

APEC's Bogor Goals Progress Report (as at 13 August 2012)*

Highlights of Achievements and Areas for Improvement

- Tariffs are continuing their downward trend. In 2010, APEC's MFN average tariff was equal to 5.8 percent. However, average tariffs in agriculture remain higher in comparison with other sectors (11.9 percent to 4.9 percent).
- APEC economies have reported progress concerning the elimination or reduction of certain non-tariff measures. However, some restrictions still remain and new measures restricting or potentially restricting trade continue to be implemented.
- Progress in services liberalization and facilitation. Nevertheless, there is still room for improvement as some restrictions in terms of market access, national treatment and local presence are maintained.
- APEC economies are making efforts to improve investment conditions and welcome foreign investors. However, sectoral restrictions to foreign investment are common in areas considered of domestic strategic interest.
- Efforts to align to international standards. Some concerns exist regarding the conditions to meet certain sanitary and phytosanitary requirements and technical regulations.
- Substantial progress to facilitate trade by making customs procedures more efficient.
- Efforts to strengthen intellectual property rights and competition policy systems. There is progress in enforcement, but still more can be done to improve conditions.
- Increased transparency and market access in government procurement. Concerns remain especially in terms of preferences to local suppliers and restrictions on the origin of the goods/services.
- Trend continues for regulatory reforms to increase efficiency.
- Higher levels of transparency across time. More relevant information concerning laws, regulations, guidelines and administrative procedures are becoming easily available.
- Network of RTA/FTAs is expanding for all APEC economies.

Summary of Updates

Tariffs

Tariff levels have continued to fall. APEC's MFN average tariff, measured at the HS 6-digit level, went down from 6.6 percent to 5.8 percent during the period 2008-2010. All sectors moved in the same direction. Nevertheless, tariffs in agriculture remain higher compared with other sectors. The average tariff for agricultural products went down from 13.1 percent to 11.9 percent; whereas the average tariff for non-agricultural products declined from 5.7 percent to 4.9 percent.

APEC's efforts in liberalizing trade are also reflected in the percentage of zero-tariff product lines, which went up from 42.4 percent to 45.2 percent. In the same way, the percentage of product lines with MFN applied tariffs equal or greater than 10 percent decreased from 16 percent to 14.7 percent.

* This brief report was prepared with information from the submissions of the 2012 APEC Individual Action Plan (IAP) templates, the minutes of the meetings of WTO Trade Policy Reviews for individual APEC member economies and the WTO Report to the Trade Policy Review Body from the Director-General on Trade-Related Developments from June 2012 (Document WT/TPR/OV/W/6).

In addition, APEC member economies are continuing their engagement with RTA/FTAs, which is leading to a further reduction in the effective tariffs, based on the tariff liberalization schedules agreed with their RTA/FTAs counterparts.

Non-Tariff Measures

In general, APEC members have indicated that they generally do not apply non-tariff measures, with the exception of those applied for legitimate reasons, such as the protection of public health, security, safety and consistency with WTO agreement and international treaties.

APEC economies have reported progress in numerous ways, such as the reduction or elimination of certain import and export prohibitions, quantitative restrictions, licensing requirements, among others.

However, some of these restrictions still remain in many APEC economies. The latest WTO Report to the Trade Policy Review Body from the Director General on Trade-Related Developments from June 2012 also shows that new restrictions restricting or potentially restricting trade continue to be implemented and measures are accumulating. Trade remedies, licensing requirements and customs controls are among the most recurrent measures.

Services

APEC has experienced progress in terms of services liberalization and facilitation. Several APEC members reported increased competition in some services sectors such as telecommunications, financial services, postal and courier services, audiovisuals, transportation, health-related services and legal services among others. Competition was promoted by extending more operational licenses and/or opening the markets to foreign participants. In some cases, foreign equity participation was allowed up to certain limit.

APEC members have also achieved progress through bilateral or regional agreements. RTA/FTAs with services chapters usually include many commitments beyond those agreed in GATS. In addition, in the air transportation sector, some APEC economies have signed reciprocal “open skies” agreements.

In terms of professional services, some APEC economies have reported the implementation of mutual recognition agreements to facilitate certain professionals from one party to practice in the other party as well. APEC economies have implemented unilateral measures to make more flexible the registration of foreign professionals to allow them to practice in specific areas.

