



**Asia-Pacific  
Economic Cooperation**

**2010  
ANNUAL REPORT TO MINISTERS**

**COMMITTEE ON TRADE AND INVESTMENT**

**November 2010  
Yokohama**

Dear Ministers

I am pleased to present to you the APEC Committee on Trade and Investment's (CTI) **2010 Annual Report** for your review and endorsement. The report contains an overview of CTI's work this year along with a series of recommendations to advance the Committee's continued work program.

In accordance with the direction provided by Leaders and Ministers in Singapore in November 2009, CTI's work for 2010 continued to be framed in the context of the 2007 Leader's mandate to accelerate efforts towards the promotion of **Regional Economic Integration (REI)** agenda, focusing on supporting APEC's 2010 priorities and theme of "Change and Action".

Since the start of the crisis in 2008 there has been a growing awareness of the depth of the linkages of the global economy arising from fragmentation of production that started to take place since the turn of this century. Consequently, the focus this year has primarily been on improving the business environment so as to allow business across the APEC region to better take advantage of opportunities arising both from existing and potential integration and connection.

This awareness has resulted in initiatives undertaken by CTI and sub-fora that relate from facilitating business access to trade related information via the creation of several business friendly information websites such as WebTR and the APEC Logistics website; to improving the investment environment for business via the establishment of an APEC Strategy for Investment, to the identification of measures that will allow business to better benefit from more focus implementation of the ongoing Trade Facilitation Action Plan initiatives; to the expansion of the self-certificate pathfinder as well as continued study on how best to further simplify and reduce the steps and cost involved in meeting rules of origin requirements so as to allow business to better utilize the span of RTAs/FTAs in the APEC region; to the commencement of a process by which regulators would collaborate better so that business would be better able to meet the differing standards and conformance requirements within the Asia-Pacific region and thereby increase the flow of goods and to the establishment of the Supply-Chain Connectivity Action Plans which by spanning across initiatives relating to customs, transport, ICT innovation aims to improvement the performance of the flow of goods and services within the Asia-Pacific Region in terms of reduced time, cost and uncertainty.

It is no coincidence that this span of activity seeks to address existing non-tariff measures within the APEC region. The Report of the Bogor Assessment has stressed the importance of dealing with a gamut of existing non-tariff barriers. It is thus hoped that this focus by CTI and sub-fora this year on meeting the identified needs of business would, if implemented by all APEC economies, result in a concrete tackling a range of such barriers so as to improve the business environment.

It is also pertinent to note that all this work on REI by the CTI and sub-fora goes in tandem with the work by Senior Officials on the APEC Growth Strategy. Increasing the flow of goods in turn results in increase production which creates employment and improvement in standards of living across the APEC region. These string of initiatives by CTI and sub-fora are thus our contribution to the APEC Growth Strategy. It is hoped that as business and economies tap on the results of these initiatives, potential growth will be realized and that this in turn will minimize the

request by business for protectionism. This will allow APEC to stand firm to our Bogor Goal of free and open trade.

In addition to helping improve the existing business environment, CTI and sub-fora has also looked towards the future. In 2009 Ministers endorsed the Work Program on Environment Goods and Services. This year, we have not only started to take this work forward within CTI but have also initiated cross-fora collaboration with our colleagues in the Energy Working Group so as to be able to better tap onto current innovation and identification of energy efficient goods and what we should do to facilitate the movement of these goods so as to build a more sustainable and green future for the Asia Pacific region. This collaboration bodes well for our future as it is only by working in tandem that we at APEC can ensure that products identified to be viable for a sustainable and green future, can be used by all within the region as we work towards removing the barriers that impede the flow of such goods, technology and services.

Our view to the future is not limited just to the Sustainable Growth agenda but also has taken us into the Innovative Growth sphere. Since 2008, CTI has been looking into identifying issues relevant to improve the Digital Prosperity of our region. Armed with the checklist that had been approved earlier upon which a survey was carried out to better understand how each APEC economy is dealing with this issue, CTI this year under the auspices of a Trade Policy Dialogue has started to work towards better understanding how the Innovation aspects under the Digital Prosperity Checklist can be better enhanced and utilized such that innovative applications can be used by all within the region. The work on this has just started and it looks exciting for all of us have already seen just what the iPad has been able to deliver.

As was the case last year, the work on CTI in 2010 has benefitted greatly from inputs from the Policy Support Unit (PSU). Working closely with the PSU has allowed CTI to work towards identifying initiatives and outcomes that can be better measured in terms of results in improvements to business.

With such a strong focus on helping business CTI has continued to work very closely with the APEC Business Advisory Council (ABAC). The ABAC liaison representatives at the CTI and designated sub-fora meetings have contributed greatly to APEC's understanding of business needs. I have also continued to participate in ABAC meetings in 2010 and gained useful insights from them, which helped to shape CTI's work this year. I hope that my participation in their meetings has also helped ABAC better understand the workings of the APEC processes, especially CTI, which will result in better interaction and results over time.

All of this productive work, though, would not have been possible without the commitment, engagement and cooperation of all CTI representatives, especially my FOTC leads who in varying degrees have embarked on innovative ways of tackling the needs of business. This year, in addition to FOTC leads, we created focus group leads to better take us forward in having focused initiatives to tackle the 8 identified chokepoints under the Supply-Chain Connectivity Initiative. I would also like to thank all the sub-fora Convenors and industry dialogue Chairs for their dedication to their work and their innovation not just in terms of ideas but in getting consensus on tricky issues which has resulted in a plethora of activities taking place in 2010 as the rest of this report will show. I would like to take this opportunity to thank them for all their hard work that has resulted in a robust CTI

agenda in 2010. In addition I would like to draw attention to the work of all the Program Directors supporting the CTI and sub-fora. They are the silent workers toiling in the background, without whom we would not have been able to take forward such collaborative efforts such as the series of websites launched this year, the matrices identifying all the work going on in the relevant APEC fora so as to ensure that the work of CTI remains relevant and complementary. Last but not least I would like to thank Catherine Wong for all the help she has provided to me throughout this year.

This is my last year as CTI Chair and it has been a memorable three years. I would like to take this opportunity to thank everyone for having confidence in my ability to take forward the CTI agenda these past three years. I will miss APEC and I thank you all for letting me be a part of it.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Elizabeth', with a horizontal line underneath the name.

Mary Elizabeth Chelliah  
Chair, APEC Committee on Trade and Investment

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## Recommendations

CTI recommends that Ministers **endorse:**

- CTI's 2010 Annual Report, including the Collective Action Plans in *Appendix 11*.
- APEC Strategy for Movement of Business People. (*Appendix 2*)
- Action Plan to address the eight chokepoints identified in the Supply-Chain Connectivity (SC) Framework. (*Appendix 5*)
- 10% as the numerical target for improving supply-chain performance in terms of time, cost and uncertainty.
- APEC Guidelines for Advance Rulings. (*Appendix 6*)
- APEC Strategy for Investment. (*Appendix 7*)
- Chemical Strategic Framework 2010-2012 to guide the work of the Chemical Dialogue through 2012. (*Appendix 12*)
- Life Sciences Innovation Forum's (LSIF) Report and Recommendations on the role of life sciences in promoting new growth, human security and regional economic integration (REI) for submission to Leaders.

**welcome:**

- Adoption of a 2010 APEC Initiative on Standards and Technical Barriers to Trade (TBT) to advance work and promote greater convergences in the area of standards and/ technical regulations issues (*Appendix 3*);
- Establishment of a regulatory cooperation process mechanism in APEC that will encourage regulatory cooperation aimed at preventing and addressing unnecessary technical barriers to trade. (*Appendix 4*);
- Completion of the Study on the Economic Impact of Enhanced Multi-modal Connectivity to improve the flow of goods and services;
- Launch of the APEC logistics website under the *Transparency for Ease of Doing Logistics Business* initiative that would act as a repository for information on logistics regulations and to serve as a single source of reference for logistics businesses. The URL for this website is <http://www.logistics.apec.org>;
- Launch of the APEC Website on Tariffs and ROOs ("WebTR") under the *APEC Transparency Initiative on Tariffs and ROOs* that will serve as the "gateway" to all economies' tariff and ROOs information. The URL for this website is <http://www.apec.org/webtr.html>;
- Development of an Authorized Economic Operator (AEO) Action Plan to assist APEC economies in establishing AEO programs;
- Progress made in the implementation of APEC's Second Trade Facilitation Action (TFAP II) and

look forward to receiving the final assessment of the TFAP II outcomes in 2011;

- Progress made in the implementation of the Investment Facilitation Action Plan (IFAP), including discussions on establishing a methodology for measuring progress on implementation in 2011;
- Russia's announcement to join the APEC Business Travel Card (ABTC) scheme as a transitional member;
- Participation of Brunei Darussalam and Malaysia in the APEC Pathfinder for Self-Certification of Origin;
- Progress in implementation of the Data Privacy Pathfinder that was adopted in 2007, including the establishment of an APEC Cross-Border Privacy Enforcement Arrangement (CPEA) for Privacy Enforcement Authorities to share information and provide assistance for cross-border data privacy enforcement, the development of a self-assessment questionnaire for organizations who wish to take part in the System, and the formulation of recognition criteria for participating public and private accountability agents;
- Completion of the EGS case studies of Malaysia and Mexico;
- Update to the 2008 Convergences and Divergences Study with an additional chapter on cooperation;
- Outcomes of the Twelfth and Thirteenth Automotive Dialogue, Ninth Chemical Dialogue and Eighth Meeting of the Life Sciences Innovation Forum (LSIF);

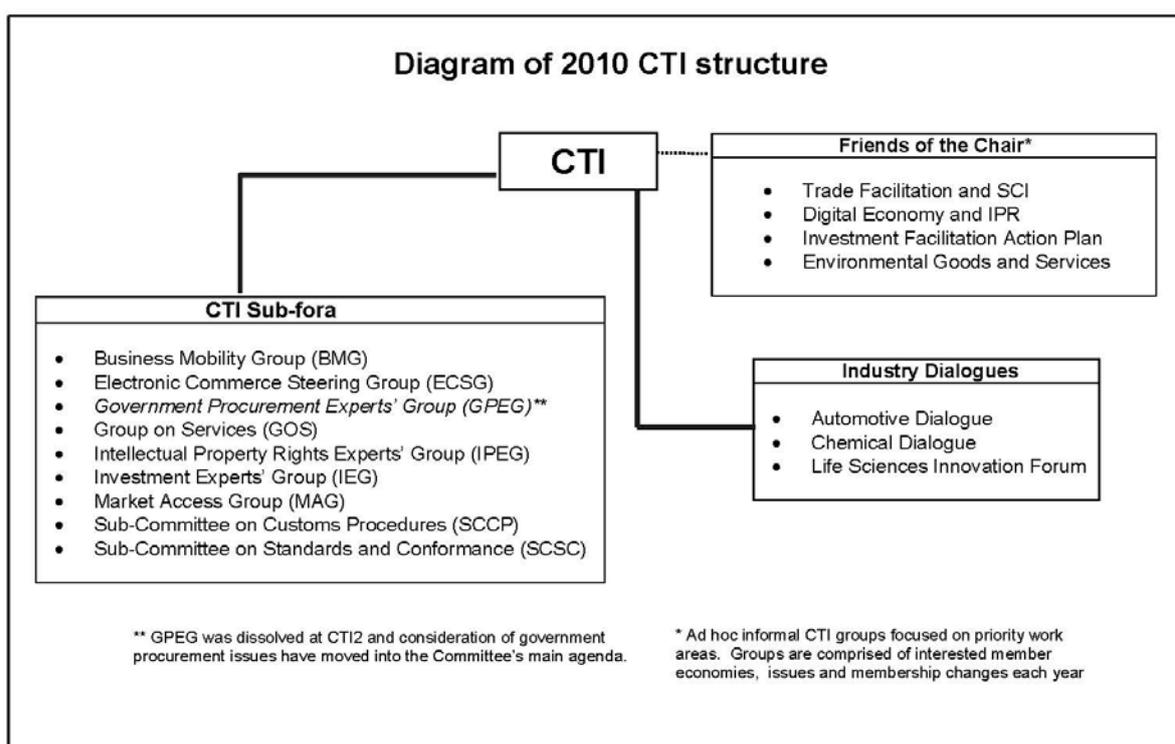
and **note:**

- Updates made to the Services Action Plan (SAP) Matrix of Actions and Environmental Goods and Services Work Program Mapping Matrix to respectively reflect all services-related and EGS-related work underway in various APEC fora and sub-fora (*Appendices 1 and 9*);
- Establishment of the APEC Self-Certification of Origin Capacity Building Program to support the further participation of APEC economies in the Self-Certification Pathfinder and contribute to the successful implementation of such a mechanism for participating economies;
- Progress made in completing the Digital Prosperity Checklist Survey (*Appendix 8*);
- Progress made in completing the Capacity Building Needs for Strengthening REI Survey.

## Introduction

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

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



The CTI Annual Report to Ministers for 2010 outlines the Committee's accomplishments and recommendations in the key priority areas of APEC's Trade and Investment Liberalization and Facilitation (TILF) agenda in support of APEC's 2010 priorities and theme of "Change and Action". Collective Action Plans (CAPs) in various *Osaka Action Agenda* (OAA) issues areas, which were first reported in 1996, continued to be the Committee's main vehicle for advancing APEC's trade and investment agenda.

The key elements of CTI's work program for 2010 focused on accelerating work to strengthen regional economic integration (REI) as instructed by APEC Ministers and Leaders in November 2009 as well as on priority areas as tasked by Senior Officials under the APEC 2010 theme of "Change and Action". This work included exploring possible pathways towards a Free-Trade Area of the Asia-Pacific (FTAAP); improving the business environment behind-the-border; formulating a new growth strategy for the Asia-Pacific region and enhancing human security. Four small groups of "Friends of the Chair (FOTC)", comprising between 5-16 economies, were established in the CTI to develop work plans with time frames, objectives and deliverables in four initial key areas: Trade Facilitation and Supply-Chain Connectivity Initiative (SCI); Digital Economy and

Strengthening Intellectual Property Rights (IPR); Investment; and Environmental Goods and Services (EGS). An additional eight focus groups, comprising 4-10 members were created to develop action plans to address the designated chokepoints identified in the Supply-chain Connectivity (SC) Framework adopted in 2009.

The Committee has continued to collaborate closely with the Economic Committee (EC) to ensure that their respective work programs on business facilitation, ease of doing business (EoDB) initiative, SC initiative and regulatory reform are complementary. In addition, CTI also worked with the Senior Finance Officials' Meeting (SFOM), Small and Medium Enterprises Working Group (SMEWG); Telecommunications and Information Working Group (TEL) and Transportation Working Group (TPT) in 2010 to develop action plans to address the SC chokepoints identified in connection with the network industry.

CTI also continued to work closely with the APEC Business Advisory Council (ABAC) throughout 2010, ensuring that its work plans and deliverables took into account the needs of the business community. Representatives of both CTI and ABAC participated in each others' meetings, maintaining consistent and constructive dialogue on key issues, such as public-private partnerships, investment liberalization, and trade facilitation.

The Policy Support Unit (PSU) continued to provide invaluable support to the CTI by undertaking assessment/analytical work relating to CTI's key priorities: implementation of APEC 2<sup>nd</sup> Trade Facilitation Action Plan (TFAP II); and a study on the economic impact of enhanced multi-modal connectivity in the APEC region. The PSU was also involved in the development and conduct of the Supply Chain Connectivity Symposium held in Sendai on 20-21 September and prepared the report on the outcomes. Building on their previous work and following the discussions in the Symposium, the PSU was asked to look into the use of both external and internal key performance indicators to measure progress in the actions laid out in the SC action plans and report results to CTI1, 2011. Also related to CTI priorities, the PSU has commenced work to determine the impact of business mobility as well as the contribution of standards and conformity assessment measures in reducing trade transaction costs for consideration by the BMG and the SCSC, respectively, in 2011.

