (API) initiative relating to standards and the feasibility studies already done by many economies;
  - "Next Steps" plan of action to carry out the Leaders' Statement to Implement APEC Policies on Trade and the Digital Economy to undertake work in the new areas of optical disk piracy, technology neutrality and non-discriminatory trade in digital products;
  - Leaders' Transparency Standards" by 2005 work plan; and
  - Project on the regional exchange of travel alert information;
- *Note the*
  - text agreed by CTI on the regional alert system as input to the 2003 Annual Ministerial Statement;
  - outcomes of the Fifth Automotive Dialogue, Second Chemical Dialogue and the inaugural meeting of the Life Sciences Innovation Forum;
  - review of reporting requirements in TILF area; and
  - initial list of agreed ideas to streamline work of CTI and its sub-fora;
- *Direct* CTI, in executing its 2004 work program, to give priority to:
  - producing tangible deliverables in CAPs that carry forward Leaders' and Ministers' priorities, support the WTO, and are directly relevant to the business sector;
  - developing further confidence and capacity building activities in support of the WTO DDA;
  - undertaking a mid-term review of overall progress in the implementation of the APEC Trade Facilitation Action Plan;
  - streamlining the work of CTI and its sub-fora;
  - implementing the Leaders' General and Area-Specific Transparency Standards;
  - implementing the Leaders' Statement to Implement APEC Policies on Trade and Digital Economy including encouraging participation of non-participating economies;
  - increasing participation in, and implementing, other TILF-related pathfinder initiatives; and
  - progressing work to assess the strategic options, benefits and/or feasibility of a pilot phase of a regional movement alert system.

## III CTI ACTIVITIES IN 2003: AN OVERVIEW

The Committee met three times during 2003 in Thailand: in Chiang Rai, 16–17 February; in Khon Kaen, 25–26 May; and in Phuket, 17–18 August. Ms Ng Kim Neo of Singapore chaired these meetings.

Meetings of CTI sub-fora and related events held during the year include:

- Market Access Group (MAG) – Chiang Rai, 14 February; Khon Kaen, 24 May; and Phuket, 16 August
- Group on Services (GOS) – Chiang Rai, 14–15 February; Khon Kaen, 23–24 May; and Phuket, 14–15 August
- Investment Experts' Group (IEG) – Chiang Rai, 12–13 February; Khon Kaen, 21–22 May; and Phuket, 14–15 August
- Sub-Committee on Standards and Conformance (SCSC) – Chiang Rai, 14–15 February; Khon Kaen, 23–24 May; and Phuket, 15–16 August
- Sub-Committee on Customs Procedures (SCCP) – Chiang Mai, 12–14 February; and Phuket, 14–16 August
- Intellectual Property Rights Experts' Group (IPEG) – Christchurch, New Zealand, 10–11 March; and Vancouver, Canada, 8–9 July
- Competition Policy and Deregulation Group (CPDG) – Khon Kaen, 24 May
- Government Procurement Experts' Group (GPEG) – Chiang Rai, 12–13 February; and Phuket, 15–16 August

### A. Collective Action Plans

#### 1. Implementation and Enhancement of CAPs in 2003

In 2003, CTI and its sub-fora continued to implement, revise and enhance work on the CAPs, making continued and significant progress towards achieving the OAA objectives in pursuit of the Bogor Goals. See Appendix I for the Convenor Summary Reports and the revised CAPs for 2003.

Many of these revisions/enhancements were implemented in response to the priorities set by Leaders and Ministers, particularly the

- Informal Experts' Group on the Mobility of Business People (IEGBM) – Chiang Rai, 15–16 February; Khon Kaen, 23–24 May; and Phuket, 14–15 August
- WTO Capacity Building Group (WTO Group) – Khon Kaen, 22 May; and Phuket, 14 August
- Coordinating Group on Strengthening Economic Legal Infrastructure (SELI) – Chiang Rai, 15 February; Khon Kaen, 23 May; and Phuket, 15 August

CTI, with participation from relevant sub-fora, organized informal exchanges of views in the form of Trade Policy Dialogues (TPD) to broaden perspectives and share approaches on a number of issues. As part of the capacity and confidence building on the WTO DDA, 2003 saw a continuation of the TPD dealing with the Singapore issues. On 17 February, CTI organized a TPD session on Trade Facilitation, focusing on how to move forward this Singapore issue in the WTO.

With the expiry of the term of Ms Ng Kim Neo in 2003, Mr Alan Bowman of Canada was elected to be the new chair of CTI for 2004–2005.

directive to produce tangible deliverables in CAPs that are directly relevant to businesses and that can bring credible outcomes on trade in the region. The revised CAPs also increase the transparency of trade and investment policies, lower transaction costs of cross-border trade, stimulate competition and result in greater certainty and predictability of the operating environment for the business community. Highlights of the main outcomes are shown in Box 1.

## CTI/CTI Sub-forum

### *Highlights of TILF Deliverables*

#### **CTI/Sub-fora**

- Adopted, where appropriate, APEC Transparency Standards in the various OAA issue areas and developed the “Transparency by 2005” work plan for implementing the Leaders’ Statement on Transparency Standards.
- Ensured steady progress to implement Leaders’ agreement to significantly reduce business transaction cost by a target of 5 percent.
- Agreed on a CTI Response to Severe Acute Respiratory Syndrome (SARS).
- Held an APEC Digital Trade Seminar on “Defining an Environment that Facilitates Trade in the Digital Economy” jointly with the E-Commerce Steering Group (ECSG). The objective of the seminar was to provide economies with a greater understanding of the importance to business of implementing Leaders’ e-commerce, services, intellectual property and tariff objectives in the Leaders’ Statement on Trade and the Digital Economy.
- Developed the “Next Steps” paper for implementing Leaders’ digital economy objectives.
- Held a Seminar on “Trade in Health Services” aimed at encouraging the exchange of information, views and experiences on trade in services in the health sector (doctors, nurses, care-takers, their aides and health-related professionals) in the APEC region.
- Organized a Trade Policy Dialogue on moving trade facilitation forward in the WTO.

#### **Market Access Group (MAG)**

- Conducted a capacity building workshop on quantitative methods for assessing NTMs and trade facilitation.
- Developed a MAG paper on members’ Regional Trading Arrangements/Free Trade Agreements (RTAs/FTAs) Policies.
- Updated MAG website by making it more user-friendly for business use.
- Developed a MAG Paper on “best practice” in domestic WTO Consultation.

#### **Group on Services (GOS)**

- Completed Phase III of the Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment, adding additional elements of Good Regulation for Services and Regulatory for Impact Analysis.
- Expanded the database of experts on services trade negotiations to improve communication among services experts across APEC economies.

#### **Investment Experts Group (IEG)**

- Examined and reported on the APEC economies’ progress in implementing the Menu of Options for Investment, Liberalization and Business Facilitation and expanded the Menu of Options on “Competition Policy and Regulatory Reform.”
- Organized the APEC Investment Mart, 2003, to be held in Bangkok, Thailand.
- Conducted studies on Cross-border Mergers and Acquisitions and Venture Capital and Start-up Companies in APEC, to enhance the understanding of these issues.
- Updated the Fifth Edition of the APEC Investment Guidebook.

#### **Sub-committee on Standards and Conformance (SCSC)**

- Reviewed and updated information on member economies’ alignment work.
- Held Policy Dialogues on ISO 9001 certification issues, and on how the standards and conformance infrastructure might help to reduce compliance cost for business, particularly small and medium enterprises.
- Expanded participation in Parts II and III of the APEC Mutual Recognition Arrangement on Electrical and Electronic Products (EEMRA).

#### **Sub-Committee on Customs Procedures (SCCP)**

- Published the SCCP Blueprint for 2003.
- Organized an APEC Customs Business Dialogue in August 2003.
- Completed a comprehensive SCCP Program to improve the implementation of Customs-related WTO Agreement on Rules of Origin and Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPs).
- Formulated strategies to implement the Secure Trade in the APEC Region (STAR) Initiative through a container security region.

***Intellectual Property Rights Experts Group (IPEG)***

- Finalized Illustrative Practices of Enforcement of Industrial Property Rights.
- Adopted a Joint Declaration regarding Government Use of Computer Software.
- Endorsed establishment of an IPR Service Center with the understanding that each member economy may proceed with implementation as soon as it is ready.

***Government Procurement Experts Group (GPEG)***

- Made significant Progress in the voluntary reviews of member economies' government procurement regimes against the Non-Binding Principles of Value for Money, Accountability and Due Process and Transparency.
- Held a two-day symposium and workshops promoting SME access and e-procurement initiatives within government procurement markets in the Asia-Pacific region.

***Competition Policy and Deregulation (CPDG)***

- Conducted the first workshop of the APEC/OECD Joint Cooperative Program on Regulatory Reform.
- Developed a Training Program to Promote Competition in APEC Economies in the telecommunications and financial service sectors.
- Conducted the second workshop of the Training Program on Competition Policy project.

***Informal Experts Group on Business Mobility (IEGBM)***

- Agreed on Standards for the Implementation of the Advance Passenger Information (API) systems with increased participation in this pathfinder initiative.
- Developed standards for legal infrastructure, travel document security and progressed the implementation of standards for professional service.
- Expanded participation in the APEC Business Travel Card Scheme.
- Conducted several workshops and training programs under the Group's agreed Capacity Building Strategy aimed at enhancing economies' capacity to implement streamlined processing arrangements for APEC business people.

***WTO Capacity Building Group (WTO Group)***

- Published a report on APEC's WTO Capacity Building Activities.
- Updated the APEC WTO Capacity Building Website and provided information on APEC activities to the WTO/OECD website on WTO Capacity Building.
- Completed a number of capacity and confidence building projects, viz: APEC Seminar on WTO New Issues focusing on Trade and Investment; Workshop on Trade and Environment; APEC Seminar on WTO Trade Facilitation; and Forum on Trade and Investment (New WTO Issue).

*The Market Access Group (MAG)* continued to progress APEC's work on tariff and non-tariff measures in support of the WTO and trade facilitation in the region. The Group assisted member economies with their preparations for the WTO DDA by reminding and urging member economies to provide up-to-date data to the WTO Integrated Database (IDB) and to the APEC Tariff Database (TDB). It developed a paper on "best practices in domestic WTO consultations" drawn from members' experiences and processes. MAG conducted a capacity building workshop on quantitative methods for assessing NTMs and trade facilitation. MAG developed a paper on RTA/FTA policies as contribution to Ministerial

and Leaders' instructions for greater information sharing on RTAs/FTAs.

*The Group on Services (GOS)* discussed the areas of transparency and domestic regulation and regulatory impact analysis under Phase III of the Development of the Menu of Options for Voluntary Liberalization, Facilitation and Promotion of ECOTECH in Services Trade and Investment and added elements to the Menu of Options in these areas.

In accordance to the instructions from Ministers, the work of the Investment Experts' Group (IEG) centered on reviewing economies' progress in implementing and improving the

Menu of Options on Investment. It agreed on a specific format for economies to report progress in implementing the Menu and expanded the Menu of Options to include “competition policy and regulatory reform”. The Group also completed several studies that would enhance transparency and understanding of APEC economies’ investment activities and regimes.

*The Sub-Committee on Standards and Conformance (SCSC)* focused on its policy goal of the year, “improving and promoting the positive relationship between Standardization and Conformity Assessment and Trade Facilitation to produce sustainable growth by bridging the capacity gap.” The SCSC acknowledged the importance of communication with business including SMEs. New Zealand joined Australia and Singapore as pathfinder economies in Parts II and III of the EEMRA.

*The Sub-Committee on Customs Procedures (SCCP)* has advanced APEC’s trade and investment liberalization and facilitation goals through a number of initiatives and projects. Significant progress was made in areas such as the revised Kyoto Convention Pathfinder initiative, the Trade Facilitation Action Plan and Counter-Terrorism. The SCCP is also looking to technology, in particular the use of the Internet and World Wide Web, to further improve customs procedures. In response to the Leaders’ call on Secure Trade in the APEC Region (STAR), the SCCP formulated strategies to enable APEC member economies to implement customs-related STAR recommendations effectively.

*The Intellectual Property Rights Experts Group (IPEG)* continued to work on implementing and enhancing the regime of intellectual property protection through: deepening dialogue on intellectual property policy; surveying and exchanging information on the current status of IPR protection and administrative systems; studying measures for the effective enforcement of IPR; promoting the full implementation of the Agreement on Trade-related Aspects of Intellectual Property (TRIPS); and facilitating technical cooperation. IPEG’s key deliverables for the year include endorsement of the establishment of IPR service centers and the development of the Comprehensive Strategy for IPR Protection in APEC. IPEG also endorsed a Joint Declaration regarding Government Use of Computer Software to combat and prevent illegal software use and piracy by fully implementing international agreements.

*The Competition Policy and Deregulation Group (CPDG)* continued to promote dialogue, information exchange and study of competition policy, competition laws, their enforcement and interrelationship with other policies related to deregulation in trade and investment. The Group also embarked on a series of training programs to build capacity in competition policy.

*The Government Procurement Experts Group (GPEG)* continued with its program of voluntary reviews by individual economies on consistency of their respective government procurement regimes with the Non-Binding Principles (NBPs) on Government Procurement (GP) adopted in 1999. For 2003, the focus was on presentations against the NBPs of Accountability and Due Process and Value for Money, the promotion of the involvement of Small and Medium-sized Enterprises (SMEs) in GP markets, and information-sharing on e-procurement. A two-day symposium and workshops was held in Bangkok, Thailand, in August to help SMEs understand the e-procurement initiatives and access GP markets in the Asia-Pacific region.

The Informal Experts Group on Mobility of Business People (IEGBM) made significant progress on the Implementation Strategy on Advance Passenger Information (API) Pathfinder. As a first step, all economies agreed on the standards for the implementation of API systems, a key deliverable for the IEGBM this year. The IEGBM also agreed to assess the strategic options; benefits and/or feasibility of a pilot phase on a regional alert system that can effectively contribute assure business mobility by harmonizing the work on trade facilitation and security measures. The Group conducted workshops on (i) 10–12 February in Bangkok, Thailand, to assist economies self-assess their professional service regime against agreed standards, (ii) 16–18 July in Sydney, Australia, to establish standards in Travel Document Security and Issuance Systems; and (iii) 22–25 July in Bangkok, Thailand, to establish standards to assist the development of economies’ immigration legal infrastructure. The proposed standards for both activities are expected to be ratified at SOM I 2004. To-date, 14 economies are participating in the APEC Business Travel Card (ABTC) scheme. The Group also agreed to a text on the regional alert system for possible inclusion in the 2003 APEC Ministerial Statement.

*The WTO Capacity Building Group (WTO Group)* continued to coordinate and facilitate WTO-related capacity and confidence building

activities that realize the objectives of the APEC Strategic Plan on WTO capacity building in Leaders, Annual Ministers Meeting (AMM) and Ministers Responsible for Trade (MRT) Statements since 2000. Such activities helped economies through information and best-practice sharing workshops, the training of government officials to be better prepared for

participating in the DDA negotiations and to raise their understanding of and confidence in both the existing WTO agreements and the New Issues.

A full report on TILF Activities in other APEC fora is attached as Appendix II and the highlights are noted in Box 2.

*Box 2. Highlights of TILF Deliverables in Other APEC Fora*

## **APEC Working Group**

### *Highlights of TILF Deliverables*

#### ***Agricultural Technical Cooperation Working Group (ATCWG)***

- Conducted a series of workshops aimed at developing a comprehensive body of knowledge on science-based and transparent approaches to agricultural biotechnology to enhance consumers' awareness, confidence and understanding of biotechnology products.

#### ***Fisheries Working Group (FWG)***

- Implemented a project "Current Situation and Market Perspectives for Aquaculture Products" aimed at promoting the sustainability of trade in aquaculture products.

#### ***Human Resources Development Working Group (HRDWG)***

- Developed an effective network of experts on risk management in the APEC region as well as a mechanism to share best practices, human resource development programs and policy recommendations through the implementation of a project on "Enhanced Risk Management System in the APEC Region: Toward Establishing Effective Corporate Governance".
- Developed a Training Program for Capacity Building in Venture Capital Management aimed at building capacity of venture capital professionals to effectively manage capital funds.

#### ***Industrial Science and Technology Working Group (ISTWG)***

- Organized seminars to discuss the development of standardized methods of materials testing and evaluation among related institutions in the region. These seminars are to contribute to improving researcher exchanges, flow of technological information and technology in the area of materials testing and evaluation as well as to reducing technical barriers to trade through dissemination of standardized testing codes and norms.

#### ***Small and Medium Enterprises Working Group (SMEWG)***

- Organized APEC Incubator Forum in Chinese Taipei on 30 July – 1 August 2003. The forum facilitated and helped to enhance the innovative capacity and innovation-oriented incubation policy of SMEs and micro-enterprises including building incubator systems and cross-border cooperation and business matching between incubators and other related sectors in the APEC region.
- Embarked on a "Growing the APEC SME Exporter Community" initiative to address the needs of small business exporters and create an enabling environment for the growth of SME exporters.

#### ***Telecommunications and Information Working Group (TELWG)***

- Held WTO capacity building workshops to assist economies to participate in WTO services negotiations, particularly the ICT sector and the Telecommunications Reference Paper.
- Undertook a stocktake of the elements of a fully liberalized telecommunications sector.
- Assisted economies to establish or strengthen the capacity of Computer Emergency Response Teams or their equivalents to exchange threat and vulnerability assessments of e-commerce security-related issues.

#### ***Trade Promotion Working Group (TPWG)***

- Held a Seminar on Product Branding, which will enable member economies to formulate effective product branding strategies and programs.
- Revamped the APECNet making it possible to provide matching services to the business community.

### Transportation Working Group (TPT)

- Implemented the “Non-Tariff Measures in the Transport Sector” project to identify existing NTMs and anti-competitive business practices in the transport sector of APEC economies and develop a “best practice model” that can serve as a guide to the elimination or reduction of any barriers.
- Undertook a project to examine sea and air container ‘track and trace’ technologies to facilitate the new technology computer tracking and temperature monitoring systems.
- Embarked on an “Identification of Competency Standards for Perishable Goods Handling and Development of Training Programs” project to improve perishable goods handling skills.

### Economic Committee (EC)

- Studied the role and development of specialized financial institutions (SFIs).
- Published “Drivers of Performance in the New Economy: Innovation and Organizational Practices”. The published volume contains reports of three completed studies: Mapping Singapore’s Knowledge-based Economy; Economic Contribution of Research and Development in Singapore; and Innovative Business Strategies and Firm Performance in the New Economy.

## 2. Response to APEC Business Advisory Council (ABAC) Recommendations

CTI reviewed those ABAC recommendations to APEC Leaders that deal with non-tariff measures, services, standards and conformance, intellectual property, business mobility, and support of the WTO and the DDA. While some of the recommendations were already being addressed by relevant CTI sub-fora, others required more time and closer

dialogue between ABAC and the relevant fora. Examples of areas being addressed are highlighted in Box 3 below. CTI also continued to encourage wider working-level dialogues with business and professional groups to promote better understanding of the issues involved and to devise specific ways of addressing them.

ABAC Recommendation	CTI Response
<p><b>Non-Tariff Measures</b></p> <ul style="list-style-type: none"> <li>• APEC member economies need to recommit themselves to avoiding the use of NTMs and the misuse of anti-dumping measures and to participate in the review of NTMs and the WTO Anti-Dumping Agreement, with the aim of strengthening rules to prevent protectionist abuse of such measures. Leading APEC economies should exercise leadership in addressing these abuses. APEC member economies should communicate and co-ordinate on how to do this and create an APEC roadmap to collectively push for an effective agenda in the WTO on these issues</li> </ul> <p><b>Services</b></p> <ul style="list-style-type: none"> <li>• ABAC recommends that APEC Leaders commit to developing a concerted action plan to achieve liberalization in services prior to the WTO Ministerial in 2003. This plan should include a commitment by APEC economies to address cross-cutting issues that affect all APEC economies, including a commitment to enhancing transparency and reducing barriers to market entry in services sectors and to reforming domestic regulations that hinder fair and open markets.</li> </ul>	<ul style="list-style-type: none"> <li>• MAG held a Capacity Building Workshop on Quantitative Methods for Assessing NTMs and Trade Facilitation in October 2003. The workshop was designed to build on the momentum achieved by research organizations in the Asia-Pacific region in improving techniques for the quantitative assessment of trade policies other than tariffs.</li> <li>• MAG is considering a project to quantify the cost of NTMs on business. Existing information on NTMs reveals whether NTMs have been imposed and their frequency of use. This project will determine the actual dollar cost imposed on business by these measures.</li> <li>• GOS discussed transparency and domestic regulation issue and added additional elements to its Menu of Options in these areas.</li> <li>• Under the Leaders’ Pathfinder Statement to Implement APEC Policies on Trade and Digital Economy, GOS discussed reductions in barriers to the provision of services that are critical to e-commerce.</li> <li>• GOS continued to utilize the WTO Watch Group that was established to monitor developments/activities</li> </ul>

## ABAC Recommendation

- APEC economies should be encouraged to submit General Agreement on Trade in Services (GATS) requests and actively participate in implementation and enforcement of all GATS requests and enforcement of all GATS commitments already negotiated.
- APEC economies should work to achieve progress in all sector areas, including information technology and telecommunications, financial services, express delivery services, energy services, and environmental services. Special emphasis should be placed on movement and the mobility of people and extending technical assistance to developing economies to ensure their participation in services negotiations.

### Standards and Conformance

- Renew the commitment to aligning domestic standards with international standards, according to an explicit timetable with explicit milestones.
- Stress the value of establishing a strong standards infrastructure in each economy and of participating actively in the international standards bodies, such as the International Organization for Standardization (ISO), International Electrotechnical Commission (IEC) and the Codex Alimentarius Commission.
- Stress the importance of accelerating efforts to integrate APEC markets through the development and implementation of APEC-wide government-to-government mutual recognition agreements on conformance testing, in order to meet the target that all APEC member economies should participate in regional Mutual Recognition Agreements (MRAs) by 2005.
- Call on all APEC economies to adopt Codex food standards, to implement the Medical Equipment Regulatory Harmonization agreed under Early Voluntary Sector Liberalization (EVSL) and to promote greater co-operation on health care accreditation

### Intellectual Property Rights (IPR)

- Accumulate information on IPR infringement
- Promote public awareness of the IPR issue
- Strengthen enforcement through capacity building
- Building capacity through sharing experiences

## CTI Response

- within the WTO to assist member economies prepare for WTO services negotiations.
  - GOS will continue to discuss ways to support member economies' participation in the WTO services negotiation.
  - GOS' work on identifying services critical for e-commerce involves many services identified as important by ABAC.
  - GOS discussed transparency in Mode 4.
- 
- SCSC continued to promote the alignment with international standards and encouraged economies to do so, keeping in mind the role that standards and conformance play in trade, by building on information and initiatives to date, including benefits realized through maintenance of standards and conformance regimes that are cost-efficient, non-duplicative or open to participation.
  - The APEC Chemical Dialogue has launched an APEC-funded project in capacity building to help members implement the Global Harmonized System for the labeling of hazardous chemicals.
  - SCSC continued to encourage member economies to participate actively in the standardization activities of international standardization bodies. SCSC continued to promote the effective implementation of APEC MRAs for regulated products and for members to participate in voluntary MRAs dealing with specific aspects of technical infrastructures such as Asia-Pacific Laboratory Accreditation Cooperation (APLAC) MRA or Pacific Accreditation Cooperation (PAC) MRA.
  - The SCSC promoted the active participation in the Mutual Recognition Arrangement for Conformity Assessment on Electrical and Electronic Equipment. The number of the participating economies increased to three. Member economies are encouraged to consider the participation of the Sectoral Food MRA Pathfinder that was endorsed by MRT in June.
  - The SCSC will identify as collective priority areas for alignment: the Global Harmonization Task Force Standard for medical devices. Each member economy is to include reporting on its alignment with this international standard as part of its Individual Action Plan (IAP).
  - The SCSC continued to exchange views with representatives of the Medical Devices Group.
- 
- IPEG has conducted seminars/workshops on IP enforcement, copyright and IPR in the New Economy which enabled participants to exchange information and views in these areas.
  - IPEG planned to deepen its dialogue on IP policy, including discussing solutions for reducing costs for applicants and reducing duplication of workload by patent offices.
  - IPEG planned to strengthen the dialogue on enforcement of IPR after TRIPS Implementation.
  - IPEG has undertaken to work to ensure support for easy and prompt acquisition of rights through discussion of simplification and streamlining procedures to promote IP-related activities, in particular through technology transfer among economies.

ABAC Recommendation	CTI Response
<p><b>Business Mobility</b></p> <ul style="list-style-type: none"> <li>APEC must accelerate co-operative efforts to implement security measures to ensure supply chains are secure and cross border trade is facilitated.</li> </ul> <p><b>Support of the WTO and the New Round</b></p> <ul style="list-style-type: none"> <li>ABAC has proposed that a concerted action plan be developed and pursued by APEC members participating in the WTO negotiations. Particular emphasis was given to the concept of seeking an “early harvest” from the negotiations in areas including agricultural subsidies and anti-dumping measures. Leaders are invited to endorse the proposal for a concerted APEC action plan for achieving early results from the Doha Round in key areas.</li> <li>ABAC urges continued emphasis on technical assistance and capacity building and on this activity; and recommends that programs be developed and implemented to inform citizens in each member economy of the economic and social advances that can be achieved through trade liberalization.</li> </ul>	<ul style="list-style-type: none"> <li>Participation in the ABTC Scheme has increased to 14 economies.</li> <li>IEGBM started a second Advance Passenger Processing (APP) project for conducting feasibility studies in three interested economies to assess their capacity to join the API system. This project will provide these economies with a fully costed blueprint for the implementation of an APP system in their economies, tailored to meet local arrangements.</li> <li>Twenty-one project proposals utilizing APEC TILF Funds have been developed since endorsement of the APEC Strategic Plan for WTO-Related Capacity Building to assist developing economies to address concerns over certain aspects of the implementation of WTO agreements. Fourteen of these projects have been completed.</li> <li>A number of capacity/confidence building seminars/workshops were conducted in 2003. These included the APEC Seminar on WTO New Issues (Trade and Investment); a Confidence-building Workshop on Trade and the Environment; a Workshop on SCCP Program to Improve Implementation of Customs-Related WTO Agreements; and the “Forum on Trade and Investment (New WTO Issues)”.</li> </ul>

### 3. Support for Multilateral Trading System

Support for the multilateral trading system remains a high priority in the work programs of both CTI and its sub-fora. CTI and its sub-fora are committed to undertake activities that help APEC play a continuously positive and leading role in the multilateral trading system.

CTI discussed how APEC could contribute to WTO negotiations in the lead up to the Cancun WTO Ministerial Meeting. It agreed that relevant CTI sub-fora should, through work that they have undertaken, identify areas where they could contribute to the DDA. Where appropriate, CTI and its sub-fora should develop this work into specific proposals to support DDA discussions in their respective areas and recommend specific language for adoption.

CTI acknowledged the strong role APEC has played in the area of WTO capacity building activities. The implementation of WTO-related capacity building activities was coordinated in the CTI, through the WTO Capacity Building Group. Since its establishment in 2001, the Group has coordinated and overseen the development of 21 TILF-funded projects under the APEC Strategic Plan for WTO-related capacity building in the CTI. A report showcasing APEC’s WTO capacity building activities was presented to the MRT in June. The report, based on the APEC’s trade-related technical assistance (TRTA) website ([www.apec-trta.org](http://www.apec-trta.org)) launched in June 2002, cited 335 projects that are described in detail on the website. The vast majority of these projects were funded or organized bilaterally and accounted for an estimated US\$200 million in programming in the past few years.

#### Box 4. CTI Work in Support of the WTO

##### Sub-forum

##### *Activities Undertaken in Support of the WTO*

##### **MAG**

- Organized a workshop on quantitative methods for assessing NTMs and trade facilitation.
- Shared “best practice” in domestic WTO consultations that draws on members’ experiences and processes.
- Prepared a paper on members’ RTA/FTA approaches.

## Sub-forum

### *Activities Undertaken in Support of the WTO*

#### **IEG**

- Conducted the “Study on International Investment Instruments and Their Legal Interpretations” designed to support investment negotiators towards a possible multilateral agreement on investment in the framework of the WTO.
- Held a Seminar on WTO “Trade and Investment” in Bangkok, Thailand, and the “Forum on Trade and Investment” in Beijing, China.

#### **GOS**

- Monitored the development of the WTO negotiations on services.
- Built APEC support for WTO’s work/negotiation on services trade, through information exchange and technical assistance, to support members’ preparations for WTO service negotiation.
- Discussed how APEC could support WTO services negotiations in the area of transparency and undertook to provide consensus language on this matter for the AMM statement.

#### **SCSC**

- Monitored developments in the WTO Committee on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS)
- Presented technical infrastructure developments implemented by APEC at a meeting of the WTO TBT Committee.
- Organized Capacity Building Training in the Development of Food Standards.
- Organized Capacity Building Training in the Safety Assessment of Genetically Modified Foods.

#### **SCCP**

- Encouraged members to submit annual tariff and trade data to the WTO Integrated database. Completed a comprehensive SCCP Program to improve the implementation of Custom Related WTO Agreement on Rules of Origin and TRIPs Agreement.

#### **IPEG**

- Held two training workshops on geographical indications covering mechanisms for protection.

#### **GPEG**

- Contributed to the WTO Working Group on Transparency in Government Procurement through the provision of a paper on the development of the non-binding principles on government procurement.

#### **CPDG**

- Agreed to monitor work done by the WTO Working Group on the Interaction between Trade and Competition Policy.

#### **IEGBM**

- Improved transparency, access to and exchange of information on economies’ immigration rules and procedures, and trade agreements, through maintaining the online APEC Business Travel Handbook and IEGBM website.
- Developed specific Transparency Standards for business mobility

#### **WTO Group**

- Continued with WTO-related capacity building activities stipulated in the DDA.
- Published a Report on APEC’s WTO Capacity Building Activities and Developed a web-based database of capacity building activities in the region.
- Shared information on APEC’s WTO Capacity Building Activities with the WTO and OECD.
- Conducted a number of capacity/confidence building seminars/workshops including a WTO Capacity Building Seminar on Trade and the Environment; an APEC Seminar on WTO New Issues (Trade and Investment); a Workshop on the SCCP Program to Improve Implementation of Customs-Related WTO Agreements; and the “Forum on Trade and Investment (New WTO Issues).

CTI conducted a half-day TPD on Trade Facilitation where a number of economies also contributed papers that focused on the interlinkages between APEC and the WTO work in this area. An expert from the WTO was invited to brief and share views with APEC

on WTO discussions on trade facilitation. Subject to further consultations, a TPD on APEC’s post-Cancun role will be organized to take stock of what took place in Cancun, Mexico, and assess what APEC can do to best adapt to the outcomes of that meeting.

#### 4. Review of Collective Action Plan (CAP) Implementation

CTI and its sub- fora continued with the process, started in 2002, of reviewing the CAPs and their effectiveness in producing tangible deliverables that benefit businesses. CTI agreed that priority should be accorded to enhancing CAPs in the various OAA issues to ensure the work leads or contributes towards trade and investment liberalization and facilitation in the region. It also agreed that all CAPs should be assessed as to whether they were contributing to trade and investment liberalization and facilitation and were relevant to businesses, the ultimate beneficiaries of CTI's work. The review would be carried forward to the next year with a view to discarding work where CAP items resulted in mere reporting and updating without an end-goal of contributing to trade and investment liberalization and facilitation.

For 2003, CTI reviewed and assessed APEC's work on dispute mediation and agreed that regular reporting on the dispute mediation issue area was no longer necessary and can be taken out from the CTI's agenda.

CTI also undertook a review of reporting responsibilities within itself and from its sub- fora. All groups agreed to the cutting back and rationalization of the reporting requirements to make them more concise, useful and meaningful, especially to the public. CTI agreed to encourage SOM to discontinue the TILF Deliverables Report, noting that the relevant information currently in this report is already available in other reports, such as the Implementation of the APEC Trade Facilitation Principles, the CAPs Deliverables report and the IAPs. This would reduce duplication in reporting. CTI agreed to regularly review reporting requirements to avoid duplication and to ensure that they achieve their primary objectives of providing co-ordination and avoiding duplicative reporting.

In addition, CTI also agreed on the need to streamline its work and to encourage its sub- fora to do likewise. It agreed to begin instituting the following ideas and to draw SOM's attention to these changes:

- CTI/sub- fora work to carry out Leaders'/ Ministers' instructions
  - CTI sets priorities

- CTI to aim for one day meetings
  - Sub- fora should also consider shorter meetings/focused on Leaders'/Ministers' priorities
  - Sub- fora to review meeting schedule
- All Sub- fora to meet in conjunction with SOM/CTI
- Improve interaction between CTI and its sub- fora
  - Greater participation in CTI meetings by sub- fora convenors
  - More informal interaction between CTI leadership and convenors/among convenors

## B. Trade Facilitation

As a first step towards implementing the APEC Trade Facilitation Action Plan endorsed by Leaders and Ministers in Los Cabos, Mexico, in 2002, all member economies reported on their selection of trade facilitating actions and measures from the Menu that they have implemented, or are implementing or intends to implement. CTI reviewed the returns and noted that they were diverse, with some focusing on past actions while other returns were prospective ones. CTI agreed that while it was difficult to establish only one approach for all economies and APEC fora, it was important that specific actions and measures economies and fora take forward in this exercise should be prospective ones, so that they contribute to the substantial reduction in transaction costs mandated by Leaders. Detailed descriptions of intended reforms, including an assessment of the prospective cost reductions that the business community would actually derive from them, should be provided.

In response, six economies presented case studies on selected trade facilitating actions and measures they were undertaking, and the cost reductions to business associated with their actions. Australia presented its cargo management re-engineering system. Hong Kong, China shared its experience in actions taken to facilitate cargo flow across land boundaries. Japan presented recent measures it has undertaken to facilitate trade using a single-window that interconnects various trade-related and port procedures; and the trade facilitation special zones. New Zealand

presented a case study on implementation of the API system. Singapore spoke on the TradeNet, a one-stop system for processing permit applications for exports from and imports into Singapore, to demonstrate the 75% cost savings as a result of streamlining and reduction of documentation processes. The US presented a detailed cost-benefit analysis showing how they will achieve a significant reduction in transaction costs, increase border security pursuant to STAR, and create cost savings, through its modernization project, the Automated Commercial Environment (ACE).

There was general agreement that quantification of reductions in transactions costs was difficult and that no single methodology was appropriate for all measures. Hence, efforts to identify such a methodology to assess and quantify the reduction of transaction costs and benefits would be carried through to 2004. By then, projects that are being/are yet to be implemented to identify a methodology or promote the understanding of various methodologies in measuring the transaction cost would be completed. CTI also discussed the agreement in the Trade Facilitation Action Plan to convene an Expanded Dialogue on Trade Facilitation in 2004, involving member economies and sub-fora, government and non-government experts and representatives of the business/private sector to conduct a mid-term review of economies' and sub-fora progress to reduce business transaction costs by 5 percent.

For 2003, apart from the case studies presented by the six economies, CTI also welcomed a presentation by Mr Robert Mall, Deputy Director (Customs Modernization), World Customs Organization (WCO) on the WCO survey on the time required for the release of goods as one possible proxy to measure the reduction in trade transaction costs. The Committee noted that six APEC economies (namely, China; Indonesia; Japan; Malaysia; the Philippines; and Thailand) have conducted the survey. CTI further noted that the following are the important pre-requisites for success in the proposed WCO Time Release System of Measurement of Effectiveness of Trade Facilitation: i) need for high-level government commitment; (ii) government and business collaboration; (iii) good governance; (iv) diagnosis of working environment; and (v) release time study. More importantly, Mr Mall noted that trade facilitation is not just the role of Customs but all stakeholders covering the government, business/private sector, the community and businesses at large. The use

of IT as a medium for speed, coordination and rationalization of trade procedures is also important.

Besides the identification of concrete actions and measures, the Trade Facilitation Action Plan also calls on APEC fora to continue reporting on their efforts to implement the APEC Trade Facilitation Principles that were adopted in 2001. As in 2002, a matrix summarizing the measures/activities undertaken by sub-fora as reported against the various Trade Facilitation Principles was compiled. (Please see Appendix III). Meanwhile, member economies will also report their major trade facilitation measures in their IAP using the template endorsed by Ministers last year.

To assist member economies develop the expertise required to implement trade facilitation measures, the Trade Facilitation Action Plan also called for the development of capacity building projects. Implementation of one such capacity building and technical assistance project, led jointly by Canada and the US, has begun.

## C. Leaders Statement on Transparency Standards

CTI discussed and agreed on a work plan to implement the APEC Leaders' Statement on Transparency Standards that was endorsed in Los Cabos, Mexico. The work plan, "Transparency by 2005: Implementing Leaders' Transparency Standards" was submitted to the MRT through SOM for endorsement. A copy of the work plan is attached at Appendix IV.

As envisaged in the Leaders' Statement, sector-specific transparency standards were developed or, where appropriate, were refined by CTI and its sub-fora for incorporation into the Leaders' Statement. Much of the work was finalized intersessionally for submission to Concluding SOM (CSOM) for onward transmission to Leaders and Ministers.

In addition, CTI agreed on a format for economies to report implementation of the General Transparency Standards in their Individual Action Plans (IAPs). CTI and its sub-fora would continue to work intersessionally to determine how both the General and Area-Specific Transparency Standards could be incorporated into the IAPs so as to be able to track their implementation.

As next steps, CTI will look into developing a communication plan to demonstrate the importance of the transparency standards and how they can benefit the business community. It will also look into developing a work plan to monitor developments in the WTO and find how APEC's work can better contribute to the WTO in this area.

## D. Leaders Statement to Implement APEC Policies on Trade and the Digital Economy

CTI was tasked to follow-up on the implementation of the Leaders' Statement on APEC Policies on Trade and the Digital Economy that was endorsed as Pathfinder in 2002. CTI agreed on a "Leaders' Digital Economy Pathfinder Statement: Next Steps" paper which outlined the work plan to achieve the targets set out in the Statement. (A copy is attached as Appendix V). The plan was endorsed by the MRT to ensure progress on the initiative.

As envisaged in the "Next Steps" paper, a number of economies (namely Hong Kong, China; Japan; Mexico; Singapore; and the United States) submitted reports outlining how they are implementing the Statement's objectives on e-commerce, services, intellectual property and tariffs. In addition, CTI sub-fora such as MAG, GOS and IPEG will undertake inter-sessional work to review actions identified in the "Next Steps" paper and proposals for new areas in which it would be useful to exchange information and set trade policy targets. MAG is reviewing a US proposal to eliminate tariffs on certain IT products such as stacked semi-conductor chips, microphones and receivers for telecommunications equipment and broadband products. GOS has begun discussing economies' identification of services critical to electronic commerce, with more detailed work to be undertaken in the future so as to enable economies to better understand how WTO offers are relevant for the digital economy. IPEG discussed actions in the "Next Steps" paper relating to TRIPS enforcement, the ratification status of the World Intellectual Property Organization (WIPO) Treaties, government mechanisms to ensure governments use only legal software and other content, and ways to prevent the Internet from being used to facilitate trade in infringing or counterfeit goods. It was also recognized that

future work could include optical disk piracy; including looking at effective practices for optical disc production and IP enforcement best practices.

A half-day private-public sector Seminar on "Defining an Environment that Facilitates Trade in the Digital Economy", jointly hosted by CTI and the ECSG, took place in Phuket, Thailand, on 16 August 2003. The Seminar met its objective of providing economies with a greater understanding of the importance to business of implementing e-commerce, services, intellectual property and tariff objectives in the Leaders' Statement to Implement APEC Policies on Trade and the Digital Economy. The Seminar also explored ways to implement the Digital Economy Pathfinder and drew up a list of recommendations for consideration by the CTI and the ECSG. CTI noted the recommendations and found that work has already started in MAG and IPEG on those relating to identifying additional IT products for tariff elimination and exploring APEC-wide enforcement for IPR respectively. CTI members also undertook to consult with relevant agencies in capitals on the recommendation to consider an extension of a, or a permanent, customs moratorium.

## E. Pathfinder Initiatives

CTI and its sub-fora continued to review their activities/work programs in order to identify further possible Pathfinder initiatives that will help progress work in trade and investment liberalization and facilitation towards achieving the Bogor Goals. Other than the new initiative on the Sectoral Food MRA that was endorsed at the MRT, no other new initiatives were identified.

Work in this regard thus focused on advancing the implementation of the agreed TILF-related pathfinders from Los Cabos, Mexico. CTI was pleased to note the progress achieved, viz:

- Electrical and Electronic Equipment MRA Parts II and Parts III: Participation was expanded to include New Zealand.
- Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures: A TILF-funded project was approved to advance the initiative. The project is in its first phase of implementation. It is based on identifying a pathway to accession of the Revised Kyoto Convention and its implementation. The SCCP will

develop a Guidebook entitled “A Pathway to Accession and Implementation of the Revised Kyoto Convention”.

- **Advance Passenger Information (API) System:** An API Pathfinder Implementation Strategy comprising three main steps was agreed. All economies have decided on the standards for the implementation of API systems. (Step 1). Thirteen economies are participating in Step 2, where feasibility studies to assist economies to assess their infrastructural and administrative requirements to implement a tailored API system would be conducted. The studies for five economies have been completed. The final stage of the Implementation Strategy is the commitment by economies on the implementation of the API systems. Presently, five economies have implemented or are in the process of implementing an API system (Australia; Canada; Japan; New Zealand; and the United States). It is expected that several economies will be making a formal announcement at the Leaders’ meeting in October of their commitment to API, including Australia; Canada; Japan; New Zealand; Thailand; and the United States. Malaysia has implemented API for sea arrivals and is examining the New Zealand API system. Japan will implement an API system in 2004, while Korea will do so no later than January 2005. China is presently trialing an API system in Beijing.
- **Electronic SPS Certificates and Electronic Certificates of Origin:** implementation of these initiatives is overseen by the ECSG. CTI noted the possible synergy between the two pathfinder initiatives. Both were included in the trade facilitation menu of actions and measures. Both could be seen as forms of e-commerce solutions for trade facilitation documentation requirements by regulatory authorities. CTI further noted that Thailand as the trade facilitation convenor in the ECSG would be looking into how IT can facilitate the clearance of such documents by regulatory authorities.

