



**Asia-Pacific
Economic Cooperation**

**2009
ANNUAL REPORT TO MINISTERS**

COMMITTEE ON TRADE AND INVESTMENT

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Dear Ministers,

I am pleased to present to you the APEC Committee on Trade and Investment's (CTI) **2009 Annual Report** for your review and endorsement. The report contains an overview of CTI's work this year along with a series of recommendations to advance the Committee's continued work program.

In accordance with the direction provided by Leaders and Ministers in Lima in November 2008, CTI's work for 2009 continued to be framed in the context of the 2007 Leader's mandate to accelerate efforts towards the promotion of **Regional Economic Integration (REI)** agenda, focusing on supporting APEC's 2009 priorities and theme of "Sustaining Growth, Connecting the Region".

Accordingly, CTI's key work priorities in 2009 concentrated on Supporting and Accelerating Regional Economic Integration (REI) *at the border, behind the border and across the border*. *At the border* focused on exploring FTAAP; on making rules of origin more business friendly; development of the Environmental Goods and Services Work Program and facilitating cross border trade in services; Improving the Business Environment "*behind the border*" focused on Improving the Business Environment in terms of taking forward the Investment Facilitation Action Plan and "*across the border*" which focused on enhancing physical connectivity via the supply chain connectivity initiative and enhancing the implementation of TFAP II. In addition, CTI continued with the work-plan on digital economy and IPR and the outstanding model measures. We continued our collaboration with the Economic Committee with the initiation of the EC-CTI Supply Chain Connectivity Initiative at CTI 1 and expanded this collaboration to include the Transportation Working Group.

The establishment of the APEC Policy Support Unit (PSU) has greatly benefitted the work of the CTI as collaboration on specific projects with the PSU has allowed the CTI to embark on analytical work in support of our key priorities for 2009; develop practical work programs as well as be aware of the areas of our work program that could benefit from more focused capacity building. Working with the PSU, CTI has completed the following projects:

- An interim assessment of the implementation of APEC's Second Trade Facilitation Action Plan (TFAPII) as well as to advise on the appropriate methodologies and approaches to quantify the impact of TFAPII on trade transaction costs and review the approach taken and progress made at the mid-way point of TFAP II (2006-2008);
- Development of a rigorous methodology to measure the progress in implementing the IFAP and to identify KPIs which may provide a consistent basis for measurement of progress across the 2008-2010 period;
- Study on good regulatory practices (GRP) for EGS necessary or desirable for climate change mitigation and adaption as an element to the EGS work program for further discussion at CTI1, 2010 with a view to looking at whether to develop a set of GRP for EGS;

2009 in fact has proved to be another extremely productive year for the CTI and the 9 subgroups and 3 industry dialogues that it oversees. Excellent progress has been made in many priority areas.

Some significant CTI deliverables for 2009 are highlighted below.

- Continuing with the exploration of FTAAP, CTI has continued with the convergence and divergence work that we commenced in 2008 by expanding the coverage to 42 FTAs and including analysis of e-commerce provisions in these FTAs. The results of this work indicate that some chapters are more prone to convergence than others. Complementing this work is the further analytical study of the economic impact of an FTAAP. At the CTI 3 Trade Policy Dialogue, CTI examined the impact of the expansion of the EU and what lessons APEC could learn from this in terms of FTAAP.
- With the economic crisis uppermost in our mind, CTI's REI agenda also focused on work that would help our business community cut costs, be it in terms of simplification of processes or reduction of time to do business. In relation to the former, CTI and subfora key priority for 2009 has been to examine ways in which we could make rules of origin more business friendly. Arising from this we have launched the CTI Self-certification of Origin pathfinder. In addition MAG and SCCP have been working together to see how best they could further simplify the customs documentation relating to preferential trade so as to allow for greater utilization of FTAs. CTI also worked with the PSU to assess if we were on track to meet our goal of a further 5% reduction in transaction costs under TFAP II and whether the Key Performance Indicators selected in 2008 were helpful in this respect. In terms of reducing time, CTI with the Economic Committee embarked on the Supply Chain Connectivity Initiative pursuant to which we have identified eight chokepoints that impede business supply chains and suggested possible work-streams to overcome these chokepoints so as to allow for faster, easier and quicker delivery of goods and services within the APEC region.
- Realizing the importance of the services sector as a contributor to economic growth CTI has initiated work on facilitating cross border trade in services under the rubric of the APEC Services Initiative (ASI). The ASI has 3 objectives i.e. (1) to increase awareness of the nature of cross-border services and relevant policy issues (2) develop a framework of services principle to facilitate further expansion of cross-border services trade and (3) develop a Services Action Plan (SAP) to boost services trade and facilitate the development of open and efficient services markets in the APEC region.
- Aware that the global crisis could have negative effects on foreign direct investment flows into the APEC region, CTI with the IEG and the PSU has begun work to identify the key performance indicators of the investment facilitation action plan that would result in the APEC region continuing to be an attractive FDI zone.
- In response to Minister's instructions to develop an Environmental Goods and Services (EGS) Work Program a mapping exercise was undertaken of all the EGS related work taking place in CTI and subfora and based on this an EGS Work Program has been developed.