## Section I: Acceleration of Regional Economic Integration

### Highlights:

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

- CTI welcomed the announcements by Brunei Darussalam and Malaysia to join the APEC Pathfinder Initiative for Self-Certification of Origin that was launched in November 2009, bringing the total number of participating economies to 9.
- CTI agreed to an APEC Self-Certification of Origin Capacity Building Program aimed at supporting the further participation of APEC economies in the Pathfinder and contributing to the successful implementation of a self-certification of origin approach for participating economies. The capacity building program will aim to promote understanding of the trade facilitative aspects of self-certification as well as provide a forum for economies to share their experiences including difficulties associated with self-certification; share experiences on commonly adopted policy mechanisms and strategies to overcome implementation challenges and the aforementioned difficulties; and share best practices for confidence building and risk management. The capacity program consists of a general workshop and a series of three in-economy workshops, the purpose of which is to allow member economies to better take advantage of the detailed technical explanations and provide the necessary opportunities for regulators and administrators to understand the full mechanisms required. The first of these workshops was held in Kuala Lumpur, Malaysia on 11-12 October whilst the second and third workshops will take place in Manila, the Philippines in January or February 2011 and in Bandar Seri Begawan, Brunei Darussalam in the second week of April 2011.
- CTI took note of the progress made in the Market Access Group (MAG) and the Sub-Committee on Customs Procedures (SCCP) on the implementation of the APEC Elements for Simplification of Documents and Procedures Related to ROOs initiative adopted in 2009. MAG collected information on two of the elements: “*validity period of certificate of origin/declaration*” and “*waiver of certificate of origin/declaration*” through two surveys launched last year. Responses were received from 15 economies covering 42 agreements. The SCCP embarked on a voluntary exercise to collate information on the element relating to “*clarity on treatment of minor errors made on certificate of origin or declarations*”. Responses were received from 9 economies and an illustrative list of acceptable minor errors drawn from 7 of the 9 economies was put forth for members’ reference. On the two remaining elements, “*minimum data requirements*” and “*harnessing IT to ease documentation and procedures*”, MAG will continue discussing the possible next steps to take forward work on these two elements.
- CTI took note of the recommendation by the Automotive Dialogue (AD) on automotive rules of origin for further discussion in CTI in 2011.

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

- CTI welcomed the launch of the APEC Website on Tariffs and ROOs (“WebTR”) that will serve as the “gateway” that provides links to information on tariffs and ROOs of APEC economies. The public availability of such tariff and ROOs information will not only enhance trade facilitation but also enable businesses to take advantage of the benefits of the FTAs/RTAs in APEC.

### *APEC Services Initiative*

- CTI updated the APEC Services Action Plan's matrix of action (SAP) to reflect all the services-related activities underway, across the various APEC fora and sub-fora. The updated matrix will serve as a valuable tool for all economies in the identification of priorities and capacity building needs in relation to individual and collective efforts to boost services trade and development. (See Appendix 1). Members of the Group of Services (GOS) noted from the matrix that, more work could be done in areas where there were gaps such as cross-cutting policy and regulatory issues. CTI welcomed the re-energized work program and expanded agenda of GOS through the adoption of several new projects to take its services work forward.
- CTI approved the *APEC Strategy on Movement of Business People*, endorsed by both GOS and the Business Mobility Group (BMG) setting out principles relating to, and actions that can contribute to, the facilitation of entry and temporary stay and movement of business people. (See Appendix 2).

### *Standards/Technical Barriers to Trade*

- CTI adopted an *APEC Initiative on Standards and Technical Barriers to Trade (TBT)* under which members will advance work in four main areas in 2010, namely (i) Regulatory Cooperation as a Tool to Prevent Technical Barriers to Trade; (ii) Development of an Action Plan in Business Engagement in Standards and Conformance; (iii) Discuss issues associated with Conformity Assessment; and (iv) Conduct additional Capacity-Building on Standards/Technical Regulations Issues (see Appendix 3)
- As part of the *APEC Initiative on Standards and Technical Barriers to Trade (TBT)*, CTI discussed and agreed to establish a process mechanism in APEC that will encourage regulatory cooperation aimed at preventing and addressing unnecessary technical barriers to trade. (see Appendix 4). The intention of this work is to create an institutionalized process that will provide in APEC early dialogue on emerging regulatory issues, with the goal of producing cooperation among regulators as decision-making occurs and preventing unnecessary technical barriers to trade.

**Table 1: Sub-fora Outcomes in Support of Accelerating Regional Economic Integration**

SUB-FORA	WORK UNDERTAKEN
<b>Market Access Group (MAG)</b>	<p>MAG conducted an analysis of preferential ROOs in the APEC economies FTAs in the additional sectors of sporting goods; motor vehicles, parts and accessories; and hand tools.</p> <p>MAG followed up on "APEC Elements for Simplifying Documents and Procedures Relating to Rules of Origin" by collecting information on the two elements, i.e., validity period and waiver of certificate of origin or declaration. The group also explored how to take forward work on the elements relating to "minimum data requirement; and "harnessing IT to ease documentation and procedures.</p> <p>MAG assisted CTI's work on completing the APEC Website on Tariff and ROOs ("WebTR") through sharing experiences and addressing challenges members have faced regarding posting information, keeping it updated, and providing it in a format that is accessible to stakeholders. MAG will look into expanding the WebTR scope to other areas such as services and non-tariff measures (NTMs), etc.</p> <p>MAG explored possible collaboration with World Customs Organisation (WCO) on preferential ROOs.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>MAG conducted surveys on each economy's existing policies on remanufactured products, including regulatory and other measures, for remanufactured products and collected responses from 12 economies. Building on the survey, the group also undertook analytical work on factors necessary to expand remanufacturing operation, and benefits of labeling remanufactured goods.</p>
<p><b>Group on Services (GOS)</b></p>	<p>GOS conducted an APEC Seminar on Trade in Health Services held in Cebu, the Philippines in February 2010. The seminar aimed to facilitate trade and investment in health services by conducting a review of trade in health services; factors that facilitate or inhibit health services trade; and a discussion of the actions and policies necessary for the development of competitive health sectors.</p> <p>GOS conducted a Workshop for Capacity Building on the Role of Cross-Border Services Trade in New Growth Strategies in Sendai, Japan in September 2010. The workshop discussed the role the services sector and trade could play in inclusive growth and green growth, and provided six policy recommendations for future GOS work.</p> <p>GOS developed an electronic repository of information on the regulation of the legal profession, in relation to foreign lawyers to supply services in foreign and international law. It continues to discuss the possibility of development of draft best practice guidelines for the regulation of foreign lawyers and transnational law practice as part of the APEC Legal Services Initiative. In addition, GOS will collaborate with the Inter-Pacific Bar Association (IPBA) on work undertaken in the APEC Legal Services project, including the creation of a databank of attorneys who work on trade and investment in the APEC region and capacity building seminars for international business lawyers.</p> <p>GOS discussed the PSU report on <i>Trade in Services in the APEC Region: Patterns, Determinants and Policy Implications</i>.</p> <p>GOS agreed on an <i>APEC Accounting Service Initiative</i> that is designed to improve the transparency and integration of the regulation of accounting and auditing services by foreign professionals in the APEC region. The Initiative envisages the creation of an inventory of current licensing and qualification requirements in all APEC economies, including information on local requirements to deliver accountancy services via cross-border, fly-in, fly-out or temporary entry of professionals; and the organization of workshop in 2011 for APEC accountancy services bodies, practitioners and regulators to exchange views on the regulation of foreign accountancy service providers.</p> <p>GOS discussed a report on <i>Significant Factors for Promoting ICT-related Service Trade</i>. The report was based on responses to the services-related sections of the Digital Prosperity Checklist Survey that was conducted amongst CTI members.</p>
<p><b>Sub-Committee on Customs Procedures (SCCP)</b></p>	<p>As a contribution to the work on simplification of documents and procedures relating to ROO. SCCP completed a voluntary survey on the treatment of minor errors in certificates or declarations of origin, one of the elements of the APEC Elements for Simplifying Documents and Procedures relating to ROO.</p>
<p><b>Intellectual Property Rights Experts Group</b></p>	<p>IPEG members were encouraged to contribute to the RTA/FTA matrix that was developed in 2007 to share members' experiences on negotiating and implementing IP chapters in RTAs/FTAs and support the goal of economic</p>

SUB-FORA	WORK UNDERTAKEN
<b>(IPEG)</b>	integration.
<b>Business Mobility Group (BMG)</b>	<p>BMG's work contribute to accelerating regional economic integration in the Asia-Pacific region by enhancing the mobility of business people through:</p> <ul style="list-style-type: none"> <li>• streamlined arrangements for intra-company transfers in accordance with the agreed 30-day processing standard;</li> <li>• providing comprehensive and up-to-date information and application forms for short-stay and temporary residence business visas; and</li> <li>• contributing information on lost and stolen travel documents to the database of the International Criminal and Police Organization (ICPO).</li> </ul>
<b>Automotive Dialogue (AD)</b>	<p>AD updated the matrix of automotive provisions in existing APEC economies' FTAs. A focus on reform of harmonization of automotive ROO was noted as a future area of activity.</p> <p>AD reviewed and updated its 2005 recommendations on rules of origin methodologies for automotive products and agreed to propose a pathfinder on AD ROOs for consideration.</p>
<b>Chemical Dialogue (CD)</b>	<p>CD adopted an APEC Chemical Strategic Framework for 2010-2012 (see Appendix 12) to guide the CD's work and enhance understanding of the chemical industry's role as a solutions provider. The Framework builds on existing work on the CD and more closely aligns it with APEC priorities to promote growth, facilitate trade and improve REI.</p>

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

### Highlights:

#### *Trade Facilitation*

- CTI and relevant sub-fora continued with the implementation of APEC's Second Trade Facilitation Action Plan (TFAP II) including the adoption of revised Key Performance Indicators (KPIs) for assessing reductions in trade transaction cost as part of the TFAP II final assessment.
- CTI agreed to review the findings and recommendations contained in the revised report of the interim assessment of the implementation of TFAP II that was commissioned in 2009 when preparations for the final assessment commence in 2011. CTI also noted that the PSU has commenced work to determine the impact of business mobility as well as the contribution of standards and conformity assessment measures in reducing trade transaction costs for consideration by the BMG and the SCSC, respectively, in 2011.
- Noting the strong synergies between TFAP II and SCI, CTI agreed that most of the remaining work under this plan will be subsumed under the SCI. CTI agreed that discussion on exactly how to officially move remaining TFAP II items into the SCI should take place in 2011 when the TFAP II officially concludes and the outstanding work required is more clearly identifiable.
- CTI welcomed Japan's 2010 APEC Initiative on Enhancing Regional Connectivity and Promoting Trade Facilitation, reaffirming the APEC Principles on Trade Facilitation that was adopted in 2001.
- CTI welcomed Russia's announcement to join the ABTC scheme as a transitional member leading to full participation of the ABTC. CTI also agreed that APEC should concentrate on improving the ABTC via shorter application time and renewal. CTI noted the interest of ABAC in expanding the ABTC's coverage beyond APEC and agreed to the BMG conducting a survey on this issue.
- CTI welcomed the endorsement of an Authorized Economic Operator (AEO) Action Plan by the SCCP to assist in the development by each APEC economy of an AEO program. SCCP endorsed an AEO Compendium, consisting of nine APEC economies' AEO programs as the initial deliverable under the AEO action plan to assist economies in developing AEO program and then promote mutual recognition arrangements. CTI also welcomed the endorsement by the SCCP of a proposal on the development of Single Window (SW) in each APEC economy and to accelerate seamless data sharing between SW systems. SCCP has also agreed to create a CAP item on AEO and SW.
- CTI welcomed the progress made by the ECSG in the implementation of the Data Privacy Pathfinder that was adopted in 2007. It noted the establishment of an APEC Cross-Border Privacy Enforcement Arrangement (CPEA) which came into operation on 16 July 2010 as a mechanism in the APEC region for Privacy Enforcement Authorities to share information and provide assistance for cross-border data privacy enforcement. CTI also endorsed two documents dealing with elements of the Cross-Border Privacy Rules (CBPR) System, namely: (i) Self-assessment Questionnaire for organizations who wish to take part in the System and (ii) a set of Accountability Agent Recognition Criteria for public and private accountability agents who will take part in the System.

### *Supply-Chain Connectivity*

- CTI held a Trade Policy Dialogue (TPD) on 25 February to take forward the instructions from CSOM 2009 on identifying a possible performance target/objective for the SCI work as well as better understand and identify the types of possible measurement tools at hand to achieve the objective. The findings of the October 2009 PSU study on “A Results-oriented Approach to APEC’s SCI” formed the basis for the discussions at the TPD. It was noted that a prior understanding of possible measurements relevant to the action plans would help develop actions that when implemented would show a clear correlation to the overlying objective of the SCI exercise. The TPD also noted that it was necessary for CTI to consider on-going TFAP II work and other trade facilitation work streams and if the “unfinished” TFAP II work could be morphed into the SC action plans currently under development.
- CTI hosted a Symposium on Supply-Chain Connectivity that was co-sponsored by Australia, Canada, Japan, Singapore, and the United States and held on 20-21 September in Sendai. The Sendai Symposium built on the outcomes of the Symposium held in Singapore in May last year by furthering the development, finalization, and implementation of the identified specific actions within the eight action plans. The Symposium helped to identify possible targets as well as tools/methodology of measuring the improvement of supply-chain indicators. It also explored and helped identify possible capacity building efforts needed and available for economies to take forward APEC’s SC agenda.
- CTI agreed on a set of action plans to address the eight chokepoints to the smooth flow of goods, services and business travelers throughout the region as set out in the Supply-Chain Connectivity (SC) Framework approved by AMM in 2009. (*see Appendix 5*).
- CTI agreed to adopt 10% as the overarching target for improving supply-chain performance in terms of time, cost and uncertainty by 2015. The Committee also agreed that the basis for measurement of this objective will be both external and internal key performance indicators, including use of data to be obtained from the World Bank’s Logistics Performance Index and from the World Economic Forum’s Enabling Trade Index, where appropriate. CTI agreed to ask PSU to assist its task by contacting the relevant multilateral bodies, to study internal key performance indicators which serve measuring progress in the actions laid out in the action plans and to report the results to CTI1 2011.
- CTI agreed to a set of APEC Guidelines for Advance Rulings (*see Appendix 6*) which are to be used by economies that choose to implement advance rulings for tariff classification, origin, and/or valuation. The Guidelines provide a set of attributes that should be incorporated into advance rulings and can also be applied to other types of advance rulings including quotas, drawback, duty deferral, fees and charges. In order to determine the interest and capacity needs of economies, CTI also agreed to adopt a capacity building program consisting of a survey as an initial step to developing a more comprehensive work program in consultation with relevant sub-fora. Work on the survey will commence after AELM with the goal of completing it intersessionally for CTI1 in 2011.
- CTI, with the assistance of the PSU, completed the Study of the Economic Impact of Enhanced Multi-Modal Connectivity in the APEC Region. The study provided findings to help economies understand further where the choke points lie and how removing these choke points could improve the flow of goods and services across land, air, and sea; contribute to trade gains, and overall economic competitiveness to improve the flow of goods and services across the land, air, and sea. CTI agreed to use findings from the study as the basis for further work in the area.
- CTI welcomed the launch of the website under the *Transparency for Ease of Doing Logistics Business* initiative that would act as a repository for information on logistics regulations and

serve as a single source of reference for logistics businesses. The URL for this website is <http://www.logistics.apec.org>.

### Work Plan:

In 2010, CTI adopted a work plan on trade facilitation and agreed on the following objectives:

- Complete the implementation of TFAP II with a view to achieving a further reduction of trade transaction costs by 5 per cent in the period 2007-2010, and develop the next steps on Trade Facilitation post-TFAP II.
- Further develop the SC Framework in close cooperation with relevant APEC fora and ABAC, and agree on measurable performance targets with the assistance of the PSU; and
- Continue to work closely with ABAC and the wider business community.