Some restrictions still remain, as APEC economies still maintain various restrictions in terms of market access to foreign participants, national treatment and local presence to provide a service.

Investment

APEC has made good progress in improving investment conditions in the region. Many APEC members reported that no restrictions are applied with regards to repatriation of capital and remittances for royalties and profits.

In general, APEC members recognize the economic benefits of foreign investments. Barriers for foreign investments have fallen across APEC, for example: by lifting sectoral restrictions or by raising the threshold to screen potential investments. In addition, some economies have removed minimum paid-in capital requirements. However, restrictions still remain in sensitive sectors that each APEC economy considers of domestic strategic interest.

Another mechanism used by APEC economies to reduce barriers to investment and increase stability is through the implementation of Bilateral Investment Treaties, Avoidance of Double Taxation Treaties or RTA/FTAs with an investment chapter.

In terms of investment facilitation, progress has been reported through the implementation of policies such as tax benefits, the increased transparency in the publication of relevant laws and guidelines, the simplification of procedures to obtain investment permits, the improvement of public infrastructure and the establishment of one-stop shops to resolve inquiries.

Standards and Conformance

As a general rule, APEC members are aiming to align domestic standards to international standards as far as possible. The range of alignment in the APEC economies that reported this information varies significantly, from 14 percent to 100 percent. It is very common for APEC members to align domestic standards to the International Standardization Organization (ISO) and the International Electrotechnical Commission (IEC) standards for manufacturing products and to the Codex standards for food-related products.

Some APEC members also reported full alignment to the 168 IEC standards in the APEC Voluntary Alignment Program for 2006-2010, which targets the IEC System for Conformity Testing and Certification of Electrical, Electronic Components, Equipment and Products (IECEE). Also, APEC members have reported increasing participation in Mutual Recognition Arrangements (MRA) and Multilateral Recognition Arrangements (MLA), which involves the recognition of accredited certification bodies and testing laboratories.

Concerns remain with regards to strict sanitary and phytosanitary requirements and technical regulations in certain APEC economies.

Customs Procedures

APEC members have been working intensively to streamline customs procedures and facilitate trade. In this regard, measures such as the implementation or upgrade of single window systems, the submission of advance electronic information, the execution of risk-management techniques, the introduction of the Authorized Economic Operators, the development of advance ruling systems and the acceptance of the ATA carnet for temporary importation of goods are relevant examples that support APEC members to reduce time and cost to trade across borders.

In addition, many APEC customs organizations have signed agreements with similar counterparts in order to exchange information, target high-risk shipments and expedite legitimate cargo. The strengthening of measures to guarantee secure trade increased the cost to trade in some APEC members. One of the current challenges is to find the right balance between the strengthening of border security and trade facilitation.

Intellectual Property Rights

A common feature for many APEC economies in recent years is the preparation and implementation of amendments to copyright legislation. These cases seek to cover gaps from old legislation due in part to the proliferation of electronic means of communication, such as internet. These amendments strengthen the mandate of the competent authorities to address online infringements to IPR and to provide certainty by clarifying roles and responsibilities of internet services providers.

Amendments to legislation on patents have also been implemented to raise the quality of granted patents, provide greater certainty in patent rights and make more expedite the examination for patent registration. Some APEC economies are implementing Patent Prosecution Highways in which someone that obtained from a patent office a first-ruling that an application is patentable, may apply for fast-track the examination of those claims in patent offices of other parties. Some APEC members are also amending trademark legislation in order to conform to international trends and be part of international conventions.

In addition, APEC members share the concern of violations to IPR. In this regard, efforts are being implemented via tougher sanctions to infringements, organized raids and stricter law enforcement, among others. However, despite these efforts, it is perceived that there is still room for improvement.

Competition Policy

In recent years, a significant number of APEC members have introduced or amended legislation to strengthen competition policy in their markets. In this sense, these measures aim to improve guidelines to review merger and acquisitions; to prevent and sanction the abuse of market dominant position; to fight deceptive marketing; to protect consumers and companies against price-fixing, discriminatory and predatory pricing; to implement hefty sanctions for those infringing the law; and to provide more powers to the competent authorities to investigate alleged anticompetitive behaviors; among others.