## F. Strengthening the Functioning of Markets

The implementation of the Cooperation Framework for Strengthening Economic Legal Infrastructure, APEC-OECD Cooperative Initiatives on Regulatory Reform and the APEC

Principles to Enhance Competition and Regulatory Reform remained as the core of CTI’s work on Strengthening the Functioning of Markets.

The Strengthening Economic Legal Infrastructure (SELI) Coordinating Group chaired by Japan continued to steer the implementation of the Cooperation Framework on Strengthening Economic Legal Infrastructure. The Group seeks to establish a fair, transparent and consistent application of the rule of law in the commercial and corporate domain, as well as in the wider community, in order to reduce the risk of future financial or economic crises and to improve business and investor confidence in the economy.

In 2003, a number of projects and seminars, including self-funded ones, on strengthening economic legal infrastructure were developed. Japan conducted the “Study on Debt Collection Litigation/Arbitration in APEC Economies” to identify how the insolvency law and related legal system function as a part of the economic legal infrastructure in the APEC member economies. The study helped member economies identify areas where the economic legal system requires immediate improvement, and projects including capacity building programs will be considered in the next few years to follow up on the study. CTI noted that the final report of this study will be submitted to the October Ministerial Meeting.

An Australia-funded “SELI Seminar” was held in Chiang Rai, Thailand, on 15 February to reinforce the messages contained in an awareness-raising report entitled “Strengthening Economic Legal Infrastructure in APEC: Supporting Trade, Investment and Economic Development.” The seminar succeeded in canvassing possible strategies and initiatives to address SELI needs. A second Seminar, on “Structural Reform” was organized by Australia in Khon Kaen, Thailand, on 23 May, to share information and exchange views on examples of best practice in structural reform.

The Japan-funded “Capacity Building for Implementing an Accounting System”; the Australia-funded “Intensive Training in Commercial Laws Seminars” held in Jakarta, Indonesia, on 7–9 May, Bangkok, Thailand on 19–21 May and Shanghai, China, on 27–29 August; and the “APEC Training Program on Competition Policy” jointly conducted by Japan; Malaysia; Thailand; and Viet Nam are among the achievements of the SELI group in 2003, enhancing capacities in economic legal

infrastructure in the region through close cooperation among member economies.

Following the adoption of a new chapter in Part I of the OAA on SELI last year, CTI agreed to recommend for SOM's consideration the mechanism developed by SELI for economies to report on implementation of SELI issues to meet the OAA objectives.

## G. Industry Dialogues

CTI recognizes the importance of public-private sector dialogues for improving the mutual understanding of key imperatives for the development of future policy and for enhancing the competitiveness of the relevant industries. It continues to support SOM in overseeing the developments in the Automotive and Chemical Dialogues. It was also tasked by SOM to oversee the establishment of a life-sciences innovation forum as called for by Leaders in Los Cabos, Mexico.

### 1. Automotive Dialogue

The Fifth Automotive Dialogue was held in Honolulu, Hawaii on 25–27 June 2003. The Dialogue reviewed the work undertaken by the six working groups that were established following the Third Dialogue (technical regulatory harmonization, customs, ECOTECH, information technology, environment and market access) to progress their work programs.

The Dialogue agreed that the Dialogue Chair would send a letter to the EU Commissioners Lamy, Liikanen and Wallstrom expressing concerns about the possible trade implication of the EU's Registration, Evaluation, Authorization of Chemicals (REACH) system on the automotive industry.

In response to SOM's directive in February 2003, the Dialogue is looking into developing a package of trade facilitation, market access, and industrial, economic and technical cooperation actions aimed at the further development and integration of the industry.

### 2. Chemical Dialogue

The Second Chemical Dialogue was held on 22–23 May 2003 in Khon Kaen, Thailand. The Dialogue made further progress in the implementation of the Global

Harmonized System (GHS) on hazard classification and labeling of chemicals and safety and agreed to develop a mechanism for coordination and identification of key bilateral, sub-regional, and regional events where GHS could be included on the agenda. The Dialogue also agreed to send a collective comment to the EU's Internet website expressing its over-arching concerns on the EU's legislation for the new regulatory regime for chemicals, known as "REACH" system with individual economies separately making more detailed comments on the substance of the draft legislation. The Dialogue also noted the importance of developing a chemicals sectoral package on non-tariff measures to be sent as inputs to the WTO. The Dialogue tasked the Chemical Dialogue Steering Group (CDSG) to examine the list of NTMs of concern to the chemical industry that was agreed to by the Asia-Pacific Chemical Industry Coalition (APCIC) in its May 2001 meeting and identify priorities for inclusion in the DDA.

As a next step, the CDSG met on 16–17 August 2003 and agreed on the following:

- APCIC's proposal to utilize the APEC website as a mechanism for coordinating GHS implementation by posting a calendar of upcoming industry events in the region;
- A press release based on the Chemical Dialogue's collective comment on REACH that was submitted to the EU website on 29 May 2003 to be issued to trade journals to raise awareness of the possible trade implications of REACH;
- As a contribution to the implementation of the Leaders' Statement on Transparency Standards, the CDSG would compile a list of websites of chemical-related regulations maintained by each member for posting on the APEC website; and
- The United States' industry representative would prepare a consolidated list of NTMs for the CDSG's consideration. The consolidated list would distinguish new negotiating items from implementation-related issues such as those relating to existing WTO agreements.

### 3. Life Sciences Innovation Forum

CTI approved the Terms of Reference (TOR) for establishing the Life Sciences Innovation Forum (LSIF) as called for by APEC Leaders in Los Cabos, Mexico, to develop a strategic plan for life-sciences innovation in the

region. The Forum will meet annually to promote innovation in the life-sciences sector. It will discuss, identify and promote a policy environment to foster the growth of life-sciences innovation and the improvement in public health in the Asia-Pacific region. The Forum will be supported at the working level by an ad hoc Planning Group comprising interested representative from the private sector, academia and government officials.

The inaugural meeting of the forum was held in Phuket, Thailand, on 14–15 August 2003, attended by more than 200 participants drawn from academia, government and industry. The Forum, chaired by H.E. Suwit Khunkitti, Deputy Prime Minister, Thailand, agreed in principle to harmonize quality standards for life sciences products and services according to international best practices; and an assessment of the strength of each APEC economy to identify those areas where contributions of life sciences innovations may be established quickly and effectively. The Forum also agreed on the key elements within the four main segments of the life sciences innovation value chain (research; development; manufacturing and marketing; and health services) for inclusion in the framework for the Life Sciences Innovation Strategic Plan that is to be finalized by the time of the APEC Economic Leaders' Meeting in 2004.

## H. Cross-cutting Issues

While the primary focus of CTI's work program is in advancing APEC's TILF agenda, it also complement activities undertaken by other APEC fora aimed at producing results that respond to instructions from APEC Leaders and Ministers that benefit the business community and that are done in concert between the public and private sectors.

### *Economic and Technical Cooperation*

Each year, CTI oversees and implements more than 50 projects/activities to prepare and assist APEC member economies to facilitate and liberalize trade. They take the form of capacity building activities to provide member economies with the needed tools to (i) implement and benefit from the package of agreements reached in the Uruguay Round negotiations; (ii) better understand economies' views and concerns in order to participate

effectively in multilateral/international trade and investment negotiations; (iii) contribute towards the improved functioning of the multilateral trading system as well as the strengthening of trade-related institutional and legal frameworks; and (iv) implement measures that facilitate trade. While these activities help CTI to advance TILF priorities towards achieving the "Bogor Goals", they also respond to at least one of the six ECOTECH priority themes of the 1996 Manila Framework for Strengthening Economic Cooperation and Development as well as one of the recently adopted APEC-wide ECOTECH priority of "Integration into the Global Economy".

### *Integration of Gender Issues into the CTI Work Program*

Conscious of the need to integrate gender issues into the Committee's work program, a small Friends of the Chair group led by Canada continued to look into, review and/or develop projects that would bring a gender dimension to the work of the CTI. In this connection, CTI approved a project for a study aimed at supporting potential women exporters. This TILF-funded project is being coordinated by the North-South Institute of Canada in collaboration with other APEC economies. Through a study of international good practices, the project will propose innovative approaches to trade promotion and facilitation that governments, international organizations and aid agencies could adopt to support the needs of marginalized women producers. Project outputs will include preliminary proposals for follow-up pilot projects to support potential women exporters.

Besides this project, a gender survey on business mobility issues in the APEC region was conducted in the IEGBM by the Asia Pacific Foundation of Canada. The survey was designed to address two sets of questions: how gender affects business mobility, and the effectiveness of APEC's travel initiatives.

### *CTI's Response to Severe Acute Respiratory Syndrome (SARS)*

Noting the significant economic impact of SARS on a number of APEC member economies, CTI recognized that it could play a valuable role in mitigating this impact including through: encouraging economies to quickly disseminate information on measures they have taken in response to SARS, introducing measures that would enhance business confidence, and restoring travel with minimal impact on transaction costs. In this

regard, the report prepared by CTI on its proposed response to SARS was presented to SOM for inclusion in the overall APEC Action Plan on SARS.

### *1. Cooperation with Observers*

#### *1. Pacific Economic Cooperation Council (PECC)*

The PECC Trade Forum program continues to support the APEC CTI agenda, especially in the areas of regional trading arrangements, investment, services, market access, and trade facilitation.

PECC participated in the APEC Senior Officials' Trade Dialogue on RTAs/FTAs and considered the Dialogue to be a valuable first step in APEC's work on this issue. PECC is strongly supportive of the view expressed by a number of delegations at that Dialogue that it would be helpful for APEC members to develop a common understanding on the features that should characterize RTA developments in the APEC region if they are to contribute to the Bogor Goals. After two years of work, PECC has analyzed the implications of present RTAs/FTAs in the region and has proposed key elements which it believes should be part of a common understanding within APEC.

PECC is making the following specific contributions to APEC trade and investment projects:

- It is a consultant for the project on "Study on the Mutually Supportive Advancement of APEC's Trade Facilitation and Secure Trade Goals post-September 11";
- Its members are participating in the series of case studies of the benefits of liberalization in the service sector; and
- It is contributing to the work in the GOS on the specification of the Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment.

#### *2. ASEAN Secretariat*

The presence of the ASEAN Secretariat serves the dual function of keeping APEC informed of ASEAN activities and keeping ASEAN, especially the non-APEC members of ASEAN, informed of APEC activities. This is to promote closer coordination in their activities.

#### *3. Pacific Islands Forum*

The Pacific Islands Forum acknowledges the benefits of its observership with APEC, especially through its association with the CTI. Information received from the CTI continues to be disseminated to our Members. These exchanges have been particularly helpful following the entry into force of the Pacific Island Countries Trade Agreement (PICTA) in April 2003.

## **APPENDIX I**

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### **CONVENORS' SUMMARY REPORTS AND COLLECTIVE ACTION PLANS**

## **CONVENOR'S SUMMARY REPORT ON TARIFFS AND NON-TARIFF MEASURES**

### **1. Introduction**

The Market Access Group was established by the Committee on Trade and Investment at its meeting in St John's Canada in August 1997. Its role was to coordinate and undertake work on Tariffs and Non-Tariff Measures (NTMs), which includes developing Collective Action Plans (CAPs) and collating NTMs work notified in the various early voluntary sectoral liberalisation. Since its inception, MAG has had fifteen meetings with the most recent one held on 16 August 2003 in Phuket, Thailand. Mr David Garner, Department of Foreign Affairs and Trade, Australia, replaced Arnold Jorge as convenor of the MAG at the beginning of 2003.

The year has provided an opportunity for MAG to contribute to WTO Doha Round. MAG continued to assist members' preparations for the WTO Doha Development Agenda by providing up-to-date data to the WTO IDB and to the APEC TDB. Member economies made presentations and exchanged information on approaches to domestic consultations on WTO issues, which have led to a "best practice" paper.

MAG increased business awareness of APEC efforts to improve market access, including highlighting efforts of trade facilitation in the region through its inaugural biannual newsletter.

A workshop on quantitative methods for assessing NTMs and Trade Facilitation was held in Bangkok. In response to APEC leaders' requests, MAG has produced a paper on RTAs/FTAs, which draws on members' approach to regional trading arrangements. The paper will act as a stepping stone for further MAG work on market access issues in regional trading arrangements. Papers on transparency standards on tariff and non-tariff measures and possible additional information technology products which members would be interested in an elimination of tariffs, have also been circulated.

### **2. 2003 Highlights of Collective Actions Achieved**

- Conducted a capacity building workshop on quantitative methods for assessing NTMs and trade facilitation in Bangkok, Thailand, on 8-10 October 2003, in which WTO, World Bank (WB) and regional representatives delivered presentations on quantitative assessment of trade policies other than tariffs.
- Developed a MAG paper on members' RTA/FTA policies as a contribution to Ministerial and Leaders' instructions for "an exchange of views in APEC on regional and bilateral trade agreements.
- Developed a MAG paper on "best practice" in domestic WTO consultations" that draws on members' experiences and processes.
- Developed Transparency Standards on Tariffs and Non-Tariff Measures.
- Developing a list of information technology products which could be considered for tariff elimination at the broadest possible level.
- Planned a Trade Policy Dialogue on market access concerns for small and medium size enterprises.
- Members reported updating of their data on the APEC Tariff Database (TDB).
- Continuous improvement of the administration and management of the APEC TDB.
- Members reported provision of new data to the WTO IDB.

- Members updated links in the MAG website, and continued discussions with the APEC Secretariat to improve the MAG website. Identification of documents has been nominated for uploading/posting on the MAG website.
- Members continued to hold dialogue with other international fora such as the WTO, OECD and PECC, and APEC subfora/working groups including the Chemical and Autos Dialogues and SME Working Group.
- Produced its inaugural internet based newsletter for MAG. The newsletter is to be distributed twice a year, to inform APEC businesses and the wider community of the liberalisation and trade facilitation work being undertaken by the Group.

### **3. New Collective Actions Agreed**

No new collective actions for 2003.

### **4. Benefits and Beneficiary**

MAG continues to progress APEC's work on tariffs and non-tariff measures, in support of the WTO and trade facilitation in the region. The group is committed to maintaining up to date information and data in the WTO IDB, APEC TDB and on the MAG website. In response to the APEC's leaders call for a 5 percent reduction in transaction costs by 2006, MAG is developing projects and programs that build on the existing knowledge base and develop capacity for trade analysis. This work will focus at a strategic level and complement work at the sectoral level by other sub-fora.

The work of the MAG will assist the business community in the region through initiatives that demonstrate free and open trade is the best guarantee of economic prosperity and growth, and promote greater understanding of the benefits of trade facilitation. The programs of the MAG will help create an Asia-Pacific region which is more resilient to regional and global shocks and to assist all regional economies stay on the course of regional integration and economic openness.

## TARIFFS AND NON-TARIFF MEASURES 2003 COLLECTIVE ACTION PLAN (CAP)

OAA Objectives	Action	Time Frame
<p>CAP Item: <b>Tariffs</b></p> <p>(a) Participate and ensure the expeditious supply and updates of the WTO Integrated Database and any other APEC databases.</p>	<p>Individual: Submit current data, and any other information which is collectively agreed to be required to implement suggested enhancements by users of the APEC Tariff Database (TDB), to the TDB Manager.</p> <p>Individual: Provide regular updates of tariff information as changes occur, and provide annual updates of trade and other agreed data to the APEC database. To support the WTO, provide tariff and trade data annually in accordance with WTO obligations. Non-WTO members may provide the information as a voluntary measure.</p> <p>Collective: Co-ordinate with SCCP to continuously review existing functions and explore new enhancements with the TDB Manager/other service providers to ensure continuous development and maintenance of the TDB.</p>	<p>On-going (A number of members reported updating their data on the TDB)</p> <p>On-going (Members reported provision of new data to the WTO IDB)</p> <p>On-going (The APEC Secretariat and FedEx are discussing how to make data submission requirements more flexible and more compatible with the WTO IDB system. MAG hopes the open dialogue with FedEx will lead to enhancements to database information and accessibility).</p>

OAA Objectives	Action	Time Frame
	Collective: Continuously review and improve upon the format for the tariffs chapter of the IAP for use as the electronic-IAP template for reporting progress on liberalisation in tariffs by member economies.	On-going
(b) Arrange for seminars and/or workshops on industrial tariffs negotiations in consultation with international organisations, where appropriate, including WTO Secretariat on WTO IDB.	Collective: Organise periodically seminars on the WTO IDB with a view to providing capacity-building for member economies in preparatory work towards future tariff negotiations.	On-going
(c) Study lessons from modalities for tariff reduction and elimination in sub-regional arrangements.	Collective: Undertake study in the tariff area with respect to trade data and tariff information, including issues of particular interest to developing member economies, with a view to building capacity to participate in the WTO negotiations.	On-going (In response to the Leaders' request, MAG has prepared a paper on FT/RTA. The paper is to be posted on the MAG website).

OAA Objectives	Action	Time Frame
<p><b>CAP Item: Non-Tariff Measures</b></p> <p>(a) Pursue incorporation of information on non-tariff measures into a future version of the APEC tariff database and compile a list of measures recognised as non-tariff impediments and a list of products affected by these impediments.</p> <p>(b) Develop a list of trade regulations and associated administrative arrangements with the potential to affect trade patterns.</p>	<p>Collective: Exchange through the CTI, and where possible make available electronically (e.g. through the APEC Secretariat Homepage), information on NTMs utilising existing WTO formats as a reference.</p> <p>Collective: Examine how information on NTMs can be made available on electronic or other platforms for sharing and exchange, so as to help businesses to better understand member economies' trade regimes/practices.</p> <p>Collective: Develop improved format on NTMs chapter of the IAP for use as the electronic-IAP template to enhance transparency of NTMs and for reporting progress on their reduction.</p> <p>Collective: Further develop the MAG Homepage of links to websites of APEC member economies dealing with trade regulations and associated administrative arrangements as a resource to business and other economies.</p>	<p>On-going</p> <p>On-going</p> <p>On-going</p> <p>On-going (Members updated links in the MAG website and continued discussions with the APEC Secretariat to improve MAG website.)</p>

OAA Objectives	Action	Time Frame
	<p>Collective: Expand the MAG website by posting other appropriate MAG papers on the website.</p> <p>Collective: Develop and update contents of the APEC database in association with other international organisations (e.g. WTO and UNCTAD)</p> <p>Collective: Continuously review and improve upon the format for the non-tariff measures chapter of the IAP for use as the electronic-IAP template to enhance transparency of non-tariff measures and for reporting progress on their reduction.</p>	<p>On-going (A MAG group has examined the content and design of the MAG website and tabled a report for comment. The APEC Secretariat reported on a number of possible improvements to the website, which will enhance the accessibility and useability for members and business.)</p> <p>On-going</p> <p>On-going</p>

OAA Objectives	Action	Time Frame
<p>(c) Identify industries in which the progressive reduction of non-tariff measures may have positive impact on trade and on economic growth in Asia-Pacific region or for which there is regional industry support for early liberalisation.</p>	<p>Collective: Develop a framework and database for reporting progress on liberalisation in tariffs and NTMs, including product specific information about tariff peaks and tariff quotas.</p> <p>Collective: Follow the progress of the approved work program on NTMs in EVSL and consolidate the overall results of this work.</p>	<p>On-going (PECC has presented position papers on a regular basis to MAG.)</p> <p>On-going (Members considered proposals for a central reference document/database for NTMs, including those already identified by other APEC subfora/working groups.)</p>
<p>(d) Progressively reduce export subsidies with a view to abolishing them.</p> <p>(e) Elaborate the scope of NTMs affecting significant volume of trade in APEC economies .</p>	<p>Collective: Undertake a stock-take of work in the non-tariff measures area by various fora, including identifying types of non-tariff measures, with a view to intensifying work on reducing non-tariff measures.</p> <p>Collective: Maintain a dialogue with other APEC fora on aspects of their work program, which address NTMs.</p>	<p>On-going</p> <p>On-going (Discussions have been initiated with representatives from the Auto Dialogue, SME WG and the Chemical Dialogue.)</p> <p>(Representatives from other APEC subfora/working groups will be invited on a regular basis to help ensure cross-fertilisation of ideas.)</p>

OAA Objectives	Action	Time Frame
<p>(f) Abolish unjustifiable export prohibitions and restrictions and endeavour to refrain from taking any such new measures.</p>	<p>Collective: Exchange through the CTI, and where possible make available electronically (e.g. through the APEC Secretariat Homepage), information on all export subsidies, utilising existing WTO formats as a reference. As a starting point, individual economies could use their respective notifications to WTO under the Agreement on Subsidies and Countervailing Measures.</p> <p>Collective: Discuss further measures to enhance transparency in unjustifiable export prohibitions and restrictions, building on the exchange of information among APEC members and consider other APEC collective actions which are appropriate and possible.</p> <p>Collective: Develop approaches leading to the progressive reduction of export subsidies by members, with a view to abolishing them in support of WTO agreements.</p>	<p>On-going</p> <p>On-going (2001 – 2005)</p> <p>On-going (2001 - 2010/2020)</p>
<p>(g) Pursue a series of seminars/policy discussions on non-tariff measures (NTMs)</p> <p>(h) Discuss how NTMs might be implemented in a manner which does not distort trade flows</p>	<p>Collective: Undertake a series of policy discussions on NTMs with a view to exploring issues surrounding their progressive reduction, and devising practical options for their progressive reduction on a voluntary basis.</p>	<p>On-going (The US and Australia conducted a NTMs and Trade Facilitation works hop in Thailand in 2003. The capacity building workshop on methods of assessing NTMs and trade facilitation assisted members to better understand the nature of NTMs and their impact on trade of goods and services. In turn this will allow economies to set appropriate policies on NTMs, and prepare of the WTO negotiations.)</p>

OAA Objectives	Action	Time Frame
(i) Undertake a series of policy discussions on NTMs with a view to exploring issues surrounding their progressive reduction, and devising practical options for their progressive reduction on a voluntary basis.		On-going
(j) Undertake research to develop best practices to enhance transparency and progressively reduce NTMs.  (k) Undertake research and provide a basis for policy discussions on trade regulations and administrative arrangements that focus on procedural elements of trade processes in collaboration with other APEC fora	Collective: Undertake research on “best practices” trade regulations and administrative arrangements that focus on procedural elements of trade processes.	On-going (Australia; Canada; Hong Kong, China; Chile; China; Chinese Taipei; Japan; Korea; Mexico; New Zealand; Papua New Guinea; and the United States shared experiences on their respective domestic consultation processes on WTO and WTO related issues . A draft “best practice” paper has been circulated to members for comment.)  (U.S. has drafted and circulated a paper on transparency standards on tariffs and non-tariff measures. Members are considering the paper with a view to developing a common MAG position on APEC transparency provisions.)
(l) Pursue a series of seminars/policy discussions on trade facilitation	Collective: Undertake a series of policy discussions on trade facilitation with a view to encouraging members to continue reforms and reduce trade related transaction costs.	On-going

## CONVENOR'S SUMMARY REPORT ON SERVICES

### 1. Introduction

The Group on Services (GOS) was established by the CTI as an informal subgroup in 1997 to address the TILF tasks in the area of services as mandated in the Osaka Action Agenda and instructed by Leaders, Ministers, SOM and CTI. Since 1997, the GOS has held 22 meetings, with the last one being held in Phuket, Thailand on the 14-15 August 2003. The current Convenor of the GOS is Mr. Seok-young Choi, Deputy Director General for APEC at the Ministry of Foreign Affairs and Trade, Korea.

In addition to the continuous progress on various CAP items, including information gathering and analysis, experience sharing and transparency, in 2003 the GOS completed Phase III of the "Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment", which presents an organized framework for GOS' future work and also provides concrete elements for individual member economies to adopt for advancing of their services work.

For 2004, the GOS will continue contributing, where possible and appropriate, to the WTO's work on services, particularly the on-going negotiation.

### 2. Collective Actions Achieved

- Completed Phase III of the "Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment"
- Monitored the development of the WTO negotiation on services with an aim to assist the process where possible and appropriate.
- Promoted the completion and use of service chapter template of the e-IAP for services IAP reporting
- Improved the communication among the services experts from specific sectors (i.e. Energy, Tourism, Telecommunications and Transportation) of all APEC economies by expanding a data base of experts on services trade negotiations.
- Built up APEC support for WTO's work/negotiations on services trade, through information exchange and technical assistance, to support GOS Members' preparations for successful participation in WTO services negotiations.
- Held two seminars "Digital Trade Seminar" and "Seminar on Trade in Health Service" in conjunction with other fora (ECSG, IEGBM, HRDWG) and individual economies (the U.S. and Japan respectively)

### 3. New Collective Actions Agreed

- Deliberation and agreement to work inter-sessionally on the Transparency Standard for Services
- Follow-up of "Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment"
- Update the database on Service Experts

- Continue the ongoing work under existing CAPs, including improvement of the understanding of the impact of the liberalization of services trade by voluntary experience sharing among member economies.
- Promote the completing and use of service chapter template of the e-IAPs for services IAP reporting.
- Build up APEC support for WTO's work/negotiations on services trade, through information exchange and technical assistance, to support GOS Members' preparations for successful participation in WTO services negotiations.

#### **4. Benefits and Beneficiary**

The GOS Menu of Options has served to better organize the GOS' current and future work and to facilitate more efficient operation of the GOS. It can also facilitate the IAP process for it will provide concrete elements for individual member economies to adopt based on the need of each economy, in advancing their work on the three-pillars for services trade and investment.

The above collective actions add "APEC value" to the WTO services work for implementation to complement on-going WTO services negotiations and to increase APEC Members capacity to participate fully in the WTO process.

#### **5. 2003 Highlights**

- Completion of MOO phase III and adoption of additional elements to the Menu of Options on "Disciplines for Domestic Regulation of Services, including Transparency"
- "Digital Trade Seminar" and "Seminar on Trade in Health Service" were held in conjunction with other fora (ECSSG, IEGBM, HRDWG) and individual economies(the U.S. and Japan respectively)
- Improvement in the communication among services experts across APEC economies.
- Transparency standard for services; once adopted before the AELM.

## Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment: Additional Elements<sup>\*</sup>

15 August 2003

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### Background

The *Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment* (hereon termed *Menu of Options*) is designed to advance the core objective of the APEC Group on Services, that is to foster the liberalization and facilitation of services trade and investment, along with the promotion of capacity building in the services and investment areas. The major purposes served by the *Menu of Options* are to provide an organizational framework for the work of the GOS on services, to assist APEC members in understanding what types of measures they may wish to include in their Individual Action Plans, and to facilitate the discussion of how APEC member economies may achieve free and open services trade and investment. The *Menu of Options* has been developed according to the guidelines set out in Annex I.

The work on the *Menu of Options* project has been carried out over three phases. The initial work, *Menu of Options*, Phase I, commenced in 2000, followed by Phase II in 2001 and Phase III in 2002-2003.<sup>1</sup> This document represents the outcome of the *Menu of Options* Phase III (2002-2003) agreed by the APEC Group on Services (GOS) as one of its deliverables for the year 2003, through the inclusion of additional elements of the *Menu of Options* that the GOS achieved during its work for the year 2003 along with a summary of background papers and exercises that the GOS carried out for the year 2002.

The work of Phase III of the *Menu of Options* was designed to deepen the discussion and analysis of two key issues under the pillar of trade facilitation—transparency and domestic regulation—which were identified by GOS members during Phase II for further consideration. Work in Phase III has been undertaken by the GOS with the objective of allowing APEC member economies a better understanding of how improvements in the drafting of disciplines and application of rules and procedures for transparency and domestic regulation for services could be carried out at both the national and multilateral levels, as well as how capacity-building measures could be designed and implemented. This work should also contribute to support the

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<sup>\*</sup> This document supplements the *Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment*, APEC #201-CT-01.6, Singapore, 20 August 2001.

<sup>1</sup> Please see Annex III for the detail on the work of the *Menu of Options* over three phases.

participation of APEC economies to negotiate improved rules for services trade in the WTO in the context of the ongoing GATS 2000 services negotiations.

To achieve the above objectives, three workshops were carried out for the GOS during Phase III of the *Menu of Options* (2002), in which five background papers on aspects of the issues of transparency and domestic regulation were presented. As well, two practical exercise sessions were conducted for GOS members, one on regulatory reform in network-based service industries (using the energy sector as an illustration) and another on the conduct and best practices for regulatory impact analysis. During the second year of Phase III of the *Menu of Options* (2003), the Group discussed, in-depth, the five background papers and two presentations with the objective of preparing conclusions that represent GOS' members understanding of these issues contained in those materials. Annex II contains a list of the papers and presentations that were presented to the GOS during Phase III.

This document sets out in Part I in a non-legal manner additional elements of the *Menu of Options* with respect to the five papers and two presentations in the areas of good regulations, regulatory impact analysis and disciplines for domestic regulation of services, including transparency. The additional elements were those agreed by the GOS during the discussion of the relevant papers and presentations in 2003. Part II of this document contains a summary of the points made in these papers and presentations and is entitled *Towards Improving the Understanding and Application of Services Regulation* (2003/SOMI/GOS/008). Section I summarizes points in the papers related to transparency and domestic regulation. Section II sets out "Good Practices for Regulatory Impact Analysis", as well as suggestions for capacity-building measures, drawn from the presentations and discussion carried out during the workshops on this issue.

Note: This document does not attempt to define terms included in the *Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment* from a legal point of view. Therefore, no description contained in the document should be taken as constituting a legal text.

## Part I. Additional Elements for the *Menu of Options*

### ADDITIONAL ELEMENTS FOR THE MENU OF OPTIONS RELEVANT TO GOOD REGULATION FOR SERVICES, REGULATORY DISCIPLINES AND TRANSPARENCY

This part sets out additional elements for the *Menu of Options for Voluntary Liberalization, Facilitation and Economic Cooperation and Technology Development for Services Trade and Investment* in the areas relevant to good regulation for services, regulatory impact analysis, disciplines for domestic regulation of services and transparency, as agreed by the APEC Group on Services at its SOM III meeting in August 2003. Annex II sets out the list of papers and presentations on which the elements found in the seven sections below are based.

Economies recognize that any of the elements included below may be adapted to take into account the characteristics of particular services sectors.<sup>2</sup>

- **What Constitutes Good Regulation for Services**

1. Good regulation

Good regulation is a product of both good policy advice and good decision-making. Good quality regulation for services is important because it helps to achieve public policy objectives and to improve economic performance and can, where appropriate, promote both competition and trade. Good regulation should be transparent, have a clear policy objective, and be efficient

2. Poor quality regulation

Poor quality regulation for services results in adverse impacts on the domestic economy. Some of the reasons behind poor quality regulation are lack of transparency, choice of inappropriate regulatory instrument, and unclear policy objectives in the regulation-making process.

3. Models vs. principles of good regulatory practice

Both models and principles guide the adoption of national regulation. Taking into account national capacity constraints, it may be more appropriate for developing economies to adopt regulatory models rather than principles. However, models of good regulatory practices must be adapted for application in a given domestic context, must have the support of domestic constituency and must be flexible. It is important to remember that there is no one-size fits all approach. The key is the need to have a sufficiently well-equipped tool box so that one can develop the regulatory approach/package (including voluntary measures) that best fits the situation.

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<sup>2</sup> Referenced in this document is a *Menu of Options* document examined by GOS members as part of a prior discussion. While this *Menu of Options* may prompt further discussion in certain areas, it should not be interpreted as an exhaustive or definitive statement of policy views of APEC member economies.

- **Regulatory Impact Analysis for Services**

1. Main benefits of Regulatory Impact Analysis (RIA)<sup>3</sup> for national economies.  
The main benefits of conducting RIA for national economies are the following:
  - a) development of a broader base of information for decision making,
  - b) heightened procedural transparency<sup>4</sup>
  - c) increased incentives to produce effective and efficient regulation.
2. Relevance of RIA for the trade policy process  
RIAs can, where appropriate, include an assessment of trade effects of proposed regulation.
3. Building linkages between regulators and trade policy makers  
It is important to build and maintain a communication channel between trade policy-makers and regulatory officials designed to improve integration of trade and regulatory objectives.
4. Options for government intervention  
There are a variety of approaches that governments can consider in assessing how to best achieve an objective. These include:
  - No intervention
  - Retaining the 'status quo'
  - Extending current legislation
  - Increasing enforcement of an existing regulation
  - Conducting an information and education campaign
  - Using economic instruments
  - Voluntary standards
  - Self regulation
  - Co-regulation (Combining legislative provisions with functions administered by a professional association)
5. Main elements of a Regulatory Impact Analysis statement  
An RIA statement may contain the following elements:
  - a statement of the nature and magnitude of the problem and the need for government action
  - a statement of the public policy objective(s)
  - a statement of feasible options that may constitute viable means for achieving the desired objective(s)
  - a cost and benefit analysis
  - a statement of administrative and compliance costs
6. Assessment of costs and benefits  
The costs and benefits of a proposed regulation can be assessed by identifying its key impacts, e.g. environmental, security, health, and safety impacts and the regulatory burden. The nature of such impacts should be specified in the costs and benefit analysis statement.

- **Improving Capacity for Carrying out Regulatory Impact Analysis**

1. Status of a national regulatory body  
A national regulatory body may enjoy the status of either an independent body or a part of a governmental body/authority. In either case, the body should be independent from political influence.

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<sup>3</sup> While tools such as RIA can inform and thereby improve regulatory judgment, the ultimate means to good quality regulation is sound regulatory judgment, which will take into account a range of factors including but not limited to the outcome of RIA analysis.

<sup>4</sup> Procedural relates to how regulation is developed, not dictating any particular regulatory outcome.

2. Application of RIA  
Because RIA is an analytical tool which incorporates good regulation criteria, it should be applied at the stage when domestic regulations are developed and should be used until the final policy decision is taken.
3. Purpose of the RIA review process  
The purpose of the RIA process is to review and identify policy objectives, in order to demonstrate the benefit of a proposed regulation and to review the alternative options available. This process provides policy-relevant information to decision makers and helps them to obtain quality regulation that achieves those policy objectives.
4. Function of public consultation in the RIA process  
Public consultation should be incorporated in the RIA process. The function of such transparency is to make information available to the public, listen to a wide range of interests and to obtain a broad range of information from potentially affected parties. Agencies should consider, evaluate, and take into account what is heard in subsequent regulatory development. Experience suggests that the result is often improved regulatory outcomes.
5. Capacity-building in the areas of development of domestic regulation and of RIA  
Capacity-building in the area of domestic regulation and RIA can be carried out via effective training courses and seminars for government officials involved in RIA and in developing domestic regulation, through on-line guideline for the RIA process, and through the provision of special courses in response to specific requests and technical needs.

- **Issues in Domestic Regulation of Services: Horizontal vs. Sectoral Disciplines**

1. Potential benefits of horizontal disciplines
  - reduction of the probability of regulatory capture
  - stimulation of regulatory reform of all services sectors
  - lessening of the risks of over-regulating dynamic technology-driven service sectors but may increase the risk of under-regulating some sectors, such as financial services, where strong supervision is key for prudential reasons.
2. Possible constraints of having horizontal disciplines  
Broad horizontal disciplines can be somewhat abstract, may not be specific enough, or may not adequately take into account the characteristics of particular sectors.
3. Approach to developing horizontal disciplines at the multilateral level  
A systematic approach can be designed to capture the benefits of horizontal disciplines while maintaining intact the right to regulate. An illustrative example follows.
  - Stage 1: Undertake an open international dialogue between domestic regulators and competition authorities to explore whether meaningful horizontal disciplines can be developed.
  - Stage 2: Develop a comprehensive system in which the key principles/disciplines are bound in international agreements (such as GATS), voluntary guidelines are established as a benchmark for domestic policy-making, and other private and public bodies and associations develop sector-specific standards.
  - Stage 3: Develop horizontal disciplines to promote the openness of markets while recognizing national regulatory sovereignty in the areas pertinent to, *inter alia*, health, safety and prudential objectives.
4. Areas in which GATS Article VI on “Domestic Regulation” could be strengthened
  - Expansion of the scope of Article VI to recommend an explicit statement of the policy objectives to be achieved by a regulation
  - Clarification of the concept of “quality of service” for areas where it is appropriate
  - Emphasis on performance-based regulations, consistent with the “objective and transparent criteria” stated in Article VI.4.a), for appropriate sectors
  - Strengthening of transparency requirements

- Encouragement of market-based regulations, as appropriate
  - Encouragement of self-regulation, as appropriate, by the industry
5. The APEC process could play a role in the following areas for the development of horizontal disciplines at the multilateral level
- Furthering discussion of whether to develop deeper international commitments on horizontal principles
  - Elaboration of model commitments for those sectors that warrant explicit treatment, a goal consistent with the *Menu of Options* document

• **Deepening Sectoral Disciplines for Services Regulation**

1. The role of sectoral disciplines at the multilateral level

Sectoral disciplines play a role in identifying the derogations and additional disciplines that may be necessary to adapt the general disciplines to the unique features of a particular sector. Those special features may relate to market structure and social requirements. Sectoral disciplines may also become a vehicle for facilitating the liberalization of barriers to trade specific to a particular sector.

2. Potential benefits of sectoral disciplines at the multilateral level

- A mechanism for clarifying, elaborating, or supplementing the application of horizontal disciplines to sectors with unique characteristics
- A vehicle for facilitating the liberalization of barriers to trade specific to a particular sector
- A convenient way of addressing issues that require more extensive involvement of sectoral regulators
- A means to pursue disciplines for licensing requirements and procedures, qualification requirements and procedures

3. Possible guidelines for developing sectoral disciplines in the WTO

- To develop simple multilateral rules to assure that domestic policy measures do not create unnecessary barriers or distortion to trade. Details of rules can be developed by national government or subsidiary bodies consistent with the achievement of various social goals.
- To prepare the ground for reform by identifying common regulatory objectives, economic benefits of reform, institutional and human resource requirements.
- To develop a softer form of disciplines than legally binding commitments, such as non-binding guidelines, recommendations and model schedules that will facilitate regulatory reform and trade liberalization.
- To negotiate national schedules for implementing desired reforms.
- To serve as a sounding board when national governments or other national or international institutions fail to reform rules that hamper trade.

4. Steps that could be undertaken prior to negotiating sectoral disciplines

- Analyse national regulations for the purpose of identifying common regulatory objectives, prior to the development of sectoral disciplines
- Accompany the analysis with institutional and human resource requirements for implementing market-oriented regulatory reforms and technical assistance that will help in carrying out these reforms

5. Principles of good governance for sectoral regulatory disciplines

General principles of good governance for domestic regulations can be incorporated in sectoral disciplines. These are:

- i) transparency for regulatory purposes or objectives,
- ii) allowing foreign suppliers to rent or lease essential facilities that only national providers are allowed to own,
- iii) establishing a preference for the use of price-oriented measures, such as variable pricing or auctions, to allocate scarce resources, and

iv) providing for alternative dispute resolution mechanisms, including consultations among regulators, where sectoral disciplines cover complex regulatory issues or sensitive social issues.

6. Areas where existing GATS sectoral disciplines may be applied

- Professional services – the *WTO Disciplines on Domestic Regulation in the Accountancy Sector* could be generalized and applied to other professional services.

- **The ‘Necessity Test’ in Domestic Services Regulation**

In certain sectors, a measure should be understood as more trade-restrictive than necessary if there is another measure, reasonably available taking into account technical and economic feasibility, that achieves a legitimate policy objective and is significantly less restrictive to trade.

- **Transparency in Regulation of Services**

1. The role of transparency

Transparency is a mechanism to make regulatory requirements clear for service providers and investors. It plays an important role in lending certainty and accountability to a market. Further, it assists in assessing the discriminatory elements present in services regulation and in promoting competition.

2. Transparency and trade in services

Opaque regulatory practice may cause a shift in the pattern of supplying services, e.g. from services supplied via commercial presence to cross-border services supply, thus influencing the location of foreign direct investment.

3. Mechanisms to ensure effective transparency

An effective transparency mechanism should operate as an ‘ex ante’ as well as an ‘ex post’ instrument: that is, regulatory transparency should be a process by which interested parties can participate in the design of new regulations as well as a way in which regulations can be disclosed and clarified.

a. Design of regulation

*a.1. Prior consultation*

Regulators will, where possible, provide interested parties an opportunity to comment on a proposed regulation.

*a.2. Regulatory impact analysis*

When proposing a regulation, regulators should seek to attach a regulatory impact analysis or other similar report (e.g. cost and benefit analysis) to the proposal. Regulatory impact analysis is one of the useful mechanisms to achieve transparency with respect to the objectives contained in regulations.

b. Application of regulation

*b.1. Publication*

Governments should publish existing measures affecting trade in services in a timely manner. Where possible, governments should publish explanatory notes to help in the understanding of measures. The publication can be achieved via means of electronic methods, e.g. APEC E-IAPs.

*b.2. Notification.*

New or amended regulations that affect trade in services should be notified in a timely manner. APEC member economies can achieve this by updating the information in their respective E-IAPs.

*b.3. Enquiry point*

Governments should endeavor to develop a list of enquiry points on a national basis to provide interested parties with information on regulation, when requested.

*b.4. Sectoral transparency*

Where necessary, alternative transparency requirements can be developed on a sectoral basis, e.g. financial services.

4. Transparency and the APEC E-IAPs

APEC member economies can ensure regulatory transparency through the APEC E-IAPs. Economies can publish existing measures affecting trade in services in their E-IAPs; notify new or amended measures by updating their E-IAPs; and posting contact/ enquiry points by sector. To achieve enhanced regulatory transparency, APEC member economies can complete their E-IAPs, including:

- A description of any regulatory measure that have a horizontal effect on all services sectors,
- Any proposals to change or eliminate existing regulations,
- Where possible, a complete list of sectoral contact points, and
- A regular review and timely update of E-IAPs.

## Part II. Towards Improving the Understanding and Application of Services Regulation: Summary of Background Papers and Presentations<sup>5</sup>

### SECTION I. IMPROVING REGULATION FOR SERVICES

#### 1. Transparency in Regulation of Services

- **A summary of the main points presented in the paper on *Transparency in Regulation of Services* by Sherry Stephenson and Soonhwa Yi**

##### a. *The importance of Transparency*

Transparency is a pivotal mechanism to assess the discriminatory elements present in services regulations, make regulatory requirements clear for service providers and investors, provide certainty and accountability, and foster and encourage competition.