**Table 2: Sub-fora Outcomes - Trade Facilitation and Supply-chain connectivity**

SUB-FORA	WORK UNDERTAKEN
<b>Market Access Group (MAG)</b>	<p>MAG conducted surveys on each economy's existing policies on remanufactured products, including regulatory and other measures for remanufactured products and collected responses from 12 members. Building on the survey, MAG discussed an analytical paper with regard to factors necessary to expand remanufacturing operations and benefits of labeling remanufactured goods.</p> <p>MAG organized a Workshop on Non-tariff Measures and Non-Tariff Barriers Affecting Trade in Food and Agriculture Products in the APEC Region on 19 September in Sendai, Japan. The overarching purpose of this one-day Workshop is to facilitate the regional trade in food. The workshop also sought to provide an overview of food security and trade issues, with the focus on raising awareness of non-tariff measures and non-tariff barriers affecting the regional food and agriculture trade. A paper on the recommendations and possible work on this area based on the outcomes of the workshop will be prepared for discussion at MAG1, 2011.</p>
<b>Investment Experts Group (IEG)</b>	<p>The outcomes of the project on "Filling the Infrastructure Gaps in APEC Developing Economies" when completed, will contribute to Supply-Chain Connectivity Framework.</p>
<b>Sub-Committee on Standards and Conformance (SCSC)</b>	<p>As a follow-up to the APEC Conference on Business Engagement in Standards and Conformance held last year, SCSC is considering a draft strategy for greater business engagement in the SCSC's activities. The strategy provides recommendations to the SCSC on improving interaction between APEC business stakeholders in the SCSC, taking into account the SCSC's current activities.</p> <p>A Seminar-Workshop on the Development and Strengthening of Food Recall System for APEC member economies was held in Manila, the Philippines on 4-6 May 2010. The workshop helped identify the strengths and weaknesses reported by the participants during the workshop as common among their recall protocols and made recommendations for possible APEC programs related to food recall.</p> <p>Implementation of the APEC Electrical and Electronic Equipment Mutual Recognition Arrangement (APEC EEMRA) continues. The Joint Regulatory Advisory Committee (JRAC) on EEMRA met in 26-27 May in Tokyo, Japan where</p>

SUB-FORA	WORK UNDERTAKEN
	<p>members provided an update on their electrical and electronic regulatory regime. Members also agreed to update comparative data on trade, manufacture and enforcement activities. The JRAC developed a detailed work plan for 2010 and 2011, with key initiatives in risk assessment models, engagement with the International Electrotechnical Commission (IEC), good regulatory practice case studies and emerging technologies.</p> <p>SCSC continues to oversee the implementation of the APEC Food Safety Cooperation Forum (FSCF) Partnership Training Institute Network (PTIN) that was endorsed in 2008. A number of capacity building activities have been organized/planned, viz Briefing Note on Food Safety Ensuring Reliable Sources of Safe Food is a Critical Element of Food Security Initiatives; Expert Working Group under FSCF PTIN was held in Washington DC, the United States on 19-20 May; Capacity Building in Food Safety: Managing Food Safety Incidents and Developing Food Safety Plans for the Supply Chain.</p> <p>The Supply Chain Visibility Workshop was held on 19 September in Sendai, Japan to promote better understanding and awareness of the importance of “supply chain visibility” in the APEC region to share the possibility of advanced global supply chain management through using standardized codes, data formats and information and telecommunication technology.</p> <p>Completion of APEC SCSC Strategic Education Program for Trade Facilitation: Phase II - Textbooks and Teaching Manual Development. The final report includes an overview of two years’ activities – textbook, teaching manual, website (<a href="http://www.wisestandard.org">www.wisestandard.org</a>), and two meetings of the project advisory group. There are also plans for a joint Project Advisory Group on Education/American National Standards Institute (PAGE/ANSI) Committee on Education meeting at SOM 1 2011.</p>
<p><b>Sub-committee on Customs Procedures (SCCP)</b></p>	<p>Endorsement of an Authorized Economic Operator (AEO) Action Plan to assist with the development of an AEO program within each APEC economy. The action plan is focused on: 1) review of the current status of nine established AEO programs in the region and creation of a Compendium, 2) the development of an APEC AEO Best Practices document to assist economies in the development of their AEO programs, and 3) the establishment of a capacity building plan.</p> <p>Completion of the AEO Compendium is the initial deliverable of the AEO Action Plan. To further carry forward the work of the AEO Action Plan, the SCCP has also agreed to create a CAP item on AEO.</p> <p>Endorsement of a proposal on the development of Single Window (SW) in each APEC economy and to accelerate seamless data sharing between SW systems. The agreed activities are:</p> <ul style="list-style-type: none"> <li>• Performing a stock-taking exercise on the level of implementation of SW in APEC economies.</li> <li>• Sharing experience on the exchange of trade related documents such as Certificates of Origin.</li> <li>• Discussing challenges regarding the exchange of trade related documents through SW systems and sharing ideas on possible voluntary pilot projects to exchange documents between economies.</li> </ul> <p>SCCP has agreed to create a new CAP item on Single Window and adopt 2020 as target for completion of the Single Window program.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>The annual APEC Customs Business Dialogue (ACBD) was held on 13 September to enhance discussion and cooperation between Customs and business. One of the sessions at the ACBD was dedicated to discuss Trade Facilitation through Utilization of ICT and Modern Technology, where the focus was on how customs and business work together toward the application of information and communication technology and other modern technologies for trade facilitation. Implementation of Single Window and promotion of international interoperability between the Single Window systems such as exchange of trade data were shared by participants as one of the major outcomes of this session.</p>
<p><b>Business Mobility Group (BMG)</b></p>	<p>BMG will implement new Key Performance Indicators (KPIs) that have been designed to demonstrate the financial benefit that the ABTC delivers to the business community. At SOM II, a draft client satisfaction survey and draft economy survey were tabled for member's consideration. Subject to approval by the BMG, these surveys will form the basis for collecting information on the implementation of new KPIs.</p> <p>BMG continued to pursue participation by all APEC member economies in the APEC Business Travel Card. By SOM III in Sendai in September:</p> <ul style="list-style-type: none"> <li>• all APEC economies agreed to amend the ABTC Operating Framework to provide for the extension of transitional membership status for further periods 3 years and to include Russia in the list of economies participating in the ABTC scheme; and</li> <li>• Russia announced its intention to commence issuing ABTCs to its own citizens to provide them with access to special fast-track immigration processing lanes in other APEC economies participating in the scheme.</li> </ul> <p>BMG continued to pursue the development of a new ABTC with enhanced security features. In the margins of SOM III in Sendai, a sample of the newly designed ABTC was distributed to all member economies for testing by their document examiners.</p> <p>BMG endorsed a paper which provides a comprehensive guide for APEC economies who may wish to be involved in piloting a biometrically enabled ABTC (an e-ABTC) in the future. At their meeting in September, BMG further considered the possibility of an idea to trial the use of biometrics through providing ABTC holders with access to the automated border control system currently used by APEC economies. BMG also discussed a review of the ABTC Operating Framework. This work will seek to ensure the integrity of the ABTC scheme and enhance the consistency in member economies' approaches to eligibility vetting.</p>
<p><b>Electronic Commerce Steering Group (ECSG)</b></p>	<p>ECSG is developing projects on the use of paperless trading in commercial processes. These projects aim at using "e-solutions" or electronic procedures and processes in cross-border trade in order to save time and costs for firms and government agencies seeking regulatory compliance information from traders. The use of paperless trading applications for cross-border trade impacts on the business operations of companies and assists them in adopting business management practices and supporting technologies to comply with regulations and customers demand. Areas covered by these projects include, for example: electronic certificates of origin, electronic invoicing, business requirements for data harmonization and single window, best practices in paperless trading, e-negotiations, archiving of e-documents and e-trade financing. These projects involve B2B and B2G transactions and promote the use of electronic documents and internet technologies in the process of international trade, responding to an important aspect of APEC's second Trade Facilitation Action Plan of speeding the</p>

SUB-FORA	WORK UNDERTAKEN
	<p>use of electronic commerce.</p> <p>The above work also supports the Supply-Chain Connectivity Initiative (SCI) in a specific manner. Several projects listed above relate directly to chokepoint no. #5, aimed at simplifying customs and other cross-border trade procedures. Further work on other service-oriented chokepoints, could be undertaken in support of a future phase of the SCI.</p> <p>Completion of the 4<sup>th</sup> APEC E-Commerce Business Alliance Forum held in Chengdu, China on 21-22 May under the theme, "Opening a New Future of E-Era". An E-Commerce Business Alliance Expert Committee was launched during the Forum to collect, disseminate and provide consultancy service on e-commerce.</p> <p>Completion of two workshops on 'APEC Guidance for Electronic Commerce (Stage 3): Lessons Learned of Implementation of APEC Strategies and Actions toward a Cross-Border Paperless Trading environment. The first was held in Seoul, Korea in May and the second in Vladivostock, Russia on 21-22 October.</p> <p>The APEC e-Trade and Supply Chain Management (SCM) Training Course (Phase III: Logistics Management for SMEs) was held in Hong Kong, China on 9-10 November. The training was focused on the following topics: the establishment of global supply chain, logistic and SCM development in China, integration of cross border supply chain, best practices of SCM and case studies.</p> <p>Two Technical Assistance workshops on the Implementation of the APEC Privacy Framework were held in the margins of the ECSG meetings in Japan in February and 15 September. The first focused on Indonesia, the Philippines and Viet Nam and the second on Thailand and Chile. Reports on the technical assistance and training activities were tabled and discussed. These economies also demonstrated significant progress in developing the necessary tools and instruments for effective implementation of the APEC Cross-Border Privacy Rules System.</p> <p>The APEC Cross-Border Privacy Enforcement Arrangement (the CPEA) commenced operation on 16 July 2010. This multilateral arrangement provides the first mechanism in the APEC region for Privacy Enforcement Authorities to share information and provide assistance for cross-border data privacy enforcement. The CPEA signifies the ongoing commitment within APEC to increase the protection of cross-border flows of personal information and is significant step in the effective implementation the APEC Privacy Framework.</p> <p>Development and implementation of a system to support business development of cross border privacy rules or practices (CBPR) in the area of data privacy protection. The implementation of such a system of rules and procedures will recognize the privacy rules developed by business organizations to hold organizations accountable for compliance with the rules and provide effective mechanisms for enforcement activities to ensure a high level of data privacy protection. It will result in simpler procedures, cost and time savings, for business, for government agencies responsible for data privacy matters, and for consumers.</p> <p>With regard to Implementation of TFAP II KPIs, the progress has been: (1) the number of economies participating in the Data Privacy Pathfinder, i.e., 16 economies, remains unchanged; (2) four economies (Australia, Canada, the Philippines and Peru) are actively considering or developing domestic privacy frameworks that refer to the APEC Privacy Framework; and (3) two documents</p>

SUB-FORA	WORK UNDERTAKEN
	have been developed to complete two of the Pathfinder projects.
<b>Automotive Dialogue (AD)</b>	AD recommended that the SCCP undertake an initiative to develop a central list of links to APEC economies' websites that contain key information on automotive related laws, regulations and rulings, up-to-date tariff information including preferential and non-preferential duty rates. AD also instructed its Customs working group to work with the SCCP to implement the AEO and Single Window Programs with regard to the automotive sector.
<b>Chemical Dialogue (CD)</b>	The CD's 2010 work program is centered on trade facilitation measures to enhance trade flows and lower costs of doing business, while protecting human health and environment. Steps to achieve best practices in chemical regulations, harmonize chemical classification and labeling through GHS implementation, and address potential trade-distorting effects of external chemicals management regimes contribute to enhancing competitiveness of the industry.
<b>Life Sciences Innovation Forum (LSIF)</b>	<p>LSIF's Regulatory Harmonization Steering Committee (RHSC), established in 2009, has made significant progress in establishing a strategic, multi-year approach to regulatory harmonization and capacity building within and beyond the APEC region. The RHSC has also agreed on a process for the review, development, implementation and evaluation project proposals by the RHSC to ensure that endorsed proposals are designed to maximally contribute to overall LSIF and APEC goals and harmonization priorities.</p> <p>The APEC LSIF Harmonization Centre (AHC), also established in 2009, has conducted several workshops in Seoul on the following issues/topics:</p> <ul style="list-style-type: none"> <li>• Pharmaceutical Quality Supply Chain. The workshop which took place on 12-14 May looked at issues on globalisation of supply chain and regulatory matters.</li> <li>• Promotion of Multi-Regional Clinical Trials (MRCT). The workshop held on 13-15 September, highlighting a Tripartite Research Initiative amongst Korea, China and Japan, was aimed at promoting MRCTs with a focus on developments in East Asia.</li> <li>• Clinical Trials for Medical Devices. The workshop scheduled to take place in November will look at the use of clinical evidence in medical premarket conformity assessment process.</li> </ul> <p>A self-funded Workshop on Good Review Practices for Medical Devices was held on 25-26 June in Chinese Taipei. Discussions on the approaches to and the role of good review practices in enabling regulators of medical devices to fulfil their mandates in an efficient and effective manner were initiated at the workshop. Such discussions had helped in the design of a proposed two-year project to promote the adoption of best practices related to GRP through a series of workshops for pharmaceuticals and medical devices. The workshops would address the fundamental elements of a well-designed regulatory review system, including basic functions, systems, procedures and templates along with in-depth cases studies targeted on the regional needs. The project, entitled Best Regulatory Practice of Medical Products for Trade Facilitation has received in-principle approval for APEC funding.</p>

## Section III: Investment

### Highlights:

- CTI approved the APEC Strategy for Investment (see Appendix 7) which provides a framework that will guide future investment work (projects and activities) under three pillars: (i) Advanced Principles and Practices; (ii) Facilitation and (iii) Promotion.
- CTI, supported by a FOTC group and the IEG developed a work plan which outlined the broad steps to be taken in the assessment of IFAP: (i) review findings of the PSU's report on measurement methodology for Investment Facilitation Action Plan (IFAP), with a view to developing KPIs to be used for measuring progress on implementing IFAP; (ii) PSU to be tasked to undertake the measurement task using the agreed methodology and KPIs; and (iii) identify a headline goal for. CTI agreed to continue discussion on establishing a methodology for measuring progress on implementation of IFAP into 2011, in close cooperation with the IEG.
- IEG continues to play a major role in implementing the IFAP. It made significant progress in implementing the fifteen priority actions it selected to address the three priority themes of IFAP as agreed by APEC Ministers in 2008, namely e-transparency, reducing investor risk, and simplifying business regulation. These include the commencement of several projects: (i) a number of projects that assist member economies establish and maintain effective mechanisms for resolving disputes between investors and host authorities; and (ii) a project to establish a baseline data for all 21 APEC economies with reference to the World Bank's "Investing across Borders" indicators from 2008 forward. The project will assist all APEC member economies improve their investment facilitation strategies in a number of IFAP priority action areas including accessing land and starting a business when you are a foreign investor. This project seeks to address four key areas: investing across sectors; starting a foreign business; accessing land; and arbitrating disputes.
- APEC-UNCTAD Workshop on Investor-State Dispute Settlement (ISDS) (Core Elements Phase III Activity 2) – completed end 2009. The workshop, held in Manila, was attended by 73 participants from 16 APEC economies. The workshop discussed in depth the trends in international investment agreements and recent developments in investor-State dispute settlement (ISDS); the impact of recent ISDS cases on core elements; revision of arbitration rules and relevance for ISDS provisions included in International Investment Agreement (IIAs).
- APEC-UNCTAD Joint Capacity Building Project for Addressing Knowledge Gaps in the Use of Foreign Direct Investment (Stage 2) – completed end 2009. The results of the project, part of a joint IEG-UNCTAD targeted capacity building framework launched in 2008, were reviewed at IEG1 this year. The 3-year multi-stage framework addressed gaps in APEC's investment liberalization and facilitation agenda through the creation of an inventory of four best practice case studies on foreign direct investment. The group was informed that UNCTAD would use the case studies to deliver further capacity building via training workshops and technical assistance for developing economies to use in their efforts to attract and benefit from FDI.
- A Capacity Building for Dispute Prevention and Preparedness Workshop was held in Washington D.C., the United States on 26-30 July to improve the capacity of APEC member economies to design and implement internal procedures and mechanisms for the prevention and, where necessary, effective resolution of investor-state disputes.

- A Capacity Building for Sharing Success Factors of Improvement of Investment Environment (Phase 3) Seminar was held in Sendai on 19 September. The seminar was aimed at (i) improving the abilities and service of government officials and staff of investment promotion agencies to match current investment trend; (ii) Implementing investment liberalization, facilitation and promotion in the APEC region through sharing success cases and identifying key success factors, including improved policies; and (iii) contributing to the “Sustainable Growth” as well as other pillars of APEC 2010’s Growth Strategy.
- Development of an APEC Guide to Investment Regimes e-portal and electronic publication. This 7<sup>th</sup> edition of the APEC Guide to Investment Regimes will be published electronically by end of 2010 and updated annually. The guide will provide a single online access point to key information required by business and will foster efficient markets through increased transparency.
- The IEG jointly with either the EC or the Small and Medium Enterprises Working Group (SMEWG) held the following activities:
  - EoDB Workshop on Enforcing Contracts (Phase I of the EoDB action plan) was held in Seoul on 21-22 June. The workshop was attended by considerable number of participants, including speakers and experts, from 15 APEC member economies. The participants had a fruitful discussion regarding the judicial system reform efforts in their home economy and how to further those efforts under the framework of APEC.
  - EoDB Capacity Building Workshop for Dealing with Permits – Reforming the Regulatory System for Construction Permits was held on 18-22 October in Singapore. The workshop was aimed at promoting APEC economies’ awareness, especially amongst relevant practitioners, of successful reforms in the region, and to share knowledge on specific regulatory strategies and innovations that have effectively reduced the number of procedures, time taken and financial cost of issuing construction permits via a detailed case study of Singapore’s experience. It also hoped to provide APEC economies with a framework with which they can analyse and benchmark their own permit issuance processes, to allow economies to identify areas for improvement and the potential challenges that will have to be overcome.
  - Best Practice Guide: Improving business regulation in APEC member economies, based on knowledge shared from the EoDB/Private Sector Development Workshops series. The key objectives of the Guide will be to provide practical guidance on ways the regulatory environment for business can be improved, particularly for SMEs in APEC economies; and an enduring resource to support business regulatory reform within APEC economies. The final product is scheduled to be completed in 2011.
- IEG will undertake a series of Core Elements projects – moving beyond Phase III in response to the call from AMM in 2009 for further capacity building activities to improve member economies’ abilities to formulate high quality agreements. A total of six activities have been planned, namely: Study on Core Elements of IIAs in domestic investment frameworks; (Activity 1); A Handbook and Seminar for Negotiators (Activities 2 and 3); Study on Transparency in IIAs (Activity 4); Intensive Training Course of International Investment Agreements in the APEC Region (Activity 5); and APEC-UNCTAD Workshops on Investor-State Dispute Settlement (Activity 6).
- LSIF continued with its work on the Enablers of Investment Checklist that was endorsed in 2008. Economies were encouraged to use the Checklist to guide their policy and regulatory reform process that would facilitate the investment in priority innovations relevant to their

health challenges and to identify capacity building needs. In 2010, two economies, Canada and Chinese Taipei, had volunteered to complete the Checklist, with Canada focusing on areas where the Federal Government had competency. LSIF VIII welcomed the completion by Chinese Taipei of the Enablers of Investment Checklist and progress by Canada in completing the checklist. Developing a comparative analysis of the region's readiness to support additional innovation and identify gaps once a critical mass of economies had completed the checklist was considered important future work in support of strengthening the innovation pipeline.