Many APEC economies also reported on the importance to maintain international cooperation at the bilateral level between competition agencies in order to benefit from information exchange and technical assistance. In this regard, competition authorities from some APEC members have reported the implementation of bilateral Anti-Trust Cooperation Agreements with similar counterparts.

Government Procurement

APEC economies have reported increased efforts to increase transparency in government procurement. In this sense, relevant laws, bidding opportunities, guidance materials, qualification requirements and resolutions on protests and reconsiderations are becoming available online. Most of APEC members are currently using or in the process of implementing electronic tender and bidding systems, which allows sending documents through electronic means and saving time and costs. In some cases, some governments have also implemented electronic notification systems in which new public procurement opportunities are submitted immediately to companies to encourage them participating in this process.

Additional efforts to open government procurement markets to foreign companies have been reported, for example, by loosening the qualification criteria or by signing bilateral agreements on government procurement. In addition, the successful conclusion of the negotiations to modernize the WTO Agreement on Government Procurement will increase market access opportunities for those APEC economies participating in it.

Nevertheless, restrictions still remain within APEC as some economies still keep restrictions on the origin of the goods/services and provide preferences to local suppliers.

Deregulation/Regulatory Reform

APEC members share the views that reforms are important to tackle inefficient and costly regulation. Many APEC economies have been conducting regulatory reviews to identify unnecessary barriers and find ways to improve efficiency. Some APEC economies have institutionalized processes in which public institutions need to review regulations and their internal processes for these purposes. In other cases, changes to regulations and internal procedures can only be implemented after conducting a Regulatory Impact Assessment (RIA). Some APEC economies have created institutions to be in charge of deregulation and regulatory reform. These institutions usually assist other public entities in developing RIA, as well as in providing guidance to implement the necessary reforms.

Many APEC members have highlighted that the efforts in deregulation/regulatory reform are linked with their interest to ease doing business. In this way, it has been a common trend to simplify administrative procedures to reduce cost, time and procedures to start a business.

Dispute Mediation

APEC economies have reported dispute mediation systems in place. Some economies introduced recently legislation concerning alternate dispute resolution courts. In other cases, changes to legislation concerning arbitration and legislation were made to make the system simpler.

APEC economies have also reported the implementation of systems based on international practices such as the New York Convention; the WTO Dispute Settlement Understanding; the UNCITRAL Model Law on International Commercial Arbitration; and the International Convention on the Settlement of Investment Disputes (ICSID). APEC economies also use dispute settlement mechanisms available in BITs and RTA/FTAs.

Mobility of Business People

All APEC members are taking part of the APEC Business Travel Card (ABTC) system, albeit at different levels. 18 APEC members are fully implementing the APEC Business Travel Card (ABTC) system and the remaining three APEC members entered into the scheme as transitional members.

Several reported examples how improve the mobility of business people in the region are the improvement of the systems to approve the issuance of business visas, resident, work and re-entry permits in a shorter time span; granting visa exemptions to passport holders from certain economies; the introduction of schemes to attract investors by granting them permanent status if

they commit investments above certain levels; and the facilities to highly-skilled professionals to reside. In addition, other reported measures to facilitate mobility of business people takes place in the border, by opening around the clock immigration checkpoints, expanding schemes for expedite checks for trusted travelers, business visitors or foreign permanent residents.

Some APEC members have also implemented RTA/FTAs with chapters on mobility of business people, which provides facilities for intra-corporate transfers, business visitors, investors and professionals.

Transparency

Many APEC members have reported that all laws and regulations are published promptly and made available in the internet. In some cases, procedures and administrative rulings are also available. Government agencies are increasingly showing high standards in transparency by publishing all relevant information in their websites.

Some APEC members also mentioned that draft laws, proposals are also published in order to seek comments from interested parties. Public notices, hearings and consultations are part of the process to formulate new policies and review existing legislation.

RTA/FTAs

Another way for APEC to make progress towards achieving the Bogor Goals of free and open trade and investment is through the implementation of RTA/FTAs. APEC members have been very active in negotiating and putting into force this kind of agreements. In fact, by the end of 2010, APEC economies had already implemented 103 RTA/FTAs. As at December 2011, APEC members had 110 RTA/FTAs implemented (44 of which were intra-APEC RTA/FTAs) and 129 RTA/FTAs signed (49 of which were intra-APEC RTA/FTAs).