##### b. *Transparency and trade in services*

Opaque regulatory practice may shift the pattern supplying services (for example, from mode 3 to mode 1) and may influence the location of foreign direct investment.

##### c. *Mechanisms to ensure effective transparency*

An effective transparency mechanism should operate as both an 'ex ante' as well as 'ex post' instrument: that is, regulatory transparency should be a process by which market players can participate in the design of new regulations as well as a way in which regulations can be disclosed and clarified.

The following are desirable goals for the design and application of services regulations.

#### 1. *Design of regulation*

##### i. Prior Consultation

Prior consultation provides the public with an opportunity to participate in the formulation of regulatory instruments through their comments. This mechanism exists at the multilateral level (i.e. the WTO TBT agreement) as well as the national level (e.g. Japan, Korea and USA).

##### ii. Regulatory Impact Analysis (RIA)

RIA is an important complimentary mechanism to achieve transparency with respect to objectives underlying regulations and policies.

#### 2. *Application of regulation*

##### i. Publication: Timely publication of measures affective trade in services and publication of explanatory notes via means of electronic methods.

##### ii. Notification: Timely notification of any new laws or regulations affective trade in services.

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<sup>5</sup> The summary of background papers in this section covering work carried out for the *Menu of Options* project on "Improving the Understanding and Application of Services Regulation" was prepared by the PECC Coordinators of the *Menu of Options* project and does not in any way represent the views of the members of the APEC Group on Services. The summary is presented to facilitate the understanding of the readers of this document.

- iii. Enquiry point: Development of an expanded list of enquiry points on a national basis to which central registry system could be complimented.
- iv. Sectoral transparency requirement: Use of sectoral transparency disciplines which is specifically applicable to a certain sector.
- v. A comprehensive negotiating modality: An alternative negotiating modality that enhances transparency (e.g. negative list approach or hybrid approach).

**d. *The APEC E-IAPs***

The publication of E-IAPs by APEC member economies would be an effective way to ensure regulatory transparency. In order to further enhance transparency, member economies may complete e-IAPs, including:

- A description of any regulatory measures that have a horizontal effect on all services sectors;
- Any proposals to change or eliminate existing regulations;
- A complete list of sectoral contact points; and
- Regular review and timely update of e-IAPs.

**2. Issues in Domestic Regulation of Services: Horizontal vs Sectoral Disciplines**

- **A summary of the main points presented in the paper on *Issues in Domestic Regulation of Services: Horizontal vs Sectoral Disciplines* by Alexandra Sidorenko and Christopher Findlay**

**a. *Benefits of horizontal disciplines***

The various benefits to be derived from the adoption and application of horizontal disciplines for domestic regulation of services include the following, among others:

- Reduction of the probability of regulatory capture;
- Avoidance of unnecessary policy linkages;
- Stimulation of regulatory reform of all services sectors, rather than only the ones on the political agenda;
- Assistance in the mobilization of countervailing political interests that offset resistance to change;
- Automatic application to new services or new modes of service supply;
- Lessening of the risks of over-regulating dynamic technology-driven service sectors.
- Provision of a framework within which to settle disputes among trading partners arising over access to markets.

**b. *Systematic approach to developing horizontal disciplines at the multilateral level***

The following systematic approach is designed to capture the benefits of horizontal disciplines while maintaining intact national sovereignty to regulate:

- First, to undertake an open international dialogue of domestic regulators and competition authorities to explore whether meaningful horizontal disciplines can be developed.
- Second, to apply a judicial system in which the key principles/ disciplines are bound in international agreements (such as the GATS), voluntary guidelines established as a benchmark for domestic policymaking, and other private and public bodies and associations to develop sector-specific standards.
- Third, to develop horizontal disciplines along the lines of safeguarding the contestability of markets while recognizing national regulatory sovereignty in the areas pertinent to health, safety and prudential objectives.

**c. *Strengthening GATS Article VI***

- Article VI (and Article III on Transparency) could be expanded to require explicit statement of the policy objectives to be achieved by a regulation.
- The concept of “quality of service” could be clarified.
- A provision could be agreed to limit regulation to the minimum necessary, i.e. the measure should be the least trade restrictive to achieve a stated objective.
- Accent could be placed on performance-based regulations, consistent with “objective and transparent criteria”, as set out in Article VI (4)(a).
- Market-based regulations could be encouraged.
- Self-regulation by industry could be encouraged.

**d. *Specific rules for harmonization and mutual recognition***

An alternative to the development of horizontal disciplines for services regulation is harmonization. It is noted however that the costs of harmonization of services standards may outweigh the benefits derived. An alternative approach is that of mutual recognition. These alternatives have been considered during Phase II of the *Menu of Options* work.

**e. *Narrowing the scope of horizontal disciplines***

It would be desirable to apply horizontal disciplines to regulations that are applicable to sectors with “natural monopoly” characteristics. Regulations that are formulated in order to prevent other instances of market failure can be disciplined by a generalized necessity test.

**f. *The role of the APEC process in the development of horizontal disciplines at the multilateral level***

- The APEC process could serve to promote further dialogue on the value of a horizontal approach for services regulation and could provide examples of its application.
- The APEC process could deepen discussion of the question of where to make international commitments on horizontal principles, or is the generalized necessity test plus national treatment sufficient;
- developing model commitments in those areas which demand explicit treatment, a goal which is consistent with the work in progress on the menu of options;
- continuing to extend the commitments to services liberalization in APEC and binding them in the multilateral process.

### 3. Deepening Sectoral Disciplines for Services Regulation

➤ **A summary of the main points presented in the paper on *Deepening Sectoral Disciplines for Services Regulation* by Geza Feketekuty**

a. ***Benefits of sectoral disciplines***

- Sectoral disciplines are an efficient way to liberalize services trade when liberalization calls for i) reform of restrictive sectoral regulations aimed at legitimate social objectives and ii) dismantling common forms of protection in particular sectors.
- Sectoral disciplines serve as a useful mechanism for clarifying, elaborating, or supplementing the application of horizontal disciplines to sectors with unique characteristics such as network based infrastructure services (e.g. telecommunications and transportation) and services regulated to protect consumers and correct the operation of markets (e.g. financial and professional services).
- Sectoral disciplines are a convenient way of addressing issues that require the involvement of sectoral regulators.

b. ***Principles for deepening sectoral disciplines***

**1. Subsidiarity:** The principle of subsidiarity keeps global rules simple and leaves details to lower levels of governance consistent with the achievement of various social goals. The WTO should focus on assuring that domestic policy measures do not create unnecessary barriers or distortions of trade, and leave substantive rule making to regional trade institutions, international or non-governmental organizations, and national governments. In effect, this principle accommodates differences in social preferences within internationally agreed norms. Subsidiarity needs to be analysed on the basis of the following criteria: regulatory effectiveness, economic efficiency, and political legitimacy.

**2. Specialization:** It is important for the WTO to leave detailed technical issues to other inter-governmental or non-governmental organizations that specialize in those areas. This approach is consistent with GATS Article VII that calls for inter-governmental and non-governmental organizations to take up the task of developing international standards for the recognition of the professional competence of service providers and of the quality of service produced.

**3. Dispute settlement:** It would be desirable to develop and utilize alternative, more collaborative forms of dispute settlement in sectoral agreements. Deeper sectoral disciplines would contribute to resolve disputes over trade-related domestic regulatory issues that often involve delicate issues of social policy affected by the operation of many service sectors.

c. ***General principles of good governance***

The following principles of good government might be incorporated in some or all sectoral disciplines: transparency of regulatory objectives; limiting the scope of regulatory intervention to what is necessary to accomplish the desired objective; right for foreign service providers to lease or rent essential facilities that only national providers are allowed to own; and use of price-oriented measures such as viable pricing or auctions, to allocate scarce resources.

d. ***Deepening of sectoral disciplines for internet-based cross-border services trade***

The development of sectoral disciplines in this area requires a high degree of cooperation between financial regulators, trade officials and service providers. The

development of international standards for the protection of consumers will be one of the prerequisites for the liberalization of such trade.

e. ***Approach to negotiations on sectoral disciplines***

Negotiations on sectoral disciplines should be preceded by an in-depth analysis of regulatory objectives in the sectors involved, how such objectives might be pursued in an open trade environment, and the economic benefits that could be derived from the reduction of internal and external barriers to domestic and international competition in regulated services. The negotiation should be accompanied by an analysis of institutional and human resource requirements for implementing market-oriented regulatory reforms and required technical assistance.

f. ***The General Agreement on Basic Telecommunications (ABT) – A Model for Sectoral Disciplines***

The GATS General Agreement on Basic Telecommunications features a set of model schedules for the liberalization of international competition in different areas of telecommunications and a reference paper that sets out common regulatory guidelines for assuring a competitive market.

This model could be followed in the development of other sectoral disciplines that could make appropriate use of voluntary regulatory guidelines where this will facilitate regulatory reforms and trade liberalization. Likewise, model schedules could be established for the liberalization of trade-distorting regulations in such sectors (e.g. quantitative limitations). Network-based infrastructure services (e.g. transportation, energy, and water) are especially, those that could usefully follow the ABT as a model framework, in developing sector-specific disciplines.

#### **4. The 'Necessity Test' in Domestic Services Regulation**

➤ ***A summary of the main points presented in the paper on *The 'Necessity Test' in Domestic Services Regulation* by Joel Trachtman***

a. ***Necessity***

The necessity test generally requires that a domestic regulation be the least trade restrictive method available for achieving the desired policy objective.

b. ***Necessity and National Treatment***

GATS Article XVII seems to indicate that a regulation imposed on a foreign service provider must meet two tests: it must provide i) treatment no less favourable than that accorded domestic like services, and ii) treatment no less favourable than that accorded domestic like service providers. A better reading would separate the evaluation of the treatment of services from the evaluation of the treatment of service providers. Regulation of service providers would be evaluated to determine only whether like service providers, as service providers, are treated alike. Using this interpretation, there would be no violation of national treatment if like services were to be treated differently, where the reason for the difference in treatment is the regulation of the service provider, as a service provider.

Given the broad definition of 'like services' and 'like service providers', it is likely that WTO dispute settlement will place increasing emphasis on the 'no less favourable' component of national treatment obligations. On the other hand, 'no less favourable' is defined with reference to conditions of competition. This focus on the competitive relationship might not reliably allow for regulatory distinctions to translate into "unlikeness," resulting in inappropriate invalidation of regulation.

c. ***Necessity and Proportionality***

Proportionality, *stricto sensu*, examines whether the means of a regulation are proportionate to the ends: whether the costs are excessive in relation to the benefits.<sup>6</sup> It is suggested that proportionality test in GATS Article XIV is not likely to be needed in connection with regulatory barriers, as there are few significant GATS prohibitions that would apply to invalidate non-discriminatory domestic regulations. GATS Article VI (5) disciplines, however, are quite weak, when compared to SPS and TBT requirements of proportionality.

d. ***Necessity and Balancing***

Under the GATT/WTO jurisprudence as extended in Korea-Beef and Asbestos case, the necessity test may require a more complex analysis. The Appellate Body interpreted the necessity test under Article XX (b) of GATT to require a more extensive balancing than previously understood. This balancing test considers the degree to which national regulatory ends are met by alternative measures, instead of assuming that national regulatory ends must be met in full, and considers the importance of the common interests or values pursued.

e. ***Necessity and Recognition***

The GATS generally does not impose strong recognition requirements. Necessity has a complex relationship with recognition. A strong standard of necessity might lead to what is effectively judicially required recognition. The Accountancy Disciplines include a greatly enhanced requirement of equivalency in connection with qualification requirements relating to education, experience and examination.

f. ***Necessity and International Standards***

With respect to rules and standards GATS has somewhat greater legislative capacity and weaker integration capacity than GATT, SPS, and TBT. The Accountancy Disciplines set out a strengthened necessity discipline, and also take into account international standards in determining the conformity of foreign providers.

g. ***A menu of definitions***

**1. Suitability.** A domestic regulation is “suitable” if it constitutes one available rational means to achieve a legitimate policy objective.

**2. Necessity.** A measure shall be understood as more trade-restrictive than necessary if there is another measure, reasonably available taking into account technical and economic feasibility, that achieves a legitimate policy objective and is significantly less restrictive to trade.

**3. Proportionality.** A measure shall be considered “proportionate” if the significance of the resulting restriction on trade is not excessive compared to the significance of the resulting regulatory benefits.

**4. Necessity with a proportionality caveat.** A measure shall be understood as more trade-restrictive than necessary if there is another measure, reasonably available taking into account technical and economic feasibility, that achieves a legitimate policy objective and is significantly less restrictive to trade, provided that no measure shall be considered more trade-restrictive than necessary where it is proportionate.

**5. Balancing.** A measure shall satisfy the balancing test if after weighing and balancing the following factors, the measure appears beneficial: (i) the importance of the policy

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<sup>6</sup> A wider definition of proportionality developed in the EC context includes three tests: (i) proportionality, *stricto sensu*, (ii) a least trade restrictive alternative test, and (iii) a simple means -ends rationality test.

objective, (ii) the degree to which the national measure contributes to the achievement of the policy objective, (iii) the restrictive effect on trade, (iv) the availability of other measures that may achieve, in whole or in part, the national policy objective, and (v) the reasonable availability of such other measures in comparison to the existing measure.

**6. Cost-Benefit Analysis** A measure shall withstand cost-benefit analysis if it is the measure that, compared to other available measures, maximizes the positive difference between (x) and (y), where: x=the value of achievement of the policy objective, discounted by the degree to which the national measure contributes to the achievement of the policy objective, and y=the sum of (i) the value of the restrictive effect on international trade occasioned by the measure, plus (ii) the cost of implementation of and compliance with the measure.

*h. Ways in which the ‘Necessity Test’ might be improved*

- A menu of clear and agreed definitions for the concepts related to the necessity test might be developed.
- Horizontal requirements of least trade restrictive alternative testing might be added to the definition of necessity, with a caveat that would provide an exception for “unnecessary” regulation that is nevertheless “proportionate”.
- New regulations may be tested under regulatory impact analysis applying cost-benefit analysis.
- The possibility of incorporating reference to the work of standard-setting bodies in disciplines on domestic regulation may be considered.

## **SECTION II: REGULATORY IMPACT ANALYSIS**

### **1. Good Regulation for Services**

- **A summary of the main points presented in the paper on *What Constitutes Good Regulation for Services?* by Peter Mumford**

*a. Approach to regulation*

Regulation is likely to be associated with regulatory costs composing of fiscal costs to government, compliance costs to business and consumers, and dynamic costs to economic performance. In addition, the problem of poor quality regulation increases the costs. Regulation should therefore be approached with a clear understanding of its potential benefits, and equally, its potential costs. Proposals to regulate need to be subjected to proper analysis and scrutiny as to their necessity, efficiency, and net impact on public welfare.

*b. Poor regulation*

Poor regulation stems from a number of related factors: the incentives, procedures, institutions of government not working effectively, a lack of transparency in the policy making process and a bias to regulate. Therefore, efforts to improve the quality of domestic regulation require that the right incentives, principles, procedures and institutions of government are in place and are working effectively to ensure high quality regulatory outcomes.

*c. Good Regulation*

Good regulation is a product of both good policy advice and good decision-making. While the basic principles for developing good regulation are generic, the

characteristics of certain markets will necessitate more sophisticated regulatory regimes.

**d. *Strategies and Tools adopted by New Zealand***

New Zealand's framework for the development of quality regulation draws on generally accepted international best practices and is thus generic in nature. It aims to enhance regulatory outcomes and reduce the risk of regulatory failure.

i) The Principles of Code of Good Regulatory Practice

The Code of Good Regulatory Practice, a key measure in New Zealand's quality of regulation framework, promotes the development of quality regulation through a comprehensive set of principles which comprises of a) efficiency, b) effectiveness, c) transparency, d) clarity, and e) equity.

ii) Regulatory Impact Statements (RISs)/Business Compliance Cost Statements (BCCS)

The RIS assists in the development of policy that accords with the standards set by the Code of Good Regulatory Practice. It aims first to generate better information for effective decision making, and second to increase the transparency of regulation making process.

It is required to include BCCS in the RIS if the policy proposal has compliance cost implications for business. The purpose of this is to ensure that policies which have compliance cost implications for business are subject to scrutiny at an early stage. Both RIS and BCCS should be publicly released. The RIS/BCCS process is evaluated by a Business Compliance Cost Unit.

iv) Legislation Advisory Committee's (LAC) Guidelines on the Process and Content of Legislation

The Guidelines provide an important reference for policy makers on the process and content that need to be considered in the promotion of legislative changes in the country, whether these be effected by statute or by regulation, rules, orders, notices or other subordinate legislation. The Guidelines include a checklist for the development of new legislation.

v) Occupational Regulation Framework

The regulation of occupations has also been introduced in order to promote quality in the area of domestic regulation with a specific focus on services. The framework identifies the circumstance where occupational regulation is required to achieve the protection on the public; defines methods of occupational regulation to fit particular situations; and list the principles and processes for effective occupational regulation by statute.

**e. *Benefit of RIA***

The RIA process, which uses tools such as a Code of Good Regulatory Practice and RIS/BCCS, promotes increased transparency, openness and scrutiny of the policy-making process, and as such should be seen as a necessary but not sufficient condition for improving regulatory policy.

**2. Regulatory Impact Analysis**

- **A summary of presentations on “Regulatory Impact Analysis” and on “Improving Capacities for Carrying out Regulatory Impact Analysis” by Peter Mumford and by Ali Haddou-Ruiz, respectively**

Regulatory impact analysis (RIA) is a method of systematically and consistently examining potential impacts arising from government action and communicating the information to

decision-makers. The most effective RIA processes are built upon a strong foundation of adequate resources. In this respect, capacity-building is vital in the area of RIA as it contributes to developing the resources needed to carry out an RIA process.

**a. Building a nexus between trade policy-makers and regulators**

An open and competitive services market is a function of the development of good domestic regulations that are equitable, transparent, effective, and efficient. Trade policy input into the RIA would ensure good domestic regulations to be developed. As such, it is important to build a nexus between trade policy-makers and regulatory officials, through which they can cooperate in RIA that is part of the process of the development of good domestic regulations.

**b. RIA quality** is a function of active training programs and guidance tools among others. A strong and effective training program can contribute to regulatory capacity-building.

**c. Capacity building steps for RIA:**

- a) Development of on-line guide for RIA conduct
- b) Carrying out of training courses for government officials involved in RIA and development of regulations.
- c) Carrying out of special courses in respond to demand

**d. For Carrying out Effective RIA**

Capacity-building is important in the area of RIA so that regulators can meet the following five objectives in carrying out their task.

**i. Efficiency**

Regulators should adopt and maintain only regulations for which the costs imposed on society are justified by the benefits derived by society, and that achieve objectives at lowest cost, taking into account alternative approaches to regulation, such as:

- *Consideration of alternatives to regulation*
- *Minimum necessary regulation*
- *Regulatory costs and benefits*
- *Reasonable compliance cost*
- *Minimal fiscal impact*
- *Minimal adverse impact on competition*
- *International compatibility*

**ii. Effectiveness**

Regulators should design regulations that are the most effective to achieve the desired policy objectives, given the following considerations.

- *Reasonable compliance rate*
- *Compatibility with the general body of law*
- *Compliance with basic principles of the legal and constitutional system*
- *Flexibility of regulation and standards*

- *Performance-based requirements that specify outcomes*
- *Review regulations systematically to ensure they continue to meet their intended objectives efficiently and effectively*

### **iii. Transparency**

Regulators should ensure that the regulation making process is transparent to both the decision-makers and those affected by regulation, taking into account the following transparency steps.

- *Adequate identification of the nature and extent of the problem*
- *Clear identification of the objective of regulation*
- *Cost benefit analysis of regulatory proposals*
- *Risk assessment of regulatory proposals*
- *Public consultation*
- *Adoption of direct approaches aimed at the root cause of an identified problem*

### **iv. Clarity**

Regulators should ensure that regulatory processes and requirements are as understandable and accessible as practicable to the public, taking into account the following considerations.

- *Make things as simple as possible to achieve the regulatory objective.*
- *Draft in plain language.*
- *Keep discretion to a minimum.*
- *Educate the public for best results.*

### **v. Equity**

Regulators should ensure that regulation is fair and that those affected are treated equitably, taking into account the following considerations.

- *Obligations, standards, and sanctions should be designed in such a way that they can be imposed impartially and consistently.*
- *Regulation should be consistent with the stated principles.*
- *People in like situations should be treated in a similar manner.*
- *The processes and procedures of the regulatory system should be reliable.*

### 3. Good Practices for the Conduct of Regulatory Impact Analysis

- **Based upon the document, “A Guide to Preparing Regulatory Impact Statements, New Zealand” (2002/SOM I/CTI/GOS/025)**

The Regulatory Impact Analysis (RIA) formalizes and provides evidence of the steps that should be taken in policy formulation, and provides consistency in the presentation of this information. Completion of an RIA helps provide governments with assurance that new or amended regulatory proposals are subject to proper analysis and scrutiny as to their necessity, efficiency, and net impact on community welfare. This enhances the government's ability to make well-informed decisions.

The RIA should contain the following information:

- i. a statement of the nature and magnitude of the **problem** and the need for government action;
- ii. a statement of the public policy **objective(s)**;
- iii. a statement of feasible **options** (regulatory and/or non regulatory) that may constitute viable means for achieving the desired objectives(s);
- iv. a statement of the **net benefit** of the proposal, including the total regulatory costs (administrative, compliance, and economic costs) and benefits (including non-quantifiable benefits) of the proposal, and other feasible options; and
- v. a statement of the **consultative program** undertaken.

#### **a. Problem Definition**

Government interventions should be based on clear evidence that a problem exists and that government action is justified. The RIA should discuss the nature and the extent of the problem and identify the likely risks associated with not intervening.

#### **b. Analytical Framework**

An explicit analytical framework helps to identify i) what government wants to achieve (objectives, and possibly sub-objectives); ii) how, in general terms, it considers those objectives can be promoted (principles); and iii) the main impacts (costs and benefits) against which the policy options are expected to be assessed.

##### *i. Specifying Desired Objective(s)*

Objectives should be clear and concise. The objective should be specified broadly enough to allow consideration of all relevant alternative solutions, but should not be so broad or general that the range of alternatives becomes too large to assess, or the extent to which the objectives have been met becomes too hard to establish.

The objective should be specified in relation to the underlying problem and desired outcomes. Also, the objective should not pre-justify a preferred solution, but should allow for an examination of alternative solutions to the underlying problem. The objective should also be outcome or impact based.

##### *ii. Specifying Key Principles*

The principles, or broad statements of how the government considers the proposed objective will be achieved, should be identified at an early stage.

*For example, relevant principles for the development of a preferred option relating to minimizing environmental costs (air and water) from roads might include:*

- clearly specifying and enforcing property rights;
- providing mechanisms to ensure people face the true cost of their actions;
- ensuring people in like situations are treated the same; and
- avoiding unnecessary, conflicting and complicated regulations, thereby minimizing compliance costs and other distortionary costs.

### *iii. Identifying Key Impacts*

The key impacts identified should relate directly to the objectives for the reform. The key objective(s) should be broken down into their constituent costs and benefits, and any other impacts identified (if the objectives are correctly specified, these additional impacts should be minimal).

The costs and benefits could be specified in terms of, for example:

- *the incidence of the impacts (government, consumers, business);*
- *the transitional or long term nature of such impacts; and/or*
- *direct or indirect impacts.*

### **c. Identifying Feasible Options**

The RIA should carry out, early in the policy development process, an informed consideration of the options available to deal with an identified problem. The decision about *how* to intervene may be as important as the decision about *whether* to intervene. A variety of options are available. These are likely to have very different implications, differing magnitudes of costs and benefits, differing distributional effects, and administrative requirements.

In more detail, options available to a government might include (but not be limited to): i) no government intervention; ii) status quo; iii) extending current legislation; iv) increasing enforcement; v) information and education campaigns; vi) economic instruments (taxes, subsidies, and tradable property rights); vii) voluntary standards/codes of practice; viii) self regulation; and ix) co-regulation.

#### *i. No Government Intervention*

This option involves relying on the market in conjunction with existing laws (general liability law). No government intervention is particularly important to consider when undertaking reviews of existing regulation.

By holding individuals and firms responsible for their actions and requiring them to pay damages where liable, incentives may develop for individuals and firms to take appropriate action. Through legal remedies (litigation and common law), individuals can enforce their rights rather than relying on government action to do so.

This approach is more appropriate where flexibility is needed in the application of the law, such as where there is a heavy emphasis on the circumstances surrounding the case (for example, where the degree of culpability is important).

#### *ii. Status Quo*

The status quo is a dynamic concept. It is the situation that will arise if current policy settings are maintained. Maintaining policy settings could lead to deterioration in the public interest, for example, escalating environmental damage in the event allowable

maximum pollution discharge limits are not reduced as the number of polluting factories increases. Equally, evaluation of the status quo should include consideration of the potential for a problem to "self-correct". The status quo should always be considered as an option, to ensure that alternatives are not chosen which would lead to worse outcomes than expected by maintaining the current policy settings. The status quo is frequently the option against which other options should be compared.

### *iii. Extending Current Legislation of General Application*

In some circumstances, legislation with proven ability to overcome problems of the nature being addressed may already exist, but does not have sufficient coverage to deal with the circumstances under consideration. In such cases it may be more appropriate to expand coverage of this existing legislation than to attempt to create a new regime. The major advantages of this approach lie in addressing the problem through a proven means, and ensuring consistency between the treatment of the same issue in different circumstances.

### *iv. Increasing Enforcement*

Another approach is to consider the implications of increasing the level of enforcement associated with the current regulation, rather than implementing new or amended provisions. It may be the case that existing regulations are adequate in and of themselves, but are not enforced adequately.

### *v. Information and Education Campaigns*

This approach acts to change the quality and level of the information available to the public, or to change its distribution. This can be achieved by regulating for certain information to be provided, or by government providing the information itself. This may involve requiring information about the attributes of a product, process, or situation (e.g., dangerous working conditions) be disclosed.

These measures improve markets by allowing people to make decisions that better match their preferences. The main advantage of these strategies over some other approaches is that they allow individuals to choose what is best for themselves given the information available, rather than government imposing one solution on all.

### *vi. Economic Instruments*

Economic instruments seek to influence market behaviour by altering the relative prices of goods and services in a market, or by creating a market where none previously existed. Market behaviour can be influenced either directly (for example, through a tax or user charge), or indirectly (for example, through controlling the level of supply). Economic instruments will generally require a regulatory basis. The two main types of economic instruments are:

- Taxes, charges, or subsidies: Government can alter private incentives (and therefore behaviour) by taxing actions it wishes to discourage and subsidizing action it wishes to encourage. For example, by taxing pollution or subsidizing education to correct for perceived externalities. A tax or charge used to influence behaviour in this way is distinct from a general tax, where the objective is to raise revenue for government spending programs while seeking to minimize behavioural change.
- Tradable quota (marketable rights): These are a means of controlling, for example, the quantity of some externality produced, or the amount of a scarce resource taken. Under tradable quota systems, the government sets an overall maximum supply level for the outcome of a specific activity. Producers must then hold a right to produce or take, and may not produce or take any more than the level provided for by the quota. Quota is a valuable property right. Providing for

tradable quotas places strong incentives on the market to use resources efficiently, and ensure the quotas go to where they are valued the most.

#### *vii. Voluntary Standards/Codes of Practice*

Positive behaviour can be achieved through instruments such as voluntary standards and codes. The standards can be developed by industry or co-operatively with government as codes of practice or guidelines that seek to detail what is deemed to be acceptable practice.

Voluntary codes maximize the potential for flexibility of response to allow easy adjustment in response to changes in the industry or occupation. They are best applied where there are strong occupational or industry bodies, where the implications of non-compliance do not pose significant or irreversible risks, and where non-compliance with the standard or code is visible (certification, for example, will tell consumers whether their provider complies with specified standards).

#### *viii. Self-Regulation*

Self-regulation can be defined as an arrangement in which an organized group (such as an industry association or professional body) regulates the behaviour of its members, and where that organized group can impose sanctions. The advantages of self-regulation are; rules are more likely to be observed if they are made by insiders, changes and updating can be more rapid, rules are developed using the expertise of those being regulated, and it is cheaper for the government as the regulated group bears the costs of regulating (and also have strong incentives to minimize those costs). Compliance is achieved because the players involved may find it in their interest to obey the (non-binding) rules. This can be driven by a concern by individuals and firms about their reputation, or by peer pressure.

As it is the industry that formulates the rules and codes of conduct, there is a risk that self regulation could result in anti-competitive behaviour. That is, unnecessary barriers to entry to an occupation or market, or other undesirable practices such as price fixing may occur.

#### *ix. Co-Regulation*

Co-regulation refers to a situation where the regulatory role is shared between government and an industry body. Co-regulation can range from simple endorsement of industry self regulation, to providing legislative backing to privately defined rules when industry lacks sufficient sanctions to ensure compliance, thus bordering on traditional regulation.

Co-regulation is used for certain types of occupational regulation (e.g., lawyers, doctors, financial advisers). In such cases, the legislature may delegate regulatory authority to an organization representing members practicing that occupation. The organization makes rules, levies charges, and applies discipline. These can have the same force and legal authority as if the government itself carried them out. Again, care needs to be taken to ensure the interests of consumers are given prominence, and that opportunities for anti-competitive practices are minimized.

### ***d. Regulatory Impact Assessment***

#### ***i. Context***

The fundamental purpose of the RIA is to demonstrate that the expected benefits of the proposed regulations will exceed the expected costs; that is, there is a net benefit, when considered from the perspective of society as a whole, associated with the proposed regulation(s).

A cost-benefit analysis is a systematic approach to demonstrate that this requirement will be met. A cost-benefit analysis is a conceptual framework for the economic evaluation of

programs and projects in the public sector. It differs from a financial evaluation in that it considers all gains (benefits) and losses (costs) regardless of from where or to whom they accrue.

Opportunity costs may be direct in terms of the costs imposed on businesses and consumers - resources that could be allocated to other uses. Opportunity costs may also take the form of policies that have been displaced or must be foregone because a particular policy has been adopted.

## ***ii. Identifying All Significant Impacts***

A fundamental requirement of sound policy development is to ensure that no significant impact of the proposal is overlooked. While many impacts are easily identified, others - particularly those which are indirect in their effects - may not be taken into account. Common types of costs and benefits include:

- *Direct and Indirect*

Direct impacts are those clearly related to the purpose or objective of the regulatory proposal. Indirect impacts are incidental to this main purpose, although they may, nonetheless, be of significant magnitude.

- *Tangible and Intangible*

Tangible impacts are those values that can be identified and quantified. An example is the cost of employing people to collect information from the public. The term "intangible" is often applied to those impacts to which it is difficult to attribute a dollar value. Examples might include time, health, comfort, environmental, and cultural impacts.

- *Administrative and Compliance*

These are the paperwork and related costs of complying with the regulations, and with monitoring and enforcing compliance. Administrative costs will be incurred by both the regulatory agency and the "target" group (in the form of compliance costs) of the regulations. Compliance and administrative costs will often include both one-off (capital, systems, training, etc.) and ongoing costs.

## ***iii. Avoidance of "Double Counting" Errors***

Although it is important to identify and include all impacts, it is also critical to avoid double counting any impact. While this appears an obvious caveat, double counting can often occur due to a failure to recognize the redistributive impacts of particular policies.

## ***iv. Resource Allocation and Distributional Impacts***

Resource allocation is a central concept underlying economic efficiency. For efficiently operating markets, resources are allocated optimally if prices reflect full costs. In this way resources are consumed only up to the point where the benefit from consuming the "extra" resource equals the cost of providing that resource.

## ***v. Comparing Options***

It is important to clearly identify the base case option against which the impacts of the preferred option are being assessed.

### ***e. Public Consultation***

A key aim of systematic public consultation is to make information available to the public, to listen to a wide range of interests, to obtain more and better information from affected parties, and to be more responsive to what is heard. This process should result in more efficient decision-making.

Effective consultation is based on principles of openness, transparency, integrity, and mutual respect. It requires that:

- key information be provided to those being consulted;
- those being consulted are in a position to influence policy formulation;
- sufficient time is allowed for a considered response to be compiled by those being consulted;
- the agency undertaking the consultation has the capability to interpret and use the information derived correctly; and
- the information gained is considered in good faith, that is, the advice obtained cannot be discounted without good reason, and must be sought prior to final decisions being taken.

There is a wide range of different consultative approaches. These include departmental advisory bodies, secondment of personnel from the private sector, public discussion papers, multi-stakeholder negotiations, focus (consultative) groups, targeted briefings, workshops, questionnaires, public notice and comment, hearings and select committees. The appropriateness of each approach will depend on the issues under consideration, the nature of the group being consulted, and the resources, including time, available for undertaking the consultation.

## ANNEX I

### **Guidelines for Development of the *Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment***

The following guidelines were agreed by members of the APEC Group on Services (GOS) in 2000 as the basis for the development of the *Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment*. They define the Menu of Options as:

1. A synthesis of GOS work and an organizational framework for GOS work in the future;
2. A product of the GOS;
3. Voluntary in nature and non-binding;
4. Balanced between the three pillars of APEC, which mutually support and reinforce each other;
5. An illustrative listing of measures affecting trade in services;
6. Of a generic nature, not economy-specific or sector-specific;
7. Providing options for APEC members to draw upon for inclusion of actions into their own IAPs;
8. Developing elements that were discussed in depth by GOS members;
9. Contributing to the understanding of issues relevant to the objectives of liberalization and facilitation of trade in services within APEC, and therefore specially tailored in this fashion to address APEC needs; and
10. Contributing to advance the work in the services area of the WTO.

## ANNEX II<sup>7</sup>

### List of Background Papers and Presentations undertaken for the *Menu of Options*: Phase III

Five background papers were commissioned from services experts from various APEC member economies during Phase III of the *Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment*. These papers were presented to enhance understanding and stimulate discussion on issues of transparency and domestic regulation contained in the *Menu of Options*. The contents of the background papers represent the views of the authors and do not necessarily reflect the views of the members of the GOS. The background papers in their revised form can be found at the website of the APEC Group on Services (<http://www.apecsec.org.sg>). The five background papers are the following:

- i) *What Constitutes Good Regulation for Services*, by Peter Mumford;
- ii) *Transparency in Regulation of Services*, by Sherry Stephenson and Soonhwa Yi;
- iii) *Issues in Domestic Regulations of Services: Horizontal vs. Sectoral Disciplines*, by Alexandra Sidorenko and Christopher Findlay;
- iv) *Deepening Sectoral Disciplines for Services Regulation*, by Geza Feketekuty; and
- v) *The 'Necessity Test' in Domestic Services Regulation*, by Joel Trachtman.

Additionally, three presentations were made to the GOS in 2002 for the purpose of the practical exercises carried out during two workshops on "Towards Improving Regulation in the Services Sector". These presentations are the following:

- i) Presentation on *Good Regulatory Practices for Energy Services* by Michele Foss;
- ii) Presentation on *Regulatory Impact Analysis for Services* by Peter Mumford; and
- iii) Presentation on *Improving Capacity for carrying out Regulatory Impact Analysis* by Ali Haddou-Ruiz

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<sup>7</sup> This is Annex of a document presented to the APEC Committee on Trade and Investment entitled "Services: Convenor's Summary Report and 2002 CAP" (2002/SOM III/CTI/005 Rev.1) and represents one of the GOS main deliverables for 2002.

## ANNEX III

### The Development of the *Menu of Options*: 2000-2003

The *Menu of Options* serves to provide APEC members with a broad range of policy choices in the services trade area that could be suitable for different national economic circumstances, relevant to the promotion of liberalization and facilitation of services trade and investment. A description of the work carried out is as follows.

***Phase I (2000)***: This phase was undertaken during the year 2000 voluntarily by the PECC in response to the call by the GOS Convenor without request for funding. During early 2000, the APEC Group on Services approved the idea of developing a "*Menu of Options*". At its May 2000 meeting, GOS members encouraged the further elaboration and development of this project on the basis of the Prototype *Menu of Options for Voluntary Liberalization, Facilitation, and Promotion of Economic and Technical Cooperation in Services Trade and Investment* presented by PECC. The *Prototype Menu of Options* document which resulted from Phase I was approved by the GOS in September 2000 as one of the items of its Collective Action Plan and became a deliverable of the GOS for the year 2000.

***Phase II (2001)***: Phase II of the *Menu of Options* was completed during the GOS meeting at SOM III in August 2001 and culminated in a document that was prepared by the PECC, approved and finalized by GOS members, and subsequently published by the APEC Secretariat. This document was a deliverable of GOS for the year 2001. The document was developed according to the guidelines set out in Annex I and structured according to the three pillars of APEC, namely trade liberalization, trade facilitation, and economic and technical cooperation (ECOTECH). The document can be found on the web site of the APEC GOS and in print under the publication number APEC#201-CT-01.6. APEC Ministers Responsible for Trade made reference to the work of the GOS on the *Menu of Options* in their statement of October 2001.

***Phase III (2002-2003)***: The work in Phase III involved the exploration and further development of the two areas of transparency and domestic regulation identified by the GOS within the *Menu of Options* at the conclusion of Phase II as relevant issues for the WTO services negotiations which merited further in-depth consideration. The work in 2002 was concentrated on the preparation and presentation of background studies in these two areas, along with practical exercises on regulatory impact analysis. This work constituted one of the deliverables of the GOS in the year 2002 (reference Annex II). The work in 2003, as finalized in this document, focused on discussing the studies mentioned above with the objective of reaching agreement on additional elements for the *Menu of Options* in the two areas of transparency and domestic regulation. The present consolidated document represents one of the main deliverables of the GOS for the year 2003.

## SERVICES 2003 COLLECTIVE ACTION PLAN

All Sectors other than Energy, Telecommunications, Tourism, and Transportation			
Collective Action	Steps to Implement	Time Frame	Last implemented actions
<p>i. Develop and Implement the Menu of Options for Voluntary Liberalization, Facilitation and Promotion of ECOTECH in Service Trade and Investment</p> <p>a. Review and exchange information on all trade and investment in services arrangements within APEC and study common elements.</p> <p>b. Gather and analyze information on the services section contained within the Individual Action Plans.</p> <p>c. Identification of measures affecting trade and investment in all service sectors.</p> <p>d. Study and carry out work concerning the development and adoption of common professional standards, in conjunction with professional accreditation bodies and needed legislative measures.</p>	<p>Develop the Menu of Options.</p> <p>Promote the use of developed template for service IAP reporting.</p> <p>Develop the Menu of Options.</p> <p>Member economies to volunteer papers and studies in this area and consider cases of "best practices."</p> <p>Develop the Menu of Options.</p> <p>Implement the Policy Framework.</p> <p>Discussion of possible actions on means to facilitate the provision of professional services in all member economies.</p>	<p>Ongoing (2000 – 2003)</p> <p>Ongoing</p> <p>Ongoing (2000-2003)</p> <p>Ongoing</p> <p>Ongoing (2000-2003)</p> <p>Ongoing</p> <p>Ongoing</p>	<p>PECC drafted and circulated Consensus Points of MOO Phase III inter-sessionally between GOS II and GOS III. GOSIII adopted the additional elements to MOO Phase III in 2003</p> <p>Chile, New Zealand, Mexico and Canada presented their experiences on agreements on mutual recognition of professional standards/qualifications.</p>

<b>All Sectors other than Energy, Telecommunications, Tourism, and Transportation</b>			
<b>Collective Action</b>	<b>Steps to Implement</b>	<b>Time Frame</b>	<b>Last implemented actions</b>
e. Enhance transparency in service sectors	Member economies to present cases of their experiences on a voluntary basis aiming to generate momentum for services liberalization in light of perceived benefit of such process.	Ongoing	U.S. tabled a paper titled "Transparency Standards for Services" for the comments from members at GOS II.
	Develop the Menu of Options.	Ongoing	
f. Continue discussion of issues related to possible APEC principles or guidelines that may be necessary to achieve free and open trade and investment in this area	Develop the Menu of Options	Ongoing	
II. Compile information on services trade statistics		Ongoing	
III. To improve understanding of the impact of liberalization of services.	Member economies to present case studies of their experiences on a voluntary basis aiming to generate momentum for services liberalization in light of perceived benefit of such process	Ongoing	Indonesia made a progress report of the Studies on the costs and benefits of services trade liberalization.
	Studies on the costs and benefits of services trade liberalisation	Ongoing. Project Proposal approved at BMC II – 2001	
	Study of Impacts on APEC Economies of Measures to Liberalize and Facilitate Trade in Environmental Services	Ongoing. Project Proposal approved at BMC II – 2002	
IV. Where appropriate and possible to the WTO's work on services, including through:	Monitor WTO work through Watch Group	Ongoing	
i) identification of APEC services related work projects as inputs to consideration of services trade issues by	Monitor the WTO work on environmental services	Ongoing	

<b>All Sectors other than Energy, Telecommunications, Tourism, and Transportation</b>			
<b>Collective Action</b>	<b>Steps to Implement</b>	<b>Time Frame</b>	<b>Last implemented actions</b>
<p>the WTO Council for Trade in Services and its subsidiary bodies; and</p> <p>ii) information exchange and technical assistance, to support GOS Members' preparations for successful participation in WTO services negotiations</p>	<p>Case studies and best practice in innovation in services to help build capacity in developing economies</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>Canada made a presentation on the progress of Services negotiation in the WTO.</p>

## CONVENOR'S SUMMARY REPORT ON INVESTMENT

### 1. Introduction

In response to the mandate by APEC Leaders to develop a set of non-binding investment principles for APEC, CTI established the Investment Experts Group (IEG) in 1994. The group was reconvened in 1995 to provide advice to CTI on investment issues. The current Chair of the IEG is Mr. Juan Orduna Carrillo, Deputy-Director of the Foreign Investment Division, Mexico.

