

## **APEC Regulatory Cooperation Process Mechanism on Trade-Related Standards and Technical Regulations**

In June, the CTI launched the 2010 APEC Initiative on Standards and Technical Barriers to Trade as a key element of its agenda to accelerate regional economic integration in the Asia-Pacific, and in order to fulfill APEC Leaders' instructions in 2009 to "intensify our work on initiatives to promote greater convergences among economies in key areas of APEC's REI agenda, including in...standards/technical barriers to trade."

Under this initiative, the CTI agreed to establish a process mechanism in APEC that will encourage regulatory cooperation aimed at preventing and addressing unnecessary technical barriers to trade. 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. In order to take forward this work, the United States committed to produce a paper for discussion at SCSC2 and CTI3 suggesting specific aspects of the process mechanism.

To that end, the following outlines what we envision being included in the APEC Regulatory Cooperation Advancement Mechanism (ARCAM). We recognize there is no "one size fits all" model for regulatory cooperation; each effort should be fit for purpose with strong political backing. We note, however, a critical first step often involves a decision to bring regulators together into a dialogue on a specific issue. It is equally important to target an area where potential technical barriers to trade are identified and a trend in regulation is anticipated. The participation of regulators, trade officials, industry representatives, and other key stakeholders in that dialogue enables a broader discussion involving both the technical and trade aspects of the issue. This was done by the SCSC in its work on strengthening food and consumer product safety standards, which resulted in greater transparency, better alignment of technical requirements and standards, and robust cooperation on capacity building.

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ARCAM would consist of a process under which trade officials, relevant regulators, and other stakeholders would conduct work on one emerging regulatory issue per year that has particular relevance to APEC's agenda to strengthen regional economic integration. The purpose of this work would be to:

- Develop a shared understanding of the issue;
- Improve understanding of how the issue relates to legitimate regulatory objectives;
- Improve understanding of how the issue relates to trade and investment flows and economic integration goals in the region;
- Enhance the capacity of regulators in the region to address the issue; and
- Increase transparency and promote better alignment of technical requirements and standards related to that issue area.

The process would begin each year during CTI1 with selection of the emerging regulatory issue that would be the subject of that year's discussion. Suggested issues would be proposed by economies prior to CTI1 (a one-page outline sufficient to give CTI members a basic understanding

of the broad regulatory and trade element of the issue would be required). Economies will be encouraged to submit ideas for work that is not already being undertaken in a significant way by APEC. This process is not meant to duplicate existing work, but add to the APEC agenda by focusing on emerging issues. Relevant CTI subfora would also be asked to provide input into the issue selection. To facilitate this, proposals for suggested issues will be forwarded to relevant CTI subfora, including the SCSC, in advance of their meetings. SCSC should provide recommendations on the submissions received for the CTI's consideration. The CTI would then discuss the submissions based on the SCSC's recommendations, taking into account other subfora input, and select one issue. The criteria used to select the "emerging regulatory issue" should include:

- Relevance of the emerging regulatory issue to a significant number of APEC economies (i.e., development of regulations in this area is being considered by a significant number of APEC economies rather than by an individual or a few individual economies or is being considered by a significant group of economies);
- Strong correlation between the emerging regulatory issue and priority trade and investment issues for APEC and APEC's work to strengthen regional economic integration in the Asia-Pacific; and
- Relevance of the emerging regulatory issue from a trade and investment perspective (i.e., if regulations were to be set in this area, it could have a significant impact on trade and investment flows in the region).

Also prior to CTI1, economies would consider the areas in which they are considering new regulations or modifying significantly existing regulations. This will enable APEC members to improve their understanding of where their economy stands in the overall regulatory picture in the Asia-Pacific.

Once the emerging regulatory issue is selected, the CTI would next convene a dialogue among trade officials, regulators, and other stakeholders with responsibility for the selected issues on the sidelines of CTI2 in close consultation with relevant subfora and other APEC working groups. To ensure the representation of speakers and participation of members, financial resources, especially for developing economies, should be sought. In this regard, the CTI and the leading economy would work with other Members and the APEC Secretariat to help ensure that resources, including through APEC, are available.

Based on the results of this dialogue and any subsequent discussion by relevant CTI subfora or other APEC working groups, the CTI would develop for discussion at CTI3 a set of possible recommendations for advancing further regulatory cooperation in this area. The recommendations produced by the CTI should focus on specific steps for future cooperation in APEC and/or other multilateral organizations that should be taken to avoid the development of new technical barriers to trade from emerging as a result of regulation in the selected area, rather than on specific technical suggestions on the issue. Those recommendations could include forward work by relevant CTI subfora to deepen regulatory cooperation in this area, with direction to report back to the CTI at set points. The final recommendations would be considered by relevant CTI subfora and CTI, and then sent to Ministers/Leaders for their endorsement at the end of the year.

The economy proposing the issue that the CTI selects for discussion would serve as the "lead", working closely with other interested economies, during the year in which their issue is being discussed. They will be responsible for preparing a background paper and other documents that would be useful to CTI members in understanding the issue and preparing to engage on this topic. They will also develop the agenda for the dialogue at CTI2 and coordinate development of

the recommendations for future regulatory cooperation. The agenda, including the selection of speakers, shall be fully consulted among members.

At the start of the third year, the ARCAM would be reviewed by the CTI in consultation with the SCSC to ensure that process contributes effectively and efficiently to strengthening APEC's ability to prevent TBTs through regulatory cooperation.