Interaction with Business

CTI continues to work closely with the APEC Business Advisory Council (ABAC). The ABAC liaison representatives at the CTI and designated subfora meetings have

contributed greatly to APEC's understanding of business needs and collaboration with ABAC on rules of origin has allowed CTI to be more cognizant of the concerns that business would like to see addressed in this area. I have also continued to participate in ABAC meetings in 2009 and gained useful insights from them, which helped to shape CTI's work this year. I hope that my participation in their meetings has also helped ABAC better understand the workings of the APEC processes, especially CTI, which will result in better interaction and results over time.

All of this productive work, though, would not have been possible without the commitment, engagement and cooperation of all CTI representatives, especially my FOTC leads who have proved to be able independent workers. I would like to take this opportunity to thank them for responding quickly to tight timelines imposed at CTI this year as we rushed to try to deliver practical outcomes to business in the throes of the economic crisis. I would also like to thank all the sub-fora Convenors and industry dialogue Chairs for their dedication to their work and their innovation not just in terms of ideas but in getting consensus on tricky issues which has resulted in a plethora of activities taking place in 2009 as the rest of this report will show.

Last but not least I would like to thank Catherine Wong for all the help she has provided to me throughout this year.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Chelliah', with a horizontal line underneath.

Mary Elizabeth Chelliah
Chair, APEC Committee on Trade and Investment

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Recommendations

CTI recommends that Ministers **endorse**:

- CTI's 2009 Annual Report, including the Collective Action Plans in *Appendix 10*.
- Services Action Plan aimed at providing a common direction and coherence to APEC's work on services trade and establish a forward work program to foster development of open and efficient services market in the APEC region. (*Appendix 4*)
- Framework of APEC Principles for Cross-Border Trade in Services that will guide the development of a more liberal service sector within the Asia-Pacific region. (*Appendix 5*)
- Environmental Goods and Services (EGS) Work Program which will address barriers to trade and investment in EGS. (*Appendix 6*)
- The APEC Cooperation Arrangement for Cross-Border Privacy Enforcement and related documents, a key step in establishing a voluntary system of cross-border privacy rules based on the APEC Privacy Framework
- Supply-Chain Connectivity Framework which identified eight chokepoints in regional supply chains and recommended for further discussion in 2010 possible actions to address these choke points and **commend** the strong collaboration among the CTI, the Economic Committee, and Transportation Working Group (TPTWG) in developing this Framework. (*Appendix 8*)
- APEC Pathfinder Initiative Self-Certification of Origin to reduce the administrative burden and costs involved in dealing with multiple customs administrations associated with navigating complex and divergent rules of origin documentation and procedures when utilizing Free Trade Agreements (FTAs). (*Appendix 1*)
- Life Sciences Innovation Forum's (LSIF) Report and Recommendations for submission to Leaders.

welcome:

- Interim assessment report on the implementation of APEC's Second Trade Facilitation Action Plan (TFAPII) where APEC was found to be overall on track to reduce transaction costs by an additional 5% by 2010. (see *Appendix 7* for Executive Summary of the report)
- Transparency for Ease of Doing Logistics Business initiative and APEC's efforts to provide contact points and websites on the full range of issues affecting door-to-door delivery.
- Environmental Goods and Services Information Exchange, which will provide a one-stop gateway to access and exchange information on EGS.
- Work to study the economic impact of enhanced multi-modal connectivity to improve the flow of goods and services across land, air, and sea.
- Work undertaken with the help of the PSU to identify a set of key performance indicators to measure progress in the implementation of APEC's Investment Facilitation Action Plan (IFAP) and instruct officials to complete this work by Ministers Responsible for Trade (MRT) 2010.
- Efforts put into simplifying ROOs through the consideration of reasonably long validity periods, waivers for low value shipments, and harnessing IT to ease documentation and

procedures. (*Appendix 3*)

- progress report on Preferential ROOs Sector Analysis on refrigerators; musical instruments; steel; bicycles and consumer electronics. (*Appendix 2*)
- work to improve the transparency and accessibility of tariffs and rules of origin information in APEC economies through the development of APEC Transparency Initiative on Tariffs and ROOs.
- update to the 2008 Convergences and Divergences Study with the expansion in scope to cover 12 additional intra-APEC FTAs/RTAs and an additional chapter on e-commerce.
- Outcomes of the Eleventh Automotive Dialogue, Eighth Chemical Dialogue and Seventh Meeting of the Life Sciences Innovation Forum (LSIF).

