Asia-Pacific Economic Cooperation

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APEC's Strategies And Actions Toward A Cross-Border Paperless Trading Environment

Purpose: Consideration

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Electronic Commerce Steering Group

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I.   Background

As demand for trade facilitation has been increasing throughout the business community due to the lowing of tariff barriers, more integrated manufacturing process involving different economies, and closer trade ties across the region, APEC has attached great importance to trade facilitation.   In 2002, APEC Leaders and Ministers adopted the Trade Facilitation Action Plan (TFAP), which aims to reduce business transaction costs by 5% 2006. Ministers also approved a Trade Facilitation Menu of Actions and Measures and instructed relevant sub-fora to develop related capacity building and technical assistance or co-operation projects.   The four categories for the reform cover the movement of goods, standards, business mobility and electronic commerce.

In its report to APEC Leaders in 2003, the APEC Business Advisory Council (ABAC) recommended APEC "implement paperless trading through the development of a single-window system that covers all import and export-related procedures."   Member economies have demonstrate d a strong willingness to achieve this goal, with many undertaking internal analyses of their trading systems and several implementing domestic paperless trading environments.   In addition, several pilot projects based on the Pathfinders are being initiated among APEC economies.   Plurilateral e-commerce alliances have been formed within the APEC region.   The advance in ICT technology and the widespread use of the Internet, especially broadband, is assisting the process.

In September 2003, Chinese Taipei, together with Australia; Hong Kong, China; Japan; and Singapore, hosted the APEC Paperless Trading Symposium. The Symposium discussed the current impediments and the development of cross-border paperless trading, and considered pilot projects and capacity building initiatives to accelerate the progress to establish a paperless trading environment within APEC. Following the 2003 APEC Paperless Trading Symposium, China hosted the first Electronic Commerce Business Alliance Seminar in June 2004 and called for closer collaboration among business society to achieve the APEC paperless trading goal. Thailand hosted the APEC Symposium on ebXML for Paperless Trading and collaborative e-Business in June 2004 and urged harmonization on technical issues with other international organizations and among member economies. Furthermore, discussion on the implementation of the Electronic Certificate of Origin (ECO) Pathfinder and the Electronic Sanitary and Phyto-Sanitary Certificates (e-SPS) Pathfinder has been putting in progress.

II.   Objectives and timelines

Member economies aim to reduce and eliminate the required paper documents in trade administration, customs clearance, international transportation, and financial settlement. Ultimately a comprehensive paperless trading environment across the APEC region is to be established. To this end, member economies will endeavor to achieve the following objectives:

2006   As a part of the APEC Trade Facilitation Action Plan, interested member economies implement ECO and e-SPS Pathfinders for the cross-border transmission of electronic certificates of origin and electronic sanitary and phyto-sanitary certificates.

2010   Most member economies establish a domestic paperless trading environment and implement pilots for the cross-border electronic transmission of customs clearance data.

2020   APEC establishes a comprehensive paperless trading environment that enables the electronic transmission of trade related information across the region.

III.   Strategies and issues

The 2003 APEC paperless trading symposium recommended to adopt the following five strategies to achieve the goal of paperless trading:

−enhance public-private partnerships and commitments to achieve the APEC paperless trading goals;
−strengthen APEC's institutional arrangements and capacity building programs as well as experience sharing with international organizations and the business community;
−employ APEC Pathfinders as a valuable mechanism to initiate pilot programs;
−collaborate with international organizations to pursue common standards and procedures, elements, formats and interoperability frameworks; and
−achieve a balance between trade facilitation and security.

