



**Asia-Pacific
Economic Cooperation**

2005

**Committee on
Trade and Investment
Annual Report to Ministers**



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Foreword and Executive Summary

FOREWORD AND EXECUTIVE SUMMARY

In 2005, the CTI adopted priorities that were in direct response to Leaders and Ministers' instructions and which closely followed Senior Officials' own priorities in trade and investment areas. The CTI's four agreed priorities were: 1) Support for the Multilateral Trading System; 2) Trade Facilitation; 3) Transparency and Anti-Corruption; and 4) the Digital Economy and Intellectual Property Rights. The CTI developed comprehensive workplans related to each of these four priorities. In addition, the CTI also adopted a detailed workplan on RTAs and FTAs which became an additional area of focus for the Committee as a result of the SOM-level Policy Dialogue on RTAs and FTAs which took place in May 2005.

This report provides an overview of CTI's work in 2005 as well as a number of specific recommendations to Ministers (see section on recommendations). In 2005, the Committee followed-up on reforms adopted in 2004 by adopting work plans early on in the year with clear deliverables and results. Building on another reform adopted in 2004, these work plans were developed by "friends of the Chair" groupings of several economies to ensure that they reflected the views of a broad spectrum of APEC members.

As has been the case for several years, the results listed in this report consist in a list of specific activities that were undertaken by the Committee itself or its sub-fora. These activities are mostly conferences, capacity building projects, reports, databases, websites, or guidebooks that support the overall liberalization and facilitation process in the APEC region. We are confident that the long list of activities listed in this report is making an important contribution to the development of networks and relationships that support progressive liberalization and facilitation.

In addition, the Committee is proud to have worked on a number of original policy initiatives that will commit APEC economies to move forward collectively in our four priority areas in addition to RTAs and FTAs, structural reform, and security. Furthermore,

the work of the CTI continues to provide very substantial input to the efforts of Leaders and Ministers to move the Doha Development Agenda forward, as was most recently demonstrated at the Meeting of APEC Ministers Responsible for Trade in Jeju, Korea, in June 2005.

Highlights of the work of CTI in 2005:

- CTI developed a trade facilitation roadmap that will ensure that APEC remains at the forefront of international efforts to facilitate trade by making the Trade Facilitation Action Plan lives up to its full potential through integrating the recommendations of the 2004 Expanded Dialogue on Trade Facilitation.
- CTI supported progress on the Doha Development Agenda through the organization of several WTO capacity building projects and through targeted activities on trade facilitation (such as an APEC/WTO roundtable on trade facilitation and a workshop on best practices for trade facilitation capacity building), market access (such as a workshop on the IT/Electronics industry), and services (such as work to assist economies making meaningful services offers).
- In response to Leaders' instructions last year in Santiago, CTI included anti-corruption as a core element of its transparency work plan and worked with its sub-fora dealing with customs, business mobility and government procurement to strengthen their activities that help governments fight corruption and better link them to the overall objectives of the APEC Anti-Corruption and Transparency Experts' Task Force.
- CTI worked with APEC economies to produce the first comprehensive report on implementation of the APEC general and area-specific transparency standards.

- CTI supported the development of the APEC Anti-Counterfeiting and Piracy Initiative.
- CTI initiated work on expanding the 2002 Pathfinder Statement on Trade and the Digital Economy to include technology choice.
- CTI finalized its work on the APEC-OECD Checklist for Regulatory Reform, which was adopted by APEC Ministers Responsible for Trade in June 2005.
- CTI oversaw the preparation by APEC economies on Individual Action Plans on RTAs and FTAs that will increase transparency by making comparable and comprehensive information on these agreements available to the business community via the APEC IAP website.
- CTI and many of its sub-fora continued to work closely with the APEC Business Advisory Council throughout 2005. We collaborated on specific projects related to transparency and trade facilitation, such as the development of an APEC Customs Handbook.

The outcomes listed above and throughout the report result from the hard work and spirit of cooperation of all CTI members. I would like to thank them all for making 2005 another fruitful year for APEC's trade and investment agenda. As the end of 2005 also brings to an end my two-year term as CTI Chair, I would like to express my heartfelt thanks to all my CTI colleagues as well as to the APEC Secretariat for their exceptional collaboration over the five years I have had the honour to be involved in the CTI's work, first as a Canadian delegate, and then as the Committee's chair for the last two years. I trust that the CTI will continue its excellent work for many years to come.



Alan Bowman
Chair
APEC Committee on Trade and Investment



Introduction

INTRODUCTION

The Committee on Trade and Investment's role is to provide a coherent APEC perspective and voice on global trade and investment issues, and to increase cooperation among members on these issues. CTI's work is aimed at helping and encouraging APEC member economies to, either individually or collectively, liberalize and facilitate trade and investment within the APEC region, consistent with relevant World Trade Organization (WTO) agreements, so as to achieve the Bogor Goals of free and open trade and investment. This work is supported by economic and technical cooperation (ECOTECH) initiatives, which are primarily aimed at building capacity in member economies to assist them in undertaking trade and investment liberalization and facilitation. CTI is the primary vehicle for the implementation of instructions of APEC Leaders and Ministers on trade and investment issues.

The CTI oversees eleven sub-groups as well as four industry dialogues. CTI also works closely with other Committees, Task Forces and Working Groups to ensure that Leaders and Ministers' instructions on trade and investment issues are implemented in a coordinated manner.

CTI's work benefits the business community as it is often undertaken through partnerships between the public and business/private sectors, hence contributing to the overall prosperity of APEC economies.

The CTI Annual Report to Ministers for 2005 outlines the Committee's accomplishments and recommendations in the key priority areas of APEC's Trade and Investment Liberalization and Facilitation (TILF) agenda.

While the Collective Action Plans (CAPs) in various *Osaka Action Agenda* (OAA) issue areas, which were first reported in 1996, remain the Committee's main vehicle for advancing APEC's trade and investment agenda, CTI also adopted a short list of four priorities on which it focused its work in 2005: support for the multilateral trading system; trade facilitation; transparency and anti-corruption; and digital economy and intellectual property rights (IPRs). Four small groups of "friends of the Chair", comprising between 5-12 economies, were established to develop work plans with clear time frames, objectives and deliverables in all four areas.

In addition to these work plans, CTI has also undertaken work related to a number of other APEC-wide priority areas in 2005, including regional and bilateral free trade agreements, implementation of APEC's security commitments; and the Mid-Term Stock-take of Progress towards the Bogor Goals undertaken by Senior Officials.

With the expiry of the term of Alan Bowman in 2005, the election of a new chair is under consultation among member economies.



**Section I:
Support for the
Multilateral Trading System**

SECTION I: SUPPORT FOR THE MULTILATERAL TRADING SYSTEM

Objectives:

In 2005, CTI adopted a clear work plan on support for the multilateral trading system anchored around the following objectives:

- Contribute to a successful outcome of the Hong Kong WTO Ministerial Conference.
- Make concrete contributions to the WTO sections of the Ministers Responsible for Trade (MRT), APEC Ministerial Meeting (AMM) and APEC Economic Leaders' Meeting (AELM) declarations for the successful conclusion of DDA, in the areas agreed in the Bangkok and Santiago Leaders' Declarations.
- Assist SOM in further developing its working relationship with the APEC Geneva Caucus, and ensure that APEC receives sufficient input from Geneva before the MRT and AMM.
- Continue to provide capacity building activities to help economies understand WTO issues, participate in WTO negotiations and implement WTO obligations.
- Help APEC economies better coordinate their WTO capacity building assistance.
- Increase confidence on trade facilitation and identify other issues on which additional confidence building in APEC will assist the WTO.
- Contribute to the WTO negotiations on trade facilitation by taking forward the work in the Santiago Initiative on trade facilitation related to the WTO.
- Contribute to the WTO negotiations on trade facilitation by working with economies' WTO negotiators to take appropriate work forward related to the core trade facilitation elements in the Santiago AMM statement (transparency, efficiency, simplification, non-discrimination, procedural fairness, cooperation and capacity building).
- Communicate APEC's work on FTAs/RTAs to the WTO.
- Continue discussing the possibility of APEC support for a permanent WTO moratorium on customs duties on electronic transmissions, with due consideration to the positions any APEC economy may take in the WTO.
- Identify specific non-tariff measures of importance to APEC, such as the lack of transparency, and develop how these could be taken up in the DDA, including through the Geneva Caucus.
- Identify obstacles faced by SMEs that could be addressed through WTO negotiations.
- Contribute to the implementation of the services section of Pathfinder Initiative on Trade and the Digital Economy.
- Support the prompt conclusion of relevant APEC members' WTO accession negotiations, including through the provision of capacity building assistance.

Results:

These objectives, which were adopted at the Committee's first meeting in February 2005, framed its work for the rest of the year, and led to the following key results:

- CTI's work, and the objectives set in February supported the development of the Statement issued by APEC Ministers Responsible for Trade in June 2005.
- CTI sub-fora organized several capacity building activities (listed in the accompanying table) aimed at helping developing economies better understand WTO issues, participate in WTO negotiations, and better implement their WTO obligations.
- CTI's WTO Capacity Building Group organized an APEC Workshop on Best

Practices in Trade Facilitation Capacity Building which resulted in useful recommendations on future APEC trade facilitation capacity building activities.

- CTI organized an APEC/WTO Roundtable on Trade Facilitation in Geneva on 10 February 2005. The Roundtable brought together a broad range of stakeholders from APEC and the WTO, including senior government officials, representatives of international organizations, and distinguished scholars. Reflecting the diverse membership of the WTO, African and

Caribbean countries were especially well represented, making the Roundtable by far the largest APEC event in Geneva.

- CTI organized a WTO Training Course on Anti-dumping and Safeguard Measures in Bangkok; and a Workshop on WTO Trade Facilitation Negotiations in Kuala Lumpur.
- CTI discussed a proposal by Australia, Canada, Chile, New Zealand and the United States to support the WTO discussions in relation to Geographical Indications (GIs).

Table 1: Work in response to CTI Priority: Support for the Multilateral Trading System by Sub-forum

SUB-FORUM	WORK UNDERTAKEN
Market Access Group (MAG)	<p>MAG hosted a Seminar on IT/Electronics Industry on 8 September 2005 which built on the success of last year's information technology (IT) products initiative. The seminar identified measures to remove trade barriers and to improve market access in IT/electronic products and examined how APEC can support the WTO/NAMA negotiations.</p> <p>MAG shared views and approaches on environmental goods in support of WTO in this area. It agreed that APEC members will continue to exchange information intersessionally in order to compare these approaches to environmental goods.</p> <p>MAG members continued to regularly update their tariff data for inclusion in the WTO Integrated Database and the APEC Tariff Database.</p> <p>MAG agreed to develop a work program on software and databases available for trade negotiations, to build the capacity of members to participate in WTO negotiations and to negotiate and implement high quality FTAs/RTAs.</p> <p>MAG agreed to develop a joint MAG/IEG workshop for 2006 on complex issues related to the implementation of preferential trading agreements. This workshop will examine market access issues at the intersection of preferential trade arrangements and investment.</p>
Group on Services (GOS)	<p>GOS reviewed the progress of the WTO services negotiations and discussed expectation in all areas of the negotiations to be achieved by the Hong Kong WTO Ministerial Conference.</p> <p>GOS exchanged information and discussed issues of interest in support GOS Members' preparations for successful participation in WTO services negotiations:</p> <ul style="list-style-type: none"> - a scheduling proposal on express delivery submitted to the WTO; - the possible parameters for the definition of services subsidies; and - a proposal for possible work on transparency in domestic regulation. <p>GOS organized three symposia/seminars in Seoul that were aimed at encouraging APEC economies to engage actively in the services negotiations, in particular, to prepare quality offers for submission by the May timeline set by the WTO:</p>

SUB-FORUM	WORK UNDERTAKEN
	<ul style="list-style-type: none"> - Seminar on Greater Transparency in Mode 4 Commitments, 1 March 2005; - Seminar on Mutual Recognition Mechanisms in the Asia Pacific Region, 1 March 2005; and - Seminar on Scheduling of Commitments under the GATS, 2 March 2005. <p>GOS enhanced communications with the services delegations in the WTO through reporting of GOS activities to the APEC Geneva Caucus.</p>
Sub-committee on Standards and Conformance (SCSC)	<p>SCSC reviewed recent activities in the WTO/TBT committee of interest to the SCSC. Japan and China-Mexico proposed work programs for contribution on WTO/TBT and WTO/SPS.</p>
Sub-committee on Customs Procedures (SCCP)	<p>SCCP supported and pursued forging a mutually reinforcing partnership with the WTO relating to the progress of WTO Trade Facilitation initiatives, enhanced linkages between SCCP activities and these initiatives, and built capacity to promote effective implementation of the outcomes of these initiatives.</p> <p>Two WTO-related components of the SCCP's CAP (on customs valuation and TRIPs) were moved from Stage 2 to Stage 3 because they have been fully implemented.</p> <p>A Workshop on the WTO Rules of Origin Agreement was held in Kuala Lumpur, Malaysia, on 11–15 April 2005, organized by Japan in collaboration with Canada. The 32 participating Malaysian senior customs officers got familiarized with the technical issues in administering rules of origin which take on increasing importance in respect to implementation of such trade policy instruments as preferential tariffs, quotas, anti-dumping actions and countervailing duties, origin marking, and safeguard measures.</p> <p>A Workshop on the WTO TRIPS Agreement was held on 25–28 April in Bangkok with 30 participants. Three experts provided basic knowledge on the TRIPS Agreement and how to address the challenges related to the implementation of efficient enforcement system for Intellectual Property Rights (IPRs).</p>
Intellectual Property Rights Experts Group (IPEG)	<p>IPEG finalized a survey of each economy's legal schemes for geographical indications. As a lead economy, Mexico analyzed the survey. IPEG members agreed to upload the results of the survey on the IPEG's web site, as is the case for other main IPEG projects. They will continue to reflect updates such as amendments to regulations and further results of WTO discussions.</p>
Competition Policy and Deregulation Group (CPDG)	<p>By enhancing the competitive environment in the Asia-Pacific region and through the clarification of different competition policy approaches in APEC member economies, the CPDG contributes to the advancement of the Multilateral Trading System.</p> <p>The work of the CDPG in this area is conducted through the deepening and focusing of efforts to implement the APEC Principles to Enhance Competition and Regulatory Reform. Continuous promotion of dialogue and sharing of information as well as best practices on the implementation of economies' competition policies and laws ultimately will support a competitive environment in the APEC region and hence contributing to the advancement of this CTI priority.</p>

SUB-FORUM	WORK UNDERTAKEN
Government Procurement Experts Group (GPEG)	GPEG continued to monitor developments on Government Procurement in the WTO.
Informal Experts Group on Mobility of Business People (IEGBM)	<p>In 2005, the IEGBM continued to support the multilateral trading system through various agreed standards and capacity building initiatives, aimed at streamlining and enhancing the transparency of temporary business entry arrangements, including through:</p> <ul style="list-style-type: none"> • The (continued expansion of the) APEC Business Travel Card scheme (currently 17 members) , or implementation of visa waiver or a 3 year multiple entry visas for short term business entry; • an agreed 30 day processing service standard for temporary visa applications for intra company transferees (executives, managers and specialists (the latter group as defined by each economy)); • agreed standards for the progressive introduction of e-commerce arrangements; • agreed business mobility-specific Transparency standards; and • Standards for travel document security, professional service, immigration legal infrastructure and travel document examination <p>The standards are consistent with objectives of the WTO General Agreement on Trade in Services (GATS), specifically mode 4.</p>
WTO Capacity Building Group (WCBG)	<p>WCBG organized a policy workshop on best practices in trade facilitation capacity building on 22–23 May 2005 in Jeju. The workshop included a number of sessions on issues such as needs assessment, trade facilitation capacity building to improve negotiations capacity; and capacity building to improve implementation capacity. This workshop resulted in useful recommendations on future APEC trade facilitation capacity building activities.</p> <p>WCBG is implementing the first phase of a two-phase project to review APEC's WTO capacity building activities that responds to Ministers' instruction to evaluate APEC's past capacity building activities in order to improve the effectiveness of future activities. The pre-hearing process was completed in each of the selected economies. Selected economies are expected to provide first stage evaluations by the end of October using an evaluation format developed by the expert commissioned by the project. The results will be fed back to member economies intersessionally, following which, on-site visits to undertake second-stage evaluations will commence.</p> <p>Thailand organized a training course on anti-dumping and safeguard measures, in Bangkok, Thailand, from 15–18 August 2005. This training course contributed to a better understanding of the use of trade remedy measures.</p>
Automotive Dialogue	<p>The Automotive Dialogue accelerated efforts to support the advancement of the Doha Development Agenda and will coordinate its work with that of the Geneva Auto Industry Dialogue.</p> <p>The Dialogue also raised awareness of automotive sectoral discussions taking place in the WTO/NAMA (including global industry efforts).</p>

SUB-FORUM	WORK UNDERTAKEN
<p>Chemical Dialogue</p>	<p>The Chemical Dialogue raised awareness of chemical sectoral discussions involving some APEC members taking place in the WTO/NAMA (including global industry efforts) and sought new co-sponsors for initiatives.</p> <p>The Chemical Dialogue developed an information base and work plans to address key non-tariff measures of concern to the chemical industry that could be pursued in the WTO.</p> <p>The Dialogue advocated WTO-compliance of regulatory directives affecting chemicals (such as REACH) to ensure that these measures do not constitute an unnecessary burden on industries or barrier to trade.</p>
<p>Life Sciences Innovation Forum (LSIF)</p>	<p>LSIF started to implement the Life Sciences Strategic Plan and associated capacity building initiatives consistent with WTO TBT, TRIMS, TRIPS and GATT/WTO non-discrimination rules.</p> <p>LSIF discussed harmonization efforts in the areas of pharmaceutical clinical trials and medical device regulation to support implementation of the WTO Agreement on Technical Barriers to Trade.</p> <p>LSIF undertook capacity building efforts to harmonize medical device regulation that can also support a possible NTM initiative in the DDA.</p> <p>LSIF also implemented projects that promote regional convergence of regulatory requirements and practices that are consistent with the WTO and appropriate standards organizations.</p>



Section II: Trade Facilitation

SECTION II: TRADE FACILITATION

Objectives:

In 2005, CTI adopted a clear work plan on trade facilitation and agreed on the following objectives:

- Deepen and better monitor the implementation of the Trade Facilitation Action Plan (TFAP);
 - Work together to advance the trade facilitation negotiations in the WTO;
 - Foster a closer relationship with business, including ABAC;
 - Advance initiatives under the Santiago Initiative for Expanded Trade in APEC, including building on APEC Best Practices for RTAs/FTAs in the area of trade facilitation;
 - Implement secure trade measures while facilitating trade.
- CTI agreed to an updated *trade facilitation reporting template* for economies' use in their annual reporting on major trade facilitation achievements in their IAPs.
 - CTI participated in the trade facilitation session of the APEC roundtable with IFIs on September 10, 2005 in Gyeongju, Korea. As a result of that roundtable, the CTI agreed to propose to IFIs that APEC will: (i) keep the World Bank, the Asian Development Bank and the OECD better informed of APEC's activities on trade facilitation; (ii) invite all three organizations to report on their own trade facilitation activities to the CTI at least on an annual basis; (iii) explore the possibility of organizing an event in 2006 that would build bridges between APEC officials and the IFIs' managers in APEC economies to ensure better exchange of information on trade facilitation issues; and (iv) encourage more exchanges and coordination between APEC officials and IFIs' managers in APEC economies.

Results:

- CTI developed and agreed on a "Trade Facilitation Action Plan Roadmap to 2006" that proposes a work program to ensure that the APEC Trade Facilitation Action Plan delivers its expected results by the end of 2006, as mandated by Leaders in 2001. The roadmap includes key provisions on capacity building, on the organization of expert reviews, and on better focusing our trade facilitation efforts by working even more closely with the business community. The roadmap also calls on the Committee to identify a short list of specific trade facilitation actions on which all member economies could cooperate to develop common approaches to reducing transaction costs for business. (*Appendix 1*)
- CTI and its sub-fora continued with the implementation of the APEC Trade Facilitation Principles. Eight CTI sub-fora submitted progress reports of their implementation of the APEC Trade Facilitation Principles.
- CTI worked with the APEC Secretariat to develop a business outreach brochure to showcase APEC's achievements and future plans in the area of trade facilitation. The APEC Trade Facilitation Brochure will be released during the APEC Ministerial Meeting in November.

Table 2: Work in response to CTI Priority: Trade Facilitation by Sub-forum

SUB-FORUM	WORK UNDERTAKEN
Market Access Group (MAG)	<p>MAG continued to contribute to projects designed to measure the transaction costs of trade facilitation initiatives that have been implemented to meet the APEC goal of reducing transaction costs by 5% by 2006.</p> <p>MAG members continued to implement additional trade facilitation measures identified in the APEC Trade Facilitation Action Plan.</p>
Group on Services (GOS)	<p>GOS continued its discussion on how to follow up the "Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment," in particular, concerning:</p> <ul style="list-style-type: none"> - Transparency in services through the e-IAPs; - Recognition in the area of professional services; and - Capacity building in the area of regulatory impact analysis. <p>GOS discussed how to foster closer co-operation and synergy with the SME Working Group for the benefit of the SMEs in the region.</p> <p>GOS agreed to update the website on "APEC Directory on Professional Services" set up in 1999.</p> <p>GOS planned to complete the evaluation of its study on impacts on APEC economies of measures to liberalize and facilitate trade in environmental services by end 2005.</p> <p>GOS reviewed progress of the research project on skill standardization for the nursing profession in a number of APEC economies that is being undertaken by Indonesia.</p>
Investment Experts Group (IEG)	<p>The IEG and the OECD will organize a joint seminar on "Investment for Development: A non-prescriptive approach" on the margins of the APEC Leaders' Meeting in Busan on 14–15 November. The Seminar will support economies' efforts to facilitate investment by looking at issues such as the effectiveness of investment targeting in investment promotion, corporate governance, the growing proliferation of FTAs/RTAs in the region and the implications of accelerated investment liberalization in the region.</p>
Sub-Committee on Standards and Conformance (SCSC)	<p>SCSC established a Trade Facilitation Task Force (TFTF) to discuss specific issues that have commercial implications for APEC members as a result of current or proposed regulations by APEC or non-APEC economies (such as the EU environmental regulations) and other trade facilitation issues. The SCSC-TFTF held a joint session with the CDSG/NFMD on 7 September 2005 in Gyeongju, Korea to exchange views on cooperative actions on EU REACH and SAICM. The SCSC agreed to hold a stand-alone meeting of the TFTF in the margins of SOM I in 2006 jointly chaired by Korea and the United States.</p> <p>SCSC discussed a template for following up on the implementation of the Trade Facilitation Action Plan and it was proposed that SCSC members would fill out the templates by July 2006 once a template is approved by the SCSC.</p> <p>SCSC conducted a comprehensive review of its Voluntary Action Plan (VAP) alignment work from 2001 to 2005. It showed a very high level of achievement of alignment in the agreed priority areas and the alignment work was recorded as completed. Following the report of the 1st Policy Dialogue with ABAC held in September 2004 and the results of a survey conducted in 2005, SCSC agreed to a new VAP alignment work plan in the area of IEC standards for electrical</p>

SUB-FORUM	WORK UNDERTAKEN
	<p>equipment, particularly those used in the IECEE CB Scheme, with a target year of 2010.</p> <p>SCSC organized a Seminar on EU Product-related regulations on 24 February 2005 in Seoul to discuss the relatively new EU Directives affecting environmental aspects of a range of goods, primarily household electrical and electronic goods.</p> <p>SCSC held a seminar on the Fire Safe Use of Timber in Construction from 24–26 May 2005 in Wellington, New Zealand to promote the establishment of a network of regulators and other experts to facilitate the exchange of information on different approaches to managing fire risks that do not impede the use, and therefore, trade in wood products unnecessarily.</p> <p>SCSC also held a seminar on the Sectoral Food MRA on 27–28 June in Bangkok to discuss ways to enhance that MRA. One of the outcomes was a recommendation to draw up a workplan on the Sectoral Food MRA and explore capacity building needs to further work in this area.</p> <p>SMEWG and SCSC held an APEC Workshop for SME Program managers on reducing SMEs compliance costs on 19–20 July 2005 in Bandar Seri Begawan. The SCSC agreed to improve access to standard and conformance related information by stakeholders and enhance capacity building activities for SME Program Managers, Regulators, Developers of Standards and SMEs.</p> <p>SCSC held a workshop on the EEMRA in Bali on 10–11 August 2005 to discuss ways and means to encourage further participation in EE MRA schemes. SCSC/JAC agreed to organize a meeting before the next SCSC meeting in 2006 to establish a work program for ongoing dialogue on EE MRA issues.</p> <p>SCSC (Australia, China and Thailand) organized a seminar on food safety cooperation on 6–7 September 2005 and agreed to establish an ad hoc Steering Group on food safety cooperation under the SCSC to further work in this area and prepare a progress report and recommendations for endorsement by SCSC and SOM I in 2006.</p> <p>SCSC held its 2nd Policy Dialogue with ABAC on 5 September 2005 in Gyeongju, Korea to identify the main concerns of business with a view to reflecting these in the future SCSC work program. The SCSC reconfirmed its intention to work closely with the business community in the future.</p>
<p>Sub-committee on Customs Procedures (SCCP)</p>	<p>SCCP continued to work to enhance cooperation between customs administrations and the private sector through its annual APEC Customs Business Dialogue. The most recent Dialogue, attended by 350 participants from customs community, business and academia, took place in Gyeongju, Korea on 5 September under the theme of “Re-Engineering Customs-Business Cooperative Engagement for Facilitation and Seamless Movement of Goods in a Transparent and Secure Transaction Environment”.</p> <p>SCCP adopted two new CAP items:</p> <ul style="list-style-type: none"> • Time-Release Surveys (TRS). Time release surveys can be used to identify problems and bottlenecks in customs procedures. Three workshops on Time Release Survey (TRS) took place, respectively, in Malaysia on 25–26 April, Thailand on 28–29 April, and Indonesia on 2 May co-sponsored by World Customs Organization (WCO) to provide necessary technical assistance on TRS and to build capacity of customs administrations with difficulties in the smooth introduction or implementation of TRS.

SUB-FORUM	WORK UNDERTAKEN
	<ul style="list-style-type: none"> Implementation of an APEC Framework based on the WCO Framework of Standards to Secure and Facilitate Global Trade. To further advance and develop the APEC Framework for its eventual full implementation, a workshop was organized on 6 September 2005 to deepen SCCP members' understanding of the Framework, with participants including the Deputy Secretary General of the WCO and a private sector representative sharing experiences and knowledge. The WCO Framework will directly support the Leader's Santiago Initiative to promote secure trade and public-private partnerships, and this new CAP initiative will also greatly contribute to the expedited facilitation of legitimate and low-risk cargoes. <p>SCCP conducted an APEC Workshop on the Implementation of the WCO Data Model in Singapore on 7–11 March 2005 to assist APEC economies in their efforts to implement harmonized and simplified trade and customs data sets in accordance with international standards. The workshop contributed towards simplification and internationally harmonized dataset, translating into easier and quicker international goods traffic, resulting in direct benefits for importers and exporters.</p> <p>SCCP organized the 2005 APEC Amity Customs Workshop in Chinese Taipei on 18–27 October 2005. This 10-day workshop self-funded by Chinese Taipei was aimed at assisting APEC member economies with effective management of customs policies and practices in trade facilitation and border control.</p>
Intellectual Property Rights Experts Group (IPEG)	<p>IPEG finalized a report on IPR policy progress mapping, which summarizes each economy's progress on IPR protection and enforcement. This report supports APEC's trade facilitation objectives because it provides better information to business.</p> <p>IPEG finalized a report on its survey of member economies best practices for combating optical disc piracy.</p> <p>IPEG members updated their status on the establishment of IPR service centers. The centers take different forms: some members utilize the existing Web sites of their own IP offices; others have established new centers or advisory support centers. Each economy's IPR service centers are linked through the IPEG Web site. To-date, 11 economies have constructed websites for their service centers.</p> <p>IPEG worked on a draft survey on the laws and best practices of member economies for examining non-traditional trademarks. The survey, when finalized, will present examples of each economy's non-traditional trademarks.</p>
Government Procurement Experts Group (GPEG)	<p>GPEG's work in this area is focused on the trade facilitation principles of transparency, communication and consultation, modernization and the use of new technology. GPEG activities contributing to trade facilitation were :</p> <ul style="list-style-type: none"> - Presentations on the NBPs by Canada (value for money, open and effective competition, fair dealing and non-discrimination), China (open and effective competition, fair dealing and non-discrimination), Japan (open and effective competition), Malaysia (open and effective competition, fair dealing and non-discrimination), Mexico (open and effective competition and non-discrimination), the United States (value for money and non-discrimination) and Viet Nam (fair dealing); - Presentations or updates on e-procurement by Australia, Korea and Viet Nam on the development of their Public Procurement Bulletin; and - General updates on progress in developing FTAs by Australia, China, New Zealand, Thailand and the United States.

SUB-FORUM	WORK UNDERTAKEN
	<p>GPEG increased dialogue with the SME Working Group and agreed to continue to collaborate to further our common goals of reducing barriers to SME participation, and providing access to information. GPEG also wrote to ABAC to develop better ties with the business community, and furthered links with IPEG.</p>
<p>Informal Experts Group on Mobility of Business People (IEGBM)</p>	<p>IEGBM is assisting economies individually and collectively to implement trade facilitation actions and measures, through its Capacity Building Strategy and various agreements on standards development and implementation, including in: travel documentation examination, professional service, travel document security, immigration legislation, arrangements for intra-company transferees and short term entry, including the APEC Business Travel Card, and e-commerce.</p> <p>IEGBM is also making progress on the implementation of the following trade facilitation /human security initiatives:</p> <ul style="list-style-type: none"> • <i>Advance Passenger Information (API) Pathfinder</i>: Substantial progress was made on implementation of the agreed API Pathfinder Implementation Plan by the IEGBM in 2005. Up to 9 API feasibility studies are expected to have been conducted by end 2005 and 10 economies have implemented or formally announced their commitment to implementation (Australia; Canada; Hong Kong, China; Japan; Korea; Mexico; New Zealand; Chinese Taipei; Thailand; and the United States). • <i>Machine Readable Travel Documents (MRTDs)</i>: Economies reported at 2005 SOM meetings on their progress in implementing Machine Readable Travel Documents (MRTDs), in accordance with the IEGBM's agreed objective to introduce MRTDs on a best endeavors basis by 2008. Almost all economies issue MRTDs from their capitals and most economies have/or are introducing arrangements for offshore MRTDs issue. • <i>Regional Movement Alert List (RMAL)</i>: The IEGBM is overseeing a pilot project of the Regional Movement Alert List (RMAL) system by Australia and the United States from September/October 2005 and a report will be presented to Leaders in 2005. New Zealand will join the pilot in November 2005. New Zealand facilitated two workshops of legal experts to examine the legal issues associated with accessing lost and stolen travel document data in a multilateral context, and to develop an APEC Multilateral Framework for Accessing Data, which will reduce the need to negotiate bilateral agreements. The first workshop was hosted by Korea in May 2005, with the second workshop hosted by New Zealand in August 2005. • <i>International Criminal and Police Organization (ICPO) Database</i>: The IEGBM agreed to a recommendation that members cooperate to ensure that members provide lost and stolen travel documents to the ICPO database by end 2006, on a best endeavors basis. • <i>Immigration Liaison Officers (ILO) cooperation</i>: This was conducted through a TILF-funded project consisting of two workshops to enhance human resource integration in transit border management by promoting consistency in approach and best practice in respect of ILOs arrangement within the APEC region. Korea hosted the 2nd ILO workshop on 5–6 September 2005. A report recommending best practices and options has been prepared.

SUB-FORUM	WORK UNDERTAKEN
WTO Capacity Building Group (WCBG)	<p>WCBG organized a policy workshop on best practices for WTO capacity building in the area of trade facilitation on 22–23 May 2005 in Jeju Island. (See also above under “Support for the Multilateral trading System).</p> <p>Furthermore, because of the synergies between trade facilitation discussions in the WTO and APEC’s own trade facilitation agenda, the Group’s workshop on best practices in trade facilitation capacity building had clear relevance to CTI’s broader trade facilitation priority. In particular, the identification of best practices for building capacity for the implementation of trade facilitation commitments will have positive effects for APEC members’ progress in implementing the Trade Facilitation Action Plan.</p>
Chemical Dialogue	<p>CDSG completed a report on the status of APEC economies’ implementation of the globally harmonized system (GHS) for classification, labeling and safety data sheets. This document will help to identify capacity building needs that could be funded both through APEC and through UNITAR. The document was also transmitted to UNITAR to bring its attention to the work being done in APEC economies to implement the GHS.</p> <p>CDSG completed a report on the benefits of implementing the GHS. This document can be used for outreach purposes both by governments and industry associations.</p> <p>CDSG continued its advocacy efforts on the EU’s proposed system for the Registration, Evaluation and Authorization of Chemicals (REACH) directive.</p> <p>CDSG members shared information on emerging issues for the chemical industry, such as ROHS and SAICM (strategic approach to chemical management), and considered collective/individual actions to address industry concerns.</p>
Life Sciences Innovation Forum (LSIF)	<p>Implementation of the Life Sciences Strategic Plan will facilitate trade in innovative life sciences products and services.</p> <p>The LSIF continued to work on harmonizing regulatory practices and policies in line with international best practices, such as the harmonization and standardization of clinical trials.</p> <p>LSIF conducted a Global Harmonized Task Force (GHTF) training workshop in Bangkok on 13–17 June in Bangkok. This was the third in a series of capacity building workshops on the GHTF, focusing on regulatory, auditing and quality systems and surveillance mechanisms for medical devices. Another workshop, conducted in Spanish and English, is being planned for next year in Santiago.</p> <p>The LSIF undertook cooperative research programs leading towards development of diagnostics.</p>



**Section III:
Transparency and
Anti-Corruption**

SECTION III: TRANSPARENCY AND ANTI-CORRUPTION

Objectives:

In February 2005, CTI adopted a clear work plan on transparency, and agreed on the following objectives:

- All economies will implement the Transparency Standards into domestic laws, regulations, procedures and administrative rulings of general application.
- Contribute as appropriate to the *Santiago Commitment to Fight Corruption and Ensure Transparency* and the *APEC Course of Action on Fighting Corruption and Ensuring Transparency (COA)* which develops and implements the COA, including through the APEC anti-corruption initiative “From Santiago to Seoul”.
- CTI and its sub-fora’s work on transparency will recognize the link between corruption and transparency and the need to work closely with the APEC Anti-Corruption and Transparency Experts’ Task Force in order to ensure their work is mutually supportive and not duplicative of the activities of the Task Force. This commitment should be reflected in respective work programs.
- Follow “Transparency by 2005” strategy to ensure implementation.
 - Using the revised IAP templates incorporating Transparency Standards as a basis, develop an APEC plan for assessing economies’ performance in incorporating the General and area-Specific Transparency Standards into their domestic legal regimes with input from relevant stakeholders in the wider community.
 - The plan should address economies’ possible need for assistance in drafting and obtaining passage of legislation to implement the Transparency Standards.
 - CTI to provide inputs on transparency at the proposed APEC

Anti-corruption and Transparency Symposium at SOM III, involving economies and relevant stakeholders in the wider community to discuss economies’ implementation in law and in practice of the Leaders’ Transparency Standards.

- Consider updating the strategy to incorporate anti-corruption elements relevant to the work of the CTI.
- Use the APEC Geneva Caucus to transmit APEC’s work on Transparency Standards to the WTO and explore the possibility of taking other relevant initiatives in the WTO.
- Support transparency provisions in FTAs, RTAs and other initiatives and discuss transparency provisions in such arrangements.
- Better communicate the benefits of transparency and the importance of the Transparency Standards to the public.
- Identify capacity building needs and develop projects to assist member economies implement transparency commitments and anti-corruption initiatives
- Develop a list of transparency issues that are of key concern to the business community in all APEC economies, and get a commitment by APEC Ministers to take quick action to address them.

Results:

- A number of CTI sub-fora, at the request of CTI, made anti-corruption a specific priority.
- CTI prepared a paper outlining CTI’s work on transparency and anti-corruption (Appendix 2) to the APEC Anti-corruption and Transparency Symposium on 1–2 September in Seoul and the APEC Anti-Corruption and

Transparency Experts' Task Force on 5-6 September.

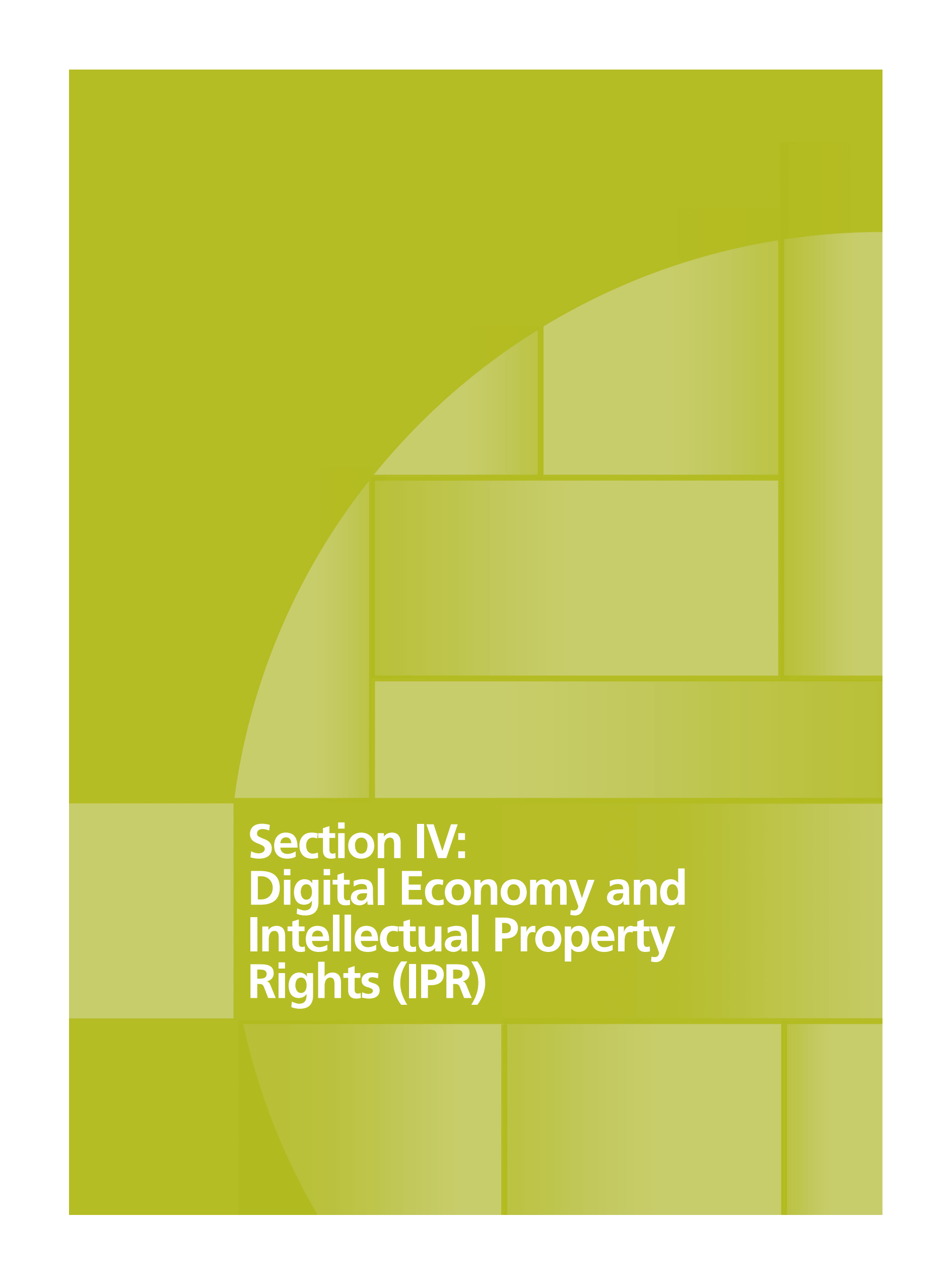
- CTI agreed that its paper on transparency developed for this APEC Anti-Corruption and Transparency Symposium would be a useful vehicle for conveying APEC's work on transparency to the WTO, should the SOM Chair wish to do so via the Geneva Caucus.
- As a result of the CTI's participation in the Anti-Corruption and Transparency Experts' Task Force on 5–6 September, the CTI agreed to work more closely with the task force in two respects: (1) the CTI and its sub-fora will seek input from the Task Force on the anti-corruption aspects of their work programs; and (2) the CTI will invite the Task Force to be represented at its meetings.
- CTI pursued its work with the ABAC TILF Working Group on seeking input from the business community on transparency-related issues, with the objective of developing a series of key transparency issues the Ministers will commit to address at the 2005 AMM.
- CTI deferred to 2006 the development of a plan to assess economies' performance on implementing the APEC Transparency Standards, as economies will only submit a first full report on their implementation of these standards in late 2005. This plan, to be developed in 2006, will include the provision of capacity building assistance on transparency and anti-corruption matters.

Table 3: Work in response to CTI Priority: Transparency and Anti-corruption by Sub-forum

SUB-FORUM	WORK UNDERTAKEN
Market Access Group (MAG)	<p>MAG members continued to support the implementation of the area-specific Transparency Standards on Market Access.</p> <p>MAG members regularly update their tariff data for inclusion in the WTO Integrated Database and the APEC Tariff Database.</p> <p>MAG ensured that its own operations are transparent by keeping the MAG website up-to-date, publishing MAG meeting documents on-line and contributing to the APEC Secretariat newsletter.</p> <p>MAG members regularly revise and update their links to import regulations on the MAG website.</p>
Group on Services (GOS)	<p>GOS organized a seminar on greater transparency in mode 4 commitments on 1 March 2005 with the aim of developing a template for sharing information on mode 4 commitments.</p>
Investment Experts Group (IEG)	<p>In response to the commitment by Leaders to enhance transparency in RTAs and FTAs, IEG discussed a proposal that would require members to report on implementation of APEC Best Practice Principles for RTAs/FTAs as required by Leaders in the IAPs. Between IAPs, members will ensure information on and website links to the investment chapters in RTAs and FTAs maintained by the APEC Secretariat is kept up to date.</p> <p>IEG agreed to update the APEC Investment Guidebook in 2006 for delivery 2007. The Guidebook presents in a comprehensive manner all the laws, regulations and policies relating to investment in APEC member economies.</p>
Sub-committee on Standards and Conformance (SCSC)	<p>The transparency theme is part of the permanent work of SCSC. SCSC will continue to work to improve the transparency of national standards and conformity assessment in APEC region.</p> <p>SCSC agreed to improve access to standard and conformance related information by stakeholders, especially SME managers.</p> <p>SCSC published a Blueprint summarizing its work accomplished during the past 10 years and recommended that this Blueprint be circulated widely to the business community to enhance their knowledge of standards and conformance related work.</p>
Sub-committee on Customs Procedures (SCCP)	<p>SCCP continued to fully and faithfully implement the Transparency Standards on Customs Procedures that were adopted in 2003. Several economies, namely Hong Kong, China; Japan; Malaysia; Mexico; New Zealand; Singapore;, and the USA made comprehensive presentations on Customs administrations' on-going efforts to enhance transparency at SCCP1 in February. These individual economy's papers and/ or brief comments wholly or partly address the six focus areas contained in these standards; namely, i) Prompt publication and readily & on-line availability of Customs information, ii) Advance publication and opportunity for public comment, iii) Advance rulings on tariff classification, Customs Valuation, duty drawback, country of origin marking, rules of origin, etc., iv) Applicability of these advance rulings to other goods, v) Procedural transparency and fairness (review), and vi) Contact points and on-line inquiries.</p> <p>The integrity CAP item aims to heighten the levels of integrity in SCCP Customs administrations as a means of enhancing trade facilitation. SCCP1 agreed to move this CAP from Implementation Stage 1 to Stage 2. 19 APEC economies' customs administrations have developed Code of Conduct. 17 of these have undertaken or are in the process of undertaking, a self-assessment</p>

SUB-FORUM	WORK UNDERTAKEN
	<p>process to determine where changes can be made to improve integrity and to develop plans to implement these improvements.</p> <p>In the area of “Public Availability of Information on Customs Laws, Regulations, Administrative Guidelines and Ruling,” a survey was conducted in May 2005 to provide an update of members’ progress in disseminating Customs information to the public, such as information on new initiatives, or on the development of new initiatives. The survey presented members’ efforts to make Customs information more readily available for public access. Based on the information provided by members, the “Best Practices Handbook” has been updated. The revised Handbook will be uploaded onto the SCCP website for members’ easy access.</p> <p>SCCP successfully collaborated with ABAC’s Trade and Investment Liberalization and Facilitation (TILF) Working Group on a customs-related joint public-private sector project: the “ABAC Customs Handbook”, which is a concise one-stop repository of customs and trade facilitation related information. The handbook will be printed and distributed at the APEC CEO Summit in Busan, Korea, and thereafter posted on the APEC and ABAC websites. Specifically, the “ABAC Customs Handbook” contains contact information of customs agencies, and business-critical information on their advance rulings and administrative processes.</p> <p>Another SCCP CAP item in direct support of APEC’s work in this area is the “Introduction of Clear Appeals Provisions,” which was moved to Implementation Stage 3 at the second SCCP meeting, in consideration of the fact that most economies completed the adoption of law and regulations for appeal system and the establishment of transparent review processes to appeal customs decisions and actions.</p>
Intellectual Property Rights Experts Group (IPEG)	IPEG members frequently updated the IPEG web site, www.apecipeg.org . Links to the websites of each member economy’s IPR service center have been added to it.
Competition Policy and Deregulation Group (CPDG)	<p>As part of its work in support of this CTI priority, the CPDG periodically updates the APEC Competition Policy and Law Database overseen by Chinese Taipei. The database covers the entire APEC region and is available for public access on APEC’s website: http://www.apec.org/apec/apec_groups/committees/committee_on_trade/competition_policy.html.</p> <p>Starting in 2005, the CPDG is promoting an experience-sharing discussion among its members regarding recent developments and updates in their competition policy and legislation. During the 2005 CPDG annual meeting in Jeju Island, in May, Japan and Korea made presentations on updates to their competition laws, and Hong Kong, China submitted a written document outlining its own developments in this area.</p>
Government Procurement Experts Group (GPEG)	<p>GPEG contributed to the Anti-Corruption and Transparency Task Force, through participation in the Symposium and Task Force meeting, and by providing a paper identifying the elements of the GPEG NBPs that address corruption. The GPEG Deputy Convenor reported on the outcomes from the Symposium and the Convenor reported on the outcomes from the Task Force meeting.</p> <p>GPEG agreed to a work plan on anti-corruption and transparency issues, including:</p> <ul style="list-style-type: none"> • The publication of the GPEG paper summarizing the elements of the NBPs relevant to anti-corruption and transparency; • Participation in the anti-corruption and SME workshop proposed by Canada in the Taskforce meeting;

SUB-FORUM	WORK UNDERTAKEN
	<ul style="list-style-type: none"> • Research on outcomes of the recent ADB/OECD anti-corruption survey in government procurement; and • A project proposal for an e-procurement workshop proposed by Korea and Vietnam, which will include a segment on e-procurement's role in fighting corruption. <p>GPEG has established a working group consisting of Australia, Korea, New Zealand and the United States to continue the work on the possible revision of the structure of the NBPs in view of the GP Transparency Standards. The working group will draft a paper for discussion at SOM I in 2006.</p>
Informal Experts Group on Mobility of Business People (IEGBM)	<p>IEGBM has agreed on standards for both professional service, to ensure integrity of Immigration officials and processes, and for enhanced Transparency. There is significant overlap of the standards in both these areas. The IEGBM will work to ensure progress in the implementation of the standards with TILF funding it has, to assist economies implement Phase 3 of the IEGBM Professional Service standards project which will provide assistance to eligible economies with the development of their strategic action plans. This phase will be completed by end 2005.</p> <p>IEGBM is to seek private sector support through ABAC to engage a consultant to assist with standards implementation in these areas. It also intends to develop a generic program to assist economies develop and implement an individually tailored professional service program within immigration agencies</p> <p>Several IEGBM economies have identified an outstanding Anti Corruption (Professional Service) standard which they will implement as a priority or are implementing as a priority. The IEGBM has TILF funding (to end December 2005) to assist economies with implementation of these standards.</p> <p>IEGBM has TILF funding to engage a consultant to undertake a review of economies' temporary entry conditions and examine ways to ensure that public information is available in a clear and transparent form, accessible to business people engaged in trade and investment activities in the APEC region. The draft report was tabled at SOMIII and members agreed to consider the report's findings intersessionally. Proposals will be developed to address the report's findings, for consideration and agreement by the IEGBM at SOMI 2006</p>
Chemical Dialogue	<p>The Chemical Dialogue continued to keep its website updated with web links to public and private sector websites dealing with chemical laws and regulations</p> <p>In line with APEC Transparency Principles, the Dialogue will also continue to advocate greater transparency in regulatory procedures affecting chemicals, both within APEC and outside.</p>
Life Sciences Innovation Forum (LSIF)	<p>The implementation of the Life Sciences Strategic Plan will result in improved transparency in healthcare and regulatory decision-making and policy formulation.</p>



**Section IV:
Digital Economy and
Intellectual Property
Rights (IPR)**

SECTION IV: DIGITAL ECONOMY AND INTELLECTUAL PROPERTY RIGHTS

Objectives:

In February 2005, CTI adopted a clear work plan on the digital economy and intellectual property rights, and agreed on the following objectives:

Digital Economy

- Implement the Leaders' Digital Statement according to the 2003 Next Steps Paper.
- Take a collective leadership role on digital economy issues in the WTO as called for in the Leaders' Digital Statement.
- Implement the 2003 Future Work Paper and the Bangkok Leaders Declaration calling for economies to allow technology choice.