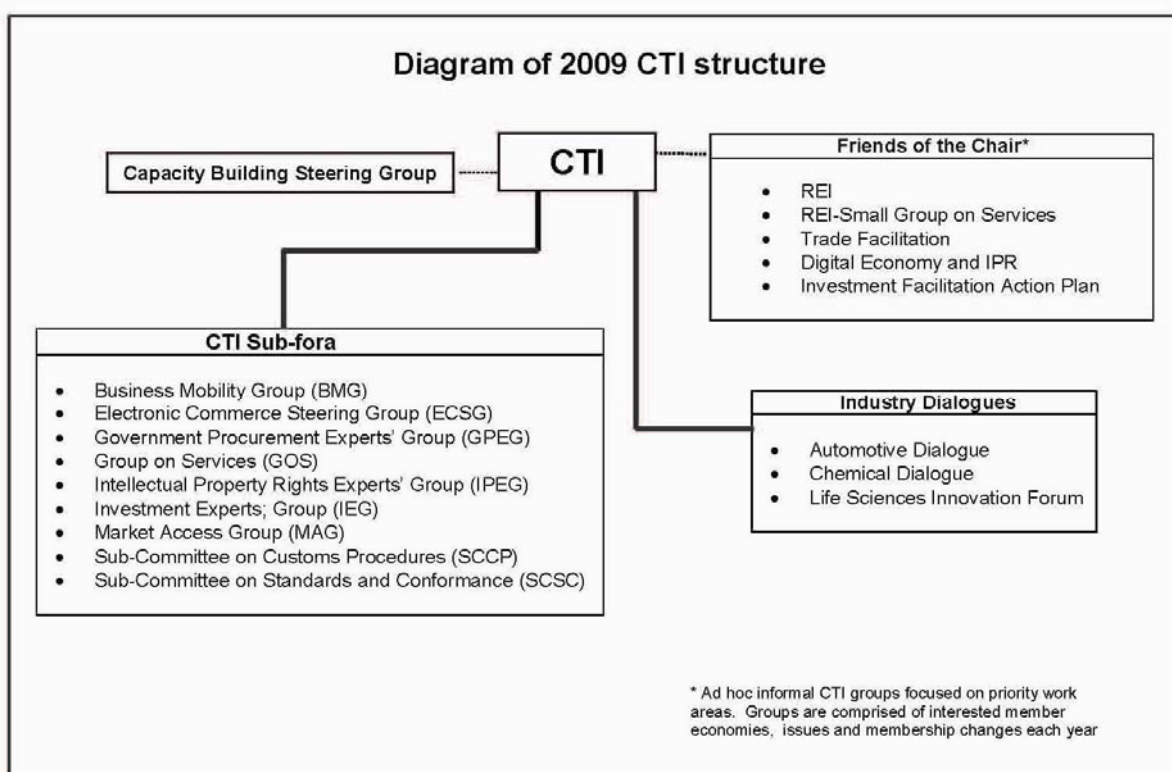
and **note**:

- recommendations in the interim assessment report to improve upon TFAP II and instruct officials to consider and report on this at MRT 2010.
- study on good regulatory practices (GRP) for EGS necessary or desirable for climate change mitigation and adaption as an additional element to the EGS work program.
- Russia has launched a process to work towards transitional membership in the ABTC scheme.

Introduction

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

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



The CTI Annual Report to Ministers for 2009 outlines the Committee's accomplishments and recommendations in the key priority areas of APEC's Trade and Investment Liberalization and Facilitation (TILF) agenda in support of APEC's 2009 priorities and theme of "Sustaining Growth, Connecting the Region". Collective Action Plans (CAPs) in various *Osaka Action Agenda* (OAA) issues areas, which were first reported in 1996, continued to be the Committee's main vehicle for advancing APEC's trade and investment agenda.

The key elements of CTI's work program for 2009 continued to be framed in the context of the 2007 Leaders' mandate to accelerate efforts towards the promotion of regional economic integration (REI), focusing on the three broad tracks adopted by Senior Officials, which for ease of communication, relate to initiatives "at the border"; "behind the border" and "across

the border". The CTI also undertook work related to other APEC-wide priority areas including: support for the multilateral trading system and addressing the economic crisis; exploring a Free-Trade Area of the Asia-Pacific (FTAAP); improving the business environment behind-the-border; implementation of the Leaders' security commitments and capacity building. Four small groups of "friends of the Chair (FOTC)", comprising between 5–17 economies, were established in the CTI to develop work plans with time frames, objectives and deliverables in four initial key areas: REI/FTAAP; Trade Facilitation; Digital Economy and Strengthening Intellectual Property Rights (IPR); and Investment. A smaller sub-group was also formed within the REI/FTAAP FOTC to undertake work to promote greater convergence among economies in cross-border services as mandated by APEC Leaders in 2008.

The Committee has continued to collaborate closely with the Economic Committee (EC) to ensure that our respective work programs on business facilitation, competition policy and economic legal infrastructure are complementary. For 2009, CTI and the EC worked jointly on a "Supply-Chain Connectivity Initiative (SCI)" in response to Senior Officials' instructions to develop a framework of measures to improve trade logistics starting with the CTI1 Trade Policy Dialogue; on investment facilitation initiatives in recognition of the close linkage between investment and behind the border regulatory reform measures; and lastly, on capacity building projects.

CTI also worked closely with the APEC Business Advisory Council (ABAC) throughout 2009, ensuring that its work plans and deliverables took into account the needs of the business community. Both CTI and ABAC participated in each others' meetings, maintaining consistent and constructive dialogue on key issues, such as public-private partnerships, investment liberalization, and trade facilitation.

With the establishment of the Policy Support Unit (PSU) in 2008, the PSU has provided invaluable support to the CTI by undertaking assessment/analytical work relating to CTI's key priorities: implementation of APEC 2nd Trade Facilitation Action Plan (TFAP II) and the APEC Investment Facilitation Action Plan (IFAP); and a study on good regulatory practices (GRP) for environmental goods and services (EGS). The PSU has also developed a research report which seeks to set out holistic measurement tools in areas applicable to the SCI. This report will form the basis in which the CTI would work with the PSU in the upcoming year to develop targets, KPIs and a strategic framework to advance the SCI. The PSU also commenced work on a Study on the Economic Impact of Enhanced Multi-Modal Connectivity in the APEC Region for consideration by CTI in 2010.