### 2. Collective Actions Achieved

- Completed Phase I of the Study on APEC Cross-border Mergers & Acquisitions.
- Completed the Study on Cross-border M&As: Case studies of Korea, China and Hong Kong, China.
- Completed Study on Venture Capital Investment in APEC Economies.
- Published the Fifth Edition of the APEC Investment Guidebook.
- Held successfully a Seminar to present the 'Study on International Investment Instruments and their legal interpretations', as a contribution to the WTO, on 13 August in Phuket, Thailand.
- Expanded the Menu of Options on "Competition Policy and Regulatory Reform".
- Held the fourth APEC Investment Mart will be held in Bangkok from 16–21 October 2003 under the theme: "Asia Pacific-Investment with Confidence, Benefit from Diversity".
- Agreed on how economies will report their progress in implementing and improving the Menu of Options on Investment and report by the Ministerial Meeting in October 2003.
- Agreed to establish small groups for evaluation reports of APEC Projects, on case by case basis.
- Presented and agreed to continue the Study "The Impact of APEC Investment Liberalization and Facilitation" that is a part of a larger study titled, "The Benefits of Trade and Investment Liberalization and Facilitation".
- PECC presented the publication "An Assessment of Impediments to Foreign Direct Investment in APEC Member Economies".
- Japan made a presentation on the investment policies due to a new initiative promoted by the Government to increase inward Foreign Direct Investment.
- Discussed how economies addressed the impact of SARS on the investment environment in the region.

### 3. New Collective Actions Agreed

- To conduct Seminar on the Implementation of the Menu of Options.
- To conduct a Seminar in cooperation with the OECD

- Agreed on a workplan to implement the APEC Leader's Statement on Transparency Standards.
- Agreed to improve the Menu of Options and the Collective Action Plan.

#### **4. Benefit and Beneficiary**

The collective actions will enhance transparency of APEC investment regimes, facilitate investment activities and promote investment liberalization. The activities also provide useful opportunities for the business/private sector, experts/academicians and government officials to exchange views on investment related issues, help enhance better understanding of the aims and aspirations of member economies, identify means to improve the investment environment, and promote investment flows in the region.

#### **5. 2003 Highlights**

- Completed Phase I of the Study on APEC Cross-border Mergers & Acquisitions.
- Completed the Study on Cross-border M&As: Case studies of Korea, China and Hong Kong, China.
- Completed Study on Venture Capital Investment in APEC Economies.
- Completed the 5th Edition of the APEC Investment Guidebook.
- Held successfully a Seminar to present the "Study on International Investment Instruments and their legal interpretations", as a contribution to the WTO, on 13 August in Phuket, Thailand.
- Expanded the Menu of Options on "Competition Policy and Regulatory Reform".
- Held the 4th APEC Investment Mart in Bangkok from 16–21 October 2003 under the theme: "Asia Pacific-Investment with Confidence, Benefit from Diversity".
- Was presented and agreed to continue the Study "The Impact of APEC Investment Liberalization and Facilitation" that is a part of a larger study titled, "The Benefits of Trade and Investment Liberalization and Facilitation".
- Discussed how economies addressed the impact of SARS on the investment environment in the region.

## INVESTMENT 2003 COLLECTIVE ACTION PLAN

Action	Steps to Implement	Time Frame
<b>Transparency</b> <i>Short-term</i>		
A. Increase the transparency of APEC Investment regimes by: (i) Updating the APEC Guidebook on investment regimes;  (ii) Establishing software networks on investment regulation and investment opportunities;  (iii) Following the commitment made by the APEC Economic Leaders, to pursue implementation of APEC's transparency principles.	Update the investment guidebook.  a) Improving the state of statistical reporting and data collection; and b) Increasing understanding among member economies on investment policy-making issues.  • Conduct the Investment Policy Discussion Forum on the implementation of the APEC Transparency Standards (Transparency Accord).  • Amend the IAPs to reflect Leaders' Statement to be implemented by 2005.	Completed The 5th Edition of the Investment Guidebook is available.          To be completed in 2003          To be completed in 2003
<b>Policy Dialogue</b> <i>Short-term</i>		
B. Promote dialogue with the APEC business community on ways to improve the APEC investment environment.	Update, in conjunction with ABAC, arrangements for enhanced investment protection.  Identify mechanisms for periodic discussions with business representatives in individual member economies.  Consult ABAC, PECC, and other relevant business organizations.  Request comments from these bodies on major APEC investment initiatives through inclusion of representatives of such organizations in APEC Investment Symposia.	Ongoing  Ongoing  Ongoing  Ongoing
C. Continue a dialogue with appropriate international organizations dealing with global and regional investment issues.	Establish a policy dialogue process with other fora, where appropriate:  • Consider possible cooperation with the IMD on surveying investment environments.  • Undertake the ' <i>Study and Seminar on International Investment Instruments and their legal interpretations</i> ' to be presented to the WTO Working Group on Trade and Investment, before the WTO Ministerial Meeting in Cancun.	Ongoing  Completed
<b>Study and Evaluation</b> <i>Short-term</i>		
D. Define and implement follow-on training to the WTO implementation seminars;	Continue the development of training and seminars on WTO implementation	Completed
E. Undertake an evaluation of the role of investment liberalization in economic development in the Asia-Pacific region.	Continue the dialogue on facilitation, cooperation, and liberalization with relevant APEC fora.	Ongoing

<b>Action</b>	<b>Steps to Implement</b>	<b>Time Frame</b>
	<p>Conclude study on "Cross-border M&amp;A's: Case Studies of Korea, China and Hong Kong, China"</p> <p>Follow up on Chinese Taipei Study "Venture Capital Investment in APEC Economies"</p> <p>Collaboration with outside experts in conducting these studies.</p>	<p>Completed</p> <p>Completed</p>
<p>F. Study possible common elements between existing sub-regional arrangements relevant to investment.</p>	<p>Review the investment provisions of current sub-regional arrangements.</p> <p>Consider further study of possible relationships between these provisions in the future.</p>	<p>Ongoing</p>
<p><b>Medium-term</b></p> <p>G. Refine APEC's understanding of free and open investment.</p>	<p>Assess evolving elements of global investment disciplines and policy debate with a view to reaching agreement on the endpoint objective for APEC investment liberalization.</p>	<p>Medium-term</p>
<p><b>Long-term</b></p> <p>H. Assess the merits of developing an APEC-wide discipline on investment in the light of APEC's own progress through the medium-term, as well as developments in other international fora.</p> <p>I. Study the advantages and disadvantages of creating investment rules—bilateral, regional, or multilateral—with a view to fostering a more favorable investment environment in the Asia-Pacific region.</p> <p>J. Steps to Implement: the completion of Phase I of the Study on APEC Cross-Border Mergers and Acquisitions undertaken by PECC.</p>	<p>To be determined in the light of progress with policy dialogue in the medium-term.</p>	<p>Long-term</p>
<p><b>Facilitation</b> <b>Short-term and continuing</b></p> <p>K. Undertake practical facilitation initiatives by:</p> <ul style="list-style-type: none"> <li>(i) Progressively working towards reducing impediments to investments including those investment related to e-commerce;</li> <li>(ii) Undertaking the business facilitation measures to strengthen APEC economies; and</li> <li>(iii) Initiating investment promotion and facilitation activities to enhance investment flow within APEC economies.</li> </ul>	<p>Drawing on business and other advice, identify possible areas for improved practices.</p> <p>Hold the 4th APEC Investment Mart.</p>	<p>Ongoing</p> <p>Held in October 2003, Bangkok</p>

Action	Steps to Implement	Time Frame
<p><b>Economic and Technical Cooperation</b></p> <p style="text-align: right;"><i>Short-term</i></p> <p>L. Identify ongoing technical cooperation needs in the Asia-Pacific region and organize training programs which will assist APEC economies in fulfilling APEC investment objectives.</p>	<p>Identify target areas for technical cooperation including 'best practice' policy/administrative frameworks.</p> <p>Conduct training programs for officials related to investment:</p> <ul style="list-style-type: none"> <li>• Coordinate efforts with other relevant bodies involved in technical cooperation;</li> <li>• An annual exchange of experience program for APEC investment officials and private sector;</li> </ul>	<p>Ongoing</p>
<p><b>Capacity Building Initiatives</b></p> <p>M. Undertake new activities that contribute to capacity building.</p>	<p>Identify the elements of capacity building to strengthen the economies of APEC member economies and undertake the following activities:</p> <ul style="list-style-type: none"> <li>• Prepare for trade and investment liberalization: <ul style="list-style-type: none"> <li>- identify the challenges and the opportunities that voluntary investment liberalization present(s) to investors; and</li> <li>- Identify and implement assistance/strategic measures so that member economies can build confidence and the capacity to sustain their development agenda for mutual benefit.</li> </ul> </li> <li>• Developing guidelines for the Workplan to create good investment climates in APEC member economies.</li> </ul>	<p>Ongoing</p> <p>Ongoing</p>
<p><b>Menu of Options</b></p> <p>N. Ongoing improvements to the Menu of Options.</p>	<p>Cross-reference between the IAPs and Menu of Options.</p> <p>Follow up Ministers' decision to report economies' progress in implementing and improve the Menu of Options on Investment and report by the Ministerial Meeting in 2003.</p>	<p>Ongoing</p> <p>Completed</p>

# CONVENOR'S SUMMARY REPORT ON STANDARDS AND CONFORMANCE

## 1. Introduction

Recognizing that standards and conformance was a priority area for the realization of APEC's goals, APEC Ministers established the Sub-Committee on Standards and Conformance (SCSC) in November 1994. SCSC's major objectives are to: (a) align APEC members' domestic standards with international standards; (b) achieve recognition of conformity assessment including mutual recognition arrangements in regulated and voluntary sectors; (c) promote cooperation for technical infrastructure development; and (d) ensure the transparency of the standards and conformity assessment of APEC economies.

In 2003, the SCSC Chair is Mr Surachai Thaleongchok, Secretary-General of the Thai Industrial Standards Institute. The SCSC met three times: the first meeting in Chiang Rai on 14–15 February, the second meeting in Khon Kaen on 23–24 May and the third meeting in Phuket on 15–16 August.

## 2. Collective Actions Achieved in 2003

Working towards the agreed SCSC theme in 2003 "Improving and promoting the positive relationship between Standardization and Conformity Assessment and trade facilitation to produce sustainable growth by bridging the Capacity Gap", the SCSC has achieved the following collective actions:

- Conducting the reviews and update of member economies' alignment work with International Standards. The SCSC achieved a great deal in this area and identified new goals and priority areas for alignment. SCSC communicated with the business sector through ABAC and undertook a specific initiative with the APEC sub-committee on SMEs to pursue further improvement of alignment work.
- Holding a policy dialogue on ISO 9001 certification issues to discuss the possibility of how APEC economies can promote self-declaration of conformance.
- Holding the 7th Joint Advisory Committee to endorse and encourage participation in Parts II and III of EEMRA (three member economies, subject to confirmation of one new economy). This initiative is classified as a pathfinder.
- Enhancing participation in the sectoral APEC Food MRA, which is endorsed as a pathfinder.
- Organising a Workshop on Trade Facilitation in the Information Technology Products 1-1 SDoC in collaboration with the Information Technology Industry Council of the US to enhance the Implementation of the Work Program on Trade Facilitation in Information Technology Products.
- Kept close contact with the appropriate Specialist Regional Bodies to enhance cooperative work toward international and regional comparison of measurement standards. This included reports from the SRB's at SCSC meetings in Chiang Rai and Phuket.
- Implementing the following TILF Projects for technical infrastructure development
  - CTI 29/2001T: Multilateral Recognition Arrangement (MLA) Readiness Project in Product Certification
  - CTI 21/2002T: Training Risk Assessment in Support of Food Safety Measures
  - CTI 22/2002T: Training on Testing and Calibration Laboratory Assessment
  - CTI 02/2003T: APEC/PASC Training Programs on Participation in International Standardization Process
  - CTI 15/2003T: Training on Good Regulatory Practice

- CTI 16/2003T WTO Compliance-Capacity Building Training in the Development of Food Standards (based on a risk management framework)
  - CTI 20/2003T WTO Compliance-Capacity Building Training in the Safety Assessment of Genetically Modified (GM) Foods
  - CTI 23/2003T A Joint APMP-SIM Workshop Addressing the Implementation of Quality Systems in national Metrology Institutes
  - CTI 25/2003T Symposium on Traceability in Legal Metrology
  - CTI 26/2003T APEC Capacity Building Workshop and Symposium for Harmonization of Food safety Regulation in Fisheries and Seafood Products
  - CTI 12/2002T Training Programme on ISO14000 and product orientated standards EL, LCA and DfE
  - CTI 08/2003T Survey of Accredited Calibration and testing Laboratory Performance: APLAC Calibration and Testing Proficiency Testing Programmes, 2003-2005
- Agreed to the measures to be taken to improve the effectiveness of the APEC MRAs including the APEC Food MRA; the Arrangement for the Exchange of Information on Food Recalls; the Arrangement for the Exchange of Information on Toy Safety.
  - Adopted the APEC Leaders Transparency Standards on Standards and Conformance, subject to confirmation.
  - Exchanging information on experiences of the transparency provisions in the RTAs/FTAs.
  - Holding a policy dialogue focusing on how, by working with regulators, industry and consumers, the standards and conformance infrastructure might assist to reduce compliance cost for business, particularly small and medium enterprises.
  - Increasing coordination with other APEC fora. The SMEWG Convenor was invited to attend the Policy Dialogue on SMEs, and the SCSC sent a representative to SMEWG Meeting held in Chiang Mai on 5–6 August 2003.
  - Japan, on behalf of SCSC, making a presentation on technical infrastructure development being implemented or planned by APEC at a meeting of the WTO TBT Committee.
  - Submitting the selection of menu of options for trade facilitation and discussing possible related CAP.
  - Investigating the effectiveness of the current CAPS and proposing the revision of the CAP items.
  - Revising the SCSC Terms of Reference, to be submitted to CTI for renewal of SCSC's mandate every three years.

### **3. New Collective Actions Agreed**

- To continue promoting consideration of participation of member economies in the Sectoral Food MRA.
- To support and actively participate in the Fifth APEC Conference on Standards and Conformance to be held on the margins of SCSC in 2004.
- To implement the following technical infrastructure development projects:

- International Comparisons of Metrology Standards between NMI's in Developing Economies
  - Training Course in Legal Metrology
  - Survey of Accredited Calibration and Testing Laboratory Performance: APLAC Calibration and Testing Proficiency Testing Programs, 2003-2005
  - The 3rd Conference on Good Regulatory Practice, which will continue investigating means of enhancing regulatory practices in the region
  - Training Program on ISO 14000 Series Product Oriented Standards: Environment Labels and Declaration (EL), Life Cycle Assessment (LCA) and Design for Environment (DfE)
  - Multilateral Recognition Arrangement ("MLA") Readiness in Environmental Management System Certification
  - The Fifth Conference on Standards and Conformance
- To continue identify the priority areas for technical infrastructure development programs.
  - To continue reviewing the CAP implementation and discussing the prioritizing those CAP items that contribute to promote the Trade Facilitation Action Plan.
  - To initiate the work to be done by SCSC to reduce compliance costs for SMEs

#### **4. Benefits and Beneficiary**

Alignment with international standards, recognition of conformity assessment, technical cooperation and transparency contribute to facilitate trade and investment flows in the region by reducing unnecessary costs and time-consuming delays associated with differences in standards and conformance.

#### **5. Highlights**

During 2003 the Sub-Committee on Standards and Conformance (SCSC):

- Conducted reviews and updated information on member economies' alignment work
- Held policy dialogues on ISO 9001 certification issues, and how the standards and conformance infrastructure might assist to reduce compliance cost for business, particularly small and medium enterprises
- Conducted a Workshop on Trade Facilitation in the Information Technology Products 1-1 SDoC
- Held the 7th Joint Advisory Committee to endorse and encourage participation in Parts II and III of EEMRA
- Kept close contact with the appropriate Specialist Regional Bodies
- Continued or commenced 10 TILF Projects for technical infrastructure development
- Agreed measures to be taken to improve the effectiveness of the APEC MRAs including the APEC Food MRA
- Revised the SCSC Terms of Reference, to be submitted to CTI for renewal of SCSC's mandate. (Please see attached Annex)

## APEC SUB-COMMITTEE ON STANDARDS AND CONFORMANCE

### TERMS OF REFERENCE

#### 1. Mandate

Pursuant to the 1994 Declaration on Standards and Conformance Framework, the APEC Standards and Conformance Sub-Committee (SCSC) is established under the authority of the APEC Committee on Trade and Investment (CTI). The SCSC shall undertake work to further the objectives set out in these Terms of Reference and provide policy recommendations to the CTI on aspects of APEC's work on standards and conformance in the region.

The SCSC shall have no set term, subject to a review of its mandate and Terms of Reference by the CTI, every three years.

#### 2. Objectives

The objectives of the SCSC are:

- to reduce the negative effects on trade and investment flows in the region due to differing standards, technical regulations and conformance arrangements in the region; and
- to facilitate the further development of open regionalism and market-driven economic interdependence in the Asia Pacific region by:
  - encouraging greater alignment of member economies' standards with international standards, including where standards are used as the basis for technical regulations;
  - liaising more closely, and developing greater consistency of approach to standards and conformance issues in relevant regional and international bodies;
  - making progress on the issue of recognition arrangements of conformity assessment in the region;
  - encouraging cooperation on technical infrastructure development;
  - increasing the transparency of standards, technical regulations and conformance arrangements in the region;
  - encouraging business involvement in standards and conformance activities; and
  - encouraging and supporting the new member economies and developing ones to actively participate in the SCSC's activities.

In pursuing these objectives, the SCSC should be guided by the following principles:

##### i) *Efficiency of the work program*

The work program on standards and conformance will make efficient use of the results and activities of existing regional and international organisations and take into account the work of other APEC fora such as TEL so that redundancy and duplication can be avoided. Priority shall be given to subjects that fall within the focus of the work program. The SCSC meeting agenda shall be rationalized on the basis of these priorities to take into account the limited resources of member economies and time constraints. To complement this rationalization and in order to avoid further inefficiencies, the SCSC fora will also endeavour to keep track of subjects discussed within the agenda of previous SCSC meetings and related fora, building upon these to foster the consistency of the work program.

*ii) Focus of the work program*

Work which can contribute to facilitating trade will be given priority. Accordingly, the SCSC's work program will focus on priority areas in the fields of closer alignment of standards with international standards, and recognition of conformity assessment activities.

### **3. Scope of Activity**

#### **3.1 Alignment with International Standards**

The broader adoption of, and alignment with, international standards by APEC members is an important element of APEC's program for expanding regional trade and investment flows and the development of production networks.

To this end member economies will endeavour to:

- pursue regional cooperation in accordance with international agreements such as the WTO Agreements on Technical Barriers to Trade and Sanitary and Phytosanitary Measures;
- identify areas where alignment with international standards is feasible and to review on a regular basis member economies' existing standards, with a view, where appropriate, to aligning them with international standards;
- explore practical options for regulatory cooperation to reduce the negative impact of different regulatory requirements on regional trade;

where appropriate, complement the work of the Specialist Regional Bodies in the development and review of international standards, including in cooperation with other APEC members;

- discuss current technical regulation policy issues related to trade with the view to facilitating trade and regulatory effectiveness.

Member economies may also endeavour to:

- promote the use of the *Guide for Alignment of APEC Member Economies' Standards with International Standards*, insofar as the Guide is consistent with the new ISO/IEC Guide 21:1999;
- consider ways in which member economies could give positive consideration to accepting as equivalent the standards and technical regulations of other members, even if they differ from their own, provided they are satisfied that these regulations adequately fulfil the objectives of their own regulations;
- ensure that standards and technical regulations are not prepared, adopted or applied with a view to, or with the effect of, creating unnecessary obstacles to international trade;
- ensure that technical regulations are reviewed, on a regular basis, so that they are achieving objectives in the least restrictive manner;
- update and promote the use of the *APEC Guidelines for the Preparation, Adoption and Review of Technical Regulations*;
- update and promote the use of Information Notes on Good Practice for Technical Regulation;
- promote the use of the Principles and Features of Good Practice for Technical Regulation to be used on a voluntary basis; and
- exchange information on standards and technical regulations.

#### **3.2 Cooperation with Regional and International Bodies**

The SCSC's work will be designed to complement, rather than substitute, that already taking place in Specialist Regional Bodies such as Asia Pacific Laboratory Accreditation Cooperation (APLAC), Asia Pacific Legal Metrology Forum (APLMF),

Asia Pacific Metrology Program (APMP), Pacific Accreditation Cooperation (PAC) and the Pacific Area Standards Congress (PASC). In addition, the SCSC's work will be aimed at developing a more coherent regional perspective for articulation in broader international bodies. To enhance closer regional cooperation, member economies will endeavour to:

- collaborate closely with Specialist Regional Bodies;
- consider, where appropriate, joint action within appropriate international fora towards shared objectives;
- coordinate the SCSC's work program with, and where appropriate, draw upon the expertise and the experience of regional and international bodies;
- foster an effective interface between regional and international fora; and
- ensure that the SCSC's work builds upon, rather than duplicates, the work undertaken in regional and international bodies.

### **3.3 Recognition of Conformity Assessment**

APEC member economies recognise the gains which can be made by recognition of conformity assessment activities within the region. Recognition of conformity assessment includes, but is not limited to, recognition of:

- conformity assessment results;
- supplier's declarations of conformity;
- technical equivalence of conformity assessment procedures by
  - accreditation; or
  - peer-assessments amongst conformity assessment bodies.

Recognition arrangements on certification, inspection, testing and accreditation can reduce costs and delays associated with duplicate evaluation of products. The development of broader networks of recognition arrangements throughout the region will greatly assist the SCSC's work program.

Accordingly, member economies will endeavour to:

- progress mutual recognition arrangements as well as other types of recognition of conformity assessment within the region;
- examine scope for mutual recognition and other approaches to facilitate the acceptance of conformity assessment results on an area-by-area basis (laboratory testing, product certification, quality systems certification, etc.) and/or a sector-by-sector basis with the latter being defined by regulatory area; and
- use internationally recognised processes and procedures in line with principles included in the WTO/TBT Agreement when evaluating testing, certification and accreditation systems
- discuss conformity assessment policy issues to develop a better understanding of the impact of conformity assessment on regional trade; and
- participate, where practicable, in regional and international fora concerned with conformity assessment.

### **3.4 Technical Infrastructure Development**

APEC member economies recognise that differing levels of technical infrastructure in the region may represent a constraint on meeting trade facilitation objectives, including on the expansion of mutual recognition arrangements throughout the region. A focus of APEC's work program will therefore be to identify areas where closer technical cooperation on aspects of infrastructure development would assist capacity building to reduce technical barriers to trade.

Accordingly member economies will endeavour to:

- consider the provision of appropriate assistance to develop member economies' technical infrastructures, including activities that complement WTO capacity building;
- take steps to build confidence between accreditation and conformity assessment bodies based on demonstrated competence.

### **3.5 Transparency**

To increase the transparency of standards, technical regulations and conformance arrangements in the region member economies will:

- prepare, and keep updated, an APEC contact list for standards, technical regulations and conformance information;
- establish contact points which are able to respond to enquires from other economies;
- investigate and enhance the availability and means of access to information on member economies' standards, technical regulations and conformity assessment requirements; and
- endeavor to implement the 1997 Transparency Survey recommendations and to take such other measures as may be agreed.

## **4. Mode of Operation**

The SCSC will normally meet in conjunction with CTI meetings *in SOM I and SOM III, unless otherwise decided by member economies.*

The SCSC shall operate on the basis of consensus, and in line with agreed APEC rules and guidelines.

### **4.1 Participation**

The SCSC shall be open to all APEC member economies.

The SCSC will be composed of representatives nominated by member economies and drawn from agencies responsible for standards and conformance issues as well as trade policy matters.

The officers of the SCSC shall comprise the Chair and two Vice-Chairs.

The Chair of the SCSC shall be a representative of the SOM Chair, unless otherwise determined by the SCSC. The Chair shall be responsible for appointing two Vice-Chairs, normally the immediate past and incoming Chairs, who shall be endorsed by member economies.

The SCSC may invite representatives from APLAC, APLMF, APMP, PAC, PASC, and other international bodies, as appropriate, to attend meetings.

The SCSC shall encourage the participation of the business communities of member economies to attend the SCSC plenary meeting as guests for specific agenda items.

The SCSC may, as appropriate and with the consensus of all member economies, establish ad hoc task forces or expert groups it considers necessary to assist the conduct of its work program.

### **4.2 Coordination**

The SCSC will take account of the activities of other APEC fora with which its work should be coordinated.

#### **4.3 Business Involvement**

The SCSC will encourage business involvement and private sector participation in standards and conformance activities. To this end, the SCSC will seek the assistance of the APEC Business Advisory Council (ABAC) and others, as appropriate.

## STANDARDS AND CONFORMANCE 2003 COLLECTIVE ACTION PLAN

OAA Objectives	Actions	Time frame
<b>1. Alignment</b>		
Align APEC economies' domestic standards with international standards.	<ul style="list-style-type: none"> <li>• Member economies to align their standards with international standards in the following priority areas: electrical and electronic appliances (air conditioners, televisions, refrigerators, radios and their parts and video apparatus); food labeling; rubber gloves and condoms; and machinery.</li> </ul>	1996 to 2000/2005
	<ul style="list-style-type: none"> <li>• Member economies to align their standards with international standards in the additional priority area of electrical and electronic equipment to include all electrical safety (IEC 60335) and relevant EMC (CISPR) standards.</li> </ul>	1998 to 2004/2008
	<ul style="list-style-type: none"> <li>• Member economies to align their standards with international standards in the additional priority area related to safety of information technology equipment (IEC 60950 standard).</li> </ul>	2000 to 2004/2008
	<ul style="list-style-type: none"> <li>• Member economies to align their standards with international standards in the additional priority areas related to standards and guides on conformity assessment and management systems.</li> </ul>	2000 to 2002/2005
	<ul style="list-style-type: none"> <li>• The SCSC to continue identifying additional priority areas for alignment with international standards.</li> </ul>	From 1997
	<ul style="list-style-type: none"> <li>• Member economies to actively participate in the standardization activities of international standardization bodies (ISO &amp; IEC) in the following priority sectors: building and construction and hazardous area equipment.</li> </ul>	From 1996
	<ul style="list-style-type: none"> <li>• Member economies to participate in ad-hoc technical groups, which work with PASC in developing coordinated regional input into the development of international standards in selected areas.</li> </ul>	From 1997
	<ul style="list-style-type: none"> <li>• The SCSC to consider the possibility of amending the TOR of TG 3.</li> </ul>	Completed 2003
	<ul style="list-style-type: none"> <li>• Member Economies to exchange information about performance-based regulations</li> </ul>	From 2002
	<ul style="list-style-type: none"> <li>• Member economies to promote the use of <i>the Principles and Features of Good Practice for Technical Regulation</i> to be used on a voluntary basis.</li> </ul>	From 2001
	<ul style="list-style-type: none"> <li>• Member economies to update and promote the use of <i>Information Notes on Good Practice for Technical Regulations</i>.</li> </ul>	From 2001
	<ul style="list-style-type: none"> <li>• The SCSC to continue to investigate means of enhancing regulatory practices in the APEC region through a program of case studies and seminars.</li> </ul>	From 2000
	<ul style="list-style-type: none"> <li>• The SCSC to conduct comprehensive reviews of their alignment work.</li> </ul>	2005
	<ul style="list-style-type: none"> <li>• Member economies to update each year the results in their respective alignment plans. These will be placed on the APEC Secretariat's homepage.</li> </ul>	From 1998
<ul style="list-style-type: none"> <li>• Member economies to continue to report on the progress in aligning their standards with international standards</li> </ul>	From 1998	

OAA Objectives	Actions	Time frame
	<ul style="list-style-type: none"> <li>Member economies to review and update their alignment work having consultations with business: ABAC and SME</li> </ul>	From 2003
<b>2. Recognition of Conformity Assessment</b>		
<p>Achieve recognition of conformity assessment including mutual recognition arrangements in regulated and voluntary sectors.</p>	<p><b>Regulated sector:</b></p> <ul style="list-style-type: none"> <li>Member economies to develop recognition arrangements of conformity assessment including bilateral, multi-sectoral, and plurilateral mutual recognition arrangements.</li> <li>Member economies to consider participation in the Arrangement for the Exchange of Information on Toy Safety and encourage the involvement of their regulators.</li> <li>Member economies to consider participation in the APEC Mutual Recognition Arrangement on Conformity Assessment of Foods and Food Products.</li> <li>Member economies to consider participation in the Sectoral Arrangement of APEC Food MRA.</li> <li>Member economies to consider participation in Part I of the APEC Mutual Recognition Arrangement on Conformity Assessment of Electrical and Electronic Equipment through providing information in the agreed common format.</li> <li>Member economies to consider participation in further Parts of the MRA and encourage the involvement of their regulators.</li> <li>Member economies to consider participation in the APEC Arrangement for the Exchange of Information on Food Recalls.</li> <li>The SCSC to review the implementation and use of the mutual recognition arrangements.</li> <li>The SCSC to continue to further consider additional priority areas for MRA in the regulated sector.</li> <li>The SCSC to consider alternative mechanisms to facilitate the recognition of conformity assessment results.</li> <li>The SCSC to review and improve the effectiveness of the APEC MRA on Conformity Assessment of Foods and Food Products; the Arrangement for the Exchange of Information on Toy Safety; the APEC Arrangement for the Exchange of Information on Food Recalls; and the APEC MRA on Conformity Assessment of Electrical and Electronic Equipment.</li> <li>Member economies to implement the program on trade facilitation in information technology products which has been developed in collaboration with the Information Technology Industry Council (ITI).</li> <li>Member economies to consider participation in a pilot of the DeclareNet.</li> <li>The SCSC asked the Working Group on Information Technology Management Systems for the APEC MRAs to liaise with interested parties and report back</li> <li>The SCSC also suggested that the Chairs of the APEC-TEL and EEMRA-JAC should meet with a view to working more closely together, particularly with respect to the application of IT systems to the MRA's.</li> </ul>	<p>From 1997</p> <p>From 1996 (15 economies)</p> <p>From 1997 (7 economies)</p> <p>From 2003</p> <p>From 2000 (14 economies in Part I) (3 economies in Part II and Part III, subject to change)</p> <p>From 2000</p> <p>From 1999 (2 economies)</p> <p>From 1998</p> <p>From 1997</p> <p>From 1999</p> <p>From 2001</p> <p>2000 to 2005/2008</p> <p>From 2001</p> <p>From 2002</p> <p>From 2003</p>

OAA Objectives	Actions	Time frame
	<p><b>Voluntary sector:</b></p> <ul style="list-style-type: none"> <li>• Member economies to enter into mutual recognition agreements (bilateral and multilateral) in cooperation with Specialist Regional Bodies, where applicable.</li> <li>• Member economies to encourage participation in APLAC-MRA ,PAC MLAs and CIPM Global MRA.</li> </ul>	<p>1996 to 2000/2005</p> <p>From 1998</p>
<b>3. Technical Infrastructure Development</b>		
<p>Promote cooperation for technical infrastructure development to facilitate broad participation in mutual recognition arrangements in both regulated and voluntary sectors.</p>	<ul style="list-style-type: none"> <li>• Member economies to identify specific requirements, assistance and/or activities for technical infrastructure development.</li> <li>• Member economies to consider the provision of assistance for the improvement of other economies' technical infrastructure.</li> </ul>	<p>From 1996</p> <p>From 1996</p>
	<ul style="list-style-type: none"> <li>• The SCSC to undertake the following technical infrastructure projects: <ul style="list-style-type: none"> <li>- Multilateral Recognition Arrangement (MLA) Readiness Project in Product Certification;</li> <li>- Training Risk Assessment in Support of Food Safety Measures;</li> <li>- Training on Testing on Calibration Laboratory Assessment;</li> <li>- APEC/PASC Training Programs on Adoption of International Standards;</li> <li>- Survey of Accredited Calibration and Testing Laboratory Performance: APLAC Calibration Proficiency Testing Programs, 2003-2005;</li> <li>- Training on Good Regulatory Practice;</li> <li>- Training Program on ISO 14000 Series Product Oriented Standards: EL, LCA and DfE</li> <li>- A joint APMP-SIM Workshop Addressing the Implementation of Quality Systems in National Metrology Institutes</li> <li>- Symposium on Traceability in Legal Metrology;</li> <li>- APEC Capacity Building Workshop and Symposium for Harmonization of Food Safety Regulations in Fisheries and Seafood Products;</li> <li>- WTO Compliance- Capacity Building Training in the Development of Food Standards (based on a risk management framework);</li> <li>- WTO Compliance- Capacity Building Training in the Safety Assessment of Genetically Modified (GM) Foods; and</li> <li>- Multilateral Recognition Arrangement (MLA) Readiness Project in Environment Management system Certification</li> <li>- Training Programme on ISO14000 and product orientated standards EL, LCA and DfE</li> </ul> </li> <li>• Member economies to undertake activities from among those recommended in the revised Mid-Tern Technical Infrastructure Development Program.</li> <li>• Member economies to strengthen participation in Specialist Regional Bodies activities.</li> <li>• Member economies to support and actively participate in APEC Conferences on Standards and Conformance.</li> <li>• Member economies to support and actively participate in APEC Conferences on Good Regulatory Practice.</li> <li>• The SCSC to compile member economies' regulatory profile and develop information and case studies on decision tree analysis for Food/Drug Interface policy development and regulation.</li> </ul>	<p>From 1999</p> <p>From 2001</p> <p>From 1996</p> <p>5th Conference 2004</p> <p>3rd Conference 2004</p> <p>From 2001</p>

OAA Objectives	Actions	Time frame
	<ul style="list-style-type: none"> <li>The SCSC to consider the outcomes of the Food Experts Network.</li> <li>The SCSC to continue the identification of priority areas for technical infrastructure development programs, and to be reflected in development of guidelines for project prioritization.</li> <li>Member Economies to fill out their Country Page.</li> </ul>	<p>From 2002</p> <p>From 2002</p> <p>From 2002</p>
<b>4. Transparency</b>		
Ensure the transparency of the standards and conformity assessment of APEC economies	<ul style="list-style-type: none"> <li>Member economies to update the APEC Contact Points for Standards and Conformance Information, including member economies' participants in the Specialist Regional Bodies and member economies SCSC Contact Points. Member economies agreed that this information should be maintained on the APEC Secretariat's homepage.</li> <li>Member economies to endeavor to establish Internet websites to disseminate standards and conformance information.</li> <li>Member Economies to develop a database on conformity assessment operators and their activities/services offered and establish an APEC Cooperation Center for Conformity Assessment.</li> <li>Member economies to exchange information on experiences of the transparency provisions in the RTAs/FTAs</li> <li>Member economies to agree the APEC Leaders Transparency Standards on Standards and Conformance</li> </ul>	<p>From 1997</p> <p>From 1997</p> <p>1999 to 2004</p> <p>From 2003</p> <p>From 2003</p>
<b>Cross-Cutting Activities</b>		
<b>5. Cooperation with Specialist Regional Bodies</b>		
	<ul style="list-style-type: none"> <li>Member economies to pursue closer cooperation with the Specialist Regional Bodies (SRBs) in line with the: <ol style="list-style-type: none"> <li>Statement of Commitment to Mutually Agreed Objectives between the SCSC and the SRBs, and</li> <li>The Criteria for APEC TILF Funding of Project Proposals by Specialist Regional Bodies</li> </ol> </li> </ul>	From 2000
<b>6. Cooperation with International Bodies</b>		
	<ul style="list-style-type: none"> <li>The SCSC to monitor the developments within the WTO Committees on the TBT and SPS and discuss implementation issues.</li> <li>The SCSC to inform its activities for technical infrastructure development to WTO/TBT</li> <li>The SCSC to continue seminar series to exchange information about the implementation of the WTO SPS Agreement</li> <li>Member Economies to promote the use of the APEC Handbook on Notification Authorities and National Enquiry Points under the SPS and TBT Agreements of the WTO</li> </ul>	<p>Ongoing</p> <p>Completed 2003</p> <p>From 2002</p> <p>From 2002</p>
	<ul style="list-style-type: none"> <li>The SCSC to undertake the following projects for the implementation of the APEC Strategic Plan for WTO-related Capacity Building: <ul style="list-style-type: none"> <li>WTO Compliance- Capacity Building training in the Development of Food Standards (based on a risk management framework)</li> <li>WTO Compliance- Capacity Building Training in the Safety Assessment of Genetically Modified (GM)</li> </ul> </li> </ul>	From 2001
<b>8. Cooperation with Other APEC Fora</b>		
	<ul style="list-style-type: none"> <li>The SCSC to implement Trade Facilitation action Plan collectively</li> </ul>	From 2003
	<ul style="list-style-type: none"> <li>The SCSC to pursue better coordination with other APEC fora.</li> </ul>	From 2001

OAA Objectives	Actions	Time frame
	<ul style="list-style-type: none"> <li>• The SCSC to contact SMEWG for the possible coordination of work to reduce the compliance cost for small and medium enterprises</li> </ul>	From 2003
<b>9. Reform of SCSC</b>		
	<ul style="list-style-type: none"> <li>• The SCSC to implement its reform through the rationalization of its agenda, priority setting exercise and better coordination with other groups</li> <li>• The SCSC to hold Policy Dialogue sessions on standards and conformance and follow-up the policy implications arising from them</li> <li>• Member economies to establish and maintain the country pages in the Directory of Food Trade Contacts to maximize transparency of food regulatory systems and standards.</li> <li>• The SCSC to establish the Forum Small Group for evaluating the result of the projects</li> </ul>	<p>From 2001</p> <p>From 2002</p> <p>Completed 2003</p>

## CONVENOR'S SUMMARY REPORT ON CUSTOMS PROCEDURES

### 1. Introduction

The CTI Sub-Committee on Customs Procedures (SCCP) was established in 1994 in response to the priority, which APEC Ministers accorded to harmonizing and simplifying Customs procedures in order to facilitate trade among APEC economies. The Chair of SCCP for 2003 is Mrs Naengnoi Na Ranong, Deputy Director General, Thai Customs Department, Thailand.

Since 1995, with the development of the SCCP's FACTS Guiding Principles and its Collective Action Plan (CAP) work programs that are supported by a comprehensive framework for technical assistance and capacity building, much progress has been made to date. The SCCP's 9-point CAP, which was first developed in 1995, was expanded to 12-point CAP in 1997, and to 13-point CAP, to include "Integrity" as an initiative and to replace the element of UN/EDIFACT by "Paperless Trading" in 2000. A new CAP initiative on "Customs-Business Partnerships" was developed, bringing the total number of CAP items to fourteen in 2001. The 2002 highlights under the Chairmanship of Mexico included a peer review project, and Best Practices on Customs-Business Partnership Compendium. Additionally, new challenges, implementation of Trade Facilitation Principles (TFP) and development of strategies to counter-terrorism and promoting growth, were also addressed in the 2002 SCCP. The SCCP's technical assistance framework comprises multi-year assistance programs which include training courses, workshops, conferences and expert missions to assist members in their implementation of its CAP elements. While the SCCP has identified areas for development and established a framework for Customs reform, implementation of the CAP objectives must be undertaken by member economies. The SCCP cannot ensure implementation of the CAP items collectively. This can only be achieved by individual economies implementing the CAP objectives in their respective economies.

The SCCP held two meetings in 2003: February; and August. In 2003, the SCCP, putting forward its work of realizing Trade and Investment Liberalization and Facilitation (TILF) to reduce the cross-border trade cost in APEC region, has been placing emphasis on strengthening the Multilateral Trade System, trade facilitation, pathfinder initiative, CAP evaluation, transparency standard, and counter-terrorism and promoting growth.

The SCCP, in responding to instructions of APEC Leaders and Ministers, strove to ensure the continuity and building upon past achievements, taking into account the changes in the trading environment. In particular, the SCCP has agreed to further implement the Customs-related WTO Agreements in the context of strategic APEC plan for WTO-related capacity building. Additionally, the Kyoto Pathfinder Initiative, which was endorsed at the 2002 APEC Leaders Meeting in Los Cabos, Mexico, entered a first phase of work in 2003. The SCCP has also outlined general approaches and concrete actions and measures to implement the "Trade Facilitation Principles" under the "Framework for APEC Trade Facilitation Action Plan and Trade Facilitation Menu of Actions and Measures," which have an objective of a five percent reduction in transactions costs of trade by 2006.

The SCCP also focus its attention on counter-terrorism and promoting growth in APEC. In this connection, programs and strategies to implement actions and measures to fight against terrorism have been developed, taking into account the specific circumstances of respective economies. In addition, the SCCP also formulated strategies to implement the STAR Initiative, focusing on the protection of cargo, ships on international voyages, international aviation, and people in transit through the Container Security Initiatives (CSI), and common data element. Furthermore, the SCCP has completed successfully a number of technical assistance activities under the TILF fund. The SCCP has also continued to engage the private sector in some of its activities, in particular, through CAP work program on "Enhance Customs-Business Partnership" and the 2003 APEC Customs-Business Dialogue, to ensure that its work remains relevant and its plans maintain and expand such partnerships.

## 2. Collective Actions Achieved

- Completed a number of comprehensive multi-year technical assistance programs for member economies in the following CAP items by the agreed target date of 2003:
  - HS Convention (Phase 1-5);
  - Advanced Classification Rulings (ACRS);
  - Paperless Trading (Phase 1-4);
  - Express Consignments (Phase 1-2);
  - Risk Management (Phase 1-6).
- Completed a comprehensive SCCP Program to improve the implementation of Customs-Related WTO Agreement on Rules of Origin and TRIPs Agreement. In 2003, three national workshops on the Agreements on Rules of Origin and TRIPS Agreement were conducted in the PRC, Thailand, PNG and the Philippines.
- Provided updates on the CAP/Assessment Matrix.
- Published the *2003 APEC SCCP Blueprint*.
- Provided updates on relevant tariffs, Customs-related information and other agreed data to APEC Tariff Database (TDB) Manager.
- Updated SCCP website.
- Convened 2003 APEC Customs-Business Dialogue on "**Trade Facilitation and Supply Chain Security: How They Can Be Convergent**" to promote communication and cooperation between Customs and business sector.
- Ensured the continuation of the "Kyoto Pathfinder Initiative" by requesting a funding proposal for 2003-2005, which was endorsed by CTI and approved by BMC.
- Continued the process of implementing Customs Integrity work program by delivering technical assistance to PNG.