Intellectual Property Rights

- Implement the Comprehensive Strategy on IPR in APEC to facilitate trade and investment by strengthening IPR protection and enforcement.
- Take concrete steps to reduce piracy, trade in counterfeit goods and online piracy, and increase cooperation and capacity building.
- Hold training seminars on intellectual property enforcement based on the guidelines set out in the Comprehensive Strategy.
- Cooperation in harmonizing IPR legal system.
- Enhance capacity-building and public awareness.

Results:

- In February 2005, CTI held a discussion on technology choice, as per the Pathfinder Initiative on Trade and the Digital Economy and the "Future Work" paper developed by CTI and endorsed by Ministers and Leaders last year. This discussion was organized in cooperation with the ECSG. Issues discussed at the

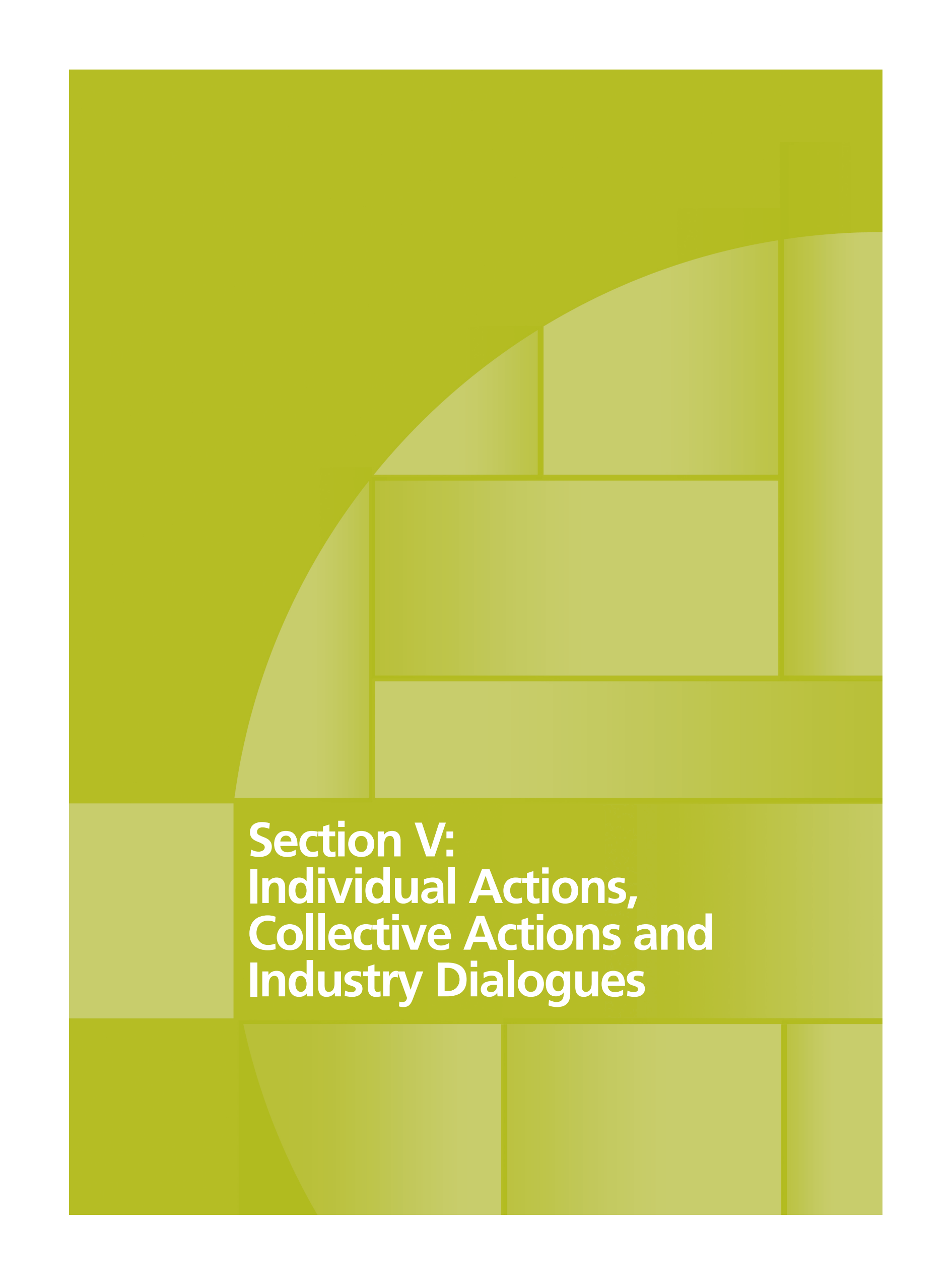
workshop included policies aimed at maximizing users' and suppliers' choice of innovative products and services, and how minimizing mandatory governmental requirements promotes technology-driven growth and innovation.

- CTI worked on a proposal to include technology choice principles in the Pathfinder Statement on Trade and the Digital Economy and will endeavour to agree on a way forward on this issue by the time of the 2005 Concluding Senior Officials' Meeting (CSOM).
- CTI welcomed an updated paper by the Telecommunications and Information Working Group on APEC member economies' progress in adopting and implementing the WTO Reference Paper on Basic Telecommunications. This was mandated by the paper on "Implementation of the Pathfinder Initiative on Trade and the Digital Economy: Next Steps" approved by CTI and endorsed by Ministers and Leaders in 2003.
- CTI agreed that economies should continue to reflect their progress to implement the Leaders' Digital Economy Statement by updating their 2002 templates on the status of their policies on services critical to e-commerce, intellectual property and tariffs.
- CTI had a constructive discussion on the proposed SOM-level Anti-Counterfeiting and Piracy Initiative that helped the co-sponsors develop a revised proposal that led to its endorsement by the Ministers Responsible for Trade in Jeju. CTI members also contributed to the follow-up work undertaken at SOM-level to develop the guidelines called for in the Initiative.
- CTI noted that additional IPR service centers have been established bringing the total number to-date to 11.

Table 4: Work in response to CTI Priority: Digital economy and strengthening IPRs by Sub-forum

SUB-FORUM	WORK UNDERTAKEN
Market Access Group (MAG)	<p>MAG will continue to implement elements of the Leaders' Statement on Trade and the Digital Economy (Digital Economy Pathfinder) through its work on IT products.</p> <p>MAG hosted a Seminar on IT/Electronics Industry on 8 September 2005 which built on the success of last year's information technology (IT) products initiative. The seminar identified measures to remove trade barriers and to improve market access in IT/electronic products and examined how APEC can support the WTO/NAMA negotiations.</p>
Group on Services (GOS)	<p>GOS discussed measures to follow up on the Leaders' Pathfinder Statement on Trade and Digital Economy and encouraged its members to report on elements relevant to the digital economy. Chinese Taipei and Thailand made presentations on their experience in liberalizing the telecommunications sector at GOS I in February.</p>
Sub-committee on Standards and Conformance (SCSC)	<p>SCSC was briefed by Japan on the recent developments on IPR issues in the World Standards Cooperation (WSC) which was established by ISO, IEC and ITU.</p>
Sub-committee on Customs Procedures (SCCP)	<p>Reflecting the collectively satisfactory implementation of trade facilitation-related SCCP CAP item on the "Adoption of the Principles of the WTO Intellectual Property (TRIPS) Agreement," the 1st SCCP in 2005 agreed to move this CAP from Implementation Stage 2 to Stage 3.</p> <p>A Workshop on Trade-Related Aspects of Intellectual Property Rights (TRIPs) was held in Thailand on 25–28 April, for the purpose of building the capacity of APEC customs administrations that face difficulties in implementing Customs-related WTO agreements including the Agreement on TRIPs. Two Japanese experts and one expert from the U.S. joined in this workshop.</p>
Intellectual Property Rights Experts Group (IPEG)	<p>IPEG completed a survey on the member economies' best practices for combating optical disc piracy.</p> <p>IPEG finalized a standard trademark application form. The outcome of the common form project can be used as a reference tool by member economies when updating or revising their trademark forms so as to attain greater harmonization among APEC economies.</p> <p>IPEG organized several seminars on IP-related issues during the year, including:</p> <ul style="list-style-type: none"> - Seminar on the Dissemination and Utilization of IP Information in the Digital Economy on 24–25 February 2005 in Seoul - Seminar on Cybercrime on 4–5 August in Manila. - High-level Symposium on IPR on 7–8 September 2005 in China - Seminar on Developing a Successful Intellectual Property Enforcement Regime on 3–5 October 2005 in Bangkok. <p>IPEG members also exchanged information on recently strengthened measures to curb IPR infringement and discussed solutions to problems, such as copyright on the Internet and registration of company names that are similar to the trademarks of other companies.</p>
Government Procurement Experts Group (GPEG)	<p>GPEG contributed to the APEC dialogue on Pursuing Leaders' Technology Choice Mandate, highlighting areas of Non-Binding Principles (NBPs) that facilitate technology choice.</p>

SUB-FORUM	WORK UNDERTAKEN
Automotive Dialogue	The Dialogue's Intellectual Property Rights Working Group will work to prioritize automotive intellectual property issues that affect member economies by developing a step-by-step Best Practice. The Dialogue also agreed to work closely with IPEG.
Chemical Dialogue	The Chemical Dialogue developed work programs on smuggling/counterfeit with a view of working towards some concrete outcomes. Smuggling/counterfeiting is a cross-cutting issue that affects customs enforcement at the border and IPR as well as a security issue because counterfeit chemicals could be used to perpetrate a biological attack.
Life Sciences Innovation Forum (LSIF)	The implementation of the Life Sciences Strategic Plan will result in strengthened intellectual property regimes and will help to address serious health issues arising from counterfeit pharmaceuticals and medical devices.



**Section V:
Individual Actions,
Collective Actions and
Industry Dialogues**

SECTION V: INDIVIDUAL ACTIONS, COLLECTIVE ACTIONS AND INDUSTRY DIALOGUES

INDIVIDUAL ACTION PLANS

The Committee assisted SOM's work to improve IAP Peer Reviews by developing recommendations to streamline and better focus the process and include more meaningful business participation. CTI also developed a new template for IAP update to be prepared by economies in years during which their IAP will not be subject to a peer review (see *Appendix 3*).

COLLECTIVE ACTION PLANS

In 2005, CTI and its sub-fora continued to implement, revise and enhance work on the Collective Action Plans (CAPs), making continued and significant progress towards achieving the OAA objectives in pursuit of the Bogor Goals. See *Appendix 4* for the revised CAPs for 2005.

Many of these revisions/enhancements were implemented in response to the priorities set by Leaders and Ministers, particularly the directive to produce tangible deliverables in CAPs that are directly relevant to the business community and that can bring credible outcomes for trade in the region. The revised CAPs also aim to increase the transparency of trade and investment policies, lower transaction costs of cross-border trade, stimulate competition and result in greater certainty and predictability of the operating environment for the business community. The main outcomes of the work of CTI sub-fora that are directly related to CTI priorities are listed in the tables included in sections I-IV above.

The **Market Access Group (MAG)** continued to make progress on initiatives on tariff and non-tariff measures that are designed to secure outcomes for business through further trade and investment liberalization and facilitation. Specific deliverables include: the successful conclusions of three workshops on negotiating free trade agreements; a workshop of the market access implications of preferential rules of origin (ROOs); a

seminar on IT/electronics industry; and the development of a list of software and databases available for trade negotiations, with a view to establishing a capacity building project in this area to assist members to negotiate and implement high quality FTAs/RTAs. MAG undertook a review of its operations which resulted in revised terms of reference of the Group. These new terms of reference broaden the potential scope of the MAG's work and will allow the Group to better respond to CTI and SOM priorities. The Group also undertook a comprehensive review of its CAP.

The **Group on Services (GOS)** continued to focus its discussions during the year on a range of important WTO-related issues, with greater emphasis on its relevance to the WTO negotiations on trade in services. GOS supports ongoing services negotiations mainly through information exchange and technical assistance. In 2005, GOS organized three seminars on (i) transparency in GATS mode 4 commitments; (ii) mutual recognition of professional services; and (iii) scheduling of commitments under GATS. They were successfully conducted and well received by the participants. They were aimed at encouraging APEC economies to engage actively in services negotiations, in particular, to prepare quality offers for submission by the May timeline set by the WTO. The Group also enhanced communication and information exchange with other APEC fora, including the SME Working Group, to facilitate closer collaboration and synergy between the GOS and these fora on their future work on trade facilitation.

The **Investment Experts' Group (IEG)** strengthened policy dialogue on investment-related issues both internally amongst members as well as with other CTI sub-fora such as MAG and GOS and externally with international organizations such as the OECD and UNCTAD. Collaboration with the OECD and UNCTAD resulted in the research and seminar focusing on investment issues in RTAs/FTAs. IEG also

sought to improve its consultative processes with ABAC to better respond to their recommendations and new developments on the area of investment. The Group continued to review its CAP and agreed to add a new action item to respond to the commitment by Leaders for transparency in RTAs and FTAs and in keeping information on RTAs amongst APEC economies up to date.

The **Sub-Committee on Standards and Conformance (SCSC)** continued to work collectively in the following main areas: Alignment with International Standards and active participation in international standardization; Adoption of good regulatory practices; Recognition of Conformity Assessments; Cooperation in Technical Infrastructure Development; and Recognition of Conformity Assessments in the Voluntary Sector. The SCSC established a Trade Facilitation Task Force, jointly chaired by Korea and the United States, to discuss specific issues that have commercial implications for APEC members as a result of current or proposed regulations by APEC or non-APEC economies (such as EU environmental regulations) as well as other trade facilitation issues. The SCSC also endorsed the establishment of an ad hoc Steering Group on Food Safety Cooperation to clarify APEC's role in food safety cooperation. It will report to SOM I in March 2006.

The **Sub-Committee on Customs Procedures (SCCP)** continued to undertake projects aimed at enhancing: (i) harmonized, standardized and simplified custom procedures; (ii) trade facilitation; (iii) customs enforcement; and (iv) the development of human resources. These were conducted in coordination with other APEC working groups, APEC private sector groups, the WCO, and other Customs fora. The SCCP adopted two new CAPs, "Time Release Surveys (TRS)" and the Implementation of an APEC Framework based on the WCO Framework of Standards to Secure and Facilitate Global Trade". The SCCP also continued to implement technical assistance programs aimed at assisting SCPP members with CAP implementation.

The 2005 work program of the **Intellectual Property Rights Experts Group (IPEG)** remained focused on enhancing cooperation among its members by implementing collective actions related to current intellectual property (IP) issues of importance in international organizations and in the APEC region. Taking into account the increasing awareness of the importance of IPR issues in IPEG as well as in other APEC sub-fora such as the APEC High-Level Policy Dialogue on Agricultural Biotechnology and the Automotive Dialogue, the Group sought new ways to cooperate with these fora and to explore new fields of interest. IPEG finalized a report of IPR policy progress mapping, which summarizes each economy's progress on IPR protection and enforcement as well as a survey on the best practices of APEC economies in combating optical disk piracy. Additional IPR service centers were established in 2005. Each economy's IPR service center is linked through the IPEG website.

The **Competition Policy and Deregulation Group (CPDG)** continued to promote dialogue, information exchange, gathering and analysis as well as experience sharing in the area of competition policy, competition laws, their enforcement and interrelationship with other policies related to deregulation in trade and investment. The main deliverable for the Group this year is an *Integrated Checklist on Regulatory Reform (Checklist) (Appendix 5)* that was developed with the OECD. The *Checklist* is available on APEC website at http://www.apec.org/apec/documents_reports/trade_ministerial_meeting/2005.html.

In 2005, the **Government Procurement Experts Group (GPEG)** focused on continued relevance and recognition of the Non-Binding Principles (NBPs) on Government Procurement (GP) adopted in 1999. A working group was created to continue the possible revision of the NBPs. The group developed a GPEG Bulletin Board to facilitate better and increased communication and discussion among member economies. It also revised the website to increase access by business to information on government procurement, and wrote to ABAC to develop better ties with the business community. GPEG

increased dialogue with the SME Working Group on possible areas of cooperation and capacity building projects to enhance awareness of government procurement by the SME Working Group. GPEG contributed to the work of the Anti-corruption Taskforce to enhance understanding of how the NBPs contribute to fight against corruption. It provided information on the elements of the NBPs on Government Procurement and the APEC Government Procurement Transparency Standards that are relevant to anti-corruption. GPEG also participated in the Gender Focal Point Network Meeting and agreed to consider ways to address gender issues, including a revision of the NBPs to reflect gender issues.

The ***Informal Experts Group on Mobility of Business People (IEGBM)*** continued work on initiatives to facilitate business travel while ensuring passenger safety and border security. Its work program for 2005 included the implementation of agreed standards in respect of its collective action plan covering exchange of information and maintaining dialogue with business, short and long term temporary entry, TILF capacity building (technical cooperation and training) assistance projects, including human security projects on the Advance Passenger Information (API) pathfinder initiative, the conduct of the Regional Movement Alert List (RMAL) system pilot and significant progress in drafting of a Multilateral Legal Framework for expanding RMAL, progressive implementation of agreed travel document security standards including Machine Readable Travel Documents, and Immigration Liaison Officer (ILO) cooperation.

The ***WTO Capacity Building Group (WCBG)*** continued to coordinate and facilitate WTO-related capacity and confidence building activities to enhance members' ability to participate in WTO negotiations and to implement their WTO commitments.

The ***Strengthening Economic Legal Infrastructure Coordinating Group (SELI)*** continued discussions on projects and measures for strengthening economic legal infrastructure in areas such as capacity and institutional building, competition policy and

corporate law. The work program for 2005 included targeted and tailor-made capacity building projects, such as training seminars, workshops, fellowships and exchanges for professionals, in a range of areas.

INDUSTRY DIALOGUES

CTI recognizes the importance of public-private sector dialogues for improving the mutual understanding of key imperatives for the development of future policy and for enhancing the competitiveness of the relevant industries. It continues to support SOM in overseeing the developments in the Automotive, Chemical and Non-Ferrous Metals Dialogues and in the Life Sciences Innovation Forum.

1. Automotive Dialogue

The Seventh Automotive Dialogue was held in April 2005, in Manila, Philippines, to discuss strategies to increase integration and development of the automotive sector in APEC. Specific topics discussed included: promotion of standards and certification harmonization, simplification of customs procedures, protection of intellectual property, aid to auto suppliers, traffic and environmental issues, and industry best practices. An important outcome was endorsement of "A Model for Targets and Schedule of Automotive Emission Regulation and Fuel Properties Improvement in APEC region." This paper proposes a schedule according to which member economies are encouraged to adopt emissions regulations and fuel specification requirements.

Dialogue Members discussed common principles and a simplified model for automotive rules of origin that economies may apply in their FTA negotiations, complementing work done by the Chemical Dialogue. The Dialogue also discussed various issues in support of the WTO Doha Development Agenda and agreed to continue to support the DDA in the future.

2. Chemical Dialogue

The Fourth Chemical Dialogue was held in May 2005, with participants from 15 APEC

economies. The Chemical Dialogue continued its work to implement the 2002 APEC Ministers recommendation on economies implementing the Globally Harmonized System of Classification and Labeling.

The Chemical Dialogue is at the forefront of APEC advocacy efforts on the EU system of Registration, Evaluation and Authorization of Chemicals (REACH). The Chemical Dialogue has undertaken both collective and individual advocacy on REACH. For example, in 2005, the Chemical Dialogue co-chairs wrote letters detailing APEC concerns with REACH to both the EU Parliament and EU Council President Tony Blair.

The Chemical Dialogue has also exchanged views on other regulatory issues, including the UN Strategic Approach to International Chemicals Management (SAICM) and the EU's directive on Restrictions on Hazardous Substances, and has encouraged participants to engage actively in international regulatory and standards setting activities.

The Chemical Dialogue also discussed ways of supporting the WTO, and some members exchanged views on possible approaches to chemical tariffs in the Doha Development Agenda, while other members stated that they had no plans to be participants in sectoral initiatives. On non-tariff measures, the Chemical Dialogue endorsed a recommendation on Rules of Origin, which can be used as guidance by economies negotiating RTAs and FTAs.

3. Non-Ferrous Metals Dialogue

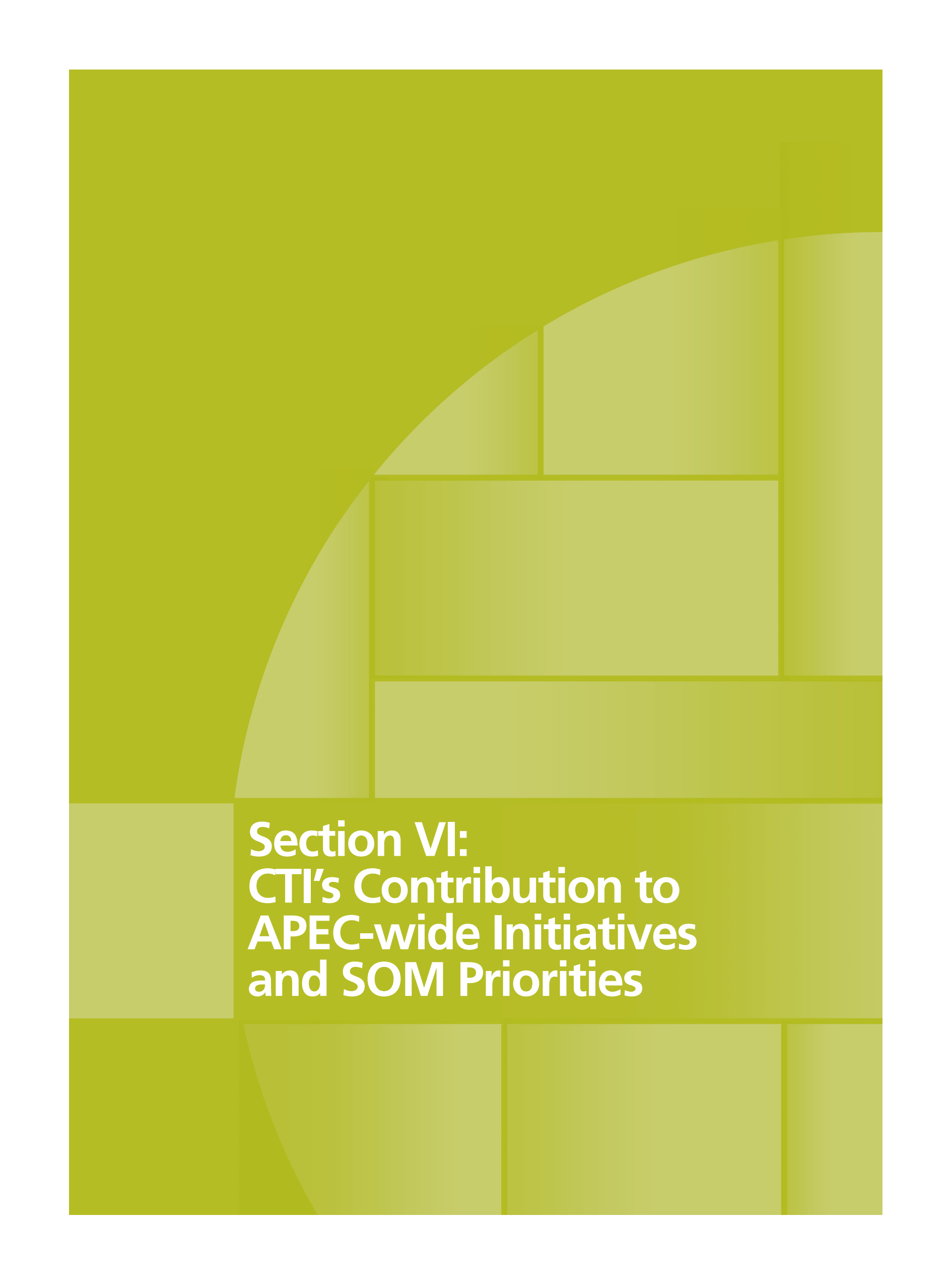
The Non-Ferrous Metals Dialogue was established in 2004 to bring together representatives of government and private sector to promote cooperation and interaction in the area of trade-related regulatory policy and facilitate the non-ferrous metals trade, competitiveness and sustainable development of the industry in the Asia-Pacific region. The Dialogue held its inaugural meeting on 21 May 2005 in Jeju where delegates agreed on a workplan which included the following elements:

- Formation of a network of non-ferrous metals industries;
- Development of a questionnaire for industries to identify the most important areas of cooperation;
- Development of a matrix of non-ferrous metals industries business recommendations; and
- Prioritization of recommendations on the REACH issue.

4. Life Sciences Innovation Forum

The Third Life Sciences Innovation Forum (LSIF III) was held 8-9 September 2005 in Gyeongju, Korea. The LSIF's core mandate as established by Leaders in 2002 was to develop a strategic plan for the entire life sciences innovation value chain, including as a priority addressing the challenges of risk detection and prevention, treatment and cure of the communicable and life-style diseases which affect people in the APEC region. The strategic plan was endorsed by the AMM and AELM in Santiago in November 2004. Leaders requested that the forum develop a road map for implementation.

LSIF III discussed objectives, priorities and specific projects for implementation involving collective and economy-specific action. Draft recommendations will be finalized for submission to Ministers and Leaders in November 2005. Areas of priority implementation also focus on capacity building and include: major research projects on the early detection, treatment and prevention of disease; a process for moving towards regional harmonization of standards and regulatory practices for life sciences products and services consistent with international standards and best practices; options for developing a venture capital fund in partnership with interested economies to support life sciences industry development in APEC economies; ways of assessing health service capabilities, and the optimal regulatory and policy environment and process that allows the innovations to get to the patients, including with respect to infectious diseases. CTI endorsed the process going forward for the submission of recommendations to Ministers and Leaders in November 2005.



**Section VI:
CTI's Contribution to
APEC-wide Initiatives
and SOM Priorities**

SECTION VI – CTI CONTRIBUTION TO APEC-WIDE INITIATIVES AND SOM PRIORITIES

In 2005, 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 several areas that respond to APEC-wide priorities: Mid-term Stock-take on APEC's progress towards the Bogor goals; RTAs and FTAs; Implementation of Leaders' Security Commitments; APEC Reform, Implementation of the APEC Framework for the Integration of Gender, and Economic and Technical Cooperation (ECOTECH).

Mid-term Stock-take on APEC's Progress towards the Bogor Goals

The Committee completed a report about its own assessment of progress towards the Bogor Goals as a contribution to the APEC-wide mid-term stock-take (MTST) exercise. The report noted that APEC economies will reach the Bogor Goals through a variety of mechanisms, which include: (a) progress in multilateral trade negotiations; (b) implementation of "collective actions" in response to the APEC Osaka Action Agenda and the Shanghai Accord; (c) implementation of unilateral liberalization and facilitation initiatives; and (d) bilateral and regional liberalization and facilitation through the negotiation and implementation of comprehensive FTAs and RTAs. It further noted that the CTI and its sub-fora play a role in supporting the progress of all four areas. (*Appendix 6*)

Regional Trade Arrangements/Free Trade Agreements (RTAs/FTAs)

While CTI did not make RTAs and FTAs an explicit priority this year, its work plans in priority areas such as support for the multilateral trading system and trade facilitation include elements related to RTAs and FTAs, including following-up on the Santiago Initiative's commitment on trade facilitation chapters in RTAs and FTAs. In addition, as a result of the SOM-level Dialogue on RTAs and FTAs that took place at SOM II, the CTI created a "friends of the Chair" group on FTAs and RTAs. This group developed a 2-year work plan for the CTI's activities in this area of increasing importance (*see Appendix 7*). The CTI also continued its work to increase the transparency of RTAs and FTAs by encouraging economies to complete their 2005 IAP on RTAs and FTAs according to the template developed in CTI last year.

A number of CTI sub-fora also conducted work in this area as reflected in the table below. In addition, the CTI itself organized a capacity building workshop on Identifying and Addressing the Possible Impacts of FTAs/RTAs on APEC Developing Member Economies on 28–30 June 2005 in Hanoi. CTI also worked toward developing a mechanism to catalog FTAs and RTAs negotiated in the APEC region in relation to the best practices adopted last year.

Table 5: Work of CTI Sub-fora related to RTAs and FTAs.

SUB-FORUM	WORK UNDERTAKEN
Market Access Group (MAG)	<p>MAG held an <i>Advanced Workshop on Negotiating Free Trade Agreements</i>. Building on the successful trade negotiations training course conducted for developing economies in 2004, this advanced workshop focused on strategies for tariff elimination consistent with WTO rules for FTAs, impact of trade remedies and options for treating services and investment provisions in FTAs. A post-workshop manual/checklist was made available to member economies.</p> <p>MAG agreed to develop a work program on software and databases available for trade negotiations, to build the capacity of members to participate in WTO negotiations and to negotiate and implement high quality FTAs/RTAs.</p> <p>MAG conducted a workshop on preferential rules of origin on 25 February 2005 in Seoul. Building on this, MAG agreed to develop a joint MAG/IEG workshop for 2006 on complexity issues in implementing preferential trading agreements. This workshop will examine market access issues at the intersection of preferential trade arrangements and investment.</p> <p>MAG has published a guide to negotiating FTAs/RTAs.</p>
Investment Experts Group (IEG)	<p>IEG discussed a proposed joint workshop with MAG to be held in the margins of a SOM in 2006 which would focus on a number of important implementation issues associated with RTAs and FTAs.</p> <p>As part of an APEC Investment Facilitation Initiative, the IEG organized a seminar with UNCTAD in Tokyo on 1–2 September to discuss recent trends in investment chapters of FTAs. It was noted that there is a shift from traditional Bilateral Investment Treaties (BITs) to more comprehensive FTAs and a new generation of International Investment Agreements (IIAs) with complex provisions that cover broad issues. Capacity building will be required for their negotiation and implementation.</p>
Government Procurement Experts Group (GPEG)	<p>GPEG reviewed the Government Procurement Non-Binding Principles (NBPs) against the APEC RTA/FTA Best Practices for consistency and agreed to undertake a stock-take of government procurement practices in RTA/FTAs.</p>

Implementation of Leaders' Security Commitments

As was the case last year, two CTI sub-fora, the SCCP and the IEGBM, played key role in supporting APEC's wider security agenda.

In addition, our trade facilitation work plan includes the area of trade and security, following-up on the Santiago Initiative.

Table 6: Work of CTI Sub-fora related to the Leaders' Security Commitments

SUB-FORUM	WORK UNDERTAKEN
<p>Sub-committee on Customs Procedures (SCCP)</p>	<p>SCCP adopted a new CAP on "Implementation of an APEC Framework based on the WCO Framework of Standards to Secure and Facilitate Global Trade". The WCO Framework directly supports the Leader's Santiago Initiative to promote secure trade and public-private partnerships. This new CAP is expected to greatly contribute to an expedited facilitation of legitimate and low-risk cargoes.</p> <p>SCCP organized its 2005 APEC Customs-Business Dialogue on 5 September 2005 in Gyeongju, Korea. 350 participants from customs community, the business and the academia participated in Dialogue. The theme for Dialogue was "Re-Engineering Customs-Business Cooperative Engagement for Facilitation and Seamless Movement of Goods in the Transparent and Secure Transaction Environment". The Dialogue was divided into two panels: (i) Trade Facilitation: Enhancing Freer and Facilitated Global Trade through the Effective, Efficient and E-Friendly Customs and the Strengthened Customs-Private Sector Partnership; and (ii) Trade Security: Improving Security in the Global Supply Chain and International Trade Environment.</p> <p>SCCP also pursued its CAP on integrity, which aims to heighten the levels of integrity in SCCP Customs administrations as a means of enhancing trade facilitation. SCCP1 agreed to move this CAP from Implementation Stage 1 to Stage 2. 19 APEC economies' customs administrations have developed Codes of Conduct. 17 of these have undertaken or are in the process of undertaking, a self-assessment process to determine where changes can be made to improve integrity and to develop plans to implement these improvements.</p>
<p>Informal Experts Group on Mobility of Business People (IEGBM)</p>	<p>IEGBM enhances human and trade security by implementing <i>Secure Trade in the APEC Region (STAR) initiatives</i> to protect people in transit. It also implements agreed standards through capacity building projects including:</p> <ul style="list-style-type: none"> • <i>The Advance Passenger Information Pathfinder (API) Initiative</i>: ten economies have implemented or committed to implement API systems. Seven feasibility studies have been completed and up to 3 more studies are to be completed by end 2005; • <i>Travel Document Security including Machine Readable Travel Documents by 2008</i>: the vast majority of economies are issuing MRTDs and are phasing out non-MRTDs as quickly as possible. Possible capacity building initiatives will be examined in 2006 to advance the introduction of biometric enabled passports which meet ICAO standards; • <i>Professional Service standards</i>: economies reported progress during 2005 on implementation of agreed standards. The IEGBM has TILF funding to end 2005 to assist economies implement the agreed standards; • <i>Immigration Liaison Officer (ILO) cooperation</i>: Korea, as Project Overseer, conducted two successful workshops on raising awareness of international conduct standards for ILOs and a draft document on best practices on multilateral and bilateral arrangements was tabled at SOMIII. The document will assist economies to examine options and the benefits of ILO deployment and relevant international standards; and • <i>A pilot of the Regional Movement Alert List (RMAL) system</i> is being conducted from 13 September – October 2005 by the United States and Australia, and a report will be presented to Leaders. The IEGBM is also drafting a Multilateral Legal Framework to enable the expansion of RMAL to

SUB-FORUM	WORK UNDERTAKEN
	other economies. Chile and the United States trialled an enhanced CAPERS system to include immigration alert data on lost, stolen and fraudulent passports.

Implementation of the Structural Reform Action Plan

While the overall responsibility for overseeing the implementation of the Structural Reform Action Plan has been

given to the Economic Committee (EC), two CTI sub-fora, SELI and the CPDG, continued to implement their structural-reform related work plans, in close cooperation with the EC.

Table 7: Work of CTI Sub-fora in Response to Structural Reform Action Plan

SUB-FORUM	WORK UNDERTAKEN
Competition Policy and Deregulation Group (CPDG)	<p>CPDG, in coordination with the OECD, developed and finalized an Integrated Checklist on Regulatory Reform (Checklist). The Checklist, a voluntary tool that member economies may use to assess their respective regulatory reform efforts, was endorsed by APEC Ministers Responsible for Trade at their meeting Jeju. APEC Ministers Responsible for Trade have also committed officials to continue exploring ways to work with the OECD to disseminate the Checklist, and to assist economies in utilizing this tool. The <i>Checklist</i> is available on APEC website at http://www.apec.org/apec/documents_reports/trade_ministerial_meeting/2005.html</p> <p>CPDG continued to implement capacity building activities, through a new series of training programs under a new 5-year project, entitled “APEC Training Course on Competition Policy”. The course will continue to contribute to the “APEC Principles to Enhance Competition and Regulatory Reform”.</p>
Strengthening Economic Legal Infrastructure Coordinating Group (SELI)	<p>SELI continued to provide targeted and tailor-made capacity building projects, such as training seminars, workshops, fellowships and exchanges for professionals, in a range of areas. The APEC Training Course on Competition Policy (Japan) (CTI03/2005T) was held on 2–4 August, in the Philippines. Sixty three experts from fourteen member economies and international organizations deepened the understanding of competition policy and law through a active discussion. In order to maximize the project’s impact, a CD-ROM including all presentation materials was distributed to all participants.</p> <p>SELI is also preparing to hold two seminars themed around Alternative Dispute Resolution. The organizers of two projects will coordinate to make sure that two projects will complement each other and maximize the results:</p> <ul style="list-style-type: none"> • Australia is preparing to hold a self funded workshop on Strengthening Private Commercial Arbitration and Dispute Resolution. • Canada and Malaysia are preparing a TILF proposal for 2006 on a symposium entitled Alternative Dispute Resolution (ADR) Mechanisms and Small & Medium Enterprises (SMEs). <p>SELI continues to promote the sharing of information on progress made, future plans, and capacity building for strengthening economic legal infrastructure. Economies are encouraged to report on progress in these areas, and these reports are made available on the APEC Secretariat’s website.</p>

Implementation of the APEC Framework for the Integration of Gender

CTI reviewed the recommendations of last year's Study on Supporting Potential Women Exporters and agreed on a short list of activities that the CTI could engage in to advance APEC's gender agenda (*Appendix 8*).

In June 2005, the MRT recognized the different impacts and opportunities that trade presents for men and women, and the relevance of integrating gender concerns into trade policy. The MRT instructed officials to proceed with follow-up activities to the project 'Supporting Potential Women Exporters,' including: reporting on economies' current policies to support women exporters; identifying the APEC region's best practices on the basis of those reports; and working to identify and implement trade facilitation and transparency measures that meet the needs of women exporters and small businesses.

In response to the MRT's instructions, a survey is being conducted in CTI to review existing programs that support and promote the involvement of women producers in international trade, and to help identify "good practices" in gender-aware export development programs.

In order to assist CTI members in integrating gender in the Committee's activities, the CTI benefited from a Gender Information Session conducted by a representative of the Gender Focal Point Network at its third meeting in Gyeongju.

Economic and Technical Cooperation

CTI continues to oversee and implement more than 50 projects/activities per year that prepare and assist APEC member economies to facilitate and liberalize trade. They take the form of capacity building activities to provide member economies with the needed tools to (i) implement and benefit from WTO agreements; (ii) better understand economies' views and concerns in order to participate effectively in multilateral/international trade and investment negotiations; (iii) contribute towards the improved functioning of the multilateral trading system as well as the strengthening of trade-related institutional and legal frameworks; and (iv) implement measures that facilitate trade. While these activities help CTI to advance TILF priorities towards achieving the "Bogor Goals", they also respond to at least one of the ECOTECH priority themes of the *1996 Manila Framework for Strengthening Economic Cooperation and Development* as well to the APEC-wide ECOTECH priority, adopted in 2003, relating to "Integration into the Global Economy". CTI's wide range of capacity building projects (listed throughout this report) all contribute to the APEC-wide ECOTECH agenda.



**Section VII:
Interaction with the APEC
Business Advisory Council
(ABAC)**

SECTION VII: INTERACTION WITH ABAC

The CTI continued to engage with ABAC and the wider private sector in its work. The CTI Chair briefed the ABAC TILF Working Group on the CTI's work programs this year at ABAC's second meeting in Beijing. Malaysia's CTI representative updated ABAC on the CTI's work at ABAC's third meeting in Kuala Lumpur. ABAC was invited to participate in all CTI meetings as well as in all relevant meetings of the CTI's sub-fora.

ABAC and the CTI worked together on a number of concrete projects this year, including the development of a list of transparency issues of importance to business, and the development of an APEC Customs Handbook.

Table 7: CTI Response to ABAC Recommendations

ABAC RECOMMENDATION	CTI RESPONSE
<p>Support for the Multilateral Trading System</p> <ul style="list-style-type: none"> • That APEC member economies continue to work together to achieve an early and substantive outcome in the DDA. 	<ul style="list-style-type: none"> • As in 2004, "support for the Multilateral Trading System" was one of CTI's main priorities. A clear work plan with detailed objectives and activities was developed. This work supported the development of a strong Statement issued by APEC Ministers Responsible for Trade in Jeju, Korea in June 2005. • CTI and its sub-fora organized several capacity building activities (listed in section 1 of this report) aimed at helping developing economies better understand WTO issues, participate in WTO negotiations, and better implement their WTO obligations. • CTI discussed a proposal by Australia, Canada, Chile, New Zealand and the United States to support the WTO discussions in relation to Geographical Indications (GIs). • The work of CTI sub-fora, and in particular that of the GOS and the MAG helped APEC economies to better understand WTO issues and supported the advancement of the DDA.
<ul style="list-style-type: none"> • That APEC member economies develop a specific tariff reduction formula with comprehensive coverage for non-agricultural market access (NAMA), which should fully respect the Doha mandate. 	<ul style="list-style-type: none"> • MAG supported NAMA negotiations through further work in areas such as informational technology (IT) products. It hosted a Seminar on IT/Electronics Industry on 8 September 2005 in Gyeongju which identified measures to remove trade barriers and to improve market access in IT/electronic products. • MAG shared views and approaches on environmental goods in support of the WTO and agreed that APEC members will continue to exchange information intersessionally to compare these approaches to environmental goods.

ABAC RECOMMENDATION	CTI RESPONSE
	<ul style="list-style-type: none"> The Automotive and Chemical Dialogues continued to raise awareness of automotive/chemical sectoral discussions in the WTO/NAMA negotiations. The Automotive Dialogue agreed to accelerate efforts to support the advancement of the DDA and to coordinate with the Geneva Auto Industry Dialogue. The Chemical Dialogue continued to consider initiatives that could contribute to the WTO agenda.
<ul style="list-style-type: none"> That APEC member economies move quickly to table services offers in advance of the May 2005 DDA deadline to bring balance to the negotiations, focusing on priority areas within the services negotiations, including movement of natural persons and recognition of and regulation of professional standards. 	<ul style="list-style-type: none"> GOS organized three symposia/seminars in Seoul, Korea that were aimed at supporting APEC Member economies' preparation of their services offers under the GATS and participation in the on-going WTO negotiations. GOS reviewed progress of the WTO services negotiations, exchanged information and discussed ways to support GOS members' preparations for successful participation in the negotiation. The issues discussed included: a scheduling proposal on express delivery submitted to the WTO; the possible parameters for the definition of services subsidies; and a proposal for possible work on transparency in domestic regulation. IEGBM developed a project proposal to study actual current entry conditions in APEC economies, as a step toward being better able to discuss these issues.
<ul style="list-style-type: none"> That APEC member economies support revisions to the WTO Anti-dumping Agreement to clarify and improve the rules and disciplines on anti-dumping and subsidies. 	<ul style="list-style-type: none"> CTI organized a WTO Training Course on Anti-dumping and Safeguard Measures on 15–18 August 2005 in Bangkok. The course was aimed at enhancing APEC government officials' expertise and understanding of the WTO rules on Anti-dumping and safeguard measures, especially on technical issues relating to an investigation and injury determination such as the calculation of dumping margin, the assessment of injury and serious injury.
<ul style="list-style-type: none"> That APEC member economies leverage APEC's trade facilitation agenda to bring definition to the WTO negotiations on trade facilitation with a view to concluding a comprehensive and binding agreement and ensuing capacity building assistance continues to be provided to WTO developing members. 	<ul style="list-style-type: none"> CTI organized an APEC/WTO Roundtable on Trade Facilitation in Geneva on 10 February 2005. The Roundtable brought together a broad range of stakeholders from APEC and the WTO, including senior government officials, representatives of international organizations, and distinguished scholars. The objective was to share APEC's experiences and to raise awareness and discussion of these issues in the WTO, in the interest of contributing to the successful completion of the DDA negotiations. The sessions focused on: the WTO Trade Facilitation

ABAC RECOMMENDATION	CTI RESPONSE
	<p>Negotiations; related work of other international organizations and possible contributions to the WTO; approaches to trade facilitation and sharing experience; and an agenda for future work in the WTO.</p> <ul style="list-style-type: none"> • CTI also organized a Workshop on WTO Trade Facilitation Negotiations in Kuala Lumpur on 1–2 March 2005. The Workshop aimed to improve understanding among APEC trade and customs officials of issues involved in the WTO trade facilitation negotiations; to draw lessons from the APEC experience of trade facilitation relevant to the WTO negotiations; and to strengthen the capacity of APEC economies to participate effectively in the WTO negotiations. • The WTO Capacity Building Group organized APEC Workshop on Best Practices in Trade Facilitation Capacity Building on 22–23 May 2005 in Jeju which resulted in useful recommendations on future APEC trade facilitation capacity building activities.
<p>Regional Trade Arrangements/Free Trade Agreements (RTAs/FTAs)</p> <ul style="list-style-type: none"> • That APEC member economies ensure that RTAs/FTAs serve as ‘building blocks’ toward the achievement of the Bogor Goals by developing and adopting Best Practices for RTAs/FTAs in the APEC region with key principles, including consistency with WTO rules and procedures, with the Bogor Goals, and with other APEC principles such as those that apply to competition, regulatory reform, investment, government procurement and trade facilitation. The APEC Common Understanding on RTAs, developed by PECC, provides a useful reference in the development of these principles. 	<ul style="list-style-type: none"> • CTI developed a two-year work plan on RTAs and FTAs that will help advance APEC’s work in this area. • CTI and a number of its sub-fora conducted work in the area of RTAs/FTAs. This included the publication of a guide to negotiating FTAs/RTAs by MAG and the organization of an International Workshop on Identifying and Addressing Possible Impacts of FTAs and RTAs on APEC Developing Member Economies by the CTI in Hanoi on 28–30 June 2005. • CTI also worked on developing a mechanism to catalogue existing FTAs and RTAs with respect to he Best Practices adopted in 2004.
<p>APEC Trade Facilitation Action Plan</p> <ul style="list-style-type: none"> • That APEC member economies adopt a range of specific measures aimed at reaching the target of a five percent reduction in transaction costs. 	<ul style="list-style-type: none"> • CTI developed and agreed on a "Trade Facilitation Action Plan Roadmap to 2006" that proposes a work program to ensure that the APEC Trade Facilitation Action Plan delivers expected results by the end of 2006, as mandated by Leaders in 2001. The roadmap includes key provisions on capacity building, on the organization of expert reviews, and on better focusing our trade facilitation efforts by working even more closely with the business community. The roadmap also calls on the Committee to identify specific trade

ABAC RECOMMENDATION	CTI RESPONSE
	<p>facilitation elements in which member economies could cooperate to develop common approaches to reducing transaction costs for business.</p> <ul style="list-style-type: none"> • CTI and its sub-fora continued with the implementation of the APEC Trade Facilitation Principles. 8 CTI sub-fora submitted progress reports of their implementation of the APEC Trade Facilitation Principles.
<p>Customs</p> <ul style="list-style-type: none"> • Undertake a review of customs procedures in each economy with a view to identifying specific areas where time and costs of movement of goods can be reduced, including streamlining procedures for low-risk transactions, further automation of customs documentation, enhanced transparency, and reduction of physical inspections with the application of new technology. • Adopt the “Time required for release of goods – time taken between the arrival of goods at seaports/airports and their release (customs’ permission)” as one of the objective criteria to measure the effect of various actions and measures on trade facilitation in APEC. 	<ul style="list-style-type: none"> • SCCP continued to work towards goals of harmonization and simplification of customs procedures, and to contribute to APEC’s goal of a 5% reduction in transaction costs by 2006. Steps being explored by SCCP include harmonization of tariff structure with HS Convention, advanced classification ruling system, adoption of UN/EDIFACT – paperless trading, enhanced cooperation and communication between Customs and the business sector, implementation of WCO guidelines on Express Consignment and international standard of customs clearance of express goods, implementation of risk management techniques and enhancement of Customs ability to implement Customs related STAR Initiative objectives. • SCCP collaborated with the ABAC’s TILF Working Group to compile an APEC Customs Handbook that provides a concise one-stop repository of customs- and trade facilitation- related information for all APEC economies. The handbook was published and distributed at the APEC CEO Summit in November. • SCCP adopted “Time-release Surveys (TRS) as new CAP item at its first meeting of the year in February as a means of undertaking a review of customs procedures to identify specific areas where time and costs of movement of goods can be reduced, and to measure the effect of various actions on trade facilitation. Following which, three workshops were held to provide necessary technical assistance on TRS and to build the capacity of customs administrations faced with difficulties in the smooth introduction or implementation of TRS.
<p>Standards and Conformance</p> <ul style="list-style-type: none"> • Build on existing programs to undertake detailed independent assessments of the standards and conformance infrastructure currently existing in each APEC economy with the objective of identifying weaknesses 	<ul style="list-style-type: none"> • SCSC conducted a comprehensive review of its Voluntary Action Plan (VAP) alignment work from 2001 to 2005. The review provided each economy’s detailed rate of alignment in the agreed priority areas and showed a very high level of

ABAC RECOMMENDATION	CTI RESPONSE
<p>and shortfalls to be overcome, and recommending and planning actions to rectify them.</p> <ul style="list-style-type: none"> • Undertake enhanced capacity building in the area of standards and conformance assessment to ensure an effective standards infrastructure in each APEC economy. • Establish a program of APEC-wide seminars promoting the business case for the adoption and implementation of an internationally recognized standards infrastructure, building on existing programs. • Identify and rectify shortfalls which prevent participation in the activities of international standards setting organizations and to develop adequate capacity building programs. • Urge Ministers to continue to press the issue over the potential trade restricting effects of the EU's proposed new system for the registration, authorization and evaluation of chemicals (REACH). 	<p>achievement.</p> <ul style="list-style-type: none"> • Responding to ABAC's views expressed at the 1st SCSC Policy Dialogue with ABAC last year, SCSC agreed to the IEC standards used in the IECEE CB Scheme as a new VAP alignment priority area, with a target year of 2010. • SCSC developed a series of recommendations based on a survey conducted in 2004 concerning engagement with SMEs during the development of standards and regulations, as well as capacity building. SCSC conducted several activities in support of SMEs. An APEC Workshop for SME Program Managers on Reducing SME Compliance Costs was held in Bandar Seri Begawan on 19–20 July 2005. The SCSC agreed to feedback to SME WG, the recommendations from workshop which included amongst others, improving access to standard and conformance related information by stakeholders; and strengthening institutions of APEC economies to address the needs of SMEs. • SCSC held a seminar in February to discuss new EU Directives affecting environmental aspects of a range of goods, including household electrical and electronic goods. The seminar explored possible actions such as activating an information exchange forum, discussing ways to convey APEC's concerns to the EU, and potential collaboration in the international standardization arenas such as IEC/TC 111 (Environmental). • SCSC held a Policy Dialogue with ABAC in September 2005 aimed at enhancing SCSC's responsiveness to business needs on standards and conformance issues. • The APEC Chemical Dialogue has sent letters and provided public comment to the subject of the EU's REACH regime. Raising awareness also lead to the expression of concern by the other industry dialogues, recognizing the likely effects in other sectors such as electronics, automobiles, and mining. • The SCSC Trade Facilitation Task Force held a joint session with the Chemical Dialogue on 7 September 2005 to exchange views on cooperative action in areas of common interest including EU's REACH regime.