Section I: Support for the Acceleration of Regional Economic Integration

Highlights:

Making Rules of Origin More Business Friendly

- A Joint CTI-MAG Trade Policy Dialogue (TPD) on Rules of Origin (ROOs) was held on 21 May in Singapore. The objectives of the TPD were to raise awareness of issues relating to harmonization, cumulation and simplification pertaining to possible initiatives that CTI could undertake to help business better tap into the benefits of the numerous FTAs within the APEC region.
- CTI agreed on a proposal for an APEC Pathfinder Initiative for Self-Certification of Origin (see *Appendix 1*) which seeks to reduce the administrative burden and costs involved associated with navigating complex and divergent rules of origin documentation and procedures when utilizing Free Trade Agreements (FTAs). The initiative would involve: (i) participating economies' agreement to practise self-certification with FTA partners based on a set of common operating guidelines; and (ii) a capacity building program to encourage adoption and ensure successful implementation. CTI welcomes the announcement by Australia, Canada, Japan, Korea, New Zealand, Singapore and the United States to participate in the Pathfinder, thereby enabling this initiative to be launched as an interim Pathfinder.

Improving Transparency of Information on Tariffs and Rules of Origin

- CTI agreed to a proposal for an APEC Transparency Initiative on Tariffs and ROOs to improve the transparency and accessibility of tariffs and rules of origin information in APEC economies. This initiative was subsequently endorsed by MRT in July where Ministers also instructed officials to “provide up-to-date and accurate tariff and ROOs information in English and in a prominent location on their respective economy’s websites for public access by MRT 2010 and to develop the APEC Website on Tariffs and ROOs (“WebTR”) by AMM 2010” and “explore ways to expand this initiative, including through publication of additional customs-related information”.

Facilitating Cross-Border Trade in Services

- CTI discussed a proposal for an APEC Services Initiative comprising three main elements: (i) increase awareness of the nature of cross-border services and relevant policy issues. This envisages the organization of a series of seminars in the Group on Services (GOS) to exchange information on issues related to cross-border services trade; (ii) develop a framework of services principles to facilitate expansion of cross-border services trade; and (iii) develop a Services Action Plan to boost services trade and facilitate the development of an open and efficient services market in the APEC region.
- CTI agreed on an APEC Services Action Plan (SAP), the aim of which is to provide common direction and coherence to APEC’s work on services trade and establish a forward work program to foster the development of open and efficient services markets in the APEC region. (see *Appendix 4*). CTI welcomed and encouraged member economies to keep the matrix of actions accompanying the SAP updated regularly to take into account new priorities, projects and progress made.

- CTI agreed on a set of APEC Principles for Cross-Border Trade in Services (see *Appendix 5*). The purpose of these Principles is to draw together APEC's considerable services-related work into a consolidated document, which will serve as a comprehensive policy framework that supports the expansion of services trade in the APEC region.

Advancing Work on Environmental Goods and Services

- CTI agreed on environmental goods and services (EGS) work program as mandated by Ministers in 2008 (see *Appendix 6*) which include elements aimed at the dissemination and increased utilization of EGS by addressing barriers to trade and investment in these products and services, and the enhancement of the capabilities of members to develop EGS sectors.
- CTI endorsed the Environmental Goods and Services Information Exchange, which will provide a one-stop gateway to access and exchange information on EGS.
- CTI welcomed the study on good regulatory practices (GRP) for EGS necessary or desirable for climate change mitigation and adaptation as an additional element to the EGS work program. The study, undertaken by the Policy Support Unit (PSU), produced a set of chapters through: (i) a brief quantitative survey of the production and trade in goods and services necessary or desirable for climate change mitigation and adaptation, both from an APEC and global perspective; (ii) the identification of regulatory barriers and impediments to production and trade in these goods and services; and (iii) a selective survey of existing GRP and suggestion of other GRPs that may be needed to address these barriers and impediments to production and trade. Using the study as a tool, member economies will discuss it at CTI1, 2010 and consensually decide whether to develop a set of GRP for EGS. CTI will review the results of study at CTI1 next year.
- A Survey on the Impact of Environmental Regulation on Trade has been completed. The survey examined the status of applying Trade related Environmental Measures (TREM) and Environmental related Trade Measures (ERTM) in APEC member economies, problems they encountered in complying with those standards and possible tools and assistance to meet such standard. It built on the APEC Survey on Trade-related Environmental Measures (TREM) and Environmental related Trade Measures (ERTM) which was conducted by the Economic Committee, in cooperation with APEC members in 1998. A Seminar on Facilitating Trade and Environmental Protection is being scheduled for December to review and discuss the findings of the survey.
- A Survey on APEC Trade Liberalization in Environmental Services has been completed and the Report is being finalized. The research methods applied in this survey include: literature review, survey by questionnaire in APEC economies, interview with experts and case study in China, Korea and the United States. The survey focuses on both macro-level analysis of the trade liberalization in environmental services and the analysis on practice in environmental services of some economies. The survey report will help sharing information of trade liberalization trends in environmental services, and the new classification of environmental services raised in the report will provide references for APEC economies' future discussions on environmental services.
- SCSC's Trade Facilitation Task Force (TFTF) met on 23 February in Singapore to exchange views and information on the nexus between the trade and technical aspects of product-related environmental standards, technical regulations and conformity assessment procedures. The TFTF reviewed the trade and technical aspects of current work related to carbon emission estimation and sustainability as a possible new area of

work. TFTF will further discuss ways to make TTF work most effective in meeting APEC economy needs and concerns regarding information and cooperation on the trade and technical aspects of product-related environmental measures.