## 3. New Collective Actions Agreed

- Established a Re-Focused Trade facilitation Working Group to focus on a specific aspect that contributes to the expectation of the five-percent reduction of transaction costs.
- Developed strategies to comply with the Leaders' Statement on Counter Terrorism in line with the specific circumstances of respective economies to enhance Customs communication networks and expeditious development of a global integrated electronic Customs Network.
- Formulated strategies to implement the STAR Initiative through a container security regime, and common data element based on WCO Common Data Model and developed a multi-phase technical assistance program tailored to capacity building and training needs of each economy.
- Studied WCO Survey on time required for the release of goods.
- Launched the project on Capacity Building Seminar on Trade Facilitation/Customs Procedures to provide a comprehensive review of key principles relating to Customs aspects of trade facilitation.
- Developed Transparency Standards on Customs Procedures as a response to the Leaders' Statement to Implement APEC Transparency Standards.

#### **4. Benefits and Beneficiaries**

The work of the SCCP has an immediate and tangible effect on the costs of cross-border transactions. Specifically, the comprehensive work program of the SCCP to simplify and harmonize Customs procedures would provide greater transparency, predictability and fairness for traders in the region. The SCCP's work to simplify and computerize the customs processes would result in speedier and more certain clearance of goods, which would result in lowering of costs of doing business in the region, in particular for the SMEs. The work by the SCCP also increases the efficiency, coordination and integrity of the customs administrations in the region and will ultimately lead to time and cost savings.

#### **5. 2003 Highlights**

- Completed a number of comprehensive multi-year technical assistance programs on HS Convention, ACRS, Paperless Trading, Express Consignments, and Risk Management.
- Completed a comprehensive SCCP Program to improve the implementation of Customs-Related WTO Agreement on Rules of Origin and TRIPs Agreement.
- Established a Re-Focused Trade facilitation Working Group to focus on a specific aspect that contributes to the expectation of the five-percent reduction of transaction costs.
- Launched the project on Capacity Building Seminar on Trade Facilitation/Customs Procedures to provide a comprehensive review of key principles relating to Customs aspects of trade facilitation.
- Ensured the continuation of the "Kyoto Pathfinder Initiative" by requesting a funding proposal for 2003–2005, which was endorsed by CTI and approved by BMC.
- Developed Transparency Standards on Customs Procedures as a response to the Leaders' Statement to Implement APEC Transparency Standards.
- Developed strategies to comply with the Leaders' Statement on Counter Terrorism in line with the specific circumstances of respective economies to enhance Customs communication networks and expeditious development of a global integrated electronic Customs Network.
- Formulated strategies to implement the STAR Initiative through a container security regime, and common data element based on the WCO Common Data Model and developed a multi-phase technical assistance program tailored to capacity building and training needs of each economy.
- Published the *2003 APEC SCCP Blueprint*.
- Organised 2003 APEC Customs-Business Dialogue
- Revised the SCCP Terms of Reference, to be submitted to CTI for renewal of SCCP's mandate. (Please see attached Annex)

## APEC SUBCOMMITTEE ON CUSTOMS PROCEDURES TERMS OF REFERENCE

### *Statement of Intent*

APEC Leaders and Ministers have determined that Customs Administrations will pursue efforts to simplify and harmonize customs procedures to facilitate trade transactions among APEC economies, as outlined within the Trade and Investment Framework. The Subcommittee on Customs Procedures (SCCP), which reports to the Committee on Trade and Investment (CTI), was established in 1994 as a forum in which to carry out the direction of APEC Leaders and Ministers relating to customs matters. The SCCP has developed a multi-year action plan, which includes practical measures to meet this direction. The action plan is not a static document but, rather, is in an almost constant state of development as the work of customs administrations evolves to meet the demands of globalized economies. In view of the fact that the work of the SCCP will be required on an ongoing basis, the SCCP recommends to the CTI that the SCCP, continue to exist for an indefinite period of time, but that its mandate and terms of reference be reviewed at the end of every three year period.

In making this recommendation, the SCCP notes that the Heads of Customs Administrations will provide policy direction for the development of work projects for the SCCP, through appropriate means.

The Subcommittee's goals within APEC forum are focused on trade facilitation and related enforcement matters, taking into account the responsibility of each Customs Administration for the effective implementation of legitimate border measures.

### *Terms of Reference*

Consistent with the Statement of Intent, the Subcommittee will identify and pursue:

1. Projects for regional enhancement of harmonized and simplified Customs procedures.
2. Projects on enforcement matters related to trade facilitation.
3. Joint projects and linkages with business/private sector organizations related to trade facilitation.
4. Projects which contribute to the common development of human resources.
5. Projects which foster an IT-friendly environment in Customs procedures including the "Paperless Trading" initiative.
6. Projects which promote the security of the global supply chain and promote trade facilitation.
7. Yearly completion of the SCCP Evaluation Matrix to self evaluate economies current status of implementation of SCCP CAP items.

In pursuit of these goals, the SCCP will cooperate with:

- a) other APEC working groups and committees;
- b) APEC private sector groups such as ABAC and business representatives within individual member economies;
- c) the WCO and regional Customs organization;
- d) other Asia/Pacific Customs Administrations; and
- e) relevant international organizations.

## **Procedural and Organizational Guidelines of the APEC Sub-Committee on Customs Procedures**

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### **Chapter I: *Functions***

1. The functions of the Sub-Committee on Customs Procedures (hereafter called "the Sub-Committee") are those assigned to it in the Terms of Reference adopted by the Committee on Trade and Investment (hereafter called "the Committee") at its third meeting on 26-27 August 1997.

### **Chapter II: *Term of Sub-Committee***

2. The Sub-Committee shall remain in existence as long as the Committee sees there is need for the Sub-Committee, subject to a review of its mandate and terms of reference every three years.

### **Chapter III: *Representation***

3. The Sub-Committee shall comprise representatives of all APEC economies. The representatives shall be officials with technical customs expertise. They may be assisted when required by advisors from other relevant bodies attending as members of the delegations of individual member economies.

### **Chapter IV: *Sub-Committee Meeting***

4. The Sub-Committee shall meet at least twice a year prior to the meetings of the Committee, unless otherwise decided by the Sub-Committee or the Committee.
5. To the extent possible, the date of each meeting shall be fixed by the Sub-Committee at its preceding session.
6. The date of the meeting may be varied either on the request of any Member and agreed to by all Members present at the meeting or, in the case of emergency, at the request of the Chairperson of the Sub-Committee (hereafter called "the Chairperson").
7. The meeting of the Sub-Committee shall be held in the economy of the current chair of the Sub-Committee, unless otherwise decided by the Sub-Committee.

### **Chapter V: *Meeting Organization***

8. The host economy should provide, at least eight weeks before a meeting, full information concerning hotel accommodation and booking to enable delegates to reserve accommodation and other arrangements.
9. The host economy shall liaise closely with the Chairperson and APEC Secretariat on meeting arrangements.

### **Chapter VI: *Agenda***

10. The Chairperson should draw up a Draft Agenda for each session and circulate it to the Members for their comments at least eight weeks in advance of the session.

11. This agenda shall comprise all items which inclusion has been approved by the Sub-Committee during its preceding session, and any other items which the Chairperson or a member may request to include.
12. Any Member who does not agree to the inclusion of any item in the Draft Agenda should make his view known to the Chairperson not later than two weeks after receiving such Draft Agenda.
13. A Revised Agenda, taking into account the comments and suggestions made, should be distributed by the Chairperson to all Members, APEC Secretariat and the official observers at least four weeks prior to the meeting.
14. A detailed Annotated Agenda should be circulated by the Chairperson to all Members, APEC Secretariat and the official observers at least two weeks prior to the meeting.
15. The Sub-Committee shall determine its Agenda at the opening of each session. During the session, the Agenda may be altered at any time by the Sub-Committee.

#### **Chapter VII: Documents**

16. All basic working documents requiring substantive discussion and/or decision at a meeting should be circulated to all Members at least four weeks prior to that meeting. All other documents should be circulated to all Members before the beginning of the meeting.
17. Any Member bringing documents to the meeting which may require redrafting should be encouraged to bring the documents on computer disc (WordPerfect 5.1 or Microsoft Word for Windows) as well as hard copy of the documents, to facilitate reproduction.

#### **Chapter VIII: Officers and Conduct of Business**

18. Unless otherwise decided by the Sub-Committee, the Customs Administration of the current Chair of APEC shall provide the Chairperson, and the Customs Administration of the outgoing and incoming Chairs of APEC shall provide the Vice Chairpersons of the Sub-Committee (hereafter called "the Vice Chairpersons").
19. If the Chairperson is absent from any meeting or part thereof, the Vice-Chairperson shall preside and shall have the same powers and duties as the Chairperson.
20. The Chairperson shall participate in the proceeding as such and not as a representative of an APEC member economy.
21. When the Chairperson believes that a matter is being considered in which he or she has any interest, he or she shall offer to vacate the role of chairperson for that discussion in favour of a Vice-Chairperson.
22. In addition to exercising the powers and duties conferred upon him or her elsewhere in this guideline, the Chairperson shall have the responsibilities to:
  - declare the opening and closing of each session;
  - accord the right to speak;
  - direct the discussion;
  - call a speaker to order if the speaker's remarks are not relevant to the question at issue;
  - announce decision;
  - draft the meeting report, in consultation with Members, for the Sub-Committee's consideration and adoption;

- present the report of the Sub-Committee's meeting to the Committee for consideration and adoption;
  - prepare an annual report, in consultation with Members, for APEC Ministerial Meeting;
  - prepare the Sub-Committee contribution to the annual report to the Budget and Management Committee (hereafter called "the BMC"); and
  - consult with all Members on progress in the various Customs projects and ensure that they are kept informed of developments of those projects.
23. The Sub-Committee shall consider and adopt its report at the close of each session.
24. The Sub-Committee may establish ad-hoc taskforce or expert group as it considers necessary to assist it in discharging its functions.
25. Decisions of the Sub-Committee at any meeting shall be taken on the consensus basis. However, the fact that the consensus has not been obtained on a particular matter, shall not preclude the Sub-Committee from reporting to the Committee on that matter.

#### **Chapter IX: APEC Secretariat's Assistance**

26. The host economy may request the APEC Secretariat to provide advice on meeting requirements.
27. The Sub-Committee may request the APEC Secretariat to provide advice on APEC budgetary and other requirements affecting the operations of the Sub-Committee.
28. The Sub-Committee may request the APEC Secretariat to maintain an up-to-date official contact list to facilitate communication among Member economies.
29. The Sub-Committee may request the APEC Secretariat to provide advice on the preparation of budget submission to the BMC and the Senior Officials Meeting.
30. The Sub-Committee may request the APEC Secretariat to provide assistance in printing and distribution of SCCP documents, giving due regard to budgetary limitations & constraints of the Secretariat.

#### **Chapter X: Non-Member Participation**

31. The non-member participation to the meetings and activities of the Sub-Committee is governed by the APEC agreed rules and guidelines which are annexed herewith.
32. The Chairperson should consult Members, at least eight weeks prior to a meeting, on any proposals to invite "guests" to attend a meeting or activity to see if there is a consensus. Should there be a consensus in favour of a non-member or regional organization which meets APEC rules and guidelines, that consensus shall be reported to the Chair of the Committee with a recommendation that it be endorsed. Subject to that endorsement, an invitation may be extended by the Chairperson on behalf of the Sub-Committee.

#### **Chapter XI: Revision**

33. These rules and guidelines may be revised at any time, in whole or in part, by the Sub-Committee, and be recommended to the Committee for endorsement in their revised form.

**Table 1: SCCP Collective Action Plan Objectives and Expected Outputs**

OBJECTIVES	EXPECTED OUTPUTS
<p>1. Harmonization of Tariff Structure with the HS Convention To ensure consistency of application, certainty and a level playing field for business through the HS Convention, the standard international harmonized system for the classification of goods.</p>	<ul style="list-style-type: none"> <li>The accurate, consistent and uniform application of the HS Convention by all APEC member economies.</li> </ul>
<p>2. Public Availability of Information on Customs Laws, Regulations, Administrative Guidelines and Rulings provided to the business sector on an ongoing basis. To ensure traders have access to all the pertinent information for business decisions through the provision of accurate, consistent and user-friendly information to business on an ongoing basis.</p>	<ul style="list-style-type: none"> <li>To improve transparency of APEC Customs Administrations</li> <li>To enhance the APEC Customs Administrations' competency in the dissemination of information on customs laws, regulations, procedures, rulings and guidelines</li> </ul>
<p>3. Simplification and Harmonization on the Basis of the Kyoto Convention To improve efficiency in customs clearance and the delivery of goods in order to benefit importers, exporters and manufacturers through simplified customs procedures and best practices.</p>	<ul style="list-style-type: none"> <li>Simplified and standardized customs procedures implemented by all APEC members</li> </ul>
<p>4. Adoption and Support for the UN/EDIFACT / Paperless Trading To use the standard UN electronic messaging format for automated systems, the United Nations/Electronic Data Interchange for Administration, Commerce and Transport, to promote an electronic highway for business.</p>	<ul style="list-style-type: none"> <li>The implementation by member administrations of UN/EDIFACT international electronic messaging standards as the basis for their computerization programs</li> </ul>
<p>5. Adoption of the Principles of the WTO Valuation Agreement To facilitate administration of the World Trade Organization's Valuation Agreement on standard procedures for valuing goods.</p>	<ul style="list-style-type: none"> <li>The implementation of the Agreement by members, in a timely and orderly manner, to meet members' international obligations under the Agreement.</li> </ul>
<p>6. Adoption of the Principles of the WTO Intellectual Property (TRIPS) Agreement To implement border enforcement procedures for protecting intellectual property rights.</p>	<ul style="list-style-type: none"> <li>A strategic program designed and developed to implement border endorsement of the Agreement by members, in a timely and orderly manner, to meet international obligations under the Agreement.</li> </ul>
<p>7. Introduction of Clear Appeals Provision To provide business with an opportunity to challenge potentially erroneous or inequitable Customs decisions through mechanisms for transparent, independent and timely appeals.</p>	<ul style="list-style-type: none"> <li>Implementation of Customs appeal mechanisms by all members.</li> <li>The enhanced transparency and effectiveness of the appeals process and client service initiatives within APEC customs administrations.</li> </ul>
<p>8. Introduction of an Advance Classification Ruling System To establish simplified procedures for providing classification information prior to importation, thus bringing certainty and predictability to international trading and helping traders to make sound business decisions based on legally binding advice.</p>	<ul style="list-style-type: none"> <li>The introduction of simplified procedures for an advance classification ruling system to the customs procedures of each APEC economy, by the year 2000.</li> </ul>

OBJECTIVES	EXPECTED OUTPUTS
<p>9. Provisions for Temporary Importation, e.g., acceding to the A.T.A. Carnet Convention or the Istanbul Convention To help business move goods such as commercial samples, professional equipment, tools of trade and exhibition material across borders with a high degree of certainty as to how these goods will be treated by Customs by having standard procedures for admitting goods on a temporary basis.</p>	<ul style="list-style-type: none"> <li>• The implementation of the terms of the A.T.A. Carnet and Istanbul Conventions.</li> <li>• The provision of a common import/export document for the temporary importation of goods.</li> <li>• An internationally accepted security for goods entitled to temporary admission without payment of duties and taxes.</li> </ul>
<p>10. Harmonized APEC Data Elements To develop a comprehensive directory supported in UN/EDIFACT which includes a simplified “core set” of data elements, largely derived from commercially available data, that would satisfy the standard data requirements of the majority of APEC trade transactions and so facilitate the exchange of information and provide a foundation for common forms and electronic commerce.</p>	<ul style="list-style-type: none"> <li>• The development of a set of trade data elements required for ordinary goods for home consumption.</li> <li>• The development of a set of best practices guidelines for the processing and clearance associated with the movement of goods until the goods are no longer under any customs controls.</li> </ul>
<p>11. Risk Management Techniques To focus Customs enforcement efforts on high-risk goods and travellers and facilitate the movement of low-risk shipments, through a flexible approach tailored to each APEC economy.</p>	<ul style="list-style-type: none"> <li>• The implementation of a systematic risk management approach will allow APEC Customs administrations to facilitate legitimate trade and travel while maintaining control.</li> </ul>
<p>12. Guidelines on Express Consignments Clearance To implement principles contained in the WCO Guidelines on Express Consignment Clearance, the international standard procedures for clearance of express goods, working in partnership with express industry associations.</p>	<ul style="list-style-type: none"> <li>• The timely implementation of the international standard for customs clearance of express shipments.</li> <li>• Trade facilitation while maintaining essential customs control responsibilities.</li> </ul>
<p>13. Integrity To raise level of integrity in Customs Administrations.</p>	<ul style="list-style-type: none"> <li>• More accountable, consistent, reliable and transparent Customs Administration</li> </ul>
<p>14. Customs-Business Partnership To enhance the cooperation and communication between Customs and the business sector</p>	<ul style="list-style-type: none"> <li>• The development of Customs-Business Partnership with the relevant players / parties in the business sector through the signing of MOUs or other instruments of cooperative arrangement.</li> <li>• The establishment of permanent and regular liaison / consultation channels between Customs and the relevant players / parties in the business sector.</li> </ul>

## **CONVENOR'S SUMMARY REPORT ON INTELLECTUAL PROPERTY RIGHTS**

### **Introduction**

Recognizing that intellectual property rights is critical to the realization of APEC goals, APEC Ministers established the Intellectual Property Rights Experts Group (IPEG) in 1996 to coordinate and to undertake the work related to ideas, designs and creativity.

Since its establishment, the IPEG has held seventeen meetings with the last one on 8–9 July 2003 in Vancouver, B.C., Canada. The current Convenor of the IPEG is Mr Peter S. Kang, Director of External Affairs and General Planning Department of the Intellectual Property Office (TIPO) of the Ministry of the Economic Affairs, Chinese Taipei.

The IPEG has implemented a work program that enhanced APEC-wide cooperation by achieving Collective Actions with objectives such as: deepening the dialogue on intellectual property policy; surveying and exchanging information on the current status of IPR protection and administrative systems; studying measures for the effective enforcement of IPR; fully implementing the Agreement on Trade-related Aspects of Intellectual Property (TRIPS); and facilitating technical cooperation among member economies.

IPEG members will continue working on implementing and enhancing the regime of intellectual property protection so as to provide a better regional environment for trade and investment among member economies.

### **Collective Action Achieved**

- Held Seminar on Intellectual Property and Competition Policy in Christchurch, New Zealand on 13 March examining impact which IPR has produced on the competitive process.
- Organized GIs Training Workshop in Bangkok, Thailand on 13-14 May to explore various models, policy goals, and questions of assessment of national interest of geographical indications protection.
- Organized Seminar on IP Management and Strategies held in Vancouver, Canada on 10 July to provide government officials with insights into how intellectual property is used, managed and exploited throughout the various commercialization phases of an innovation.
- Endorsement on Joint Declaration regarding Government Use of Computer Software to combat and prevent illegal software use and piracy by fully implementing international agreement.
- Boost public awareness via a TILF funded project on Public Education and Awareness of Intellectual Property for Indonesia, the Philippines, and Viet Nam.
- Finalized Illustrative Practices of Enforcement of Industrial Property Rights.
- Implementation of the APEC IP Toolkit.
- Endorsed establishment of IPR service Centre with the understanding that each member economy may proceed with implementation as soon as it is ready.
- Full development and implementation of the APEC IPEG website.

### **New Collective Actions Agreed**

- Restructure CAP items to reflect consistency with those under negotiation at the WTO or WIPO.
- Continually exploring the feasibility of the IPR Service Centre proposed by Japan.
- Cooperation for improvement and enhancement toward the operation and workload of IP System.
- Facilitating IPR-related procedure via automation.
- Formulating effective practices and measures for IPR enforcement.
- Considering the construction of an IPEG database on enforcement activities and a guide for digital rights management as provided under the APEC IP Toolkit initiative.
- Initiated discussion over the Digital Economy Pathfinder – Next Steps Action 5-8 and optical disc piracy work.
- Commenced dialogues on transparency standards as instructed by Leaders.

### **Benefit and Beneficiary**

- Followed up on IP asset management practices in the government authorities of member economies that improved public understanding of the practices.
- Reviewed IPR protection practices in each member economies and the contribution of their strategies of electronic IPR procedures promotion has toward the development of efficient IP systems.
- Improved common comprehensive on international IPR developments and promoted the adoption of recent international developments aimed at streamlining and harmonizing IP protection.
- Facilitating IP information transfer and operation via electronic means.

### **2003 Highlights**

- Held Seminar on Intellectual Property and Competition Policy
- Organized GIs Training Workshop
- Organized Seminar on IP Management and Strategies
- Completed a TILF funded project on Public Education and Awareness of Intellectual Property for Indonesia, Philippines, and Viet Nam.
- Deepened discussion relating to WTO Doha Development Agenda
- Commenced promotion on IP Assets Management in APEC Economies.
- Initiated reviews on Declaration on Government Use of Computer Software.
- Finalized Illustrative Practices of Enforcement of Industrial Property Rights.

- Implementation of the APEC IP Toolkit.
- Establishment of IPR service Centre
- Continued discussion over the Digital Economy Pathfinder – Next Steps Action 5-8 and Optical disc piracy work.
- Commenced dialogues on transparency standards as instructed by Minister.

## INTELLECTUAL PROPERTY RIGHTS 2003 COLLECTIVE ACTION PLAN

Item*	Summary of member economies' actions
<p><b>a) Deepening the Dialogue on Intellectual Property Policy - WTO Doha Development Agenda and Appropriate Protection of IPR in New Fields</b></p> <p>(Lead Economy: Convenor)</p> <p><i>The members will continue to deepen the dialogue on intellectual property policies. Deepening the dialogue among members will be crucial in achieving a shared understanding of the latest trends in intellectual property policies. The CAP should have the flexibility to take in new questions when the need arises, and new problems that have been presented should be considered under this item or other relevant items.</i></p> <p><i>Consideration should be given to the systems and practices needed to provide appropriate protection of intellectual properties in new fields, or to resolve newly arising issues in existing fields.</i></p>	<p><b>Implemented actions in 1996 – 2000 (under previous CAP item a):</b></p> <ul style="list-style-type: none"> <li>- Member economies held/participated in various APEC related seminars and symposia.</li> <li>- The calendar of IPR-related meetings and events has been put on the Japan Patent Office website since April 1997 and linked with the APEC Secretariat website since June 1997. It is updated when needed.</li> </ul> <p><b>Implemented actions in 2001:</b></p> <ul style="list-style-type: none"> <li>- IPEG agreed to discuss on solutions regarding reduction of costs on the part of applicants and reduction of duplicated workload on the part of patent offices under CAP item (b-2) and (b-3) as well as item (a).</li> <li>- IPEG agreed to discuss on the Hague Conference on International Private Law, Genetic resources, Traditional Knowledge, and Folklore under CAP item (d).</li> </ul> <p><b>Implemented actions in 2002:</b></p> <ul style="list-style-type: none"> <li>- IPEG agreed to the introduction of Doha issues into the APEC-IPEG forum, including negotiations on the establishment of a multilateral system of registration for wines; review on application of Geographical Indication (GI) protection; review and recommendation on scope and modalities for non-violation complaint.</li> </ul>
<p><b>a-i) WTO Doha Development Agenda</b></p> <p><i>Consideration should be given to the discussions on IP and related issues that would contribute to the WTO/Doha Development Agenda, such as geographical indication, public health and access to medicines.</i></p>	<p><b>Implemented actions in 2003:</b></p> <ul style="list-style-type: none"> <li>- Ongoing.</li> </ul>

\* The restructure of agenda items has been made and the discussion on IP-related issues was undertaken on the basis of the restructured agenda at the IPEG XVII meeting held in Vancouver, B.C., Canada

Item	Summary of member economies' actions
<p><b>a-ii) Protection for Biotechnology and Computer-related Inventions</b> (Lead Economy: the US ) <i>Consideration should be given to systems and practices, including guidelines, for ensuring appropriate patent protection for new technologies.</i></p>	<p><b>Implemented actions in 1996 – 2000 (under previous CAP item a):</b></p> <ul style="list-style-type: none"> <li>- Policy dialogues on biotechnology, electronic commerce (such as business method inventions) were conducted.</li> <li>- The biotechnology training package was prepared by Australia.</li> </ul> <p><b>Implemented actions in 2001:</b></p> <ul style="list-style-type: none"> <li>- Information exchanges have been conducted on developments in members' jurisdictions on patents in the fields of biotechnology, computer software-related inventions, and business methods.</li> </ul> <p><b>Implemented actions in 2002:</b></p> <ul style="list-style-type: none"> <li>- The IP and biotechnology training handbook was finalized and downloaded onto the IPEG website.</li> </ul> <p><b>Future plan in and after 2003:</b></p> <ul style="list-style-type: none"> <li>- Ongoing.</li> </ul>
<p><b>a-iii) Protection for Geographical Indications</b> (Lead Economy: Mexico) <i>Consideration should be given to an adequate way for ensuring the appropriate protection as intellectual property for geographical indications.</i></p>	<p><b>Implemented actions in 1996 – 2000 (under previous CAP item a):</b></p> <ul style="list-style-type: none"> <li>- Policy dialogues on geographical indications (GIs) were conducted.</li> <li>- The survey on GI protection among members was conducted.</li> </ul> <p><b>Implemented actions in 2001-2003:</b></p> <ul style="list-style-type: none"> <li>- Survey results on GI protection among members has been updated.</li> <li>- A snapshot list of domestic GI examples protected by each APEC economy will be surveyed.</li> <li>- Information exchanges have been conducted on GI protection, the relation between GIs and Internet domain names, and implications of TRIPs Agreement provisions relating to GIs</li> </ul> <p><b>Future plan in and after 2004:</b> Ongoing.</p>
<p><b>a-iv) Genetic resources, Traditional knowledge, and Folklore</b></p>	<p><b>Implemented actions in 2001-2003:</b></p> <ul style="list-style-type: none"> <li>- Information exchanges on the Genetic resources, Traditional knowledge and Folklore have been conducted.</li> </ul> <p><b>Further plan in and after 2004:</b> Policy dialogues and information exchanges on genetic resources, traditional knowledge, and folklore will be continued.</p>

Item	Summary of member economies' actions
<p>b) Support for Easy and Prompt Acquisition of Rights  <i>Globalizing economy and cross-border R&amp;D activities mean a need for systems which enable the prompt acquisition of rights in multiple countries through simple procedures. Support will therefore be given to establish systems which meet these needs, by encouraging efforts to participate in international IP-related systems and establish internationally harmonized domestic systems.</i></p>	
<p><b>b-i) Participation in International IP-related Systems</b> (Lead Economy: the US)  <i>Support will be given for modifications to domestic systems to enable participation in the various international IP-related systems that are currently operating or under consideration.</i></p>	<p><b>Implemented actions in 1996 – 2000 (under previous CAP item e-2):</b></p> <ul style="list-style-type: none"> <li>- Information exchanges on the current administrative system were conducted.</li> <li>- Guidelines for the simplification and standardisation of administrative procedures were adopted and published on the Internet.</li> </ul> <p><b>Implemented actions in 2001-2003:</b></p> <ul style="list-style-type: none"> <li>- Information exchanges on participation in the various international IP related systems have been conducted.</li> </ul> <p><b>Future plans in and after 2004:</b></p> <ul style="list-style-type: none"> <li>- Ongoing.</li> </ul>
<p><b>b-ii) Establishing Internationally Harmonized IPR Systems</b>  <i>Efforts will be made toward the further harmonization of the various domestic IP systems, while ensuring the effectiveness of the TRIPS Agreement by considering the detailed matters of procedure not stipulated in the Agreement. A consensus has been reached on administrative guidelines, and their implementation on a proactive basis will be encouraged. Discussions on the format for trademark applications will also proceed, while taking care to ensure consistency with the existing international norms.</i></p>	<p><b>b-ii-1) Establishing Internationally Harmonized IPR Systems</b> (Lead Economy: Japan)</p> <p><b>Implemented actions in 2001-2003:</b></p> <ul style="list-style-type: none"> <li>- Information exchanges on harmonization of IPR Systems have been conducted.</li> </ul> <p><b>Future plans in and after 2004:</b></p> <ul style="list-style-type: none"> <li>- Ongoing.</li> </ul>

Item	Summary of member economies' actions
	<p><b>b-ii-2) Standardization of Trademark Application Form</b> (Proposed by Singapore)</p> <p><b>Implemented actions in 1996-2000 (under previous CAP item e-4):</b></p> <ul style="list-style-type: none"> <li>- Efforts to establish a Common Trademark Application Form were made.</li> <li>- It was agreed that the Common Trademark Application Form be a model document or a guide be used as an instrument for members to devise their own forms.</li> </ul> <p><b>Implemented actions in 2001-2003:</b></p> <ul style="list-style-type: none"> <li>- Additional requirements of the respective member economies' trademark application forms have been attached to the Common Trademark Application Form as annexes.</li> </ul> <p><b>Future plans in and after 2004:</b></p> <ul style="list-style-type: none"> <li>- The annexes will be updated and the Common Trademark Application Form will be shortly finalized.</li> </ul> <hr/> <p><b>b-ii-3) Well-known Trademarks</b> (Lead Economy: Thailand)</p> <p><b>Implemented actions in 1996– 2000 (under previous CAP item d):</b></p> <ul style="list-style-type: none"> <li>- Surveys on practices concerning the protection of well-known marks were conducted.</li> <li>- IPEG members endorsed the WIPO Joint Recommendation Concerning Provisions on the Protection of Well-known marks and the text of Recommendation by APEC (IPEG) concerning the Protection of Well-known Marks was agreed upon in 2000.</li> </ul> <p><b>Implemented actions in 2001-2003:</b></p> <ul style="list-style-type: none"> <li>- Survey results have been compiled by Thailand.</li> </ul>
<p><b>b-iii) Cooperation on Searches and Examinations</b> (Lead Economy: Japan)</p> <p><i>A system will be considered which will make use of search and examination results from other member economies, or mutually recognize them, in order to secure fast and accurate examinations.</i></p>	<p><b>Implemented actions in 2001-2003:</b></p> <ul style="list-style-type: none"> <li>- Information exchanges on different modes of cooperation on searches and examinations have been conducted.</li> </ul> <p><b>Future plans in and after 2004:</b></p> <ul style="list-style-type: none"> <li>- Members will consider possible APEC IPEG models for cooperation in search and examination based upon their experiences.</li> </ul>

Item	Summary of member economies' actions
<p>c) Electronic Processing of IPR-related Procedures</p> <p><i>Rapidly-developing computer technologies, including the Internet, have the potential to make an enormous contribution to ensuring efficient and transparent procedures. Discussions should be held on the potential for using this new technology to enable efficient systems and practices for IP protection and pooling or integration of software resources.</i></p>	
<p><b>c-i) Electronic Filing Systems</b></p> <p>(Lead economy: the US)</p> <p><i>Efforts should be made toward simplified procedures by accepting applications using electronic means such as the Internet.</i></p>	<p><b>Implemented actions in 1996 – 2000 (under previous CAP item e-1):</b></p> <ul style="list-style-type: none"> <li>- Information exchanges on electronic filing system were conducted.</li> </ul> <p><b>Implemented actions in 2001-2003:</b></p> <ul style="list-style-type: none"> <li>- Strategies for overcoming customer resistance to e-filing were studied and working with user groups was realized as one of the most important approaches on this issue.</li> <li>- Information exchanges on strategies for promoting use of e-filing, especially on outcomes of their contacts with users, will be continued.</li> </ul> <p><b>Future plan in and after 2003-2005:</b></p> <ul style="list-style-type: none"> <li>- Implementing the IPEG Technical Cooperation Project of IP Automation in APEC Region.</li> </ul>
<p><b>c-ii) Electronic commerce</b></p> <p>(Lead Economy: Australia)</p> <p><i>Consideration should be given to ways in which existing IP systems could address the consequences of the rapid development and spread of electronic commerce, and to promote the effective and balanced protection of IPRs in the digital environment, with particular regard to the coordinated implementation of new international standards.</i></p>	<p><b>Implemented actions in 1996 – 2000 (under previous CAP item a):</b></p> <ul style="list-style-type: none"> <li>- Policy dialogues on electronic commerce were conducted.</li> </ul> <p><b>Implemented actions in 2001-2003:</b></p> <ul style="list-style-type: none"> <li>- Australian draft paper on e-commerce roadmap was finalized at IPEG XIV held in Hong Kong, China.</li> <li>- Policy dialogues and Information exchanges on domestic developments related to IPR protection in the context of e-commerce have been conducted.</li> </ul> <p><b>Future plan in and after 2004:</b></p> <ul style="list-style-type: none"> <li>- Ongoing.</li> </ul>

Item	Summary of member economies' actions
<p><b>c-iii) Dissemination of Information by Electronic Means</b> (Lead Economy: Australia)</p> <p>The information concerning applications accumulated at intellectual property offices constitutes highly significant data concerning legal status and technology, and efforts should be made to widely publicize such information using the Internet or other electronic means in order to encourage the use of IP information.</p>	<p><b>Implemented actions in 1996– 2000 (under previous CAP item e-3):</b></p> <ul style="list-style-type: none"> <li>- Quick-Link Matrix, the first product of IP Information Mall, is accessible on the website of Japan Patent Office.</li> </ul> <p><b>Implemented actions in 2001:</b></p> <ul style="list-style-type: none"> <li>- Re-development of the IPEG website has been proceeded by Australia and will go on-line in September.</li> <li>- The draft report on the survey of laws compiled by Australia will be finalised.</li> </ul> <p><b>Implemented actions in 2002:</b></p> <ul style="list-style-type: none"> <li>- The redesign of the IPEG website was completed and information regularly updated. It will be more easily accessible for Member Economies and the general public.</li> <li>- The Survey of Intellectual Property Law and Organizations for each APEC Economy was completed and downloaded onto the IPEG website.</li> </ul> <p><b>Future plan in and after 2003:</b></p> <ul style="list-style-type: none"> <li>- Information exchanges on the ideal method of dissemination of information by electronic means will be conducted.</li> </ul>
<p><b>d) Cooperation for Improvements to the Operation of IP Systems</b> (Lead Economy: Korea)</p> <p><i>The conclusion of the TRIPS Agreement means that certain minimum standards of intellectual property rights protection are set, but the problems of lack of personnel and know-how remain on the operational side. To deal with these problems, efforts should be made for considering better technical cooperation, including that through international programs, in areas such as human resources development, computerization and improvement in administrative procedures.</i></p>	<p><b>Implemented actions in 1996– 2000 (under previous CAP item g):</b></p> <ul style="list-style-type: none"> <li>- The table of Technical Cooperation/Assistance Requested and Offered was drawn up to facilitate technical cooperation.</li> <li>- The APEC IPR International Symposium was held in Korea in June 1999 to assist the implementation of the TRIPS Agreement.</li> <li>- Surveys on current status toward TRIPS implementation were conducted.</li> <li>- IPEG member economies agreed on the draft of the Joint Statement on the WTO/TRIPS Agreement Implementation and it was adopted with some modifications at the Meeting of Ministers Responsible for Trade held in June 2000.</li> <li>- The Self-Checklist concerning Issues on the Enhancement of Efficiency in Office Operation with emphasis on Search and Examination was prepared and revised taking into account members' comments.</li> </ul> <p><b>Implemented actions in 2001:</b></p> <ul style="list-style-type: none"> <li>- Surveys on current status toward TRIPS implementation have been conducted.</li> <li>- The Self-Checklist was finalised.</li> <li>- Information exchanges on developments in members' IP systems, particularly with bearing on TRIPS implementation have been conducted.</li> <li>- Information exchanges on technical assistance in relation to preparation of TRIPS documentation have been conducted.</li> <li>- The APEC IPEG IT International Symposium was held in Korea in November 2001 as an IPEG technical cooperation program to promote the operation of the IPR system in APEC Region.</li> </ul> <p><b>Implemented actions in 2002-2003:</b></p> <ul style="list-style-type: none"> <li>- CTI endorsed APEC/IPEG Technical Cooperation Project of IPO Automation in the APEC Region in 2002 and project was implemented from 2003.</li> </ul> <p><b>Further plan in and after 2004:</b></p> <ul style="list-style-type: none"> <li>- Ongoing.</li> </ul>

Item	Summary of member economies' actions
<p><b>e) Establishing Effective Systems for IPR Enforcement</b></p> <p>(Lead Economies: Australia, Japan, Mexico, the Philippines, and Thailand)</p> <p><i>This item aims to strengthen APEC cooperation on IPR enforcement. There are a number of possible outcomes for this proposal, including the establishment of IPR enforcement or "best practices" guidelines; the establishment of regular, structured exchange of practical information on trends in infringement and on IPR enforcement; and the increased cooperation between agencies involved in IPR enforcement. Best efforts will be given to help members establish appropriate and effective systems for supporting IPR enforcement.</i></p>	<p><b>Implemented actions in 1996–2000 (under previous CAP item g):</b></p> <ul style="list-style-type: none"> <li>- Survey results on the IPR enforcement system were compiled and published on the Internet.</li> <li>- IPEG had dialogues with the private sector to share real -life experience at the IPEG meeting in March 2000 and APEC/ IPEG Separate Meeting on IPR Enforcement in Cheju, Korea in July 2000.</li> </ul> <p><b>Implemented actions in 2001</b></p> <ul style="list-style-type: none"> <li>- The Government/Industry Workshop on IP Enforcement in the APEC Region was held in Sydney, Australia in March 2001 to foster private and public sectors cooperation on IPR enforcement.</li> <li>- The draft 'resource manual' on enforcement was prepared by Australia.</li> </ul> <p><b>Implemented actions in 2002</b></p> <ul style="list-style-type: none"> <li>- The IP Enforcement Seminar was held in Los Angeles, California USA in July 2002 to provide IP enforcement personnel the opportunity to discuss with industry representatives the techniques and process on investigating IP infringement, and preparing effective prosecutions.</li> </ul> <p><b>Further plan in and after 2003:</b></p> <ul style="list-style-type: none"> <li>- The draft 'resource manual on enforcement' will be finalized.</li> <li>- Holding of a follow-up information exchange forum on enforcement between members of the private and public sectors, including enforcement authorities, will be considered.</li> </ul>
<p><b>e-i) Establishment of Enforcement Guidelines</b></p> <p><i>In order to ensure that the effective enforcement of IPR is consistent with the enforcement related provisions of the TRIPS Agreement, consideration will be given to establishing guidelines covering the detailed procedures necessary when implementing these provisions.</i></p>	<p><b>Implemented actions in 2001:</b></p> <ul style="list-style-type: none"> <li>- Best practices on enforcement of industrial property rights were proposed by Japan.</li> </ul> <p><b>Implemented actions in 2002:</b></p> <ul style="list-style-type: none"> <li>- Japan's proposal will be revised taking into account member's comments and information.</li> </ul> <p><b>Further plan in and after 2003:</b></p> <ul style="list-style-type: none"> <li>- IPEG will continue to review the paper with the goal being a deliverable by the end of 2003.</li> </ul>

Item	Summary of member economies' actions
<p><b>e-ii) Exchange of Information Concerning IPR Infringement</b>  <i>To assist effective cooperation on IPR enforcement between APEC economies, a framework should be established to exchange relevant information among member economies and to investigate measures for accurately surveying the current status of IPR infringements.</i></p>	<p><b>Implemented actions in 2002</b></p> <ul style="list-style-type: none"> <li>- IPEG discussed the content of the survey on Laws and Regulations and Enforcement Practices to Control Export of Counterfeit/Pirated Products among APEC Economies</li> </ul> <p><b>Further plan in and after 2003:</b></p> <ul style="list-style-type: none"> <li>- The survey on Laws and Regulations and Enforcement Practices to Control Export of Counterfeit/Pirated Products among APEC Economies will be conducted and finalized.</li> </ul>
<p><b>e-iii) Cooperation with other fora/authorities</b></p> <p>A comprehensive IPR enforcement policy should be discussed through cooperation between intellectual property rights offices and intellectual property rights enforcement authorities. As the first step, close relationships should be established among related APEC fora, especially the IPEG and Sub-committee on Customs Procedure (SCCP).</p>	<p><b>Implemented actions in 2002</b></p> <ul style="list-style-type: none"> <li>- Japan proposed to establish APEC IPR Service Center.</li> </ul> <p><b>Further plan in and after 2003:</b></p> <ul style="list-style-type: none"> <li>- Ideas to facilitating cooperation with other fora/authorities will be considered.</li> </ul>
<p><b>e-iv) Implementation of the APEC IP Toolkit</b></p> <p><i>Consideration should be given to the Specific Projects, including a training workshop on IP rights enforcement and border control, an IPEG database on enforcement activities, and a guide for digital rights management.</i></p>	<p><b>Implemented actions in 2002-2003</b></p> <ul style="list-style-type: none"> <li>- IPEG endorsed the APEC IP Toolkit in 2002, which will provide a framework for IPEG IP enforcement projects including publications, training and public awareness.</li> </ul> <p><b>Further plan in and after 2004:</b></p> <ul style="list-style-type: none"> <li>- The specific projects related to the toolkits will be consolidated and further developed.</li> </ul>