ABAC RECOMMENDATION	CTI RESPONSE
<p>Mobility of Business People</p> <ul style="list-style-type: none"> • Participating economies in the APEC Business Travel Card (ABTC) scheme that have not yet implemented the scheme are encouraged to do so at their earliest convenience; while member economies that have not yet joined should join in the shortest possible time. • Urge member economies to make a concerted effort to publicize the benefits of the ABTC scheme to the business community and to enhance understanding of immigration officers concerning the system and the operation of the scheme. • Coordinate the standardization of technology requirements and enhance the harmonization of immigration procedures in order to further facilitate the mobility of business people in and around the region. • Make concerted efforts to identify and solve operational problems, and provide capacity building for smooth implementation. • Ensure data privacy protection in handling personal information, particularly with the requirement of certain economies for airlines to submit their passenger and crew manifests under the Advanced Passenger Processing (APP) system and the Advanced Passenger Information System (APIS). • Proactively consult with the business sector in discussing rational cost sharing, both in terms of dollars and time, for strengthening immigration control in order not to disproportionately burden the latter in meeting security requirements. 	<ul style="list-style-type: none"> • IEGBM continued to encourage remaining non-member economies to join the ABTC Scheme. To-date 17 economies have joined the ABTC Scheme. The IEGBM has agreed on actions to address a number of key processing and procedural issues including the need for a reduction in application processing and clearance times, better accessibility to APEC lane and signage at ports, the need for recognition of the APEC card as smaller ports of entry and the need for promotion of the card to business communities. At the IEGBM's meeting in February, members recognized and agreed to reduce processing times on a best endeavors basis. Economies also agreed to review their airport signage and access to the APEC lanes and to raise the awareness of staff at smaller ports to the APEC card and its value in negating the need for a visa. At SOM III, the IEGBM agreed to endeavor to further reduce pre-clearance processing times, review their airport signage and access to APEC lanes and raise the awareness of staff at smaller ports. • IEGBM has TILF funding to engage a consultant to undertake a review of economies' temporary entry conditions and examine ways to ensure that public information is available in a clear and transparent form, accessible to business people engaged in trade and investment activities in the APEC region. The draft report was tabled at SOMIII and members agreed to consider the report's findings intersessionally. Proposals will be developed to address the report's findings, for consideration and agreement by the IEGBM at SOMI 2006.

ABAC RECOMMENDATION	CTI RESPONSE
<p>Investment Facilitation</p> <ul style="list-style-type: none"> • Enhance transparency in investment-related regulations and procedures, particularly through the implementation of the APEC Transparency Standards and measures to reduce/eliminate corruption and improve administrative efficiency. • Amend or clarify the wordings of the APEC Non-Binding Investment Principles, particularly in the areas of: <ul style="list-style-type: none"> - transparency; - non-discrimination between source economies; - national treatment; - performance requirements; - repatriation and convertibility; - entry and sojourn of personnel; - avoidance of double taxation; and - removal of barriers to capital exports. 	<ul style="list-style-type: none"> • To make cross-border investment simpler and more transparent, APEC published the 5th edition of the APEC Investment Guidebook. IEG is planning to revise the APEC Investment Guidebook and publish the 6th Edition in 2007. • IEG has included in its CAP, implementation of the APEC Transparency Standards on Investment. • IEG will consider ABAC's proposal to revise the APEC Non-Binding Investment Principles intersessionally and submit comment to the IEG Convenor. An IEG Friends of the Chair group was formed to bring forward a discussion paper to the next IEG meeting in 2006.
<p>Strengthen Enforcement of Intellectual Property Rights</p> <ul style="list-style-type: none"> • Strengthen protection of intellectual property rights (IPRs), inter alia, enforcement of IPRs by promoting cooperation among enforcement agencies in the region. • APEC economies to take steps to further promote cooperation and information exchange between enforcement agencies, including administrative authorities, customs authorities, judges, prosecutors, patent attorneys, and police organizations in the region. These steps should include practical measures to: (i) enhance information-sharing regarding infringement; (ii) strengthen the capacity of APEC member economies to address new and emerging forms of IP-related crimes through policy development, legislative measures, training activities, and allocation of sufficient resources for enforcement; and (iii) increase cross-border collaboration at the operational level. • Make all capacity building programs and toolkits available in the languages of developing member economies so that as many people as possible can participate in the programs. ABAC believes that the private sector in the region can contribute to the capacity building efforts of APEC member economies given their advanced 	<ul style="list-style-type: none"> • CTI worked with SOM to develop the APEC anti-counterfeiting and piracy initiative, under which APEC economies will work together to strengthen IPRs by reducing trade in counterfeit and pirated goods and online piracy, while increasing cooperation and capacity building to strengthen anti-counterfeit and piracy enforcement. CTI members also worked with SOM to develop the model guidelines called for in the initiative. • IPEG continued to conduct seminars on enforcement of intellectual property rights to assist members to develop the capabilities of government officials and business people in the APEC region. These included (i) Seminar on Cybercrime, 2-4 August 2005, Manila; (ii) High-level Symposium on IPR, 7-8 September 2005, Xiamen; and (iii) APEC-USPTO Workshop on Developing a Successful Intellectual Property Enforcement Regime, 3-5 October 2005, Bangkok. • IPEG members also exchanged information on recently strengthened measures to curb IPR infringement and discussed solutions to problems, such as copyright on the internet and registration of company names that are similar to the trademarks of other companies. • IPEG decided to post on its IPEG website all results of surveys and best practices compilations

ABAC RECOMMENDATION	CTI RESPONSE
<p>technologies, experiences and human resources.</p> <ul style="list-style-type: none"> • Make IPR-related laws, regulations, judicial decisions and actions taken by member economies available in English. Comparing such information published by member economies will help identify areas where capacity building is necessary and will improve business confidence on the protection of IPR in the region. • Explore measures in the coming months such as APEC regional IPR cooperation and harmonization that will foster greater innovation and diffusion of new technologies. 	<p>(e.g. optical disc piracy best practices, geographical indications survey) for public reference, and that the information contained in these tools should be updated by member economies as necessary.</p> <ul style="list-style-type: none"> • IPEG conducted a Survey on Laws and Regulations and Enforcement Practices to Control Export of Counterfeit and Pirated Products among APEC Economies. Upon finalization, the outcomes of the survey will be posted on the APEC IPEG website.
<p>Digital Economy</p> <ul style="list-style-type: none"> • Implement the Leaders' Digital Economy Statement adopted in Los Cabos and additional measures adopted in the Bangkok Leaders' and ministerial declarations with a final report for submission to Ministers Responsible for Trade next year, which would include: <ul style="list-style-type: none"> - The Comprehensive Strategy on IPR in APEC and the Digital Piracy Initiative, specifically to stop optical disk piracy. - The formation of demand-driven capacity building projects that would help developing economies benefit from digital trade. - Providing information on enforcement practices to enable a final report on Enforcement Best Practices in the APEC Economies to Combat Optical Disk Piracy to be submitted to Ministers. - Allowing technology choice for governments, businesses and consumers, including through the development, adoption and implementation of the technology choice policy principles supporting government procurement based on value and merit; the use of voluntary, industry-led, and where appropriate, international technology standards developed consistent with international practice. - Raising public awareness of the importance of technology choice, IPR protection and the benefits to be derived 	<ul style="list-style-type: none"> • CTI oversaw the annual update of economies' reports on their implementation of trade policies to support the digital economy. • IPEG completed a survey of member economies' best practices for combating optical disk piracy. • A Technology Choice meeting was held under the CTI auspices on 26 February 2005 on Leaders' 2003 mandate to "allow technology choice" pursuant to the Future Works paper that Ministers and Leaders endorsed in 2003. APEC, as a the world's most important technology testbed, has a special role in embracing such principles, and economies were encouraged to support adoption of such principles as part of APEC's digital trade initiative. • CTI discussed a proposal to add a set of technology choice principles to the Pathfinder Statement on Trade and the Digital Economy.

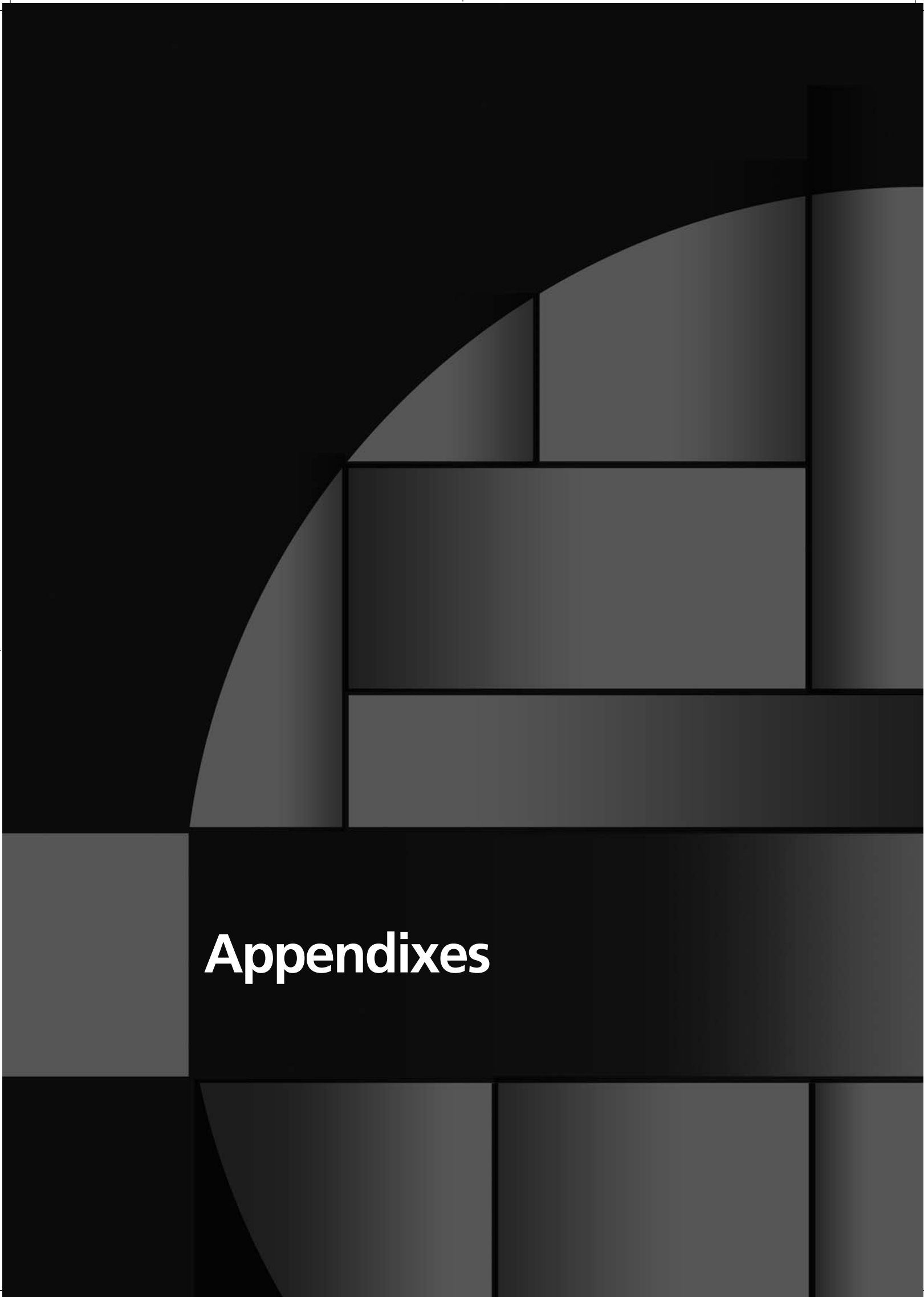
ABAC RECOMMENDATION	CTI RESPONSE
<p>from an effective enforcement regime.</p> <ul style="list-style-type: none"> - Both this year and next, explore updating the APEC Digital Economy Statement or other relevant APEC instruments, as appropriate, to incorporate the full range of policies necessary to promote digital trade, innovation, inclusion, accessibility, security, safety, integrity and investment regime. 	

Recommendations

RECOMMENDATIONS

CTI recommends that Ministers:

- *Endorse* CTI's 2005 Annual Report, including the Collective Action Plans in *Appendix 4*;
 - *Endorse* the APEC Trade Facilitation Roadmap to 2006 (see *Appendix 1*).
 - *Endorse* the APEC-OECD Checklist on Regulatory Reform (see *Appendix 5*).
 - *Welcome* CTI's work in support of the WTO, and especially the numerous WTO capacity building projects listed in this report, including the APEC/WTO Roundtable on Trade Facilitation that took place in Geneva on 10 February 2005 and the Seminar on IT/Electronics Industry held in Gyeongju, Korea on 8 September 2005.
 - *Welcome* CTI's pro-active stance in including anti-corruption in its work plan as a result of the Santiago Leaders' Declaration.
 - *Welcome* CTI's work with ABAC to identify transparency issues of key importance to the business community and commit to develop a plan to address these issues by the 2006 MRT.
 - *Welcome* progress made on the implementation of APEC's Trade Facilitation Action Plan.
 - *Note* CTI's work on the development of a set of APEC Technology Choice Principles.
- *Welcome*
 - CTI's contribution to the implementation of APEC's security commitments
 - The completion of Intellectual Property Rights Experts Group's (IPEG) work on Best Practices for Combating Optical Disk Piracy
 - SCCP's work with the ABAC to develop an APEC Customs Handbook;
 - CTI's activities in support of the implementation of the APEC Structural Reform Action Plan;
 - CTI's contribution to development of the APEC Anti-counterfeiting and Piracy Initiative and related follow-up work;
 - The establishment of 11 IPR Service Centers and call on all other APEC economies to establish IPR Service Centers by the 2006 MRT;
 - CTI's work on gender; and
 - The outcomes of the Seventh Automotive Dialogue, Fourth Chemical Dialogue, Third meeting of the Life Sciences Innovation Forum and the First Non-Ferrous Metals Dialogue.



Appendixes

APPENDIX 1

Trade Facilitation Action Plan Roadmap to 2006

TRADE FACILITATION ACTION PLAN ROADMAP TO 2006

Background

1. Trade facilitation is one of APEC's three main pillars of work to achieve the Bogor goals of free and open trade and investment. In the Shanghai Accord, Leaders laid down the objective of realizing a significant reduction in transaction costs by endeavoring to reduce them by 5% across the APEC region over the next five years (i.e. by the end of 2006).
2. In 2002, a Trade Facilitation Action Plan (TFAP) was developed to take forward the Shanghai Accord. Specifically, a menu of concrete actions and measures for trade facilitation was approved, from which member economies have selected actions and measures for implementation immediately after SOM I 2003. An independent expert was commissioned to conduct a mid-term review in SOM III 2004 to assess the progress of implementation and an Expanded Dialogue on Trade Facilitation (EDTF) was also convened to bring in feedback from the business community and the academia. While the findings reaffirmed that member economies were making good progress, additional work needed to be done to ensure that the objective could be reached in 2006. **CTI was therefore tasked to develop a roadmap with concrete actions and target dates between now and the end of 2006.**
3. CTI is of the view that members should also begin to move beyond the TFAP to identify a future work program in response to the Santiago Initiative. To achieve this, CTI will, through the process outlined below, identify a number of specific trade facilitation elements in which member economies could co-operate to develop common approaches to reducing transaction costs for business, recognizing that greater benefits accrue from economies acting collectively rather than individually. Such initiatives should include, as an integral part, a capacity building program to assist developing member economies to implement initiatives.

Endorsement of Roadmap (SOM II, 2005)

4. The objectives of the roadmap are to set out concrete actions with clear timelines to assess overall progress towards the 5% TFAP goal. It will be submitted for **endorsement at SOM II 2005 and reported to MRT** as "Trade Facilitation Action Plan – Roadmap to 2006".
5. At SOM II 2005, member economies should start to deliberate on **how to conduct the Final Review of the TFAP** and plan our way forward under the Santiago Initiative. Building on the experience of the mid-term review conducted in 2004, members can agree to invite independent experts to contribute to the Final Review. The process should start as early as possible so as to involve member economies, CTI sub-fora and the business community at an early stage in designing the review. The outcomes of the final review should be reported to the AMM and AELM in 2006.
6. In parallel, member economies should discuss **tools** that can help them monitor and better implement the TFAP. While the current trade facilitation template can serve to keep track of the progress, member economies should seek to develop additional tools which can help assess the quality of the actions and measures implemented. In this regard, members agree to review the quality of implementation of actions in major trade facilitation areas at the CTI meetings in 2006.
7. **Capacity building projects**, specially designed to cater to member economies' needs, are instrumental to the successful implementation of the TFAP. Member economies and CTI sub-fora should accord high priority in drawing up projects in trade facilitation.

Implementation of Roadmap (SOM III, 2005)

8. By SOM III 2005, the experts will be invited to present their **contributions to the Final Review**, including ways to assess progress in realizing a significant reduction in transaction costs across the APEC region. The business community, including ABAC, and CTI sub-fora, should be actively involved in the consultation process. To facilitate the discussion, the experts should consult relevant CTI sub-fora and the Economic Committee to come up with recommendations before the meeting.
9. In submitting their **trade facilitation reporting template**, member economies should take the opportunity to critically review the progress of implementation, in particular, the improvements made since 2004. Member economies should take concrete steps to expedite the actions and measures in the light of the 2006 deadline, including active participation in **capacity building projects**. Newly identified difficulties and needs should be taken into account in the projects as far as possible.

Stocktake of Roadmap Implementation (AMM/AELM, 2005)

10. Member economies should conduct a **stocktake** of the progress in implementing the actions set out in the roadmap. The **way to conduct the Final Review** will be reported to AMM and AELM 2005. The **trade facilitation reporting templates** completed by individual member economies will also be submitted to Leaders and Ministers.

Progress Review of Roadmap (SOM I, 2006)

11. In accordance with the TFAP, member economies are required to **report on their fully implemented actions and measures with analysis**. The experts will provide inputs on the preparation for the Final Review, and inform member economies and CTI sub-fora intersessionally of the **progress**. Additional guidance from member economies, if required, can be incorporated at this stage.
12. In the margins of the three CTI meetings in 2006, member economies will **review the quality of implementation** of actions in trade facilitation, i.e. customs procedures, business mobility, standards and conformance, and other areas as agreed by members.

Preparation for Final Review (SOM II, 2006)

13. A **public-private dialogue on trade facilitation** will be organized with a view to communicating the outcomes of APEC's 5 year implementation of TFAP and call for the inputs from the private sector to help define next steps for trade facilitation in the region. The dialogue will also provide an opportunity for all participants to critically examine member economies' progress of implementation and to conduct a more in-depth analysis of the effectiveness of the actions and measures taken so far. APEC members may wish to showcase their success stories on the steps they are taking towards increased transparency, risk management and other trade facilitation initiatives. We should also be forward looking by setting goals for future work on trade facilitation to develop APEC's future agenda.

Final Review of TFAP (SOM III, 2006)

14. The experts will submit a **draft report** to CTI setting out analysis on the achievements across the APEC region. The report should also take into account the discussions and recommendations of the public-private dialogue conducted in SOM II.
15. The draft report will form part of the final TFAP review carried out by CTI.

Submission of Final Review (AMM/AELM, 2006)

16. The **Final Review** will be presented to Ministers and Leaders. According to the TFAP, member economies will be required to report the true benefits in 2008 after the effect of the trade facilitation actions set in. To this end, Leaders and Ministers may wish to highlight areas where follow-up actions are required beyond 2006 and give further instructions on how to take forward trade facilitation in APEC in future.

TIMELINE OF ACTIONS

Timeline	Actions
2005	
SOM II	<ul style="list-style-type: none"> • To agree on a roadmap with concrete actions and target dates to meet the APEC trade facilitation objectives by 2006. • To agree to invite independent experts to propose how to conduct a Final Review of Trade Facilitation Action Plan (TFAP). • To agree tool(s) to help economies monitor and better implement TFAP (i.e. to review the quality of implementation of actions in major trade facilitation areas). • To seek BMC funding for commissioning independent experts, the public-private dialogue, and as necessary the above quality review. • Member economies and CTI sub-fora to accord high priority in drawing up trade facilitation projects.
SOM III	<ul style="list-style-type: none"> • To invite experts to present their contributions to the Final Review, including ways to assess progress in realizing a significant reduction in transaction costs across the APEC region. • To submit the trade facilitation reporting template by individual economies. • To note the progress of capacity building projects.
AMM/AELM	<ul style="list-style-type: none"> • To stocktake progress of implementing the roadmap. • To report the way to conduct the Final Review of the TFAP to AMM/AELM. • To report member economies' progress of implementation of the TFAP as set out in the trade facilitation reporting templates.
2006	
SOM I	<ul style="list-style-type: none"> • Member economies to report on their fully implemented actions and measures with analysis. • Experts to provide inputs on the preparation for the Final Review. • Member economies to review the quality of implementation of actions in customs procedures.
SOM II	<ul style="list-style-type: none"> • To conduct a public-private dialogue on trade facilitation. • Member economies to review the quality of implementation of actions in business mobility.
SOM III	<ul style="list-style-type: none"> • Experts to submit draft report which will form part of the final TFAP review carried out by CTI. • Member economies to review the quality of implementation of actions in standards and conformance, and other areas as agreed by members.
AMM/AELM	<ul style="list-style-type: none"> • To present the Final Review to AMM/AELM.

APPENDIX 2

Work on Transparency and Anti-corruption

THE COMMITTEE ON TRADE AND INVESTMENT'S WORK ON TRANSPARENCY AND ANTI-CORRUPTION

SEPTEMBER 2005

This paper provides an overview of CTI's work on transparency and anti-corruption. It starts by outlining APEC-wide work on transparency that resulted from the 1995 Osaka Action Agenda and from the 2001 Shanghai Accord, and then describes the work of three CTI sub-fora that have a special role to play in the area of transparency and anti-corruption, because of the high-visibility of their work to the business community and other outside stakeholders: the Sub-Committee on Customs Procedures, the Government Procurement Experts Group, and the Business Mobility Group.

The Committee on Trade and Investment (CTI) has overall responsibility for the advancement and coordination of APEC's work on trade and investment issues. It oversees the work of eleven sub-groups and four industry dialogues.

While the CTI has only formally included "anti-corruption" on its agenda in 2005, that concept is clearly linked to the Committee's long-standing work on transparency. CTI and its sub-fora have undertaken activities that help economies increase transparency and fight corruption for a long time. Indeed, sub-fora such as the Sub-Committee on Customs Procedures and the Business Mobility Group have been active for several years in addressing corruption head-on by developing work plans in areas such as "integrity" or "professional service standards".

The CTI has a comprehensive work program on transparency. This work program was formally launched as a result of the 2001 Shanghai Accord, which put explicitly put transparency at the core of APEC's trade and investment agenda by calling for the development of general APEC transparency standards, supported by sector-specific standards in nine key areas.

CTI's Work on Transparency as a Result of the Osaka Action Agenda

But the CTI's work on transparency started much before 2001. While the Shanghai Accord brought more focus to this work, the CTI's activities on transparency can be traced back to the very beginnings of APEC. Indeed, in 1995, when APEC Leaders agreed on the Osaka Action Agenda (OAA), which was APEC's first roadmap to the Bogor Goals of free and open trade and investment, they made transparency one of its key principles. That principle has guided APEC's work in the 15 areas of the OAA ever since. In response to the OAA, the CTI and its sub-fora have developed collective action plans that have all required economies to progressively move towards more transparency in tariffs, non-tariff measures, services, investment, customs procedures, standards and conformance, business mobility, government procurement, intellectual property rights, competition policy, deregulation, rules of origin, dispute mediation, implementation of WTO obligation, and information gathering and analysis. In each of those areas, each economy committed to: *"ensure transparency of its respective laws, regulations and administrative procedures which affect the flow of goods, services and capital among APEC economies in order to create and maintain an open and predictable trade and investment environment in the Asia-Pacific region"*.

Between 1995 and 2001, APEC economies worked to implement this general transparency commitment as defined in the OAA and as included in the 15 Collective Action Plans that resulted from the OAA. As part of that work, some of the CTI's sub-fora adopted a number of specific principles for their work that further defined and refined how transparency would be pursued in their specific area of responsibility. For example:

- The Group on Services, in its 2001 Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment, states that *“Transparency means making full, clear and accurate information available about the nature and scope of all legal, regulatory and prescriptive measures that have a positive or negative effect on foreign services or foreign service providers. Member economies should make all measures (new and amended ones, including those in international agreements) affecting trade in services available in a timely fashion. In order to disseminate information to service providers upon request, member economies should establish information centers which should be composed of experts on the relevant laws and regulations. Web sites providing information on such laws and regulations increase transparency as well. Transparency is critical in order to facilitate services trade as most barriers to services trade are in the form of domestic laws, regulations and procedures.”*
- The Government Procurement Experts Group, in its 1999 Non-Binding Principles on Government Procurement, characterizes transparency as follows: *“The general principle [of transparency] is that sufficient and relevant information should be made available to all interested parties consistently and in a timely manner through a readily accessible, widely available medium at no or reasonable cost. This general principle is applicable to all aspects of government procurement, including the general operational environment, procurement opportunities, purchase requirements, bid evaluation criteria and award of contracts,[...]”*
- In 1995, the Sub-Committee on Customs Procedures adopted transparency as one of its five guiding principles, stating that *“Customs laws, regulations, administrative guidelines and procedures should be publicly available in a prompt and easily accessible manner.”*
- The Investment Experts Group, in its 1994 Non-Binding Investment Principles, agreed to make transparency one of these Principles, stating that *“Member economies will make all laws, regulations, administrative guidelines and policies pertaining to investment in their economies publicly available in a prompt, transparent and readily accessible manner.”* Furthermore, the 1998 “Options for Investment Liberalization and Facilitation” provided much more detailed APEC-wide objectives on transparency, namely: *“2.01 Make available to investors timely updates of changes to investment regimes, including via the APEC Secretariat (who will use it for the APEC investment guidebook); 2.02 Publish and/or make widely available through other means, on a timely basis, information on an economy’s investment code, investment laws and regulations, and procurement procedures, with an eye to ensuring transparency in the administration of investment laws, regulations and procedures at federal/central, provincial/state and local authority levels; 2.03 If screening is used, publish and/or make widely available through other means the guidelines for evaluating and scoring projects for their approval; 2.04 Conduct briefings (in appropriate fora) on the current investment policies and future directions to be undertaken by the government; 2.05 Give advance notice of proposed regulations and laws, and provide an opportunity for public comment; 2.06 Clarify procedures and practices regarding application, registration, government licensing and procurement by: publishing (and widely disseminating) clear and simple instructions, and an explanation of the process (the steps) involved in applying/bidding/registering; publishing (and widely disseminating) definitions of criteria for assessment of investment proposals; publishing (and widely disseminating) contact points for inquiries on standards, technical regulations, and conformity assessments; conduct periodic reviews of prior authorization requirement procedures to ensure they are simplified and transparent; make available to investors all rules and information relating to investment promotion schemes.*
- Transparency is also one of the key APEC Principles to Enhance Competition and Regulatory Reform, agreed in 1999 by the Competition Policy and Deregulation Group. Furthermore, the CPD developed in 2003-2005 the APEC-OECD Checklist on Regulatory Reform, which includes a long section on transparency, where APEC and OECD members

agreed that “[...] Transparent, consistent, comprehensible, and accessible laws are necessary to ensure compliance and achieve public policy objectives [...] Among other things, this promotes predictability, fairness and public confidence. Transparency also contributes positively to the attractiveness of the investment climate. Both domestic and foreign players require transparency, but it is particularly important to new market entrants as well as SMEs. Transparency also relates to the regulatory process, how decisions are made and how they are applied. [...] It is important to limit conflicts of interest in regulation between the regulated company and the regulator. Transparency must also extend to forthcoming regulatory actions, as this is necessary for stakeholder involvement in regulatory decision-making [...] and for predictability, an important element in business planning. Transparency requires the timely publication, or at least the public availability of all relevant laws, regulations and decisions, as well as information about the decision-making process. Channels for information dissemination and notification should be widely accessible, including those for dissemination and notification to international bodies. The internet has proven to be an invaluable resource for access to laws, government services, electronic filings, and identification of single inquiry points.[...] Because government is increasingly “partnering” with the private sector to achieve public policy objectives, transparency of at least some private sector rules may be an important element of good regulation. Self-regulatory schemes, whether or not backed by government, may need enhanced clarity and transparency. Similarly, standards development regimes are often poorly understood by those who may be affected. A greater effort should be made to make the standards development process and the standards themselves more transparent, and to ensure the transparency of qualification and licensing requirements and procedures.

The CTI itself developed in 2001 a series of trade facilitation principles, which also include transparency. The Trade Facilitation Principles state that “*Information on policies, laws, regulations, administrative rulings, licensing, certification, qualification and registration requirements, technical regulations, standards, guidelines, procedures and practices relating to trade in goods and services (hereinafter referred to as rules and procedures relating to trade) should be made available to all interested parties, consistently and in a timely manner, through readily accessible, widely available medium at no cost or a reasonable cost.*”

CTI’s Work on Transparency as a Result of the Shanghai Accord: The APEC Transparency Standards

While the work outlined above was certainly useful in advancing transparency in APEC, it Leaders decided, in 2001, that APEC needed to bring all of its activities on transparency under one umbrella. As a result, the Shanghai Accord mandated the development of an APEC-wide approach on transparency. More specifically, in the Shanghai Accord, Leaders instructed APEC to initiate the following work program: “*Leaders recognize the importance of transparency in economic governance. In this regard, APEC has developed menus of options and principles in different areas that contain transparency provisions. Leaders direct Ministers to pursue the implementation of APEC’s agreed transparency principles, taking into account economies’ specific circumstances and report on the progress in their IAPs in 2002 and thereafter. Leaders also underline the importance of well-targeted assistance to help the developing economies make progress towards greater openness and transparency. Leaders note the importance of cooperation on e-government for achieving this objective.*”

This resulted in a comprehensive effort to develop APEC-wide Transparency Standards in 2002 (see box on the next page). These Standards were then used as a basis for the development of sector-specific transparency standards in 2003 and 2004. These sector-specific standards updated and further developed the transparency provisions that had been developed by the different CTI sub-fora in response to the OAA, and forced the development of transparency standards in areas where previous work had not resulted in formal commitments on transparency.

By mid-2004, agreement had been reached on area-specific transparency standards in nine areas: services; investment; competition law and policy and regulatory reform; standards and conformance; intellectual property; customs procedures; market access; business mobility; and government procurement. These nine sets of standards went much further than APEC had gone before in providing detailed and comprehensive commitments in all nine areas.

In 2004, APEC economies also agreed to start tracking each other's performance in implementing both the general and area-specific standards by using the IAP process. Throughout that year, the CTI revised all IAP chapter templates to ensure they required economies to report on their progress on transparency. These new templates will be used for the first time in 2005, therefore providing the first comprehensive picture of APEC's collective implementation of the transparency standards.

THE GENERAL APEC TRANSPARENCY STANDARDS

The APEC Transparency Standards were developed in 2002, and include key provisions in these areas:

- Publication of laws, regulations, and procedures and administrative rulings
- Advance notification of laws, regulations and procedures
- Provision to interested parties of reasonable opportunity to comment on proposed measures
- Provision of prompt information
- Provision of reasonable notice to interested parties
- Providing affected parties with a reasonable opportunity to present facts and arguments in support of their position prior to any final administrative action
- Where warranted, ensuring that appropriate domestic procedures are in place to enable prompt review and correction of final administrative actions
- Provide for tribunals or panels that are impartial and independent of any office or authority entrusted with administrative enforcement and have no substantial interest in the outcome of the matter
- Providing parties to any proceeding with a reasonable opportunity to present their respective positions
- Providing parties to any proceeding with a decision based on the evidence and submissions of record or, where required by domestic law, the record compiled by the administrative authority
- Ensuring, subject to appeal or further review under domestic law, that such decisions are implemented by, and govern the practice of, the offices or authorities regarding the administrative action at issue.
- A number of measures to ensure and promote transparency in monetary, financial and fiscal policies and the dissemination of macroeconomic policy data

The detailed APEC Transparency standards are available on the APEC Secretariat's website at this address: http://www.apec.org/apec/leaders__declarations/2002/statement_to_implementation1.html

In 2004 and 2005, the CTI initiated an additional process aimed at supporting the implementation of the Transparency Standards. The Committee worked with the APEC Business Advisory Council (ABAC) to seek the input of the business community to identify a number of key specific transparency issues that are of particular concern to the business community in all 21 APEC economies with a view of securing Ministerial-level commitment to address these business concerns as soon as possible.

KEY ACTIVITIES OF APEC SUB-FORA IN SUPPORT OF THE APEC TRANSPARENCY AND ANTI-CORRUPTION AGENDA – THE SUB-COMMITTEE ON CUSTOMS PROCEDURES (SCCP)

SCCP and its Activities on Transparency and Anti-Corruption

The Sub-Committee on Customs Procedures (SCCP), which was launched under the Committee on Trade and Investment (CTI) in 1994, aims at facilitating trade by simplifying and harmonizing Customs Procedures in the APEC region. The SCCP also focuses on how to enhance transparency in the Customs administration and to prevent corruption in order to facilitate trade.

In 2003, SCCP adopted the “APEC Transparency Standards on Customs Procedures” which were drafted by the United States based on the Leaders’ Statement to Implement APEC Transparency Standards. At the first SCCP in 2005, members made comprehensive presentations on Customs administrations’ on-going efforts to enhance transparency, and discussed how to implement the Standards.

In addition, by the first SCCP meeting in 2005, SCCP adopted 16 Collective Action Plans including “Integrity,” “Public Availability of Information on Customs Laws and other regulations,” and other CAPs related to transparency and integrity issues. This report reviews more detailed SCCP activities to improve integrity and transparency and to fight against corruption.

“APEC Transparency Standards on Customs Procedures” and members’ activities

Regarding transparency and anti-corruption, the SCCP continues to fully and faithfully implement the APEC Transparency Standards on Customs Procedures that were adopted in 2003. The Transparency Standards recommend the prompt publication and availability of information, advance rulings; procedural transparency and fairness in customs procedures, and maintenance of contact points and open inquires procedures.

At the first SCCP in 2005, members made comprehensive presentations on Customs administrations’ on-going efforts to enhance transparency and shared their best practices and implementation on the following areas: i) Prompt publication and on-line availability of Customs information; ii) Advance publication and opportunity for public comments; iii) Advance rulings on tariff classification, Customs Valuation, duty drawbacks, country of origin marking, rules of origin, etc.; iv) Applicability of these advance rulings to other goods; v) Procedural transparency and fairness (review); and vi) Contact points and on-line inquiries.

CAP Implementations to Achieve Transparency and Integrity

(1) Integrity

Integrity in the public and private sectors was also noted as essential to fighting corruption and assuring transparency. As highlighted in the 1st SCCP in 2004, integrity was identified by APEC Leaders in the 2003 APEC Leaders' Declaration as a priority for 2004, and that it forms part of the 'Secure Trade in the APEC Region (STAR) Initiative.'

To raise levels of integrity within Customs administrations which is fundamental to good governance and provides a sound platform for Customs reform and modernization by implementing the key principles of the Arusha Declaration and introducing codes of conduct, Integrity has been adopted as an SCCP CAP item since 2000.

The integrity technical assistance, which commenced in 2000 as a phased approach, consists of a four-phase project as follows:

- Phase 1: Development of a Code of Conduct on Integrity
- Phase 2: Completion of Integrity Self-Assessment Process
- Phase 3: Development of Integrity Action / Implementation Plan
- Phase 4: Implementation and monitoring of integrity action plans

The majority of APEC Economies' customs administrations have developed Codes of Conducts, and this CAP item was elevated to (Implementation) Stage 2 from Stage 1 as agreed in the 1st SCCP Meeting in 2005. As reported in the 2nd SCCP in 2001, two integrity implementation and facilitation workshops first took place in Australia in April 2001 and the second in Chinese Taipei in July 2001. Additional assistance was provided to Mexico in July 2002 and to Papua New Guinea in May 2003. The phase three Integrity Workshops were held in Chile and Peru in August 2004, facilitated by New Zealand Customs and Royal Malaysian Customs.

(2) Public Availability of Information on Customs Laws, Regulations, Administrative Guidelines and Rulings provided to the business sector on an ongoing basis

To improve Customs transparency by provision to traders and the public of all the pertinent customs-related information in accurate, consistent and user-friendly manners, SCCP adopted as a CAP in 1996, thereafter regrouped into (Implementation) Stage 2 in 2001, 'the Public availability of information on Customs Laws, regulations, administrative rulings provided to the business sector on an ongoing basis.'

A 'Best Practices' handbook, generally classified into five groups, namely, personal interface, publications, electronic means, training and mass media, was compiled by Singapore and a video produced by Hong Kong, China in 1997. Between 1998 and 2000, several surveys were conducted to collect views of the business sector on the information dissemination instruments and to identify areas for improvement.

Hong Kong, China and Singapore have collaborated in conducting a survey of new initiatives or developments in the area of Public Availability of Information, with a survey questionnaire sent out to each Economy, and all the feedbacks have been consolidated and analyzed for the purpose of updating the 'Best Practices' Handbook.

(3) Other CAP activities: Advance Classification Ruling System, etc.

The other CAP items, also in direct support of the APEC's work in this area, are Advance Classification Ruling Systems and Clear Appeals Provisions. SCCP has continued to make collective and concerted efforts to increase transparency in customs matters, for example, to expand the areas where Advance Rulings are issued for the benefit of the business in terms of

predictability. SCCP members adopted and implemented 'Clear Appeals Provision' as a CAP to increase transparency. Furthermore, members make efforts to build up a closer "Customs-Business Partnership" and enhance communication with business.

Joint Action with Other APEC Forum: ABAC – Customs Handbook

The APEC Business Advisory Council (ABAC), as one of its customs-related initiatives, plans to publish in time for the APEC CEO Summit in Busan, Korea, the "ABAC Customs Handbook," containing contact information of customs agencies, and business-critical information on their advance rulings and administrative reviews. Under the close partnership between the ABAC and SCCP, most of APEC Economies submitted to the ABAC their first draft Customs Handbook on time.

Continuing efforts to Improve Integrity and Transparency

(1) Integrity Standard emphasized in the WCO "Framework of Standards to Secure and Facilitate Global Trade"

At the first SCCP meeting in February 2005, SCCP agreed in principle to adopt the 'Implementation of APEC Framework based on the World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Global Trade.' This Framework aims at strengthening secured trade and greatly contributing to an expedited facilitation of legitimate and low-risk cargoes.

In June 2005, the WCO Framework was adopted at the WCO Council meeting with 166 members of Customs Administration at that time. The Framework composed of two pillars, to seek cooperation of the Customs-Customs and Customs-Business. One of the 11 standards of the Customs-Customs cooperation pillar is "Employee Integrity¹," which emphasizes the integrity of customs officials. SCCP members already recognized and have discussed the importance of the implementation of the Framework in general as well as integrity.

(2) SCCP Peer Review

Since a peer review, devised as a review process in our evaluation phase of the SCCP's CAPs including integrity and transparency matters, was officially agreed in the SCCP Meeting of February 2001, two Peer reviews have been conducted in September 2002 (Mexico), and in November 2003 (Chile).

The reviewers as well as the reviewed economy benefit from the process, by allowing the SCCP to evaluate the appropriateness of our capacity building efforts and technical assistance programs, focused on the improvements made by individual economies.

¹ Standard 10: The Customs administration and other competent authorities should be encouraged to require programmes to prevent lapses in employee integrity and to identify and combat breaches in integrity.

KEY ACTIVITIES OF APEC SUB-FORA IN SUPPORT OF THE APEC TRANSPARENCY AND ANTI-CORRUPTION AGENDA – THE GOVERNMENT PROCUREMENT EXPERTS GROUP (GPEG)

As stated in the GPEG Convenor's Summary Report to CTI of the February 2005 GPEG meeting, GPEG agreed to provide information on the elements of the Non-Binding Principles on Government Procurement (NBPs) and the APEC Government Procurement Transparency Standards that are relevant to anti-corruption. It is GPEG's consensus that the Transparency Standards, which incorporate the NBP on transparency, are relevant in their entirety to anti-corruption. This paper expresses GPEG consensus on the identification of the elements of the remaining NBPs that are also relevant to anti-corruption and is GPEG's input as requested by CTI for the Symposium.

NBP Provisions Relevant to Anti-Corruption

In 1999 GPEG completed the NBPs that identify elements and illustrative practices on the principles of transparency, value for money, open and effective competition, fair dealing, accountability and due process, and non-discrimination. The NBPs have the support and commitment of all Economies and have been adopted as the basis of the Government Procurement section of APEC economies' annually revised Individual Action Plans recording progress towards the Bogor Goals of free and open trade and investment. Through a process within GPEG of voluntary reviews and reports of their government procurement systems against the NBPs, Economies are exploring how best to implement the principles and to voluntarily bring their systems into conformity with them.

The following elements of the NBPs, in addition to all of the elements of the NBP on the principle of transparency, are related to anti-corruption:

from *Elements of Fair Dealing*–

44. The general principle is that the procurement system should be designed and buyers should conduct themselves in ways such that procurement activities are conducted in a fair, reasonable and equitable manner and with integrity.
45. Fair dealing is especially important in GP because the expenditure of public funds is involved and procurement activities are thus subject to public scrutiny. Fair dealing promotes public confidence in the procurement process and mutual trust and respect between the buyers and suppliers which includes a clear understanding by all parties to a proposed transaction in regard of their obligations and expectations. This will in turn encourage participation and contribute to achieving the best value for money in the acquisition of goods and services. Unethical behaviour, on the contrary, will add costs to and/or reduce the quality of the goods and services procured and damage the image of the procuring entity.
46. The procurement process should be fair and seen to be fair, and should treat all parties even-handedly.
47. This may be achieved by the following practices:
 - contact between all procurement and evaluation personnel and tenderers and prospective tenderers should be on a formal basis once the formal procurement process starts.
 - all tenderers should be accorded fair and equitable opportunity and treatment at all stages of procurement from access to pre-tender information to debriefing and consideration of complaints (without prejudice to tenders in future);

- qualifications of tenderers and technical specifications should not be prepared, adopted or applied with a view to, or with the effect of, creating unfair advantages to some suppliers;
- tenders should be kept sealed until they are opened and there should be clear policy or regulations setting out the circumstances under which they would be invalidated;
- tenders should be opened by a designated tender opening team, which should authenticate on the tenders and keep a duplicate copy of the tenders before passing them to the officers responsible for the evaluation of tenders. The names of the tenderers and tender prices should also be properly recorded by the tender opening team;
- clear and reasonable time limits should be set for various stages of the procurement process and should be followed strictly by all parties. In particular, there should be a clearly defined policy on whether and in what circumstances late tenders may be accepted;
- technical specifications and evaluations should be undertaken by more than one evaluating staff member or a committee to confirm their freedom from bias, and to verify that the offers contain all the elements necessary to enable them to be compared on a common basis;
- any shortlisting process for negotiations should be conducted in a fair and equitable manner and any negotiations should be conducted in a structured and ethical manner; and
- bids should be evaluated and contracts awarded strictly according to the published criteria. Any action that the buyer is entitled to take, such as negotiations or cancellation of tenders, should be included in the published criteria.