- LSIF agreed at its 8<sup>th</sup> meeting (LSIF VIII) to recommend to Ministers and Leaders that priority areas for investment in innovation and to support innovation-led growth should include: preventive measures, such as vaccines and large cohort studies to identify disease risks and disease management profiles; financial reforms to extend coverage and manage costs; efficiency initiatives such as deploying health information technology to improve the efficiency and quality of health care: pipeline strengthening; regulatory reforms to speed access to innovations; and, investment by firms and governments in programs to improve the health of their own employees.

### **Work Plan:**

IEG adopted the following work plan which is structured around the key APEC 2010/CTI priorities to facilitate progress reporting:

#### CAP Implementation and Review

- Continue to review the CAP with particular emphasis on ensuring sufficient priority to work on implementing the IFAP in 2010 including the areas of e-transparency, reducing investor risk and simplifying business regulation, and possible work on three pillars of the Road Map for Investment.

#### Strengthening Regional Economic Integration

- *Exploring a FTAAP*: Review existing analytical work on investment issues relevant to a possible FTAAP and assess the need for any additional analytical work.
- *Promoting Convergences*: Achieve greater consistency in key provisions of RTAs/FTAs in the region through capacity building projects
- *Investment- Advanced Principles*:
  - APEC-UNCTAD Workshop on Investor-State Dispute Settlement (Core Elements Phase III Activity 2).
  - Continue efforts on International Investment Agreements in collaboration with UNCTAD, for example, through (i) continuous capacity building projects on Core Elements and ISDS or (ii) study on domestic regulatory framework compared with international commitments
  - Contribute to the Convergence and Divergence Study in CTI as necessary, including contributions to the TPD at CTI2.
  - Monitor regional and global FDI trends and policy responses.
- *Investment- Facilitation*:
  - Complete report on activities to implement 15 priority actions for IFAP implementation for CTI2.

- Assist CTI by providing advice on the development of a reporting measurement methodology for IFAP implementation.
  - Implement projects: *Investing Across Borders* in cooperation with the World Bank; development of *APEC Guide to Investment Regimes* e-portal and electronic publication; and *Capacity Building for Dispute Prevention and Preparedness*.
  - Cooperate with EC and Small and Medium Enterprises Work Group (SMEWG) in their activities related to investment facilitation such as projects on EoDB action plan and Private Sector Development, including: In-depth Seminar on Enforcing Contracts (Phase I of the EoDB action plan); Ease of Doing Business Capacity Building Workshop for Dealing with Permits – Reforming the Regulatory System for Construction Permits; and Best Practice Guide: Improving business regulation in APEC member economies, based on knowledge shared from the Ease of Doing Business/Private Sector Development Workshops series.
  - Continue efforts on facilitating investment in collaboration with UNCTAD: Follow up and continuous work on prevention of investment dispute; and follow up and utilization of “Best Practice” studies.
- *Investment- Promotion:*
    - Implement projects: *Filling the Infrastructure Gaps in APEC Developing Economies*; and *Capacity Building for Sharing Success Factors of Improvement of Investment Environment*.
    - Seek further projects by member economies including capacity building projects for investment promotion agencies utilizing the outcome of “best practice” studies
- *Improving Business Environment:*
    - See section above on Strengthening REI: Investment
- *Enhancing Regional Connectivity and Promoting Trade Facilitation:*
    - Implement project: *Filling the Infrastructure Gaps in APEC Developing Economies*
- *Contributions to the New Growth Strategy:*
    - Implement project: *Capacity Building for Sharing of Success Factors in Improvement of Investment Environment* – Phase 3. One of the focus is on Sustainable Growth.
- *Other Areas, including APEC-wide Initiatives on Security, Structural Reform and Gender:*
    - See section above on Strengthening REI: Investment with regards to IEG’s cooperation with the EC and SMEWG on EoDB or PSD project.
    - Participate in CTI TPD on the relationship between investment and trade.
    - Consider to collaborate with other relevant sub-fora/WG related to investment, such as EWG, LSIF, FMP and so on
- *Activities with ABAC and/or Other External Stakeholders:*
    - Continue to strengthen dialogue and cooperation with the private sector, including through ABAC.
    - Continue to further collaborate with other international forum such as UNCTAD, OECD and World Bank.

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

### Highlights:

#### *Digital Economy*

- ECSG conducted a workshop on Global Value Chains (GVCs) on 1 March in Hiroshima. The work on GVCs supports directly the REI priority as well as the new Growth Strategy. In doing so, the GVC concept integrates the contribution of a wide range of services to the functioning of a Global Supply Chain. Some of these services address or provide solutions to supply-chain chokepoints identified in the Supply-Chain Connectivity Initiative (e.g. e-certificates of origin, other electronic documents). Other services introduce new elements which support global supply chains, taken in a broad context (e.g. legal services, engineering services, financial services, etc.). It brings into play a number of ancillary or support services that are part of the global chain between a supplier and the final customer. The ECSG is planning further work in this area to demonstrate how GVC can support cross-border trade, notably for our small and medium businesses.
- CTI with the support of ECSG undertook a survey to collect information on how economies' policies and practices map against the Digital Prosperity Checklist. To-date, 16 economies have responded to the survey. The responses depict broad agreement with the Checklist recommendations for promoting the use and development of ICT. Responses also showed that economies were consistently implementing the Checklist recommendations in the areas of infrastructure, intellectual capital, investment and information flows. The survey results indicated that ICT related policies varied more in the areas of innovation and integration, suggesting more potential for future cooperation and coordination in these areas. (See Appendix 8 for a summary of the responses)
- ECSG has completed mapping the Digital Prosperity Checklist against on-going work in APEC. All relevant APEC fora and sub-fora have been asked to provide inputs. Further analysis and data mining is being conducted by the ECSG and CTI-FOTC to determine which areas needed further work.
- A TPD on Digital Prosperity held on 21 September. The TPD focused on discussion of innovation in the ICT sector as a primary driver of economic growth in the region, and on what policy and regulatory environments will best enable economies to support innovation, allowing them to access the type of ICTs that increase economic efficiencies and productivity and to utilize smart ICT applications. CTI welcomed the results of the TPD and agreed to do additional work in this area in 2011.

#### *Strengthening IPR*

- As part of the activities relating to the "APEC IP Public Education and Awareness project for SMEs" IPEG launched a new tool for SMEs, called the "*Intellectual Property Explorer*" in June, 2010 that will assist SMEs to gain a better understanding of IP in their respective businesses and strategies to exploit their intangible assets. Intellectual Property Explorer (<http://intellectualpropertyexplorer.com/>) is a free, secure and simple online business tool and contains a series of interactive diagnostic questions designed to review each piece of intellectual property in their business.
- The "One Village One Brand" Seminar was held on 23-25 June in Seoul, Korea. The seminar

was intended to help train local farmers and producers to use intellectual property rights (IPR) systems to create successful branding strategies. Most farmers in developed economies already take advantage of IPR to maximize their products' value, but farmers in developing economies often do not have the capacity to brand their products. This capacity building seminar demonstrated how local farmers can create effective brand strategies and to protect their brands in an effort to position their product in the international market, increase their export income, and enhance their standard of living.

- A self-funded symposium on the topic “Innovating IP Exploitation” was held in Sendai on 9 September in the margins of the 31<sup>st</sup> IPEG Meeting. Participants of the seminar found it to be a valuable opportunity for them to obtain knowledge of IP systems in the APEC region.
- A “one-stop” website allowing patent system users to download forms to be used when they request an IP Office to conduct an examination by referring to the results of previous searches and examinations carried out by another Office is being up to foster a more coherent approach under the *APEC Cooperation Initiative on Patent Acquisition Procedures*. A “Gap Analysis” exercise is also being undertaken to help studying the differences among members’ patent system.
- IPEG has embarked on an Intellectual Property Academy Collaborative Initiative (iPAC initiative) which involves setting up a web-based platform to facilitate effective information sharing and dissemination on IP Academies (training, educational, or research organizations and institutions in the IP field).
- IPEG continued to undertake surveys as a means to collate information for the purpose of deepening members’ understanding of IP policy and issues. Several surveys have been initiated and will likely be carried into 2011. These include: APEC IPEG Survey on Opposition Proceedings; APEC IPEG Survey on Certification Marks; Survey on the Legal System of Preventing Improper Use of IPR in APEC Economies; Survey of Strategic Consideration of IPR Capacity Building in APEC Economies; Survey for Utilizing the IPR Service Centers; Survey on Examination Cooperation Practices among APEC Economies; Survey on the Current Protection of Certification and Collective Marks in APEC Economies. The APEC IPEG Survey on Copyright Limitations and Exceptions led by Chile has been completed and a proposal to organize a workshop to discuss the findings is being developed.

### **Work Plan:**

In 2010, CTI adopted a work plan on Digital Economy and Strengthening IPR to pursue the following actions:

#### *Digital Economy*

- Digital Prosperity Checklist Survey: Develop and complete a simple survey or questionnaire by CTI3 on how economies’ policies and practices map against the 2008 APEC Digital Prosperity Checklist. The information collected will help to enhance understanding of how APEC economies are implementing policies to support ICT-enabled growth and to identify additional capacity building needs.
- Digital Prosperity Mapping Exercise: Map the Digital Prosperity Checklist against work ongoing in APEC by CTI3 in order to identify gaps in APEC’s agenda and possible future work.
- Digital Prosperity and Innovation: Further promote the use and development of information and communication technologies and services in the Asia-Pacific by conducting in-depth work on the “Innovation” section of the Digital Prosperity Checklist, and what economies can do to

enable them to access the types of ICTs that underpin innovation and increase economic efficiencies and productivity in their economies. Conduct related workshop at CTI3, with the view to establishing a more detailed work plan for 2011.

### *Intellectual Property Rights*

- **Enhancing Global Intellectual Property Infrastructure:** Implement the *APEC Cooperation Initiative on Patent Acquisition Procedures* to establish a Web site and implement the *Intellectual Property Academy Collaborative Initiative (iPAC Initiative)* to promote information sharing among IP academies through a Web-based system that will facilitate collaboration among IP academies in training, education, and research.
- **Promoting IP Education:** Implement the *Initiative on Enhancing APEC Capacity Building for Intellectual Property Protection and Use: Training for Trainers*, with the objective of developing a set of training practices aimed at officials with responsibility for IPR training in APEC economies, which will cover a range of important IP concepts.
- **Promoting IPR Capacity Building:** Hold the *Seminar on the Exploitation of Intellectual Property* that will provide economies with an improved understanding of the exploitation of IPRs. Hold the *Seminar on Successful Experiences Implementing Tools for Traditional Knowledge Protection* to encourage discussion and further developments on issues related to the protection of Traditional Knowledge within the APEC region.

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

SUB-FORA	WORK UNDERTAKEN
<p><b>Sub-Committee on Customs Procedures</b></p>	<p>SCCP completed a study on Customs IPR Enforcement based on responses from 19 economies to a stock-taking questionnaire seeking latest information on IPR border enforcement and capacity building programs in APEC economies. The study identified six areas for future capacity building activities: intelligence analysis, enforcement techniques, counterfeit and pirated goods identification, cooperation with rights holders, detection of Internet piracy, and application of risk management on IPR enforcement. Going forward, Japan and Hong Kong, China as lead economies in SCCP have agreed to explore the possibility of developing capacity building plans such as workshops or seminars to address the capacity building needs identified and to consult member economies about the proposed plans whilst SCCP members have also agreed to continue share experiences in this regard.</p> <p>The annual APEC Customs-Business Dialogue was held on 13 September in Tokyo. Participants at the dialogue discussed ways to improve efforts in the areas of AEO programs, the use of ICT and border enforcement of IPR. In the session relating to “Customs and Business Cooperation for Enhancement of Border Enforcement on IPR”, business explained their experiences on how to deal with goods infringing intellectual property rights (IPR) and expressed their ideas on future cooperative work between Customs and business. Customs officials also expressed effectiveness to collaborate with IP rights holders for their border enforcement.</p> <p>SCCP received a briefing from the WCO on the WCO’s activities in the area of IPR, which are in part directed towards experience sharing, via the WCO Counterfeiting and Piracy (CAP) Group, which focuses on members' efforts to combat trademark counterfeiting and copyright piracy.</p>
<p><b>Life Sciences Innovation</b></p>	<p>As follow-up to the completion of 2008/2009 series of APEC-funded workshops to</p>

SUB-FORA	WORK UNDERTAKEN
<b>Forum (LSIF)</b>	combat counterfeit medical products, LSIF considered and agreed to an APEC Anti-Counterfeiting Medicines Action Plan which sought to establish a blueprint for future APEC activities addressing this very serious global problem including the use of drug detection technologies, counterfeit medicine public awareness, establishing APEC economy counterfeit medicine single points of contacts and cooperation on enforcement and investigations.

## Section V: Environmental Goods and Services

### Highlights:

- CTI with the assistance of MAG updated the EGS Work Program Mapping Matrix consisting over fifty activities underway in APEC fora and sub-fora. (see Appendix 9)
- CTI held a TPD on EGS on 17 September to further expand and assess the implementation of the 2009 EGS work program. Discussions at the TPD focused on two main topics, “2010 Contributions to Furthering the APEC EGS Work Program” and “Environmental Goods and Services and NTMs: What they are and how do we address them?” Besides representatives from its relevant sub-fora (MAG and SCSC), the TPD participants also heard presentations from the Chair of the Energy Working Group (EWG)’s Expert Group of Energy Efficiency and Conservation (EGEE&C) and representatives from the OECD and private sector.
- CTI welcomed the three priority areas identified by the EGS FOTC for follow-up action in the last quarter of 2010 and 2011 to support sustainable growth in the region and promote trade and investment in the EGS sector. The three areas are: non-tariff measures (NTMs)/non-tariff barriers; technology and services. CTI recognized the importance of taking advantage of APEC’s strengths, including cross-fora collaboration among groups such as CTI, MAG, SCSC and EWG and welcomed the decision by the EGS FOTC to work on these activities, including the EGEE&C’s mapping exercise of energy efficiency products which aimed to address the NTMs with regard to energy efficiency standards, labeling, and testing procedures vis-à-vis key electric appliances by analyzing their convergence and divergence among APEC economies with updated information contained in the APEC Energy Standard Information System (ESIS) database.
- CTI welcomed the completion of case studies on Malaysia’s and Mexico’s EGS markets and the announcements by Chile and Viet Nam to participate in the case studies. The case studies were developed to fulfill APEC Leaders’ instruction to identify “capacity-building activities to help ensure that APEC economies, especially developing economies, are able to cultivate and further develop their EGS sectors and meet their sustainable growth goals. They seek to identify the key EGS policies and market drivers, and challenges associated with promoting trade and investment in EGS in the selected APEC economies’ markets, provide a more comprehensive picture of the economies domestic marketplaces, and suggest ideas on how to achieve greater “green growth.” They would also address all the components of the EGS Work Program, including research and development, supply, trade and demand aspects of the marketplace. Final case studies will be made available on APEC’s Environmental Goods and Services Information Exchange (EGSIE).
- MAG also made significant contributions to the CTI’s work on EGS. Beside contribution to the update of the EGS work program matrix and maintaining the EGSIE, the group exchanged with the International Centre for Trade and Sustainable Development (ICTSD) on its EGS work. The group developed the EGSIE Content and User Guidelines (see Appendix 10) which provided guidance on the nature of EGSIE as an information exchange tool, as well as acceptable content and user access protocols for EGSIE.
- GOS and the Tourism Working Group jointly hosted the APEC Ecotourism Conference in Sendai, Japan on 16 September. The conference reached the general consensus that ecotourism would serve as an effective contribution to the growth attributes, in particular, inclusive growth, sustainable growth and innovative growth, laid out in the APEC Growth

Strategy. Also, ecotourism constitutes a powerful tool for environmental sustainability, the prosperity of local communities and an innovative tourism industry.