Item	Summary of member economies' actions
<p><b>f) Promoting IP Asset Management in APEC Economies</b> (Lead Economy: the US)  <i>Authorities in APEC Member Economies, as some of the largest consumers of intellectual property, can play an essential role in setting the example as lawful users of IP. By establishing and publicizing strong management practices for software and other IP assets in their own offices, authorities will have a tremendous impact on the public's perception of what is right and wrong with respect to IPR. Information on current practices within Member Economies should be collected and disseminated, with a view to identifying best practices and opportunities for technical assistance. As an initial step, Member Economies should focus their efforts on software asset management practices.</i></p>	<p><b>Implemented actions in 2001:</b></p> <ul style="list-style-type: none"> <li>- The survey into the legal framework governing use of legal software by government agencies was conducted and survey results have been compiled by the US.</li> <li>- Information exchanges on the nature and practical implementation of government mechanisms for ensuring legitimate software use by government agencies have been conducted.</li> </ul> <p><b>Implemented actions in 2002:</b></p> <ul style="list-style-type: none"> <li>- The Software Asset Management Follow-Up Survey was conducted by USA.</li> </ul> <p><b>Further plan in and after 2003:</b></p> <ul style="list-style-type: none"> <li>- Survey results will be finalised.</li> <li>- Information exchanged will be continued.</li> </ul>
<p><b>g) Raising Public Awareness</b>  (Lead economies: Australia and Hong Kong, China)  <i>Examine ways of increasing cooperation on promoting public awareness and education of IPRs, including specific programs for target groups, such as potential users of the IP systems, schoolchildren etc, with a focus both on general awareness of the potential benefits of the IP systems and on sector-specific IP management skills. Pool materials and experience relating to public education and awareness programs.</i></p>	<p><b>Implemented actions in 1996-2000 (under previous CAP item other):</b></p> <ul style="list-style-type: none"> <li>- The IPEG collected existing materials for public education.</li> </ul> <p><b>Implemented actions in 2001-2003:</b></p> <ul style="list-style-type: none"> <li>- Information exchanges on members' efforts to raise public awareness have been conducted.</li> <li>- APEC/IPEG IP Project on Public Education and Awareness of Intellectual Property was started in January 2002 and will be completed by end of 2003.</li> </ul> <p><b>Further plan in and after 2004:</b></p> <ul style="list-style-type: none"> <li>- Ongoing.</li> </ul>
<p><b>h) Facilitation of Technology Transfer through Ensuring of IP Protection</b>  (Lead Economies : Australia and Japan)  <i>Approaches will be considered for contributing to the economic and technological development of APEC economies by facilitating dissemination, transfer and uptake of technology within the context of the IP systems, and promoting IP management skills.</i></p>	<p><b>Implemented actions in 2001-2003:</b></p> <ul style="list-style-type: none"> <li>- Information exchanges on facilitation of technology transfer in the APEC region, particularly with ensuring of IP protection,</li> <li>- 'Patent commercialization and technology transfer ' was taken up at the APEC Symposium on Intellectual Property Rights In the New Economy held in Taichung, Chinese Taipei in July 2001.</li> </ul> <p><b>Further plan in and after 2004:</b></p> <ul style="list-style-type: none"> <li>- Information exchanged will be continued.</li> </ul>

Item	Summary of member economies' actions
<p><b>i) Facilitating Harmonization on IP Legal Regime</b>  <i>Consideration should be given to a number of areas as identified in the "Next Steps" paper, including WTO TRIPS Agreement, accession to the WIPO, adequate Government Oversight Mechanisms on Legal Software/Other Content, internet and E-Commerce enforcement issues.</i></p> <p><i>Consideration should be given to the work plan on implementing the Leaders' Transparency Standards Statement by January 2005.</i></p>	
<p><b>i-i) Digital Economy Pathfinder ("Next Steps" Action 5-8 and Optical Disc Piracy Work)</b></p> <p><i>Next Steps" Actions 5-8 envisage that IPEG pathfinder members will explain and discuss their Trade Enforcement and Implementation and any problems therewith and develop a work programme, their progress to ratify (or domestic reviews to determine whether to ratify) the WIPO Treaties, their oversight mechanisms to ensure use of only legal software and other content, and ways in which the internet or e-commerce may be being used to facilitate trade in infringing or counterfeit goods and how regulatory/enforcement systems may need to be structured to address these problems.</i></p> <p><i>Ministers Responsible for Trade and Senior Officials directed work to begin on Optical Disc Piracy included in the U.S. Proposals for Future Work under the Leaders' Digital Economy Pathfinder. This work includes, e.g., the formation of small drafting groups to formulate best practices in regulations related to optical disc production and enforcement best practices. The United States and any other economies will explain the areas of work being undertaken and any proposals in these areas.</i></p>	<p><b>Implemented actions in 2003</b></p> <ul style="list-style-type: none"> <li>- Member economies were requested to make report on full implementation and enforcement of TRIPS provisions. (Action 5); ratification of WCT and WPPT (Action 6); what have been done to meet the obligations set out in Action 7; and how the Internet is used by pirates to enrich themselves (Action 8).</li> <li>- Singapore volunteered to lead a separate Drafting Group on Optical Disc Enforcement issues to work interessionally to seek input on enforcement best practices</li> </ul> <p><b>Further plan in and after 2004:</b></p> <ul style="list-style-type: none"> <li>- Ongoing</li> </ul>

Item	Summary of member economies' actions
<p><b>i-ii) Transparency Standards</b>  <i>The Leaders' Transparency Standards direct sub-fora to develop area-Specific Transparency Standards for incorporation into the Leaders' Statement.</i></p>	<p><b>Implemented actions in 2003</b></p> <ul style="list-style-type: none"> <li>- Commenced dialogues on transparency standards on intellectual property.</li> </ul> <p><b>Further plan in and after 2004:</b></p> <ul style="list-style-type: none"> <li>- Ongoing</li> </ul>
<p><b>Others</b>  Public involvement</p>	<p><b>Implemented actions in 1996-2002:</b></p> <ul style="list-style-type: none"> <li>- A joint symposium between public and private sectors was held in February 1999, with an invitation to ABAC.</li> <li>- International Trademark Association (INTA: the representative of trademark users) made recommendations on trademark issues at the IPEG X meeting.</li> <li>- IPEG members responded to the APEC Automotive Dialogue's request and a meeting between public and private sectors on IPR enforcement was held in association with the IPEG XI in July 2000.</li> <li>- The Government/Industry Workshop on IP Enforcement in the APEC Region was held in association with the IPEG XII in March 2001 to foster private and public sectors cooperation on IPR enforcement.</li> <li>- The APEC Symposium on Intellectual Property Rights In the New Economy was held in association with the IPEG XIII in July 2001 to exchange viewpoints and share knowledge among the experts from public and private sectors on the challenging intellectual property issues and technology transfer issues.</li> <li>- The APEC Symposium on Traditional Medicine was held along with IPEG XIV meeting in March 2002 to deepen the understanding of traditional medicine from the perspectives of intellectual property, sociology, commerce, and research.</li> <li>- The APEC IPEG USPTO-sponsored IP Enforcement Seminar was held in association with the IPEG XV meeting in July 2002 to provide IP enforcement personnel the opportunity to discuss with industry representatives the techniques and process on investigating IP infringement, and preparing effective prosecutions.</li> </ul> <p><b>Further plans in and after 2003:</b></p> <ul style="list-style-type: none"> <li>- IPEG will continue to respond to ABAC or other private sector's recommendations.</li> <li>- IPEG members will continue a dialogue with private sector.</li> </ul>
<p>Others</p>	<p><b>Implemented actions in 1996-2001:</b></p> <ul style="list-style-type: none"> <li>- The APEC/PFP course was held five times.</li> <li>- The APEC copyright seminar was held in Tokyo, Japan in March 2001.</li> </ul>

## **CONVENOR'S SUMMARY REPORT ON COMPETITION POLICY AND DEREGULATION**

### **1. Introduction**

The Competition Policy and Deregulation Group continues, on a regular basis, the implementation and promotion of APEC Principles to Enhance Competition and Regulatory Reform. The CPDG recognises the importance of structural reform to improve efficiency in regulated sectors, minimising waste and improving services, which is reflected in better products and services, and lower prices for consumers. Therefore, CPDG has adopted this issue as a new working area. Structural reform involves introducing competition or, at a minimum, removing barriers to new businesses competing in the market. This activity is particularly important in privatisation processes, to avoid creating a private monopoly.

The purpose of the short-term and ongoing objectives of the Competition Policy CAP, is to promote information sharing, dialogue and study on competition policy/laws and their enforcement, their inter-relationship with other policies related to trade and investment, to increase transparency of existing competition policies, as well as promoting a culture of competition among governments and domestic constituencies.

The main focus of the Deregulation CAP is to promote information sharing and dialogue, and increase transparency and knowledge of existing regulatory regimes and regulatory reform processes. Transparency in regulatory regimes and the elimination of trade impeding or unnecessarily restrictive regulations are the key objectives of APEC work in the deregulation area.

### **2. Collective Actions Achieved**

- Held the third workshop on the APEC OECD Cooperative Initiative on Regulatory Reform in Jeju Island, Korea, 16–17 October 2002. In this way the CAP related to deepening the dialogue between APEC economies and relevant international organizations was accomplished.
- Held the Seminar on Regulation and Competition in the Transportation Sector, Mexico City, 19–20 September 2002. This is the second component of the Training Program to Promote Economic Competition in APEC Economies.
- Held the second workshop of the Training Program on Competition Policy project, Ha Noi, Viet Nam, 5–7 August 2003.
- Continued dialogue, information exchange and study of competition policy, competition laws, their enforcement and their interrelationship with other policies related to deregulation, trade and investment. This was advanced through:
  - The annual meeting on Competition Policy and Deregulation during SOM II in Khon Kaen, Thailand in this meeting, the United States delegation submitted, for the CPDG consideration, a Transparency Standards proposal regarding competition policy and regulatory reform, this proposal is still being reviewed.
    - The group agreed to follow the work to be done by the WTO Working Group on the Interaction between Trade and Competition Policy. According to the Doha Development Agenda, this work will focus on core principles and provisions for hardcore cartels, as well as support for progressive reinforcement of competition institutions in developing economies through capacity building.

- CPDG members reviewed CAP, and agreed to maintain all concepts reported until then and to add two new activities: 1) to coordinate joint activities with SELI Group and 2) to promote within APEC the WTO's Capacity Building Group database.
- Chinese Taipei reported on the progress on the Law Database. Chinese Taipei announced that at current stage, the competition database covering whole APEC geographic areas available for public access has been completed. The private sector, including academic organizations and business enterprises, will also be able to retrieve useful information from the database for improving trade and investment.

### **3. New Collective Actions Agreed**

- To undertake capacity building programs to assist economies in implementing the APEC Principles to Enhance Competition and Regulatory Reform.
- To continue to develop an understanding of competition policies and/or laws within their respective governments and within relevant domestic constituencies, thereby fostering a culture of competition.
- Continue support for the joint APEC OECD Cooperative Initiative in the field of Regulatory Reform for 2004, in this regard, third and fourth workshops of the second phase, to be developed in February and September 2004, were approved by BMC. The first workshop of the second phase will be held in Vancouver, Canada, 8–9 October 2003, second workshop will take place in Paris, France, 2–3 December 2003.
- Deepening the dialogue with other APEC Fora and Subfora on the understanding and reporting of the implementation of the APEC Principles to Enhance Competition and Regulatory Reform.
- Third workshop of the Training Program on Competition Policy will be held in Kuala Lumpur, Malaysia. For 2004, two training programs, to be held on March and November, were also approved by BMC.
- Regarding Training program to Promote Economic Competition in APEC Economies, third and fourth components, telecommunications and financial services, will be developed in 11–12 September and December 2003 respectively.

### **4. Benefits and Beneficiaries**

The information exchanged and policy dialogue in this area facilitates transparency of competition policy, and regulatory regimes. It helps find new options for deregulation and for the implementation of competition policy. With this regard, the competition policy and law Internet database provides free information to the business community, officials and academics.

The APEC-OECD Co-Operation has proven to be an excellent way to enforce the Road Map Initiative on “Strengthening Markets” through the continued dialogue and sharing of experiences among economies from both fora dealing with the challenges of regulatory reform.

### **5. 2003 Highlights**

- Information exchange and deepened policy dialogue on the region's competition laws and policies.
- First workshop of the APEC-OECD Joint Co-Operation Program on Regulatory Reform for 2003, second phase, will be held on 8–9 October 2003 in Vancouver, Canada. Second workshop will take place in Paris, France, 2–3 December 2003. Project CT118/2003T

- Third and Fourth workshops of the APEC-OECD Joint Co-Operation Program on Regulatory Reform for 2004, were approved by the BMC. Project CTI07/2004T.
- Fourth and Fifth workshops for 2004 of the APEC Training Program on Competition Policy were approved by the BMC. Project CTI03/2004T.
- Completion of the APEC Competition Law and Policy Internet Database.
- Development of a Training Program to Promote Competition in APEC Economies, regarding telecommunications and financial services sectors will be developed in 2003, project CTI 23/2002T.

## COMPETITION POLICY 2003 COLLECTIVE ACTION PLAN

Collective Action	Steps to Implement	Time Frame
<p>a) Gather information and promote dialogue on and study:</p> <p style="padding-left: 20px;">i) The objectives, necessity, role and operation of each APEC economy's competition policy and/or laws and administrative procedures, updating on a permanent basis, the database on competition policy;</p> <p style="padding-left: 20px;">ii) Competition policy issues that impact on trade and investment flows in the Asia-Pacific region;</p> <p style="padding-left: 20px;">iii) Exemptions and exceptions from the coverage of each APEC economy's competition policy and/or laws in an effort to ensure that each is no broader than necessary to achieve a legitimate and explicitly identified objective;</p> <p style="padding-left: 20px;">iv) Areas for technical assistance and the modalities thereof, including exchange and training programs for officials in charge of competition policy, taking into account the availability of resources; and</p> <p style="padding-left: 20px;">v) The interrelationship between competition policy and/or laws and other policies related to trade and investment;</p>	<p>A. Collective action: Continue policy dialogue and information exchange and study on competition policy, competition laws and their enforcement and their interrelationship with other policies related to trade and investment, including through further workshops if members so decide.</p> <p>B. Individual economies: To provide further information (update) on their competition policies, competition laws and their enforcement, exemptions and exceptions from the coverage of competition policy and/or law, thereby enhancing transparency and contributing to the development and enhancement of the APEC database on competition law and policy.</p> <p>C. Individual economies to seek technical assistance and/or consider providing training programs with a view to sharing their experience in operating competition policies and laws with other Members.</p> <p>D. Complete the study on the advantages and disadvantages of competition law for developing economies.</p>	<p>Started 1996, (each annual CPDG meeting is an opportunity for continuous exchange)</p> <p>Ongoing (data base is continuously updated)</p> <p>Ongoing</p> <p>Completed 1999</p>

Collective Action	Steps to Implement	Time Frame
b) Deepen competition policy dialogue between APEC economies and relevant international organizations;	<p>A. Collective action: maintain dialogue with other international organizations considering competition policy and law issues.</p> <p>B. Collective action: continue to respond positively to interest by the WTO Working Group on the Interaction Between Trade and Competition Policy in sharing information on APEC's competition policy/deregulation work, in accordance with the mandate given by APEC Trade Ministers.</p>	<p>Ongoing (OECD Coop. Initiative)</p> <p>Ongoing</p>
c) Continue to develop understanding in the APEC business community of competition policy and/or laws and administrative procedures;	Collective action: Individual economies to further develop dialogue, on a permanent basis, with the business community on competition policy and/or laws and administrative procedures.	Ongoing
d) Continue to develop an understanding of competition policies and/or laws within their respective governments and within relevant domestic constituencies, thereby fostering a culture of competition.	Collective action: Individual economies will develop and implement strategies to explain the benefits of competition policy/laws to their citizens and government agencies.	Ongoing
e) Encourage cooperation among the competition authorities of APEC economies with regard to information exchange, notification and consultation;	<p>A. Collective action: consider further actions for promoting cooperation among competition authorities.</p> <p>B. Individual economies to list and update contact points of competition authorities periodically with a view to information exchange, consultation and communication where deemed necessary.</p>	<p>Ongoing</p> <p>Ongoing</p>
f) Contribute to the use of trade and competition laws, policies and measures that promote free and open trade, investment and competition;	A. Interaction with other APEC sub-fora.	Ongoing
g) Encourage all APEC economies to implement the "APEC Principles to Enhance Competition and Regulatory Reform"	<p>A. Collective action is to establish a set of non-binding APEC Principles to Enhance Competition and Regulatory Reform.</p> <p>B. Individual Economies: Action oriented undertakings directed to the implementation of the "APEC Principles to Enhance Competition and Regulatory Reform" by APEC Fora and sub-fora.</p>	<p>September 1999.</p> <p>Ongoing</p>

Collective Action	Steps to Implement	Time Frame
h) Undertake capacity building programs to assist economies in implementing the "APEC Principles to Enhance Competition and Regulatory Reform"	<p>A. Collective Action: Participation in the APEC-OECD Cooperative Initiative for Regulatory Reform.</p> <p>B. Collective Action: Participation in the second phase of the APEC-OECD Cooperative Initiative for Regulatory Reform.</p> <p>C. Collective Action: Participation in the Training Program to Promote Economic Competition in Regulated Sectors (four components).</p> <p>D. Collective Action: Participation in the Training Program on Competition.</p> <p>E. Collective Action: Participation in the fourth and fifth workshops of the Training Program on Competition project.</p>	<p>Completed 2002</p> <p><b>2003 - 2004</b></p> <p>2002 – 2003</p> <p>2002 – 2003</p> <p>2004</p>

## DEREGULATION 2003 COLLECTIVE ACTION PLAN

Collective Action	Steps to Implement	Time Frame
(a) Publish annual reports detailing actions taken by APEC economies to deregulate their domestic regulatory regimes.	Individual economies agreed that this would occur within their IAP to report on reforms to their domestic regulatory regimes and to update such reports annually.	Continuous.
<p>(b) Develop further actions taking into account the above reports, including:</p> <p>i) Policy dialogue on APEC economies' experiences in regard to best practices in deregulation, including the use of individual case studies to assist in the design and implementation of deregulatory measures, and consideration of further options for a work program which may include:</p> <ul style="list-style-type: none"> <li>- identification of common priority areas and sectors for structural reform;</li> <li>- identification of common priority areas and sectors for deregulation</li> <li>- provision of technical assistance in designing and implementing deregulation measures; and</li> <li>- examination of the possibility of establishing APEC guidelines on domestic regulation.</li> </ul>	<p>A. Collective action: establish a set of non-binding APEC Principles to Enhance Competition and Regulatory Reform, and a set of action orientated undertakings on competition policy and deregulation.</p> <p>B. Collective action: take stock of information already gathered in APEC on regulatory regimes and regulatory reform with a view to identifying common experiences, and technical assistance needs and availability.</p> <p>C. Collective action: promote dialogue and understanding within APEC, through focused discussion, on the experiences of APEC economies and on the principles applied to and best practices in, structural reform (drawing on the short-term information gathering exercise).</p> <p>D. Collective action: promote dialogue and understanding within APEC, through focused discussion, on the experiences of APEC economies and on the principles applied to and best practices in, regulatory reform (drawing on the short-term information gathering exercise).</p> <p>E. Collective action: following the Christchurch workshop on competition policy and deregulation, develop a common understanding of the interrelationships between competition policy, deregulation and trade liberalization.</p> <p>F. Individual Economies: Action oriented undertakings directed to the implementation of the "APEC Principles to Enhance Competition and Regulatory Reform" by APEC Fora and Sub-fora.</p> <p>G. Collective action: maintain dialogue with other international organizations considering competition policy and law issues (APEC-OECD Initiative).</p>	<p>September 1999</p> <p>Ongoing and continuous.</p> <p>Ongoing and continuous.</p> <p>Ongoing and continuous.</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

## **CONVENOR'S SUMMARY REPORT ON GOVERNMENT PROCUREMENT**

### **1. Introduction**

The Government Procurement Experts Group (GPEG) was established in 1995 to consider ways to increase transparency of, and liberalise, government procurement markets in accordance with the goals of the Bogor Declaration. Australia has chaired the GPEG since August 2001.

In 2003 GPEG met twice in Thailand, in February and August. The focus of GPEG's work has been upon continuing the agreed process of voluntary reviews and reports by member economies on the consistency of their government procurement framework with the APEC GPEG Non-Binding Principles (NBPs) on government procurement.

The APEC GPEG NBPs are Transparency; Value for Money; Open and Effective Competition; Fair Dealing; Accountability and Due Process; and Non-Discrimination. APEC member economies are encouraged to align their procurement framework with the APEC GPEG NBPs.

A further primary objective of GPEG in 2003 has been the promotion of the involvement of Small and Medium Enterprises (SMEs) in government procurement markets and promotion of the uptake of e-procurement systems by APEC member economies through the conduct of a two-day symposium and workshops promoting SME access and e-procurement initiatives within Government procurement markets in the Asia-Pacific region.

### **2. Collective Actions Achieved**

- Delivery of a two-day symposium and workshops promoting SME access and e-procurement initiatives within Government procurement markets in the Asia-Pacific region.

Representatives from some 10 member economies took part in the event with the preliminary outcomes being discussed here at SOM111 and assisting GPEG to develop items for inclusion in the Collective Action Plan. A Report is being prepared by the facilitators of the workshops for publication on the APEC GPEG webpage.

- The program of voluntary reviews (including updates on previous reports) on consistency of government procurement regimes with the NBPs continued in 2003. The focus has been upon presentations against the NBPs of Accountability and Due Process and Value for Money. Fourteen economies have now presented against the principle of Accountability and Due Process and twelve economies have now presented against the principle of Value for Money. Nine member economies have completed their reviews and reports against all six NBPs. Member economies are committed to providing updates on progress against the GPEG NBPs where appropriate.
- Continuation of a series of presentations on e-procurement, with a particular focus on the consistency of electronic government procurement systems with the NBPs, particularly the transparency principle, and capacity building through the provision of technical information, with presentations by Thailand, Korea and Chinese Taipei.
- Intersessionally, the provision of a paper to the WTO working group on transparency which included an overview of the process involved in reaching the agreed non-binding principles including the challenges faced and more detailed discussion of the principles themselves.

### **3. New Collective Action Agreed**

GPEG considered the Australian paper on the comparison of the 'Leaders' Statement to Implement the APEC Transparency Standards' with the GPEG NBPs and the US proposal on this issue. GPEG agreed to continue this work intersessionally with a view to developing a proposal to take forward to Leaders articulating the transparency provisions in government procurement.

After consideration of the preliminary outcomes of the two-day symposium and workshops promoting SME access and e-procurement initiatives within Government procurement markets in the Asia-Pacific region., GPEG has agreed to further capacity building objectives for inclusion in GPEG's Collective Action Plan. These include:

- Develop and maintain a GPEG bulletin board for the exchange of member economies' experience across a range of government procurement issues;
- Encourage members to develop and share best practice case studies on the APEC GPEG website;
- Establish an e-procurement network within GPEG and develop and maintain a matrix of member economy experiences and capabilities; and
- Explore ways that member economies can exchange information in this area including the potential for workshops with industry and closer cooperation with the SME working group.

### **4. Benefits and Beneficiary**

The process of voluntary reviews and reporting on consistency of government procurement regimes with the APEC GPEG NBPs, will:

- assist member economies develop a greater understanding on government procurement policies and systems, as well as on each APEC member economy's government procurement practices; and
- assist the business community in the region by promoting the liberalisation of government procurement markets throughout the APEC region in accordance with the principles and objectives of the Bogor's goals.
- Capacity building programs, that included the two-day symposium and workshops promoting SME access and e-procurement initiatives within Government procurement markets in the Asia-Pacific region. will benefit both the business community in the region as well as member governments through:
- The identification of mechanisms to reduce barriers to SMEs wishing to access the government procurement markets within the APEC region;
- Encouraging the adoption of electronic commerce methods that are consistent with the APEC GPEG NBPs;
- Providing a forum for exchanging views between relevant experts; and
- Informing the development of new collective actions and trade facilitation initiatives in the future.

### **5. Highlights**

- Delivery of a two-day symposium and workshops promoting SME access and e-procurement initiatives within Government procurement markets in the Asia-Pacific region.
- Significant progress in the program of member economies' reporting to GPEG on their voluntary review of the consistency of their government procurement systems with the APEC GPEG NBPs.
- Information sharing on government procurement capacity building and developments within member economies' procurement frameworks, leading to greater understanding of a range of associated issues, including e-procurement adoption and systems and free trade agreements.

## GOVERNMENT PROCUREMENT 2003 COLLECTIVE ACTION PLAN

	Objectives	Actions	Status/Target Date
1.	<b>Ongoing</b>		
1.1	To improve understanding of member economies' government procurement systems and regional/plurilateral/ multilateral agreements on government procurement.	<ul style="list-style-type: none"> <li>a. Maintain contact points to facilitate ongoing exchange of information.</li> <li>b. Workshops, seminars and briefings by member economies on government procurement procedures, laws and regulations, regional/plurilateral/multilateral agreements and best practice developments, including electronic procurement systems.</li> <li>c. Develop and maintain a GPEG bulletin board for the exchange of member economies' experience across a range of government procurement issues.</li> </ul>	<p style="text-align: center;">Ongoing</p> <p style="text-align: center;">Ongoing</p> <p style="text-align: center;">2004 Ongoing</p>
1.2	To increase transparency in government procurement through dissemination of publicly available information.	<ul style="list-style-type: none"> <li>a. Members to update the information on the APEC GPEG home page on their government procurement systems and publication arrangements for government procurement information as required.</li> <li>b. Encourage members to develop and share best practice case studies on the APEC GPEG website.</li> <li>c. Encourage members to develop databases or expand their existing databases on government procurement to include information such as legal framework, requirements for participation in tendering procedures, procurement opportunities, outcomes of tenders, bid-challenge procedures and contact points, consistent with the elements of transparency in government procurement identified by GPEG; on a voluntary basis, link their databases on government procurement with the APEC GPEG homepage.</li> </ul>	<p style="text-align: center;">Ongoing</p> <p style="text-align: center;">2004 Ongoing</p> <p style="text-align: center;">Ongoing</p>
1.3	To contribute to the WTO's work on Transparency in government procurement	<ul style="list-style-type: none"> <li>a. Continue to monitor progress of the WTO Working Group on Transparency in government procurement and consider further contributions, if appropriate.</li> <li>b. Provide a paper to the WTO working group on transparency which included an overview of the process involved in reaching the agreed non-binding transparency principle including the challenges faced and more detailed discussion of the principle itself.</li> </ul>	<p style="text-align: center;">Ongoing</p> <p style="text-align: center;">Completed May 2003</p>
1.4	To exchange information on development of e-procurement in government procurement in ways consistent with the APEC GPEG NBPs, and consider/develop relevant capacity building approaches.	<ul style="list-style-type: none"> <li>a. Member economies to present on their experience in implementing e-procurement systems for government procurement and discuss ways of advancing GPEG work in this area.</li> <li>b. Conduct a two-day symposium and workshops promoting SME access and e-procurement</li> </ul>	<p style="text-align: center;">Ongoing</p> <p style="text-align: center;">Completed August 2003</p>

	<b>Objectives</b>	<b>Actions</b>	<b>Status/Target Date</b>
		<p>initiatives within Government procurement markets in the Asia-Pacific region.</p> <p>c. Establish an e-procurement network within GPEG and develop and maintain a matrix of member economy experiences and capabilities.</p>	<p>2004 ongoing</p>
1.5	To exchange information on SME access to government procurement markets in ways consistent with the APEC GPEG NBPs, and consider/develop relevant capacity building approaches.	a. Explore ways that member economies can exchange information in this area including the potential for workshops with industry and closer cooperation with the SME working group.	2005 ongoing
<b>2.</b> 2.1	<b>Short Term</b> To review consistency of government procurement systems with APEC GPEG NBPs on government procurement, noting that actions to achieve this are voluntary.	<p>a. Encourage members to include in their Individual Action Plans plans to review the consistency of their government procurement systems with the APEC GPEG NBPs and, if there are any inconsistencies, voluntarily endeavour to achieve greater alignment with the APEC GPEG NBPs.</p> <p>b. Encourage member economies to report to the GPEG on their voluntary reviews of the consistency of their government procurement systems with the APEC GPEG NBPs.</p> <p>c. Encourage members to report on the consistency of their procurement systems with the APEC GPEG NBPs in a standardised format.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<b>3.</b> 3.1	<b>Long Term</b> To achieve liberalisation of government procurement markets throughout the Asia-Pacific region in accordance with the principles and objectives of the Bogor Declaration.	a. Encourage members to endeavour to implement the APEC GPEG NBPs with a view to liberalising government procurement markets in the Asia-Pacific region, contributing in the process to the evolution of work on government procurement in other multilateral fora.	Ongoing 2010/2020

## **COCONVENORS SUMMARY REPORT ON WTO-RELATED CAPACITY BUILDING**

### **1. Introduction**

Since its creation in 1989, APEC has taken the position that it should build on the open multilateral trading system. At its meeting in Christchurch in May 1999, the CTI decided to realign work to enable the substantive work on UR implementation to be carried out under the direct responsibility of the CTI Chair. The task in this area was to promote opportunities for training and exchange of views on and experiences of challenges and solutions related to implementation of the UR outcomes.

Given the time which has lapsed since the conclusion of the Uruguay Round, the CTI further agreed to explore how work in this area could be further streamlined and re-organised for the mid to long term. In this regard, the CTI agreed to rename the issue area as "Implementation of WTO Obligations" instead of "Implementation of UR Outcomes". With the adoption in 2000 of the Strategic Plan to Build Capacity to implement WTO Agreements, the Group was further re-instituted in 2001 as WTO Capacity Building Group (WTOCB Group).

The WTOCB Group's mission is to coordinate and facilitate WTO-related capacity and confidence building activities which realize the objectives of the Strategic APEC Plan and the commitments in the MRT statement (May 2002).

The Co-chairs of the Groups are Mr Syed Sajjadur Rahman (Canada) and Mr Kazuo Yuhara (Japan).

### **2. Collective action Achieved**

In 2003 the WTOCB Group met twice on 22 May (the 5th meeting) and on 14 August (the 6th meeting) and made significant progress as follows:

- The website "The APEC Capacity Building for the WTO Project Directory" was developed. This is an online directory of trade related capacity building information for the Asia-Pacific Region. This website will assist developing and developed economies to make reference to the relevant capacity building programs in WTO area.
- The WTOCB Group prepared the Report on APEC's WTO Capacity Building Activities. This report was submitted to MRT and has been sent to the WTO.
- This year the WTOCB Group focused its attention on dialogues regarding such issues as WTO capacity needs, building links with other institutions and stocktaking of WTO capacity building progress before Cancun.
- The WTOCB Group invited the Asian Development Bank (ADB) representative at its 6th meeting in Phuket, Thailand, 14 August 2003. The member-economies were briefed on ADB activity in capacity building and technical assistance and discussed ways of mutual cooperation with ADB in this area.
- The WTOCB Group completed four WTO-related capacity and confidence building projects and three of those kind are under implementation stage. Three 2004 TILF projects were approved at the March and July BMC Meetings.

### **3. New Collective Actions Agreed**

- The WTOCB Group will continue dialogue on WTO capacity/confidence building needs, building links with other institutions, and stocktaking of WTO capacity/confidence building including identification by developing economies of their key needs and compilation of a list

of experts in the area. The Group recommends that the 2003 Ministerial and Leaders statement contain specific reference to WTO capacity building needs.

- The WTOCB Group agreed to hold the Workshop on WTO Capacity Building Best Practices on the margins of SOM1 in 2004.

#### **4. Benefits and Beneficiaries**

The WTOCB Group helps to provide assistance in information and best practice sharing, training government officials to be better prepared for participating in the DDA negotiations and to raise their understanding and confidence in New Issues through WTO-related capacity and confidence building activities.

#### **5. 2003 Highlights**

- The WTOCB Group developed “The APEC Capacity Building for the WTO Project Directory” website as well as published the Report on APEC WTO Capacity Building Activities.
- The WTOCB Group implemented the following capacity and confidence building projects:
  - An APEC Seminar on WTO new issues focusing on “Trade and Investment”;
  - A Confidence Building Workshop on Trade and Environment;
  - An APEC Seminar on WTO Trade Facilitation; and
  - An Investment Seminar

## **CONVENOR'S SUMMARY REPORT ON MOBILITY OF BUSINESS PEOPLE**

### **Introduction**

In November 1995 in Osaka, APEC Leaders agreed to adopt the Osaka Action Agenda, setting out the process for implementing free and open trade and investment in the region by 2010/2020. The enhancement of Business Mobility was identified as one of APEC's 15 Action Areas. The Collective Action Plan (CAP) on the Mobility of Business People includes the following key objectives:

- Information exchange on regulatory regimes relating to the mobility of business people in the region;
- Building regional cooperation to streamline and accelerate the processing of visas for short-term business travel;
- Building regional cooperation to extend streamlined processing to arrangements for temporary residency for business people;
- Develop and implement the mutually agreed standards and benchmarks essential to capacity building, and engage in capacity building initiatives necessary to provide streamlined visa application and immigration entry, stay and departure arrangements; and
- Establish and maintain a dialogue on mobility issues with the business community.

Australia was appointed Convenor of the Business Mobility Group following the November 1996 APEC Leaders' Meeting and a separate informal working group covering Business Mobility issues was formed under the umbrella of the APEC Committee on Trade and Investment (CTI), and met for the first time in May 1997 in Quebec City, Canada. The Group has met on 20 occasions, including at SOMIII 2003.

### **Collective Actions Achieved/In Progress**

#### **Advance Passenger Information (API) Pathfinder Initiative**

The IEGBM is making significant progress on the unilateral API Pathfinder Initiative.

The IEGBM agreed on an API Pathfinder Implementation Strategy at its SOMII 2003 meeting. The strategy is a similar process as followed by the IEGBM with the APEC Business Travel Card scheme, which provides the opportunity for economies to join the scheme as soon as their circumstances permit and to make a public announcement of their formal commitment to the scheme ahead of actually commencing their own operations. The approach encourages others to consider joining.

Consistent with the Leaders' 2002 STAR Initiative directive for the adoption of a common standard for Advance Passenger Information, the IEGBM also agreed on standards for the implementation of unilateral API systems at the SOMII 2003 meeting. This is a substantial deliverable for 2003 and is the first step in the BMG's agreed API Pathfinder Implementation Strategy.

The second step of the API Strategy is to conduct API feasibility studies to assist economies assess their infrastructural and administrative requirements to implement a tailored API system. This stage is well advanced.

Feasibility studies have already been conducted in Indonesia, Korea, Malaysia (under a bilateral arrangement with Australia), the Philippines and Thailand. A further eight economies: Brunei Darussalam; Chile; China; Hong Kong, China; Mexico; Papua New Guinea; Peru; and Chinese Taipei are listed for feasibility studies. These studies will take place over the next 12 months. Mexico will receive experts from Australia with the purpose of exchanging experiences concerning API implementation. Chinese Taipei has initiated legislative changes to accommodate API.

The final stage of the Implementation Strategy is the commitment by economies and implementation of API systems. Economies are encouraged to make a formal public announcement of commitment at Leaders' meetings, to encourage others to join the API Pathfinder Initiative.

Significant progress has also been made on the final stage. The following economies have implemented an API system: Australia, Canada, New Zealand and the United States. Malaysia has implemented API for sea arrivals in which the captain must provide the list of crew and passengers before reaching the port of entry. Malaysia is examining the New Zealand API system. Japan has advised it will implement an API system in 2004 and Korea has advised it will implement an API system no later than January 2005. China is presently trialing an API system in Beijing.

It is expected that several economies will be making a formal announcement at the Leaders' meeting in October of their commitment to API, including Australia, Canada, Japan, New Zealand, Thailand and the US.

### **Trade Facilitation Actions and Measures**

Economies are pursuing actions and measures from the Menu of Concrete Trade Facilitation Actions and Measures to implement collectively, individually or through a Pathfinder Approach. These include:

- Business Mobility Standards in professional service, travel document examination, short term entry and in temporary residency processing of intra-company transfers;
- The APEC Travel Handbook Online through the maintenance of individual entries ([www.businessmobility.org/travel](http://www.businessmobility.org/travel)); and
- The APEC Business Travel Card - there are now 14 economies participating in the scheme.

### **Transparency Standards**

IEGBM members considered proposed Transparency Standards related to Business Mobility at its SOMIII meeting in Phuket, Thailand. Members agreed to provide their comments to the US by end August 2003 to enable a final report on agreed standards to be given to Leaders as soon as possible. The proposed standards reflect the APEC Transparency Accord and include agreed IEGBM Standards for Professional Service and agreed Information Sharing initiatives.

### **CAP Review**

The majority of BMG members have reported on their implementation of the collective actions of the IEGBM. All economies have implemented agreed collective actions in respect of streamlining short-term temp entry arrangements, temp residency service standards for intra-company transfers, information sharing initiatives and economies are progressively implementing agreed capacity building standards in respect of Travel Document examination, Professional Service and Advance Passenger Information. Economies are continuing to liaise with their respective business communities.

### **Information Exchange**

Economies maintain up-to-date information on their requirements for short-term business entry and business temporary residency in the online version of the APEC Business Travel Handbook. The Handbook includes contact details for visa offices across the APEC region. Improvements to the online version of the Travel Handbook have been completed. The Handbook can be found at: [www.businessmobility.org](http://www.businessmobility.org) and is linked to the APEC website.

### **Streamlined Short Term Business Travel**

The IEGBM continues to work to progress ABAC's aim of expanding the membership of the APEC Business Travel Card (ABTC) scheme. There are currently 14 participating economies and 11 of these economies are now operational.

Economies have agreed to issue multiple-entry visas to frequent business travellers from other APEC economies and have acted individually to facilitate business travel, for example by expanding visa-waiver programs or extending the validity of multiple-entry visas and/or by joining the ABTC scheme. All economies have implemented at least one of these options.

### **Streamlined Temporary Residency**

In 1999, economies agreed on a best endeavours basis to a 30 day standard to complete the temporary residency processing of visa applications for executives and senior managers on intra company transfer. In 2001, economies agreed to extend the service standard to specialists, as defined by each economy, within the APEC region. The vast majority of economies reported in 2003 that they are meeting the agreed service standards.

### **Capacity Building Strategy–Technical Cooperation and Assistance**

The IEGBM has an active capacity building work program, which operates in accordance with the IEGBM's agreed Capacity Building Strategy. The Strategy uses standards, developed and agreed by the IEGBM, as the benchmark against which economies self-assess and develop individually tailored action plans for implementation of the standards, where required. In addition to the API Pathfinder Initiative, the IEGBM's 2003 work program includes:

- **Regional Immigration Alert System**

As part of phase one of the current TILF project, a workshop was held on 26-27 June 2003 in Santiago de Chile to develop a concept brief for a regional movement alert system. As Project Sponsor, Chile reported the outcomes of the workshop to the IEGBM at SOMIII. The IEGBM agreed that work will proceed to assess the strategic options, benefits and/or feasibility of a pilot phase on a regional immigration alert system (RIAS) that can effectively contribute to assure business mobility by harmonizing the work on trade facilitation and security measures. If viable, a regional alert system will strengthen the capacity of border management agencies to detect stolen and fraudulent documentation and persons of concern, enhancing the region's security and the safety of travellers.

The IEGBM also agreed on text stating progress on this initiative for inclusion in the Trade Ministers Statement for 2003.

- **Travel and Identity Document Examination**

Document examination is the first area in which standards were developed under the IEGBM's capacity building strategy and were agreed at SOMIII 2001. The standards provide the benchmark for individual economies to self-assess their current position and to develop individual action plans for capacity building through initiatives to improve their legislative, technology, organisational and people infrastructure.

Technical cooperation and training programs have been conducted to build the capacity of APEC members in the detection of travel document fraud. As part of the capacity building program, a generic document examination training resource package was developed in May 2001 for all APEC economies to train their border officers in the detection of fraudulent documentation. Trainers from all APEC economies were trained in the use of the resource package in 2002. Economies reported on the incorporation of the training material into their national training programs at SOM I 2003. Brunei, China, Chile, Indonesia, Malaysia, Mexico, Peru, the Philippines, Singapore, Chinese Taipei, Thailand and Viet Nam indicated that they have or are progressing towards the integration of the trainers package into their training programs for border officials. China, Chile, Indonesia,

Mexico, Peru and Thailand have conducted a number of training programs covering all officers involved in document processing. China reported that it had also translated the package.

- Professional Service

The multi-year Professional Service project was approved by the BMC in August 2001. The project's aim is to improve the level of professional service in economies, thereby enhancing the capacity of economies to provide efficient, streamlined practices across all key areas of immigration processes, to the benefit of business and other travellers within the APEC region. Assuring the highest professional conduct of border officials is a measure identified by Leaders in their 2002 Counter Terrorism Statement (STAR). The IEGBM members endorsed a standards document for Professional Service at their SOM III 2002 meeting.

The Second Phase of the project to hold a workshop to assist economies in conducting a self-assessment of their service regimes against the agreed standards, was successfully conducted in Bangkok in February 2003. Economies are developing individual Action Plans to implement the agreed standards (Phase3). TILF funding is available for economies to seek mentoring assistance through economy visits by lead economies. Members are to report to SOM I 2004 on progress in developing their Action Plans and in meeting the agreed standards.

- Travel Document Security and Related Systems

This project addresses the Leaders' call for standards for the application of biometrics and improved security of travel documents and related issuing and storage systems. The IEGBM has TILF funding to develop standards and assist economies to self assess their needs against the standards. The first phase of the project was implemented with the conduct of an experts workshop on 16–18 July 2003 to draft standards. The draft standards were considered by the IEGBM at its SOM III 2003 and members agreed to provide comments to Australia by 31 October 2003 for incorporation into a final proposed standards paper for ratification at SOMI 2004.

- Immigration Legal Infrastructure

Under a TILF funded project, the IEGBM implemented the first phase of this project that aims to assist in addressing economies' needs for immigration legal infrastructure. The project's Phase One workshop was conducted on 22-25 July 2003 in Bangkok to draft standards that cover all four key areas of immigration processing—pre-arrival, entry, stay and departure. The proposed standards were considered by the IEGBM at its SOMIII 2003 meeting and members agreed to provide comments by 30 November 2003, with a view to ratification of the paper at SOMI 2004.

### **Dialogue with the Business Community**

Economies consult their business communities and report on any identified business mobility issues of concern.

The IEGBM Group continued to enhance its Business Mobility website that provides the APEC business community with access to information about the group's activities; and the opportunity to provide feedback on its initiatives. The web site can be found at <http://www.businessmobility.org>.

## **Agreed New Collective Actions**

### **Information exchange**

Economies will continue to refresh their entries in the APEC Business Travel Handbook to reflect agreements reached on streamlined temporary residency processing arrangements for Intra Company Transfer of executives and senior managers, and specialists, the short term entry requirements for each economy and any other initiatives adopted designed to facilitate the mobility of business people.

### **Streamlining and accelerating processing of visas**

The IEGBM will continue to support the ABAC aim of expanding the APEC Business Travel Card (ABTC) scheme. Additional announcements are expected before SOMI 2004.