48. The GP regime should be transparent. This helps to avoid problems such as fraud and corruption.

49. In practice, this can be achieved by acting consistently with the transparency principles and practices set out in the APEC Government Procurement Transparency Standards.

50. Procurement personnel should at all times deal with suppliers fairly and even-handedly and with integrity. Officials involved in procurement should have access to, *inter alia*:

- advice about legal and legislative obligations and requirements;
- whole-of-Government advice such as Codes of Conduct; and
- Agency-specific or work area instructions or directions, including procedures to address instances of conflict of interest.

51. Procurement personnel should not allow the pursuit of private interests to interfere with the proper discharge of their official duties. Also, they should not allow their conduct to warrant any suspicion of conflict between their official duties and their private interests. Early and open disclosure of personal interests will allow management to prevent a conflict of interest from arising.

52. In practice:

- procurement personnel should disclose any interest, directly or indirectly possessed, which conflicts or might reasonably be thought to conflict with their public duties, or improperly influence their conduct in the discharge of their public duties; and
- procuring agencies should have a systematic way to address conflict of interests, e.g. where a procurement officer possesses an interest which conflicts with his

public duties, the basis of that interest should be discontinued, or the person should cease the duties involved or obtain management permission to continue.

53. Procurement personnel should not solicit or accept gifts, benefits or hospitality which might influence or be perceived to influence the conduct of their duties. Potential suppliers should not seek to influence procurement personnel in their duties by gifts, benefits or hospitality.

54. In practice:

- procurement personnel should not solicit or accept benefits or advantages whether for themselves, their immediate family or business concern or trust with which they are associated from persons who have or seek to have supplies contracts with their agencies;
- procurement personnel should not accept any gift or hospitality from suppliers except as may be permitted under the rules of their agencies;
- when it is difficult to decide whether an offer of gift or hospitality is acceptable or not, procurement personnel should decline the offer or seek the advice of a superior;
- procurement personnel should report to management immediately any attempts by suppliers to undermine impartiality and independence of action by the offer of benefits or other form of inducement;
- procurement personnel should avoid occasions where their presence may appear to imply a close relationship with the suppliers or lead to perception of a conflict of interests;
- procuring agencies should have a clear policy on whether their procurement personnel may accept any purchasing privileges offered to them by suppliers. If such privileges are allowed, value and quantity limits should be set. It is vital that the requirement for fairness and equity is not compromised by this practice, which can place procurement personnel under pressure to regard certain suppliers favourably.

55. Commercially sensitive information should be kept secure and should not be used for personal gain or to prejudice fair, open and effective competition. Information given by procurement personnel in the course of their work must be accurate, impartial and not designed to mislead.

56. In practice, procurement personnel should:

- not give one supplier's or tenderer's prices to another to meet or beat;
- not reveal details of commercial arrangements, including the details of contract pricing, in a way that compromises the commercial interests of the supplier or contractor concerned;
- safeguard commercially sensitive information physically so that other parties do not release it deliberately or inadvertently; and
- not use information obtained in the course of official duties to gain directly or indirectly a pecuniary advantage for themselves or for any other person.

57. If a procuring agency engages consultants to assist in the tender evaluation process, they should also be subject to the principles in paragraphs 12 and 14 above. The contractual agreements with such consultants should contain a statement to this effect. The contractual agreements with such consultants should also stipulate that information gained during the tender evaluation may not be disclosed for a specified period after the evaluation.

58. To minimise the risk of unethical behaviour including fraud and corruption, a procuring agency should separate where practicable the various responsibilities and

authorisations in procurement. One method could be to rotate duties so that key decision areas are not continuously in the control of one individual. Rotation can reduce the risk of relationships that are 'too cosy' developing between a particular staff member and a supplier, or the appearance of this.

59. A record should be kept in relation to every contract awarded. The information recorded should be sufficient to justify decisions taken in the procurement process.

21. Good record keeping will be further discussed under the principle of accountability and due process, which the GPEG has agreed to address in 1999.

from *Elements of Accountability and Due Process*–

60. The general principle is that government procuring agencies and individual procuring personnel should be, and are seen to be, accountable to their governments, the end users, the public and suppliers for the efficient, cost-effective and fair conduct of their procurement; and that mechanisms for scrutiny of the procurement process and avenues/channels for review of complaints should be available.

62. Proper record should be kept of the entire procurement process, including decisions and actions taken during the procurement process and the reasons for taking them to the extent that is sufficient to justify the decisions and actions taken. These records should be retained for a predetermined period.

63. In practice, matters that should be documented include:

- specifications of the items/services to be procured;
- approval to spend public moneys;
- selection of procurement methods;
- criteria for evaluating and selecting tenders;
- discussions with potential tenderers before tenders close;
- opening and authentication of the tenders received;
- names of the tenderers who have participated in tendering;
- contents of invalid tenders and reasons;
- clarification of tenders or other discussions with tenderers during tender evaluation;
- decisions on selection of tenders; and
- reasons for varying a contract.

64. Scrutiny mechanisms should be put in place to support and ensure accountability and due process. Such mechanisms:

- should operate in ways that are independent, according to their circumstances, scope and objectives, and are not subject to the authority, control or influence of scrutinized entities; and
- should treat, and be seen to treat, all parties even-handedly and fairly.

65. In practice, such mechanisms may include:

- management controls and internal audit procedures designed to ensure efficiency, economy and probity in the agency's use of public resources;
- internal scrutiny of actions or decisions of a procurement official or section within an agency by another official or section of that agency; and
- scrutiny by another government agencies, which may or may not be independent of government influence, such as an Ombudsman and government audit organization.

66. Mechanisms should be put in place for handling complaints about procurement processes or alleged breaches of procurement laws/regulations/policies/procedures which cannot be resolved through direct consultation with the procuring agency in the first instance. Such mechanisms should provide independent, impartial, transparent, timely and effective procedures for the review of such complaints or alleged breaches by suppliers who have, or have had, an interest in the procurement concerned.

67. In practice, this can include:

- designating a review body/person for the purpose of an objective and impartial review of the complaints/alleged breaches. The review body may take the form of a court, an independent review body, a government agency not directly involved in the procurement, or a reputable private sector arbitration/mediation service. The review body should have no interest in the outcome of the procurement and its members should be secure from external influence during the review;
- providing for correction of the breaches or compensation for the loss or damages caused, which may be limited to the costs of tender preparation or protect;
- making information on the review mechanism including its scope, objectives and operations, and the rights and obligations of all parties involved, readily available and accessible to suppliers; and
- making the review mechanism available equally to domestic and foreign suppliers.

from *Elements of Non-discrimination*–

70. The general principle is that procurement laws, regulations, policies, administrative guidelines, procedures and practices should not be prepared, adopted or applied so as to afford protection/favour/preference to, or discriminate against, the goods, services or suppliers of any particular economy/economies. The use of discriminatory practices in government procurement undermines the competitive process and thus the ability of member government to achieve the best possible value for money outcomes.

KEY ACTIVITIES OF APEC SUB-FORA IN SUPPORT OF THE APEC TRANSPARENCY AND ANTI-CORRUPTION AGENDA – THE BUSINESS MOBILITY GROUP (BMG)

Initiatives to Date

Professional Service Standards/Anti-corruption

- The BMG Professional Service standards were developed in May 2002 and ratified by the BMG at SOM III in August 2002 in Mexico.
- A successful workshop on Professional Service Standards was held in February 2003 in Bangkok which raised economies' awareness of the standards and best practices. The BMG successfully secured additional TILF funding that year to assist economies move to the next phase (3) and gain assistance with the development of strategies for implementing individual identified needs. The majority of economies have self assessed against the agreed standards and, to assist in implementation of the standards, the BMG secured TILF funding.
- The BMG obtained approval from the CTI and BMC to extend the TILF project to progress the implementation of its agreed Professional Service standards until the end of 2005 to enable assistance to be given to individual economies with their implementation of the standards.
- The Professional Service Standards include the following:
 - Code of Conduct
 - Morale and Organizational Culture
 - Recruitment and Selection
 - Professional Development
 - Adequate Remuneration
 - Relationship with External and Internal Stakeholders
 - Streamlined and Transparent Administrative Regulations
 - Automation
 - Workforce Deployment, Rotation and Relocation
 - Internal Audit and Investigations
 - Management Responsibility/Accountability

Transparency

- The APEC Business Mobility Group agreed on a set of transparency standards relevant to the mobility of business people. To assist economies in implementation of the agreed standards, the BMG secured TILF funding intersessionally following SOM III in August 2003.
- The agreed capacity building strategy for implementing the standards required economies to undertake a self-assessment of relevant domestic immigration laws, regulations, programs and procedures against the agreed standards. Where economies were deficient against any of the standards, members agreed to take action to implement these standards by 2005, on a best endeavours basis.
- To date, fourteen economies have self assessed against the agreed BMG specific transparency standards.

- To progress the implementation of the standards and to address concerns about the accessibility and clarity of information expressed by ABAC, the BMG has commissioned a study into the transparency, clarity and comprehensiveness of economies' information on rules and procedures for temporary entry of business people. This study will review economies' information in the on-line *APEC Business Travel Handbook* and on economies' official web sites. The report on the findings will be presented to the BMG at SOM III 2005.
- The BMG will be represented by Korea at the APEC Anti-corruption and Transparency Symposium in Seoul in September 2005.

Possible Future Actions

- At SOM III 2005, the BMG will consider the draft report of the review of temporary entry and will review progress in implementation of its professional service standards.
- The BMG will be looking to agree at SOM I 2006 on action to address the findings of the report on temporary entry information and may seek the support of CTI in obtaining TILF funding in 2006 to implement agreed actions to improve standards.
- The BMG may seek private sector support through ABAC for implementation of professional service standards. A proposal may include financial assistance for an independent consultant to develop training program/s covering the standards and/or to conduct a survey of needs and priorities and develop specially tailored strategic plans to address those needs within Immigration authorities.
- The BMG would appreciate guidance from CTI and the APEC Anti-corruption and Transparency Taskforce on possible actions to be taken to address these APEC priorities in 2006.

APPENDIX 3

Individual Action Plan Update Template

Individual Action Plan Update for [Economy] for [Year/s]	
<i>Highlights of recent policy developments which indicate how [economy] is progressing towards the Bogor Goals and key challenges it faces in its efforts to meet the Goals.</i>	

IAP Chapter (and Sub-Chapter and Section Heading, if any)^{Note 1}	Improvements made since [Year] IAP^{Note 2}	Further Improvements Planned^{Note 2}
Tariffs	Notes 3 & 4	Notes 3 & 4
Non-Tariff Measures		
Services		
Investment		
Standards & Conformance		
Customs Procedures		

IAP Chapter (and Sub-Chapter and Section Heading, if any) <small>Note 1</small>	Improvements made since [Year] IAP <small>Note 2</small>	Further Improvements Planned <small>Note 2</small>
Intellectual Property Rights		
Competition Policy		
Government Procurement		
Deregulation/Regulatory Review		
Implementation of WTO Obligations/ROOs		
Dispute Mediation		
Mobility of Business People		
Information Gathering and Analysis		
APEC Food System		

IAP Chapter (and Sub-Chapter and Section Heading, if any) <small>Note 1</small>	Improvements made since [Year] IAP <small>Note 2</small>	Further Improvements Planned <small>Note 2</small>
Transparency	Note 5	Note 5

RTAs/FTAs <small>Note 5</small>	
- description of current agreements	Please use Part 1 of the RTA/FTA reporting template to provide a short description or hyperlinks to any new agreements and to report improvements to existing agreements.
- agreements under negotiation	Please provide information on agreements that are currently under negotiation eg issues being covered in the negotiation and the status of the negotiation.
Agreement #1	
Agreement #2	
Etc	
- future plans	

Additional information <small>Note 6</small>
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Notes

1. Economies are encouraged to use the sub-chapter and section headings from the full IAP template as guidance for the appropriate level of detailed information to be submitted in the Update.
2. Economies should describe significant new developments under each chapter heading. The information provided should be succinct but sufficient for the reader to understand the outline of the measure being described. Wherever possible all entries should include a reference point (website, document, contact address etc) where further information can be obtained.
3. The IAP Update should provide information necessary to bring the most recent full IAP up to date.
4. If there is no significant change to the information provided in the most recent IAP, "As in [year] IAP" should be entered.
5. Economies will submit IAP chapters on transparency and RTAs/FTAs for the first time in 2005. These chapters will remain the base document for the Update until the economy submits its next full IAP.
6. Economies may use the Additional Information section to describe any material not captured in the template.

APPENDIX 4

CTI Sub-fora's Collective Action Plans

TARIFFS AND NON-TARIFF MEASURES 2005 COLLECTIVE ACTION PLAN

Objectives	Action	2005 Work Plan Item
A. Support for the multilateral trading system		
(a) Ensure the expeditious supply of updates to the WTO Integrated database and any APEC databases.	<p><i>Individual:</i> provide annual updates of tariff information as changes occur as well as updates of trade and other agreed data to the APEC Tariff Database.</p> <p><i>Individual:</i> support the WTO by providing tariff and trade data annually in accordance with WTO obligations. Non-WTO members may provide this information as a voluntary measure.</p> <p><i>Collective:</i> seek ways to improve the accessibility and format of the IAP tariffs chapter as well as the electronic-IAP template.</p>	<ul style="list-style-type: none"> • MAG members will regularly update their tariff data for inclusion in the WTO Integrated Database and the APEC Tariff Database.
(b) Undertake practical work in support of the DDA negotiations	<p><i>Collective:</i> Continue work on views on environmental goods.</p> <p><i>Collective:</i> Explore and implement ways of contributing to the NAMA negotiations.</p>	<ul style="list-style-type: none"> • Share information on objectives and approaches to environmental goods in support of the WTO in this area.
(c) Arrange seminars and/or workshops in support of industrial tariff negotiations.	<p><i>Collective:</i> Organize periodically seminars on tariff issues.</p>	<ul style="list-style-type: none"> • Seminar in September 2005 on new information technology products and market access issues arising from them. • Organize an information session/workshop on databases and software available in support of trade negotiations. • Further workshops and seminars in support of the multilateral trading system.
(a) Pursue incorporation of information on non-tariff measures into a future version of the APEC tariff database.	<p><i>Collective:</i> Exchange through the CTI, and where possible make available electronically, information on non-tariff measures using existing WTO formats as a reference.</p> <p><i>Collective:</i> Examine how information on non-tariff measures can be made available on electronic or other platforms for sharing and exchange, so as to help businesses to understand better member economies' trade regimes.</p>	

Objectives	Action	2005 Work Plan Item
(b) Pursue a series of seminars/policy discussions on non-tariff measures.	<p><i>Collective:</i> develop a program of workshops and seminars aimed at promoting a better understanding of non-tariff measures.</p> <p><i>Collective:</i> Undertake capacity-building activities for economies with a view to reducing NTMs.</p>	<ul style="list-style-type: none"> • MAG will support the WTO Secretariat in preparing a briefing for members on the outcomes of MAG's non-tariff measures workshop held in Bangkok in 2004. • Seminar in September 2005 on new information technology products and market access issues arising from them.
B. RTAs/FTAs		
(a) Examine the impact of and modalities for tariff reduction and elimination in preferential trade arrangements.	<i>Collective:</i> Undertake a study in the tariff area with respect to trade data and tariff information, including issues of particular interest to developing member economies, with a view to building capacity to participate in the negotiations.	<ul style="list-style-type: none"> • Conduct follow-up training courses on negotiating free-trade agreements. • Publish a guide to negotiating free-trade agreements.
(b) Examine non-tariff aspects of preferential trade agreements.	<i>Collective:</i> undertake a program of activities promoting an enhanced understanding of the non-tariff aspects of preferential trade agreements.	<ul style="list-style-type: none"> • Decide on a date, and location, and a precise topic for a follow-up workshop on preferential rules of origin.
(c) Undertake work in support of the APEC best-practice principles for RTAs/FTAs	<i>Collective:</i> Advance work to address the issues arising from RTA/FTA development and build on the relevant APEC work including RTA/FTA Best Practices endorsed in 2004.	
C. Trade Facilitation		
(a) Pursue a series of seminars /policy discussions on trade facilitation.	<p><i>Individual and Collective:</i> undertake practical activities in support of trade facilitation leg of the <i>Santiago Initiative for Expanding Trade in APEC</i>.</p> <p><i>Individual and Collective:</i> undertake practical activities in support of the APEC Trade Facilitation Action Plan.</p> <p><i>Collective:</i> Demonstrate the conceptual or operating framework of single windows for processing import/ export transactions.</p> <p><i>Collective:</i> Undertake dialogues with private sector, as appropriate, with a view to identifying the issues of NTMs encountered by businesses, in particular SMEs.</p>	<ul style="list-style-type: none"> • Continue to contribute to projects designed to measure the transaction costs of trade facilitation initiatives that have been implemented to meet the APEC goal of reducing transaction costs by 5% by 2006. • MAG will review the findings of a Canadian study on a methodology to identify the gains from trade facilitation. • MAG members will continue to implement additional trade facilitation measures identified in the APEC Trade Facilitation Action Plan.

Objectives	Action	2005 Work Plan Item
D. Transparency and Anti-corruption		
<p>(a) Promote the APEC transparency principles in the market access area.</p> <p>(b) Support the <i>APEC Course of Action on Fighting and Ensuring Transparency</i> through appropriate activities in the market access area.</p>	<p><i>Individual and Collective:</i> promote the implementation of the APEC transparency principles in the market access area.</p>	<ul style="list-style-type: none"> • MAG members will continue to progress implementation of the area-specific <i>Transparency Standards on Market Access</i>. • MAG members will regularly revise and update their links to import regulations on the MAG website. • MAG will ensure that its own operations are transparent by keeping the MAG website up to date, publishing MAG meeting documents on-line and contributing to the APEC Secretariat newsletter. • MAG will consider inviting a representative of ABAC to participate in its meetings over the course of the year and will ensure that the outcomes of MAG meetings are communicated to ABAC and made available on the APEC Secretariat website.

SERVICES 2005 COLLECTIVE ACTION PLAN

All Sectors other than Energy, Telecommunications, Tourism, and Transportation			
Collective Action	Steps to Implement	Time Frame	Last Implemented Actions
<p>i. Develop and Implement the Menu of Options (MOO) for Voluntary Liberalization, Facilitation and Promotion of ECOTECH in Service Trade and Investment</p> <p>a. Review and exchange information on all trade and investment in services arrangements within APEC and study common elements.</p> <p>b. Gather and analyze information on the services section contained within the Individual Action Plans.</p> <p>c. Identification of measures affecting trade and investment in all service sectors.</p>	Adopted the MOO.	Completed (2000-2003)	<p>GOS discussed measures to follow up the MOO with regard to:</p> <ul style="list-style-type: none"> - Transparency in services through the e-IAPs; - Recognition in the area of professional services; and - Capacity building in the area of regulatory impact analysis. <p>Updated the database on service experts.</p> <p>GOS discussed how to foster closer co-operation and synergy with the SME Working Group for the benefit of the SMEs in the region.</p> <p>GOS considered whether transparency in services through the e-IAPs could be an item for follow-up work on the MOO.</p> <p>Chinese Taipei and Thailand made presentations on its experience in liberalizing the telecommunications sector at GOS I.</p> <p>GOS considered whether capacity building in the area of regulatory impact analysis could be an item for follow-up work on the MOO.</p>
	Discussion on ways to follow up the MOO.	Ongoing	
	Maintained a database on experts on services trade negotiations.	Ongoing	
	Foster closer co-operation and synergy with other APEC fora.	Ongoing	
	Promote the use of developed template for service IAP reporting.	Ongoing	
	Incorporate the services transparency standards in the services chapter of the IAP.	Completed (2004)	
	Follow-up on the MOO.	Ongoing	
	Member economies to volunteer papers and studies in this area and consider cases of "best practices."	Ongoing	
	Follow-up on the MOO.	Ongoing	
	Implement the Policy Framework.	Ongoing	

All Sectors other than Energy, Telecommunications, Tourism, and Transportation			
Collective Action	Steps to Implement	Time Frame	Last Implemented Actions
d. Study and carry out work concerning the development and adoption of common professional standards, in conjunction with professional accreditation bodies and needed legislative measures.	Discussion of possible actions or means to facilitate the provision of professional services in all member economies.	Ongoing	GOS organised a seminar on mutual recognition mechanisms in the Asia Pacific Region on 1 March 2005. GOS agreed to update the website on "APEC Directory on Professional Services" set up in 1999.
	Research on "Skill Standardization for the Nursing Profession".	2005 – 2006 (April 2005 – December 2006)	GOS discussed the progress of the project on skill standardization for the nursing profession.
	Follow-up on the MOO.	Ongoing	GOS considered whether recognition in the area of professional services could be an item for follow-up work on the MOO.
e. Enhance transparency in service sectors	Adopted the transparency standards for services.	Completed (2003)	
	Incorporated the services transparency standards in the services chapter of the IAP.	Completed (2004)	
	Develop a template for sharing information on mode 4 commitment	2005	GOS organized a seminar on greater transparency in mode 4 commitments on 1 March 2005 with the aim of developing a template for sharing information on mode 4 commitments.
	Follow-up on the MOO.	Ongoing	GOS considered whether transparency in services through the e-IAPs could be an item for follow-up work on the MOO. GOS discussed a proposal on the development of a blueprint for the implementation of Services CAPs.
f. Continue discussion of issues related to possible APEC principles or guidelines that may	Follow-up on the "Statement to Implement APEC Policies on Trade and the Digital Economy" (the Statement).	Ongoing	GOS discussed measures to follow up on the APEC Policies on Trade and Digital Economy. GOS discussed reports

All Sectors other than Energy, Telecommunications, Tourism, and Transportation			
Collective Action	Steps to Implement	Time Frame	Last Implemented Actions
be necessary to achieve free and open trade and investment in this area	Follow-up on the MOO.	Ongoing	produced by Chinese Taipei and Thailand on its experience in liberalizing the telecommunications sector, a sector crucial to e-commerce, at GOS I. GOS considered whether capacity building in the area of regulatory impact analysis could be an item for follow-up work on the MOO.
II. Compile information on services trade statistics		Ongoing	
III. To improve understanding of the impact of liberalization of services.	Member economies to present case studies of their experiences on a voluntary basis aiming to generate momentum for services liberalization in light of perceived benefit of such process Studies on the costs and benefits of services trade liberalization Study of impacts on APEC economies of measures to liberalize and facilitate trade in environmental services	Ongoing Completed (2002-2004) Completed (2003-2004)	Chinese Taipei and Thailand made presentations on their experience in liberalising the telecommunications sector at GOS I. The final report was circulated among GOS members. Evaluation is underway.
IV. Where appropriate and possible to the WTO's work on services, including through:	Monitor WTO work through Watch Group	Ongoing	Australia, Brunei Darussalam, and Canada debriefed the group on recent developments in WTO at GOS I, II and III respectively. GOS reviewed the progress of the WTO services negotiations and discussed its expectation in all areas of the negotiations to be achieved by Hong Kong Ministerial. Hong Kong, China briefed the group on the progress of its logistical arrangements for the Hong Kong Ministerial.

All Sectors other than Energy, Telecommunications, Tourism, and Transportation			
Collective Action	Steps to Implement	Time Frame	Last Implemented Actions
			GOS' activities were reported at the meeting of the APEC Geneva Caucus held in February 2005.
a. Identification of APEC services related work projects as inputs to consideration of services trade issues by the WTO Council for Trade in Services and its subsidiary bodies; and		Ongoing	<p>GOS discussed a scheduling proposal on express delivery submitted to the WTO.</p> <p>GOS is working on a recommendation for collecting examples of services subsidies in a sectoral manner and has established a small group to assist this.</p> <p>GOS discussed a proposal for possible work on transparency in domestic regulation.</p> <p>GOS invited [and discussed] proposals on GOS' contribution to the WTO negotiations regarding the emergency safeguards measures.</p>
b. Information exchange and technical assistance, to support GOS Members' preparations for successful participation in WTO services negotiations		Ongoing	<p>A seminar was organized on greater transparency in mode 4 commitments on 1 March 2005.</p> <p>A seminar was organized on mutual recognition mechanisms in the Asia Pacific Region on 1 March 2005.</p> <p>A seminar was organized on scheduling of commitments under the GATS on 2 March 2005.</p>

INVESTMENT 2005 COLLECTIVE ACTION PLAN

Action	Steps to Implement	Time Frame
<p>Transparency Short-Term</p> <p>A. Increase the transparency of APEC Investment regimes by:</p> <p>(i) Updating the <i>APEC Guidebook on Investment Regimes</i>;</p> <p>(ii) Establishing software networks on investment regulation and investment opportunities;</p> <p>(iii) Following the commitment made by the APEC Economic Leaders, to pursue implementation of APEC's transparency principles.</p>	<p>Update the <i>Investment Guidebook</i>.</p> <p>a) Improving the state of statistical reporting and data collection; and</p> <p>b) Increasing understanding among member economies on investment policy-making issues.</p> <p>Report on implementation of the APEC Transparency Standards as required by Leaders.</p>	<p>The 6th Edition of the <i>Investment Guidebook</i> is to be produced in 2007.</p> <p>Ongoing</p>
<p>Policy Dialogue Short-Term</p> <p>B. Promote dialogue with the APEC business community on ways to improve the APEC investment environment</p>	<p>1. Update, in conjunction with ABAC, arrangements for enhanced investment protection.</p> <p>2. Identify mechanisms for periodic discussions with business representatives in individual member economies.</p> <p>3. Consult ABAC, PECC, and other relevant business organizations.</p> <p>4. Request comments from these bodies on major APEC investment initiatives through inclusion of representatives of such organizations in APEC Investment Symposia.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

Action	Steps to Implement	Time Frame
C. Continue a dialogue with appropriate international organizations dealing with global and regional investment issues.	Establish a policy dialogue process with other fora, where appropriate: <ul style="list-style-type: none"> • Consider possible cooperation with the IMF on surveying investment environments. • To conduct research and hold a seminar with UNCTAD on Investment Facilitation Initiative on bilateral and regional investment agreements with participation of OECD. To conduct research and hold a seminar jointly with OECD on the OECD Policy Framework on Investment Development.	Ongoing Completed
Study and Evaluation Short-Term		
D. Define and implement follow-on training to the WTO implementation seminars.	Continue the development of training and seminars on WTO implementation.	Ongoing
E. Undertake an evaluation of the role of investment liberalization in economic development in the Asia-Pacific region.	Continue the dialogue on facilitation, cooperation, and liberalization with relevant APEC fora.	Ongoing
F. Study possible common elements between existing sub-regional arrangements relevant to investment	Review the investment provisions of current sub-regional arrangements. Consider further study of possible relationships between these provisions in the future.	Ongoing
Medium-Term		
G. Refine APEC's understanding of free and open investment.	Assess evolving elements of global investment disciplines and policy debate with a view to reaching agreement on the endpoint objective for APEC investment liberalization.	Medium-term

Action	Steps to Implement	Time Frame
<p>Long-Term</p> <p>H. Assess the merits of developing an APEC-wide discipline on investment in the light of APEC's own progress through the medium-term, as well as developments in other international fora.</p> <p>I. Study the advantages and disadvantages of creating investment rules – bilateral, regional, or multilateral – with a view to fostering a more favourable investment environment in the Asia-Pacific region.</p> <p>J. Steps to implement: the completion of Phase 1 of the Study on APEC Cross-Border Mergers and Acquisitions undertaken by PECC.</p>	<p>To be determined in the light of progress with policy dialogue in the medium-term.</p>	<p>Long-term</p>
<p>Facilitation Short-Term and Continuing</p> <p>K. Undertake practical facilitation initiatives by:</p> <p>(i) Progressively working towards reducing impediments to investments including those investment related to e-commerce;</p> <p>(ii) Undertaking the business facilitation measures to strengthen APEC economies; and</p> <p>(iii) Initiating investment promotion and facilitation activities to enhance investment flow within APEC economies.</p>	<p>Drawing on business and other advice, identify possible areas for improved practices.</p> <p>Korean project "Investment Opportunities 2005" to be held in November 2005.</p>	<p>Ongoing</p> <p>Ongoing</p>

Action	Steps to Implement	Time Frame
<p>Economic and Technical Cooperation Short-Term</p> <p>L. Identify ongoing technical cooperation needs in the Asia-Pacific region and organize training programs which will assist APEC economies in fulfilling APEC investment objectives.</p>	<p>Identify target areas for technical cooperation including 'best practice' policy/administrative frameworks.</p> <p>Conduct training programs for officials related to investment:</p> <ul style="list-style-type: none"> • Coordinate efforts with other relevant bodies involved in technical cooperation; and • An annual exchange of experience program for APEC investment officials and private sector. 	<p>Ongoing</p>
<p>Capacity Building Initiatives</p> <p>M. Undertake new activities that contribute to capacity building.</p>	<p>Identify the elements of capacity building to strengthen the economies of APEC member economies and undertake the following activities:</p> <ol style="list-style-type: none"> 1. Prepare for trade and investment liberalization: <ul style="list-style-type: none"> • Identify the challenges and the opportunities that voluntary investment liberalization present(s) to investors; and • Identify and implement assistance/strategic measures so that member economies can build confidence and the capacity to sustain their development agenda for mutual benefit. 2. Developing guidelines for the Workplan to create good investment climates in APEC member economies. 	<p>Ongoing</p> <p>Ongoing</p>
<p>Menu of Options</p> <p>N. Ongoing improvements to the Menu of Options.</p>	<p>Cross-reference between the IAPs and Menu of Options.</p> <p>Follow up Ministers' decision to report economies' progress in implementing and improve the Menu of Options on Investment and report by the Ministers Responsible for Trade in 2004.</p>	<p>Ongoing</p> <p>Completed</p>

STANDARDS AND CONFORMANCE 2005 COLLECTIVE ACTION PLAN

OAA Objectives	Actions	Time frame
1. Alignment		
Align APEC economies' domestic standards with international standards.	<ul style="list-style-type: none"> • Member economies to align their standards with international standards in the area of IEC standards for electrical equipment, particularly those used in the IECEE CB Scheme. 	2006 to 2010
	<ul style="list-style-type: none"> • Member economies to align their standards with international standards in the following priority areas: electrical and electronic appliances (air conditioners, televisions, refrigerators, radios and their parts and video apparatus); food labeling; rubber gloves and condoms; and machinery. 	1996 to 2000/2005 (completed in 2005)
	<ul style="list-style-type: none"> • Member economies to align their standards with international standards in the additional priority area of electrical and electronic equipment to include all electrical safety (IEC 60335) and relevant EMC (CISPR) standards. 	1998 to 2004/2008 (completed in 2005)
	<ul style="list-style-type: none"> • Member economies to align their standards with international standards in the additional priority area related to safety of information technology equipment (IEC 60950 standard). 	2000 to 2004/2008 (completed in 2005)
	<ul style="list-style-type: none"> • Member economies to align their standards with international standards in the additional priority areas related to standards and guides on conformity assessment and management systems. 	2000 to 2002/2005 (completed in 2005)
	<ul style="list-style-type: none"> • The SCSC to continue identifying additional priority areas for alignment with international standards. 	From 1997
	<ul style="list-style-type: none"> • The SCSC to conduct comprehensive reviews of their alignment work. 	Completed in 2005
	<ul style="list-style-type: none"> • Member economies to update each year the results in their respective alignment plans. These will be placed on the APEC Secretariat's homepage. 	From 1998
	<ul style="list-style-type: none"> • Member economies to continue to report on the progress in aligning their standards with international standards 	From 1998
	<ul style="list-style-type: none"> • Member economies to review and update their alignment work on the basis of consultations with business: ABAC and SME 	From 2003
	<ul style="list-style-type: none"> • Member economies to actively participate in the standardization activities of international standardization bodies (ISO & IEC) in the following priority sectors: building and construction and hazardous area equipment. 	From 1996
<ul style="list-style-type: none"> • Member economies to participate in ad-hoc technical groups, which work with PASC in developing coordinated regional input into the development of international standards in selected areas. 	From 1997	

OAA Objectives	Actions	Time frame
2. Good Regulatory Practice		
	<ul style="list-style-type: none"> Member Economies to exchange information about performance-based regulations Member economies to promote the use of <i>the Principles and Features of Good Practice for Technical Regulation</i> to be used on a voluntary basis. Member economies to update and promote the use of <i>Information Notes on Good Practice for Technical Regulations</i>. The SCSC to continue to investigate means of enhancing regulatory practices in the APEC region through a program of case studies and seminars and allow enough time for public consultations and facilitate business sector's timely access to relevant information To organize a stand-alone meeting of the TTF in the margins of SOM I 2006 to discuss the issues that it was originally formed to explore 	<p>From 2002</p> <p>From 2001</p> <p>From 2001</p> <p>From 2000</p> <p>In 2006</p>
3. Recognition of Conformity Assessment		
Achieve recognition of conformity assessment including mutual recognition arrangements in regulated and voluntary sectors.	<p>Regulated sector:</p> <ul style="list-style-type: none"> Member economies to develop recognition arrangements of conformity assessment including bilateral, multi-sectoral, and plurilateral mutual recognition arrangements. Member economies to consider participation in the Arrangement for the Exchange of Information on Toy Safety and encourage the involvement of their regulators. Member economies to consider participation in the APEC Mutual Recognition Arrangement on Conformity Assessment of Foods and Food Products. Member economies to consider participation in the Sectoral Arrangement of APEC Food MRA. To establish an ad hoc time-limited Steering Group on food safety cooperation under SCSC. Members to consider participating this Group and implementing its recommendations on food safety cooperation. Member economies to consider participation in Part I of the APEC Mutual Recognition Arrangement on Conformity Assessment of Electrical and Electronic Equipment through providing information in the agreed common format. Member economies to consider participation in further Parts of the MRA and encourage the involvement of their regulators. Member economies to consider participation in the APEC Arrangement for the Exchange of Information on Food Recalls. 	<p>From 1997</p> <p>From 1996 (16 economies)</p> <p>From 1997 (7 economies)</p> <p>From 2003</p> <p>From 2005</p> <p>From 2000 (15 economies in Part I) (3 economies in Part II and Part III, subject to change)</p> <p>From 2000</p> <p>From 1999 (2 economies)</p>

OAA Objectives	Actions	Time frame
	<ul style="list-style-type: none"> • The SCSC to review the implementation and use of the mutual recognition arrangements. 	From 1998
	<ul style="list-style-type: none"> • The SCSC to continue to further consider additional priority areas for MRA in the regulated sector. 	From 1997
	<ul style="list-style-type: none"> • The SCSC to consider alternative mechanisms to facilitate the recognition of conformity assessment results. 	From 1999
	<ul style="list-style-type: none"> • The SCSC to review and improve the effectiveness of the APEC MRA on Conformity Assessment of Foods and Food Products; the Arrangement for the Exchange of Information on Toy Safety; the APEC Arrangement for the Exchange of Information on Food Recalls; and the APEC MRA on Conformity Assessment of Electrical and Electronic Equipment. 	From 2001
	<ul style="list-style-type: none"> • Member economies to implement the program on trade facilitation in information technology products which has been developed in collaboration with the Information Technology Industry Council (ITI). 	2000 to 2005/2008
	<ul style="list-style-type: none"> • Member economies to consider participation in a pilot of the DeclareNet. 	From 2001
	<ul style="list-style-type: none"> • The SCSC asked the Working Group on Information Technology Management Systems for the APEC MRAs to liaise with interested parties and report back. 	From 2002
	<ul style="list-style-type: none"> • The SCSC also suggested that the Chairs of the APEC-TEL and EEMRA-JAC should meet with a view to working more closely together, particularly with respect to the application of IT systems to the MRA's. 	From 2003
	<ul style="list-style-type: none"> • To establish a work plan for Sectoral Food MRA and identify possible areas of Sectoral Food MRA. 	From 2005
	<ul style="list-style-type: none"> • SCSC/JAC to organize a meeting before the next SCSC meeting in 2006 to establish a work program for ongoing dialogue on EE MRA issues. 	From 2006
	<p>Voluntary sector:</p> <ul style="list-style-type: none"> • Member economies to enter into mutual recognition agreements (bilateral and multilateral) in cooperation with Specialist Regional Bodies, where applicable. 	1996 to 2000/2005
	<ul style="list-style-type: none"> • Member economies to encourage participation in APLAC-MRA ,PAC MLAs and CIPM Global MRA. 	From 1998

OAA Objectives	Actions	Time frame
4. Technical Infrastructure Development		
<p>Promote cooperation for technical infrastructure development to facilitate broad participation in mutual recognition arrangements in both regulated and voluntary sectors.</p>	<ul style="list-style-type: none"> • Member economies to identify specific requirements, assistance and/or activities for technical infrastructure development. • Member economies continue to share information and experience on standards education in its future meetings • Member economies to consider the provision of assistance for the improvement of other economies' technical infrastructure. • The SCSC to undertake the following technical infrastructure projects: <ul style="list-style-type: none"> - Multilateral Recognition Arrangement (MLA) Readiness Project in Product Certification; - Training Risk Assessment in Support of Food Safety Measures; - Training on Testing on Calibration Laboratory Assessment; - APEC/PASC Training Programs on Adoption of International Standards; - Survey of Accredited Calibration and Testing Laboratory Performance: APLAC Calibration Proficiency Testing Programs, 2003-2005; - Training on Good Regulatory Practice; - Training Program on ISO 14000 Series Product Oriented Standards: EL, LCA and DfE; - A joint APMP-SIM Workshop Addressing the Implementation of Quality Systems in National Metrology Institutes; - Symposium on Traceability in Legal Metrology; - APEC Capacity Building Workshop and Symposium for Harmonization of Food Safety Regulations in Fisheries and Seafood Products; - WTO Compliance- Capacity Building Training in the Development of Food Standards (based on a risk management framework); - WTO Compliance- Capacity Building Training in the Safety Assessment of Genetically Modified (GM) Foods; - Multilateral Recognition Arrangement (MLA) Readiness Project in Environment Management System Certification; - Training Program on ISO14000 and product orientated standards EL, LCA and DfE; - Publication and Internet Dissemination of the Blueprint for APEC SCSC; - E-learning on the practical use of the environmental product standards: ISO14000 on EL, LCA, Ecodesign and the product related environmental regulations"; - International Comparisons of Metrology of Standards between NMIs in developing economies; and - Seminar on Fire Safe Use of Timber in Construction. • Member economies to undertake activities from among those recommended in the revised Mid-Term Technical Infrastructure Development Program. 	<p>From 1996</p> <p>From 1996</p> <p>From 1999–2005</p> <p>From 2001</p>

OAA Objectives	Actions	Time frame
	<ul style="list-style-type: none"> • Member economies to strengthen participation in Specialist Regional Bodies activities. • Member economies to support and actively participate in APEC Conferences on Standards and Conformance. • Member economies to support and actively participate in APEC Conferences on Good Regulatory Practice. • The SCSC to compile member economies' regulatory profile and develop information and case studies on decision tree analysis for Food/Drug Interface policy development and regulation. • The SCSC to consider the outcomes of the Food Experts Network. • The SCSC to continue the identification of priority areas for technical infrastructure development programs, and to be reflected in development of guidelines for project prioritization. • Member Economies to fill out their Economy Page. • SCSC to discuss and finalize the Trade Facilitation Collective Action Plan Template. • To support capacity building oriented to training business, especially SMEs, improving their knowledge, expertise and skills on standards and conformance matters, including public consultation. • Member economies to consider criteria agreed when presenting urgent project proposals. 	<p>From 1996</p> <p>in Viet Nam in 2006</p> <p>In Viet Nam in 2006</p> <p>From 2001</p> <p>From 2002</p> <p>From 2002</p> <p>From 2002</p> <p>From 2005</p> <p>From 2005</p>
5. Transparency		
Ensure the transparency of the standards and conformity assessment of APEC economies	<ul style="list-style-type: none"> • Member economies to update the APEC Contact Points for Standards and Conformance Information, including member economies' participants in the Specialist Regional Bodies and member economies SCSC Contact Points. Member economies agreed that this information should be maintained on the APEC Secretariat's homepage. • Member economies to endeavor to establish Internet websites to disseminate standards and conformance information. • Member Economies to develop a database on conformity assessment operators and their activities/services offered and establish an APEC Cooperation Center for Conformity Assessment. • Member economies to exchange information on experiences of the transparency provisions in the RTAs/FTAs • Member economies to implement the APEC Leaders Transparency Standards on Standards and Conformance. 	<p>From 1997</p> <p>From 1997</p> <p>1999 to 2004</p> <p>From 2003</p> <p>From 2003</p>

OAA Objectives	Actions	Time frame
Cross-Cutting Activities		
6. Cooperation with Specialist Regional Bodies		
	<ul style="list-style-type: none"> Member economies to pursue closer cooperation with the Specialist Regional Bodies (SRBs) in line with the: <ol style="list-style-type: none"> Statement of Commitment to Mutually Agreed Objectives between the SCSC and the SRBs, and The Criteria for APEC TILF Funding of Project Proposals by Specialist Regional Bodies. SCSC to improve coordination with SRBs in capacity building to better achieve its goals. To develop "standards education" in cooperation with SRBs, particularly with PASC and to continue to share information and experience on standards education in its future meetings. 	<p>From 2000</p> <p>From 2005</p> <p>From 2005</p>
7. Cooperation with International Bodies		
	<ul style="list-style-type: none"> The SCSC to monitor the developments within the WTO Committees on the TBT and SPS and discuss implementation issues. Member Economies to promote the use of the APEC Handbook on Notification Authorities and National Enquiry Points under the SPS and TBT Agreements of the WTO. The SCSC to undertake the following projects for the implementation of the APEC Strategic Plan for WTO-related Capacity Building: <ul style="list-style-type: none"> WTO Compliance- Capacity Building training in the Development of Food Standards (based on a risk management framework) WTO Compliance- Capacity Building Training in the Safety Assessment of Genetically Modified (GM) . 	<p>Ongoing</p> <p>From 2002</p> <p>From 2001</p>
8. Cooperation with Other APEC Fora		
	<ul style="list-style-type: none"> The SCSC to implement Trade Facilitation action Plan collectively The SCSC to pursue better coordination with other APEC fora. The SCSC to contact SMEWG for the possible coordination of work to reduce the compliance cost for small and medium enterprises and distribution of relevant information (e.g Blueprint for APEC SCSC) to SME. To implement recommendations by SCSC-CDSG on effective communication and strategic and results-oriented approach in dealing with issues of common interest such as: EU REACH, SAICM, EuP, RoHS and GHS. The SCSC to continue making a forum/dialogue with APEC businesses including ABAC and related Dialogues in APEC. In such forum, SCSC to try to invite more speakers and participants from private sectors. 	<p>From 2003</p> <p>From 2001</p> <p>From 2003</p> <p>From 2005</p> <p>From 2004</p>

OAA Objectives	Actions	Time frame
9. Reform of SCSC		
	<ul style="list-style-type: none"> <li data-bbox="628 573 1294 662">• The SCSC to implement its reform through the rationalization of its agenda, priority setting exercise and better coordination with other groups. <li data-bbox="628 675 1294 764">• The SCSC to hold Policy Dialogue sessions on standards and conformance and follow-up the policy implications arising from them. <li data-bbox="628 777 1294 879">• To encourage members to use power point presentations and upload the documents one month in advance of meetings. 	<p data-bbox="1313 573 1485 624">From 2001</p> <p data-bbox="1313 700 1485 751">From 2002</p> <p data-bbox="1313 777 1485 828">From 2004</p>

SCCP COLLECTIVE ACTION PLAN OBJECTIVES AND EXPECTED OUTPUTS

OBJECTIVES	EXPECTED OUTPUTS
<p>1. Harmonization of Tariff Structure with the HS Convention</p> <p>To ensure consistency of application, certainty and a level playing field for business through the HS Convention, the standard international harmonized system for the classification of goods.</p>	<ul style="list-style-type: none"> • The accurate, consistent and uniform application of the HS Convention by all APEC member economies.
<p>2. Public Availability of Information on Customs Laws, Regulations, Administrative Guidelines and Rulings provided to the business sector on an ongoing basis.</p> <p>To ensure traders have access to all the pertinent information for business decisions through the provision of accurate, consistent and user-friendly information to business on an ongoing basis.</p>	<ul style="list-style-type: none"> • To improve transparency of APEC Customs Administrations • To enhance the APEC Customs Administrations' competency in the dissemination of information on customs laws, regulations, procedures, rulings and guidelines
<p>3. Simplification and Harmonization on the Basis of the Kyoto Convention</p> <p>To improve efficiency in customs clearance and the delivery of goods in order to benefit importers, exporters and manufacturers through simplified customs procedures and best practices.</p>	<ul style="list-style-type: none"> • Simplified and standardized customs procedures implemented by all APEC members
<p>4. Adoption and Support for the UN/EDIFACT / Paperless Trading</p> <p>To use the standard UN electronic messaging format for automated systems, the United Nations/Electronic Data Interchange for Administration, Commerce and Transport, to promote an electronic highway for business.</p>	<ul style="list-style-type: none"> • The implementation by member administrations of UN/EDIFACT international electronic messaging standards as the basis for their computerization programs
<p>5. Adoption of the Principles of the WTO Valuation Agreement</p> <p>To facilitate administration of the World Trade Organization's Valuation Agreement on standard procedures for valuing goods.</p>	<ul style="list-style-type: none"> • The implementation of the Agreement by members, in a timely and orderly manner, to meet members' international obligations under the Agreement.
<p>6. Adoption of the Principles of the WTO Intellectual Property (TRIPS) Agreement</p> <p>To implement border enforcement procedures for protecting intellectual property rights.</p>	<ul style="list-style-type: none"> • A strategic program designed and developed to implement border endorsement of the Agreement by members, in a timely and orderly manner, to meet international obligations under the Agreement.

OBJECTIVES	EXPECTED OUTPUTS
<p>7. Introduction of Clear Appeals Provision</p> <p>To provide business with an opportunity to challenge potentially erroneous or inequitable Customs decisions through mechanisms for transparent, independent and timely appeals.</p>	<ul style="list-style-type: none"> • Implementation of Customs appeal mechanisms by all members. • The enhanced transparency and effectiveness of the appeals process and client service initiatives within APEC customs administrations.
<p>8. Introduction of an Advance Classification Ruling System</p> <p>To establish simplified procedures for providing classification information prior to importation, thus bringing certainty and predictability to international trading and helping traders to make sound business decisions based on legally binding advice.</p>	<ul style="list-style-type: none"> • The introduction of simplified procedures for an advance classification ruling system to the customs procedures of each APEC economy.
<p>9. Provisions for Temporary Importation, e.g., acceding to the A.T.A. Carnet Convention or the Istanbul Convention</p> <p>To help business move goods such as commercial samples, professional equipment, tools of trade and exhibition material across borders with a high degree of certainty as to how these goods will be treated by Customs by having standard procedures for admitting goods on a temporary basis.</p>	<ul style="list-style-type: none"> • The implementation of the terms of the A.T.A. Carnet and Istanbul Conventions. • The provision of a common import/export document for the temporary importation of goods. • An internationally accepted security for goods entitled to temporary admission without payment of duties and taxes.
<p>10. Harmonized APEC Data Elements</p> <p>To develop a comprehensive directory supported in UN/EDIFACT which includes a simplified "core set" of data elements, largely derived from commercially available data, that would satisfy the standard data requirements of the majority of APEC trade transactions and so facilitate the exchange of information and provide a foundation for common forms and electronic commerce.</p>	<ul style="list-style-type: none"> • The development of a set of trade data elements required for ordinary goods for home consumption. • The development of a set of best practices guidelines for the processing and clearance associated with the movement of goods until the goods are no longer under any customs controls.
<p>11. Risk Management Techniques</p> <p>To focus Customs enforcement efforts on high-risk goods and travelers and facilitate the movement of low-risk shipments, through a flexible approach tailored to each APEC economy.</p>	<ul style="list-style-type: none"> • The implementation of a systematic risk management approach will allow APEC Customs administrations to facilitate legitimate trade and travel while maintaining control.
<p>12. Guidelines on Express Consignments Clearance</p> <p>To implement principles contained in the WCO Guidelines on Express Consignment Clearance, the international standard procedures for clearance of express goods, working in partnership with express industry associations.</p>	<ul style="list-style-type: none"> • The timely implementation of the international standard for customs clearance of express shipments. • Trade facilitation while maintaining essential customs control responsibilities.