- GOS has commenced implementation of the *Information Exchange of Environmental Services* project. A workshop was being planned to be held in Beijing, China in late November 2010 to facilitate the exchange of information on both liberalization and technology aspects of environmental services within APEC economies and could contribute to the sustainable growth agenda.
- GOS has completed a report from the *Survey on APEC Trade Liberalization in Environmental Services*. The report shares information on and improves understanding, of trade in environmental services.
- SCSC's Trade Facilitation Task Force (TFTF) met on 17 September in Sendai, Japan to exchange information and discuss issues relating to carbon footprint standards, programs and labelling schemes within the member economies. TFTF members discussed the nexus between the trade and technical aspects of carbon footprint and other sustainability initiatives, surveyed existing standards and programs under development, and highlighted both opportunities and challenges that member governments and private companies foresee as carbon footprinting and related methods continue to develop and play a role in international discussions. They agreed that continued information exchange is needed to follow the progress and direction of standards development related to sustainability, including Green House Gas (GHG) emission accounting and applications. The TFTF recommended continuing discussion on Product Carbon Footprint (PCF) during next year's TFTF meeting in San Francisco.
- SCSC held the 8<sup>th</sup> Standard and Conformance Conference for Green Harmonization on 18 September in Sendai. Some of the key discussions included the importance of APEC's role, collaboration with other fora or organizations, sharing information to ensure transparency regarding energy efficiency standards and labeling, reproducibility, participation, coordination on policy related to energy efficiency and SC, and test methods so as to mitigate a technical barrier to trade, emphasizing that energy performance testing standards should be harmonized and that the product's performance test method should reflect the actual energy used.

#### **Work Plan:**

CTI adopted an EGS FOTC action plan which outlined the activities and timelines for implementing 2009 APEC EGS Work Program in 2010 based on the following key elements:

- The overarching goals of the Work Program are to support the development of the EGS sector in APEC and to provide a coherent setting for the work under way in various APEC bodies.
- Encourage economies to submit proposals that will work towards implementing the EGS Work Program Framework, particularly on the issues outlined in paragraph 7.
- Projects need to be coordinated with activities in other fora and sub-fora to minimize duplication, and to ensure that APEC continues to build on work already done in its committees and subcommittees.
- APEC to take a broad and comprehensive approach to EGS while ensuring that it can add value through targeted program of work. The APEC EGS Work Program sets this out in paragraph 7.
- APEC to continue to take into account developments in other fora, such as WTO, UNFCCC and G20. While APEC may be limited in some ways by the state of the negotiations in other fora,

it can both support these negotiations and look for opportunities to work in parallel with them.

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

### Collective Action Plans

Collective Action Plans (CAPs) continue to frame the work plans of the CTI and its sub-fora. These CAPs are living documents and, in 2010, they were revised and enhanced in pursuit of the Bogor Goals (see Appendix 11).

Many of these improvements were made in response to the priorities set by Leaders and Ministers, including the call to ensure deliverables in CAPs are relevant to business. 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.

The **Market Access Group (MAG)** advanced work on initiatives on tariff and non-tariff measures that contributed to the APEC activities on Regional Economic Integration. The group continued to discuss intensively making ROO more business friendly. It followed up on the “*APEC Elements for Simplifying Documents and Procedures Relating to Rules of Origin*” initiative adopted in 2009, by collecting information on two of the elements: validity period and waiver of certificate of origin or declaration and collaborating with the SCCP on a third element: clarity on treatment of errors made in certificate of origin or declarations. MAG also conducted two new sectoral analyses in 2010, i.e. sporting goods; and motor vehicles/parts and hand tools. It assisted in the CTI’s work on developing the APEC Website on Tariff and ROOs (“WebTR”), which was launched at AMM 2010 to serve as the gateway to all tariffs and ROOs information in all APEC economies.

MAG also made significant contributions to the CTI’s work on EGS. The group updated the EGS work program matrix which listed a number of activities and projects on EGS developed within APEC. It continued to maintain the Environmental Goods and Services Information Exchange (EGSIE). The group exchanged with the International Centre for Trade and Sustainable Development (ICTSD) on its EGS work. The group also endorsed the ‘EGSIE Content Guidelines’ which provide guidance on the nature of EGSIE as an information exchange tool, as well as both acceptable content and user access protocols.

In 2010, the **Group on Services (GOS)** re-energized its work program and expanded its agenda through the adoption of several new projects/initiatives to take its services work forward. These included APEC Workshop for Capacity Building on the Role of Cross-Border Services Trade in New Growth Strategies; APEC Eco-tourism Conference (joint project with TWG); APEC Services Trade Access Requirements Database; Addressing SME Business Constraints through Services; APEC Legal Services Project; and APEC Accounting Services Initiative, the implementation of some which will move into 2011. GOS reviewed the updated Services Action Plan (SAP) matrix of actions (Appendix 1) and found it to be a useful document that would enable it to see the extent of service-related activities across APEC fora and thereby better plan for future services work in the GOS. It adopted an APEC Strategy on Movement of Business People (Appendix 2) with the support from the BMG, setting principles relating to, and actions that can contribute to, the facilitation of entry and temporary stay and movement of business people.

The **Investment Experts Group (IEG)** continued to support the CTI’s efforts in progressing the Investment Facilitation Action Plan (IFAP) that was adopted by Ministers and Leaders in 2008. The group compiled a report on the progress of the activities in fifteen priority actions selected for implementing the IFAP. The Group also contributed to the Committee’s development of the APEC Strategy for Investment (Appendix 7) as a framework that will guide future investment work (projects and activities) under three pillars: (i) Advanced Principles and Practices; (ii) Facilitation and (iii) Promotion. As with past years, the IEG also successfully delivered several short to

medium term multi-stage capacity building projects with strong linkages both to each other and the work of other APEC fora in 2010 (see details in Section III).

The work program of the ***Sub-committee on Standards and Conformance (SCSC)*** for 2010 was organised around seven main areas, namely: trade facilitation; alignment with international standards and active participation in international standardisation; cooperation on technical infrastructure development; food and product safety; pathfinder initiatives; standards and conformance education; and interaction with business. The SCSC also found that many of its activities in 2010 could be categorised as contributing to the different elements of the Growth Strategy formulated by the APEC 2010 host.

For the final assessment of TFAP II implementation in 2011, the SCSC has enlisted the help of the PSU to develop methodologies to measure and assess the KPIs adopted by SCSC for TFAP II implementation.

The ***Sub-committee on Customs Procedures (SCCP)***'s goals for 2010 remained focused on trade facilitation, trade security and related enforcement matters. One of SCCP's key deliverables for 2010 is the endorsed Authorized Economic Operator (AEO) Action Plan to assist in the development of AEO programs within each APEC economy. To meet the first goal of this Action Plan, the SCCP completed its first deliverable by reviewing the current status of nine established AEO programs throughout the APEC region and developed a Compendium. The Compendium is to be used as reference for economies as well as to be used in the development of an AEO Best Practices document.

For 2010, the SCCP conducted a comprehensive evaluation of its 16 CAP items to determine more fully the level of implementation of each CAP item. The conclusion was that 10 CAP items have met their initial objectives and the remaining 6 require further efforts. The SCCP also agreed to add two new CAP items in 2011 related to the development of AEO programs and Single Window systems in each member economy.

The ***Intellectual Property Rights Experts' Group (IPEG)*** continued to support CTI in the implementation of the IP-related elements of its work plan on Digital Economy and IPR. The group has been active in providing IP capacity building programs to support its IP related work over the past year. Seminars and workshops on various IPR topics were held, where participants were able to share ideas and exchange experiences on border enforcement. The group also developed several surveys on various IP policies/issues to collate information as a means of deepening members' understanding of them.

The ***Government Procurement Experts Group (GPEG)*** last met on 4 March 2010 in Hiroshima where it continued to exchange information on the developments of e-procurement systems and best practices related to government procurement as well as information on multilateral and bilateral trade agreements negotiated by member economies. However, noting that there had been no quorum at the past few GPEG meetings and that there was a lack of substantive issues for discussion, the Committee decided to dissolve the GPEG and move the consideration of government procurement issues into the Committee's main agenda. The Committee also agreed that it could revisit the issue if interest resumes necessitating re-establishing the GPEG again.

The ***Business Mobility Group (BMG)*** continued work that would facilitate business travel while ensuring passenger safety and border security. This work is carried in accordance with a set of business mobility goals developed by the group at the start of each year. For 2010, the promotion and expansion of membership in the ABTC Scheme remained a key action area for the group. The BMG continued to examine new options to enhance the Scheme's operation; increase the security and capability of the Card; and develop a Client Service Framework that responds to the needs of clients, which stems from the 2009 ABTC Client Satisfaction Survey.

The ***Electronic Commerce Steering Group (ECSG)*** recognizes the importance of public-private collaboration in developing an environment conducive to e-commerce and encourages the active participation and contribution of the private sector in its meetings and activities. In this regard, the ECSG welcomes the contributions of its guest organizations which include the Global Business Dialogue on Electronic Commerce (GBDe), the International Chamber of Commerce (ICC), the Pan Asian E-Commerce Alliance (PAA), the United Nations Centre for Trade Facilitation and Electronic Business (UNCEFACT), and the Organization for Economic Co-operation and Development (OECD).

For 2010, the ECSG, supported by two sub-groups, the Data Privacy sub-group and the Paperless Trading sub-group, continued to make significant progress in its work program relating to the data privacy pathfinder and paperless trading which include works in areas such as electronic certificates of origin, electronic invoicing, business requirements for data harmonization and single window, best practices in e-government procurement, e-documents and e-trade financing. It developed projects involving B2B and B2G transactions and promoted the use of electronic documents and internet technologies in the process of international trade. Several elements of the ECSG work program directly support two key work areas of the CTI, SCI and implementation of the Digital Prosperity Checklist. The Data Privacy Sub-Group plans to complete the development and implementation of the CBPR System in 2011 whilst the Paperless Trade Sub-Group will integrate further several elements of its work plan into a comprehensive initiative on paperless trade solutions, such as e-certificates of origin.

## Pathfinder Initiatives

In 2010, lead economies continued to promote increased participation in the existing TILF-related Pathfinder initiatives.

**Table 4: Status of TILF-Related Pathfinders (as of end October 2010)**

Pathfinder	Lead economy	APEC Forum responsible	Membership status - Sept 2004	Membership status
<b>Trade and the Digital Economy</b>	United States	N/A (launched at Leaders level; CTI has oversight)	18	20
<b>Advance Passenger Information (API)</b>	Australia	BMG	All agreed on API standards; 6 either fully implemented or committed to implementation; 8 undertaken feasibility studies; 6 committed to undertaking feasibility studies.	All agreed on API standards; 17 either fully implemented or committed to implementation; 10 undertaken feasibility studies.
<b>E-Cert SPS</b>	Australia & New Zealand	ECSG	6	6
<b>Kyoto Pathfinder</b>	Australia	SCCP	15 participating in Part A; 8 participating in Parts A & B.	Has become a CAP in the SCCP.
<b>Mutual Recognition Arrangement of Conformity Assessment on Electrical and Electronic Equipment</b>	Australia	SCSC	15 participating in Part I; 3 participating in Parts II & III.	17 participating in Part I; 5 participating in Part II; 4 participating in Part III.
<b>Electronic Certificates of Origin</b>	Korea and Chinese Taipei	ECSG	3	3 Chile, China, Malaysia Philippines, Thailand and Vietnam have indicated an interest to join in the pathfinder.
<b>Food MRA</b>	Thailand	SCSC	5	5
<b>Technology Choice Principles</b>	United States	CTI	N/A (adopted in 2006)	15
<b>Data Privacy</b>	Australia	ECSG	N/A (adopted in 2007)	16
<b>Self-Certification of Origin</b>	Australia, New Zealand, Singapore & United States	CTI	N/A (adopted in 2009)	9

## Industry Dialogues

### ***Automotive Dialogue***

The Automotive Dialogue (AD) met twice in 2010. The **Twelfth Automotive Dialogue** was held in Sapporo, Japan on 17-20 May. A one half-day session was devoted to discussing current and projected developments in advanced and/or green technologies in motor vehicles. The session concluded with a set of recommendations for further steps in implementation. As a first step, the Dialogue will work towards a further exchange of information and experience among all APEC economies on simplifying and facilitating the entry of advanced technology/green demonstration vehicles. The Dialogue also addressed issues of: WTO DDA NTB negotiations relating to autos; participation of AD member economies in UN/ECE Working Party 29 as appropriate body for international automotive standards; harmonization of ROOs and development of updated set of recommendations with regard to automotive sector; cooperation with SCCP in developing centralized list of links to APEC economies' websites that contain key auto related information and implementing the Authorized Economic Operator and the Single Window Programs with regard to automotive sector. AD also discussed outputs of its five working groups covering the areas of (i) market access; (ii) customs; (iii) harmonization of regulations and road safety; (iv) small and medium size enterprise development; and (v) intellectual property rights. AD adopted updated Matrix of automotive provisions in existing APEC economies' FTAs. AD evaluated that its IPR WG shared the information on the Best Practices of IPR Protection in the Automotive Sector and undertook a self-review of its work during past 10 years and noted the need for more results-oriented.

The Dialogue met for a second time on 2-4 November 2010 in Singapore. It reviewed conclusions from its May meeting focusing particularly on green vehicle technologies, harmonization of technical standards and future directions for the AD. The Dialogue agreed to resurface its recommendation on ROOs for consideration. The recommendations suggest that for individual automotive products, parties to future free trade agreements in the Asia Pacific region consider the use of tariff shift and/or as appropriate one of the two basic regional value content models for automotive rules of origin. AD participants consider the two models flexible enough to be tailored to the many different kinds of FTAs being considered in the region and agreed to propose a pathfinder for the Auto Dialogue Rule of Origin for consideration. AD also discussed and agreed on contributions to the APEC Growth Strategy and responses to 2009 ABAC Recommendations.

### ***Chemical Dialogue***

The Chemical Dialogue continues to develop new initiative to drive its contribution to the REI and New Growth agenda. At its **Ninth** meeting held in Sendai on 21 September with representatives from 12 APEC economies, the Dialogue endorsed the Chemical Strategic Framework for 2010-2012 to guide the CD's work over the next three years (see Appendix 12). The Strategic Framework builds on existing work on the CD and more closely aligns it with APEC priorities to promote growth, facilitate trade, and improve regional economic integration. Improving regulatory cooperation is a key element of the Strategic Framework, as is work to enhance understanding of the chemical industry as a solutions industry to address regional issues such as increasing energy efficiency, reducing greenhouse gases, and improving food security. Under the strategic framework, the CD will be developing contributions to the international chemicals agenda for the sound management of chemicals.

The Dialogue and its regulators forum will also be examining how the business of chemistry contributes to green technologies, including policies that would facilitate the uptake of current and emerging technologies that would help business reduce greenhouse gas emissions.

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

The **Eighth Life Sciences Innovation Forum (LSIF VIII)**<sup>1</sup> met on 18-19 September with more than 100 eminent scientists, health economists, senior government policymakers and industry experts attending. Discussions and recommendations focused on the important role of life sciences in promoting new growth, human security, and REI. In particular, the LSIF discussed the importance of policies to ensure that medical innovations are diffused throughout health systems so that APEC economies can address increasingly complex health challenges of ageing populations and chronic and infectious diseases. Regulatory harmonization was advanced significantly at the meeting of the LSIF Regulatory Harmonization Steering Committee, with agreement to develop strategic goals and target dates for implementing harmonized approaches in key areas. LSIF regulatory cooperation is providing a global model for ensuring that medical innovations get to patients when they need them. The LSIF investment agenda is growing, with two more economies completing the enablers of investment checklist and initiatives to examine the return on investment for innovations in health system.

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<sup>1</sup> Report and recommendations tabled at AMM as 2010/AMM/009

## Section VII: CTI's Contribution to APEC-Wide Initiatives and SOM Priorities

In 2010, CTI undertook work in response to a number of APEC-wide priorities. While some of this work is reflected in earlier sections of this report, this chapter provides an overview of our activities in the following areas that respond to APEC-wide priorities: Support for the Multilateral Trading System; Exploring a Free Trade Area of the Asia-Pacific (FTAAP); Improving the Business Environment, Growth Strategy; and Implementation of Leaders' Security Commitments.