Bridging Differences on Remaining Model Measures for RTAs/FTAs

- CTI members were encouraged to re-consider the draft texts of the model measures carried forward from 2008 on trade in services; investment; anti-dumping; subsidies and countervailing measures; and labour cooperation to see if the texts were ready to be adopted as they are.

Work Plan:

In 2009, CTI adopted a work plan on REI/FTAAP that responds to 2008 Leaders' and Ministers' instructions as well as directions from SOM1, 2010. CTI agreed that the Committee and its sub-fora will pursue the following objectives in 2009:

- Make Rules of Origin (ROOs) more business friendly.
 - Examine harmonized, common approaches by sectors.
 - Explore other areas of work on ROOs such as cumulation and simplification of documents and procedures.
- Identify possible vehicles for an FTAAP (*For details, please see section on VI*)
 - Study the feasibility and applicability of enlarging, docking or merging methodology by using real world examples (e.g. EU, ASEAN).
- Deepen analysis for FTAAP (*For details, please see section on VI*)
 - Expand the convergence/divergence study to include new agreements and chapters not currently included in the study and deepen the analysis.
 - Explore the scope of further analysis on the likely economic impact, benefits and challenges of an FTAAP
(*For details, please see section on VI*)
- Promote greater convergence among economies in key areas of APEC's trade and investment portfolio, including areas such as customs administration, trade facilitation, and cross-border services.
- Develop an implementation plan for the IFAP, including KPIs and reporting methodologies for endorsement by MRT at their meeting in 2009. (*For details, please see section on III*)
- Intensify the implementation of the TFAP II to reduce trade transaction costs by an additional 5% by 2010. (*For details, please see section II*)
- Advance work on EGS as a basis for the development of a concrete EGS work program to be delivered to MRT at their meeting in 2009.
- Make efforts to bridge differences in 2009 on remaining model measures investment; anti-dumping; subsidies and countervailing measures; trade in services; and labour cooperation.

- Work towards the implementation of international trade "Single Windows" across APEC using recognized international instruments and standards to enhance interoperability of trade systems. *(For details, please see section II)*
- Improving and enhancing usage of APEC Business Travel Card (ABTC) among existing participants. *(For details, please see section II)*

Table 1: Sub- fora Outcomes - Support for the Acceleration of Regional Economic Integration

SUB-FORA	WORK UNDERTAKEN
<p>Market Access Group (MAG)</p>	<p>Make Rules of Origin (ROOs) More Business Friendly</p> <ul style="list-style-type: none"> • MAG completed an analysis of preferential ROOs in the APEC economies FTAs in the following sectors: refrigerators; musical instruments; steel; bicycles and consumer electronics (See <i>Appendix 2</i>). • MAG studied the basics of ROOs as a first step to prepare for detailed and technical discussions on ROOs • MAG in collaboration with the SCCP conducted a business survey on procedures and documentation relating to preferential ROOs to identify and prioritize problems that business faces. The findings suggested that long and burdensome process on certificate of origin was the number-one issue that business felt contributed to onerous compliance costs. • MAG endorsed APEC Elements for Simplifying Documents and Procedures Relating to Rules of Origin (See <i>Appendix 3</i>) and agreed to collect information on the two elements, i.e., validity period and waiver of certificate of origin or declaration. • MAG contributed to CTI's work on developing the APEC Website on Tariff and ROOs ("WebTR") by discussing challenges members have faced regarding posting information, keeping it updated, and providing it in a format that is accessible to stakeholders. <p>Environmental Goods and Services (EGS)</p> <ul style="list-style-type: none"> • MAG contributed to CTI's work on developing environmental goods and service (EGS) work program to be delivered to Ministers in November 2009. • MAG developed several projects that facilitate trade in EGS and could be incorporated as part of the EGS work program. These include: <ul style="list-style-type: none"> ○ The Environmental Goods and Services Information Exchange (EGSIE) website, to be formally launched in November 2009 as a one-stop gateway to access and exchange information on specific EGS; ○ Workshop on Trade and Environment held on 25–26 May in Jakarta, Indonesia. The workshop sought to facilitate the sharing of ideas, information and experiences between participants to provide APEC policy-makers with tools to develop effective environmental regulations and to develop policies and regulations that do not distort trade in environmental technologies, goods and services. ○ Workshop on Environmental Goods and Services held on 28 July in Singapore. The objective of the workshop was to enhance the understanding and awareness of the linkages between trade in environmental goods and climate change. ○ Survey of Major Impediments and Market Drivers to the Development of Trade in Environmental Goods. The purpose of the survey is to share information on impediments to expanded trade in environmental goods and to improve the functioning markets of environmental goods.