OBJECTIVES	EXPECTED OUTPUTS
<p>13. Integrity</p> <p>To raise level of integrity in Customs Administrations.</p>	<ul style="list-style-type: none"> • More accountable, consistent, reliable and transparent Customs Administration
<p>14. Customs-Business Partnership</p> <p>To enhance the cooperation and communication between Customs and the business sector</p>	<ul style="list-style-type: none"> • The development of Customs-Business Partnership with the relevant players/parties in the business sector through the signing of MOUs or other instruments of cooperative arrangement. • The establishment of permanent and regular liaison/consultation channels between Customs and the relevant players/parties in the business sector.
<p>15. Time-Release Surveys (TRS)</p> <p>To implement TRS in order to identify bottlenecks in customs related measures and to improve their efficiency and effectiveness.</p>	<ul style="list-style-type: none"> • Contribution to further trade facilitation by reducing costs and time in the transaction of goods
<p>16. Implementation of APEC Framework based on the WCO Framework of Standards to Secure and Facilitate Global Trade</p> <p>To implement the international standards for securing and facilitation the global supply chain.</p> <p>To identify and assess economies needs with regards to the standards</p> <p>To coordinate a capacity building program to assist APEC members in adopting the provisions contained within the APEC Framework.</p>	<ul style="list-style-type: none"> • For APEC members to adopt/implement the provisions contained within the APEC Framework

INTELLECTUAL PROPERTY RIGHTS 2005 COLLECTIVE ACTION PLAN

	OAA Objectives	Actions	Status/Target Date
1	<p>Deepening the Dialogue on Intellectual Property Policy – WTO DDA and Protection of IPRs in New Fields</p> <p>Geographical Indications</p> <p>Protection of Emerging IPR Fields</p>	<ul style="list-style-type: none"> • The IPEG members discussed recent contentious issues of the WTO TRIPs Agreement and emerging IP fields. • Mexico finalized the survey on each economy's legal schemes and tools for protecting geographical indications. • Singapore proposed a new initiative on the protection of plant varieties in APEC economies and will prepare a relevant survey form. 	<p>Ongoing</p> <p>By AMM</p> <p>New</p>
2	<p>Trade and Investment Facilitation</p> <p>APEC IPR Service Centers</p> <p>IPR Policy Progress Mapping</p> <p>Pathfinder Initiative (optical disc piracy)</p> <p>Establishing Effective Systems for IPR Enforcement</p>	<ul style="list-style-type: none"> • The IPEG summarized the status of members in relation to the construction of IPR service centers. To provide easy access to information, the IPEG put links to each economy's center on our website (www.apecipeg.org). • The IPEG finalized the report on <i>IPR Policy Progress Mapping</i>, which was suggested by Japan. For this report, we collected summaries of the activities of various member economies, along with information on the current legal schemes. • The IPEG finalized the report on the <i>Best Enforcement Practices in APEC Economies for Combating Optical Piracy</i>. As a lead economy, Singapore updated the report with some members' developments and will publish the report on our site. • The IPEG each gave an update on recently strengthened measures to curb IPR infringement. After reflecting upon new technological trends, we discussed solutions to problems, such as copyright on the Internet and registration of company names that are similar to the trademarks of other companies. 	<p>Ongoing</p> <p>Completed</p> <p>By AMM</p> <p>Ongoing</p>
3	<p>Support for Easy and Prompt Acquisition of Rights</p> <p>Trademarks</p>	<ul style="list-style-type: none"> • Singapore finalized a standard trademark application form. • Thailand will finalize a survey and analysis of well-known trademarks, and provide updates of recent developments among the member economies. • As proposed at the 19th IPEG meeting, 	<p>Completed</p> <p>By AMM</p> <p>Ongoing</p>

	OAA Objectives	Actions	Status/Target Date
	Harmonization of the IP Legal Regime Cooperation on Examinations and Searches	Singapore will revise a survey form on the practices of APEC economies regarding nontraditional trademarks. <ul style="list-style-type: none"> The IPEG members shared information on current administrative systems and on the status of member economies with respect to joining international treaties. The IPEG members exchanged experiences of patent examinations and searches. 	Ongoing Ongoing
4	Electronic Processing of IPR-Related Procedures	<ul style="list-style-type: none"> Australia enhanced the IPEG Web site by adding a discussion board, links to the IPR service centers of all the members, and an enforcement database. We agreed to encourage greater use of our Web site as a means of informing the government and business sectors of our expertise and activities. The IPEG members shared experiences of developing and running electronic systems, such as electronic filing systems and electronic dissemination of information. 	Ongoing Ongoing
5	IP Utilization Promoting IP Asset Management in APEC Economies Raising Public Awareness Facilitation of Technology Transfer by Ensuring IP Protection	<ul style="list-style-type: none"> Each IPEG member shared information on our activities and related regimes. The IPEG members exchanged ideas on advanced activities for public awareness campaigns and IPR promotion in our economies. The IPEG members shared information on our activities and related regimes. 	Ongoing Ongoing Ongoing

COMPETITION POLICY 2005 COLLECTIVE ACTION PLAN

Collective Action	Steps to Implement	Time Frame
<p>a) Gather information and promote dialogue on and study:</p> <p>i) The objectives, necessity, role and operation of each APEC economy's competition policy and/or laws and administrative procedures, updating on a permanent basis the database on competition policy;</p> <p>ii) Competition Policy issues that impact on trade and investment flows in the Asia-Pacific region;</p> <p>iii) Exemptions and exceptions from the coverage of each APEC economy's competition policy and/or laws in an effort to ensure that each is no broader than necessary to achieve a legitimate and explicitly identified objective;</p> <p>iv) Areas for technical assistance and the modalities thereof, including exchange and training programs for officials in charge of competition policy, taking into account the availability of resources; and</p> <p>v) The interrelationship between competition policy and/or laws and other policies related to trade and investment;</p>	<p>A. <i>Collective action</i>: Continue policy dialogue and information exchange and study on competition policy, competition laws and their enforcement and their interrelationship with other policies related to trade and investment, including through further workshops if members so decide.</p> <p>B. <i>Individual economies</i>: To provide further information (update) on their competition policies, competition laws and their enforcement, exemptions and exceptions from the coverage of competition policy and/or law, thereby enhancing transparency and contributing to the development and enhancement of the APEC database on competition law and policy.</p> <p>C. Individual economies to seek technical assistance and/or consider providing training programs with a view to sharing their experience in operating competition policies and laws with other Members.</p> <p>D. Complete the study on the advantages and disadvantages of competition law for developing economies.</p>	<p>Started 1996 (Each annual CPDG meeting is an opportunity for continuous exchange)</p> <p>Ongoing (Database is continuously updated)</p> <p>Ongoing</p> <p>Completed 1999</p>
<p>b) Deepen competition policy dialogue between APEC economies and relevant international organizations;</p>	<p>A. <i>Collective action</i>: maintain dialogue with other international organizations considering competition policy and law issues.</p> <p>B. <i>Collective action</i>: continue working to contribute to any WTO discussion on the interaction between trade and competition, in accordance with the mandate given by APEC Trade Ministers.</p>	<p>Ongoing (Completed the second phase of the APEC-OECD Cooperative Initiative on Regulatory Reform)</p> <p>Ongoing</p>
<p>c) Continue to develop understanding in the APEC business community of competition policy and/or laws and administrative procedures;</p>	<p><i>Collective action</i>: Individual economies to further develop dialogue, on a permanent basis, with the business community on competition policy and/or laws and administrative procedures.</p>	<p>Ongoing</p>

Collective Action	Steps to Implement	Time Frame
d) Continue to develop an understanding of competition policies and/or laws within their respective governments and within relevant domestic constituencies, thereby fostering a culture of competition.	<i>Collective action:</i> Individual economies will develop and implement strategies to explain the benefits of competition policy/laws to their citizens and government agencies.	Ongoing
e) Encourage cooperation among the competition authorities of APEC economies with regard to information exchange, notification and consultation;	A. <i>Collective action:</i> consider further actions for promoting cooperation among competition authorities. B. <i>Individual economies</i> to list and update contact points of competition authorities periodically with a view to information exchange, consultation and communication where deemed necessary.	Ongoing Ongoing
f) Contribute to the use of trade and competition laws, policies and measures that promote free and open trade, investment and competition;	A. Interaction with other APEC sub-fora, especially with SELI.	Ongoing
g) Encourage all APEC economies to implement the "APEC Principles to Enhance Competition and Regulatory Reform"	A. <i>Collective action</i> is to establish a set of non-binding APEC Principles to Enhance Competition and Regulatory Reform. B. <i>Individual Economies:</i> Action oriented undertakings directed to the implementation of the "APEC Principles to Enhance Competition and Regulatory Reform" by APEC Fora and Subfora. C. Agreeing on the final version of the APEC-OECD Integrated Checklist for Regulatory Reform. D. Implementing the third phase of the APEC-OECD Cooperative Initiative on Regulatory Reform, to facilitate the implementation of the APEC Principles to Enhance Competition and Regulatory Reform"	September 1999 Ongoing May 2005 Ongoing
h) Undertake capacity building programs to assist economies in implementing the "APEC Principles to Enhance Competition and Regulatory Reform"	A. <i>Collective Action:</i> Participation in the APEC-OECD Cooperative Initiative for Regulatory Reform. B. <i>Collective Action:</i> Training Program to Promote Economic Competition in Regulated Sectors (four components). C. <i>Collective Action:</i> Second phase of the APEC-OECD Cooperative Initiative for Regulatory Reform, developing the Integrated Checklist for Regulatory Reform. D. Best Practice in Enforcement of Competition Policy	Completed 2002 Completed 2003 Completed 2004 Completed 2004

Collective Action	Steps to Implement	Time Frame
	<p>E. <i>Collective Action</i>: Third phase of the APEC-OECD Cooperative Initiative for Regulatory Reform, implementing the Integrated Checklist on Regulatory Reform.</p> <p>F. <i>Collective Action</i>: Participation in the Training Program on Competition Policy for APEC Member Economies.</p>	<p>Next phase planned to be launched in 2005</p> <p>New phase launched in 2005, entitled APEC Training Course on Competition Policy</p>

GOVERNMENT PROCUREMENT 2005 COLLECTIVE ACTION PLAN

	Objectives	Actions	Status/Target Date
A	Support for the Multilateral Trading System		
		Continue to monitor progress of the WTO Working Group on Transparency in government procurement and consider further contributions, if appropriate.	Ongoing
		GPEG to keep a watching brief over options for GPEG support for the WTO.	Ongoing
	Share and discuss GPEG members' experience with regional and bilateral free trade agreements in the area of government procurement.	Provide relevant updates at each meeting. Undertake a stock-take across GPEG members' FTA's coverage of government procurement.	Ongoing 2006
B	Trade Facilitation		
	To review consistency of government procurement systems with APEC GPEG Non-Binding Principles (NBPs) on government procurement, noting that actions to achieve this are voluntary.	Member economies are invited to provide updates where appropriate. The NBP working group will report on suggestions for the revision of the NBPs. All member economies should regularly review and update their summary information on the GPEG website.	Ongoing SOM I 2006 Ongoing
	To exchange information on development of e-procurement in government procurement in ways consistent with the APEC GPEG NBPs, and consider/develop relevant capacity building approaches.	Encourage member economies to present on their experience in implementing e-procurement systems for government procurement and discuss ways of advancing GPEG work in this area.	Ongoing
	Capacity Building Project – Business Outreach. To provide greater access for business to government procurement information.	In consultation with the SME Working Group, develop a project proposal for research into issues affecting SME access to government procurement. (New Zealand sponsor).	2006
	Capacity Building Project – NBPs To provide better practice examples of implementing the NBPs in developing economies.	Develop and present a workshop on implementing the NBPs (Viet Nam).	SOM III 2006
C	Transparency and Anti-corruption		
	To review consistency of government procurement systems with GP Transparency Standards	Encourage member economies to complete voluntary reviews of the consistency of their government procurement systems with Government Procurement Transparency Standards.	Ongoing

	Objectives	Actions	Status/Target Date
	To implement GPEG's anti-corruption and transparency workplan Capacity Building Project - ACT	Publish the GPEG paper summarizing the elements of the NBPs relevant to anti-corruption and transparency. Participate in the anti-corruption and SME workshop proposed by the Anti-Corruption and Transparency Experts' Taskforce. Research the outcomes of the recent ADB/OECD anti-corruption survey in government procurement and feedback to GPEG members. Develop a workshop on e-procurement systems to share experience and technology approaches (Korea, Viet Nam and Australia), which will include a segment on e-procurement's role in fighting corruption.	Ongoing
D	Promoting the Digital Economy and Better IPR Protections		
		Share with IPEG areas of mutual interest, including IPEG presenting at a GPEG meeting.	SOM I 2006
E	Other Areas		
	Build greater engagement with the business sector and other stakeholders.	Build a closer relationship between the SME Working Group. Increase accessibility by business to information on GPEG website. Form a working relationship with ABAC to build better ties with the business community, particularly on transparency. Work the APEC Communications Unit to disseminate information to business. Explore ways to reflect gender issues, including the possible revision of the non-discrimination NBP.	2006 2006 ongoing Ongoing SOM I 2006
	Contribute to mid term review of progress toward Bogor Goals	In addition to the information already provided by GPEG and the member economies, work with CTI to provide further information as required.	Ongoing
	Contribute to APEC reform agenda	Examine ways to reduce duplication in reporting on government procurement, including in IAP templates.	Ongoing

DEREGULATION 2005 COLLECTIVE ACTION PLAN

Collective Action	Steps to Implement	Time Frame
(a) Publish annual reports detailing actions taken by APEC economies to deregulate their domestic regulatory regimes.	Individual economies agreed that this would occur within their IAP to report on reforms to their domestic regulatory regimes and to update such reports annually.	Continuous.
(b) Develop further actions taking into account the above reports, including: i) Policy dialogue on APEC economies' experiences with regard to best practices in deregulation, including the use of individual case studies to assist in the design and implementation of deregulatory measures, and consideration of further options for a work program which may include: - identification of common priority areas and sectors for structural reform; - identification of common priority areas and sectors for deregulation - provision of technical assistance in designing and implementing deregulation measures; and - examination of the possibility of establishing APEC guidelines on domestic regulation.	<p><i>Collective action:</i> establish a set of non-binding APEC Principles to Enhance Competition and Regulatory Reform, and a set of action orientated undertakings on competition policy and deregulation.</p> <p><i>Collective action:</i> take stock of information already gathered in APEC on regulatory regimes and regulatory reform with a view to identifying common experiences, and technical assistance needs and availability.</p> <p><i>Collective action:</i> promote dialogue and understanding within APEC, through focused discussion, on the experiences of APEC economies and on the principles applied to and best practices in, structural reform (drawing on the short-term information gathering exercise).</p> <p><i>Collective action:</i> promote dialogue and understanding within APEC, through focused discussion, on the experiences of APEC economies and on the principles applied to and best practices in, regulatory reform (drawing on the short-term information gathering exercise).</p> <p><i>Collective action:</i> following the Christchurch workshop on competition policy and deregulation, develop a common understanding of the interrelationships between competition policy, deregulation and trade liberalization.</p> <p><i>Individual Economies:</i> Action oriented undertakings directed to the implementation of the "APEC Principles to Enhance Competition and Regulatory Reform" by APEC Fora and Sub-fora.</p> <p><i>Collective action:</i> maintain and deepen dialogue with other international organizations considering competition policy and deregulation issues (APEC-OECD Cooperative Initiative on Regulatory Reform).</p>	<p>September 1999</p> <p>Ongoing and continuous.</p> <p>Ongoing and continuous.</p> <p>Ongoing and continuous.</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing (third phase planned to be launched in 2005)</p>

MOBILITY OF BUSINESS PEOPLE 2005 COLLECTIVE ACTION PLAN

OAA Objectives	Action	Time Frame
Collective Actions APEC economies will:		
EXCHANGE INFORMATION Exchange information on regulatory regimes in regard to the mobility of business people in the region, including through regularly updating the information in the online <i>APEC Business Travel Handbook</i> .	Members to continue to regularly update the APEC Business Travel Handbook informing business of economies' short-term and temporary residence entry requirements and processing arrangements (standing item at BMG meetings), in accordance with Leaders' Transparency Standards.	Ongoing
	Continue to improve the Business Mobility website to act as a conduit for meeting papers and exchange of information on trade agreements and other activities.	Ongoing
	The BMC approved urgent TILF funding (June 2005) for a project to engage a consultant to review economies' public information on temporary business entry and stay requirements and procedures. The draft report was tabled at SOMIII and members agreed to consider the report's findings intersessionally. Proposals will be developed to address the report's findings, for consideration and agreement by the BMG at SOMI 2006.	The consultancy report will be finalized in 2005.
SHORT-TERM BUSINESS ENTRY Streamline short term entry requirements for business people. APEC economies will strive on best endeavors basis, and according to own immigration procedures, to implement one or more of the following options: <ul style="list-style-type: none"> • visa free or visa waiver arrangements; • participate in the APEC Business Travel Card scheme; • multiple short-term entry and stay visas which are valid for 3 years. 	Members to continue review and improve their arrangements for short term business travelers, including the progressive implementation of e-commerce arrangements consistent with agreed standards.	Ongoing
	Experts' Group to continue to support ABAC's aim of expanding the APEC Business Travel Card (ABTC) scheme. Scheme has 17 participating economies (as at September 2005). Viet Nam formally signed on to the scheme at SOM III 2005.	Ongoing
	Members to report to BMG meetings on progress in implementing e-commerce facilities (standing item).	Ongoing

OAA Objectives	Action	Time Frame
<p>BUSINESS TEMPORARY RESIDENCY Implement streamlined temporary residence processing arrangements for the intra company transfer of executives, senior managers and specialists, as defined by individual economies.</p>	Continue to implement, on a best endeavors basis, the agreed 30 day service standard for the temporary residency processing of executives, senior managers on intra-company transfers, and specialists (as defined by individual economies), where all necessary documentation is completed. Members to continue to report on processing times (standing item).	Ongoing
	Members to consider streamlining access to work permission/authorization for spouses of personnel on intra company transfer, on request, and on a best endeavors basis.	Ongoing
	Members to report to BMG meetings on implementing e-commerce facilities (standing item).	Ongoing
<p>CAPACITY BUILDING (TECHNICAL COOPERATION AND TRAINING) Develop and implement the mutually agreed standards and benchmarks essential to capacity building and engage in the capacity building initiatives necessary to provide streamlined visa application and immigration entry, stay and departure processing.</p>	A paper on standards for travel, entry, stay and departure was endorsed by economies at SOM II 2001. The paper provides benchmarks and a framework for economies to strive for in building their capacity to implement improved immigration arrangements for business people, and a basis for future capacity building projects.	Ongoing
	The IEGBM endorsed a paper at SOM III 2002, proposing standards for professional service for immigration administrations, as part of the first phase of an APEC TILF funded project. The second phase workshop was held on 10–12 February 2003 in Thailand to assist economies self-assess against the standards. Funding for Phase 3 of the project was approved by the BMC on 1 August 2002, to continue the current project to the stage of assisting economies to develop and implement their individual action plans. Economies report on progress at BMG SOM meetings (standing item).	Phases 1 and 2 completed. Phase 3 to be completed by December 2005.
	At SOM III 2001, the IEGBM endorsed a standards paper for Document Examination and Fraud detection. These standards are being used by economies to develop their current capacity. The BMG agreed to a number of follow up actions to improve economies' capacity to attain the standards in 2002. Agreed actions include economies reporting to the BMG on the implementation of the training strategy in their national training programs; and sharing information on legislative regimes.	Training completed June 2002, and "train the trainer" packages distributed. Implementation of the standards is ongoing on an individual, best endeavors basis.
	The IEGBM received funding from the BMC (1 August 2002) to develop standards and a capacity building program to implement standards in travel document security and related issuance systems. The standards and guidelines take into account all relevant international standards. The first phase of the project to develop draft standards was completed with a workshop conducted in July 2003.	Phase One completed July 2003

OAA Objectives	Action	Time Frame
	<p>A workshop was conducted in March 2004 in Sydney by Australia (phase 2) to raise economies' awareness of the standards and international best practice and developments in respect of biometrics. (Total of 24 representatives representing 15 economies attended from Australia; Brunei; Canada; Chile; China; Hong Kong, China; Indonesia; Korea; Mexico; New Zealand; Papua New Guinea; Peru; Singapore; Chinese Taipei; and Thailand)</p> <p>The BMC approved funding in 2004 for the BMG to implement Phase 3 of this project – to assist economies to develop a strategic action plan based on self assessment of the areas that need to be addressed.</p> <p>At SOM III 2004 the BMG agreed that all APEC economies will begin issuing Machine Readable Travel Documents (MRTDs), if possible with biometrics by 2008, and on a best endeavors basis, endeavor to accelerate replacement of non-MRTDs by MRTDs as well as implement ICAO travel document security standards. To this end, donor economies will assist developing economies with capacity building assistance.</p> <p>Economies report on progress at BMG on implementation of the standards, including MRTDs at meetings (standing item).</p>	<p>Phase 2 completed by March 2004</p> <p>Third phase to be completed by December 2005</p>
	<p>The BMC approved TILF funding (1 August 2002) for a project to conduct feasibility studies in three APEC economies to assess the requirements for the implementation of Advance Passenger Information systems, to be conducted during 2002 and 2003. A second project to conduct feasibility studies was approved in July 2003 by the BMC. API feasibility studies and reports have been conducted, finalized and presented to 7 economies: Chile; China; Indonesia; Korea; the Philippines; Chinese Taipei; and Thailand.</p> <p>A feasibility study is scheduled to commence in September 2005 with Viet Nam, and with Brunei Darussalam by end 2005. Economies which have implemented or formally announced their commitment to implementation include Australia; Canada; Hong Kong, China; Japan; Korea; Mexico; New Zealand; Chinese Taipei; Thailand; and the United States.</p>	<p>Ongoing</p> <p>Several economies to implement API in 2005.</p>
	<p>The BMC approved TILF funding (1 August 2002) for a project to develop standards and benchmarks for Immigration legislation. A workshop of Immigration law experts was convened in July in 2003 and Legal Infrastructure standards, covering all aspects of Immigration processes and issues, were ratified by the BMG at its 2004 SOMI meeting in Santiago. Economies completed a self-assessment against the</p>	<p>Standards ratified February 2004.</p> <p>Implementation ongoing</p>

OAA Objectives	Action	Time Frame
	standards during 2004 and provided the results to the APEC Unit, Australia.	
	<p>The IEGBM is overseeing the conduct of a pilot of the Regional Movement Alert List (RMAL) system and a report will be presented to Leaders in 2005 on the pilot between Australia and the United States. The pilot will commence on 13 September 2005 and a report will be presented to Leaders. The RMAL system will enhance border security and facilitate the travel of genuine business travelers. New Zealand will join the pilot in November 2005.</p> <p>The BMG approved TILF funding at SOM I 2005 for two workshops of legal experts from 8 economies to examine the legal issues associated with accessing lost and stolen travel document data in a multilateral context, and to develop an APEC Multilateral Framework for Accessing Data, which will reduce the need to negotiate bilateral agreements. The first workshop was hosted by Korea in May 2005, with the second workshop hosted by New Zealand in August 2005. The draft Multilateral Legal Framework (MLF) has not yet been completed and the BMG agreed at SOM III that a further workshop would need to be conducted to finalize the MLF. The BMG will consider the second workshop report intersessionally.</p>	Ongoing
	The BMG agreed at SOM I 2005 to a recommendation that members cooperate to ensure that members provide lost and stolen travel documents to the International Criminal and Police Organization (ICPO) database by end 2006, on a best endeavors basis. Economies are reporting on implementation at BMG meetings.	Ongoing/until end 2006
	The BMG approved TILF funding in 2004 to provide training to eligible economies interested in participating in the enhanced Customs Asia Pacific Enforcement Reporting System (CAPERS) initiative. At SOM III 2005, Chile reported on its experience of using an immigration enhanced CAPERS system with the United States. The United States advised the BMG at SOM III 2005 that it will present a training program for CAPERS at SOM I 2006.	January 2005 - June 2006
	<p>The BMG approved a TILF funded project consisting of 2 workshops to enhance human resource integration in transit border management through promoting consistency in approach and best practice in respect of immigration Liaison Officers (ILOs) arrangement within the APEC region. Korea reported at SOM III on the second ILO workshop which it hosted on 5-6 September 2005. A report recommending best practices and options has been drafted.</p> <p>The BMG agreed at SOM III to consider draft document intersessionally</p>	2 nd workshop completed September 2005, and report drafted for BMG consideration.

OAA Objectives	Action	Time Frame
	At SOM III 2004 the BMG agreed that all APEC economies will begin issuing Machine Readable Travel Documents (MRTDs), if possible with biometrics by 2008, and on a best endeavors basis, accelerate replacement of non-MRTDs by MRTDs as well as implement ICAO travel document security standards. To this end, donor economies will assist developing economies with capacity building assistance.	Ongoing
DIALOGUE WITH BUSINESS Continue to maintain a dialogue with the APEC Business Mobility Group and the APEC business community (including with APEC fora) on mobility issues important to the APEC region and the APEC business community.	Experts' Group conducted a Gender Survey in 2002/03 to identify any issues or difficulties encountered relevant to business mobility. Members are collectively and individually addressing the findings of the Survey Report in respect of increasing awareness of the APEC Business Travel Card scheme and to report progress on promotional efforts to SOM meetings.	Survey completed end 2002 and report agreed at SOM I 2003. Ongoing
	IEGBM continued to brief ABAC members on meeting outcomes and to attend ABAC meetings on invitation. In May 2005, the BMG provided the ABAC with a progress report on the APEC Business Travel Card (ABTC) scheme and other relevant issues in response to the recommendations of the 2004 ABAC Report to Leaders. At SOM III 2005, the BMG considered further recommendations by the ABAC to improve the operation of the card. The BMG will continue to consult closely with the ABAC, and ABAC members were in attendance at SOM I and SOM III 2005.	Ongoing
	IEGBM to continue to work with ABAC to engage the APEC business community in improving business mobility (strategy agreed at SOMII, 2000).	Ongoing
	Members continue consult with their business community in their home economies on mobility issues and report on any identified issues of concern to the Experts' Group.	Ongoing
	Members provide information and encourage feedback from the business community about the IEGBM's initiatives via the Business Mobility website.	Ongoing

APPENDIX 5

APEC-OECD Integrated Checklist on Regulatory Reform

APEC-OECD INTEGRATED CHECKLIST ON REGULATORY REFORM: ADDRESSING REGULATORY, COMPETITION POLICY, AND MARKET OPENNESS POLICY ISSUES

Preamble

1. Member economies of APEC and the OECD have recognized that regulatory reform is a central element in the promotion of open and competitive markets, and a key driver of economic efficiency and consumer welfare. As a result, agreement for an *APEC-OECD Co-operative Initiative on Regulatory Reform* was reached in June 2000 and was endorsed at the APEC Ministerial Meeting on 12–13 November 2000 in Brunei Darussalam, in order to promote the implementation of the APEC and the OECD principles by building domestic capacities for quality regulation.
2. Many economies within APEC and the OECD have individually embarked on ambitious programmes to reduce regulatory burdens and improve the quality and cost-effectiveness of regulations. They have collectively endorsed regulatory reform principles and policy recommendations at the highest political levels, specifically through:
 - the 1999 APEC Economic Leader's Declaration, containing the APEC Principles to Enhance Competition and Regulatory Reform,
 - the 1997 OECD Policy Recommendations on Regulatory Reform, and
 - the 1995 OECD Recommendation on Improving the Quality of Government Regulation.
3. A first phase of the APEC-OECD initiative was completed in October 2002, at the High level Conference in Jeju, Korea, where economies agreed on the need to elaborate an APEC-OECD Integrated Checklist for self-assessment on regulatory, competition and market openness policies, to implement the APEC and OECD principles. The second phase of the initiative has focused on the development of the integrated checklist that will be presented for approval to the respective Executive Bodies of the APEC and the OECD in 2005.
4. The checklist is a voluntary tool that member economies may use to evaluate their respective regulatory reform efforts. There is no single model of regulatory reform, but this does not mean that standards, goals and well-structured institutions do not matter. Based on the accumulated knowledge of APEC and the OECD, the Checklist highlights key issues that should be considered during the process of development and implementation of regulatory policy, while recognizing that the diversity of economic, social, and political environments and values of member economies require flexibility in the methods through which the checklist shall be applied, and in the uses given to the information compiled. There is little risk that self-assessment will be an exercise in self-satisfaction. Even countries that are well-advanced can find room for improvement.
5. While the checklist will not be used for comparative purposes, it can provide useful information for those economies interested in (i) moving closer to good international practices; and (ii) reducing the uncertainty regarding the implementation of regulatory reform principles and institutions, particularly in relation to the dynamic and interrelated effects of competition, market openness and regulatory policies. The checklist creates an orderly framework for decision-making that sets out key concepts to guide administrators through the complexities of the design and implementation of an effective and high quality regulatory reform policy. This can greatly assist policy makers in identifying options and targeting priorities.

6. The checklist is comprised of four sections. The first is a horizontal questionnaire on **regulatory reform** across levels of government that invites reflection on the degree of integration of regulatory, competition and market openness policies across levels of government, and on the accountability and transparency mechanisms needed to ensure their success. Regulatory reform refers to changes that improve regulatory quality to enhance the economic performance, cost-effectiveness, or legal quality of regulations and related government formalities. Reform can mean revision of a single regulation, the scrapping and rebuilding of an entire regulatory regime and its institutions, or improvement of processes for making regulations and managing reform. Deregulation is a subset of regulatory reform and refers to complete or partial elimination of regulation in a sector to improve economic performance.
7. The other three sections of the questionnaires focus on individual policy areas, and the factors that may be considered to improve their specific design and implementation. The policy areas are defined as follows:
 - **Regulatory policies:** those designed to maximise the efficiency, transparency and accountability of regulations based on an integrated rule-making approach and the application of regulatory tools and institutions.
 - **Competition policies:** those that promote economic growth and efficiency by eliminating or minimising the distorting impact of laws, regulations and administrative policies, practices and procedures on competition; and by preventing and deterring private anti-competitive practices through effective enforcement of competition laws.
 - **Market openness policies:** those that aim to ensure that a country can reap the benefits of globalisation and international competition by eliminating or minimising the distorting effects of border as well as behind-the-border regulations and practices. These policies influence the range of opportunities open to foreign suppliers of goods and services to compete with domestic counterparts in a particular national market (e.g. through trade and investment).
8. In a changing world, government action remains essential to protect and promote important social objectives, such as safety, health, and environmental quality, and the international community has taken commitments to several social and environmental agreements in the past decade. Indeed, as economies develop, public expectations in such areas tend to increase. More efficient and dynamic economies will help governments serve these public interests. Experience shows that reform, if properly carried out, should not adversely effect, and can often promote, such objectives. There is scope to consider further how regulatory quality affects social and environmental policy objectives.
9. The Checklist is therefore an integrated self-assessment tool, in three senses. First, it integrates the APEC and OECD principles on regulatory reform. Second, it integrates the three policy areas—competition, rule-making and market openness—to provide a coherent whole-of-government view. Third, it integrates governance perspectives – transparency, accountability and performance.

H. HORIZONTAL CRITERIA CONCERNING REGULATORY REFORM

Regulatory reform refers to changes that improve regulatory quality to enhance the economic performance, cost-effectiveness, or legal quality of regulations and related government formalities. Reform can mean revision of a single regulation, the scrapping and rebuilding of an entire regulatory regime and its institutions, or improvement of processes for making regulations and managing reform. Deregulation is a subset of regulatory reform and refers to complete or partial elimination of regulation in a sector to improve economic performance.

Regulatory, competition and market openness policies are key drivers for a successful and coherent regulatory reform.

H1. To what extent is there an integrated policy for regulatory reform that sets out principles dealing with regulatory, competition and market openness policies?

Comments:

The checklist begins with an assessment of the status of the regulatory reform process.

The point of departure is to ask whether a regulatory reform policy exists. Such a policy often takes the form of a statement setting out principles to govern regulatory reform which provides strong guidance and benchmarks for action by officials, and also sets out what the public can expect from government regarding regulation. Thus both domestic and foreign stakeholders would have a statement of government policy for reference, in addition to other obligations that may govern regulatory action. The integrated policy can become a touchstone for government action.

An integrated policy is essential in ensuring that policies for all concerned areas are mutually supportive. It would include key elements, such as transparency, non-discrimination, and minimal interference with competition and open markets, consistent with obtaining these policy objectives. It may set out principles for communication and analysis, including substantive areas to be considered in analysis. An integrated policy is closely tied to Question H2 since it provides an opportunity for political leaders and senior officials to express their support for regulatory reform.

H2. How strongly do political leaders and senior officials express support for regulatory reform to both the public and officials, including the explicit fostering of competition and open markets? How is this support translated in practice into reform and how have businesspeople, consumers and other interested groups reacted to these actions and to the reforms in concrete terms?

Comments:

Support and interest in reform activities are key elements for their success. Reforms often confront powerful interest groups outside or inside the government. Often the benefits of reforms are masked by transition costs. But failure to overcome short-term costs and eliminate the economic distortions brought by inefficient regulations nurtures complacency and maintains the status quo, which further increases the costs of reforms. Strong and clear messages and a showing of commitment are needed to build public consensus for reform. How this support is translated in practice is important, all the more so as this affects how businesspeople, consumers and other interested groups react to reforms. This is particularly true with respect to the enhancement of competition and open markets which, while benefiting the economy and consumers at large, may face opposition from particular interests. Political leadership in policy-setting helps to balance, when warranted, social and environmental factors with economic, competitive and market-openness objectives in regulatory initiatives. While a broad integrated policy as recommended in H1 is key, high-

level commitment also needs to be sustained through time, as often the beneficial impacts of the reforms and enhanced competition and open markets will need months and years to improve the economic structures and processes. This is even more important as time and effort will be required to change the culture of economic actors and regulators.

H3. What are the accountability mechanisms that assure the effective implementation of regulatory, competition and market openness policies?

Comment:

The assignment of specific responsibilities for aspects of reform and the creation of a framework for accountability are essential for the success of the programme. To be effective, reform will have to be co-ordinated across a number of areas, with clear roles to be played by departmental/ministry officials, front-line regulators, senior officials, oversight bodies (if any), the courts, stakeholders, the public, and political leaders.

H4. To what extent do regulation, competition and market openness policies avoid discrimination between like goods, services, or service suppliers in like circumstances, whether foreign or domestic? If elements of discrimination exist, what is their rationale? What consideration has been given to eliminating or minimising them?

Comments:

Non-discrimination means that laws and policies should refrain from applying different requirements or procedures to different firms, goods, services or countries. This includes discrimination either against or in favour of a particular firm or category of firms (firms, for example, operating in a particular sector of economic activities or foreign-owned firms in general, firms from a particular country). An example of “positive” discrimination could be with respect to domestic firms considered to be “national champions”, etc.

Sometimes regulation is ostensibly non-discriminatory but is nevertheless perceived to discriminate “de facto”. Such discrimination can occur in various ways, e.g. the use of “grandfather” clauses that exempt incumbent firms from more onerous requirements that may apply to new market entrants; or imposing on foreign firms requirements that they have already satisfied in their home country under a different form (as when different regulatory approaches are applied for the same objective) . New and proposed regulation should be examined to ensure that it does not have avoidable de facto discriminatory effects. Some de facto discrimination may be the result of inadequate vetting of regulatory proposals from the market openness perspective. Effective consultation and co-ordination among regulatory, competition and trade officials may help to avoid such unintended effects (see also Question H8 on the inter-ministerial consultation).

This principle is also examined in Question C6.

H5. To what extent has regulatory reform, including policies dealing with regulatory quality, competition and market openness, been encouraged and co-ordinated at all levels of government (e.g. Federal, state, local, supranational)?

Comment:

The regulatory environment where citizens and business operate is composed of complex layers of regulation stemming from subnational, national and international levels of government. Historic, political, cultural and administrative reasons account for the divergences. These variations can contribute to a lack of coherence and consistency among central, regional and local regulations reducing the quality of the ‘national’ regulatory

environment in which citizens and businesses operate, and thus compromising competitiveness and market openness of the country. Where regulatory powers are shared between levels of government, co-ordination may be an essential element of successful reform. Formal policies or mechanisms for co-ordination within and between governments on regulation and its reform can be set up to maximise the benefits of reforms and reduce internal regulatory barriers to trade and investment.

H6. Are the policies, laws, regulations, practices, procedures and decision making transparent, consistent, comprehensible and accessible to users both inside and outside government, and to domestic as well as foreign parties? And is effectiveness regularly assessed?

Comments:

To build public support for regulatory, competition and market openness policies, consumers, businesses, investors, lenders, and other stakeholders must be able to ascertain clearly the content of the policies, as well as that of related laws, regulations, guidelines, practices and procedures. In addition, other types of rules, including “soft” regulation (or “grey” or “quasi”-regulation) should be transparent to those who are affected. Thus, administrative guidance, documents, directives, interpretation bulletins or other rules that do not have the force of law but will have a practical impact on stakeholders must also be clear and easily and comprehensively available for domestic and foreign businesses and service suppliers.

Transparent, consistent, comprehensible, and accessible laws are necessary to ensure compliance and achieve public policy objectives (See also, Question B6 on transparency within government on competition law). Among other things, this promotes predictability, fairness and public confidence. Transparency also contributes positively to the attractiveness of the investment climate. Both domestic and foreign players require transparency, but it is particularly important to new market entrants as well as SMEs.

Transparency also relates to the regulatory process, how decisions are made and how they are applied. A clear system for rule making that is known to stakeholders and policies governing the enforcement of laws can ensure that stakeholders know and understand how the law affects them; furthermore, it ensures consistent application of laws. It is important to limit conflicts of interest in regulation between the regulated company and the regulator. Transparency must also extend to forthcoming regulatory actions, as this is necessary for stakeholder involvement in regulatory decision-making (see also Question A5 and C4 on public consultation) and for predictability, an important element in business planning.

Transparency requires the timely publication, or at least the public availability of all relevant laws, regulations and decisions, as well as information about the decision-making process. Channels for information dissemination and notification should be widely accessible, including those for dissemination and notification to international bodies. The internet has proven to be an invaluable resource for access to laws, government services, electronic filings, and identification of single inquiry points. Other approaches such as public registries of all regulations and “one stop” access to regulatory permits and service centres can be particularly valuable in federal states where rules from multiple levels of government may apply to a new market entrant

Because government is increasingly “partnering” with the private sector to achieve public policy objectives, transparency of at least some private sector rules may be an important element of good regulation. Self-regulatory schemes, whether or not backed by government, may need enhanced clarity and transparency. Similarly, standards development regimes are often poorly understood by those who may be affected. A greater effort should be made to make the standards development process and the standards themselves more transparent, and to ensure the transparency of qualification and licensing requirements and procedures.

H7. Are the reform of regulation, the establishment of appropriate regulatory authorities, and the introduction of competition coherent in timing and sequencing?

Comment:

Comprehensive reform works better than piecemeal reform. But comprehensiveness does not mean that all changes must occur at the same time. Thus, it may not be appropriate to initiate major sectoral reform in all areas simultaneously. A successful reform policy will need a strategy establishing transitional steps. These transitional phases should only be temporary, as should regulatory strategies developed to deal with transitions to more competitive economies. In that respect, it may be necessary to develop mechanisms for monitoring implementation to evaluate progress and identify obstacles to further reform. Furthermore, the necessary regulatory authorities should be established before structural changes and technical regulatory decisions have been made in order to make use of and improve the authorities' expertise. The introduction of regulatory reform, including creation of appropriate regulatory authorities prior to market opening in certain service sectors, can be important in ensuring competition and the effectiveness of regulation to meet public policy objectives.

H8. To what extent are there effective inter-ministerial mechanisms for managing and coordinating regulatory reform and integrating competition and market openness considerations into regulatory management systems?

Comment:

To avoid unnecessary duplications and contradictions, all appropriate official bodies should be informed and consulted when preparing a new measure or planning a reform. It is particularly important to involve trade and competition officials who can provide valuable advice and anticipate trade frictions or anticompetitive impacts that might inadvertently follow from proposed rules. They can also be invaluable allies in the reform process and can ensure that the benefits of reform are not dissipated in a difficult sectoral transition to a more competitive environment. Given their role in regulating services, independent regulators and private sector bodies with regulatory responsibilities (e.g., for some professional services) should be included as appropriate.

It is important in particular to ensure that competition, efficiency and market openness are considered in the assessment of all regulations and their alternatives that may have an impact upon markets. This assessment of instrument choice ought to be guided by the general principle that competition should be stimulated and maximised except in cases of market failure or where other legitimate public interest objectives give rise to a need for continued or even new regulation. In such a case, the competition distorting impact of the regulation ought to be minimised and the regulatory regime as a whole ought to be oriented towards promoting efficiency.

If competition and market openness considerations are to be more closely integrated into the regulatory management system, including both primary and secondary rule-making and reviews of the stock of existing regulatory legislation, then this needs to be reflected in institutional structures, policy development processes, administrative procedures, official responsibilities, and accountability arrangements.

H9. Do the authorities responsible for the quality of regulation and the openness of markets to foreign firms and the competition authorities have adequate human and technical resources, to fulfil their responsibilities in a timely manner?

Comment:

Strong and effective institutions require expert staff and resources to provide all core functions. For instance, in the case of the Competition Authority, a sufficient staff of professional experts, including economists and lawyers, is needed to carry out the enforcement and advocacy work. If the regulatory management system includes the involvement of the Competition Authority and trade and investment officials in key rule-making activities, then that needs to be reflected in the capacities and resources of these bodies. In addition, resources, including expertise, must be available for the development of regulatory processes according to principles of high quality regulation. (See for example, Questions A2 and A3 on the analysis of new and existing regulation).

H10. Are there training and capacity building programmes for rule-makers and regulators to ensure that they are aware of high quality regulatory, competition and market openness considerations?

Comments:

Building and maintaining capacity must be seen as a crucial element for a successful regulatory management system. Capacity building involves more than resources. Expertise and experience need to be developed and maintained over time so that officials responsible for policy development and institutional design are more aware and better able to identify what is necessary for high quality regulation, competition and market openness issues.

Trade issues and obligations to maintain market openness, as well as complementary pro-competition approaches, may not be familiar to some regulatory policy makers, particularly in areas of social regulation. Officials may require training in the identification of issues, and even more importantly, on the approaches (including instrument choice) that might allow them to regulate effectively while restricting the openness of markets no more than necessary. Specifically, officials may require training on the use of alternative forms of regulation (see Question A7 on regulatory alternatives).

At the same time, education and co-operation among competition, trade and regulatory officials may be required to promote greater coherence in the attainment of legitimate policy objectives in such areas as health, safety and the environment. It is also important to find mechanisms to maintain the institutional memories of bodies in charge of regulatory, competition and market openness policies to compensate for personnel changes. The mobility of officials however, can disseminate regulatory, competition and market openness policies.

Ongoing training and information exchange amongst regulators will be particularly important in sectors where technological change is placing new demands upon regulators, or where experimentation about the appropriate regulatory frameworks to underpin liberalisation, especially in some service sectors, is underway.

H11. Does the legal framework have in place or strive to establish credible mechanisms to ensure the fundamental due process rights of persons subject to the law, in particular concerning the appeal system?

Comments:

The fundamental due process rights of persons subject to the law ought to be safeguarded not only by provisions that articulate those rights, but also by clear mechanisms designed to ensure the enforceability of those rights. These steps are necessary to ensure procedural

fairness. Due process rights include the right to appeal final decisions in a timely manner before an independent third party arbiter; the right to be informed, prior to and immediately following any such adverse decision, of the concerns that form the basis of the decision; and the right to make representations after being informed of such concerns and prior to the point in time at which a final decision is reached. Providing a fair system that respects the due process rights of individuals and firms is key to credible and respected regulatory actions.

It is also important that foreign stakeholders and participants should not be disadvantaged in their access to the appeal systems. The appeal process should be accessible, transparent and accountable. This can be enhanced by clear rule of procedure and practice directives, according to each economy's technological and budgetary feasibilities, the use of the internet to provide guidance for those wishing to appeal, and processes that improve accessibility (e.g., use of electronic filings). Appeals should be handled on a timely basis for, as has been said, "justice delayed is justice denied."

A. REGULATORY POLICY

Regulatory policies are designed to maximise the efficiency, transparency, and accountability of regulations based on an integrated rule-making approach and the application of regulatory tools and institutions.

A1. To what extent are capacities created that ensure consistent and coherent application of principles of quality regulation?

Comments:

Quality regulation needs a strong involvement and a sense of 'ownership' by regulators in charge of their design and implementation who are committed to the regulation's objectives and have information on the sector history and situation. It is important also that a means exists for the co-ordination of regulatory reform or initiatives, if not by a central body then by institutions or co-ordinating mechanisms. There are several reasons for this. It is often difficult for regulators to reform themselves. Special interests, close identification with the objectives of outdated regulation, and countervailing pressures from different parts of society make such self-reform even more complex. In addition, modern regulations and regimes apply across multiple areas. Regulatory quality control and consistency may benefit when responsibility is shared between regulators and a central quality control entity. For example, specific responsibilities for aspects of a regulatory management system may be assigned to a body that can help balance the pressures and at the same time ensure accountability for the success of the reform across a number of areas. Similarly, the rule-making process must provide for priority setting, co-ordination of regulatory activities, and the involvement of competition and trade officials in policy development or review where appropriate.

A2. Are the legal basis and the economic and social impacts of drafts of new regulations reviewed? What performance measurements are being envisaged for reviewing the economic and social impacts of new regulations?

Comments:

The Rule of Law means that all properly functioning regulatory systems and every regulatory action (which by definition intrudes on the activities of the others) must be based in law. Every well functioning rule-making process will have a procedure for examining the proposed regulatory action for legality and compliance with other requirements, such as adherence to WTO obligations. These procedures may be the responsibility of a central body (referred to above in A1) or may be assigned elsewhere and may involve legislative bodies.

In addition, decision-makers and stakeholders should be provided with information about the effects of new regulation. These requirements are important for the analytical process of developing new regulation and for informing decision-makers and stakeholders. Consideration of impacts should include close analysis of the problem to be solved and alternative solutions, as well as the impacts of the proposed regulatory solution. Performance measurement initiatives can be included when reviewing the economic impact of new regulations. This analytical process ties in closely with transparency and consultation considerations (see Questions H6, A5 and C4), and with the need to avoid discrimination between domestic and foreign stakeholders in regulation (see Questions H4 and C6 on non-discrimination).

The requirement for analysis can apply broadly to both primary and secondary regulation. Similar considerations should be taken into account by independent or quasi-independent regulators.