### Support for the Multilateral Trading System

While CTI members recognized that a successful conclusion of the Doha Development Round negotiations remained APEC's highest priority, they noted that there was limited scope for CTI and its sub-fora to contribute directly to the DDA negotiations. Instead, CTI agreed to convene information sharing sessions on issues being discussed at the WTO that are of interest to the Committee to promote a better understanding of these issues. The first such session took place at the second CTI meeting in Sapporo where CTI members exchanged information on the status of the trade facilitation negotiations in Geneva. They also discussed ways in which APEC could contribute and support the negotiations as well as how the WTO discussions complemented on-going work under TFAPII and SCI. Noting that the SCI included work on advance rulings and single window issues which were also part of the on-going issues under WTO Negotiating Group on Trade Facilitation, members agreed that APEC could thus play a positive role in these issues.

**Table 5: Sub-fora Outcomes - Support for the Multilateral Trading System**

SUB-FORA	WORK UNDERTAKEN
<b>Market Access Group (MAG)</b>	<p>MAG continued to support on-going DDA/NAMA negotiations. It discussed and shared information on the developments and concerns, if any relating to products covered or to be covered by the Information Technology Agreement (ITA).</p> <p>MAG also discussed potential actions/initiatives to support WTO/DDA negotiations and enhance opportunities for collaboration between MAG and WTO.</p>
<b>Group on Services (GOS)</b>	<p>GOS will continue to look at ways to reinvigorate the WTO services negotiations, including convening APEC caucus meetings in the margins of services meetings in Geneva, in an effort to contribute to the successful outcome of the WTO services negotiations.</p>
<b>Sub-committee on Customs Procedures (SCCP)</b>	<p>SCCP reviewed the progress of member economies with respect to developing customs procedures consistent with the multilateral agreements and undertakings that form individual items under the SCCP CAP. Four SCCP CAP items namely WCO HS Convention, WTO Agreement on Customs Valuation, UN/EDIFACT, and WTO TRIPS Agreement supporting the multilateral trading system have been completed; four other CAP items namely WCO Revised Kyoto Convention, ATA Carnet Convention, WCO Immediate Release Guideline and WCO SAFE FOS in support of the multilateral trading system remain outstanding and will be the subject of renewed efforts by members to attain the objectives.</p> <p>SCCP agreed to encourage and enhance cooperation between APEC and the</p>

SUB-FORA	WORK UNDERTAKEN
	WCO. To enhance this cooperation, the SCCP provided WCO its AEO Compendium, Single Window questionnaire results and Intellectual Property Rights survey results to the WCO.
<b>Intellectual Property Rights Experts Group (IPEG)</b>	IPEG members continued to report on their respective progress in developing IP systems consistent with the WTO and other international fora.
<b>Automotive Dialogue (AD)</b>	The Automotive Dialogue continued to monitor and review efforts to reinvigorate WTO DDA negotiations. The dialogue received an update on the WTO DDA Non-Tariff Barriers (NTB) negotiations relating to automotives and proposal to facilitate trade in the auto sector by promoting regulatory transparency, good regulatory practice, and greater alignment of automotive technical regulations. It was suggested that AD members be engaged in the ongoing discussions in Geneva.
<b>Chemical Dialogue (CD)</b>	The Chemical Dialogue has commenced implementation of several projects aimed at stimulating recovery in the chemical sectors, through trade and investment.

### **CTI's Contribution to SOM's Discussions on Possible Pathways to a Free Trade Area of the Asia-Pacific (FTAAP)**

CTI updated the 2008 Convergences/ Divergences Study of APEC FTAs with the inclusion of a new chapter on cooperation, bringing the total number of chapters analysed to-date to 16. The analysis of the cooperation chapter showed that a broad convergence among the cooperation chapters of the analyzed FTAs is highly feasible. Most of the objectives, forms/activities, mechanism/work program of cooperation are common in content. The updated information was uploaded to APEC FTA database of the Convergence and Divergence Study. Concurrently, a brief review of the database was also undertaken. CTI noted that while the database served as a useful resource toolkit that enabled the comparison of the provisions of the 42 FTAs analysed in the study, the database could be further improved to allow for more search capacity and analytical functions incorporating the completed overviews of the chapter analyses. A detailed discussion of the findings and the possible next steps has been deferred to 2011.

In response to Leaders and Ministers instructions to intensify our work on initiatives to promote greater convergences among economies in key areas of APEC's REI agenda, a Trade Policy Dialogue (TPD) session coordinated by Japan and the United States on investment and standards/Technical Barriers to Trade (TBT) issues took place on 31 May. The TPD contributed to the development of the Road Map on Investment through discussion on (i) the core elements work undertaken by UNCTAD; and (ii) findings of the convergences/divergences studies as possible contributions to the development of APEC Investment Principles. To further contribute to facilitation of investment, the TPD presented several consultative mechanism currently adopted by Mexico and Viet Nam for other APEC economies to consider as possible mechanisms to prevent/minimize disputes for a better investment environment. Cognizant that CTI representatives are non-technocrats, the TPD on standards/TBT was aimed at raising awareness of the gamut of methods in which overcoming NTMs could be facilitated. Key points stressed

were the need for better alignment of standards and increase understanding through regulator collaboration.

To take forward the results of the FTAAP Analytical Study completed last year, CTI endorsed a proposal on “Capacity Building Needs for Strengthening REI” which sought to conduct a survey primarily targeted at helping developing member economies to identify their capacity building needs, including upgrading of negotiation skills, for establishing larger-scale FTAs/RTAs. The final analysis of the survey based on returns from 18 economies found intellectual property, investment, SPS and ROOs to be challenging areas due mainly to lack of expertise and regulations. With respect to capacity-building, consensus building, lack of domestic institutions, structural reform and outreach of FTA/RTA benefits were identified as expected major challenges. Taking these outcomes into consideration, the report recommended the development of detailed action plans and implementation of a tailor-made program for capacity-building in possibly cooperation with relevant international organizations, such as OECD, IDB, UNCTAD, ESCAP, WTO, and ADB to facilitate work process and maximize the effects. Consideration of these recommendations, including the development of an action plan, will be taken up at CTI1, 2011.

### **Improving the Business Environment**

The CTI Chair and the EC Chair continued to maintain close contact with each other to ensure they worked in a seamless way and to ensure complementarities and links between the two committees were strengthened. The CTI and EC Chairs attended each others’ meetings to brief the respective Committees on their work programs. They continue to collaborate and take forward APEC’s work on SCI and EoDB.

CTI held an EoDB Trading Across Borders Workshop on 18-19 September in Sendai, which attracted more than 90 participants from all 21 member economies. The presentations focused not only on the form of solution, but also key factors to a successful implementation of such solutions. The workshop also enabled participants to better understand the World Bank’s trading across borders indicators. The outcomes of the workshop and feedback received will form the basis for developing Phase 2 of the capacity building program for this indicator.

### **Implementation of Leaders’ Security Commitments**

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

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

SUB-FORA	WORK UNDERTAKEN
<p><b>Sub-Committee on Customs Procedures (SCCP)</b></p>	<p>SCCP continued with the implementation of the APEC Framework for Secure Trade. Nine economies have introduced Authorized Economic Operators (AEO) programs whilst two economies have commenced AEO pilot projects in line with the WCO AEO Guidelines.</p> <p>In 2009, SCCP formed an Authorized Economic Operator (AEO) working group (AEO-WG) to develop an Action Plan on AEO implementation.</p> <p>In 2010, the SCCP endorsed the AEO Action Plan and initiated its work on the action plan by conducting a review of the established AEO programs in the region, which was compiled into a Compendium.</p> <p>The remainder of the Action Plan, to be completed in 2011, consists of</p>

SUB-FORA	WORK UNDERTAKEN
	<p>developing AEO best practices, based on the information contained in the AEO Compendium, to serve as a reference to economies wishing to establish AEO programs. Furthermore, the AEO Action Plan calls for the development of a capacity building plan</p> <p>SCCP endorsed a working document on cooperation between APEC customs agencies in the event of a disruption to normal trade (trade recovery program). In 2011 the SCCP will continue to develop the working document by examining ways to enhance its functionality and encourage a greater level and ease of communication.</p> <p>During the ACBD held on 13 September, participants exchanged views on activities that could be undertaken by APEC Customs administrations and the business sector to further secure and facilitate global trade. Participants shared the importance of developing AEO programs in each APEC economy and promoting mutual recognition arrangements of the AEO programs between interested economies.</p>
<p><b>Business Mobility Group (BMG)</b></p>	<p>To enhance Human Security, BMG continued working on the following areas:</p> <ul style="list-style-type: none"> <li>• unilateral Advance Passenger Information (API) systems;</li> <li>• Machine Readable Travel Documents, with biometrics;</li> <li>• Immigration Liaison Officer cooperation;</li> <li>• the Regional Movement Alert System (RMAS), through the agreed Multi Lateral Framework (MLF);</li> <li>• contributing lost and stolen passport data to Interpol's International Criminal and Police Organization database; and</li> <li>• continuing to explore the prospect of a biometrically-enabled ABTC.</li> </ul>

#### **CTI's Contributions to SOM's Formulation of a New Growth Strategy**

The Committee collated inputs from its sub-fora as a contribution to formulation of a new growth strategy by APEC 2010 host. It noted that while the Committee had done work on green (sustainable); innovative (knowledge-based) and secure growth through its various work streams like EGS, digital economy and IPR, life sciences innovation and SCCP, it was less clear on its role for inclusive and balanced growth.

## Section VIII: Interaction with ABAC

CTI and its sub-fora collaborate with the business community to ensure that private sector perspectives contribute to APEC's trade and investment outcomes. In 2010, the Committee continued to engage with ABAC as the key voice of the business community in the APEC process. CTI and its sub-fora welcomed ABAC's appointment of Liaison Representatives to liaise with designated APEC fora. The CTI Chair accepted invitations to attend ABAC's 2010 meetings to brief ABAC on the Committee's work programs and exchange views on issues of mutual interest. Senior representatives from ABAC also participated in meetings of the Committee and a number of its sub-fora. CTI welcomed their active participation.

CTI and its sub-fora delivered outcomes consistent with ABAC's 2009 recommendations as outlined in the following table:

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

ABAC 2009 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p><b>Accelerating Regional Economic Integration</b></p> <p>Commencing negotiations on the Free Trade Area of the Asia-Pacific (FTAAP) is the logical next step for APEC to accelerate regional economic integration. This is even more urgent in light of the impasse on the Doha Development Agenda (DDA) negotiations. ABAC believes that much time has already been spent in analyzing existing modalities for achieving FTAAP and that these are unlikely to develop the political will necessary to commence FTAAP.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>Instruct Ministers and Senior Officials to define a framework by mid-2010 for decision by Leaders at their Summit in 2010.</li> </ul>	<p>CTI endorsed a proposal on "Capacity Building Needs for Strengthening REI" by Korea, Chile, Peru and the Philippines, which seeks to conduct a survey primarily targeted at helping developing member economies to identify their capacity building needs, including upgrading of negotiation skills, for establishing larger-scale FTAs/RTAs. The final analysis was presented for CSOM in November 2010.</p> <p>CTI completed an analysis of a new chapter on cooperation for inclusion into the Convergences and Divergences Study on APEC FTAs/RTAs database. The database serves as a useful resource tool/toolkit that enables the comparison of the provisions of the 42 FTAs/RTAs analysed in the study. CTI has agreed to explore the possibility of improving the database to facilitate analysis of the information.</p> <p>CTI organized the Trade Policy Dialogue on investment and standards/technical barriers to trade on 31 May in response to Leaders and Ministers instructions to intensify our work on initiatives to promote greater convergences among economies in key areas of APEC's REI agenda. The TPD contributed to the development of the Road Map on Investment and raised awareness of the gamut of methods in which overcoming NTMs could be facilitated.</p> <p>CD agreed on best practice principles for chemical regulation and shared these agreed-upon principles with other international bodies, including through the Secretariat of the Strategic Approach to International Chemicals Management (SAICM). The</p>

ABAC 2009 RECOMMENDATION	CTI/SUB-FORA RESPONSE
	<p>CD continues to undertake activities and discussions to encourage implementation of these principles, which if implemented, could lead to the increased alignment of regulatory approaches in the APEC region.</p>
<p><b>Resisting Protectionism</b></p> <p>ABAC's monitoring of growing protectionism has identified several examples of APEC members, including major developed economies, taking actions which while compliant with the World Trade Organization (WTO) have a negative impact on trade and investment and inhibit economic recovery. While some APEC members have not resorted to such measures, others have applied a variety of restrictive measures.</p> <p>Global protectionism can only be resisted if APEC economies "walk the talk" on standstill and obey the spirit as well as the letter of their G20 commitments.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Re-affirm and extend APEC's commitment to open markets and to an effective standstill on all new trade restrictive measures, whether WTO compatible or not.</li> </ul>	<p>CTI and some of its sub-fora like MAG, GOS, IPEG as well as the Automotive Dialogue (AD) continued to monitor and review efforts to reinvigorate WTO DDA negotiations in their respective areas.</p> <p>MAG also continued to raise awareness of growing trade in remanufactured products and how trade policies can impact this trade.</p>
<p><b>Concluding the Doha Development Agenda</b></p> <p>The global community's failure to complete the WTO DDA reflects an extraordinary lack of political will. There are signs that business has given up hope that the Doha Round will be completed and has moved to develop business models that focus on investment rather than trade. However, there are issues that can only be resolved by a successful conclusion to the Doha Round, including the issue of production and export subsidies. APEC economies should show flexibility in the negotiations and engage with non-APEC economies, building on progress already made, to complete the round and ensure the WTO remains relevant to business..</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Take practical steps to ensure the Doha Round is completed by the end of 2010</li> <li>• Engage actively with ABAC to determine business priorities for future rules governing global economic integration.</li> </ul>	<p>CTI agreed to convene information sharing sessions during its meetings on issues being discussed at the WTO that are of interest to the Committee to promote a better understanding of these issues. In Sapporo, CTI members exchanged information on the status of the trade facilitation negotiations in Geneva and discussed ways in which APEC could contribute and support the negotiations itself as well as how the WTO discussions complemented on-going work under TFAPII and the Supply-Chain Connectivity Initiative (SCI).</p> <p>In an effort to contribute to the successful outcome of the WTO services negotiations, the GOS Convenor has re-started the practice of holding GOS caucus meetings, when possible, in the margins of the WTO services cluster in Geneva.</p>
<p><b>Enhancing Investment Flows</b></p> <p>ABAC believes that the Investment Facilitation Action Plan (IFAP) is an excellent vehicle for advancing APEC's work in facilitating investment</p>	<p>IEG continued to contribute to CTI's discussion to promote greater convergences in investment as one of key areas of APEC's Regional Economic</p>

ABAC 2009 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>flows and will continue to monitor implementation efforts. In implementing the plan, emphasis should be placed on improving transparency in investment rules and decision-making, in simplifying processes and in making doing business in the region easier. Further, officials should be instructed to prioritize the implementation of facilitation measures that provide the greatest benefit to businesses.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Reinvigorate efforts to address the liberalization of investment as embodied in APEC's 1994 non-binding investment principles, including limiting the use of performance requirements that distort or limit expansion of trade and investment, national treatment, removal of foreign ownership limitations and others.</li> <li>• Supplement efforts to implement the IFAP with capacity building initiatives which familiarize economies with policies that improve the investment environment, including investor state dispute resolution mechanisms.</li> </ul>	<p>Integration (REI) agenda by establishing an "APEC Strategy for Investment", a comprehensive package consisting of three pillars, namely Advanced Principles, Facilitation and Promotion. The Strategy would indicate a direction related to investment so as to accelerate REI by reviewing our previous and current works conducted in the APEC framework and sharing outcome or good practice achieved from there. Under the first pillar, Advanced Principles and Principles, the Strategy notes existing efforts such as APEC's non-binding investment principles and, suggests increasing awareness and capacity for high-level rules as future direction.</p> <p>CTI will continue working on establishing a methodology for measuring progress in implementing APEC's IFAP.</p> <p>IEG has been implementing the IFAP through its projects, addressing identified 15 IFAP priority actions in three priority themes, namely e-transparency, reducing investor risk and simplifying business regulations. The progress report was submitted to CTI in May 2010 for its review. Recently completed and ongoing activities include the following:</p> <ul style="list-style-type: none"> <li>• APEC-UNCTAD Workshop on Investor-State Dispute Settlement (Core Elements Phase III Activity 2)" (completed in Dec 2009): A three-day workshop was held in December 2009 in the Philippines with cooperation of UNCTAD. The project was designed for government officials and policy-makers from the APEC economies involved in negotiations of investment treaties and in the management of investor-State disputes arising from these treaties to provide them with opportunities to improve human resources and institutional capacity in the area of investor-State dispute settlement.</li> <li>• "Capacity Building for Dispute Prevention and Preparedness": A five-day workshop was held in Washington, DC on July 26-30, 2010. This project aimed at improving the capacity of APEC member economies to design and implement internal procedures and mechanisms for the prevention and, where necessary, effective resolution of investor-State disputes. In doing so, the project enhanced the ability of APEC economies to manage and abide by their obligations under international investment agreements.</li> <li>• "Investing Across Borders: An important diagnostic tool to assist in the implementation of IFAP (Stage 1)": This project seeks to use</li> </ul>