The environment for cross-border paperless trading requires the establishment of an interoperable framework for transmitting information in trade administration, customs clearance, international transportation and financial settlement. The framework includes business process, common data models, message standards and a platform for message exchange. The establishment of such a framework shall touch upon issues in legal, technical and procedural areas. Therefore, to accomplish such a framework, APEC shall launch pilot programs, while intensifying capacity building activities as follows:

1. Pilot programs:

•Ensuring the implementation of the existing APEC Pathfinders:

  –e-SPS, ECO, Revised Kyoto Convention

•Proposing new pathfinders for other priority areas:

  –cross-border electronic transmission of customs clearance data for express consignment based on WCO customs data model, followed by further initiatives for air cargos and ocean-going cargos

  –others

2. Capacity building activities:

•Reinforcing experience sharing among member economies in establishing a web-based single-window electronic access mechanism

•Increasing discussion on the legal, technical and procedural issues related to cross-border exchange of trade related e-documents

• Enhancing interactions with other international organizations on trade facilitation related issues

•Providing technical assistance programs for member economies

IV.   The proposed work programs

In spite of the ambition rendered by member economies, the lack of an overall picture and integrated plan for the implementation of pilot programs and capacity building activities continues to hinder the movement toward paperless trading. Coordination is required between the public and private sectors, including the harmonization of laws and standards among APEC members, as is collaboration between business and government.   Therefore, ECSG proposes the following work programs to accelerate the progress in constructing a paperless trading environment within APEC:

A. Ensuring the implementation of the existing APEC Pathfinders:
   ◼ ECSG takes the responsibility to monitor the implementation of E lectronic Certificates of Origin (ECO).
   ◼ ECSG coordinates Agricultural Technical Cooperation Working Group (ATC WG) to implement E lectronic Sanitary and Phyto-Sanitary Certificates (e-SPS).
   ◼ CTI/SCCP shares information with ECSG on the progress of the adoption of the revised Kyoto Convention and the WCO customs data model and other paperless trading initiatives.
B. Initiating new pathfinders for other priority areas:
   ◼ CTI/SCCP puts forward a project to harmonize customs declaration items among interested member economies.

- CTI/SCCP launches a new Pathfinder on cross-border electronic transmission of customs clearance data for express consignment based on WCO customs data model, followed by further initiatives for air cargos and ocean-going cargos.

- TEL Working Group discusses cross-recognition of PKI domains, aiming to establish a registry of APEC "recognized" certificate authorities (CAs) to provide a secured cross-border paperless trading environment.

C. Intensifying capacity building activities:
- Relevant sub-fora carry out training programs to enhance experience sharing in establishing a web-based single-window for paperless trading.
- Relevant sub-fora hold workshops to increase discussion on the issues related to cross-border exchange of trade related e-documents.
- ECSG sponsors assessment and benchmarking of current practices in paperless trading.
- ECSG organizes a paperless trading expert group and provides technical assistance programs for member economies.

D. Collaborating with other international organizations:
- ECSG establishes a coordination mechanism with UN/CEFACT on international e-business standards.
- ECSG coordinates with UN/CEFACT for the purpose of creating and ratifying the message standards of e-SPS, ECO and other possible initiatives.
- Relevant sub-fora reinforce information sharing with international organizations to maximize and realize the harmonization and interoperability of required data elements, formats and frameworks.

E. Achieving a balance between trade facilitation and security:
- CTI/SCCP promotes the application of advanced risk management technologies and information systems to facilitate trade and enhance security.
- Member economies adopt advanced IT technologies to enhance anti-terrorism mechanism.

F. Strengthening of public-private partnerships:
- Relevant sub-fora establish a mechanism to enhance public-private partnerships.
- Member economies include in their FTAs a specific reference to promoting the use of paperless trading for cross-border transactions.
- ECSG involves APEC Business Advisory Council (ABAC), Global Business Dialogue on e-Commerce (GBDe), Pan-Asian E-Commerce Alliance (PAA), Asia PKI forum, and other appropriate business societies in its proceedings as guests to nurture participation.

The recommendations

- Senior Officials adopt the "APEC's Strategies and Actions toward a Cross-Border Paperless Trading Environment" and report to the 2004 Annual Ministerial Meeting for endorsement on the objectives and timelines to establish a paperless trading environment within APEC.

- Senior Officials endorse the proposed work programs as outlined in Section 4 and task relevant sub-fora to implement the programs.
- Member economies endeavor to establish a domestic paperless trading environment and implement bilateral or plurilateral pilots for the cross-border electronic transmission of customs clearance data.