Reviews of regulatory measures (primary laws or secondary regulations) should be conducted in a fashion that does not discriminate between domestic and foreign stakeholder by, for example, limiting opportunity for comment or participation.

A3. Are the legal basis and the economic and social impacts of existing regulations reviewed, and if so, what use is made of performance measurements?

Comments:

Most governments have large stocks of regulations and administrative formalities that have accumulated over years or decades without adequate review and revision. Regulations that are efficient today may become inefficient tomorrow due to social, economic, or technological change. Overall, the constant accumulation of measures often creates duplication and contradiction in the legal framework, creating unnecessary costs for business and citizens. This de facto lack of transparency is particularly burdensome for 'outsiders'. (See Question C1 on trade and investment possible implications of regulation). Complexity due to poor management of the stock of regulation facilitates non-compliance, leads to loss of credibility, and even corruption.

Various tools, initiatives and triggers can maintain the stock in optimal shape. They include periodic reviews and deregulation programmes, "sunsetting" or legislative periodic reviews, as well as codification and use of plain language reforms. Such reviews, as in most regulatory policies, need to incorporate a mechanism for input by affected stakeholders, to build public support and to consult interest groups. These appraisals also need clear focus to avoid creating unnecessary instability in the regulatory environment. Policy-makers should ask how performance measurement instruments are used to review existing regulations.

The credibility of these reviews can be further enhanced if they are undertaken by bodies other than the regulator responsible for the regulation. This may be the central regulatory oversight body (See Question A1), the Competition Authority (see Question B1) or another body with the expertise to examine regulatory legislation and programs. In some jurisdictions, the legislature plays a role in reviewing major regulatory legislation.

In addition to reviewing the economic impacts of regulation, other matters should be considered. These include the continuing need to assess alternative policy instruments or alternative types of regulation in a more maturing regulatory climate; to develop additional provisions including new enforcement tools, different and imaginative sanctions, and to identify unexpected impacts other than economic.

A4. To what extent are rules, regulatory institutions, and the regulatory management process itself transparent, clear and predictable to users both inside and outside the government?

Comment:

Transparency of the regulatory system is essential to establishing a stable and accessible regulatory environment that promotes competition, trade, and investment, and helps ensure against undue influence by special interests. Transparency in rule-making also reinforces legitimacy and fairness of regulatory processes. Regulatory transparency also involves a wide range of practices, including standardised processes for making and changing regulations; consultation with interested parties; plain language in drafting; publication, codification, and other ways of making rules easy to find and understand; controls on administrative discretion; and implementation and appeals processes that are predictable and consistent. (See also Question H6 on transparency).

A5. Are there effective public consultation mechanisms and procedures including prior notification open to regulated parties and other stakeholders, non-governmental organisations, the private sector, advisory bodies, accreditation bodies, standards-development organisations and other governments?

Comments:

Regulations should be developed in an open and transparent fashion, with appropriate and well-publicized procedures for effective and timely inputs from interested national and foreign parties, such as affected business, trade unions, wider interest groups such as consumer or environmental organisations, or other levels of government. Public consultation should not be limited to insiders, such as already established businesses, but should be open to all interested parties. Consultation works in both directions and educates both stakeholders and officials. It improves the quality of rules and programmes and also improves compliance and reduces enforcement costs for both governments and citizens subject to rules. Good practice may be encouraged by clear guidance on how consultations should be conducted. When collecting information, and to reduce administrative burdens, a register can be established identifying routine questions addressed by government to business, perhaps co-ordinated by a central unit. This should help avoid duplicating efforts and promote the diffusion of information.

Public notices at various stages of rule-making and consultation with stakeholders are considered to be fundamentally important for a well-managed regulatory system. A well-developed set of procedures for notice and comment may even be codified. In any event, regulators should be provided with written guidance on consultation requirements and an exchange of “best practices” on consultation techniques may also be helpful. The opportunities for comment by stakeholders should be timed so that there is genuine dialogue and potential to affect policy development. Regulators should be held accountable for the consultation and how comments are handled so that the credibility of the consultation process is maintained. (See also Question C4 which develops these points with a trade focus.)

A6. To what extent are clear and transparent methodologies and criteria used to analyse the regulatory impact when developing new regulations and reviewing existing regulations?

Comments:

High quality regulation is increasingly seen as a prerequisite for governments to produce the desired results of a public policy as cost effectively as possible. This includes the goal of growth, to reduce the frequency and intensity of crises, and their medium and long-term costs. There is a developing understanding that all government policy action involves trade-offs between different uses of resources, while the underlying goal of policy action – including regulation – of maximising social welfare is being explicitly stated and accepted. In a rule-based society, these trade-offs need to be assessed and discussed in a transparent and accountable manner. That is, a policy is needed to justify when a governmental regulator establishes a regulation.

The development of a Regulatory Impact Analysis (RIA) helps to organise and consolidate all the possible impacts and elements for the decision at various stages of policy development. In particular, RIA can become the main vehicle to systematically review the legal basis and economic impacts of existing or new regulations and to structure the adjoining decision-making process (see Questions A2 and A3). Indeed, a RIA should not be thought of as an after-the-fact exercise when the regulatory decision has been made. Rather, a RIA should help form the policy investigation and analysis carried out through the development of the

rules. The analytical approach underlying the rules should always be considered to be proportional to the situation, but consistent guidance should be developed to deal with the appropriate complexity and level of analysis.

Efforts are often needed to develop the capacity to carry out and make use of RIA; in their absence, other practices should be adopted to assess regulatory impacts.

In the case of regulations approved for emergency reasons without prior assessment (health, environmental safety, security, etc.), an ex post evaluation of their cost-effectiveness should be made according to criteria and procedures established for that purpose.

A7. How are alternatives to regulation assessed?

Comments:

A core element of a good regulatory policy is to help the policy maker to choose the most efficient and effective policy tool, whether regulatory or non-regulatory. The range of policy tools and their uses is expanding as experimentation occurs, learning is shared and understanding of the potential role of markets increases. At the same time, regulators often face risks in using relatively untried tools, as bureaucracies are highly conservative, and there are typically strong disincentives for public servants to be innovative. A clear leading role – supportive of innovation and policy learning – must be taken by reform authorities if alternatives to traditional regulation are to make serious headway into the policy system. In particular, awareness of competition and market openness implications of regulation should lead regulators and policy makers to consider alternative forms of regulation to achieve their regulatory objective, such as use of performance rather than design criteria.

A8. To what extent have measures been taken to assure compliance with and enforcement of regulations?

Comments:

Adoption and communication of a regulation is only part of the regulatory policy. To achieve policy objectives through regulations, citizens and business must comply with them and the government must enforce them. A compliance friendly regulation requires governments to pay attention to compliance considerations in the decision-making process. Regulations should be designed, implemented and enforced in a way to ensure that the highest appropriate level of compliance is achieved. Commonly used tools to increase the level of compliance are ex ante evaluation of compliance factors, development of alternative ways for compliance, compliance assistance, compliance incentives, or providing for a range of enforcement responses.

Regulators should have sufficient capacity to enforce regulations: “empty” regulation undermines the entire system’s credibility and leaves governments open to criticism and other negative consequences. An appeal mechanism against regulatory abuse must also be in place.

B. COMPETITION POLICY AND LAW

Competition policy promotes economic growth and efficiency by eliminating or minimising the distorting impact on competition of laws, regulations and administrative policies, practices and procedures; and by preventing and deterring private anti-competitive practices through vigorous enforcement of competition laws.

B1. To what extent has a policy been embraced in the jurisdiction that is directed towards promoting efficiency and eliminating or minimising the material competition distorting aspects of all existing and future laws, regulations, administrative practices and other institutional measures (collectively “regulations”) that have an impact upon markets?

Comment:

Economies are invited to ensure that competition and efficiency dimensions are brought to the assessment of regulations that may have an impact upon markets. This exercise ought to be guided by the general principle that competition should be stimulated and maximised except in cases of market failure or where other legitimate public interest objectives give rise to a need for continued or even new regulation. In such cases, the competition distorting impact of the regulation ought to be minimised and the regulatory regime as a whole ought to be oriented towards promoting efficiency. These elements should be part of a general policy on regulatory reform (see Question H1), as well as in the drafting of new regulation and the evaluation of the stock of existing regulation.

B2. To what extent do the objectives of the competition law and policy include, and only include, promoting and protecting the competitive process and enhancing economic efficiency including consumer surplus?

Comments:

An effective competition law and policy requires clear objectives. This helps to guide decision-makers, avoid potentially inconsistent treatment of issues, and resolve ambiguities in the text of the law. “Core” competition objectives sometimes are expressed in terms of promoting consumer welfare, innovation, the efficiency and adaptability of the economy, and international competitiveness. These are all aspects of protecting the competitive process, and are not aimed at protecting individual competitors such as national champions.

If the objectives of competition law or policy include other, non-“core” goals, economies are invited to reassess whether the competition law or policy is the optimal instrument for pursuing such goals, given the availability of other industrial policy tools that may facilitate the attainment of such objectives in a more efficient manner. This reassessment should include provisions in competition laws that explicitly refer to non-“core” competition objectives, as well as “political override” clauses and undefined “public interest” tests. In addition, economies are invited to reassess the manner in which trade-offs are made between the “core” competition objectives and such other goals to increase transparency and predictability (see also Questions H8 and A6).

- B3. To what extent does the Competition Authority or another body have (i) a clear mandate to advocate actively in order to promote competition and efficiency throughout the economy and raise general awareness of the benefits of competition, and (ii) sufficient resources to carry out any advocacy functions included in its mandate?**

Comment:

A clear mandate for the Competition Authority to engage in such advocacy activities can be very helpful in ensuring that any positions it promotes (e.g., within government circles, to regulators, to business organisations and other constituencies) are carefully considered. In some economies competition advocacy has been a primary engine in the revision of existing regulations and regulatory regimes. Providing the Competition Authority with an explicit mandate in the competition law to engage in such advocacy has proven to be particularly effective. (See also Question A3 on reviewing existing regulations).

- B4. To what extent are measures taken to neutralise the advantages accruing to government business activities as a consequence of their public ownership?**

Comments:

Under the principle of competitive neutrality, government business undertaking business activities should not have competitive advantages or disadvantages relative to their private sector competitors simply by virtue of their government ownership. Competitive neutrality reduces resource allocation distortions and improves competitive processes. Both effects promote economic efficiency. A competitive neutrality policy prescribes a range of measures, including neutralising advantages that may accrue to public business in the areas of debt financing, preventing anti-competitive cross-subsidisation between regulated and competitive activities, regulation and taxation and requiring these businesses to earn a commercial rate of return. Competitive neutrality does not imply that government businesses cannot be successful in competition with private businesses, nor that government has no role in fulfilling public service needs or other special responsibilities. Government businesses may achieve success as a result of their own merits and intrinsic strengths, but not as a consequence of unfair advantages flowing from government ownership.

- B5. To what extent does the agency responsible for the administration and enforcement of the competition law (the “Competition Authority”) operate autonomously, and to what extent are its human and financial resources sufficient to enable it to do its job?**

Comment:

The Authority charged with enforcing the competition law should be able to make its enforcement decisions in an autonomous manner. Actual and perceived autonomy in regard to decision-making, advocacy and other activities are necessary to cultivate public confidence that objective legal standards are being applied without political interference. Where the law provides for input in certain circumstances from other entities within the government, potentially adverse implications for certainty and predictability can be minimised by establishing transparent mechanisms for the transmission of such input. Government or ministerial budgetary decisions that impact upon the Competition Authority also ought to be transparent.

- B6. To what extent is the role of enforcement decision-makers transparent, especially when there are multiple government bodies involved in decision-making, for example, regarding who the decision-maker was, factors taken into account by such a decision-maker, and their relative weighting?**

Comment:

Transparency in decision-making enhances the predictability of enforcement decisions which in turn helps to ensure the effectiveness of competition law. Competition law cannot reach its full potential in terms of promoting pro-competitive conduct and investment in new products, technology or entry if it does not offer a minimum degree of certainty and predictability to persons whose interests may be affected by governmental involvement in the enforcement process. (Note that the role of appellate bodies is dealt with separately in B11). Reducing overlapping legal jurisdiction can help to increase efficient use of public resources and increase certainty for the general public and private sector.

- B7. To what extent is there a transparent policy and practice that addresses the relationship between the Competition Authority and sectoral regulatory authorities?**

Comments:

Overlapping jurisdiction between a competition authority and a sectoral or multi-sectoral regulator creates potential uncertainty for businesses that must organise their actions in compliance with the law. Statutory provisions that clearly articulate the respective jurisdictions of these authorities, as well as protocols and Memoranda of Understanding have proven to be effective vehicles for clarifying respective roles and responsibilities. To ensure that the Competition Authority has an ability to advocate for pro-competitive or efficiency enhancing policies, explicit statutory provisions that create a mechanism for such views to be conveyed to other regulatory authorities can be particularly helpful. Informal contacts between agency staff members and between decision-makers in the authorities can help to minimise the risk of inconsistent approaches being taken by authorities with overlapping authority.

- B8. To what extent does the competition law contain provisions to deter effectively and prevent hard-core cartel conduct, abuses of dominant position or unlawful monopolistic conduct, and contain provisions to address anti-competitive mergers effectively? To what extent does the broader competition policy strive to ensure that this type of conduct is not facilitated by government regulation?**

Comments:

These provisions arguably constitute the essential components of an effective competition law. A "hard core cartel" is an anti-competitive agreement, anti-competitive concerted practice, or anti-competitive arrangement by competitors to fix prices, make rigged bids (collusive tenders), establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce. The category of "hard core cartel" does not include agreements, concerted practices, or arrangements that i) are reasonably related to the lawful realisation of cost-reducing or output-enhancing efficiencies, ii) are excluded directly or indirectly from the coverage of a Member country's own laws, or iii) are authorised in accordance with those laws. Hard core cartels are the most egregious violations of competition law and they injure consumers in many countries by raising prices and restricting supply, thus making goods and services completely unavailable to some purchasers and unnecessarily expensive for others.

Abuse of dominant position or unlawful monopolistic conduct also negatively affect consumers and businesses who buy goods and services, for example by exclusionary or predatory conduct that results in higher prices than otherwise would have prevailed in the absence of such conduct. In some circumstances the competition law is the most appropriate instrument to control such conduct, e.g., through a prohibition order or an order guaranteeing access to essential network facilities to all market participants on a transparent and non-discriminatory basis; in other circumstances a better response may be to separate vertically potentially competitive activities from regulated utility networks and otherwise restructure as needed to reduce the market power of incumbents. In yet other circumstances, i.e. where the dominant firm does not face effective actual or potential competition, the better response may be to use price caps and other mechanisms to encourage efficiency gains when price controls are needed.

Anti-competitive mergers result in higher prices, lower availability, slower innovation, reduced service or lower quality of products, relative to what would have prevailed in the absence of the merger. It is normally easier to prevent these negative effects by preventing such mergers than to try to address them later, after the mergers, with other provisions of the competition law or with regulatory instruments.

B9. To what extent does the competition law apply broadly to all activities in the economy, including both goods and services, as well as to both public and private activities, except for those excluded?

Comments:

Generally speaking, and subject to exclusions in the statute or jurisprudence (including exemptions and defences), an effective competition law should have general application throughout potentially competitive sectors of the economy, and should apply to the activities of individuals, companies, joint ventures, government businesses and other economic undertakings. This item encourages a reassessment of exclusions or other limitations on the application of the competition law, with a view to ensuring that they are no broader than necessary to achieve their underlying public policy objective.

When exclusions from competition law exist, they need to be narrowly targeted and no broader than necessary to achieve other legitimate public policy objectives that cannot be better served in other ways (see also Question H4).

B10. To what extent does the competition law provide for effective investigative powers and sanctions to detect, investigate, punish and deter anti-competitive behaviour?

Comment:

Experience in several jurisdictions around the world has demonstrated that it is difficult to enforce a competition law credibly without effective investigatory powers. These powers are necessary to provide competition authorities with the means to obtain the information they require to do their jobs. This information can include documents, oral testimony, written responses to questions, computer records and other evidence as may be reasonably required to enforce the law.

In addition, it is difficult to induce compliance with the competition law without effective sanctions for violation of the law. If the sanctions are too low, or the probability of their being applied is too low, then subjects to the law may find it preferable to violate the law and face the possible consequences.

Finally, leniency policies have proven to be a very effective tool in discovering cartel activity, obtaining strong evidence and sanctions, and deterring similar conduct from occurring in the future.

- B11. To what extent do firms and individuals have access to (i) the Competition Authority to become apprised of the case against them and to make their views known, and (ii) to the relevant court(s) or tribunal(s) to appeal decisions of the Competition Authority or seek compensation for damages suffered as a result of conduct contrary to the domestic competition law?**

Comment:

This item addresses due process. It is important that firms and individuals whose conduct is being investigated, or who may have been adversely affected by anti-competitive conduct, have an opportunity to make their views known to the Competition Authority in a timely fashion. Direct access to the judicial system also can provide an important safeguard by exercising a disciplining influence on competition authorities who will be aware that their decisions may be scrutinised in a public forum. To be effective, appeal procedures and rights of private access to the courts have to permit decisions to be made in a timely manner. Rights of private access also can provide parties to a dispute that is largely private in nature with an opportunity to settle their dispute where the competition authority cannot justify allocating scarce enforcement resources to the matter. (See also Question H11 on the implementation of regulatory reform policies)

- B12. In the absence of a competition law, to what extent is there an effective framework or mechanism for deterring and addressing private anti-competitive conduct?**

Comment:

Economies that do not have a competition law need to consider adopting some other framework or mechanism to deter future anti-competitive conduct such as hard core cartel behaviour, abuse of dominant position and mergers that harm competition. Where such conduct is not deterred, and occurs, a need arises for a means to address the conduct. In some jurisdictions, this may be at least partially addressed judicially (such as through a "restraint of trade" doctrine that renders anti-competitive contracts unenforceable).

C. MARKET OPENNESS POLICIES

Market openness policies aim to ensure that a country can reap the benefits of globalisation and international competition by eliminating or minimising the distorting impact that may result from border as well as behind-the-border measures, including measures at different levels of government. These policies influence the range of opportunities open to suppliers of goods and services to compete in a particular national market (e.g. through trade and investment), irrespective of whether these suppliers are domestic or foreign.

C1. To what extent are there mechanisms in regulatory decision-making to foster awareness of trade and investment implications?

Comments:

Narrowly-defined and discriminatory regulation can, explicitly or indirectly, impede the flow of trade and investment to the detriment of domestic economic efficiency and of consumers. Early consideration of trade issues, particularly in the development and examination of alternative policy instruments, can prevent unnecessary restrictions on market openness.

It is as important to seek approaches to reduce restrictions on market openness in new legislation, as to review the existing stock of legislation periodically in order to address problems generated by unnecessary restrictions, cumbersome procedures, and time-consuming processes. Placing market openness clearly within the terms of reference for reviews of both primary and secondary legislation would provide a focus for trade officials' participation during the design and implementation of the regulation. Systems of regulatory impact analysis should take sufficient account of market openness considerations.

A key element for fostering such awareness is to ensure that regulatory, competition and trade authorities work closely together on a regular basis. Improved co-ordination should also include subnational regulatory authorities, independent regulators and professional bodies with regulatory responsibilities where appropriate. Integrating market openness considerations into regulatory decision-making may require: the creation of appropriate intra-governmental consultation mechanisms (see also question H8); better focussed efforts for training regulators; and enhanced assessment, understanding and application of regulatory alternatives. Co-ordination between regulatory and trade officials, including at different levels of government (see also Question H5), should be organised in the context of negotiating international trade agreements as well, so as to draw on all useful expertise in the design as well as in the implementation of regulatory aspects of these agreements. Implementation reviews, in addition to ensuring that policies are still relevant and efficient, could provide an opportunity for identifying and sharing best practices from the market openness perspective and contribute to the ability of regulators to recognise and address trade-related regulatory issues. Trade authorities should be closely involved in such reviews.

C2. To what extent does the government promote approaches to regulation and its implementation that are trade-friendly and avoid unnecessary burdens on economic actors?

Comments:

Approaches to regulation that are trade-friendly and avoid unnecessary burdens on economic actors can be achieved in various ways, for instance by assessing whether a proposed measure is the least restrictive option reasonably available for efficiently achieving a regulatory objective; by basing regulation on performance rather than design criteria; by taking account of the equivalence of other countries' regulatory systems in meeting a given regulatory objective; by doing away with duplicative or outdated requirements; and by embracing regulatory alternatives where appropriate. (See also A7 on assessing alternatives to regulation).

Assessing the impact of proposed regulation on market openness can facilitate the pursuit of social objectives in the most cost-efficient way for the economy. Regulations that allow flexibility in the way their objectives are met and avoid defining specifically how this should be done will facilitate the development of new, innovative and cost-efficient solutions. (See Question C7). Efficient co-ordination between involved departments, including by way of central registries of formalities, helps streamline demands put on businesses by government administrations. (See Questions H6 and A5). Periodic reviews of regulations ensure that applicable requirements are relevant and proportional to the regulatory objectives (See Question A3). Regulatory efficiency may be strengthened by systematic consideration of regulatory alternatives. This requires that regulators have the scope, authority and incentive, as well as the capacity, through improved communication with trade officials and, where appropriate prior consultation with other relevant stakeholders, to identify the most trade-friendly among various, equally effective, alternatives (see also Question A7).

Continuity in pursuing trade-friendliness from one administration to another is also important, as only medium- to long-term public policies can establish trade-friendly regulations that last through the useful life of investments.

- C3. To what extent are customs and border procedures designed and implemented to provide consistency, predictability, simplicity and transparency so as to avoid unnecessary burdens on the flow of goods? To what extent are migration procedures related to the temporary movement of people to supply services transparent and consistent with the market access offered?**

Comments:

Measures to simplify border procedures and to avoid unnecessary burdens on the flow of goods include doing away with unnecessary or outdated requirements, such as requesting information that is already available to the authorities, or requesting information more than once for different departments. This objective also involves updating regulations to take account of changed contexts, technologies and markets and ensuring that the implementation process is proportional to the desired result, for instance that it does not cost more to implement than is actually gained in Customs revenue. The simplification of border procedures further implies that applicable controls will take place in a way that does not add unnecessary costs to traders or generate undue delays at the border, for instance through the implementation of risk-based and targeted operations and the replacement of some border controls by post-clearance audits.

The ability of natural persons to supply services in a market, either as an employee of a firm or as an individual, can be affected by the ease of use of the system for managing temporary entry. Information on all relevant temporary entry requirements and procedures should be transparent and readily available to service suppliers. Relevant schemes should also take account of the needs of business to move people in a timely and cost-effective manner.

- C4. To what extent has the government established effective public consultation mechanisms and procedures (including prior notification, as appropriate) and do such mechanisms allow sufficient access for all interested parties, including foreign stakeholders?**

Comments:

Well publicised, well-organised, highly accessible and well-timed opportunities for public comment, as well as clear lines of accountability for explaining how public comments have been handled are important features of a high-level commitment to public consultation (see also question A5). Public consultation should not be limited to insiders, such as already established businesses, but should be open to all interested parties. Good practice in this

area may be encouraged by clear guidance to regulators on how consultations are to be conducted.

Wide discretion on who is to be consulted and how on given regulatory proposals may dilute the intended benefits of broad based consultation. In particular, new entrants, SMEs or foreign stakeholders may be at a disadvantage in informal consultations. Maintaining balance between open consultation procedures and the flexibility of informal procedures is important, with the understanding that specific consideration of access possibilities by new foreign stakeholders may be required in certain circumstances. Although responsibility for policy decisions rests with the government, transparency in the way comments are handled enhances the credibility of the process and the prospects of regulatory compliance by the economic actors.

C5. To what extent are government procurement processes open and transparent to potential suppliers, both domestic and foreign?

Comment:

Transparency of practices relating to government procurement is another critical determinant of market openness. In many jurisdictions, government procurement is a significant portion of the economy and open access to procurement can introduce innovative, efficient players or cost savings, thus promoting efficiency within the economy (see Question H6 on transparency). Transparency for government procurement can mean easily available and centralised information regarding procurement opportunities; this may be done via the internet through the use of e-gateways, for example. Fair and transparent processes for procurement decisions means that those seeking contracts know what are the requirements and criteria for awarding contracts. In a fair process, the criteria and requirements are the same for all. A fully developed procurement process would include opportunities to appeal decisions to an independent body where participants consider that the process was flawed or unfair.

C6. Do regulatory requirements discriminate against or otherwise impede foreign investment and foreign ownership or foreign supply of services? If elements of discrimination exist, what is their rationale? What consideration has been given to eliminating or minimising them, to ensure equivalent treatment with domestic investors?

Comment:

Limits to foreign investment or ownership in key sectors or for other essential reasons (e.g., cultural sovereignty) have significant negative impacts on the attractiveness of an economy for investment and on prospects for economic development and growth. As countries compete for new investments, a good quality regulatory environment that is transparent, non-discriminatory, efficient, timely, based and embedded in law becomes a powerful tool for countries to attract and maintain investors. (See also Question H4 on non-discrimination of regulatory policies and reforms).

Equally, discrimination against foreign services or service suppliers limits the potential for gains from competition and market openness, including access to higher quality services, lower prices and technology transfer. Where important public policy objectives can be safeguarded by non-discriminatory regulation, the rationale for discrimination should be carefully considered and weighed against the gains from greater openness.

Creating a regulatory culture in which officials are sensitive to and consider the effects of regulatory actions on foreign investment or foreign supply of services should be one of the goals of a programme of regulatory reform. This can be done through, among other means, requiring that the impact analyses for new regulation and the terms of reference for reviews of existing regulation pay due attention to anticipated effects on trade and investment (See

Question A6 on RIA). Similarly, independent regulators, such as sectoral regulators, should be required to make comparable assessments.

C7. To what extent are harmonised international standards being used as the basis for primary and secondary domestic regulation?

Comments:

International standards play a vital role in improving market openness. Compliance with differing national regulations and standards significantly increases the cost of operating in different markets. Standards developed internationally may offer a solution to fragmented regulatory systems. Reliance on international standards is encouraged within several WTO agreements as the basis of domestic regulation when such standards exist and are judged to be relevant, effective and appropriate for achieving regulatory objectives. Such reliance should be a prominent feature of regulatory reform in all policy areas.

The use of international standards may be considerably strengthened through the systematic monitoring of related regulatory initiatives. Provisions that depart from existing international standards should be based on genuine differences in regulatory objectives or in available means to achieve them. Regulatory authorities should use open and transparent procedures when considering to base domestic regulations on international standards.

C8. To what extent are measures implemented in other countries accepted as being equivalent to domestic measures?

Comment:

Where foreign regulatory measures differ from those developed domestically, but nonetheless adequately fulfil the domestic policy objectives, acceptance of these measures as functionally equivalent to the domestic measures, where possible, will encourage market openness and stimulate competition. On the contrary, requiring firms to meet domestic regulations in circumstances where they have appropriately met regulatory requirements for the same regulatory objective in their home economy, will increase the costs of production or doing business. It may also introduce "de facto" discrimination against foreign goods. Clearly defined criteria for the acceptance of foreign standards, measures and qualifications and clear avenues for demonstrating equivalence should be available. Foreign producers and service suppliers should have an open, transparent and accessible process available to them if they want to make a case for equivalence. Clear and thorough regulatory impact statements for new regulation can be useful in determining the objectives and effects of regulation in order to demonstrate equivalence. Recognition of equivalence can also be facilitated through the adoption of mutual recognition agreements.

C9. To what extent are procedures to ensure conformity developed in a transparent manner and with due consideration as to whether they are effective, feasible and implemented in ways that do not create unnecessary barriers to the free flow of goods or provision of services?

Comments:

Conformity to regulations is necessary to achieve public objectives such as health, safety, environmental and consumer protection. When done without the outlay of excessive costs and time, procedures to ensure conformity can facilitate market openness by increasing consumer confidence in products or service providers. On the other hand, they can negatively affect market openness when they are duplicative, poorly implemented or when they are designed in a way that the high cost of meeting them and their complexity does not

contribute to the achievement of regulatory objectives. Governments should work towards a system that is proportionate, streamlined and well implemented.

Recognising the equivalence of the results of an assessment performed elsewhere can greatly contribute to reducing costs associated to conformity assessment procedures. Mutual recognition agreements (MRAs) signed by two or more countries on the acceptance of conformity assessment procedures is one approach to formalise this process. MRAs in the area of conformity assessment avoid costs to exporting producers by allowing them to attest to their conformity with applicable requirements through certification by their own country's conformity assessment procedures. They would then be deemed to be in compliance with the procedures of the importing economy.

Progress towards a more efficient system can also be made through the recognition of supplier's declaration of conformity, unilateral recognition of conformity assessment results reported in other economies, or through voluntary arrangements between conformity assessment bodies in different economies. At the same time, governments should encourage the development of domestic capacity for accreditation and ensure ease of access to the accreditation process for both foreign and domestic producers.

ANNEX 1: MATRIX

THE APEC-OECD INTEGRATED CHECKLIST ON REGULATORY REFORM

(Note: the place of the cells has no relation to the order of the rows. That is, questions H4, A4, B4 and C4 are not related)

H. INTEGRATED POLICIES (HORIZONTAL DIMENSION)	A. REGULATORY POLICY	B. COMPETITION POLICY	C. MARKET OPENNESS POLICIES
<p>H1. To what extent is there an integrated policy for regulatory reform that sets out principles dealing with regulatory, competition and market openness policies?</p>	<p>A1. To what extent are capacities created that ensure consistent and coherent application of principles of quality regulation?</p>	<p>B1. To what extent has a policy been embraced in the jurisdiction that is directed towards promoting efficiency and eliminating or minimising the material competition distorting aspects of all existing and future laws, regulations, administrative practices and other institutional measures (collectively “regulations”) that have an impact upon markets?</p>	<p>C1. To what extent are there mechanisms in regulatory decision-making to foster awareness of trade and investment implications?</p>
<p>H2. How strongly do political leaders and senior officials express support for regulatory reform to both the public and officials, including the explicit fostering of competition and open markets? How is this support translated in practice into reform and how have businesspeople, consumers and other interested groups reacted to these actions and to the reforms in concrete terms?</p>	<p>A2. Are the legal basis and the economic and social impacts of drafts of new regulations reviewed? What performance measurement instruments are being envisaged for reviewing the economic and social impacts of new regulations?</p>	<p>B2. To what extent do the objectives of the competition law and policy include, and only include, promoting and protecting the competitive process and enhancing economic efficiency including consumer surplus?</p>	<p>C2. To what extent does the government promote approaches to regulation that and its implementation that are trade-friendly and avoid unnecessary burdens on economic actors?</p>

H. INTEGRATED POLICIES (HORIZONTAL DIMENSION)	A. REGULATORY POLICY	B. COMPETITION POLICY	C. MARKET OPENNESS POLICIES
<p>H3. What are the accountability mechanisms that assure the effective implementation of regulatory, competition and market openness policies?</p>	<p>A3. Are the legal basis and the economic and social impacts of existing regulations reviewed, and if so, what use is made of performance measurement instruments?</p>	<p>B3. To what extent does the Competition Authority or another body have (i) a clear mandate to advocate actively in order to promote competition and efficiency throughout the economy and raise general awareness of the benefits of competition, and (ii) sufficient resources to carry out any advocacy functions included in its mandate?</p>	<p>C3. To what extent are customs and border procedures designed and implemented to provide consistency, predictability, simplicity and transparency so as to avoid unnecessary burdens on the flow of goods? To what extent are migration procedures related to the temporary movement of people to supply services transparent and consistent with the market access offered?</p>
<p>H4. To what extent do regulation, competition and market openness policies avoid discrimination between like goods, services, or service suppliers in like circumstances, whether foreign or domestic? If elements of discrimination exist, what is their rationale? What consideration has been given to eliminating or minimising them?</p>	<p>A4. To what extent are rules, regulatory institutions, and the regulatory management process itself transparent, clear and predictable to users both inside and outside the government?</p>	<p>B4. To what extent are measures taken to neutralise the advantages accruing to government business activities as a consequence of their public ownership?</p>	<p>C4. To what extent has the government established effective public consultation mechanisms and procedures (including prior notification, as appropriate) and do such mechanisms allow sufficient access for all interested parties, including foreign stakeholders*?</p>

*. This Question could be further integrated, in particular with elements of Question H6 and Question A5.

H. INTEGRATED POLICIES (HORIZONTAL DIMENSION)	A. REGULATORY POLICY	B. COMPETITION POLICY	C. MARKET OPENNESS POLICIES
<p>H5. To what extent has regulatory reform, including policies dealing with regulatory quality, competition and market openness, been encouraged and co-ordinated at all levels of government?</p>	<p>A5. Are there effective public consultation mechanisms and procedures including prior notification open to regulated parties and other stakeholders, including non-governmental organisations, the private sector, advisory bodies, accreditation bodies, standards-development organisations and other governments? *</p>	<p>B5. To what extent does the agency responsible for the administration and enforcement of the competition law (the “Competition Authority”) operate autonomously, and to what extent are its human and financial resources sufficient to enable it to do its job?</p>	<p>C5. To what extent are government procurement processes open and transparent to potential suppliers, both domestic and foreign?</p>
<p>H6. Are the policies, laws, regulations, practices, procedures and decision making transparent, consistent, comprehensible and accessible to users both inside and outside government, and to domestic as well as foreign parties? And is effectiveness regularly assessed?</p>	<p>A6. To what extent are clear and transparent methodologies and criteria used to analyse the regulatory impact when developing new regulations and reviewing existing regulations?</p>	<p>B6. If the competition law reserves a role for governmental bodies other than the Competition Authority under the competition law, to what extent is this role transparent, for example, regarding factors taken into account by such decision-maker, and their relative weighting?</p>	<p>C6. Do regulatory requirements discriminate against or otherwise impede foreign investment and foreign ownership or foreign supply of services? If elements of discrimination exist, what is their rationale? What consideration has been given to eliminating or minimising them, to ensure equivalent treatment with domestic investors?</p>

*: This Question could be further integrated for instance moving it to the Horizontal section and merging it with Question C4.

*: This Question could be further integrated, in particular with elements of Question H4.

H. INTEGRATED POLICIES (HORIZONTAL DIMENSION)	A. REGULATORY POLICY	B. COMPETITION POLICY	C. MARKET OPENNESS POLICIES
<p>H7. Are the reform of regulation, the establishment of appropriate regulatory authorities, and the introduction of competition coherent in timing and sequencing?</p>	<p>A7. How are alternatives to regulation assessed?</p>	<p>B7. To what extent is there a transparent policy and practice that addresses the relationship between the Competition Authority and sectoral regulatory authorities?</p>	<p>C7. To what extent are harmonised international standards being used as the basis for primary and secondary domestic regulation?</p>
<p>H8. To what extent are there effective inter-ministerial mechanisms for managing and coordinating regulatory reform and integrating competition and market openness considerations into regulatory management systems?</p>	<p>A8. To what extent have measures been taken to assure compliance with and enforcement of regulations?</p>	<p>B8. To what extent does the competition law contain provisions to deter effectively and prevent hard-core cartel conduct, abuses of dominant position or unlawful monopolistic conduct, and contain provisions to address effectively anti-competitive mergers? To what extent does the broader competition policy strive to ensure that this type of conduct is not facilitated by government regulation?</p>	<p>C8. To what extent are measures implemented in other countries accepted as being equivalent to domestic measures?</p>
<p>H9. Do the authorities responsible for the quality of regulation and the openness of markets to foreign firms, and the competition authorities have adequate human and technical resources, to fulfil their responsibilities in a timely manner?</p>		<p>B9. To what extent does the competition law apply broadly to all activities in the economy, including both goods and services, as well as to both public and private activities, except for those excluded?</p>	<p>C9. To what extent are procedures to assure conformity developed in a transparent manner and with due consideration as to whether they are effective, feasible and implemented in ways that avoid creating unnecessary barriers to the free flow of goods or provision of services?</p>

H. INTEGRATED POLICIES (HORIZONTAL DIMENSION)	A. REGULATORY POLICY	B. COMPETITION POLICY	C. MARKET OPENNESS POLICIES
<p>H10. Are there training and capacity building programmes for rule-makers and regulators to ensure that they are aware of high quality regulatory, competition and market openness considerations?</p>		<p>B10. To what extent does the competition law provide for effective investigative powers and sanctions to detect, investigate, punish and deter anti-competitive behaviour?</p>	
<p>H11. Does the legal framework have in place or strive to establish credible mechanisms to ensure the fundamental due process rights of persons subject to the law, in particular concerning the appeal system?</p>		<p>B11. To what extent do firms and individuals have access to (i) the Competition Authority to become apprised of the case against them and to make their views known, and (ii) to the relevant court(s) or tribunal(s) to appeal decisions of the Competition Authority or seek compensation for damages suffered as a result of conduct contrary to the domestic competition law?</p>	
		<p>B12. In the absence of a competition law, to what extent is there an effective framework or mechanism for deterring and addressing private anti-competitive conduct?</p>	

ANNEX 2. DEVELOPING THE APEC-OECD INTEGRATED CHECKLIST ON REGULATORY REFORM: ADDRESSING REGULATORY, COMPETITION POLICY, AND MARKET OPENNESS ISSUES

I. THE APEC-OECD INTEGRATED CHECKLIST

Project objective and outputs

1. The *APEC-OECD Co-operative Initiative* has played an important role since December 2000 in raising awareness about the importance of regulatory reform in the 46 economies that are members of these two organisations.¹ Regulatory reform is accelerating throughout the APEC and OECD economies as market liberalisation deepens in many sectors, markets open wider to trade and investment, and reform of public sector institutions enables more transparent and efficient regulatory regimes to function. These developments, which are interconnected, help boost sectoral performance, enhance economy-wide efficiency, innovation and growth, increase consumer choice and welfare, and help government to maintain high standards of environmental quality, consumer welfare and safety. The regulatory reform agenda is based on ideas of “regulatory quality”, or the appropriate use of regulation to support markets and foster public interests. As a result, supply-side structural reforms that stimulate investment and competition and reduce regulatory inefficiencies have become central to effective economic policy.
2. As the First Phase of the APEC-OECD Co-operative Initiative demonstrated, there is no ‘one-size-fits-all’ model of regulatory reform. However, Member economies of the two organisations have identified crucial common elements of reform. It is in this spirit that in 1997 and in 2000 they endorsed respectively the *OECD Policy Recommendations on Regulatory Reform* and the *APEC Principles to Enhance Competition and Regulatory Reform* to promote the individual and collective implementation of regulatory reform.²
3. In October 2002, APEC and OECD agreed at the International Conference on Regulatory Reform in Jeju Island, Korea, to pursue the APEC-OECD Co-operative Initiative.³ A central proposal for the Second Phase (2003–2004) is to work collectively on the creation of an *Integrated Checklist* to help countries self-assess their progress in terms of implementing the common principles on regulatory reform.

1. Australia, Austria, Belgium, Brunei Darussalam, Canada, Chile, People’s Republic of China, Czech Republic, Denmark, European Commission, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Indonesia, Ireland, Italy, Japan, Korea, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Papua New Guinea, Peru, Philippines, Poland, Portugal, Russia, Singapore, Slovak Republic, Spain, Sweden, Switzerland, Chinese Taipei, Thailand, Turkey, United Kingdom, United States of America, Viet Nam.

2. The principles can be found on www.oecd.org/regreform or as annexes in the agenda of the Vancouver Workshop.

3. See Work Programme 2003-2004 of the OECD-APEC Co-operative Initiative on Regulatory Reform, www.oecd.org/regreform

4. This project is a joint effort of OECD and APEC member countries and economies, with contributions from the private and social sectors and other relevant international organisations. Its central proposal is to “work collectively ... on the creation of an integrated checklist to help countries to self-assess their progress in terms of implementing the common principles on regulatory reform”.⁴ The goal is to foster as far as possible and feasible, and without compromising the policy objectives, a triple integration of regulatory practices: an integration of both sets of principles, of the main policy areas constituting regulatory reform and of governance perspectives. The APEC-OECD Co-operative Initiative would act as a catalyst in developing this new integrated tool by bringing together the expertise of member economies and relevant individuals and institutions.
5. Previous versions of this Checklist served as a basis for the Fourth Workshop of the APEC-OECD Co-operative Initiative, held in Vancouver, Canada on 8–9 October 2003 where participants discussed the framework, the horizontal aspects and the regulatory policy dimension of *the Integrated Checklist*. At the Fifth Workshop held in Paris on 2–3 December 2003, participants discussed the competition aspects. Market openness was the focus of discussions at the Sixth Workshop which was held in Pucon, Chile, on 24–25 May 2004. A conference on 1 November 2004 in Thailand concluded the preparation of the Checklist and elicited the comments and support of stakeholders. These events have provided an opportunity to discuss a multidisciplinary instrument that can be put to practical use to implement APEC and OECD principles.

II. THE INTEGRATED CHECKLIST

Comparison of the APEC and OECD Principles

6. The *Integrated Checklist* has been designed to be used as an indicative tool for the relevant government agencies, departments and ministries to self-assess country implementation of regulatory reform and in particular the three key policies that support it: regulatory, competition and market openness policies (see Box 1).

4. See Work Programme 2003-2004 of the OECD-APEC Co-operative Initiative on Regulatory Reform, www.oecd.org/regreform

Box 1. Central Definitions

Regulatory reform refers to changes that improve regulatory quality to enhance the economic performance, cost-effectiveness, or legal quality of regulations and related government formalities. Reform can mean revision of a single regulation, the scrapping and rebuilding of an entire regulatory regime and its institutions, or improvement of processes for making regulations and managing reform. Deregulation is a subset of regulatory reform and refers to complete or partial elimination of regulation in a sector to improve economic performance. Regulatory, competition and market openness policies are key drivers for a successful and coherent regulatory reform.

Regulatory policies are designed to maximise the efficiency, transparency, and accountability of regulations based on an integrated rule-making approach and the application of regulatory tools and institutions.

Competition policies promote economic growth and efficiency by eliminating or minimising the distorting impact on competition of laws, regulations and administrative policies, practices and procedures; and by preventing and deterring private anti-competitive practices through effective enforcement of competition laws.

Market openness policies aim to ensure that a country can reap the benefits of globalisation and international competition by eliminating or minimising the distorting effects of border as well as behind-the-border regulations and practices. These policies influence the range of opportunities open to suppliers of goods and services to compete in a particular national market (e.g. through trade and investment), irrespective of whether the suppliers are domestic or foreign.

7. Both sets of OECD and APEC principles share not only the importance given to the need for further regulatory reform but also basic elements and principles such as the importance of regulatory quality, competition and the avoidance of unnecessary economic distortions. They also share key core values such as transparency, non-discrimination, and accountability. Both aim at establishing a policy framework and developing capacities to create a regulatory environment conducive to a well-functioning market economy.
8. Some aspects of the OECD and APEC Principles differ, and implicit gaps in one or another can be noted. The seven key OECD policy principles are built around the need to improve rule-making processes, competition policy and market openness capacities. The APEC Principles support “open and competitive markets” as key drivers of economic efficiency and consumer welfare. They promote competition and market openness (such as through non-discrimination and the avoidance of distortions), which include dealing with new and existing regulatory programmes and rules that may hinder competition or otherwise introduce inefficiencies into the marketplace. The APEC Principles also give a major importance to implementation, stressing for instance the need for capacity building, resources endowment and recognising the role of the private sector. Importantly, both sets of Principles address substantive issues that concern the core and outcome of the reform policy, as well as the process, institutions and capacities to implement the reform policy.⁵

5. For example, the APEC Principles include substantive matters such as the basic content of competition laws (*i.e.*, broad application of the competition principles) but also important framework conditions such as non-discrimination and transparency in the design of the competition agency.

9. Nevertheless, there appear to be no major inconsistencies between the two sets of principles; most of the differences are of emphasis. For instance, some 'process' elements of the OECD list can be derived from the thrust given to 'accountability' and 'implementation' in the APEC Principles. In sum, the two sets can be seen as mutually supportive and consistent and their integration should serve to strengthen their accessibility and implementation. Moreover, any guidelines on these matters will be most effective to the extent that they are seen as flexible and evolutionary and allow scope for improvement and refinement.

The Structure of the Integrated Checklist

10. In addition to drawing directly from the APEC and OECD Principles, the *Integrated Checklist* incorporates the results of previous discussions of past APEC-OECD events as well as recent material developed by the organisations.⁶
11. Schematically, the *Integrated Checklist* can be seen as an edifice in which a 'pediment' is supported by three pillars. The whole edifice is made of 39 normative, *open-ended questions* (11 on 'integrated' policies; 8 on regulatory policy; 12 on competition policy, and 9 on market openness policy) that national authorities should answer when considering the adoption or revision of regulatory, competition or market openness policies. Under each question, one or more paragraphs provide further explanatory elements and criteria. A matrix view of the Integrated Checklist providing a synthesis of questions can be found in Annex 1.
12. The 'pediment' includes all 'shared' and general issues concerning the three policy areas that most support regulatory reform (regulatory, competition and market openness); these include such issues as political commitment, transparency, public consultation, etc. It is recognised that the specific means of effective implementation may vary in the different policy areas, although the amount of detail given in this draft varies according to the issue. As such, these questions can be seen as horizontal and already integrated. The three other sections address specific aspects of each of the policy areas. To further help in the integration, some cross references to individual questions have been added.
13. It should be noted, however, that the 'pediment' and each of the pillars do not differentiate 'substantive' questions focusing on the core elements of the policy, and 'capacity' questions addressing the existence of institutions, processes and other matters needed to implement the APEC and OECD Principles. Also, no attempt has been made to impose a hierarchy on the questions appearing in the Matrix or to weight or assign importance them.

Towards the future

14. The *Integrated Checklist* translates the general statements found in the already agreed-upon APEC and OECD Principles into concrete, practical terms that can be applied in different contexts, and does so in ways that integrate governance perspectives – transparency, accountability and performance. Because of the complexity of the issues involved and the synergies and occasional trade-offs among competing objectives, the *Integrated Checklist* should provide clear guidance and explicit criteria to make evaluation

6. In particular the *1995 Recommendation of the Council of the OECD on Improving the Quality of Government Regulation*; the 1997 OECD Report to Ministers, which set up a comprehensive plan for action on Regulatory Reform; the 2000 Recommendation of the Council Concerning Effective Action Against Hard Core Cartels, and the 2001 Recommendation of the Council Concerning Structural Separation in Regulated Industries and two major stock taking exercises : *Regulatory Policies in OECD Countries: From Interventionism to Regulatory Governance*, Paris, 2002, and *Integrating Market Openness into the Regulatory Process: Emerging Patterns in OECD Countries*, Paris [TD/TC/WP(2002)25/Final].

easier, while helping create a framework in which priorities can be set, capacities enlarged, and awareness raised.

15. An integrated instrument maximises the synergies among the three policy areas and the coherence of the reform efforts, while recognising the political reality confronting many decision-makers in setting regulatory objectives and establishing modalities. Indeed, a number of issues in the three categories and some concepts behind “good practices” in each category are similar. The goal is to provide an integrated whole-of-the-government tool to manage and monitor regulatory reform, providing coherence while serving the different policy areas.
16. The *Integrated Checklist* is a unique and major effort for international development of good regulatory governance practices. It should include the most relevant and action-oriented questions to indicate whether countries have in place effective approaches to designing, implementing and building domestic capacities to ensure that national policies in these three areas are supportive of regulatory reform. Regulatory reform does not simply happen when a policy or law is adopted to that end; effective institutions, policies and tools must be in place, and embedded in an organisational and political culture, to implement it. The *Integrated Checklist* should also function as a repository of APEC and OECD members’ experience, knowledge and best practices leading to further reforms. This is inherently an open process, one in which it is as possible and desirable to learn from failure as from success.
17. Development of the Integrated Checklist is only the beginning. Ahead lies the work of implementing regulatory reform, which the Checklist, used as a self-assessment tool initially and thereafter at intervals, can make easier.