SUB-FORA	WORK UNDERTAKEN
	<ul style="list-style-type: none"> MAG undertook a mapping exercise to produce a matrix which lists EGS-related projects undertaken by APEC fora as MAG's input to CTI's drafting of EGS work program
Group on Services (GOS)	<p>GOS held two capacity building workshops to increase knowledge and understanding among APEC member economies of issues relating to cross-border services trade. The first seminar held on 20 May focused on the commercial realities of cross-border trade, while the second seminar held on 27 July focused on approaches to addressing regulatory issues on services trade, such as quality assurance, consumer protection and data privacy.</p>
Sub-Committee on Customs Procedures (SCCP)	<p>The SCCP has worked closely with the MAG on the simplification of rules of origin (ROO) procedures to make ROO more business-friendly.</p> <p>The SCCP conducted a survey of APEC Customs administrations' roles and responsibilities in ROO matters and, where relevant, customs procedures for claiming preferential tariff treatment. The key findings were: about half the member economies have FTAs that allow for self-certification of origin; very few APEC Customs administrations are involved in the issuance of certificates of origin (CO); most APEC Customs administrations verify an importer's eligibility for preferential tariffs; most member economies publish customs procedures related to FTAs on websites; and most Customs administrations set service standards for issuing preferential CO (where applicable) or processing claims for preferential tariff. These findings provided clarity on the scope of the SCCP in the simplification of origin rules and procedures.</p> <p>The SCCP also collaborated with the MAG on a proposal on APEC Elements for Simplifying Documents and Procedures relating to ROO, and agreed that the SCCP could work on one of the elements, "clarity on treatment of errors made on certificates or declarations with errors". SCCP member economies will provide information on their treatment of minor errors in certificates or declarations of origin on a voluntary basis as an information gathering exercise.</p>
Intellectual Property Rights Experts Group (IPEG)	<p>IPEG members were encouraged to contribute to the RTA/FTA matrix that was developed in 2007 to show members' experiences on negotiating and implementing IP chapters in RTAs/FTAs and support the goal of economic integration.</p>
Automotive Dialogue (AD)	<p>The Automotive Dialogue (AD) agreed to update individual economies' Matrixes of automotive related FTA (already in effect) provisions, including tariffs, rules of origin and indication of online locations of individual FTA texts that was first presented in 2005.</p> <p>The AD has conducted a substantial amount of work on the issue of automotive ROOs and has offered specific recommendations to member governments and to the APEC CTI. Noting the CTI 2009 objectives with regards to ROOs, the AD recommended exploring with the CTI ways to best advance the proposal for funding a one-time APEC Automotive ROOs Workshop to provide further training into the core methodologies recommended by the AD, and to answer the many technical questions</p>

SUB-FORA	WORK UNDERTAKEN
	that economies' trade and customs officials have regarding the implementation of these methodologies. Before conducting the Workshop, the AD Rules of Origin Task Force will reconvene to review and update the 2006 AD's ROOs recommendations.
Chemical Dialogue (CD)	The Chemical Dialogue continued to work on providing guidance for harmonization of chemical ROOs. It commenced work on developing a set of draft Guidelines for Chemical Rules of Origin in Preferential Trade Agreements among APEC Economies.

Section II: Trade Facilitation and Supply-Chain Connectivity

Highlights:

Trade Facilitation

- CTI with the help of the Policy Support Unit (PSU), commissioned a consultant to undertake an interim assessment of the implementation of APEC's 2nd Trade Facilitation Action Plan (TFAPII) as well as to advise on the appropriate methodologies and approaches to quantify the impact of TFAPII on trade transaction costs and review the approach taken and progress made at the mid-way point of TFAP II (2006–2008). The findings showed that (i) APEC is overall on track to reduce trade transaction costs by an additional 5% by 2010, having already reduced transaction costs by 3.2% between 2006 and 2008, with the greatest gain achieved through the reduction in time; (ii) reducing the time that regulation imposes on transactions reduces transaction costs more than cutting fees; and (iii) the KPIs selected for TFAPII could not effectively measure the impact of their respective Actions and Measures had on reducing trade transaction costs. The Executive Summary is attached as *Appendix 7* (The full report is available on the APEC website, www.apec.org)
- CTI and the relevant sub-fora will review the findings of the assessment and consider the recommendations to (i) extend the definition of transaction costs for TFAPII to include "Ports, Terminal Handling and Inland Transport"; (ii) revise TFAPII "actions and measures"; and (iii) to adopt revised KPIs to measure trade transaction cost reduction in 2010. Some 22 new KPIs have been recommended as suitable indicators for assessing reductions in trade transaction costs as a result of progressing toward current TFAPII Actions and Measures. These new KPIs have been agreed to by the relevant CTI sub-fora for use over the remaining period of TFAPII and as an input for the Final Assessment of TFAPII in 2011.