ABAC 2009 RECOMMENDATION	CTI/SUB-FORA RESPONSE
	<p>the World Bank/IFC's Investing Across Borders indicators to improve APEC member economies' strategies to implement the priority actions in the IFAP. An APEC specific report will address 4 key topics, namely, investing across sectors, starting a foreign business, accessing land, arbitrating disputes. A new project for Stage 2 is being developed for implementation in 2011.</p> <ul style="list-style-type: none"> <li>• "Filling the Infrastructure gaps in the APEC's developing economies": The project will examine the development of principles for APEC developing economies to address the infrastructure gap, i.e. between infrastructure investments required for the future, and the capacity of public sector in attracting possible source of funds especially from the private sector to meet those development requirement, including public-private partnership.</li> </ul>
<ul style="list-style-type: none"> <li>• Ensure that investment facilitation actions under the IFAP focus on improving transparency in rules and decision-making, simplifying processes and in making doing business in the region easier.</li> </ul>	<p>Development of APEC Guide to Investment Regimes E-Portal and electronic publication: The Investment Guide (6th edition published in 2007) will be updated in a more user-friendly format. The guide will provide a single online access point to key and updated information required by business and fosters safe and efficient capital markets through increased transparency. Publication is expected in the latter half of 2010. ABAC views and comments have been sought for this project</p> <p>Capacity Building for Sharing Success Factors of Improvement of Investment Environment Phase 3 Project: One-day seminar was held on 19 September on the margin of SOM III in Japan. The seminar was aimed at public-private discussions to improve investment climate, focusing on investment in green innovation and capacity building for staff of investment promotion agencies and government officials.</p>
<ul style="list-style-type: none"> <li>• Complete model measures to promote the convergence of high-quality investment chapters in Regional Trading Arrangements (RTAs) and Free Trade Agreements (FTAs) and bilateral investment treaties between regional economies.</li> </ul>	<p>Since 2009, CTI members were encouraged to reconsider the draft text of the model measures on investment to see if the text is ready to be adopted.</p>
<ul style="list-style-type: none"> <li>• Continue to collaborate with major international organizations in promoting and facilitating investment and leverage existing research and investment best practices.</li> </ul>	<p>Collaboration with major international organizations such as UNCTAD and the World Bank has continued to be strengthened through implementation of projects, participation in the IEG meetings and discussion on future collaborative activities.</p> <p>APEC has conducted the Core Elements Studies of</p>

ABAC 2009 RECOMMENDATION	CTI/SUB-FORA RESPONSE
	<p>IAs activities in cooperation with UNCTAD to analyze commonly shared practices in IAs in the region and show the progress since NBIP in 2007 (phase I), 2008 (phase II) and 2009 (phase III). As a part of phase III of the project, two new capacity building projects related to the Core Elements study are being developed with UNCTAD for implementation in 2010 and 2011.</p>
<p><b>Facilitating Trade Flows: Customs Procedures and Practices</b></p> <p>ABAC continues to focus on a wide range of trade facilitation issues that have the potential to improve the flow of goods and services across borders and substantially reduce costs for businesses. Customs procedures have a significant impact on trade flows and directly influence the speed and reliability of a company's global supply chain. Transparent, uniform and predictable customs practices and procedures are important components of a thriving economy. ABAC believes that additional progress can and should be made in the area of customs practices and procedures in APEC economies because this is an area where improvements will yield substantial benefits to business. APEC should act immediately to implement trade facilitation measures and realize the potential US \$280 billion increase in intra-APEC trade identified by the World Bank.</p> <p>ABAC recommended that APEC :</p> <ul style="list-style-type: none"> <li>• Accelerate work to harmonize customs processes through the implementation of the APEC Single Window Initiative.</li> </ul>	<p>SCCP is reviewing the extent of implementation of single window systems in each member economy. This will assist in determining the appropriate future course of action with regard to developing Single Window systems in each APEC economy and accelerating interoperability.</p>
<ul style="list-style-type: none"> <li>• Accelerate the implementation of the Second APEC Trade Facilitation Action Plan (TFAP II) for the early achievement of goals to reduce the cost of doing business.</li> </ul>	<p>For 2010, CTI adopted a work plan to take forward the implementation of TFAP II as well as further develop the Supply-Chain Connectivity (SC) Framework. On TFAP II, the CTI is reviewing the findings of the PSU's report on the interim assessment of TFAP II conducted in 2009 to see how best to take forward the TFAP work and conduct the final assessment in 2011. For SC Framework, the CTI created eight focus groups within its Friends of the Chair (FOTC) group on Trade Facilitation to develop action plans that address the eight chokepoints identified for action in the Supply-Chain Connectivity Framework. The plans developed in consultation with relevant fora /sub-fora (SFOM, SMEWG, TEL, TPTWG, MAG, ECSG, SCCP and SCSC) and ABAC have been finalized for presentation to AMM/AELM in November.</p> <p>CTI continued working with its relevant sub-fora</p>

ABAC 2009 RECOMMENDATION	CTI/SUB-FORA RESPONSE
	<p>(BMG, ECSG, SCCP and SCSC) on implementation of TFAP II and the measurement of its progress for the final assessment due in 2011. BMG and SCSC has enlisted the help of the PSU for the task relating to the measurement of the KPIs in their respective fora.</p> <p>SCSC will hold its 6<sup>th</sup> Conference on Good Regulatory Practice in 2011. The objective of this Conference is to share experiences among APEC members on in improving regulatory practices, with a goal of identifying avenues to promote further improvements in the development and adoption of new regulations among APEC Members; to promote discussion among government officials, private business, and international organizations on the critical issues facing the APEC community to ensure regulations achieve desired public policy outcomes without creating unnecessary obstacles to trade; and to update and revise key APEC technical documents/resources on GRP.</p> <p>CD successfully completed the "Good Regulatory Practice: Case Study Workshop on the Chemicals Sector - from Principles to Practice." It is continuing to put forth a proposal for a project for a second workshop to build upon the results of the project. In addition, the consumer products subgroup of the CD is developing industry guidelines for implementation of the Globally Harmonized System for classification and labeling.</p>
<ul style="list-style-type: none"> <li>Undertake efforts to implement the ABAC Customs Work Plan, especially in areas not currently addressed by APEC.</li> </ul>	<p>SCCP has undertaken a comprehensive evaluation of the 16 items in the Collective Action Plan (CAP) which outlines APEC member economies' collective actions to promote trade and investment liberalization and facilitation. The conclusion was that 10 CAP items have met their initial objectives and the remaining 6 require further efforts. The SCCP also agreed to add two new CAP items in 2011 related to the development of AEO programs and Single Window systems in each member economy.</p>
<ul style="list-style-type: none"> <li>Refrain from the implementation of burdensome regulations or processes which act as de facto protectionist measures.</li> </ul>	<p>On initiatives focusing on ROO harmonization, a Joint CTI-MAG Trade Policy Dialogue (TPD) on Rules of Origin (ROOs) was held on 21 May 2009 in Singapore to raise awareness of challenges relating to origin criteria for FTAs and help business to be better the origin criteria.</p> <p>MAG completed an analysis of ROO for the following sectors: refrigerators; musical instruments; steel; bicycles; consumer electronics; sporting goods; motor vehicles, parts and accessories and hand tools with the participation of volunteering economies.</p> <p>MAG (and SCCP) collaborated to take forward work on simplification of documents and procedures. On the 'APEC Elements for Simplifying Documents and</p>

ABAC 2009 RECOMMENDATION	CTI/SUB-FORA RESPONSE
	<p>Procedures Relating to Rules of Origin' work, five elements relating to the agenda were adopted last year in Singapore. MAG discussed interim findings of the information gathering exercise on the two elements, i.e. (a) validity period of certificate of origin or declaration; and (b) waiver of certificate of origin or declaration as a follow-up of the APEC Elements for Simplifying Documents and Procedures Relating to Rules of Origin. MAG is also exploring some new way forward on this agenda for future work, including possible collaboration with the World Customs Organization (WCO).</p> <p>The APEC WebTR was effectively launched on the APEC Secretariat website, on June 4th as an APEC response to the business needs for obtaining tariff and ROO information in more convenient ways.</p> <p>AD continued its discussion on how to contribute to trade-flow promotion. As part of that activity, AD reviewed its automotive ROOs recommendations and agreed to propose a pathfinder automotive ROOs for consideration.</p> <p>ESCG has several projects/initiatives aim at simplifying domestic regulations and procedures to help business operate in the various APEC economies. For instance, the work of the Data Privacy Sub-Group (DPS) provides businesses with lower overhead and complexity of compliance while providing a credible accountability framework and greater cooperation and support for cross-border enforcement of privacy issues. The Digital Prosperity agenda also contributes to improving the business environment as it aims at streamlining and harmonizing domestic regulatory frameworks impacting on the use of ICTs for cross-border trade.</p> <p>Projects are being developed by ECSG on the use of paperless trading in commercial processes. These projects aim at using "e-solutions" or electronic procedures and processes in cross-border trade in order to save time and costs for firms and government agencies seeking regulatory compliance information from traders. The use of paperless trading applications for cross-border trade impacts on the business operations of companies and assists them in adopting business management practices and supporting technologies to comply with regulations and customers demand. Areas covered by these projects include, for example: electronic certificates of origin, electronic invoicing, business requirements for data harmonization and single window, best practices in paperless trading, archiving of e-documents and e-trade financing. These projects involve B2B and B2G transactions and promote the use of electronic documents and internet technologies in the process of international trade, responding to an important</p>

ABAC 2009 RECOMMENDATION	CTI/SUB-FORA RESPONSE
	<p>aspect of APEC's second Trade Facilitation Action Plan of speeding the use of electronic commerce.</p> <p>The ECSG is working on the implementation of the Data Privacy Pathfinder to enhance trust and confidence in the electronic commerce environment as well as facilitate the continued cross-border flows of personal information to support both domestic and international business. The work on the Data Privacy Pathfinder is focused on the development and implementation of a simple and transparent system for the protection of personal information that moves across borders of APEC Member Economies. The system requires organizations to develop their own internal business rules on cross-border privacy procedures, known as Cross-Border Privacy Rules (CBPRs), which will be required to meet minimum standards.</p> <p>Technical Assistance Seminars on 'APEC Cross-Border Privacy Rules System' were held in Singapore (Feb, July) and Japan (Feb, Sept – future) provided assistance and training phase of this project. Significant progress was reported by the participating economies.</p> <p>The new APEC Cross-border Privacy Enforcement Arrangement (CPEA) which facilitates information sharing and cooperation between authorities responsible for data and consumer protection in the APEC region was launched on 16 July 2010.</p>
<p><b>Facilitating Trade Flows: Business Mobility</b></p> <p>According to the APEC Business Travel Card (ABTC) Client Survey conducted recently, convenience is the strongest merit of the ABTC for cardholders. The number of ABTC holders continues to grow. The survey also revealed that many people would like the area of use of the ABTC expanded to non-APEC economies, especially the EU. ABAC will ask the Business Mobility Group (BMG) or an appropriate APEC forum to carry out a study to determine the prospect and ways by which the area of use of the ABTC could be expanded. ABTC's continued success depends on future added values to the card.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Continue to support the ABTC scheme and its progress;</li> <li>• Consider additional benefits for holders, e.g., expanding the area where the ABTC can be used, and featuring a biometric authentication system to expedite the immigration procedure;</li> <li>• Continue to improve the operation of the ABTC in participating economies, such as priority processing, further shortening the processing time for pre-clearance, extending the validity of the ABTC, providing seamless validity at time</li> </ul>	<p>During BMG2 Meeting in Sapporo, Thailand and Australia informed the Group on the development a paper on the possible use of ABTCs to enroll for access to automatic gate systems at airports, where they are available.</p> <p>BMG ratified the ABTC Client Service Framework which as an Annex to the Operating Framework.</p> <p>CTI agreed that APEC should concentrate on improving the ABTC via shorter application time and renewal. CTI noted the interest of ABAC in expanding the ABTC's coverage beyond APEC and agreed to the BMG conducting a survey on this issue.</p> <p>An ABTC Administrator's workshop to be held over two and a half days in 2011 has been proposed in the BMG. The workshop is to be attended by the officer in charge of ABTC processing in each participating economy, normally designated as an ABTC system "economy administrator". The workshop will provide an opportunity for ABTC Administrators to discuss common technical issues, to share their experiences with the system administrator and to reinforce communication</p>

ABAC 2009 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>of passport renewal, improving online service, ensuring definite recognition of ABTC at airports, and providing clearly marked ABTC lanes;</p> <ul style="list-style-type: none"> <li>• Encourage non-participating and transitional economies to join; and</li> <li>• Provide capacity building for immigration officials so as to avoid confusion.</li> </ul>	<p>among them. Training for Russian ABTC Administrators will also be conducted.</p>
<p><b>Facilitating Trade Flows: Trade Security</b></p> <p>While the need for secure trade cannot be questioned, ABAC believes that these regimes must be implemented in a way which serves to facilitate trade. An APEC-wide Authorized Economic Operator (AEO) system with a mutual recognition scheme can improve trade facilitation dramatically without compromising trade security. Concrete steps need to be identified to build towards the creation of such a scheme carefully including the necessary conditions for a sound and effective system while disseminating the concept to all economies in the region.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Assign an appropriate APEC sub-forum to undertake a study on the creation of an AEO scheme with mutual recognition which applies standardized and harmonized security criteria throughout the region, adheres to the World Customs Organization (WCO) SAFE Framework of Standards to Secure and Facilitate Global Trade, does not create a spaghetti bowl of AEO schemes, and provides common and tangible benefits for AEO participants.</li> <li>• Provide capacity building in order to assist economies in the region establish and implement the AEO scheme at the same level.</li> <li>• Develop programs providing SMEs with substantial support in order to ensure their smooth integration in the AEO scheme in the region.</li> </ul>	<p>In 2009 the SCCP established an AEO Working Group to develop an AEO Action Plan. The Action Plan was endorsed at the SCCP1 and welcomed by the Ministers Responsible for Trade in June 2010. The AEO Action Plan consists of two phases:</p> <p>Phase 1: focuses on reviewing current AEO programs in the region to be compiled into an AEO Compendium (which was completed in 2010). The AEO compendium will be used to assist the SCCP to identify ways in which the various AEO schemes can become more closely aligned, including the identification of standardized security criteria throughout the region. The results of this analysis will be displayed through the development of an AEO best practices document (to be completed in 2011).</p> <p>Phase 2: focuses on capacity building to assist economies who intend to develop AEO programs in line with the best practices with an eye towards creating an environment in which mutual recognition of trade partnership programs is more attainable within the region.</p>
<p><b>Enhancing Connectivity</b></p> <p>ABAC has initiated work to secure improved efficiencies and safety through reform in regulatory and administrative arrangements for logistics in APEC economies. While work is being undertaken in APEC on cross-border issues and impediments, the ABAC initiative links that with action for internal arrangements which forms the backbone of logistics in the region. Reinforcing these goals is the increase of technological advances for vehicles. As a first step, a pilot project between selected APEC economies – Australia, Malaysia, New Zealand, Singapore and Thailand – will seek to develop action on these reforms which would provide a</p>	<p>CTI held APEC Supply Chain Connectivity Symposium in the margins of CTI3 from 20-21 September. The 2010 Symposium will garner more inputs from relevant businesses, particularly those from the logistics and transportation sectors, and other APEC working groups will also be invited to share experiences and ideas.</p> <p>The CTI completed with the help of the PSU, a study on the economic impact of enhanced multi-modal connectivity to improve the flow of goods and services across the land, air, and sea. The study's findings will be used as a basis for future work in</p>