APPENDIX 6

CTI's Contribution to the Mid-term Stocktake on APEC's Progress towards the Bogor Goals

**CTI'S CONTRIBUTION TO THE MID-TERM STOCKTAKE ON APEC'S
PROGRESS TOWARDS THE BOGOR GOALS
(Final Version – 15 April 2005)**

(1) INTRODUCTION

▪ **Stakeholder's Role in Achieving the Bogor Goals**

The Committee on Trade and Investment is the main body responsible for the coordination and implementation of APEC's trade and investment agenda. It is therefore the APEC institution most closely linked with the Bogor Goals of free and open trade and investment. Its role is central to the achievement of the Bogor Goals. The CTI meets three times a year and is composed of representatives from ministries of trade and/or foreign affairs from all 21 APEC member economies. The CTI also oversees 11 sub-groups and four industry dialogues.

APEC economies will reach the Bogor Goals through a variety of mechanisms, which include: a) progress in multilateral trade negotiations; b) implementation of "collective actions" in response to the APEC Osaka Action Agenda and the Shanghai Accord; c) implementation of unilateral liberalization and facilitation initiatives; and d) bilateral and regional liberalization and facilitation through the negotiation and implementation of comprehensive FTAs and RTAs. APEC as a whole, and the CTI in particular, are playing a role in support of progress in all four areas.

- Support for the WTO: The CTI and its sub-fora and industry dialogues have comprehensive work programs aimed at supporting the advancement of negotiations in the WTO, mainly through the development of political statements for Ministers and Leaders that move core areas of the WTO negotiations forward. The CTI can also advance the DDA through effective confidence building and capacity building activities.
- Collective actions: CTI has been tasked with following-up on the implementation of the Osaka Action Agenda and the Shanghai Accord, two vehicles through which Leaders have agreed to reach the Bogor Goals. We have done this through the development of "Collective Action Plans" (CAPs) as well as through the development of standards and Pathfinder Initiatives on new issues such as transparency and the digital economy.
- Individual actions: The CTI is also responsible for the management of the Individual Action Plan process, a key outcome of the Osaka Action Agenda, which was further refined as a result of the Shanghai Accord and aims to encourage and monitor efforts by all 21 economies at unilateral liberalization and facilitation.
- FTAs and RTAs: The CTI has supported APEC-wide efforts to make RTAs and FTAs more comprehensive and transparent, and thus supportive of our overall efforts to meet the Bogor Goals.

▪ **Stakeholder's Vision of Achieving the Bogor Goals**

APEC is closer to meeting the Bogor Goals than it was ten years ago. Evidence to date, such as Australia's 2000 Study "APEC: A Decade of Progress" and many other such efforts demonstrate that progress has been made in several areas, including on tariffs reductions where rates have fallen tremendously over the last 15 years. Foreign direct investment in the APEC region has grown thanks to members' efforts to introduce and improve measures for promoting investment, including measures on IPR, government procurement, standards and conformance, competition policy, and strengthening economic legal infrastructure.

But barriers remain in key sectors. Additionally, intellectual property protection (a core ingredient

to a healthy trade and investment climate) is lagging in a number of APEC economies. The CTI can help APEC members make improvements in these key areas.

All IAP peer reviews conducted to date under the new format state that the economies under review are “on track” to meeting the Bogor Goals. The reports that make those claims were all prepared by independent experts. Most economies still have a lot to do, but, in all cases, what remains to be done is deemed “doable” by the reports. Completing this work will require determination by all APEC members.

It is difficult to predict whether we will meet the 2020 deadline. It is very far away, and a lot can happen in 15 years. But the reports mentioned above all state that this deadline is realistic for developing economies.

The 2010 deadline is nearer. The key here is to see whether developed economies will be able to resolve some remaining difficult issues (sectors with significant levels of protection). However, we need to remember that, except for these issues, trade in several sectors is already almost completely free among the most developed economies of APEC and that measures to improve the investment infrastructure have also steadily been implemented. A number of developed economies in APEC have FTAs between them (such as the 1989 Canada-US Free Trade Agreement, which became NAFTA when Mexico was added in 1994, or the Australia-New Zealand FTA).

However, these remaining issues cannot be addressed through APEC alone. They can only be fully resolved through comprehensive WTO rounds where trade-offs become possible. This is why the success of the negotiations under the Doha Development Agenda (DDA) is crucial to the attainment of the Bogor Goals. Supporting the WTO must therefore remain APEC’s core priority.

APEC can play a significant role in supporting the success of WTO negotiations through developing and brokering statements to advance the DDA at key junctures, sharing some of our work with the WTO in key areas such as trade facilitation and transparency, and in continuing our important work on capacity building.

The CTI must also continue its work in all other areas in order to help economies meet both the 2010 and 2020 deadline. Our CAPs and IAPs are making a significant contribution to progress in all economies. However, the time might have come to have a comprehensive review of our CAPs to ensure that they are as helpful as possible, and to ensure that they are fully implemented. We would also benefit from better monitoring and implementation of APEC-wide commitments in areas such as transparency and the digital economy. As we have now completed the first full IAP peer review process under the new format resulting from the Shanghai Accord, it is also important that we review this process and adapt it to ensure it is as useful as possible in helping economies reach the Bogor Goals.

The CTI also needs to follow-up on the Santiago Initiative for Expanded Trade in APEC, which was launched during the 2004 AELM in Santiago. Its emphasis on the one hand on trade and investment liberalization and on intensified work on trade facilitation will give added impetus towards the attainment of the Bogor Goals.

(2) EVALUATION OF CURRENT STATUS

▪ Stakeholder's Role and Contribution to the Bogor Goals

As mentioned above, the CTI is helping APEC economies liberalize and facilitate trade and investment in four distinct, but sometimes overlapping, areas: supporting and advancing the WTO, implementing collective actions, implementing individual actions, and making RTAs/FTAs supportive of the Bogor Goals.

Support for the WTO

The CTI's trade agenda has been largely focused on supporting the WTO, through capacity building and Ministerial and Leaders' Statements aimed at helping the Geneva process. Our WTO capacity building efforts have certainly helped developing economies better understand issues such as trade facilitation in a WTO context, therefore helping us to reach an APEC-wide consensus for the first time in Pucon that trade facilitation negotiations should be launched in the WTO. Indeed, recent Leaders' and Ministers' statements on WTO issues have gone further than in the past. The Bangkok Leaders' Declaration, coming right after the setback at Cancun, was more specific and helpful than anybody thought possible. And, thanks to Chile, the MRT Statement in Pucon contained some of the most specific and dynamic language ever originating from APEC. The Statement made an important contribution to the adoption of the WTO "July Package".

"Support for the WTO" has been a top CTI priority throughout the years, and our annual reports list a long series of concrete results related to this objective.

Collective Actions

As part of its role in implementing the OAA, the CTI and its sub-fora have developed CAPs in all 15 areas of the OAA. Sub-fora were asked to assess the implementation of their CAPs, and the resulting reports are in Annex 1. These reports show that, while progress is being made, APEC's main contribution on the CAP front has been on capacity building and policy discussions.

Our CAPs and sub-fora have provided excellent opportunities to build networks, strengthen capacity, and increase confidence, therefore contributing to members' efforts to achieve their commitments or to explicit trade and investment liberalization and facilitation. However, a number of our CAPs have not been updated in several years, and we have never fully assessed the extent of their implementation, or whether they will truly ensure we reach the Bogor Goals. It may be time for the CTI to undertake a comprehensive review of its CAPs.

The CTI has also played a key role in the implementation of the Shanghai Accord, which gave new life to APEC's trade agenda in 2001, and which is now supplemented by the Santiago Initiative. In this context, we have made very significant progress in key 21st Century areas such as trade facilitation, transparency, and the digital economy:

- Trade Facilitation: This is an area where APEC is leading the way internationally. Our Trade Facilitation Action Plan is the most advanced international effort in that field. We have agreed to a comprehensive plan that goes much further than what is done in any other organization, and an independent assessment conducted in 2004 demonstrated that it is delivering results. The CTI has also helped generate momentum for the WTO trade facilitation negotiations in Geneva. See Annex 2 for more details.
- Transparency: The APEC Transparency Standards, which we finalized in 2004, are innovative and far-reaching. They are WTO-plus and required very intense negotiations among APEC members. Although not formally binding, they go well beyond other international efforts in this

important area for business. This year economies will report for the first time on their progress toward meeting the Leaders transparency commitments.

- Digital Economy: Since the Brunei Year in 2000, we have been looking at what types of policies will be needed to ensure that we all fully reap the benefits of the New Economy, and, following-up on the Shanghai Accord's call for more work in this area, we agreed in 2002 on the Pathfinder Initiative on Trade and the Digital Economy, another very innovative 21st century initiative that looks at issues in a new way. Again, in this area, we are ahead of other international organizations in setting standards. Actions taken under this pathfinder include initiatives to strengthen IPR protection in the region, and an agreement to support tariff reductions in the WTO on certain IT products.

While much progress has been accomplished in the three core Shanghai Accord areas of trade facilitation, transparency and the digital economy, more work needs to be done in ensuring that the agreements and standards that were developed and agreed are actually implemented by APEC member economies. For example, the 2004 Expanded Dialogue on Trade Facilitation called for more work on assessing and supporting economies' implementation of the measures they listed in their trade facilitation action plans. The CTI will also conduct more work in coming years on the implementation of the APEC Transparency Standards, building on the revised IAP templates reflecting the Transparency Standards adopted in 2004.

Individual Actions

Throughout the years, the CTI has supported the IAP process. It first developed IAP templates in all 15 OAA chapters, and a few more, such as trade facilitation and the APEC Food System. The CTI has also overseen the preparation of annual IAPs by all economies since 1997. We have also developed for SOM an IAP peer review process, which was significantly strengthened at the time of the Shanghai Accord. This re-vamped the IAP Peer Review Process and made the exercise more credible through the involvement of independent experts and greater participation from the business community. APEC alone among trade organizations lets business in the room when economies are reviewed, an important innovation.

As mentioned above, all 21 APEC economies have now been reviewed under this new process, and, in all cases, independent experts have concluded that economies were "on track" to meet the Bogor Goals. The CTI will now work closely with SOM in assessing the IAP peer review process to ensure that it provides as much help as possible to economies in supporting their efforts to meet the Bogor Goals.

RTAs and FTAs

APEC Leaders have recognized that another important contribution APEC members can make toward the Bogor Goals (and the DDA) is to negotiate and implement FTAs and RTAs that are consistent with and build on APEC and WTO principles on comprehensiveness and transparency. Such high-standards FTAs/RTAs will also make the region more conducive to business. The CTI has supported APEC-wide efforts to build capacity on RTAs and FTAs, to make them more transparent, and to develop best practices for RTAs and FTAs.

▪ Stakeholder's Contribution to ECOTECH

The CTI and its sub-fora have contributed more than any other forum to the ECOTECH agenda. Since 1998, the CTI and its sub-fora have organized over 200 projects worth a total of over \$19 million and trained thousands of officials in an extremely wide range of areas. Most of these projects were seminar, workshops, symposia, training programs and studies. Nearly all of them have had a capacity building component as they involved participants from developing economies

The Shanghai Accord called for more and better capacity building. While we have not increased our overall financial efforts (indeed, the TILF fund has been slightly shrinking), the CTI has still organized dozens of capacity building projects since 2001 that have trained hundreds of officials from developing economies in trade-related areas. APEC's TILF-related ECOTECH agenda is alive and well.

- **Stakeholder's Contribution to Business Facilitation in APEC**

See above as well as Annex 2: Trade Facilitation in APEC.

(3) ASSESSMENT

- **Assess how close APEC as a whole is to the Bogor Goals**

See second part of the introduction above.

- **Assess APEC's measures concerning trade facilitation and ECOTECH activities as addressed in the Shanghai Accord**

See section 2 above.

(4) RECOMMENDATIONS

- **What APEC as a whole must collectively do to achieve the Bogor Goals (including trade facilitation and ECOTECH)**
- **What the stakeholder can do to help achieve the Bogor Goals (including trade facilitation and ECOTECH)**

While we have been far from inactive on the trade and investment front, there are additional things we could do to advance our agenda. This is a short list of ideas that tries to be realistic and focus on what is possible in the current political context and takes into account the fact that there are very significant differences among APEC members on a number of key issues. We use the same broad categorization as above to make recommendations related to supporting the WTO, collective actions, individual actions, and RTAs and FTAs.

In addition, CTI will need to continue to support APEC's overall work program on Structural Reform. It is no exaggeration to say that without structural reform in some sectors, we will not achieve the Bogor Goals.

Support for the WTO

As mentioned above, the success of the DDA is crucial to the attainment of the Bogor Goals. This must remain APEC and the CTI's first priority for the foreseeable future. We have to build on our past work and do more than organize capacity building projects and issue statements. We have to ensure that APEC produces statements that contribute in a positive way to core areas of the negotiations, and that these statements are heard at the WTO. The APEC trade ministerial in June, and the joint ministerial and leaders' meetings in November all come at critical points in the DDA negotiations, and APEC has an important opportunity to generate positive momentum to achieve a successful outcome to the WTO ministerial in Hong Kong in December. We must also ensure that Geneva officials are aware of our work. In the immediate future, we must remain seized of the importance of injecting the perspectives of the APEC region into the Hong Kong WTO Ministerial Conference through clear and supportive statements from APEC Ministers and Leaders in 2005.

In recent years, thanks to Chile, Korea and Thailand we have started to use the Geneva Caucus more strategically to this end, but much more can be done, and the CTI stands ready to help. We can contribute through: 1) the organization of outreach efforts with the Geneva Caucus to ensure the WTO and other regions are aware of APEC's work; 2) the organization of capacity/confidence building events such as the recent APEC/WTO Trade Facilitation Roundtable held in Geneva; 3) the preparation and implementation of additional capacity building projects; 4) or the preparation of studies, papers, or information sessions for WTO members.

Collective Actions

CTI must continue to support members' efforts to implement unilateral actions by using its sub-fora to develop collective actions to ensure progress on trade and investment liberalization and facilitation in the region.

As mentioned above, the CTI must review and evaluate the implementation of its Collective Action Plans, and update them as appropriate to ensure they are as supportive as possible of the Bogor Goals.

We also need to show that we are implementing the agreements and standards that we have reached as a result of the Shanghai Accord in trade facilitation, transparency, and the digital economy. We have set innovative standards in all these areas, but this is not enough, we need to implement them. APEC's non-binding and voluntary nature and the absence of any enforcement mechanism, mean that targets for improvements in the trade and investment area always need to

be kept within the bounds of the possible. This is not to say that implementation has not been satisfactory. The results described earlier clearly show otherwise.

We should nonetheless try to better monitor the implementation of our agreements by encouraging expert reviews of individual APEC economies' implementation of the Trade Facilitation Action Plan (including customs, standards, business mobility and e-commerce best practices), the Transparency Standards, and the Digital Economy Pathfinder. Such reviews would allow us to help member economies better identify and address their shortcomings. It would also help APEC as a whole better focus its capacity building work through the identification of specific areas where several economies need help. This would not entirely be new to APEC. At least one of our fora, the SCCP, is already conducting regular reviews on customs issues designed at getting more economies to adopt common standards or best practices. This practice has helped the SCCP become one of our better-attended and most successful fora.

We should consider working with the OECD and other organizations to develop standards in specific areas. We already have an APEC-OECD work program aimed at developing an integrated checklist on regulatory reform, and are also looking at establishing closer cooperation with the OECD on investment including participating in its current work aimed at developing a Policy Framework for Investment. These efforts should be intensified.

Individual Actions

Now that a full cycle of peer reviews has been completed under the new format, the time has come to see whether IAP peer reviews can be improved to ensure they make as helpful a contribution as possible to economies' efforts to meet the Bogor Goals. CTI can play a useful role in helping SOM assess and improve the IAP peer review process.

As mentioned above, business participation in IAP Peer Review sessions is a unique feature of APEC. We should consider involving business to an even greater degree in our work, especially ABAC. The review process could be made more practical by ensuring a wider business perspective on the IAP Peer Review reports as well as in the review sessions.

RTAs and FTAs

Under Chile's leadership in 2004, APEC Ministers agreed upon a useful list of FTAs and RTAs best practices at the Santiago Summit. We need to build on this work to ensure that the best practices are meaningful references for bilateral and regional initiatives, and for the WTO's work in this area. Each of these efforts need to be compatible with one another to achieve the Bogor Goals. The CTI can also certainly play a role in increasing the transparency and comprehensiveness of RTAs and FTAs as well as in conducting analytical work on their contribution to the Bogor Goals.

ANNEX 1 – CAP IMPLEMENTATION REPORTS FROM CTI SUB-FORA

NAME OF CTI SUB-FORUM: MARKET ACCESS GROUP (MAG)

I. Overview of Key Activities since its Creation

Since its establishment in 1998 the MAG has carried a broad range of activities aimed at supporting the achievement of the APEC goals and principles. The following list of key activities emphasizes more recent work in the MAG:

- 1998: collation of non-tariff measures from third-party sources.
- 1998: took over management of APEC tariff database.
- 1999: establishment of website on import regulations.
- 2001: first policy dialogue on non-tariff measures.
- 2002: published report on *Realisation of Trade Facilitation Benefits*
- 2002: enhanced dialogue with the OECD, WTO and PECC on non-tariff measures and trade facilitation
- 2003: capacity-building workshop in Bangkok on quantitative methods for assessing non-tariff measures and trade facilitation.
- 2003 and 2004: extensive work on transparency.
- 2004: trade policy dialogue on market access issues for small and medium-size enterprises.
- 2004: adoption of proposal to create a matrix for trade by APEC economies under preferential conditions.
- 2004: prepared list of IT products for tariff elimination for forwarding to the WTO.
- 2004: workshops in Bandar Seri Begawan and Beijing on negotiating free-trade agreements and preparation of a guide to FTA negotiations (2005).
- 2005: workshop on the impact of preferential rules of origin on market access.

II. Overview of CAP Objectives

- Participate in and ensure the expeditious supply and updates of the WTO Integrated Database and any other APEC databases.
- Arrange for seminars and/or workshops on industrial tariff negotiations in consultation with international organizations, where appropriate, including the WTO Secretariat on WTO IDB.
- Study lessons from modalities for tariff reduction and elimination in sub-regional arrangements.
- Pursue cooperation of information on non-tariff measures into a future version of the APEC tariff database and compile a list of measures recognized as non-tariff impediments and a list of products affected by these impediments.
- Develop a list of trade regulations and associated administrative arrangements with the potential to affect trade patterns.
- Identify industries in which the progressive reduction of non-tariff measures may have a positive impact on trade and on economic growth in the Asia-Pacific region or for which there is regional industry support for early liberalization.
- Progressively reduce export subsidies with a view to abolishing them.
- Elaborate the scope of NTMs affecting a significant volume of trade in goods.
- Abolish unjustifiable export prohibitions and restrictions and endeavour to refrain from taking any new such measures.
- Pursue a series of seminars/policy discussions on non-tariff measures.
- Discuss how NTMs might be implemented in a manner not distorting trade flows.
- Undertake a series of policy discussions on NTMs with a view to exploring issues surrounding their progressive reduction, and devising practical options for their progressive reduction on a voluntary basis.

- Undertake research to develop best practices to enhance transparency and progressively reduce NTMs.
- Undertake research and provide a basis for policy discussions on trade regulations and administrative arrangements that focus on procedural elements of trade processes in collaboration with other APEC fora.
- Pursue a series of seminars/policy discussions on trade facilitation.

MAG decided at its third meeting in 2004 to review all of its CAP objectives during 2005.

III. Extent of CAP Implementation to date

- CAPs ought to be dynamic instruments, and MAG CAPs have been updated several times as the previous target had been achieved or was no longer relevant.
- Success in building, extending and promoting the APEC tariff data base has been very good. MAG has been able to attract commercial sponsorship for meeting the maintenance cost.
- APEC is not a negotiating forum for tariff reductions, but it has a valuable transparency function in this area and has proposed IT products for for tariff elimination in the WTO. MAG has increasingly concentrated on assisting member economies in achieving good-quality preferential trade agreements.

IV. Key Challenges in Ensuring that:

a) CAP is fully implemented by 2010-2020 and

b) CAP truly delivers on Bogor Goals

- Ensuring that CAPs reflect the Bogor Goals and that they are updated regularly as economies make progress towards the Bogor Goals.
- Delivery by MAG of practical policy-oriented initiatives that both clarify the Bogor Goals and assist APEC members to achieve them.
- Need for extensive consultation with sub-fora having related interests or whose responsibilities have a key impact on market access for goods.
- Simplify reporting requirements to the extent possible and focus activities on how to make progress towards the Bogor Goals.

NAME OF CTI SUB-FORUM: GROUP ON SERVICES (GOS)

1. The Group on Services (GOS) is a subgroup established under the Committee on Trade and Investment (CTI) in 1997. It is tasked to look after TILF-related activities of service sectors not covered by the Telecommunications, Transportation, Energy and Tourism Working Groups, and to head towards policy-oriented work in support of the WTO's work on services.
2. GOS has held 25 meetings since 1997, mostly devoted to the implementation of the Services Collective Action Plan (CAP), which outlines the actions and objectives for meeting the Bogor Goals. Major achievements of GOS in this regard include development of the "Policy Framework for Work on Services" in 2000; conducting of the three-phased project "Menu of Options for Voluntary Liberalization, Facilitation and Promotion of ECOTECH in Services Trade and Investment" (MOO) during 2000–2003; development of a set of transparency standards on services in 2003; organization of a seminar on trade in health services in 2003; and completion of two studies on services trade liberalization in 2004. Besides, GOS contributed to the ongoing WTO services negotiations by supporting APEC Members' full participation in the negotiations. Details are set out in the following paragraphs.

Development of the Policy Framework for the Work on Services

3. As instructed by the CTI in 1999, GOS developed the "Policy Framework for Work on Services" so as to provide a structure and mechanism to ensure that APEC's work on services delivers focused and outcome-oriented results in an effective and efficient manner. The Policy Framework, which was endorsed by the CTI in September 2000, comprises a set of guiding principles for work on trade in services, a scope of substantive work items, three mechanisms to ensure effective and efficient implementation of the work items and an outline of the development of the MOO. Work of the GOS is being pursued according to the principles/mechanism laid down therein.

Completion of the MOO

4. To provide APEC members with a broad range of choices of measures for services trade and investment under the three pillars of liberalization, facilitation and Economic and Technical Cooperation (ECOTECH), GOS developed the three-phased MOO during 2000–2003. *Phase I*, accomplished as a deliverable of the GOS in 2000, focused on developing the overall structure, framework and content of the three pillars. *Phase II*, developed in 2001, discussed and elaborated the indicative list of liberalization measures. *Phase III*, conducted in 2002–2003, explored and further developed two key issues under the pillar of trade facilitation - transparency and domestic regulation.

Development of the Transparency Standards on Services

5. In response to Leaders' Statement to Implement APEC Transparency Standards in 2002, GOS discussed and agreed on a set of transparency standards on services for implementation. It was subsequently incorporated into the 2003 Leaders' Statement.

Organization of Seminars

6. GOS organized a seminar on trade in health services in August 2003, which had enabled an exchange of information, views and experiences among members on health services. In March 2005, GOS will organize another three seminars covering mutual recognition agreements, transparency of mode 4 commitments, and scheduling of commitments under the GATS respectively.

Undertaking Studies on Services Trade Liberalization and Facilitation

7. Members of GOS had conducted two studies concerning services liberalization, both of which were completed in 2004. One focused on the costs and benefits of services trade liberalization in four areas, viz, insurance, tourism, distribution and health services; whereas the other on the impact of measure to liberalize and facilitate trade in environmental services. GOS will undertake a research project on the standards of nursing skills in a number of APEC economies between April and December 2005.

Contribution to the WTO

8. GOS has been monitoring developments of services trade negotiations through a WTO Watch Group. It exchanged information and discussed suggestions concerning issues being deliberated at the WTO. To further enhance the communication between GOS and WTO services delegations based in Geneva, the Convenor reported GOS activities at the meeting of the APEC Geneva Caucus held in September 2004. GOS' collective actions have together added "APEC value" to the WTO services work by complementing the on-going WTO services negotiations and increasing APEC Members' capacity to participate fully in the WTO process.

NAME OF CTI SUB-FORUM: INVESTMENT EXPERTS GROUP (IEG)

I. Overview of Key Activities since its Creation

Since its establishment in 1994 the IEG has carried a broad range of activities aimed at supporting the achievement of the APEC goals and principles. The following is a list of key outcomes in the IEG:

- 1994: Leaders agreed APEC Non-Binding Investment Principles.
- 1995 -: thus far, seven Investment Symposiums have been organized to promote investment through policy discussion on issues related to the investment facilitation participated in by government officials, experts, academics, business communities, international organizations.
- 1996: Investment Guidebook published - fully updated in 1999 and again in 2003.
- 1998: compiled a "menu of options" for helping economies to identify policy measures that member economies may include unilaterally in their IAPs for implementation of the Bogor goals.
- 1998: Training Program to improve Member Economies' Capacities on Statistical Reporting and Data Collection.
- 1999: thus far, four Investment Marts have been organized to promote investment through various programs including presentation of the investment policy of each economy, business matching and investment exhibition.
- 2000: Three workshops held on the implementation of the Menu of Options.
- 2002: Phase 1 — study on APEC Cross-border Merger and Acquisitions (M&As) analysed the nature of the cross-border M&As and assess its impact on host economy economic development.
- 2002: Workshop on Bilateral/Regional Investment Rules and Agreements analysed the different disciplines covered in investment agreements and their interpretation, and the interrelation between investment and trade rules in the regional context.
- 2003: Phase 2 — study and Seminar on International Investment Instruments and their Legal Interpretations.
- 2003: Study on Cross-border M&As: Case Studies of Korea, China, and Hong Kong, China analysed the effect of M&As on host economy.
- 2003: Seminar on Venture Capital and Start-up Companies — Implementation of the Menu of Options.
- 2004: APEC/OECD Seminar on current FDI Trends and Investment Agreement was held in Chile; five OECD representatives participated in the seminar as a speaker.
- 2004: OECD Directorate of Financial and Enterprise Affairs made a presentation on the work of the Committee on Investment & Multinational Enterprises (CIME), now the Investment Committee, in the OECD at the 2nd IEG meeting in May 2004.

II. Overview of CAP Objectives

Transparency

Increase the **transparency** of APEC Investment regimes by:

- updating the APEC Guidebook on investment regimes;
- establishing software networks on investment regulation and investment opportunities;
- Improving the state of statistical reporting and data collection;
- Increasing understanding among member economies on investment policy-making issues.

Policy dialogue

- Promote policy dialogue with the APEC business community on ways to improve the APEC investment environment.
- Continue policy dialogue with appropriate international organizations dealing with global and regional investment issues.

Study and evaluation

- Define and implement follow-on training to the WTO implementation seminars.
- Undertake an evaluation of the role of investment liberalization in economic development in the Asia-Pacific region.
- Study possible common elements between existing sub-regional arrangements relevant to investment.
- Refine APEC's understanding of free and open investment.
- Assess the merits of developing an APEC-wide discipline on investment in the light of APEC's own progress through the medium-term, as well as developments in other international fora.
- Study the advantages and disadvantages of creating investment rules — bilateral, regional, or multilateral — with a view to fostering a more favourable investment environment in the Asia-Pacific region.

Investment facilitation, economic and technical co-operation:

Undertake practical facilitation initiatives by:

- Progressively working towards reducing impediments to investments including;
- Undertaking the business facilitation measures to strengthen APEC economies; and
- Initiating investment promotion and facilitation activities to enhance investment flow within APEC economies.

Identify ongoing technical cooperation needs in the Asia-Pacific region and organize training programs which will assist APEC economies in fulfilling APEC investment objectives.

Undertake new activities that contribute to capacity building.

Ongoing improvements to the Menu of Options.

III. Extent of CAP Implementation to date

- IEG CAPs have been updated several times to ensure that the previous target had been achieved and remains relevant but more remains to be done going forward.
- The IAP peer review process on investment suggests that progress in moving towards the 2010/2020 deadlines has been uneven across the member economies but remains “on-track” overall with nothing assessed as not achievable.
- The Menu of Options has been a useful voluntary instrument for achieving faster unilateral liberalisation and has been updated to ensure it remains relevant. But, again, more work remains to be done
- IEG has been successful in implementing ongoing policy dialogue with business through a mix of ongoing policy discussions, seminars and investment symposia.
- IEG has undertaken a number of practical investment facilitation initiatives including several investment marts.
- IEG has made a practical contribution to the evaluation of the role of investment liberalisation through the study on cross border M&As and the various case studies.
- IEG has made an important contribution to improving transparency of investment regimes through the Investment Guidebook which has been updated a number of times.

IV. Key Challenges in Ensuring that:

- a) CAP is fully implemented by 2010-2020; and**
- b) CAP truly delivers on the Bogor Goals**

- IEG should promote greater understanding of the services/investment nexus in the WTO context and thereby support APEC wide efforts to try to make the Doha Round a success.
- Ensuring that CAPs and the Menu of Options reflect the Bogor Goals and that they are

updated regularly as economies make progress towards the Bogor Goals.

- IEG needs to do more work on the medium-term collective action of refining our understanding of free and open investment through an assessment of evolving elements of global investment disciplines.
- Need to ensure we develop a work plan to implement APEC Transparency Standards on investment.
- Need to continue and deepen the policy dialogue and collaboration with various international organisations so as to improve our understanding of the role of investment liberalisation in economic development.
- IEG should assist member economies to reduce barriers to investment by promoting APEC-wide efforts to deepen the understanding of investment areas in RTAs, FTAs and other bilateral investment treaties and how they can contribute to achieving the Bogor Goals.

NAME OF CTI SUB-FORUM: SUB-COMMITTEE ON STANDARDS AND CONFORMANCE (SCSC)

I. Overview of Key Activities since its Creation

SCSC has developed mid and long-term action plans according to the Bogor Declaration and Osaka Action Agenda of October 1995 and tried to achieve the goals by pursuing four pillars of key activities such as alignment with international standards, recognition of conformity assessment, cooperation on technical infrastructure development, and transparency. Those subjects are being accomplished by the active participation of member economies while in-depth discussions are being held among member economies.

Other than the above activities, SCSC also holds Good Regulatory Practice Seminar biannually, Policy Dialogue with ABAC, and Conference on Standards and Conformance when necessarily. And members of SCSC attend EE-MRA Joint Advisory Committee to facilitate the recognition of conformity assessment among member economies in the section of electrical and electronic equipments.

II. Overview of CAP Objectives

The objectives of the Collective Action Plan can be summarized under four main headings.

1. Alignment with International Standards
 - Alignment of member economies' standards with International Standards by 2010/2020
 - Completion by each APEC economy of its voluntary Action Program in the priority areas identified by the SCSC by the targeted years.
2. Mutual Recognition of Conformity Assessment
 - Fostering confidence in the region's conformity assessment infrastructure through mutual recognition arrangements in the voluntary sector
 - Participation in a network of bilateral and multilateral mutual recognition arrangements in most regulated sectors by 2010/2020
3. Cooperation of Technical Infrastructure Development
 - Improvement and maintenance of the level of APEC economies' standards and conformance infrastructure to participate in mutual recognition arrangement by 2010/2020
 - Development of a mid-term plan to improve technical infrastructure by 2000
4. Transparency
 - Increase of transparency of APEC economies' standards and conformance requirements
 - Conducting a survey for information database and network in 1996

III. Extent of CAP Implementation to date

1. Alignment with International Standards
 - In respect to the alignment of standards with international standards, the meeting noted that (i) the work to be undertaken on a voluntary basis; (ii) members were encouraged (but not obliged) to align their standards with international standards in priority areas when they are identified; and (iii) members were encouraged to remove all deviations of their standards from international standards wherever possible except in circumstances allowed by the TBT and SPS Agreements.
 - Priority areas are as follows: Electrical and Electronic Appliances, Food Labeling, Rubber Groves and Condoms, Machinery (2000/2005), Electrical Safety and relevant EMC Standards, Safety of IT Equipment(2004/2008), Standards and Guidance on CA and Management Systems(2002/2005)

- The implementations of the alignment with international standards are being done according to the target years. Ten economies achieved the alignment in the original four priority areas and 14 economies in the additional priority areas.
- In 2005, SCSC will conduct comprehensive survey on the voluntary action plan concerning the areas where alignments are not fully accomplished.

2. Mutual Recognition of Conformity Assessment

- EE-MRA: 15 economies in 1st stage, 3 economies in 2nd and 3rd stage
- Food MRA: 7 economies
- Arrangement for the Exchange of Information on Toy Safety: 9 economies
- Arrangement for the Exchange of Information on Food Recall and Food Recall Guidelines: 2 economies
- For the promotion of the participation on voluntary sector MRA, the representatives of SRBs (APLAC, APLMF, APMP, PAC, PASC) are invited to SCSC meeting as guests.

3. Cooperation of Technical Infrastructure Development

- Fifty three TILF projects have been done to promote the cooperation of technical infrastructure development.
- The PfP (Partners for Progress) Training Course has been developed as a way of cooperation.
- Review of the Mid-term Technical Infrastructure Development Program had been conducted in 2000 and revealed that the level of technical infrastructures of member economies has improved, but still needed further improvement.

4. Transparency

- Transparency Survey to Assess Availability and Access to Standards, Regulations and Conformity Assessment Requirements had been conducted in 1996.
- Contact point list is updated every year at APEC homepage.
- TIC-CAR internet database have been developed to provide information regarding conformity assessment bodies of member economies.

IV. Key Challenges in Ensuring that:

- a) CAP is fully implemented by 2010-2020 and
- b) CAP truly delivers on Bogor Goals

1. As regulators have different views from trade facilitators, it is important for SCSC to cooperate with regulators.
2. It has been shown that member economies of SCSC have actively participated in the work of SCSC and has made much progress in achieving Bogor Goals. However, more active participation needs to be done to fully implement CAP.
3. The utilization level of information technology needs to be increased to share the relevant information and to improve the transparency among member economies.
4. Cooperation in technical infrastructure development needs to improve in compatibility in technical level to promote MRA among member economies.
5. Discussions with the private sector need to be more encouraged even though SCSC currently hold policy dialogue with ABAC to reflect the needs of the private sector in SCSC work.

NAME OF CTI SUB-FORUM: SUB-COMMITTEE ON CUSTOMS PROCEDURES (SCCP)

February 28, 2005

1. Objective of the SCCP

Sub-Committee on Customs Procedures (SCCP) was launched under the Committee on Trade and Investment (CTI) in 1994. The SCCP's main objective is to facilitate trade by simplifying and harmonizing Customs Procedures in the APEC region. SCCP activities support the efficient, safe and effective movement of goods and services in the region.

2. Overview of SCCP Activities: Collective Action Plans

In 1995, APEC leaders agreed to adopt the Osaka Action Agenda(OAA), which sets out the principles, process and sub-fora Collective Action Plans(CAP) towards achieving the Bogor Goals for free and open trade and investment in APEC region by 2010 for developed economies and 2020 for developing economies. The "Customs Procedures" was one of APEC's Collective Action Plan in the OAA.

Customs is a sector particularly adapted to the internationalization of its rules and procedures, a highly important factor in the era of trade globalization, but also of culture, technology and information. Customs administrations in the APEC region are key actors in these policies of increasing and freeing trade. Within this context, this Sub-Committee has been organized as a very structured area within APEC and CTI, with its own programs and cooperation, mainly through its 14 CAPs.

In 2001, APEC Leaders adopted the Shanghai Accord which aimed to reduce transaction costs by 5% in the period of 2001 to 2006. In response, the Framework for APEC Trade Facilitation Action Plan was developed. The Action Plan includes 4 key elements including the 'movement of goods' component, in which the SCCP participates. The 60 items developed as the Menu of Actions and Measures were endorsed by the Ministers in 2003 and include most of the 14 SCCP CAPs.

The fourteen SCCP Collective Action Plans (CAPs) are as below:

- Harmonization of Tariff Structure with the HS Convention
- Public Availability of Information on Customs Laws, Regulations, Administrative Guidelines and Rulings provided to the business sector on an ongoing basis
- Simplification and Harmonization on the basis of the Kyoto Convention
- Adoption and Support for the UN/EDIFACT – Paperless Trading
- Adoption and the Principles of the WTO Valuation Agreement
- Adoption and the Principles of the WTO Intellectual Property Rights (TRIPs) Agreement
- Introduction of Clear Appeals Provision
- Introduction of an Advance Classification Ruling System
- Provisions for Temporary Importation e.g. Acceding to the A.T.A. Carnet Convention or the Istanbul Convention
- Harmonized APEC Data Elements
- Risk Management Technique
- Guidelines on Express Consignments Clearance
- Integrity
- Customs-Business Partnership

3. CAP Implementation

The SCCP revised the format of the CAP matrix, which includes a table of contents, grouped numerically with their stages and the names of the CAP coordinators, and CAP criteria for all three stages. The matrix was also updated at the 1st SCCP in 2005 to incorporate the progress made by 6 economies, in particular, Australia, Hong Kong, China, Japan, Korea, Mexico, and PNG, with the most recent version accessible on the SCCP website.

To utilize members' limited resources effectively, the SCCP introduced a staging mechanism with 3 different stages. Amongst CAP items of the SCCP, prioritized and lower-achieved activities are categorized in stage 1 that calls for positive efforts with further technical assistance (on-going) for proper implementation. Stage 2 includes items for which most of the economies have indicated completion of the majority of the CAP's objectives. Stage 3 practically means graduation. Based on these categories, SCCP specified priority projects and has provided focused and efficient cooperation to them.

At the 1st SCCP in 2005, member economies discussed proposals from each of CAP coordinators to move five CAP items to the next Stage: Integrity from Stage 1 to Stage 2; and four from Stage 2 to Stage 3, including i) Adoption of the Principles of the WTO Valuation Agreement, ii) Adoption of the WTO Intellectual Property Rights (TRIPs) Agreement, iii) Provisions for Temporary Importations, and iv) Guidelines on Express Consignment Clearance. Each co-shepherd provided reasons why these CAP items should move to the next Stage, mainly referring to funding expiration, no activities for recent years, and satisfactory level of implementation. Moreover, the SCCP has started to seek appropriate ways the SCCP can respond to Leader's or Minister's directions.

Besides the review of the existing CAPs, the SCCP has embarked on new challenges with launching two new CAP items in order to reflect the growing needs of trade facilitation and security. The SCCP adopted the "Time-Release Survey (TRS) based on the World Customs Organization (WCO) methodology," which will be employed as a means of identification of problems and bottlenecks in Customs procedures, and will eventually accelerate Customs clearance facilitation. In addition, the SCCP adopted in principle the "Implementation of APEC Framework based on the WCO Framework of Standards to Secure and Facilitate Global Trade." This CAP will aim at strengthening secured trade and greatly contribute to an expedited facilitation of legitimate and low-risk cargoes. The SCCP will actively engage in these items.

4. Contribution to the Bogor Goals

Customs administrations from the APEC region have achieved significant progress in streamlining, upgrading and harmonizing their activities through the CAPs. Australia, in the capacity of the Chair of Trade Facilitation Working Group, collected case studies conducted by member economies. The case studies that follow demonstrate SCCP members' commitment to improving trade facilitation arrangements in the environment of increased security scrutiny.

To support WTO, the SCCP established a mechanism on implementation of customs-related WTO agreements in 2001. With providing sufficient multiyear technical assistance to customs administrations, the SCCP has held a large number of workshops for smooth implementation of three WTO agreements: the WTO Customs Valuation (CV) Agreement, the border control clauses in The WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), and the Agreement on Rules of Origin (ROO). The capacity building to support WTO will evolve, reflecting the development of newly launched WTO negotiations on Trade Facilitation. These efforts seem to forward APEC's position complementarily toward the Bogor Goals.

These showcase practices geared up for trade facilitation, newly and updated, which are attached herewith, well demonstrate the result-oriented commitments of the SCCP's collective and individual economy to maximizing tangible benefits and business cost-saving effects which were produced due to Customs administrations' these unremitting initiatives.

The mid-term report, which was endorsed at the 2nd SCCP in 2004, contains 35 trade facilitation-driven case studies submitted by 19 APEC economies for the purpose of transferring and sharing best practices among the APEC Customs administrations, and it was tabled at the CTI I in 2005. The SCCP's final report to CTI is due to be tabled at SOM III 2006.

NAME OF CTI SUB-FORUM: INTELLECTUAL PROPERTY EXPERTS GROUP (IPEG)

February 7, 2005

Having agreed to incorporate the Doha issues into the IPEG agenda in 2002, we discussed various WTO matters and reviewed the status of efforts to fully implement the WTO TRIPs Agreement. In 2002, we produced a handbook on intellectual property (IP) and biotechnology. In 2003, we compiled a list of well-known trademarks from each economy, along with a directory outlining the practices of member economies with respect to well-known trademarks. After taking a survey on geographical indications, we compiled a snapshot of domestic geographical indications protected by APEC economies.

To seek the harmonization of international schemes in IP areas, the IPEG members are committed to joining international treaties such as those of the WTO and WIPO. We adopted guidelines for simplifying and standardizing administrative procedures and published the guidelines on the Internet from 1996 to 2000. In 2002, we completed a survey on the intellectual property laws and organizations of each APEC economy. In 2004, to maximize the commonality of trademarks among members, we made a final draft of a common trademark application form.

Taking effective measures to protect IPRs is another important category of CAPS that we recognize. In 2002, we endorsed the APEC IP toolkit, which provides a framework for IP enforcement projects. The toolkit contains various publications and training materials aimed at increasing public awareness. We also conducted a survey on the laws, regulations and enforcement practices for controlling the export of counterfeit or pirated products.

We encouraged each member economy to establish an IPR Service Center. The centers are expected to provide detailed and concrete information for the settlement of IP disputes and to help coordinate the fight against counterfeiting and piracy. The centers are currently functioning in some member economies.

In 2004, we drafted two reports proposed by Japan. One maps the progress of IPR policies and the other covers the comprehensive IPR strategies in the APEC region. The reports summarize each economy's progress on IPR protection and enforcement, and provide information on the current legal schemes and enforcement statistics.

Various APEC-funded and self-funded projects were conducted to enhance awareness of public and government officials on guidelines for IPR protection and on the obligations of the WTO. In 2004, five APEC-funded projects are conducted; Korea completed the APEC IPEG technical cooperation project for the automation of IP offices, Australia conducted the public awareness program titled "public education and awareness of IP", China hosted a seminar to enable members to fully participate in negotiation of the WTO Doha Round, Vietnam held an APEC training course on IPR enforcement in Hanoi, and Japan created a manual to provide a reference for establishing IPR Service Center.

To address digital piracy, which is becoming as a widespread problem around the world, we initiated a survey on the best practices of member economies for combating optical disc piracy. The survey, which is currently being finalized by Singapore, was endorsed in 2003 by the AMM under the "Future works of digital piracy initiative". Note also that in 2001 the US conducted a survey into the legal framework governing the use of legal software by government agencies.

The outcomes of these issues are featured on the IPEG Web site <<http://www.apecipeg.org>>, which is run by Australia. The Web site has been updated with advanced functions; it also provides the main reports of IPEG activities as well as links to IPR Service Centers and enforcement databases. Through the Web site, we have been able to enhance the transparency of IPEG discussions among member economies.

In 2004, we rearranged the CAP items to bring our topics into line with the APEC objectives and CTI priorities. We will continue to study the pending items and emerging issues in view of the expanding demands of IPR protection and enforcement. Moreover, we expect APEC to further investigate and discuss digital piracy through the Internet.

In 2005, we will start new CAPs. They include a survey on the protection and examination of nontraditional trademarks such as sound trademarks and trade dresses; new projects on the use and dissemination of IP information in research and development investment; and the linkage between ideas and commercialization.

NAME OF CTI SUB-FORUM: COMPETITION POLICY AND DEREGULATION GROUP (CPDG)

I. Overview of Key Activities since its Creation

In November 1994, APEC Ministers agreed that the CTI would develop an understanding of competition issues, in particular competition laws and policies of economies in the region and how these affect flows of trade and investment in the APEC region. They also identified potential areas of technical cooperation among member economies. In 1996, the *Osaka Action Agenda (OAA)* work programs for competition policy and deregulation were combined into the CPDG sub-forum. In 1999, APEC Ministers endorsed the “*APEC Principles to Enhance Competition and Regulatory Reform*” as an important tool to achieve the Bogor Goals of free and open trade and investment by 2010/2020. The principles are not limited to promoting competition, but also extend to promoting regulatory reform, and are thus aimed at competition in a wider sense.

Some of the key activities undertaken by this sub-forum are:

- **Partnership for progress**

Between 1996 to 2000, Japan Fair Trade Commission, in partnership with the Thai competition authority, organized a training program as a part of APEC’s “Partnership for Progress” program. Over this five-year period, about 190 competition experts from developing economies participated in this program and around 70 participated from developed economies.

- **Training Program on Competition Policy**

This project was conducted by JFTC, in cooperation with Thailand, Vietnam, Malaysia and Indonesia, taking into account the success of the “Partnership for Progress” program. It is aimed at assisting the capacity building of experts from member economies, in particular developing member economies, by providing a wide variety of courses in the area of competition policy. The courses include both lectures and case studies, and contribute to the implementation of APEC’s Principles to Enhance Competition and Regulatory Reform.

So far, five workshop have been developed under this initiative. The first was conducted in Bangkok, Thailand, from August 6th to 8th 2002 under the topics “Competition Advocacy” and “Capacity Building for Effective Enforcement”. The second was conducted in Hanoi, Viet Nam from 5–7 August 2003. It was aimed at further developing the discussions undertaken in the first program, focusing on case studies and investigation procedures. The main subjects tackled in this workshop were “Cartels, abuse of dominant position and mergers” and “Developments in competition policy & laws”. The third workshop was held on March 1-3, 2004 in Kuala Lumpur, Malaysia, addressing the topics “Competition Policy and Globalization” and “Competition Policy and Development Policy”. Its aim was to contribute to the drafting and review of competition law and more effective enforcement of competition law and policy in APEC economies. The fourth workshop was held on 3–5 August 2004 in Ho Chi Minh, Viet Nam. It focused on “Abuse of Dominant Position (Monopolization)” and “Organization of Competition Agencies and Investigation Procedures”. The fifth workshop was held in Yogyakarta, Indonesia, on 6–8 December 2004. Topics discussed were: “Unfair Trade Practices” and “Support for the Competition Regime”.

- **APEC Competition Policy and Law Database**

This initiative complements the information gathering exercise identified by APEC economies in the first section of the *Osaka Action Agenda*. The completion of the APEC Competition Policy and Law Database, hosted by Chinese Taipei, allows all APEC economies to gather information and promote better dialogue on and study of each APEC economy’s competition policy and/or laws and administrative procedures. The information gathering exercise provides an opportunity for economies to share experiences and to exchange views regarding issues of competition policy and law.

The information contained in the Competition Law and Policy Database is public, thus fulfilling the general principle of transparency in the Osaka Action Agenda and implementing the Bogor declaration.

- **APEC/OECD Cooperative Initiative on Regulatory Reform**

An APEC-OECD agreement on joint work on regulatory reform was developed in the Fall of 2000 and was endorsed at the APEC Ministerial Meeting on 12-13 November 2000 in Brunei Darussalam, aimed at implementing the APEC and OECD principles embodied in the 1999 APEC *Principles to Enhance Competition and Regulatory Reform* and the OECD *Policy Recommendations for Regulatory Reform* contained in the *Report on Regulatory Reform* presented to OECD Ministers in 1997. The first phase of the joint work was organized around a series of related events in Singapore, China, Mexico, and Korea. During the concluding workshop in Korea, there was an agreement to launch a second phase of the APEC-OECD Co-operative Initiative, which would focus on the elaboration of an APEC-OECD Integrated Checklist for self-assessment on regulatory, competition and market openness policies, to implement the OECD and APEC principles.