The IEGBM will continue, on a best endeavours basis, to process visa applications for temporary residency of executives, senior managers and specialists, *as defined by each individual economy*, within 30 days upon receipt of all necessary documents. Economies note that processing time may extend beyond 30 days where circumstances require more detailed checks, the application is not complete or correspondence with the applicant is necessary.

*Spouse work rights:* Economies will consider the streamlining of access to work permission/authorisation for spouses of personnel on intra company transfer on request.

### **Capacity Building - Technical Cooperation and Training**

- **Travel and Identity Document Examination**  
Economies to continue to report at SOM meetings their individual progress on implementing the agreed standards for travel document examination.
- **Professional Service**  
The IEGBM has TILF funding to implement Phase Three of the project, to provide mentoring assistance to assist economies undertake their self assessment and to develop an Action Plan for implementation in Phase Four. Economies to report on their progress in implementing the standards at SOM meetings.
- **Travel Document Security and Issuance Systems**  
A second workshop is to be held in 2004 (Phase Two), to assist economies undertake a self-assessment of their existing travel document manufacture and issuance arrangements, based on standards which are expected to be ratified at SOM I 2004.
- **Immigration Legal Infrastructure**  
Options to assist economies self-assess their requirements for enhanced legal infrastructure and assistance are to be considered in 2004, following ratification of the proposed standards at SOM I 2004.
- **Regional Immigration Alert System (RIAS)**  
The IEGBM agreed at SOMIII 2003 that work will proceed in 2004 to assess the strategic options, benefits and/or feasibility of a pilot phase on a regional immigration alert system that can effectively contribute to assure business mobility by harmonizing the work on trade facilitation and security measures.

### **Dialogue with the business community**

The IEGBM Business Mobility website now allows member economies to update their entries for the APEC Business Travel Handbook. The website will continue to provide a valuable resource to the business community on entry requirements and promote transparency principles of APEC.

## **Gender Integration**

In 2002, Canada, on behalf of the IEGBM, conducted a survey of business people to identify any gender or other barriers to the mobility of business people. The outcomes of the survey were formally presented to the IEGBM's SOMII 2003 meeting. The survey found that there was a general lack of awareness of the IEGBM's various business facilitation initiatives. The IEGBM is working with the Communications Unit of the APEC Secretariat to develop and implement an appropriate promotional strategy to address the findings of the survey in 2003–2004. Economies have agreed to report to SOM I 2004 on progress in promoting the APEC Business Travel Card scheme.

## **Benefits and Beneficiaries**

The key beneficiaries of the work of the Experts' Group are APEC business people travelling between APEC economies.

The development and implementation of standards across all key areas of immigration will increase the capacity of economies to provide significant time and cost saving benefits for business people and economies.

The various TILF funded capacity building projects will enhance economies' capacity to implement streamlined processing arrangements for APEC business people and to reduce inefficient practices and the number of improperly documented and other illegal movements. Business and the wider community will also benefit from the IEGBM's initiatives to address Leaders' counter terrorism directives through assisting to provide a more secure environment within the region.

The APEC Business Travel Card facilitates frequent business travellers to participating economies by streamlining entry and departure arrangements, providing express immigration lanes at international airports.

The work of the IEGBM on streamlining temporary residence arrangements within APEC aims to meet demands from the APEC business community for expeditious movement of highly skilled and key personnel across the region. Removing unnecessarily complex procedures for temporary residence will enhance the capacity for business people to move staff quickly and assist international trade and investment

The APEC Business Travel Handbook ensures transparency of visa and entry requirements and delivers up to date information on temporary entry requirements across APEC economies to the desktop of the business traveller.

Ongoing dialogue with the APEC business community and a promotional campaign on APEC business facilitation initiatives will continue to ensure that the agenda of the Experts' Group maintains relevancy and currency and that issues of concern to business are dealt with.

## **2003 Highlights**

The IEGBM agreed on standards for the implementation of API systems in 2003. The agreement is a concrete deliverable and directly addresses the Leaders' call for standards as stated in their 2002 Counter Terrorism Statement for Secure Trade in the APEC region (STAR).

The second step of the API Strategy is to conduct API feasibility studies to assist economies assess their infrastructural and administrative requirements to implement a tailored API system. This stage is well advanced (see 2. for details).

The final stage of the Implementation Strategy is the commitment by economies and implementation of API systems. It is expected that several economies will be making a formal announcement at the Leaders' meeting in October 2003 of their commitment to API, including Australia, Canada, Japan, New Zealand, Thailand and the United States.

The IEGBM completed Phase Two of its first TILF project on Professional Service, addressing the Leaders' call under "STAR" for the highest integrity of border officials. The second phase of the project was completed in February 2003 through the conduct of a successful workshop in Bangkok, to assist economies undertake their self-assessment of their current professional service policies and arrangements. Phase 3 of the Professional Service project commenced in 2003 with economies undertaking self assessment and the development of Action Plans to implement agreed standards for professional service.

The Phase One workshop of the TILF capacity building project to develop standards for Travel Document Security and Issuance Systems, was held in Sydney in July 2003, and proposed standards are expected to be ratified at SOMI 2004.

The Phase One workshop of the TILF capacity building project to establish standards to assist the development of economies' Immigration legal infrastructure, was held in Bangkok in July 2003, and proposed standards are expected to be ratified at SOMI 2004.

The ABTC scheme currently has 14 participating economies. Japan and Thailand commenced operations on 1 April and 1 June 2003 respectively and Brunei Darussalam commenced on 1 August 2003. A total of 11 economies are now operating. Peru, China and Indonesia are expected to commence operations in late 2003.

The IEGBM completed its Gender Survey of business people and agreed to address the key findings of the report through promoting awareness of its initiatives, in consultation with the APEC Secretariat's Communications Unit.

## MOBILITY OF BUSINESS PEOPLE 2003 COLLECTIVE ACTION PLAN

OAA Objectives	Action	Timeframe
<b>Collective Actions</b> APEC economies will:		
<b>EXCHANGE INFORMATION</b> Exchange information on regulatory regimes in regard to the mobility of business people in the region, including through regularly updating the information in the online APEC Business Travel Handbook.	Members to regularly update the APEC Business Travel Handbook informing business of economies' short-term and temporary residence entry requirements and processing arrangements.  Continue to improve the Business Mobility website to act as a conduit for meeting papers and exchange of information on trade agreements and other activities, in accordance with Leaders' Transparency Standards.	Ongoing  Ongoing
<b>SHORT-TERM BUSINESS ENTRY</b> Streamline short term entry requirements for business people. APEC economies will strive on best endeavours basis, and according to own immigration procedures, to implement one or more of the following options: <ul style="list-style-type: none"> <li>• visa free or visa waiver arrangements;</li> <li>• participate in the APEC Business Travel Card scheme;</li> <li>• multiple short-term entry and stay visas which are valid for 3 years.</li> </ul>	Members to continue review and improve their arrangements for short term business travellers.  Experts' Group to continue to support ABAC's aim of expanding the APEC Business Travel Card (ABTC) scheme. Scheme has 14 participating economies (as at August 2003).  Members to report to SOM meetings on progress in implementing e-commerce facilities.  Members to report on their promotion of the APEC Business Travel Card scheme.	Ongoing  Ongoing  Ongoing  SOMI 2004
<b>BUSINESS TEMPORARY RESIDENCY</b> Implement streamlined temporary residence processing arrangements for the intra company transfer of executives, senior managers and specialists, as defined by individual economies.	IEGBM has agreed, on a best endeavours basis, to a 30 day service standard for the temporary residency processing of executives, senior managers and specialists (as defined by individual economies), where all necessary documentation is completed. Members to report on progress to implement the agreed service standard (Majority have implemented the standard.)  Members to consider streamlining access to work permission/authorisation for spouses of personnel on intra company transfer, on request, and on a best endeavours basis.  Members to report to SOM meetings on progress in implementing e-commerce facilities.	Ongoing  Ongoing  Ongoing
<b>CAPACITY BUILDING (TECHNICAL COOPERATION AND TRAINING)</b> Develop and implement the mutually agreed standards and benchmarks essential to capacity building and engage in the capacity building initiatives	A paper on standards for travel, entry, stay and departure was endorsed by economies at SOM II 2001. The paper provides benchmarks and a framework for economies to strive for in building their capacity to implement improved immigration arrangements for business people, and a basis for future capacity building projects.	Ongoing

OAA Objectives	Action	Timeframe
<p>necessary to provide streamlined visa application and immigration entry, stay and departure processing.</p>	<p>The IEGBM endorsed a paper at SOM III 2002, proposing standards for professional service for immigration administrations, as part of the first phase of an APEC TILF funded project. The second phase workshop was held on 10-12 February 2003 in Thailand to assist economies self-assess against the standards. The project is scheduled for completion in 2004. Funding for Phase 3 of the project was approved by the BMC on 1 August 2002, to continue the current project to the stage of assisting economies to develop and implement their individual action plans. Economies are to report on progress at SOM meetings. Phase 4 (implementation of Plans) will commence in 2004.</p> <p>At SOM III 2001, the IEGBM endorsed a standards paper for Document Examination and Fraud detection. These standards are being used by economies to develop their current capacity based on economies assessments of their current arrangements. Technical and training programs have been conducted in 2002 by lead economies in the use of a generic training package, which was developed in May 2001. A survey of economies' progress against the agreed standards was undertaken in 2002 and the IEGBM has agreed to a number of follow up actions to improve economies' capacity to attain the standards. Agreed actions include economies reporting to SOM on the implementation of the training strategy in their national training programs; sharing information on legislative regimes; and supporting the development of a proposal for sharing information on lost, stolen and fraudulent documents. Economies continue to report progress at SOM meetings.</p> <p>The IEGBM has received funding from the BMC (1 August 2002) to develop standards and a capacity building program to implement standards in travel document security and related issuance systems. The standards and guidelines will take into account the latest technological advances in document security features, and incorporate all relevant global and regional standards. The first phase of the project to develop draft standards was completed with a workshop conducted in July 2003. The proposed standards are expected to be ratified at SOMI 2004. A second phase workshop is to be conducted early in 2004 to assist economies self-assess against agreed standards.</p> <p>The BMC approved TILF funding (1 August 2002) for a project to conduct feasibility studies in three APEC economies to assess the requirements for the implementation of Advance Passenger Information systems, to be conducted during 2002 and 2003. A second project to conduct feasibility studies was approved in July 2003 by the BMC. Feasibility studies have already been conducted in Malaysia (under a bilateral arrangement with Australia) and in Thailand, the Philippines, Indonesia and Korea. A further eight economies, Brunei Darussalam, Chinese Taipei, Chile, PRC, Hong Kong (China), Mexico, Peru and PNG are listed for feasibility studies. These studies will take place over the next 12 months. Mexico will receive the experts from Australia with the purpose of exchanging experiences concerning API implementation.</p> <p>The BMC approved TILF funding (1 August 2002) for a project to develop standards and benchmarks for Immigration legislation. A workshop of Immigration law experts was convened in July in 2003 and proposed standards are expected to be ratified at SOMI 2004. Options to assist economies implement the standards will be considered in 2004.</p>	<p>Phases 1 and 2 completed. Phase 3 to be completed in 2004.</p> <p>Training completed June 2002.</p> <p>Implementation of the standards is ongoing on collective and individual basis.</p> <p>Phase One completed July 2003</p> <p>Second Phase to be completed by June 2004</p> <p>All feasibility studies to be completed by June 2004. Several economies to implement API in 2004-2005.</p> <p>May 2003 – end 2004</p>

OAA Objectives	Action	Timeframe
<p><b>DIALOGUE WITH BUSINESS</b> Continue to maintain a dialogue with the APEC Business Mobility Group and the APEC business community (including with APEC fora) on mobility issues important to the APEC region and the APEC business community.</p>	<p>Experts' Group to utilise the Business Mobility website to facilitate dialogue between the Group and the business community.</p>	<p>Ongoing</p>
	<p>Experts Group to conduct a Gender Survey to identify any issues or difficulties encountered relevant to business mobility. Members to collectively and individually address the findings of the Survey Report in respect of increasing awareness of the APEC Business Travel Card scheme and to report progress on promotional efforts to SOM meetings.</p>	<p>Survey completed end 2002. 2003-2004</p>
	<p>Experts' Group to continue to brief ABAC members on meeting outcomes and to attend ABAC meetings on invitation.</p>	<p>Ongoing</p>
	<p>IEGBM to continue to work with ABAC to engage the APEC business community in improving business mobility (strategy agreed at SOMII, 2000).</p>	<p>Ongoing</p>
	<p>Members continue to seek input from the business community in their home economies on mobility issues and report on any identified issues of concern to the Experts' Group. Members to participate in appropriate outreach events in the APEC calendar. IEGBM to ensure promotion of its activities at Trade shows and in Chile in 2004.</p>	<p>Ongoing 2003 - 2004</p>
	<p>Members to continue to update and to encourage feedback from business representatives on utility of <i>APEC Business Travel Handbook</i>.</p>	<p>Ongoing</p>
	<p>Members to provide information and encourage feedback from the business community about the IEGBM's initiatives via the Business Mobility website.</p>	<p>Ongoing</p>

## **APPENDIX II**

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### **TILF ACTIVITIES IN OTHER APEC FORA**

## **THE AGRICULTURAL TECHNICAL COOPERATION WORKING GROUP (ATCWG)**

### **1. Introduction**

The ATCWG is an APEC forum mandated to enhance the capacity of agriculture and its related industries in the region and consequently to contribute to economic growth and social well-being of the region. Though its major activities of the ATCWG are focused more on ECOTECH agenda, the ATCWG has added its value with regard to TILF through its efforts to build consumers' confidence in the product using the agricultural biotechnology.

### **2. Highlights of TILF Deliverables 2003**

Comprehensive body of knowledge on science-based and transparent approach to agricultural biotechnology

The issue of the agricultural biotechnology had become significant theme in APEC. IN response to the statements of the AELM, the AMM and the MRT, the ATCWG has held a series of workshops whose deliverable is a comprehensive body of knowledge on science-based and transparent approached to agricultural biotechnology:

- “The Workshop on Technical Cooperation and Information Exchange on Safety Assessment in Agricultural Biotechnology” was held in Chinese Taipei in August 2002.
- The ATCWG will hold two more workshops in 2003:
  - “Conference on Agricultural Biotechnology in Centres of Origin” in Mexico City, Mexico in November 2003, and
  - “The 7th Development and Extension of Agricultural Biotechnology Sub-Group (REDAB) Workshop” in Beijing, China from 1-9 December 2003.

One of the major objectives of the ATCWG's activities concerning the agricultural biotechnology is enhancing consumers' awareness, confidence and understanding of biotechnology products which consequently facilitate the realization of the potential benefits of this technology and contribute related trade facilitation in the region.

The other deliverables of the above-mentioned seminars will include information of member economies on risk assessment/management in new area; a series of recommendations from the workshop and final proceedings with implementation plan and time tables.

*Beneficiaries:* Consumers, Farmers and Agricultural industries.

## **FISHERY WORKING GROUP (FWG)**

### **1. Objective of FWG**

FWG aims to promote the conservation and sustainable use of fisheries resources, sustainable development of aquaculture and habitat preservation, development of solutions to common resource management problems, the enhancement of food safety and quality of fish and fisheries products, and sector-specific work relating to trade and investment liberalisation and facilitation.

### **2. Activities related to TILF**

In 2003, FWG implements a project “Current Situation and Market Perspectives for Aquaculture Products”. It supports the overall theme of trade liberalisation and facilitation through its planned activities in ensuring the sustainability of aquaculture products trade.

### 3. Highlights of TILF Deliverables 2003

- This project consists of a workshop with experts in APEC aquaculture product markets. The participants will share information on past experience and market trends so that APEC member economies entering market or seeking to expand production may increase their likelihood of success.
- The result of this project will benefit different fishery related sectors of member economies. Through enhancing dialogue provided by the workshop, producer economies will be better equipped to understand not only what product is in demand, but also the peculiarities of each importing economy, such as food safety regulations and labeling. The understanding will facilitate trade by reducing the de facto barriers caused by food safety, quality, and rule of origin requirements.

## HUMAN RESOURCES DEVELOPMENT WORKING GROUP (HRDWG)

### 1. Objectives of HRDWG

The objective of the Human Resources Development Working Group is to reflect the priorities as stated by Leaders, Ministers and SOM directives.

The HRDWG had developed eight priorities to respond to Part II of the Osaka Action Agenda (OAA) for quality basic education; improved labor market information and analysis; enhanced skills in key sectors including SMEs; lifelong learning; improved curricula, teaching methods and instructional materials towards the 21st century; mobility of qualified persons; enhanced quality, productivity, efficiency of labor forces and work places; and strengthening cooperation to support Trade, Investment and Facilitation (TILF).

### 2. Activities related to TILF

The activities related to TILF focuses on projects undertaken by member economies relating to identified priorities which include:

- (a) *Improved labor market information and to support flexible and efficient labor markets which contribute to economic growth, trade and investment in the region*
  - Project HRD 01/ 2003 T: Japan–‘Enhanced Risk Management System in the APEC Region: Toward Establishing Effective Corporate Governance’
    - The Project aims to facilitate more active trade and investment among APEC economies so as to ensure the region’s continued and stable economic development. Businesses as well as the public sector must be prepared to establish effective risk management systems.
    - The project also aims to address the needs for an effective collaborative structure to share best practices and build a common base for enhanced risk management among the PAEC community, with the view of developing necessary human resources in the region.
- (b) *Enhancing the skills in key sectors including SMEs*
  - Project HRD 02/2003T: Malaysia–‘Training Program for Capacity Building in Venture Capital management.’
    - The objective of the training programs under this project is to build the capacity of venture capital professionals especially in developing member economies in APEC to effectively manage venture capital funds and provide an opportunity for hands-on training by way of attachment in reputed venture capital institutions in APEC member economies.
    - The project also aims to offer a platform for networking and sharing of information, expertise and experience among venture capital professionals in

APEC member economies for formulating and implementing appropriate strategies for venture capital management.

### **3. Highlights of TILF Deliverables 2003**

- The deliverables under project HRD 01/2003T will be an effective network of experts on risk management in the APEC region, a mechanism to share best practices, human resource development programs and policy recommendation on HRS related to risk management. The beneficiaries of the project include senior management and entrepreneurs in APEC member economies.
- The beneficiaries under project HRD 02/2003T will be middle and senior level venture capital professionals from institutions managing venture capital funds from developing member economies of APEC. The project will contribute greatly towards capacity building in the context of financing in the New Economy.

## **INDUSTRIAL SCIENCE AND TECHNOLOGY WORKING GROUP (ISTWG)**

### **1. Objective of ISTWG**

The objective of the ISTWG is to fulfill the APEC vision for the 21st century, being 'a dynamic and prosperous Asia-pacific region built on the development and application of industrial science and technology that improves the quality of life while safeguarding the natural environment and achieving sustainable development.' Its priorities include improved availability of information; improved human resources development; improved business climate; contribution to sustainable development; enhanced policy dialogue and review, and facilitation of networks and partnership.

### **2. Activities related to TILF**

In 2003, the project "Seminar for the development of standardized methods of materials testing and Round Robin Tests (RRTs) implemented by the ISTWG will contribute to the reduction or elimination of the technical barriers to trade in material products.

### **3. Highlights of TILF Deliverables 2003**

- The seminar aims to lay the basis for mutual acceptance of testing and evaluation results of materials properties, which will help establish a network of mutual recognition arrangements.
- The project will contribute to improving researchers exchange and the flows of technological information and technology by RRTs activities, as well as to reducing technical barriers to trade through the dissemination of standardized testing codes and norms. It also will improve technical skills and capabilities of related experts and institutions to material testing and evaluation.

## **SMALL AND MEDIUM ENTERPRISES WORKING GROUP (SMEWG)**

### **1. Objectives of SMEWG**

Consistent with the objectives of the ECOTECH Sub-Committee, the contributions of the SMEWG aim primarily at attaining sustainable growth and equitable development among entrepreneurs and SMEs within economies and across the APEC region. The SMEWG's 2003 initiatives also contributed to the TILF agenda, particularly in the areas of trade facilitation and market access for SMEs (non-tariff measures) and standards and conformance.

The SMEWG focused its 2003 work in implementing its annual APEC SME Ministerial Meeting. The theme of this year's meeting was "Strengthening APEC Entrepreneurial Society". There were presentations of papers and discussion on the following sub-themes: Entrepreneurship Development; Business Creation, Capital Formation and Financial Access for SMEs and Micro-enterprises, and; Capacity Building and Addressing the Impediments to SME Exporters.

### **2. Activities related to TILF**

- APEC Incubator Forum. The forum aims to enhance the innovative capacity of SMEs and micro-enterprises, develop innovation-oriented incubation policy, facilitate APEC economies to build up an incubator system, and strengthen cross-border cooperation and business matching between incubators and other related actors in the APEC region. The forum took place from 30 July to 1 August 2003 in Chinese Taipei. (SME01/2003T)
- "Growing the APEC SME Exporter Community". This new initiative addresses the needs of small business exporters and plans to create an enabling environment for the growth of SME exporters. It is also important to define the role that governments can play in implementing SME exporter promotion policies. The identification of the primary impediments to trade for regional small businesses, such as bureaucratic red tape, lack of finance, and existing non-tariff and regulatory barriers will help government officers to address these issues in order to facilitate trade and exports of small enterprises. It is also important to establish effective joint government/industry partnerships to assist the development of SME exporters. Two seminars on this topic were held in February 2003 in Genting Highlands, Malaysia and August 2003 in Chiang Mai. A small working committee was formed within the SMEWG to identify future work in this area.
- SME Collaboration with CTI Sub-fora

Following SME Ministers' instructions in Acapulco 2002, the SMEWG worked closely with CTI and its relevant fora.

With the Sub Committee on Standards and Conformance (SCSC), the SMEWG engaged in a formal dialogue on costs and difficulties for SMEs to comply with the regulatory requirements in order to gain access to overseas markets. In this regard, the SCSC held a workshop in May 2003 that considered possible actions to reduce these difficulties. The SCSC Chair attended the XVII SMEWG Meeting held in August 2003 in Chiang Mai.

With the Market Access Group, the SMEWG is working closely on market access issues concerning SMEs, specifically those related to impediments to trade for SMEs.

### **3. Highlights of TILF Deliverables 2003**

- The establishment of the Sub-Group on Micro Enterprises: Terms of Reference and Action Plan, whose objective is to have APEC design work programs and operational projects to address the unique policy issues facing micro enterprises to facilitate their participation in the formal market system, enable them to develop on a sustainable basis, and become the groundwork of economic development in the region.

*Beneficiaries:* Micro-enterprises

- The decision to establish a small working committee within the SMEWG to address and evaluate the identified impediments to trade for SMEs.

*Beneficiaries:* SMEs

- Collaboration with CTI sub-fora: "Workshop on the Cost and Difficulties for SMEs and Complying the Standards and Conformance to Find Possible Actions to Reduce these Difficulties."

*Beneficiaries:* SMEs

## **TELECOMMUNICATIONS AND INFORMATION WORKING GROUP (TELWG)**

### **1. Objectives of TEL WG**

The Telecommunication and Information Working Group (TEL) is committed to improving the telecommunications and information infrastructure in the region and to facilitating effective cooperation, free trade and investment and sustainable development. The TEL's Program of Action covers implementation of the eAPEC Strategy, implementation of the Digital Divide Blueprint for Action, promoting policy and regulatory measures to liberalise trade and investment in the telecommunications and information sector, e-security, e-government, mutual recognition arrangements for the conformity assessment of telecommunications equipment, human capacity building and an active dialogue with the business community ([www.apectelwg.org](http://www.apectelwg.org)).

### **2. Activities related to TILF**

Two TEL sub-groups contribute to the TILF agenda. The Business Facilitation Steering Group undertakes project and program initiatives that facilitate business trade and investment in the region. The Liberalisation Steering Group develops and implements plans to achieve the Bogor objectives of trade and investment liberalisation for the telecommunications and information sector, promoting regulatory reform and good practices. Specific activities include:

- Roundtable discussions for telecommunications regulators in the region
- Guidelines for the implementation of the WTO Reference Paper and compliance/enforcement.
- Examining regulatory structures/analysis and options
- Enhancing participation in the Mutual Recognition Arrangement on Conformity Assessment for Telecommunications Equipment/Phase I and II
- Standards Equivalence for telecommunications equipment in APEC economies.

Promoting e-Government

- Integrated e-Government for Local Governments
- Electronic Certification Services for e-Government
- Online Content
- Guidelines for website accessibility

Promoting e-Commerce

- E-Commerce Strategies for Rural SMEs in APEC
- E-Commerce Awareness Seminars for SMEs
- Programs to protect SMEs in today's internet society
- Global B2B Interoperability
- E-Commerce Capacity Building

### **3. Highlights of TILF Deliverables 2003**

- Cybersecurity
  - Establishing Computer Emergency Response Teams or their equivalents in APEC economies
  - Undertaking a survey of Cybercrime Legislation
  - Assisting economies in the region to enhance their legislative frameworks to combat cybercrime and to promote the development of law enforcement investigative capacity to effectively deal with cybercrime.
- Telecommunications Liberalisation
  - Holding WTO capacity building workshops to assist economies participation in WTO services negotiations, particularly the ICT sector and the Telecommunications Reference Paper.
  - A stocktake of the elements of a fully liberalized telecommunications sector.
  - Contributing to the formulation and implementation of coherent policy strategies for the digital economy at the OECD-APEC Forum on Policy Strategies for the Global Digital Economy.

## **WORKING GROUP ON TRADE PROMOTION (WGTP)**

### **1. Objectives of WGTP**

Main objective of WGTP is to promote the dynamism of intra-regional trade through pursuing better understanding of the role and functions of the Trade Promotion Organizations (TPOs) in APEC. Its work centers on trade skills and training, exchanging trade promotion-related information, experience and good practice.

### **2. Activities related to TILF**

WGTP is focusing its activity on the issues related to the expansion of interactivity between member TPOs through Internet communication by using their websites. Its work centers on increasing trade skills and training, exchanging trade promotion-related information, experience and good practice. With those work, TPOs provide useful trade and investment information, advice to Business Sector, and support them to do trade and investment activities among APEC region.

### **3. Highlights of TILF Deliverables 2003**

- Revamp of APEC Net

The system benefits the member economies in the following ways:

- APEC Net serves as a common 'one-stop' website for APEC member economies to access other member economies' information through the hyperlinks. The usage recorded indicated that academic, public and private sectors of a number of APEC member economies do make use of the site. As long as member economies update their own web sites, no additional updating is needed.
  - As a business-matching system, APEC Net enables businesses from member economies to submit and gather business opportunities from the system. It is an interactive system and does not require subscriber details.
- APEC Seminar on Product Branding
    - The direct beneficiaries of this project include officials from TPOs and also business sector employees involved in strategic planning and marketing activities in member economies. Upon completion of the project, the seminar report will provide knowledge

and skills on branding to all interested parties in member economies in formulating Trade Promotion strategies related to Product Branding.

- Gender Analysis in TPO's Activities
  - The eventual elimination of the barriers preventing access by women entrepreneurs to financial assistance and to further training and promotion tools. TPO policies will be more efficiently designed and focused, and will incorporate gender perspectives into the goals, priorities, decisions, processes, practices, activities and resource allocation, as well as participation, at all levels. Consideration of the specific realities faced by women in the formulation and implementation of policy programs (including economic recovery programs) and projects will increase the impact and improve the results of those policies.
- Market Analyst Training for TPO's staff and related Institutions
  - The direct beneficiary of this project is staff of TPOs and related institutions in member economies. This project will enhance the knowledge of TPO/institutions' officials that in turn will give benefit to business people. In addition business sector will directly get the benefit if sending the junior Market Analyst to this training.
- Promoting the Indirect Exports in Mexico through Suppliers Development
  - Those involved in promoting the investment abroad and companies that manufacture parts and components for the electronic and automotive sectors. The new business contacts will generate new transactions among participants.

## **TRANSPORTATION WORKING GROUP (TPTWG)**

### **1. Objectives of the TPTWG**

The main objective of the Transportation Working group activities is to achieve liberalisation of APEC Transport systems in order to foster economic development in the Asia-Pacific region. The consistent efforts are focused on facilitation of domestic policy regulations and security of transport activities, including building capacity of all stakeholders in their ability to reach the eventual goal of free trade in the APEC region.

### **2. Activities related to TILF**

The Group undertakes work with the aim to implement the Shanghai Accord and the Trade Facilitation Action Plan in the following priority areas:

- Promoting competitive air services;
- Promotion of the uptake of electronic commerce in transport;
- Liberalisation of maritime transport;
- Improvement in the efficiency of port operations; and
- Harmonisation of motor vehicle regulations.

### **3. TILF Deliverables 2003**

In 2003 TPTWG activity was focused on the following TILF Deliverables which reflect the main APEC theme for this year "A World of Difference: Partnership for the Future" and all traditional components of APEC objectives, namely, the liberalisation and facilitation of trade and investment, and economic and technical cooperation:

- The Group completed the "Non-Tariff Measures in the Transport Sector" project to identify non-tariff barriers in the trade of transport services and to develop a "best practice model" which can serve as a guide to the elimination or reduction of any barrier;

- In the framework of the Maritime transport liberalisation, Group members were discussing and deepening their understanding on the issues related to the Facilitation of the International Shipping. To improve the capacity and efficiency of the ports in the APEC region, the Port Experts Group (PEG) has developed an APEC port database that is now in operation and vigorously utilised by relevant personnel of governments and port authorities.
- The Air Services Group (ASG) is continuing the Annual Survey on the Implementation of the Eight Steps for More Competitive Air Services. Ten responses for the latest survey were received in 2003. The results of the survey were forwarded to ASG members on 31 March 2003.
- The Electronic Commerce Group is continuing to promote the outcomes of the Electronic Port Manifest Project and information related to progress of the APEC paperless trading initiative on the TPT-WG Electronic Commerce Group's home page. In the project area, the group has completed the Electronic Certification trial for the Paperless Trading Demonstration project, and has recently commenced a project to develop an Electronic Intra Port Community Discussion Group

#### *Pathfinder Initiatives*

The Group endorsed two pathfinder initiatives, namely 100% Hold Baggage Screening (HBS) to take advantage of developing technologies and meeting the increasing needs of the economies growth; GIT (Global Navigation Satellite Systems or GNSS Implementing Team) program which is designed to provide safe and secure maritime and air navigation.

The Air Services Group is exploring a suggestion by the Lead Shepherd that eight options for more competitive air services could become a possible pathfinder initiative.

In the framework of the Road Transport Harmonisation Project participants identified the need to study the potential for pathfinder project to assist developing APEC economies to facilitate trade whilst in the process of preparing advanced regulatory and certification systems.

The TPTWG completed the APEC Paperless Trading Demonstration Project investigating transmission of the electronic health certificate. This activity is related to the E-Cert Pathfinder.

The TPTWG continues to explore potential pathfinder initiatives such as e-Commerce standards in the transportation system.

#### *Counter terrorism*

Taking into account the importance to counter terrorism and at the same time to promote further improvements in the area of goods, services and people movement, the Group has undertaken the following activities this year:

- Implementation of "Enhancing Secure Trade and Efficiency in the APEC Region with Intelligent Transportation Systems (ITS) and e-Commerce Technologies ("the APEC Secure Trade Project") which aimed at enhancing Secure Trade in the APEC Region (STAR) by accelerating deployment of effective technologies and using the security improvements to enhance the efficiency of supply chain and trade activities.
- Universal Security Audit Program (USAP). This workshop is to ensure the increased compliance with internationally accepted standards of aviation security in the Asia-Pacific region, by preparing APEC economies to participate in the International Civil Aviation Organization (ICAO) Universal Security Audit Program (USAP) audits via a training seminar.
- Members of the Committee are involved in the discussions on Intermodal Supply-Chain Security, enhancing security throughout international and domestic supply-chains in the APEC region while facilitating the efficient cross-border movement of legitimate commerce.

- An APEC High Level Meeting on Maritime Security Cooperation was held in Manila, the Philippines on 89 September 2003. The meeting aimed to gather senior officials from APEC Economies and other concerned stakeholders who are directly involved in maritime security issues and concerns. The participants gained deeper understanding of maritime security. The Meeting facilitated open discussion in order to identify areas of cooperation in this area in the APEC region.

## **ECONOMIC COMMITTEE (EC)**

### **1. Objective of the EC**

Established at the 6<sup>th</sup> APEC Ministerial Meeting in 1994, the EC conducts research on economic trends and issues in the APEC region in support of APEC's priority agendas. It also serves as a forum for APEC member economies to exchange information and views on current economic issues and developments.

### **2. Activities related to TILF**

The EC conducts research studies on issues that have a direct bearing on APEC's TILF agenda.

### **3. Highlights of TILF Deliverables for 2003**

- *2003 APEC Economic Outlook*

The *APEC Economic Outlook* is the EC's key annual analytical report. It reviews recent economic developments in the region and examines the prospects and outlook of the regional economy. The report also addresses specific structural issues bearing on APEC policy priorities. For 2003, the Outlook report will study the role and development of specialized financial institutions (SFIs). Beginning this year, the Outlook will also include a chapter on structural reforms that are being undertaken by APEC member economies.

- New Economy and KBE-related Issues

This two-year project is a compilation of six individual research works, all dealing with issues relating to the use of knowledge and information technology as the key driver of economic growth and productivity. The project includes, for example, a study on the factors contributing to the successful formation of industrial clusters and the effects of industrial clustering on productivity.

Deliverables for 2003 include the two completed studies prepared by Singapore, namely, "Mapping Singapore's Knowledge-based Economy" and "Economic Contributions of Research and Development in Singapore" and one by Canada on "Innovative Business Strategies and Firm Performance in the New Economy". All three reports will be contained in a published volume entitled, *Drivers of Performance in the New Economy: Innovation and Organizational Practices*.

## **FINANCE MINISTERS' PROCESS (FMP)**

### **1. Objective of the FMP**

Over the past nine years, the APEC Finance Ministers' process has proven to be a valuable forum for assessing the regional economic and financial situation and promoting sustainable economic growth in the region. Responding to the formidable challenges posed by the 1997-1998 Asian financial crisis, Finance Ministers have over the years placed emphasis on economic restructuring, financial stability, capacity building and broader regional cooperation in response to the instructions by APEC Leaders. In the wake of the September 11, 2001 terrorist attacks in the United States, Finance Ministers have carried out a substantial amount of work in combating the financing of terrorism and money laundering.

### **2. Activities related to TILF**

The FMP undertakes projects (e.g., seminars, trainings, workshops, etc.) and conducts policy dialogues that are aimed primarily at promoting financial stability, strengthening corporate governance, and encouraging structural reforms particularly in the corporate and financial sectors, in order to help underpin the liberalisation and facilitation of trade and investments in the APEC region.

### **3. Highlights of TILF Deliverables for 2003**

Under the broad policy theme of "Local/Regional Link, Global Reach: A New APEC Financial Cooperation," the FMP will have deliverables for the following sub-themes:

- *Grassroots and SME development*  
Initial step involves the establishment of a network among APEC SME financial institutions to encourage financial and technical cooperation among them.
- *Regional bond market development*  
This initiative is aimed at better mobilizing savings, providing investment alternatives, and achieving more balanced financial markets.
- *Fiscal and financial aspects of regional trade arrangements (RTAs).*  
Understanding the fiscal and financial aspects of RTAs will help increase efficiency and streamline the tariff regimes and customs procedures to facilitate greater trade and investment among APEC member economies.

## **APPENDIX III**

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### **SUMMARY OF ACTIONS BY CTI SUB-FORA TO IMPLEMENT THE APEC TRADE FACILITATION PRINCIPLES**



## **SUMMARY OF ACTIONS UNDERTAKEN BY CTI SUB-FORA TO IMPLEMENT THE APEC TRADE FACILITATION PRINCIPLES**

### **Introduction**

1. The Trade Facilitation Action Plan endorsed by APEC Ministers in Los Cabos in October 2002 calls on APEC fora to continue reporting on their efforts to implement APEC's Trade Facilitation Principles that were adopted in 2001. Following a review of reporting responsibilities at CTI2 in Khon Kaen, it was agreed that sub-fora would be requested to present their reports on the implementation of the Trade Facilitation Principles only once a year at CTI2/MRT. This will enable CTI to focus public awareness on APEC trade facilitation initiatives at the time of the MRT.
2. As in 2002, based on their returns to CTI, a matrix summarizing the measures/activities undertaken by sub-fora as reported against the various Trade Facilitation Principles was compiled. A brief summary of their actions is also appended below.

### **Summary of Actions**

3. The Market Access Group (MAG)'s work on non-tariff measures dovetails with efforts in trade facilitation. MAG will expand its homepage with links to websites of APEC member economies dealing with trade regulations and associated administrative arrangements, and to allow access to relevant publications as a demonstration of transparency and a useful resource for business. MAG will also pursue research, seminars and policy discussions, accessing experts from other international fora such as the WTO and OECD to help build member economies' understanding of trade facilitation, share experiences among APEC members, improve awareness of "best practices" arrangements and to work towards a consistent view of reforms and arrangements.
4. For the Group on Services (GOS), trade facilitation work continued to focus on improving members' understanding of how to implement good regulatory practices through identification of operational measures that promote regulatory transparency.
5. The Investment Experts' Group (IEG)'s trade facilitation work centred mainly the principles of transparency, communication, consultation and cooperation. Apart from conducting studies on policies relating to mergers and acquisitions and venture capital investment, the IEG will also continue organizing Investment Symposium and Investment Mart with a view to providing more handy information on members' investment regimes to the private sector.
6. The Sub-Committee on Standards and Conformance's (SCSC) continued to advance trade facilitation through aligning APEC members' domestic standards with international ones, pursuing recognition of conformity assessment, promoting cooperation for technical infrastructure development, and ensuring the transparency of the standards and conformity assessment of APEC economies.
7. The Sub-Committee on Customs Procedures (SCCP) continued to promote the cooperation amongst the Customs administrations of APEC economies to simplify and harmonize customs procedures. Technical assistance programmes were organized to build up members' capacity in facilitating trade.
8. The trade facilitation work undertaken by the Intellectual Property Rights Experts' Group (IPEG) respond mainly the principles of transparency, communication, consultation and modernization and the use of new technology through enhancing the transparency of the information on members' IPR regimes; and encouraging electronic processing of IPR-related procedures.

9. The Competition Policy and Deregulation Group (CPDG) continued to organize and implement capacity building programmes to assist economies to build up transparent and high quality regulatory regimes.
10. Trade facilitation work in the Government Procurement Experts' Group (GPEG) focused primarily on principles of transparency, simplification, practicability and efficiency and capacity building. For 2003, the GPEG delivered a two-day symposium and workshops to promoting Small and Medium Enterprises (SME) access and e-procurement initiatives within government procurement markets in the Asia-Pacific region.
11. The Informal Experts' Group on Business Mobility (IEGBM) pursued implementation of the Trade Facilitation Principles through the implementation of its Capacity Building Strategy. For 2003, the capacity building programs aimed at streamlining and standardizing procedures to enhance business mobility, including border security and immigration clearance processing.