Supply Chain Connectivity

- CTI and the Economic Committee (EC) jointly held a policy dialogue on Trade Logistics on 18 February in Singapore where both committees agreed to collaborate and take forward the APEC 2009 priority on enhancing physical connectivity, "across the border". They decided to call this the Supply Chain Connectivity Initiative and agreed that it would be carried out in three steps: (i) **Mapping**: to identify the work that has been done on trade logistics within APEC, in other organizations and on the regional/multilateral fronts; (ii) Identification of **choke points** within the supply chain; and (iii) **Prioritization** of steps to be taken by APEC to address the choke points.
- Australia and Singapore hosted an APEC Supply-Chain Connectivity Symposium on 16–17 May in Singapore. Participants at the Symposium identified eight choke points impeding the smooth flow of goods and services along the supply chain in the APEC region; made over 30 useful suggestions on possible initiatives and actions for consideration by APEC.
- CTI undertook a mapping of efforts on Supply Chain Connectivity on the Regional/Multilateral Fronts and categorized the information collated under nine key areas: customs; trade security; transport infrastructure; services sectors; information communications technology (ICT); transparency and regulatory reform; capacity building; stakeholder participation; and collaboration with other regional and multilateral institutions. The exercise identified differing degree of commonality amongst target

improvements being pursued in the various fora under the different areas.

- CTI agreed on Supply-Chain Connectivity (SC) Framework which sets down the 8 chokepoints to the smooth flow of goods, services and business travelers throughout the region and suggests possible new work streams to address these chokepoints. (see *Appendix 8*).
- CTI agreed on a *Transparency for Ease of Doing Logistics Business* initiative which is aimed at (i) raising awareness on the complex regulatory environment affecting logistics companies; and (ii) encouraging economies to make information pertinent to logistics businesses publicly and readily available. The initiative will be carried out in two Phases. Phase One involves the completion of a questionnaire by economies to identify domestic regulators and contacts involved in logistics related activities. Phase Two envisages the provision of information specific to logistics business and the creation of a webpage to house the information collated.
- CTI agreed to commission the PSU to undertake a *Study on the Economic Impact of Enhanced Multi-Modal Connectivity in the APEC Region*. The study aims to deliver findings that will help economies understand further where our choke points lie and how removing these choke points could improve the flow of goods and services across land, air, and sea; contribute to trade gains, and overall economic competitiveness.
- Noting the scope of issues covered pursuant to the SC Framework and the instructions from the Transportation Ministerial Meeting held in April and the Meeting of the Ministers Responsible for Trade held in July, the CTI, EC and the Transportation Working Group have collaborated to progress the work on the Supply-Chain Connectivity Initiative.

Work Plan:

In 2009, CTI adopted a work plan on trade facilitation and agreed on the following objectives:

- Intensify the implementation of TFAP II with a view to achieving a further reduction of trade transaction costs by 5 per cent in the period 2007-2010.
- Develop new trade facilitation and trade logistics initiatives, including a Supply-chain Connectivity Initiative; and
- Foster a closer relationship with ABAC and the wider business community.

Table 2: Sub-fora Outcomes - Trade Facilitation

SUB-FORA	WORK UNDERTAKEN
Market Access Group (MAG)	<p>MAG conducted a Workshop on Remanufacturing on 21 February to enhance understanding the benefits from removal of barriers to trade on remanufactured products.</p> <p>MAG agreed on the Next Steps on Remanufacturing which included (i) a questionnaire that economies would individually answer to provide a snapshot of each economy's existing policies, including regulatory and other measures for remanufactured goods and (ii) the drafting of a paper on best practices for policies affecting remanufacturing for consideration in</p>

SUB-FORA	WORK UNDERTAKEN
	<p>2010 based on the feedback to the questionnaire.</p> <p>MAG discussed ideas for a workshop on the APEC food system to be held in 2010 to identify cross-cutting issues affecting trade in food and agricultural products.</p>
Group on Services (GOS)	<p>Australia held a two-day capacity-building workshop on APEC Legal Services Initiative to identify impediments to the provision of legal services across APEC economies and is currently finalizing the inventory of current foreign law regulations across APEC, which will be compiled into a database stored on an APEC-related website.</p>
Investment Experts Group (IEG)	<p>IEG implemented a joint project with the EC on Capacity Building for Sharing of Success Factors in Improvement of Investment Environment through a seminar held on 27 July in Singapore. The seminar covered amongst other things, the main topics of APEC trade logistics (as seen through the work of JETRO in ASEAN), FDI regimes and liberalization; and the need to reform domestic regulation.</p>
Sub-Committee on Standards and Conformance (SCSC)	<p>The number of economies participating in Part I of the APEC Electrical and Electronic Equipment Mutual Recognition Arrangement (APEC EE MRA) increased from 16 to 17, with the recent participation of Papua New Guinea. Following the implementation of Part II and III of the APEC EE MRA in November 2008, the committee for the MRA has now expanded its scope to assume its role as a regulator-to-regulator dialogue to facilitate regulatory cooperation on electrical and electronic equipment. The committee has also changed its name to the Joint Regulatory Advisory Committee on EEE to reflect its expanded scope. A Seminar on Understanding and Implementing the APEC Electrical and Electronic Equipment Mutual Recognition Arrangement (APEC EE MRA) was held on 26–27 May in Singapore to enhance the awareness and understanding on the APEC EE MRA Pathfinder initiative.</p> <p>The first workshop under the APEC Toy Initiative was held on 1–2 August in Singapore. The regulators at the closed-door workshop, entitled “APEC Toy Safety Initiative Regulator Dialogue”, agreed to find practical ways to strengthen consumer product safety standards and practices using risk-based scientific approaches, and without creating unnecessary impediments to trade. It also agreed on the need to promote greater alignment of technical requirements, including by exploring ways to “expand the common set” of reference standards. The approach to address these critical issues will be discussed at the next workshop in Hong Kong, China in January 2010. All stakeholders, including consumer organizations, manufacturers, retailers, standards developers, and conformity assessment bodies will be invited to the workshop in January 2010. These initiatives would play a role helping raise awareness on toy safety regulations and help facilitate trade by identifying areas for alignment of these requirements.</p> <p>A Workshop on Managing Risk Across the Supply Chain was held on 30 July to share best practices on consumer product safety risk management approaches and the need for APEC to develop a set of guidance documents and training to promote consensus and common approaches to risk management in the region</p>