ABAC 2009 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>solid template for wider engagement in the region.</p>	<p>the area. The CTI also launched a website under the Transparency for Ease of Doing Logistics Business initiative that would act as a repository for information on logistics regulations, which is made available electronically to serve as a single source of reference for logistics businesses. The URL for this website is <a href="http://www.logistics.apec.org">http://www.logistics.apec.org</a>.</p>
<p><b>Tackling Illicit Trade</b></p> <p>ABAC believes that illicit trade is a ‘cross-border’ activity and requires coordinated action by all economies. Given that there is currently no satisfactory regional or alternative mechanism that exists that would facilitate action to stop illicit trade, ABAC urges APEC, in conjunction with ABAC, to seek to develop an effective mechanism to operate at the regional level. Further, ABAC is currently monitoring the development of the Global Illicit Trade Index, a mechanism for measuring the cost of illicit trade to governments and companies by sector. This index may serve to inform economies’ respective approaches to address the problem by prioritizing specific industries and addressing illicit trade at its source. The film industry is an example of a sector where focused enforcement activities can be leveraged to reduce illicit “camcording” in cinemas, the source of 90% of pirated film content.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Develop an Illicit Trade Code, modeled on the 2007 APEC Code on Anti-Corruption, as a first step in coordinating an APEC-wide approach to address illicit trade.</li> <li>• Explore support from the Asian Development Bank (ADB) &amp; the World Bank in securing funding for capacity building, technical assistance, and support to assist economies to carry out priority tasks efficiently and effectively against illicit trade.</li> <li>• Take steps to address industry-specific incidents of illicit trade where focused enforcement and deterrent legislation can cut off illicit trade at the source, such as “camcording” which affects the film industry.</li> </ul>	<p>Under the broader heading of the APEC Anti-Counterfeiting and Piracy Initiative, the IPEG continues to discuss combating counterfeiting and piracy in general, and in particular, unauthorized camcording in cinemas. Some IPEG members have shared information about anti-camcording provisions in their legislation, or proposed legislation, or how the issue fits into existing legislation in their economies, in order to bring greater clarity to the issue. The IPEG group continues to share information and experiences in regard to illegal camcording.</p>
<p><b>Implementing APEC’s Intellectual Property Rights Commitments</b></p> <p>ABAC continues to highlight the important role that the effective protection of intellectual property rights plays in promoting regional economic integration, globalization of supply chains and the development of domestic IP-based industries. Further, ABAC looks forward to closer engagement and cooperation with the APEC Intellectual Property Rights Experts’ Group to address a range</p>	<p>IPEG continues to discuss and share information in regard to responding to cable and encrypted satellite signal theft. A seminar was held on the topic of “Signal Piracy, Regulation and Enforcement in a Convergent World” was held in Jakarta, Indonesia in December 2009.</p>

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<p>of issues relevant to private sector stakeholders.</p> <p>ABAC Recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Give effect to APEC's 2007 Ministerial Declaration and the 2008 Meeting of APEC Ministers Responsible for Trade (MRT) Chair's Statement regarding theft of broadcast signals, through further documentation of the nature and extent of the problem, the development of guidelines and best practices and capacity building activities through public-private sector workshops, in order to prevent the unauthorized redistribution of copyrighted content, including "free-to-air" digital terrestrial broadcasts, over various platforms including the internet.</li> <li>• Pursue the protection of digital contents for purposes of information security, privacy protection and copyright management by limiting circumvention of technological protection measures (TPMs) and prohibiting the sale and distribution of circumvention devices.</li> <li>• Enhance cooperation between customs agencies and rights holders to facilitate the identification and seizure of counterfeit and pirated goods at the border.</li> </ul>	<p>The SCCP has recognized the importance of effective cooperation between Customs and IP rights holders to IPR border enforcement and has agreed to undertake three categories of actions in this regard:</p> <ul style="list-style-type: none"> <li>• Share experiences and good practices on proper border enforcement about IPR infringing goods suspended by Customs using the scheme of the Customs Mutual Assistance Agreements (CMAAs) and other available tools;</li> <li>• Strengthen cooperation between Customs and IP rights holders using the framework of APEC; and</li> <li>• Facilitate trainings for frontline officials on how to identify genuine and fake goods by IP rights holders within each economy.</li> </ul> <p>The IPEG Chair attended the SCCP meeting in March 2010 to exchange points of view concerning IP at the border, Hong Kong, China; and China were member economies which made presentations at the SCCP Meeting. IPEG continues to discuss and share information about customs enforcement of IP. In conjunction with the 30th IPEG meeting, and in cooperation with ABAC, the IPEG-Private Sector Dialogue was held, which included a panel discussion on "IP Enforcement at the Border." Among the panelist were a representative of China Customs, and private sector representatives. The discussion highlighted the importance of border enforcement in light of the highly organized manner in which counterfeit and pirated goods are distributed, and provided ideas for enhanced information sharing among customs agencies, and between industry and customs agencies, in order to improve border enforcement of IP.</p>
<p><b>Ensuring Food Security</b></p> <p>ABAC reasserts that its initial plan for action on an APEC Food System (AFS) should remain a priority for APEC. It is important to understand how this system's dynamics might have changed or may need to change in relation to new and recent regional trade and business realities and in the increasingly important context of sustainability. The ultimate goal is for APEC to take a cohesive strategic approach to food that includes food security alongside issues on development and trade and investment. ABAC has broadened the original AFS commitment in 1999 to better reflect current issues and proposes a process for more coordinated dialogue between ABAC and APEC. In particular, ABAC stands ready to facilitate business input into the proposed Food Security Ministerial to take place in Japan in October 2010.</p>	<p>On October 16-17, APEC held its first ministerial meeting on food security, at which ministers committed to collectively pursue the shared goals of "(i) sustainable development of the agricultural sector, and (ii) facilitation of investment, trade and markets."</p> <p>MAG held a 'Workshop on Non-Tariff Measures and Non-Tariff Barriers Affecting Trade in Food and Agriculture Products in the APEC Region' on 19 September 2010.</p> <p>SCSC has undertaken the several activities, including:</p> <ul style="list-style-type: none"> <li>• A US self-funded project for an "Export Certificate Round Table" under the APEC Food Safety Cooperation Forum (FSCF) Partnership</li> </ul>

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<p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Reaffirm Leaders' support for the AFS and to agree to key elements on issues such as food security as proposed by ABAC.</li> <li>• Call again for a commitment from APEC Leaders against export embargoes and restrictions on food.</li> </ul>	<p>Training Institute Network (PTIN), which was held on 25-26 February 2010 in conjunction with the CODEX Committee on Food Import and Export Inspection Certification Systems meeting in Queensland, Australia</p> <ul style="list-style-type: none"> <li>• Seminar Workshop on the Development and Strengthening of Food Recall System for APEC member economies which was held in Manila on 4-6 May 2010.</li> <li>• APEC FSCF Partnership Training Institute Network (PTIN) three-day supply chain training module entitled: Capacity Building in Food Safety: Developing Food Safety Plans for the Supply Chain (5-7 November 2010 in Beijing, China.)</li> </ul>
<p><b>Addressing Energy Security and Climate Change</b></p> <p>ABAC maintains that an open and deregulated energy market in the region offers the better options to drive change and secure a balance between economic growth and environmental conservation. ABAC supports efforts to improve 'energy efficiencies' in regional economies and urges the development of a long range Strategic Framework for Energy Security. However, economies in APEC have the option to utilize a range of measures to reduce greenhouse gas (GHG) emissions and urges that such measures do not in their implementation raise new barriers to trade and investment in the region. Because of the importance of action on energy security, ABAC recommends that the proposed meeting of Energy Ministers next year would be the start of annual meetings by APEC Energy Ministers</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Support new initiatives that would contribute to the development of a long range plan for energy in APEC, namely study on a futures market for gas, best practices in energy efficiency by end-users and promote exchange of conservation practices.</li> </ul>	<p>The following SCSC activities undertaken this year support this area:</p> <ul style="list-style-type: none"> <li>• Special session of the SCSC's TFTF focusing on Carbon Footprint Labeling was held in the margins of SCSC2 on 17 September</li> <li>• 8th Conference on Standards and Conformance for Green Harmonization held on 18 September in Sendai, Japan. The objective of this conference is to share the importance of prevalence and harmonization on energy-efficiency standards;</li> <li>• Supply Chain Visibility Workshop held on 19 September in Sendai.</li> </ul> <p>AD has started exchange of automotive related information between APEC member economies and will continue to exchange information and share best practices concerning member economies' policies for the diffusion of energy efficient vehicles.</p>
<p><b>Promoting Trade in Environmental Goods and Services</b></p> <p>ABAC encourages APEC to consider ways to maximize opportunities at the Copenhagen Conference later this year to find means to reduce barriers to trade and investment in environmental goods and services (EGS), particularly as progress in the Doha Round is currently stalled. ABAC recommends that a work program be developed between APEC and ABAC to promote awareness in APEC economies of the value of action on EGS and to explore ways to standardize or align energy efficiency and labeling and to support a program</p>	<p>For 2010, CTI approved an action plan developed by the FOTC on EGS to implement the 2009 APEC EGS work programme. The work will involve:</p> <ul style="list-style-type: none"> <li>• Identifying a "package" of follow-up actions that would enable economies to enhance sustainable economic development in the APEC region. Three key aspects of this would be to identify: (i) goods and services that, if used more, would enable an economy to contribute to climate change mitigation and sustainable economic development; (ii) concrete steps to encourage the use of climate-friendly and other EGS technologies and to find areas of</li> </ul>

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<p>whereby products exceeding agreed thresholds be subject to low or zero tariffs.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Develop a work program between APEC and ABAC to promote awareness in APEC economies of the value of action on EGS including steps to strengthen the capacities of APEC economies, especially developing economies, to develop the EGS sector.</li> <li>• Explore ways to standardize or align energy efficiency and labeling.</li> <li>• Support a program whereby products exceeding agreed thresholds be subject to low or zero tariffs.</li> </ul>	<p>technology transfer that are of interest to economies; and (iii) capacity-building activities to ensure members, especially developing member economies, are able to develop their EGS sectors and meet sustainable growth goals.</p> <ul style="list-style-type: none"> <li>• Promoting EGS by raising awareness of the differing EGS-related needs of economies; addressing non-tariff barriers and enhancing market drivers for EGS through close cooperation among relevant fora; exploring greater harmonization and convergence of standards, particularly in energy efficiency; facilitating investment in the EGS sector; and</li> <li>• Improving understanding of, and market access for, environmental and climate change mitigation related services.</li> </ul> <p>A TPD on EGS (as proposed in the action plan) was held on 17 September to further expand and assess the implementation of the 2009 EGS work program.</p> <p>Australia, New Zealand and the United States are leading a proposal in the CTI that to initiate a series of case studies on the EGS markets of several developing APEC economies to further develop and implement the EGS work program. With a view to identifying the key EGS policies, market drivers and challenges, these case studies would also better equip economies with knowledge about their own domestic marketplace and how they can better pursue sustainable growth. To date, Chile, Malaysia, Mexico and Viet Nam have volunteered to be subjects for the case studies. The case studies for Malaysia and Mexico were completed in time for CSOM/AMM 2010.</p> <p>MAG continues to be one of the main forums for effort relating to EGS. MAG was mandated by the CTI to work on an EGS matrix of APEC EGS projects as part of the EGS work program in order to implement the Ministerial instruction. Some of the activities on EGS that have been undertaken as follows:</p> <ul style="list-style-type: none"> <li>• A Workshop on Trade and Environment was held in Jakarta on 25-26 May;</li> <li>• MAG Workshop on Environmental Goods and Services was held on 28 July 2009 to raise awareness of the linkages between trade in environmental goods and climate change, to raise awareness of the role of technology and environmental goods in addressing climate change; and to increase business motivation to adopt environmental technologies by establishing international technical standards and other regulatory systems in developing economies;</li> <li>• Launched the APEC Environmental Goods and</li> </ul>

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	<p>Services Information Exchange Tool (EGSIE) exchange tool as part of APEC's EGS work program in November 2009. The purpose of EGSIE is to provide public and private stakeholders in APEC economies with a means to access and share the latest information, studies, projects and commitments on EGS and voluntarily exchange information on specific environmental goods and services.</p> <p>Work recently/currently being undertaken in the GOS on environmental services includes: Survey on APEC Trade Liberalization in Environmental Services which shared information on and improved the understanding of trade in environmental services with a view to liberalizing the sector; and, Information Exchange of Environmental Services which will facilitate the exchange of information on both liberalization and technology aspects on environmental services within APEC economies and could contribute to the sustainable growth agenda.</p> <p>The following SCSC activities also contributed to EGS work: (i) 8th Conference on Standards and Conformance for Green Harmonization will be held in September 2010 to share the importance of prevalence and harmonization on energy-efficiency standards; (ii) alignment with international standards and active participation in International Standardization Voluntary Action Plan (VAP) which should be updated by each economy and reported to SCSC.</p> <p>IPEG is beginning to discuss "Green technology" that is, for example, how IP relating to the environment, in general, can be promoted, facilitated, and expedited to foster sustainable growth.</p> <p>CD has approved a "APEC Strategic Framework on Chemicals," which will guide the work of the Chemical Dialogue using an integrated, coherent approach, including as to how it pertains to EGS. The framework is intended to support efforts to facilitate sustainable economic growth and regulation; to promote regulatory capacity and convergence for enhanced environmental protection, while avoiding potential barriers to trade; and to enhance chemical management and product stewardship over the life cycle.</p>
<p><b>Leveraging on ICT to Foster Economic Growth</b></p> <p>ABAC applauds efforts in current economic stimulus packages to allocate funds for the development of Information Communication Technology (ICT) infrastructure that will increase access to</p>	<p>CTI has undertaken a survey on how economies' policies and practices map against the APEC Digital Prosperity Checklist. The information collected will</p>

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<p>broadband, noting that the adoption of ICTs can increase the productivity of service-oriented industries and facilitate the flow of goods and services across borders. To help protect business and public organizations against cybercrimes, ABAC urges APEC to reinforce efforts, such as those being carried out in the APEC Telecommunications and Information Working Group (TEL), to address information security matters. Of equal importance is the development of regulatory and policy environments to enable economies to leverage the benefits that can be achieved through the adoption of ICTs.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Utilize the Digital Prosperity Checklist to assess economies' regulatory and policy environment with the objective of leveraging the benefits of ICTs.</li> <li>• Reference the policy instruments and best practices identified in the Digital Prosperity Checklist in the implementation of broadband infrastructure investment programs being implemented through economic stimulus packages.</li> </ul>	<p>help to enhance the understanding of how APEC economies are implementing policies to support ICT-enabled growth and to identify additional capacity building needs. A half-day TPD session on Digital Prosperity was held in the margins of CTI3 on 21 September focusing on the innovation section of the Digital Prosperity Checklist, with the view to establishing a more detailed work plan for 2011.</p> <p>ECSG's work on the digital economy agenda supports the knowledge-based/inclusive growth pillar. Other main areas of activity of the ECSG and its sub-groups – implementation of the Data Privacy Pathfinder through the development of a Cross-Border Privacy Rules system, and paperless trade initiatives – also support this pillar.</p> <p>ECSG also recognizes the importance of public-private collaboration in developing an environment conducive to e-commerce and encourages the active participation and contribution of the private sector in its meetings and activities, including involvement and contribution from the Global Business Dialogue on Electronic Commerce (GBDe), the International Chamber of Commerce (ICC), the Pan Asian Alliance on E-Commerce (PAA), the United Nations Centre for Trade Facilitation and Electronic Business (UNCEFACT), the Organization for Economic Co-operation and Development (OECD), and the International Conference of Data Protection and Privacy Commissioners (ICDPPC). ECSG also supported the work of the Asia Pacific Women's Information Network Centre in respect to the APEC Digital Economy Forum for Women.</p> <p>An element of the ECSG's work is to work cooperatively with the private sector to support CTI in implementing the Digital Prosperity Checklist which outlines specific steps economies can take to enable an economy to utilize ICTs as catalysts for growth and development. In so doing, the ECSG is building on its current work streams and projects, including data privacy and paperless trading, which are key elements of ICT-enabled growth.</p>
<p><b>Promoting Capacity Building to Strengthen Financial System: Promoting Infrastructure Public-Private Partnership</b></p> <p>There is tremendous potential for mobilizing the region's huge pool of savings to address its considerable infrastructure needs through public-private partnerships. However, there are underlying issues that need to be addressed to realize this potential.</p> <p>ABAC recommended that APEC :</p>	

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<ul style="list-style-type: none"> <li>Launch a regional infrastructure partnership among governments, international financial institutions and the private sector that will produce a list of major projects that represent regional priorities based on extensive consultations and actively identify ways of building up the range of financing options offered by capital markets through addressing policy and regulatory impediments to further innovation and greater market participation.</li> </ul>	<p>IEG is implementing the project “Filling the Infrastructure gaps in the APEC’s developing economies”. The project will examine the development of principles for APEC developing economies to address the infrastructure gap, i.e. between infrastructure investments required for the future, and the capacity of public sector in attracting possible source of funds especially from the private sector to meet those development requirement, including public-private partnership</p>