### Measures/Activities Undertaken by Sub-fora that Respond to Trade Facilitation Principles (TFPs)

APEC TFPs	MAG	GOS	IEG	SCSC	SCCP	IPEG	CPD	GPEG	IEGBM
Transparency	<ul style="list-style-type: none"> <li>• Input of data to WTO IDB/APEC TDB</li> <li>• Compile information on NTMS</li> <li>• Report on members' trade facilitation efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Phase III of Menu of Options</li> <li>• Information exchanges and technical assistance sessions to provide support for the WTO negotiations on services</li> </ul>	<ul style="list-style-type: none"> <li>• Study on Venture Capital in APEC economies</li> <li>• Seminar on WTO Trade and Investment</li> <li>• Seminar on Venture Capital and Start up Companies on the Implementation of the Menu of Options</li> <li>• APEC Investment Guidebook</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of the regional directory to include regulatory profile information for products at the food/drug interface</li> <li>• Update of contact points for standards and conformance information</li> <li>• TIC-CAR Project through the APEC Cooperation Centre for Conformity Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Harmonized System Convention</li> <li>• Kyoto Convention</li> <li>• Advanced classification rulings</li> <li>• Common data elements</li> <li>• Express consignment clearance</li> <li>• Integrity</li> <li>• Customs-Business partnership</li> <li>• Workshop on Customs-related WTO Agreements</li> <li>• Peer review</li> <li>• Survey on transparency of customs procedures</li> <li>• Technical assistance on WTO Valuation, TRIPS, clear appeals and temporary importation</li> </ul>	<ul style="list-style-type: none"> <li>• APEC IPEG Website</li> </ul>	<ul style="list-style-type: none"> <li>• APEC/OECD cooperative initiative on regulatory reform</li> <li>• Training programmes to promote competition in four selected services sectors</li> <li>• Menu of Options on Competition Policy</li> <li>• Updating of APEC Competition Law and Policy Internet Database</li> </ul>	<ul style="list-style-type: none"> <li>• Two-day symposium and workshops promoting SME access and e-procurement initiatives within government procurement markets in the Asia-Pacific region</li> <li>• Voluntary review of members' GP regime against the NBP of "accountability and due process" and "value for money"</li> <li>• Paper to WTO on the development of GPEG NBPs, with a focus upon transparency principle</li> </ul>	<ul style="list-style-type: none"> <li>• Update APEC business Travel Handbook and use of Business Mobility Website</li> <li>• Streamlining temporary entry (business travel)</li> <li>• Development and implementation of standards and capacity building on: document fraud, API, travel document security systems, professional service, legal infrastructure and regional immigration and system (RIAS)</li> <li>• Online resource on Business Mobility issues in regional bilateral and multilateral Free Trade Agreements</li> <li>• Business-Community Cooperation</li> </ul>

APEC TFPs	MAG	GOS	IEG	SCSC	SCCP	IPEG	CPD	GPEG	IEGBM
<b>Communication &amp; Consultations</b>	<ul style="list-style-type: none"> <li>• Input of data to WTO IDB/APEC TDB</li> <li>• Compile information on NTMS</li> <li>• Seminars/policy discussions on NTMs</li> <li>• Report on members' trade facilitation efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Phase III of Menu of Options</li> <li>• Information exchanges and technical assistance sessions to provide support for the WTO negotiations on services</li> <li>• Study on costs and benefits services trade liberalization</li> <li>• Study on Impacts of Trade Liberalization and Facilitation of Environmental Services on APEC economies</li> <li>• Exchange experiences on agreements of mutual recognition of professional services</li> </ul>	<ul style="list-style-type: none"> <li>• Study on Venture Capital in APEC Economies</li> <li>• Case studies on M&amp;As of Korea, China and HKC</li> <li>• Seminar on WTO Trade and Investment</li> <li>• Seminar on Venture Capital and Start-up Companies on the Implementation of the Menu of Options</li> <li>• 4th Investment Mart</li> <li>• Study on International Investment Instruments and their legal interpretations</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of the regional directory to include regulatory profile information for products at the food/drug interface</li> <li>• Update of contact points for standards and conformance information</li> <li>• TIC-CAR Project through the APEC Cooperation Centre for Conformity Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Customs-Business partnership</li> <li>• Peer review</li> <li>• Survey on transparency of customs procedures</li> <li>• Technical assistance on clear appeals</li> </ul>	<ul style="list-style-type: none"> <li>• Seminar on IP and Competition Policy</li> <li>• Training Workshops for developing Economies on IPR Implementation and GIs</li> <li>• Seminar on IP Management and Strategies</li> <li>• APEC IP Toolkit</li> <li>• Project on public education and awareness of intellectual property TFP</li> <li>• IPR Service Center</li> </ul>	<ul style="list-style-type: none"> <li>• APEC/OECD cooperative initiative on regulatory reform</li> <li>• Training programmes to promote competition in four selected services sectors</li> <li>• Menu of Options on Competition Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Two-day symposium and workshops promoting SME access and e-procurement initiatives within government procurement markets in the Asia-Pacific region</li> </ul>	<ul style="list-style-type: none"> <li>• BMG Survey on gender issues related to Business Mobility</li> <li>• Consultation on development of BMG Web Site and online Travel Handbook Facility</li> <li>• Consultation with business</li> </ul>

APEC TFPs	MAG	GOS	IEG	SCSC	SCCP	IPEG	CPD	GPEG	IEGBM
<b>Simplification, Practicability &amp; Efficiency</b>	<ul style="list-style-type: none"> <li>• Seminars/policy discussions on NTMs</li> <li>• Report on members' trade facilitation efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Seminar on Sea Ports Infrastructure Services</li> </ul>	-	<ul style="list-style-type: none"> <li>• Seminar &amp; conference on Good Regulatory Practice</li> <li>• Trade facilitation in IT products</li> </ul>	<ul style="list-style-type: none"> <li>• Kyoto Convention</li> <li>• Support development &amp; adoption of electronic technologies &amp; procedures to reduce paper documentation requirement</li> <li>• Common data elements</li> <li>• Risk management</li> <li>• Express consignment clearance</li> <li>• Peer review</li> <li>• Time release study</li> <li>• Technical assistance on temporary importation</li> </ul>	<ul style="list-style-type: none"> <li>• IPEG Technical Cooperation Project of IP Automation in APEC Region</li> </ul>	<ul style="list-style-type: none"> <li>• APEC/OECD cooperative initiative on regulatory reform</li> <li>• Training programmes to promote competition in four selected services sectors</li> <li>• Menu of Options on Competition Policy</li> <li>• Updating of APEC Competition Law and Policy Internet Database</li> </ul>	<ul style="list-style-type: none"> <li>• Voluntary review of members' GP regime against the NBP of "accountability and due process" and "value for money"</li> </ul>	<ul style="list-style-type: none"> <li>• Update APEC business Travel Handbook and use of Business Mobility Website</li> <li>• Streamlining temporary entry (business travel)</li> <li>• Development and implementation of standards and capacity building on: document fraud, API, travel document security systems, professional service, legal infrastructure and regional immigration and system (RIAS)</li> <li>• Business-Community Cooperation</li> </ul>
<b>Non-discrimination</b>	<ul style="list-style-type: none"> <li>• Report on members' trade facilitation efforts</li> </ul>	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>• Voluntary review of members' GP regime against the NBP of "accountability and due process" and "value for money"</li> </ul>	-

APEC TFPs	MAG	GOS	IEG	SCSC	SCCP	IPEG	CPD	GPEG	IEGBM
<b>Consistency &amp; Predictability</b>	<ul style="list-style-type: none"> <li>• Seminars/policy discussions on NTMs</li> <li>• Report on members' trade facilitation efforts</li> </ul>	-	<ul style="list-style-type: none"> <li>• Seminar on Venture Capital and Start-up Companies on the Implementation of the Menu of Options</li> </ul>	-	<ul style="list-style-type: none"> <li>• Harmonized System Convention</li> <li>• Kyoto Convention</li> <li>• Advanced classification rulings</li> <li>• Express consignment clearance</li> <li>• Integrity</li> <li>• Workshop on Customs-related WTO Agreements</li> <li>• Peer review</li> <li>• Time release study</li> <li>• Survey on transparency of customs procedures</li> <li>• Technical assistance on WTO Valuation, TRIPS and temporary importation</li> </ul>	-	<ul style="list-style-type: none"> <li>• APEC/OECD cooperative initiative on regulatory reform</li> <li>• Training programmes to promote competition in four selected services sectors</li> <li>• Menu of Options on Competition Policy</li> <li>• Updating of APEC Competition Law and Policy Internet Database</li> </ul>	<ul style="list-style-type: none"> <li>• Voluntary review of members' GP regime against the NBP of "accountability and due process" and "value for money"</li> </ul>	<ul style="list-style-type: none"> <li>• Update APEC business Travel Handbook and use of Business Mobility Website</li> <li>• Standard Short Term Business Entry arrangements: visa free, multiple entry, and/or APEC Business Travel Card</li> <li>• Standard Business Temporary Residence Arrangements: 30-day processing standard for Intra-company transfer</li> <li>• Development and implementation of standards and capacity building on: document fraud, API, travel document security systems, professional service, legal infrastructure and regional immigration and system (RIAS)</li> <li>• Business-Community Cooperation</li> </ul>

APEC TFPs	MAG	GOS	IEG	SCSC	SCCP	IPEG	CPD	GPEG	IEGBM
<b>Harmonization, Standardization &amp; Recognition</b>	<ul style="list-style-type: none"> <li>• Seminars/policy discussions on NTMs</li> <li>• Report on members' trade facilitation efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Exchange information on agreements on mutual recognition of professional standards/ qualifications</li> </ul>	-	<ul style="list-style-type: none"> <li>• Alignment of domestic standards with international standards</li> <li>• Seminar &amp; conference on Good Regulatory Practice</li> <li>• Active participation in international standardization</li> <li>• Advancing the process of APEC EEMRA</li> <li>• Review of APEC Food MRA</li> <li>• Implementation of MRAs in voluntary sector</li> <li>• Building confidence in &amp; capacity of conformity assessment bodies</li> <li>• Trade facilitation in IT products</li> <li>• Implementation of the mid-term technical infrastructure development programme</li> </ul>	<ul style="list-style-type: none"> <li>• Harmonized System Convention</li> <li>• Kyoto Convention</li> <li>• Support development &amp; adoption of electronic technologies &amp; procedures to reduce paper documentation requirement</li> <li>• Common data elements</li> <li>• Express consignment clearance</li> <li>• Workshop on Customs-related WTO Agreements</li> <li>• Peer review</li> <li>• Technical assistance on WTO Valuation, TRIPS and temporary importation</li> </ul>	<ul style="list-style-type: none"> <li>• Common Trademark Application Form</li> <li>• Illustrative Practices of enforcement of industrial property rights</li> <li>• Survey on laws and regulations on enforcement practices to control export of counterfeit/pirated products</li> <li>• Software asset management initiative</li> </ul>	<ul style="list-style-type: none"> <li>• APEC/OECD Cooperative initiative on regulatory reform</li> <li>• Training programmes to promote competition in four selected services sectors</li> <li>• Menu of Options on Competition Policy</li> <li>• Updating of APEC Competition Law and Policy Internet Database</li> </ul>	<ul style="list-style-type: none"> <li>• Voluntary review of members' GP regime against the NBP of "accountability and due process" and "value for money"</li> </ul>	<ul style="list-style-type: none"> <li>• Standard Short Term Business Entry arrangements: visa free, multiple entry, and/or APEC Business Travel Card</li> <li>• Standard Business Temporary Residence Arrangements: 30-day processing standard for Intra-company transfer</li> <li>• Development and implementation of standards and capacity building on: document fraud, API, travel document security systems, professional service, legal infrastructure and regional immigration and system (RIAS)</li> </ul>

APEC TFPs	MAG	GOS	IEG	SCSC	SCCP	IPEG	CPD	GPEG	IEGBM
<b>Modernization &amp; the Use of New Technology</b>	<ul style="list-style-type: none"> <li>• Input of data to WTO IDB/APEC TDB</li> <li>• Seminars/policy discussions on NTMs</li> <li>• Report on members' trade facilitation efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Case studies on innovation in services industries including e-commerce</li> <li>• Seminar on Sea Ports Infrastructure Services</li> </ul>	-	-	<ul style="list-style-type: none"> <li>• Kyoto Convention</li> <li>• Support development &amp; adoption of electronic technologies &amp; procedures to reduce paper documentation requirement</li> <li>• Common data elements</li> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• APEC IPEG website</li> <li>• IPEG Technical Cooperation Project of IP Automation in APEC Region</li> </ul>	<ul style="list-style-type: none"> <li>• APEC/OECD Cooperative initiative on regulatory reform</li> <li>• Training programmes to promote competition in four selected services sectors</li> <li>• Menu of Options on Competition Policy</li> <li>• Updating of APEC Competition Law and Policy Internet Database</li> </ul>	<ul style="list-style-type: none"> <li>• Two-day symposium and workshops promoting SME access and e-procurement initiatives within government procurement markets in the Asia-Pacific region</li> </ul>	<ul style="list-style-type: none"> <li>• Development and implementation of standards and capacity building on: document fraud, API, travel document security systems, professional service, legal infrastructure and regional immigration and system (RIAS)</li> </ul>
<b>Due Process</b>	<ul style="list-style-type: none"> <li>• Seminars/policy discussions on NTMs</li> <li>• Report on members' trade facilitation efforts</li> </ul>	-	-	-	<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Peer review</li> <li>• Technical assistance on clear appeals</li> </ul>	-	-	<ul style="list-style-type: none"> <li>• Two-day symposium and workshops promoting SME access and e-procurement initiatives within government procurement markets in the Asia-Pacific region</li> <li>• Voluntary review of members' GP regime against the NBP of "accountability and due process" and "value for money"</li> </ul>	<ul style="list-style-type: none"> <li>• Project to develop standards and capacity in Professional service</li> </ul>

APEC TFPs	MAG	GOS	IEG	SCSC	SCCP	IPEG	CPD	GPEG	IEGBM
<b>Cooperation</b>	<ul style="list-style-type: none"> <li>• Compile information on NTMs</li> <li>• Seminars/policy discussions on NTMs</li> <li>• Report on members' trade facilitation efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Exchange information on agreements on mutual recognition of professional standards/ qualifications</li> </ul>	<ul style="list-style-type: none"> <li>• Case studies on M&amp;As of Korea, China and HKC</li> <li>• Seminar on WTO Trade and Investment</li> <li>• 4<sup>th</sup> Investment Mart</li> <li>• Study on International Investment Instruments and their legal interpretations</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of the mid-term technical infrastructure development programme</li> </ul>	<ul style="list-style-type: none"> <li>• Express consignment clearance</li> <li>• Customs-Business partnership</li> <li>• Workshop on Customs-related WTO Agreements</li> <li>• Peer review</li> <li>• Time release study</li> </ul>	<ul style="list-style-type: none"> <li>• APEC IP Toolkit</li> <li>• IPEG Technical Cooperation Project of IP Automation in APEC Region</li> <li>• Project on public education and awareness of intellectual property TFP</li> <li>• IPR Service Center</li> </ul>	<ul style="list-style-type: none"> <li>• APEC/OECD Cooperative initiative on regulatory reform</li> <li>• Training programmes to promote competition in four selected services sectors</li> <li>• Menu of Options on Competition Policy</li> <li>• Updating of APEC Competition Law and Policy Internet Database</li> </ul>	<ul style="list-style-type: none"> <li>• Voluntary review of members' GP regime against the NBP of "accountability and due process" and "value for money"</li> <li>• Information sharing on e-procurement adoption and systems</li> </ul>	<ul style="list-style-type: none"> <li>• Update APEC business Travel Handbook and use of Business Mobility Website</li> <li>• Streamlining temporary entry (business travel)</li> <li>• Development and implementation of standards and capacity building on: document fraud, API, travel document security systems, professional service, legal infrastructure and regional immigration and system (RIAS)</li> <li>• Business-Community Cooperation</li> </ul>

## **APPENDIX IV**

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### **TRANSPARENCY BY 2005: IMPLEMENTING LEADERS' TRANSPARENCY STANDARDS**

## **TRANSPARENCY BY 2005: IMPLEMENTING LEADERS' TRANSPARENCY STANDARDS**

### **Background**

APEC Leaders achieved an important milestone by adopting the Leaders' Statement to Implement APEC Transparency Standards, including their agreement that all economies will implement these standards "as soon as possible, and in no case later than January 2005." Leaders recognized that their transparency agreement equips APEC to lead in achieving a successful outcome in the WTO Doha Development Agenda on the important, cross-cutting subject of transparency in government.

Observing that "transparency is a General Principle in the Osaka Action Agenda which requires its application to the entire APEC liberalization and facilitation process," Leaders agreed on several important General Transparency Standards regarding the matters in Section C of Part One of the Osaka Action Agenda (in short: publication of measures, providing advance notice and opportunity to comment on measures, ensuring fair administrative proceedings and providing for effective review of final administrative actions). Leaders also agreed that economies will follow important area-Specific Transparency Standards. In areas where no such Standards currently exist, Leaders agreed they should be elaborated. Where they already exist, Leaders agreed they should be improved, revised or expanded as appropriate. Leaders also recalled their agreement in 2000 to support implementation of the key economic and financial policy standards identified by the Financial Stability Forum, including codes on transparency in monetary, financial and fiscal policies and dissemination of macroeconomic policy data, and encouraged economies to participate in the IMF-led Reports on the Observance of Standards and Codes (ROSC).

Accordingly, Ministers Responsible for Trade endorse the strategy and structure below to achieve Leaders' mandates by their set deadline.

### **An APEC Transparency Strategy for Ensuring Transparency by 2005**

APEC needs to ensure that Leaders' agreement to implement the Transparency Standards by January 2005 is achieved. A strategy consisting of the following elements, corresponding to what was agreed by Leaders, will provide a successful implementation pathway to ensure that Leaders' agreement is achieved in the reality of economies' actual domestic laws, regulations, procedures and administrative rulings of general application:

- Element 1: review economies' implementation of the General and area-Specific Transparency Standards through assessments in which economies participate, and provide assistance as appropriate,
- Element 2: formulate area-Specific Transparency Standards for areas in which APEC has not yet elaborated them, and improve, revise or expand existing area-Specific Transparency Standards as appropriate, review economies' implementation of these through assessments in which economies participate, and provide assistance as appropriate,
- Element 3: review economies' efforts to participate in the IMF's ROSC program, assessing progress and providing assistance as appropriate, and
- Element 4: use the APEC Geneva Caucus to transmit APEC's work on Transparency Standards to the WTO and explore the possibility of taking relevant initiatives in the WTO.

### **Achieving All Elements: A Structure**

A Transparency Strategy that successfully accomplishes the above elements to operationalize Leaders' agreed Transparency Standards requires APEC to have a plan of action both for APEC bodies and the contributions that stakeholders in the wider community can make. This

will enable economies to participate in assessments, e.g., to track implementation of the General and area-Specific Transparency Standards, develop and track any new or revised area-Specific Transparency Standards, develop programs for and ensure that needed assistance is provided to requesting economies, and enable SOM to report detailed progress to Ministers Responsible for Trade and the Joint Ministerial and Leaders Meetings in the period between now and January 2005. At their meeting in Chile in 2004, Leaders may announce how they will have implemented the Transparency Standards into their domestic laws, regulations, procedures and administrative rulings of general application by January 2005, and to demonstrate they have actually resulted in transparency in government in practice. Making all of this possible will require continuous work at all levels of APEC, including stakeholders in the wider community that support APEC.

The following structure for organizing APEC's work will ensure that all economies meet Leaders' mandates:

- By SOM II or III 2003, determine how the General Transparency Standards (Leaders' Statement, paragraphs 1-6) will be reflected in the Individual Action Plans (IAPs) on which economies will report in 2004 (and thereafter) on how they implement these Standards and, for economies where full implementation is pending, what progress is being made to adopt domestic laws, regulations, procedures and administrative rulings of general application to ensure full implementation and effective application of these Standards by January 2005. (CTI, with assistance from a small, open-to-all, group of volunteer economies, to recommend for SOM's adoption by SOM II or III how the General Transparency Standards will be incorporated into the IAPs).
- By SOM III 2003, develop area-Specific Transparency Standards for Leaders' incorporation, per paragraphs 7-8 of the Leaders' Statement, in the Transparency Statement at the 2003 Leaders meeting. The area-Specific Transparency Standards (those currently in existence and newly developed or revised ones) will be reflected in new area-Specific Transparency Sections of the existing IAP templates. Beginning in 2004, economies will begin reporting on how they are implementing these Standards and, for economies where full implementation is pending, what progress they are making to adopt domestic laws, regulations, procedures and administrative rulings of general application that will ensure full implementation and effective application of these Standards by January 2005. (CTI, with assistance from a small, open-to-all, group of volunteer economies, will (a) continue communicating requirements clearly to CTI sub-fora, and ensure consistency in approach, level of detail, etc., for these Standards across all areas, (b) develop corresponding area-Specific Transparency Sections for the IAPs, (c) report progress to SOM/Ministers on the development of these Standards and new area-Specific Transparency IAP sections, to ensure the Standards are ready for incorporation by Leaders in October 2003 into the Leaders' Statement to Implement APEC Transparency Standards per paragraph 8(c) thereof).
- At SOM II 2003, SOM to agree for the SOM Chair to send a letter promptly after SOM II to the Finance Ministers' process asking for its input on how it will respond to the paragraphs 9-10 of the Leaders' Statement to Implement APEC Transparency Standards to ensure implementation of these paragraphs per the Leaders' mandate. SOM's letter to the Finance Ministers' process should suggest that consideration be given to the development and maintenance of an adequately detailed system to report on economies' efforts to participate in the IMF-led ROSC program in respect of (a) the Code of Good Practices on Transparency in Monetary and Financial Policies: Declaration of Principles, (b) Code of Good Practices on Fiscal Transparency and (c) General and Specific Data Dissemination Standards, and that it would be useful if the Finance Ministers' process could provide annual economy-specific reports that are publicly available to Ministers/Leaders each year.
- Beginning after SOM II 2003 and thereafter, SOM will ensure that Leaders' Transparency Standards and the results of APEC's work to implement them are communicated to the public. (SOM on its own, and working on the basis of proposals from the CTI, will communicate the importance and benefits of APEC's Transparency Standards to the public).

- Beginning after SOM II 2003 and thereafter, work to track the transparency provisions in the WTO Agreements and the WTO's negotiation of new or amended provisions in the DDA. Use the APEC Geneva Caucus to transmit APEC's work on Transparency Standards to the WTO and explore the possibility of taking relevant initiatives in the WTO. (SOM to use the APEC Geneva Caucus to transmit APEC's work on Transparency Standards to the WTO and explore the possibility of taking relevant initiatives in the WTO. CTI, working with its sub-fora, to assist in this process at the technical level by, e.g., identifying existing WTO transparency provisions, tracking WTO developments (including country positions in the WTO, papers submitted, etc.) and proposing to SOM, for eventual consideration by Ministers and Leaders, as appropriate, how to carry out this work.)
- SOM dialogues on free trade agreements (FTAs), regional trading arrangements (RTAs) and other trade initiatives will include discussion of transparency provisions in these agreements, arrangements and other initiatives, and SOM will support inclusion of appropriate transparency requirements in these agreements, arrangements and other initiatives. (CTI, working with its sub-fora, will assist in this process at the technical level by, e.g., identifying transparency provisions in FTAs/RTAs and other trade initiatives, in particular but not limited to those in which APEC economies are parties. CTI to prepare information on, e.g., the similarities and differences in these provisions, and other aspects worthy of highlighting for delivery (written or oral as appropriate) at SOM dialogues.)
- Beginning after SOM II 2003 and thereafter, the on-going assessment of economies' implementation and effective application of the Transparency Standards, and the provision of requested assistance will be critical for successful implementation of the Leaders' Statement. The involvement of relevant stakeholders in the wider community in these efforts will be important, including,

Assessment:

- by SOM III 2003, SOM will agree on a 2003/2004 plan in which economies participate for assessing and reporting to MRT/Ministers/Leaders on how their domestic laws, regulations, procedures and administrative rulings of general application implement the Leaders' Statement. (CTI will develop before, and propose to, SOM III 2003 a 2003/2004 project for assessing economies' implementation of Leaders' Transparency Standards. The assessment will highlight economies' performance in meeting the General and area-Specific Standards, including highlighting areas where further progress could be made, with input from relevant stakeholders in the wider community). Aspects of this plan will include:
  - before CSOM 2003, initial assessment work will have begun and any initial progress will be reported to Ministers and Leaders in October 2003.
  - at SOM II 2004, APEC will convene a SOM-led roundtable involving member economies and relevant stakeholders in the wider community to discuss economies' implementation in law and in practice of the Leaders' Statement,
  - by SOM III 2004, SOM will prepare a full draft report to Ministers and Leaders (with a pre-report to the MRT) on economies' progress to implement the Leaders' Statement. The report will be finalized by CSOM 2004.
- after the Leaders' Meeting in 2004 and economies' adoption of any final measures to implement the Leaders' Transparency Standards by the deadline, APEC will develop a plan in which economies participate to continue to assess whether their domestic laws, regulations, procedures and administrative rulings of general application are consistent with the Leaders' Statement and are being effectively applied and resulting in transparency in government as Leaders envisaged (CTI I 2005 to propose and SOM to agree by SOM II 2005 a plan to follow progress and report to SOM/Ministers/Leaders regularly, with input from relevant stakeholders in the wider community).

Assistance:

The Leaders' Statement recognizes that "transparency will be enhanced through well-targeted, demand-driven capacity building to assist developing economies make progress toward greater openness." Accordingly, APEC should organize on a priority basis the means of providing technical assistance to APEC developing economies upon request to assist them in formulating legal provisions, mechanisms, institutions and practices to implement the Transparency Standards in the Leaders' Statement and to apply them effectively in practice.

- beginning after SOM II 2003 and thereafter, APEC will work with relevant stakeholders in the wider community to develop a plan for seeking out technical assistance, and funding to supply that assistance, that will be needed for APEC developing economies to implement and effectively apply the Transparency Standards. Many institutions, including the International Monetary Fund, the World Bank and the Asian Development Bank, have committed to providing capacity building assistance in order to anchor transparency in government. Other organizations, such as chambers of commerce and bar associations, can provide also expertise. (APEC developing economies to identify specific needs for capacity building assistance to formulate domestic laws, regulations, procedures and administrative rulings of general application to implement the Transparency Standards in the Leaders' Statement and apply them effectively in practice. CTI to work with relevant stakeholders in the wider community to develop this plan and refine it over time, reporting to and seeking continuous guidance from SOM.)

### **Projected Leaders' Actions**

In October 2003, APEC Ministers should be in a position to forward to APEC Leaders for endorsement (a) the Leaders' Statement to Implement APEC Transparency Standards, amended per paragraph 8(c) thereof to incorporate any new or revised area-Specific Transparency Standards, (b) a brief report on any additions or amendments to the Individual Action Plan for economies to reflect implementation progress in meeting the General and area-Specific Transparency Standards, and (c) the plan for assessing how economies' domestic laws, regulations, procedures and administrative rulings of general application implement the Leaders' Transparency Standards.

In October 2004, Ministers and Leaders will discuss the final report on economies' progress to implement the Leaders' Transparency Standards, and to provide guidance on any next steps they wish APEC to take to further secure transparency in government in all economies in the Asia-Pacific region.

## **APPENDIX V**

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# **LEADERS' DIGITAL ECONOMY PATHFINDER STATEMENT: NEXT STEPS**

## LEADERS' DIGITAL ECONOMY PATHFINDER STATEMENT: NEXT STEPS

### Introduction

Leaders took the forward-looking step last year in Los Cabos of agreeing on a pathfinder basis to implement important targets to liberalize trade in the digital economy.

This year APEC needs to work to ensure that the targets to which Leaders agreed are being reached, and that APEC's objectives are taken forward in the WTO, free trade agreements and other initiatives in which APEC economies are engaged (e.g., trade and investment framework agreements). Under the Leaders' Statement APEC also needs to consider new areas in which to set trade policy targets this year to ensure free trade and investment in areas related to the digital economy. Finally, the Leaders' Statement envisages a report to Ministers, which will provide an opportunity to showcase our 2003 progress.

In order to ensure the on-going relevance of the pathfinder concept agreed by Leaders in the Shanghai Accord, and contained in the 1994 Bogor Leaders Declaration and the 1995 Osaka Action Agenda, it is important for all economies to work together to ensure maximum economy participation in pathfinder initiatives. In that spirit, it is hoped that economies that were not able to participate in this pathfinder in 2002 will consider participation this year. As in the past, APEC again has an opportunity to demonstrate leadership in moving the world forward in the digital economy area (e.g., the ITA originated in APEC). There may be particular areas in which all APEC economies can collectively achieve important objectives, and we should work toward that end in 2003.

Any economy that was not able to participate in 2002 may wish to participate in individual action items detailed below. References in this document to "pathfinder economies" are intended only to respect the decision of those economies that did not join in 2002, not to suggest that they should not participate in work this year and thereafter to take forward the Leaders' Statement.

### Action Items

Effective implementation of the Leaders' Statement into economies' laws, other measures and practices requires a plan of action for endorsement by Senior Officials (SOM). The action items below set out such a plan. As was the case last year, this plan envisages that the Committee on Trade and Investment (CTI) will organize and oversee the accomplishment of the needed work, calling upon CTI sub-fora, other APEC bodies that report to SOM and appropriate non-governmental organizations in the region. The CTI will regularly keep SOM apprised of its work and will draft the report to Ministers envisaged in paragraph 18(a)-(b) of the Leaders' Statement for SOM's consideration and for SOM to report to Ministers and Leaders for endorsement this year.

### General Objectives

*Working to Ensure Leaders' General Objectives are Followed by Pathfinder Economies:* The Leaders' Statement sets forth important general objectives to ensure that e-commerce is a key driver of economic growth in the region and in the world: a liberal and open trade environment, broad market opening and national treatment commitments, domestic regulations that are transparent, non-discriminatory and least trade restrictive and a moratorium on customs duties on electronic transmissions.

Action 1 (Following the General Objectives): APEC pathfinder economies to take steps to anchor these as their digital trade policy objectives, and work collectively, as appropriate, for these objectives guide individual economies in their approach in relevant WTO negotiations and work programs. (APEC pathfinder economies will report in 2003 to CTI III and the E-Commerce Steering Group (ECSG) and annually thereafter at CTI II and to the ECSG on how they are using APEC's general objectives on trade and the digital economy to guide their economies. CTI and SOM will develop a

communication to the WTO (possibly in the Work Program on Electronic Commerce) on APEC's work to address trade-related aspects of the digital economy with respect to the general objectives.)

*Identifying and Providing Capacity Building Assistance:* The Leaders' Statement recognizes the importance that demand-driven capacity building projects can play in ensuring that developing economies benefit from digital trade.

Action 2 (Capacity Building): Developing APEC economies will identify specific needs for capacity building and developed APEC economies will work to provide assistance where funding can be obtained. (CTI will keep track of all requests made and assistance provided and keep SOM apprised. CTI and SOM will use their good offices to work within APEC and with non-APEC bodies to ensure quality expertise is at hand. Developing APEC economies should identify specific needs as expeditiously as possible, so that developed APEC economies can work to organize and begin providing assistance before the Leaders' Meeting. In addition, the CTI working with other relevant APEC bodies (e.g., the ECSG, the Group on Services (GOS)) will sponsor a private-public sector workshop to provide economies with a greater understanding of obstacles to expanding the development and use of information and communication technologies, and specific guidance on how APEC economies can overcome these hurdles to ensure healthy investment climates, strong business development, and higher rates of economic growth.)

### **Specific Objectives**

The Leaders' Statement identifies a number of specific objectives that need to be pursued in APEC and in the WTO.

#### Services

*Services Critical to E-Commerce.* The Leaders' Statement identifies a number of services related to e-commerce,<sup>8</sup> and pathfinder economies agreed to reduce progressively or eliminate certain types of barriers to the provision of the services they identify as critical to e-commerce (limitations on numbers of suppliers and on ownership and control, and limitations on market access and national treatment with a minimum of exceptions). Pathfinder economies also agreed to make offers in the WTO services negotiations on services they identify as critical to e-commerce. The Leaders' Statement also urges economies acceding to the WTO to make meaningful commitments for services critical to e-commerce.

Action 3 (Services Critical to E-Commerce): Pathfinder economies will identify areas that are critical to e-commerce and make offers in the WTO services negotiations in these areas. Pathfinder economies will also report progress to progressively reduce or eliminate the trade and investment barriers in paragraph 7(a)-(c) of the Leaders' Statement. Economies acceding to the WTO will also endeavor to make meaningful commitments for as many services they consider as critical to e-commerce as possible. (Pathfinder economies will (a) identify services critical to e-commerce and make WTO offers in these areas, or, for acceding economies, endeavor to make accession commitments in these areas, and (b) report on their progress to limit or eliminate the barriers in paragraphs 7 (a)-(c) of the Leaders' Statement. Pathfinder economies will report this information to the CTI and the GOS at CTI III/GOS III in 2003 and annually thereafter at CTI II/GOS II, and the GOS will annually track and report to CTI II each year on economies' progress to implement these commitments in the Leaders' Statement.)

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<sup>8</sup> For instance, telecommunications and value added services, subscription video services (including via cable or satellite and excluding broadcasting), computer and related services, advertising, distribution (including products distributed electronically), express delivery, and video rental/leasing (including on-line rental).

*WTO Basic Telecommunications Reference Paper.* Pathfinder economies committed in the Leaders' Statement to adopt and implement the WTO Basic Telecommunications Reference Paper. For pathfinder economies acceding to the WTO, the Leaders Statement encouraged them to adopt and implement the WTO Basic Telecommunications Reference Paper.

Action 4 (WTO Basic Telecommunications Reference Paper): Pathfinder economies (both WTO members and acceding economies) that have not adopted and implemented the WTO Basic Telecommunications Reference Paper will report on progress to do so. (Pathfinder economies that have not yet adopted and implemented the WTO Basic Telecommunications Reference Paper will report progress they have made to do so to in 2003 to CTI III and the Telecommunications Working Group (TEL) and annually thereafter to CTI II and the TEL. The TEL will examine and assess this information and report on its assessment to CTI III in 2003 and annually thereafter to CTI II the progress pathfinder economies are making to adopt and implement the WTO Basic Telecommunications Reference Paper.)

#### Intellectual Property

*WTO TRIPS Agreement.* Pathfinder economies agreed in the Leaders' Statement to fully implement and enforce the TRIPS Agreement.

Action 5 (WTO TRIPS Agreement): Pathfinder economies will work together in areas in which TRIPS implementation and enforcement may need improvement to demonstrate concrete progress toward full TRIPS implementation and enforcement. (Pathfinder economies will, by the July 2003 IPEG meeting, provide information to the CTI and the IPEG on their plans for and progress to implement and enforce the TRIPS Agreement and identify any implementation/enforcement problems with existing laws (or other measures) and practices in APEC economies. Based on this information, at its July 2003 meeting, the IPEG will develop a work plan for economies to fully implement and enforce TRIPS obligations and present this to CTI III in 2003 for endorsement by SOM/AMM in 2003. The IPEG will also report in 2003 to CTI III and annually thereafter to CTI II on the extent to which TRIPS is being fully implemented and enforced in APEC pathfinder economies.)

*WIPO Treaties.* Pathfinder economies agreed in the Leaders' Statement that they would ratify and fully implement the WIPO Copyright and Performances and Phonograms Treaties as soon as possible. Non-WIPO members agreed to implement the provisions of these treaties as soon as possible, and economies in the process of reviewing accession or implementation committed to completing those reviews as soon as possible.

Action 6 (WIPO Treaties): Pathfinder economies will report progress to ratify and fully implement these WIPO Treaties (or, as appropriate, their provisions) or, where relevant, report progress on their reviews to accede to or implement these treaties. (Pathfinder economies will, before IPEG meetings beginning with the IPEG's July 2003 meeting, provide information reflecting their implementation of these commitments to the CTI and the IPEG. The IPEG will compile and assess this information, and report to CTI III in 2003 and annually thereafter to CTI II on the extent to which these commitments are being implemented.)

*Adequate Oversight Mechanisms Ensuring Government Use of Legal Software/Other Content.* Pathfinder economies agreed in the Leaders' Statement to ensure through adequate oversight mechanisms that their government entities use only legal software or other content.

Action 7 (Adequate Government Oversight Mechanisms on Legal Software/Other Content): Pathfinder economies will report by explaining their oversight mechanisms and providing any copies of or web-links for government laws, decrees or other mechanisms pursuant to which they ensure that government entities in their economies use only legal software or other content. (Pathfinder economies will report on the status of their mechanisms to implement the Leaders' Statement and copies of/web-links for their laws, decrees or other mechanisms to the CTI and the IPEG before IPEG meetings. The IPEG will examine these at its meetings beginning in July 2003 and

report to CTI III, and annually thereafter to CTI II, as to how these mechanisms operate to ensure that pathfinder economy governments use only legal software/other content.)

*Regulatory and Enforcement Systems Ensuring to the Largest Extent Possible that the Internet and E-Commerce do not Facilitate Trade in Infringing and Counterfeit Goods.* Pathfinder economies agreed in the Leaders' Statement to take steps ensuring to the largest extent possible that the internet and e-commerce do not facilitate trade in infringing and counterfeit goods.

Action 8 (Regulatory/Enforcement Systems to Ensure Internet and E-Commerce do not Facilitate Trade in Infringing and Counterfeit Goods): Pathfinder economies will share information identifying any ways in which the internet or ecommerce is being used to facilitate trade in infringing or counterfeit goods and work collectively in the IPEG and individually to ensure that their regulatory and enforcement systems are equipped to address such problems effectively. (Pathfinder economies will provide information identifying any ways in which the internet or e-commerce may be being used to facilitate trade in infringing or counterfeit goods and explain how regulatory or enforcement systems may need to be structured to address these problems to the CTI and the IPEG, beginning with the July 2003 IPEG meeting. The IPEG will examine this information report to CTI III in 2003 and annually thereafter to CTI II. The IPEG will consider how regulatory and enforcement systems could better address any problems identified and report in 2003 to CTI III and annually thereafter to CTI II.)

*Participation in the Information Technology Agreement.* Pathfinder economies that are not participants in the Information Technology Agreement (ITA) agreed in the Leaders' Statement to participate as soon as possible, and those that are negotiating to accede to the WTO agreed to consider becoming ITA participants.

Action 9 (Participating in the ITA): Pathfinder economies that are WTO members will report to Market Access Group (MAG) III and CTI III in 2003 and annually thereafter to MAG II and CTI II on progress they are making to participate in the ITA and present their schedule of commitments to the WTO ITA Committee. Pathfinder economies that are not WTO members will report in 2003 to MAG III and CTI III on progress they are making to participate in the ITA in their negotiations to accede to the WTO, and annually thereafter to MAG II and CTI II.)

*Eliminating Tariffs on Additional Information Technology Products:* Pathfinder economies agreed in the Leaders' Statement that they will work toward eliminating tariffs on additional information technology products at the broadest level possible.

Action 10 (Eliminating Tariffs on Additional Information Technology Products): Pathfinder economies will identify IT products in which they would be interested in an elimination of tariffs and provide this list of products to the CTI and the MAG before MAG III in 2003, and annually thereafter before MAG II and CTI II. MAG will discuss the information it receives, and report to CTI III in 2003 on how APEC could work to eliminate tariffs on these products, and annually thereafter to CTI II.)

*Submitting Annual Trade and Tariff Data:* Pathfinder economies agreed in the Leaders Statement to submit their annual trade and tariff data to the WTO Integrated Data Base. Economies that are not WTO members agreed to submit equivalent data to the APEC tariff database as soon as possible.

Action 11 (Submission of Trade and Tariff Data): Pathfinder economies will report on their submission of annual trade and tariff data to the WTO or to APEC as appropriate. (Pathfinder economies will report annually to the CTI and the MAG, beginning in 2003 at CTI III and MAG III, on their submission of data as required. MAG will compile this information and report to CTI III in 2003, and annually thereafter to CTI II, on whether the required data was timely filed and any problems with filings that come to MAG's attention.)

## Future Work

*Exchanging Information in New Areas and Setting New Trade Policy Targets:* The Leaders' Statement envisages the pursuit on an annual basis of the process developed in the Shanghai Accord of exchanging information and setting trade policy targets in areas important for the digital economy.

Action 12 (Identifying New Areas, Exchanging Information and Setting New Targets): Economies may wish to identify any new areas important for the digital economy in which work should be undertaken. (Economies should provide to the CTI, preferably before CTI I each year but not later than CTI II, proposals for new areas in which it would be useful to exchange information and set trade policy targets. Based on input from economies, the CTI/SOM will consider this input and work to form a consensus on new areas in which to undertake work pursuant to the process developed in the Shanghai Accord. For example, one issue that may be useful to consider is an examination of the most appropriate mechanisms to ensure non-discriminatory treatment for electronically delivered products.)

*Annual Report to Ministers:* The Leaders' Statement envisages a report on the review conducted of pathfinder economies' progress to meet Leaders' objectives and on work undertaken to exchange information and set trade policy targets in new areas important for the digital economy.

Action 13 (Reporting to Ministers and Leaders): The CTI, working with CTI Sub-fora and other APEC bodies (e.g., the TEL, the ECSG), will prepare a draft report on progress to implement the Leaders' Statement, including on any new work undertaken to exchange information and set new trade policy targets. The CTI will provide this draft report for SOM's consideration at SOM III. SOM will review and, where appropriate, revise the CTI's draft report, and finalize it at the Concluding SOM meeting for consideration by Ministers at the AMM and for further forwarding to Leaders.

## **DIRECTORY OF TERMS**

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## ACRONYMS

ABAC	APEC Business Advisory Council
ABTC	APEC Business Travel Card
ACE	Automated Commercial Environment
AELM	APEC Economic Leaders Meeting
AMM	APEC Ministerial Meeting
APCIC	Asia-Pacific Chemical Industry Coalition
APEC	Asia-Pacific Economic Cooperation
API	Advance Passenger Information
APLAC	Asia Pacific Laboratory Accreditation Cooperation
APLAC MRA	Asia Pacific Laboratory Accreditation Mutual Recognition Agreement
APLMF	Asia Pacific Legal Metrology Forum
APMP	Asia Pacific Metrology Program
ATCWG	Agricultural Technical Cooperation Working Group
BCCS	Business Compliance Cost Statements
CAP	Collective Action Plan
CPDG	Competition Policy and Deregulation Group
CSI	Container Security Initiatives
CSOM	Concluding Senior Officials' Meeting
CTI	Committee on Trade and Investment
DDA	Doha Development Agenda
DfE	Design for Environment
EC	Economic Committee
ECOTECH	Economic and Technical Cooperation
EEMRA	APEC Mutual Recognition Arrangement on Electrical and Electronic Products
EL	Labels and Declaration
EVSL	Early Voluntary Sector Liberalization
FAO	Food and Agriculture Organization
FTAs	Free Trade Agreements
FWG	Fisheries Working Group
GATS	General Agreement on Trade in Services
GHS	Global Harmonized System
GOS	Group on Services
GP	Government Procurement
GPEG	Government Procurement Experts' Group
HRDWG	Human Resources Development Working Group
IEG	Investment Experts Group

IEGBM	Informal Experts Group on Business Mobility
INTA	International Trademark Association
IPEG	Intellectual Property Rights Experts Group
IPR	Intellectual Property rights
ISO	International Organization for Standardization
ISTWG	Industrial Science and Technology Working Group
IT	Information Technology
ITI	Information Technology Industry Council
LAC	Legislation Advisory Committee
LCA	Life Cycle Assessment
LSIF	Life Sciences Innovation Forum
MAG	Market Access Group
MRA	Mutual Recognition Agreement
MRT	Meeting of Ministers Responsible for Trade
NBPs	Non-Binding Principles
NTM	Non-Tariff Measure
OAA	Osaka Action Agenda
OECD	Organization for Economic Cooperation and Development
PAC	Pacific Accreditation Cooperation
PAC MRA	Pacific Accreditation Cooperation mutual recognition agreement
PASC	Pacific Area Standards Congress
PECC	Pacific Economic Cooperation Council
PICTA	Pacific Island Countries Trade Agreement
PIF	Pacific Islands Forum
REACH	Registration, Evaluation, Authorization of Chemicals
RIA	Regulatory Impact Analysis
ROSC	Reports on the Observance of Standards and Codes
RTAs	Regional Trading Arrangements
SCCP	Sub-Committee on Customs Procedures
SCSC	Sub-Committee on Standards and Conformance
SELI	Strengthening Economic Legal Infrastructure
SFIs	Specialized Financial Institutions
SMEWG	Small and Medium Enterprises Working Group
SOM	Senior Officials' Meeting
SPS	Agreement on the application of Sanitary and Phytosanitary Measures
SRB	Specialist Regional Bodies
STAR	Secure Trade in the APEC Region

TBT	Agreement on Technical Barriers to Trade
TELWG	Telecommunications and Information Working Group
TFP	Trade Facilitation Principles
TILF	Trade and investment Liberalization Fund
TOR	Terms of Reference
TPD	Trade Policy Dialogues
TPT	Transportation Working Group
TPWG	Trade Promotion Working Group
TRIPS	Agreement on Trade-related Aspects of Intellectual Property
WCO	World Customs Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
WTOBG	WTO Capacity Building Group