1st Phase of the Program

Launching event in Singapore, 22–23 February 2000 on the first results of regulatory reform, implementing regulatory reform in APEC and OECD economies, and promoting information economy through regulatory reform.

The 1st workshop was held in Beijing, China on 19–20 September 2001 on designing a broad regulatory reform program, and competition policy. The 2nd workshop of this initiative was held in Merida, Mexico, on 24–25 April 2002 on regulatory impact assessment and trade facilitation. 3rd workshop, held in Jeju Island, Korea, on 16–17 October 2002 on Regulatory transparency and competition, and regulation in the telecom, electricity and financial services. A High Level Conference held in Jeju Island on 18 October 2002 concluded the first phase of the program.

2nd Phase of the Program

A central element of this second phase has been the elaboration of an APEC-OECD *Integrated Checklist* for self-assessment on regulatory, competition and market openness policies.

The 4th workshop of the initiative, first of the second phase, was held in Vancouver, Canada, on 8–9 October 2003 on developing the APEC-OECD Integrated Checklist for Regulatory Reform and Reforming Existing Regulations in member economies. The 5th workshop was held in Paris, France on 2–3 December 2003 on developing the APEC-OECD Integrated Checklist for Regulatory Reform focusing on the competition policy aspect in member economies. The 6th workshop was held in Pucon, Chile on 24–25 May 2004 on developing the APEC-OECD Integrated Checklist for Regulatory Reform focusing on the market openness aspect in member economies. The 7th workshop of the cooperative initiative was held in Bangkok, Thailand 1 November 2004, this workshop concluded the second phase of the Joint APEC-OECD work on regulatory reform. This meeting brought the three policy areas together, and generated preliminary approval of the Checklist. The *Integrated Checklist* will now be presented to the respective Executive Bodies of the APEC and OECD for endorsement.

In this way, the CAP related to deepening the dialogue between APEC economies and relevant international organizations was attained, thus contributing to a better international environment for competition.

- **Training program to promote economic competition in APEC Member Economies**

In 2001, Mexico submitted to the CPDG a short-term training course to be developed during 2002 and 2003. The project entitled "Training Program to Promote Economic Competition in APEC economies", focused mainly on regulated sectors and complemented existing projects dealing with competition and regulation issues that were successful in building capacity among member economies while providing general guidelines. The project comprised four seminars on specific sectors: energy, transport, telecommunications and financial services.

The purpose of these seminars was to exchange experiences and best regulatory practices in enforcing regulatory and competition policies, as well as promoting knowledge and implementation of the APEC Principles to Enhance Competition and Regulatory Reform among its member economies. The speakers at the seminars were high level experts on these topics. Participants included officials from regulatory bodies and other offices of the federal government, legislators, advisors, and academics that work in the regulated sectors.

The first of these seminars focused on the Energy sector, and was jointly organized by the Mexico's Federal Competition Commission and the Mexico's Energy Regulatory Commission. It was held on the 30–31 May 2002, in Mexico City. Subsequently, the Commission organized, in coordination with the Mexican Ministry of Communications and Transport, the Seminar on Transport. It was held on the 19–20 October 2002, in Mexico City. The Mexican Federal Competition Commission organized the Seminar on Telecommunications, which was held on the 11–12 September 2003, in Mexico City. Finally, the Commission organized a Seminar on Financial Services, held on the 17–18 November 2003, in Mexico City.

- **Best Practices in the Enforcement of Competition Policy**

This Seminar was held on 26 May 2004 in Pucon, Chile, was organized and chaired jointly by the Australian Department of the Treasury and the Australian Competition and Consumer Commission. Many APEC economies have recently enacted new or strengthened competition laws. The attention has now turned to the key role played by relevant agencies in ensuring that these laws are adequately enforced. This seminar was aimed at enhancing the capacity of participants to interpret, implement and enforce sound commercial laws and business regulations through the sharing of experience by developed and developing APEC economies.

II. Overview of CAP Objectives

The objectives of the Competition Policy CAP are: to promote information sharing, dialogue and to study competition policy/laws and their enforcement, as well as their interaction with other policies related to trade and investment; to increase transparency of existing competition policies; and to promote a culture of competition among governments and domestic constituencies.

The main goal of the Deregulation CAP is to promote information sharing and dialogue while increasing transparency and knowledge of existing regulatory regimes and regulatory reform processes. Transparency in regulatory regimes and the elimination of trade barriers or unnecessarily restrictive regulations are the key objectives of APEC's work in the deregulation area.

III. Extent of CAP Implementation to date

With respect to competition policy and deregulation, the Osaka Action Agenda encourages APEC economies to enhance the competitive environment in the Asia-Pacific region by introducing or maintaining effective and adequate competition policy and/or laws and associated enforcement policies, ensuring the transparency of these, and promoting cooperation among APEC economies, thereby maximizing the efficient operation of markets and competition in the marketplace.

IV. Key Challenges in Ensuring that:

a) CAP is fully implemented by 2010-2020 and

The CPDG has been actively working to ensure that all APEC Member economies understand the APEC Principles to Enhance Competition Policy and Regulatory Reform, and to encourage their implementation, through capacity building programs in which members share their experiences with implementation of the Principles and discuss and analyze the benefits of sound policies relating to competition and regulatory reform.

Key challenges to ensuring that the CAP enhances the Bogor Goals and is fully implemented on schedule include: maintaining the high quality of the CPDG's capacity building programs; advancing the dialogue, information exchange and study of competition policy, laws, their implementation and their interrelationship with other policies related to trade and investment; and supporting the enhancement of cooperation among APEC economy regulatory agencies and competition authorities.

b) CAP truly delivers on Bogor Goals

To continue to develop programs, including capacity building and technical assistance programs, to support the voluntary implementation of sound approaches to competition policy and regulatory reform, as well as effective means of co-operation between and among APEC economy regulatory agencies and competition agencies, and to promote awareness that these agencies need sufficient resources to effectively perform their tasks, since a pro-competitive and intelligently regulated business environment is key to reaching open and free trade and investment.

NAME OF CTI SUB-FORUM: GOVERNMENT PROCUREMENT EXPERTS GROUP (GPEG)

I. Overview of Key Activities since its Creation

The GPEG was established in 1995 to consider ways to increase transparency of government procurement markets in accordance with the Bogor Goals.

One of the key activities of GPEG is information exchange. To facilitate this GPEG developed the Government Procurement Non-Binding Principles (NBPs) of Transparency, Value for Money, Open and Effective Competition, Fair Dealing, Accountability and Due Process, and Non-Discrimination in 1999. APEC Member Economies are encouraged to align their procurement framework with the NBPs.

The NBPs identify principles and practices that promote the Bogor goals in government procurement. GPEG meetings include voluntary presentations by members to enable the group to review consistency of government procurement regimes against this framework. Summary information is also available on the APEC website.

GPEG also shares information on the development of e-procurement in member economies, recognising that e-procurement is an important tool to identify business opportunities across the region. GPEG has established an electronic bulletin board to enable members to share information between meetings in a secure environment.

Information sharing on regional and bilateral trade agreements has also been an increasingly important feature of GPEG's work. This enables member economies to build an understanding of the operations, negotiations and issues arising in developing these types of agreements.

One of the first activities of GPEG was to undertake two surveys across APEC economies – government procurement systems of economies and business opportunity publishing arrangements. These surveys provided a view of the commonalities and differences across government procurement regimes.

This gathering of APEC wide information continued in 2000 with a survey of member economies e-procurement systems. This survey has resulted in GPEG exchanging information on e-procurement systems and issues at meetings. The adoption of electronic internet-based systems is a significant contributor to access to government procurement markets irrespective of location or size of business.

GPEG has also organised a number of seminars and workshops covering a variety of government procurement topics including government procurement practices, public sector management and liberalisation of government procurement. The most recent educational event was held in 2003 where GPEG held a symposium and workshops on e-procurement and promoting access for small to medium enterprises (SMEs). The reports from the workshops contain strategies that can be considered for implementation at the regional and domestic levels.

GPEG has a long history of interaction with non-APEC fora such as the OECD, the ADB and the WTO. GPEG has provided information on its NBPs and associated illustrative practices to the WTO, as well as contributing to the WTO's understanding of GPEG's work on transparency with the provision of a paper – *Transparency in Government Procurement: The goals of the Asia-Pacific Economic Co-operation Government Procurement Experts Group*.

GPEG finalised the area-specific transparency standards in 2004. This was the result of extensive discussions and negotiations to develop a set of standards that are acceptable for member economies, recognising the importance of transparency as a key element of the GPEG framework.

II. Overview of CAP Objectives

The CAP objectives continue to address the themes set out in the Bogor Goals with alignment with the specific priorities of the Committee of Trade and Investment (CTI).

The objectives are:

- To review consistency of government procurement systems with the NBPs and the Transparency Standards on government procurement;
- To exchange information on development of e-procurement in government procurement in ways consistent with the NBPs, and consider/develop relevant capacity building approaches;
- To monitor progress of the WTO's work on government procurement and consider further contributions;
- To provide greater access for business to government procurement information;
- To share best practice in government procurement through the dissemination of case studies;
- Share and discuss GPEG members' experience with regional and bilateral free trade agreements in the area of government procurement; and
- Build greater engagement with the business sector and other stakeholders.

III. Extent of CAP Implementation to date

The first review of member economies government procurement systems against the six NBPs is close to completion with many economies providing regular updates. Many economies have also provided substantial information on their e-procurement systems. This work will continue. The GPEG Bulletin Board was launched in late 2004 and will enhance GPEG's information sharing capability.

In 2004 GPEG completed the area-specific transparency standards for government procurement and will share information on implementation over 2005.

A significant increase in activity on bilateral trade agreements has led to GPEG increasing its emphasis on this area. This will continue in 2005.

Interaction with the business sector and other stakeholders is an area in which GPEG has further work to undertake.

IV. Key Challenges in Ensuring that: **a) CAP is fully implemented by 2010-2020 and** **b) CAP truly delivers on Bogor Goals**

- a) A key challenge is to ensure that GPEG's CAP is continually updated to reflect the changing needs of Leaders, CTI and member economies. Many aspects have been fully implemented; many more will be implemented whilst many others reflect ongoing work of the Group. As the key thrust of GPEG's work is information sharing this will need to continue to be relevant to member economies needs to and beyond 2010 and 2020.
- b) Key challenges for GPEG to deliver on the Bogor Goals include:
 - increasing the pace of adoption and enhancement of government procurement regimes of the NBPs and the Transparency Standards;
 - increasing linkages with business and non-APEC fora;
 - taking up opportunities for capacity building activity in our area of operation;
 - increasing the participation and attendance of government procurement experts in GPEG activities; and
 - testing our relevance and contribution to APEC regularly.

NAME OF CTI SUB-FORUM: INFORMAL EXPERTS GROUP ON BUSINESS MOBILITY (IEGBM) [BUSINESS MOBILITY GROUP (BMG)]

Background

In November 1995 in Osaka, APEC Leaders agreed to adopt the Osaka Action Agenda (OAA) which sets out the principles, process and sub-fora Collective Actions towards achieving the Bogor Goals for free and open trade and investment in the region by 2010/2020. The facilitation of the mobility of business people was identified as one of APEC's 15 Collective Actions in the OAA (Attachment A). The BMG's current objectives are to:

- a. *enhance the mobility of business people who are engaged in the conduct of trade and investment activities in the Asia-Pacific region; and*
- b. *enhance the use of information and communications technology (ICT) to facilitate the movement of people across borders, taking into account the Leaders' Statement on Counter Terrorism.*

Specific BMG Collective Actions include:

- (i) Exchange information on regulatory regimes relating to business mobility;
- (ii) Streamline short-term business entry and temporary residence processing arrangements for the intra-company transferees;
- (iii) Develop and implement mutually agreed standards and benchmarks essential to capacity building necessary to provide streamlined visa application and immigration entry, stay and departure processing arrangements;
- (iv) Establish and maintain a dialogue within the BMG and with the APEC business community on mobility issues important to the APEC business community.

Progress to date

Since its establishment in 1997, the BMG has worked cooperatively to achieve substantial progress on implementing its Collective Actions towards advancing trade facilitation.

Exchange Information

The BMG has an active program which supports the exchange of information on visa regimes and other initiatives through:

- developing and maintaining the online APEC Business Travel Handbook which provides current information for business people on economies' temporary entry visa requirements. The Handbook is part of the BMG's website, which was developed to provide direct online access to member economies for meeting papers, discussion and as a means for business to provide feedback to the BMG;
- members are encouraged to share information via the website on their legislation, FTAs and other trade agreements; and
- members share information at BMG meetings on the range of initiatives and standards they have implemented and lessons learned.

Short-term business entry and temporary residence

Since its establishment, the BMG has developed standards to streamline the entry of short term business visitors and business temporary residents. The standards are consistent with objectives of the WTO General Agreement on Trade in Services (GATS), specifically Mode 4. These include:

- The APEC Business Travel Card scheme, visa waiver or 3 year multiple entry visa arrangements for short term business entry;

- A 30 day processing service standard for temporary visa applications for intra company transferees (executives, managers and specialists (the latter group as defined by each economy));
- Agreed business mobility measures and actions to reduce transaction costs to business; and
- Standards for the progressive introduction of e-commerce arrangements.

APEC Business Travel Card Scheme

Since its permanent establishment in 1999, the APEC Travel Card scheme has grown to 16 economy members. Membership currently includes: Australia, Brunei, Chile, China, Hong Kong (China), Indonesia, Japan, Korea, Malaysia, New Zealand, PNG, Peru, Philippines, Singapore, Chinese Taipei and Thailand. At least one further announcement of participation in the scheme is expected in 2005 and it is hoped that all economies will eventually join the scheme.

In 2004, members agreed on a promotional strategy, proposed by the APEC Communications Unit, to promote the card within the region's business community. Results so far have been positive with significant increases in the number of applicants occurring in many member economies.

Intra company transferees

The majority of member economies are meeting the agreed 30 day service standard for processing applications from executives, senior managers and specialists (the latter group as defined by economies), where all documentation is complete at time of lodgement.

Reducing transaction costs by 5%

The BMG will exchange information on progress to implement economies' selected trade facilitation plan actions and measures to reduce business transaction costs by 5% by 2006, and will also exchange information on methodologies to measure the benefits. The BMG is collectively implementing the Actions and Measures through its Capacity Building Strategy and various agreements on standards development and implementation, including in:

- Temporary entry arrangements;
- E-Commerce;
- Advance Passenger Information (API);
- Professional Service;
- Transparency;
- Travel Document Security;
- Document Fraud Examination; and
- Immigration Legal Infrastructure.

The various activities are expected to reduce costs to business either directly or indirectly, through providing improvements in service standards, border management, immigration clearance and security, travel documentation, integrity of passenger movements, professional service and a reduction in the number of undocumented passengers and related compliance actions where API systems are implemented.

Future Action

ABAC has called for greater trade facilitation measures which simplify and streamline business mobility visa arrangements, and related processes and requirements of business, in particular, e-commerce arrangements. To this end, the BMG will examine the scope to further simplify and ensure transparency in respect of economies' temporary entry and e-commerce arrangements and to exchange information on best practice in these areas within the BMG.

Capacity Building

The BMG developed and agreed on a *Capacity Building Strategy* in 2001, which is consistent with WTO guidelines to support the development of economies in a manner which is individually tailored to their social and economic circumstances, and which supports their full participation in WTO negotiations. The Strategy involves four stages: the development and agreement to best practice standards, self assessment against the standards to identify gaps; the development of individual economy strategic action plans; and the implementation of action plans to meet the agreed standards.

In addition to temporary entry and e-commerce standards, the BMG has developed and agreed on best practice standards to enhance:

- Transparency (SOMIII 2003)
- Travel Document Security (SOMI 2004)
- Immigration Legal Infrastructure (SOMI 2004)
- Advance Passenger Information (SOMII 2003)
- Professional Immigration Service (SOMIII 2002)

The BMG has also agreed on principles for the development of a pilot Regional Movement Alert List (RMAL) system.

The BMG is making good progress with the implementation of the various phases of capacity building and currently has TILF funding to assist economies in the areas of Travel Document Security; Professional Service; API feasibility studies; and training related to the use of the enhanced CAPERS multilateral alert information system.

Engaging the Business Community

The BMG has had a long record of consulting the business community through economies undertaking regular consultation with their respective business communities, and of encouraging ABAC participation in its work program. The BMG will continue to invite ABAC to its SOM meetings and to provide comment and input to the BMG agenda and priorities. The Convenor will continue to consult with the ABAC as required and economies are encouraged to maintain their regular contact with their ABAC members and business communities in respect of the BMG's activities.

Future Challenges

Enhancing border management and security is essential to securing and facilitating trade and investment in the region. Assisting developing economies to put into place the necessary system and other infrastructure to enhance their border management and security, is the major challenge for economies. Specifically, developing economies require significant financial resources to implement the necessary infrastructure for an API system, aside from implementing API itself. An API system provides the capacity to join a multilateral Regional Movement Alert List (RMAL) system. The IEGBM, with the assistance of APEC, is helping these economies with technical advice. However, as has been argued in previous reports, including through STAR and other APEC fora, the implementation of the required system capacity to adopt API will require access to external sources of funding for these economies.

This need is now urgent, with some economies ready but unable to commit to API because of the financial costs involved.

OSAKA ACTION AGENDA II

CHAPTER 13: MOBILITY OF BUSINESS PEOPLE

OBJECTIVE

APEC economies will:

- a. enhance the mobility of business people who are engaged in the conduct of trade and investment activities in the Asia-Pacific region; and
- b. enhance the use of information and communications technology (ICT) to facilitate the movement of people across borders, taking into account the Leaders' Statement on Counter Terrorism.

GUIDELINES

Each APEC economy work toward achieving the above objectives:

- a. abiding by directions and statements from APEC Leaders and Ministers;
- b. recognising APEC Principles on Trade Facilitation; and
- c. consistent with the Informal Experts Group on Business Mobility's (IEGBM) capacity building standards and annually agreed goals.

COLLECTIVE ACTIONS

APEC economies will:

- (i) Exchange Information on regulatory regimes in regard to the mobility of business people in the region, including through regularly updating the information in the online APEC Business Travel Handbook.
- (ii) Short-Term Business Entry
Streamline short-term entry requirements for business people. APEC economies will strive on a best endeavour basis and according to their own immigration procedures to implement one or more of the following options:
 - visa free or visa waiver arrangements;
 - participating in the APEC Business Travel Card scheme;
 - multiple short-term entry and stay visas which are valid for at least 3 year multiple entry visas.
- (iii) Business Temporary Residency
Implement streamlined temporary residence processing arrangements for the intra-company transfer of senior managers and executives, and specialists as defined by individual economies.
- (iv) Capacity Building (Technical Cooperation and Training)
Develop and implement the mutually agreed standards and benchmarks essential to capacity building and engage in the capacity building initiatives necessary to provide streamlined visa application and immigration entry, stay and departure processing arrangements.
- (v) Dialogue with Business
Continue to maintain a dialogue with the APEC Business Mobility Group and the APEC business community (including with APEC fora) on mobility issues important to the APEC region and the APEC business community.

NAME OF CTI SUB-FORUM: WTO CAPACITY BUILDING GROUP (WCBG)

I. Overview of Key Activities since its establishment

Since its establishment in 2001, the WCBG has carried out a broad range of activities to support the APEC Bogor Goals, including the following:

- March 2001: Facilitation of Developing Economies Participation in WTO Industries Seminar, Geneva, Switzerland
- August 2001: WTO Capacity Building Workshop on the GATS Agreement on Basic Telecommunications, Singapore
- May 2001: SCCP Regional Workshop on Customs-Related WTO Agreements, Okinawa, Japan
- March 2002: SCCP Regional Workshop on the WTO Customs Valuation Agreement, Bangkok, Thailand
- June 2002: SCCP Regional Seminar on the Agreement on Rules of Origin, Jakarta, Indonesia
- January 2002: WTO Capacity Building Workshop on the GATS Agreement on Financial Services, Singapore
- June 2001: APEC Resource Pack and Symposiums for the Operation of National Points-of-Enquiry Under the SPS and TBT Agreements of the WTO, Geneva, Switzerland
- March 2003: SCCP National Workshop on the Agreement on Rules of Origin, Tianjing, China
- March 2003: SCCP National Workshop on the Agreement on Rules of Origin, Bangkok, Thailand
- June 2003: SCCP National Workshop on the TRIPS Agreement, Papua New Guinea
- February-March 2002: Intellectual Property Experts Capacity Building Program for TRIPS Implementation, Hong Kong, China
- January 2002 – December 2003: IPEG Public Education and Awareness of Intellectual Property, Indonesia, the Philippines and Vietnam
- August 2003: Co-ordination of APEC's Capacity Building Response to Doha, Phuket, Thailand
- May 2002: Facilitation of Developing Economies' Participation in a WTO Non-agricultural Market Access Workshop, Geneva, Switzerland
- May 2003: WTO Capacity Building Workshop on Trade and Environment, Bangkok, Thailand
- February 2004: Workshop on WTO Capacity Building Best Practices, Santiago, Chile
- July 2004: Workshop on Environmental Impact Assessment of Trade Negotiations, Taipei, Chinese Taipei
- November 2004: APEC Seminar on WTO Trade Facilitation, Bangkok, Thailand
- February 2005: APEC/WTO Roundtable on Trade Facilitation, Geneva, Switzerland

II. Overview of CAP Objectives

WCBG aims to promote effective capacity building projects through better assessment of the member economies' needs and better co-ordination of program activities in the region, thereby helping to strengthen the multilateral trading system, and in particular the WTO and the Doha Development Agenda.

III. Extent of CAP Implementation to date

WCBG, through its promotion of effective capacity building initiatives, has helped provide a solid foundation for progress in the Doha Round. It also has contributed to the strengthening of institutional skills and knowledge in order to formulate and implement sound trade policies in support of the Bogor Goals.

IV. Key Challenges in Ensuring that:

- a) CAP is fully implemented by 2010-2020 and**
- b) CAP truly delivers on Bogor Goals**

Trade-related capacity building remains a key tool for ensuring the progress of the Doha Round and of trade and investment liberalization and facilitation more generally. Capacity building efforts continue to face several challenges, including needs assessment, donor coordination, ensuring assistance is demand-driven, integrating trade-related capacity building into a broader development strategy, and of course resources. The WCBG will continue to provide an effective forum to discuss these challenges and promote WTO capacity building activities in the region, and to identify measures and practices to improve the practice of capacity building.

NAME OF CTI SUB-FORUM: COORDINATING GROUP ON STRENGTHENING ECONOMIC LEGAL INFRASTRUCTURE (SELI)
February 14, 2005

Objective of the SELI Coordinating Group

Work programs in the area of economic legal infrastructure were initiated in 1999 as APEC's response to the Asian financial crisis. The SELI Coordinating Group was formally launched under the CTI in 2001, as an outcome of APEC's road-map to strengthen market mechanisms. The primary objective of the Strengthening Economic Legal Infrastructure (SELI) Coordinating Group is to encourage continuing regulatory and institutional reform, particularly in building capacity and skills of individuals in the legal, accounting and economics professions, and to improve the capacity of legal institutions and government agencies in applying and enforcing rules on corporations and competition.

Overview of SELI Activities: Priorities and Collective Action Plans

The first APEC symposium on economic legal infrastructure was held in 2000, and in the symposium, priority areas of the SELI cooperation framework were reviewed. In 2001, SELI coordinating group agreed on three priority areas (1) competition policy, (2) corporate laws and (3) capacity and institution building; those priorities were developed as the SELI Menu of Options, which was endorsed by the Ministers. In 2002, responding to the Leaders' instruction to consider broadening the Osaka Action Agenda, inclusion of the SELI chapter was agreed.

The SELI Coordinating Group aims to contribute to achieving the Bogor Goals through the following three Collective Actions. (1) APEC economies will hold seminars to discuss individual economies' legal designs, if necessary, (2) APEC economies will provide assistance, if requested, when designing legal institutions and developing human resources for the implementation of legal systems, and (3) APEC economies will work in closer cooperation with international institutions, the Finance Ministers' Process and APEC fora, in particular CPDG.

CAP Implementation

Since the first symposium on Economic Legal Infrastructure was held in 2000, a number of seminars aimed at sharing best practices, raising the awareness of relevant initiatives and undertaking outreach were carried out. Those seminars have covered a wide range of SELI priority areas, including seminars themed on enforcement of corporate governance and competition policy, a seminar on commercial laws, and a seminar on legal instruments on international financing. In 2004, the group organized a session in the Structural Reform High Level Conference along with other sessions.

SELI members have provided targeted training, workshops and symposia to government agencies, regulators, and professional bodies. Such programs include a series of training programs/courses on competition policy, and capacity building in accounting. To facilitate member economies' voluntary efforts to improve capacity, the group has conducted research/survey projects and publicized their outcomes with practical policy suggestions. Those publications include: "Strengthening Commercial Laws in the APEC region," "A Study on Debt Collection Litigation/Arbitration in APEC Economies," and "Enforcement of Business Regulation and Commercial Laws in the APEC Region."

Many of the above mentioned seminars were delivered with close coordination with other international forum and APEC sub-fora on relevant issues to ensure that initiatives are complementary. Seminars related to competition policy are jointly reviewed and held by CPDG. Organizations such as OECD, UNIDROIT, UNCITRAL, and other international financial institutions were involved in delivering presentation on corporate governance, and legal

instrument on international finance. The group has also participated in the symposium on building a bond market in APEC region jointly organized by ABAC/PECC by presenting the outcome of the study on debt collection conducted in 2003.

Contribution to the Bogor Goals

The activities of SELI were aimed at continuously improving rules, systems and institutions related to commercial and corporate activities so that the APEC region can minimize the risk of future economic crises. Efforts made by SELI at articulating these linkages, as well as their positive economic and social impact on APEC member economies and the wider community, have contributed to building investors' confidence in the region by promoting a fair and transparent business environment.

ANNEX 2 – TRADE FACILITATION IN APEC¹

January 2005

Trade facilitation has been a critical part of APEC's agenda since the birth of the forum in 1989. APEC Leaders have consistently placed emphasis on the importance of trade facilitation. For example, in the 1994 Bogor Declaration, Leaders emphasized: *"...the importance of trade facilitation because trade liberalization efforts alone are insufficient to generate trade expansion. Efforts at facilitating trade are important if the benefits of trade are to be truly enjoyed by both business and consumers. Trade facilitation has also a pertinent role in furthering our goal of achieving the fullest liberalization within the global context."*

Among international fora, APEC can rightly claim leadership in trade facilitation issues. APEC's approach to trade facilitation is based on close cooperation between business and government and focuses on the practical aspects of reducing trade transaction costs. APEC also recognizes the importance of capacity building in trade facilitation, especially for developing member economies.

APEC has never tried to agree on an exact definition of trade facilitation, but the term generally refers to the simplification of procedural and administrative impediments to trade. It is important to note that, while a number of organizations focus on trade facilitation primarily in a customs context, within APEC, it is generally agreed that trade facilitation includes at least three additional areas: standards, business mobility, and electronic commerce.

APEC's activities on trade facilitation can be divided into four broad categories: 1) APEC Declarations, Statements, Principles and Action Plans on trade facilitation; 2) Assessing the Economic benefits of trade facilitation; 3) Implementing concrete measures to facilitate trade for business; and 4) Building the capacity of developing economies.

1) APEC Declarations, Statements, Principles, and Action Plans on Trade Facilitation

Throughout the years, APEC Leaders and Ministers have made numerous statements on trade facilitation. Indeed, Leaders and Ministers expressed common positions on trade facilitation in nearly all Declarations and Statements they have ever issued. However, three particular documents stand out in recent years: the May 2001 Statement of APEC Ministers Responsible for Trade and the attached APEC Trade Facilitation Principles, the October 2001 APEC Leaders' Declaration and the annexed Shanghai Accord; and the May 2002 Statement of APEC Ministers Responsible for Trade which endorsed the APEC Trade Facilitation Action Plan.

The APEC Trade Facilitation Principles

The notion of APEC Principles on Trade Facilitation was first suggested by Hong Kong, China, in 1999. The objective behind the development of the principles was to provide a stronger focus to APEC's work on trade facilitation and to assist policy-makers and officials in charge of implementing trade facilitation measures in APEC economies by providing them with guidelines on how to make these reforms as efficient as possible. This exercise resulted in agreement on a series of nine principles: 1) Transparency; 2) Communication and Consultations; 3) Simplification, Practicability and Efficiency; 4) Non-Discrimination; 5) Consistency and Predictability; 6) Harmonization, Standardization and Recognition; 7) Modernization and the Use of New Technology; 8) Due Process; and 9) Cooperation.

¹ Non-paper from the CTI Chair updating a non-paper prepared in April 2004 at the request of the SOM Chair. This paper draws largely from "Toward the Shanghai Goal: Implementing the APEC Trade Facilitation Action Plan", a report prepared for the APEC Committee on Trade and Investment by Nizar Assanie, Yuen Pau Woo and Natasha Brotherson, Asia Pacific Foundation of Canada, October 2002

Trade Facilitation in the Shanghai Accord

At their Summit in Shanghai in 2001, APEC Leaders set a new benchmark – and indeed a challenge – for undertaking future trade facilitation activities in APEC. The Shanghai Accord states: *“Leaders instruct Ministers to identify, by the Ministerial Meeting in 2002, concrete actions and measures to implement the APEC Trade Facilitation Principles by 2006 in close partnership with the private sector. The objective is to realize a significant reduction in transaction costs by endeavouring to reduce them by 5% across the APEC region over the next 5 years. Leaders also instruct Ministers to explore the possibility of setting objective criteria on trade facilitation, taking fully into account the diversity among members as well as progress achieved in respective economies so far. Leaders also agree that assistance programs to help build the capacity of developing economies in trade facilitation are particularly important.”*

The Trade Facilitation Action Plan

To meet this challenge, APEC officials have developed a Trade Facilitation Action Plan. This Action Plan has a number of components, and involves the following steps:

- The development of a menu of options of concrete measures and actions that economies *can* implement to facilitate trade in four areas: customs, standards, business mobility, and e-commerce (completed in 2002).
- The selection by member economies of lists of measures they *will* implement in those four areas (completed in 2003).
- The implementation of these measures by member economies (ongoing).
- The development by APEC sub-fora of common measures that all economies will be encouraged to implement (ongoing).
- The provision of capacity building assistance to developing economies to implement some of the measures they have selected (ongoing).
- Assessments of whether measures are being implemented (a first assessment was conducted in 2004).

In 2004, the APEC Committee on Trade and Investment organized an Expanded Dialogue on Trade Facilitation (EDTF), which brought together governments, business people, and academics to assess the implementation of the 2002 Trade Facilitation Action Plan. The overall results of this exercise were positive. Experts concluded that, by and large, economies were indeed implementing the measures that they had listed in the 2002 Trade Facilitation Action Plan.

At the EDTF, the APEC Economic Committee presented a study on the development of a methodology to measure APEC’s progress in meeting its 5% target. Preliminary findings using this methodology indicate that APEC appears to make good progress toward the 5% target, and that some economies may already have surpassed it.

However, the EDTF also noted that actions listed by economies have not yet been implemented, and that it was impossible to assess the quality of implementation of the measures listed by economies as having been implemented. The Business community participated fully in this process. While appreciative of progress made by economies since 2002, business representatives called for closer collaboration between governments and the private sector. The APEC Business Advisory Council (ABAC) called for progress on trade facilitation issues in the WTO and asked that APEC support ABAC’s call that a trade facilitation agreement in the WTO should include commitments on transparency, efficiency, simplification, non-discrimination, procedural fairness, cooperation, and capacity building.

As a result of the EDTF, APEC Ministers agreed at the Santiago Summit in November 2004 to a series of recommendations in three areas:

- Deepening and better monitoring the implementation of the Trade Facilitation Action Plan;
- Building a closer relationship with the business community on trade facilitation issues;
- Working together to advance trade facilitation negotiations in the WTO

2) Assessing the Economic Benefits of Trade Facilitation

Since its creation, APEC has also undertaken significant work on measuring the economic benefits of trade facilitation, with the aim of providing a solid policy justification for its agreements and practical activities aimed at making it easier for business to trade in the region. All studies demonstrate that the potential economic benefits of APEC's work on trade facilitation are large. All quantitative estimates point in one direction – that the intra-APEC exports and real incomes can increase substantially as a result of APEC's work on trade facilitation.

APEC's Economic Committee has made the largest intellectual contribution to the study of the economic benefits of trade facilitation in APEC circles. It has conducted several studies on the subject, with the most influential being its 1997 study on "The Impact of Trade Liberalization in APEC" and its 1999 Update (Assessing APEC Trade Liberalization and Facilitation -1999 Update) that further expanded on its original work. The 1999 Update found that APEC facilitation measures committed until then could expand the region's income by \$US 46 billion by 2010. Using as a conservative estimate a 2-3% reduction in import costs from trade facilitation measures, the Economic Committee concluded that "full" trade facilitation would lead to income gains of around US\$64 billion. The study also found that developing APEC economies (and in particular Malaysia, the Philippines, Chile, China and Thailand) would enjoy the highest income benefits in percentage terms. Another Economic Committee Study "Measuring the Impact of APEC trade facilitation on APEC economies: a CGE analysis" found in 2002 that the implementation of the Shanghai Accord's commitment to cut costs by 5% would increase the APEC region's GDP by US\$ 154 billion.

In an effort to better focus its trade facilitation-related activities, the Committee on Trade and Investment (CTI) also commissioned research on trade facilitation. In 2002, the World Bank prepared a study for the CTI entitled "The Economic Impact of Trade Facilitation Measures: A Development Perspective in the Asia-Pacific Region" that found that by taking facilitation measures such as port logistics, standards harmonization, administrative transparency and professionalism, and e-business use in those APEC economies that are below the APEC average, and improving their performance halfway up to the APEC average, would increase intra-APEC exports by US\$ 280 billion. This represents an increase of about 10% in total intra-APEC exports. Using methodology similar to that of the 2002 World Bank study, the APEC Economic Committee confirmed these results in a 2004 study on the economic benefits of trade facilitation.

3) Implementing Measures to Facilitate Trade for Business

Beyond reaching APEC-wide agreements on trade facilitation and studying its economic impact, APEC economies have also been working together to implement practical and concrete measures and actions that make it easier for business people to trade. This is a non-exhaustive list of illustrative examples.

- APEC's Business Travel Card, a system that now includes 16 economies, makes it much easier for business people to travel in the region. APEC economies have also agreed on standards for multiple entry visas, visa waiver arrangements, and internet access to visa requirements.
- APEC has adopted Mutual Recognition Agreements (MRAs) in electrical, electronic and telecommunications equipment.

- The Sub-Committee on Customs Procedures (SCCP) has adopted a Blueprint for APEC Customs Procedures, which promotes transparency and informs the private sector about APEC customs-related activities.
- The SCCP prepared a Best Practices Compendium that lists all types of cooperative arrangements already in place between APEC Customs Administrations and their respective business sectors.
- The SCCP undertakes outreach activities to inform the business community about the benefits of improved customs procedures. This includes the annual APEC Customs Business Dialogue.
- APEC member economies have put in place a wide range of automated/electronic systems to simplify customs procedures.
- Several APEC economies are implementing Advance Passenger Information/Advance Passenger Processing systems that streamline border processing for passengers and increases border security.
- Several APEC Handbooks, on issues such as business mobility, government procurement, or investment, provides up-to-date information to business travelers and investors across the APEC region.
- Fifteen economies have prepared Paperless Trading Individual Action Plans outlining the steps they are taking to reduce or eliminate the requirements for paper documents related to trade transactions.

4) Building the Capacity of Developing Economies to Implement Trade Facilitation Measures

Over the last few years, APEC has also organized a wide range of projects aimed at developing the capacity of developing member economies to better understand the concept of trade facilitation, better implement trade facilitation measures, and better understand trade facilitation in a WTO context. This is a non-exhaustive list of illustrative examples.

- The APEC Sub-Committee on Customs Procedures has delivered technical assistance programs to developing economies on a wide range of issues related to trade facilitation, including:
 - Adoption of the WTO Valuation Agreement and the WTO Intellectual Property Rights Agreement.
 - Implementation of WCO Guidelines on Express Consignments Clearance.
 - Introduction of Advance Classification Ruling Systems.
 - Introduction of Clear Appeals Provision.
 - Adoption and Support for the UN/EDIFACT Paperless Trading.
 - Risk Managements Techniques.
 - Simplification and Harmonization on the Basis of the Kyoto Convention.
 - Adoption and support for harmonization of tariff structure with the HS convention.
- The Committee on Trade and Investment has organized various trade policy dialogues on trade facilitation including in a WTO context that allowed member economies to share experiences and perspectives on how to advance this issue in Geneva. The last such dialogue included participation from an expert from the WTO Secretariat.

- The Committee on Trade and Investment organized a workshop on “Implementing the APEC Trade Facilitation Principles” for APEC member economies.
- APEC WTO Capacity Building Group has implemented a number of projects aimed at helping officials from developing better understand trade facilitation and other “new” issues.
- The APEC Electronic Commerce Steering Group and the Telecommunications and Information Working Group are helping member economies to implement APEC’s consumer protection guidelines for the on-line environment and to enhance their cybercrime legislation and enforcement capacity. An important part of this work includes the development of a “tool kit” for use by SMEs to assess the electronic security measures required to protect their assets and investments.

APEC’s 2005 Work Plan on Trade Facilitation

This year, APEC economies will focus their efforts on continuing to implement the 2002 APEC Trade Facilitation Action Plan, which requires that individual APEC economies implement concrete measures and actions to reach the Shanghai Accord’s objective of cutting transaction costs by 5%. A concrete work plan on trade facilitation will be adopted by the Committee on Trade and Investment at its first meeting in Seoul in February 2005. It is expected that this work plan will be structured around the three recommendations emanating from the 2004 Expanded Dialogue on Trade Facilitation:

- Deepening and better monitoring the implementation of the Trade Facilitation Action Plan;
- Building a closer relationship with the business community on trade facilitation issues;
- Working together to advance trade facilitation negotiations in the WTO.

APPENDIX 7

CTI's Work Plan Priority: RTAS/FTAS

CTI's WORK PLAN PRIORITY: RTAs/FTAs

Rationale

To implement the MRT Cheju mandate for APEC to play an active role in fostering high-quality, comprehensive RTAs/FTAs, and to develop further proposals in this area that build on APEC achievements to date, including: the Best Practices document endorsed by Ministers, the SOM FTA dialogues, the IAP FTA reporting template, and the Secretariat's FTA database.

Objectives in 2005–2006

APEC agreement at SOM III on a CTI workplan for RTAs/FTAs including the following elements:

- Identify areas of convergence and divergence between RTAs/FTAs and study features of RTA/FTA chapters, drawing on research by PECC and other relevant experts.
- Continue to exchange information on RTAs/FTAs and hold a trade policy dialogue in 2006 to share experiences in negotiating RTA/FTA chapters.
- Assist in developing model measures for FTA and RTA chapters on specific issues, beginning with trade facilitation in 2005 and possibly continuing with other chapters to be determined in 2006.
- Develop a mechanism for cataloguing existing FTAs and RTAs with respect to the Best Practices, as a possible basis for further work in 2006.
- Providing capacity building on RTAs and FTAs, beginning with the Vietnam seminar in 2005 and additional activities in 2006.
- Economies to report on steps taken to fulfill existing WTO RTA/FTA notification obligations.

Concrete activities/deliverables in 2005 and Deadlines in 2005

- Tabling the Best Practices in Geneva, as agreed by Ministers at Cheju
- Economies to submit FTAs/RTAs IAP reporting templates by October 14
- Agreement at SOM III on a CTI workplan for RTAs/FTAs and establishment a friend of the chair on FTAs/RTAs group
- Work on a mechanism for cataloguing existing FTAs and RTAs with respect to the Best Practices at SOM III
- Regular CTI oral updates by member economies on FTAs under study, formally launched, and/or concluded.

Role of CTI Sub-Fora

- Appropriate sub-fora to discuss trade facilitation model measures.

Collaboration with other APEC Fora

- To be determined.

Communication and collaboration with business (including ABAC) and other stakeholders

- Encourage ABAC to identify priority areas where model measures for FTAs/RTAs would be most useful to the Asia Pacific business community
- Outreach to stakeholders for FTA/RTA capacity building, via seminars
- ABAC input on trade facilitation model measures

APPENDIX 8

CTI Follow-Up to the Recommendations of “Supporting Potential Women Exporters”

CTI FOLLOW-UP TO THE RECOMMENDATIONS OF “SUPPORTING POTENTIAL WOMEN EXPORTERS”

The Committee on Trade and Investment (CTI) will undertake the following activities to respond to Ministers' interest in follow-up activities resulting from the 2004 project “Supporting Potential Women Exporters”:

General Activities

- CTI members will report on current practices in their economies with respect to policies to support women entrepreneurs. CTI will then identify APEC region best practices on the basis of those reports.
- CTI will draw on the expertise of the Gender Focal Point Network (GFPN) in its work on gender issues, including through a gender information session at CTI, GFPN advice on the gender sections of CTI project proposals, and ideas for CTI projects that would promote gender integration.
- The CTI Chair will ask sub-fora of the CTI, as well as other relevant APEC fora including the Small and Medium Enterprises Working Group, the Trade Promotion Working Group, and the Finance Ministers' Process, to consider what they can do to follow up on the outcomes of the project.
- The CTI Chair will inform the Chair of the ECOTECH SOM Committee of the CTI's willingness to share its work on gender integration in trade and investment.

Responses to Specific Recommendations

- In response to the project's recommendation on the importance of intermediary organizations as interlocutors for identifying the needs and interests of women exporters, CTI will use capacity building activities on multi-stakeholder consultations to improve APEC economies' capacity to interact with these organizations on trade policy issues.
- In response to the project's recommendation on the importance of trade facilitation and transparency for small women exporters, CTI will work to raise awareness about this connection and focus some of its trade facilitation and transparency implementation efforts on identifying and reducing transaction costs that affect women and small businesses.

To give effect to these follow-up activities, CTI proposed the following language for the 2005 MRT statement:

“Ministers recognized the different impacts and opportunities that trade presents for men and women, and the relevance of integrating gender concerns into trade policy. They instructed officials to proceed with follow-up to the project ‘Supporting Potential Women Exporters,’ including by: reporting on economies' current policies to support women exporters; identifying APEC region best practices on the basis of those reports; and working to identify and implement trade facilitation and transparency measures that meet the needs of women exporters and small business.

APPENDIX 9

Directory of Terms

DIRECTORY OF TERMS

ABAC	APEC Business Advisory Council
ABTC	APEC Business Travel Card
ADB	Asian Development Bank
AELM	APEC Economic Leaders Meeting
AMM	APEC Ministerial Meeting
APEC	Asia-Pacific Economic Cooperation
API	Advance Passenger Information
APLAC	Asia Pacific Laboratory Accreditation Cooperation
APLAC MRA	Asia Pacific Laboratory Accreditation Mutual Recognition Agreement
APLMF	Asia Pacific Legal Metrology Forum
APMP	Asia Pacific Metrology Program
BIT	Bilateral Investment Treaty
CAP	Collective Action Plan
CAPERs	Customs Asia Pacific Enforcement Reporting System
CDSG	Chemical Dialogue Steering Group
CIME	OECD Committee on International Investment and Multinational Enterprises
CISPR	International Special Committee on Radio Interference
COA	APEC Course of Action on Fighting Corruption and Ensuring Transparency
CPDG	Competition Policy and Deregulation Group
CSOM	Concluding Senior Officials' Meeting
CTI	Committee on Trade and Investment
DDA	Doha Development Agenda
DfE	Design for Environment
EC	Economic Committee
ECOTECH	Economic and Technical Cooperation
ECSG	Electronic Commerce Steering Group
EDTF	Expanded Dialogue on Trade Facilitation
EEMRA	APEC Mutual Recognition Arrangement on Electrical and Electronic Products
e-IAP	Electronic Individual Action Plan
EMC	Electronic Magnetic Compatibility
EU	European Union
FTAs	Free Trade Agreements
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade

GFPN	Gender Focal Point Network
GHS	Global Harmonized System
GHTF	Global Harmonized Task Force
GIs	Geographical Indications
GOS	Group on Services
GP	Government Procurement
GPEG	Government Procurement Experts' Group
GRP	Good Regulatory Practices
HS	Harmonized System
IAP	Individual Action Plan
ICAO	International Civil Aviation Organization
ICPO	International Criminal and Police Organization
IDB	WTO Integrated Database
IEC	International Electrotechnical Commission
IECEE CB	Conformity Testing and Certification of Electrical Equipment
IEG	Investment Experts Group
IEGBM or BMG	Informal Experts Group on Business Mobility or Business Mobility Group <i>(used inter-changeably to refer to same group)</i>
IFIs	International Financial Institutions
ILO	Immigration Liaison Officers
IPEG	Intellectual Property Rights Experts Group
IPR	Intellectual Property Rights
ISO	International Organization for Standardization
IT	Information Technology
ITI	Information Technology Industry Council
ITU	International Telecommunication Union
LSIF	Life Sciences Innovation Forum
MAG	Market Access Group
MLA	Multilateral Recognition Arrangement
MOO	Menu of Options
MRA	Mutual Recognition Agreement
MRT	Meeting of Ministers Responsible for Trade
MRTD	Machine Readable Travel Document
MTST	Mid-term Stock-take
NAMA	Non-Agriculture Market Access
NFMD	Non-Ferrous Metals Dialogue

NGMA	WTO Negotiating Group on Market Access
NBPs	Non-Binding Principles
NTM	Non-Tariff Measure
OAA	Osaka Action Agenda
OECD	Organization for Economic Cooperation and Development
PAC	Pacific Accreditation Cooperation
PAC MRA	Pacific Accreditation Cooperation mutual recognition agreement
PASC	Pacific Area Standards Congress
PECC	Pacific Economic Cooperation Council
REACH	Registration, Evaluation, Authorization of Chemicals
RMAL	Regional Movement Alert List
ROHS	Restrictions on Hazardous Substances
ROSC	Reports on the Observance of Standards and Codes
RTAs	Regional Trade Arrangements
SAICM	Strategic Approach to International Chemicals Management
SCCP	Sub-Committee on Customs Procedures
SCSC	Sub-Committee on Standards and Conformance
SELI	Strengthening Economic Legal Infrastructure
SMEs	Small and Medium Enterprises
SOM	Senior Officials' Meeting
SPS	Agreement on the application of Sanitary and Phytosanitary Measures
SRB	Specialist Regional Bodies
STAR	Secure Trade in the APEC Region
TBT	Agreement on Technical Barriers to Trade
TDB	APEC Tariff Database
TFAP	Trade Facilitation Action Plan
TFP	Trade Facilitation Principles
TFTF	Trade Facilitation Task Force
TILF	Trade and Investment Liberalization Facilitation
TOR	Terms of Reference
TRIMS	Agreement on Trade-Related Investment Measures
TRIPS	Agreement on Trade-related Aspects of Intellectual Property
TRS	Time-Release Surveys
UN/EDIFACT	United Nations Rules for Electronic Data Interchange for Administration, Commerce and Transport
UNCTAD	United Nations Conference on Trade and Development

UNITAR	United Nations Institute for Training and Research
VAP	Voluntary Action Plan
WCO	World Customs Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
WTOCBG	WTO Capacity Building Group