SUB-FORA	WORK UNDERTAKEN
	<p>The SCSC encourages greater alignment of APEC Member Economies' standards with international standards through Voluntary Action Plans (VAP). 28 standards would be added in the VAP (Voluntary Action Plan). This would include standards in the area of product safety (toys), electrical equipment and assistive products (wheelchairs).</p> <p>The APEC Food Safety Cooperation Forum (FSCF) met for the second time since its establishment in 2007, in Singapore in the margins of SOM2 on 30 July. The FSCF, which acts as an advisory body on food safety issues, reaffirmed its commitment to work together to build robust food safety systems so as to accelerate progress towards harmonization of food standards with international standards, as recommended in the World Trade Organization's SPS/TBT Agreements, to improve public health and to facilitate trade. To build on its success to date and to address areas of challenge, the FSCF would focus on:</p> <ul style="list-style-type: none"> • Strengthening the coordination of food safety capacity building activities, utilizing a broad range of government, industry and academic stakeholders. This would be achieved through providing strong support to the implementation of the FSCF Partnership Training Institute Network (PTIN) that was endorsed in 2008; • Building on already established networks and processes, particularly to strengthen our ability to share information in the event of food safety emergencies; • Continuing to make progress towards the establishment of robust food safety systems and greater harmonization to international standards across APEC member economies. <p>An inaugural PTIN workshop on the Examination of Hot Issues in Risk Analysis was held on 1–2 August in Singapore. The workshop brought together over 100 participants from APEC food safety regulators, officials from international standard setting bodies, academic institutes and representatives from private sector food producers to share information to promote trade in safe food. The workshop discussed on access to the tools and methods to improve food safety and understanding of acceptable levels of protection. Following the success of this workshop, more activities are in the pipeline for 2010.</p> <p>A Workshop on Strengthening Chemical Metrological Infrastructure Part II was held on 1–2 August in Singapore. The objectives of this workshop are, among others, based on the experiences of a comparative traceability study to identify existing measurement capability in safety and quality of food export, and the evaluation of the comparative results, to conduct cause-effect analysis and to discuss on action plans of capability building for each economy, which might help each economy prepare a supporting document of strengthening of chemical metrology infrastructure, to establish comparable measurements among member economies of APEC.</p> <p>The SCSC has completed a Study on Critical Infrastructure and Support Systems Standardization. The report is available on the APEC Publications Database (http://publications.apec.org). The study will assist in the development of a framework to address the need to protect critical infrastructure in times of emergencies, whether these be caused by natural disasters or criminal activity. It will promote (i) security standards and systems capacity which support business as well as critical</p>

SUB-FORA	WORK UNDERTAKEN
	<p>infrastructure in government control; and (ii) the harmonization of related standards across the APEC region – this will help improve the interoperability, and compatibility of systems related to securing critical infrastructure.</p> <p>The SCSC organized a conference on business engagement in standards and conformance on 3–4 August. Participants at the conference recommended the development of a strategy to sustain business engagement in standards and conformance activities in APEC. The Strategy to Engage Business in SCSC activities would be drafted interessionally and tabled for consideration at SCSC1 in Japan in 2010.</p>
<p>Sub-committee on Customs Procedures (SCCP)</p>	<p>SCCP continues to implement TFAP II initiatives, and identify and support the necessary capacity building and technical requirements.</p> <p>A new Single Window Working Group (SWWG) Phase 2 was established in 2008 to advance and deliver the recommendations of the Single Window Strategic Plan that was adopted in 2007. The SWWG has fulfilled its mandate when it presented its Final Report to the SCCP in August. This final deliverable from the SWWG contains the <i>Single Window Implementation Guide</i>, a summary of the activities and products which are aligned with the six recommendations of the SWWG (Phase 1), and useful references such as the agendas of the various capacity building workshops and a CD-ROM. The SCCP will now focus on the implementation of single windows by member economies that have not yet done so. Member economies will continue to share experiences and discuss related implementation issues.</p> <p>The annual APEC Customs-Business Dialogue (ACBD) was held in Singapore on 1 August where 280 representatives from the private sector, international organizations and government agencies shared experiences and exchanged views on three important topics: (i) harnessing IT for regional trade facilitation, (ii) securing and facilitating the global supply chain, and (iii) establishing an open and transparent relationship between Customs and Businesses.</p> <p>SCCP members continued to share information on their implementation of the time-release survey (TRS) CAP item.</p> <p>SCCP members continued to exchange views on the future challenges in border management.</p> <p>A Workshop on Implementation of Valuation Advance Rulings in APEC Member Economies was held in Lima, Peru on 29–30 September. This workshop is a follow-up to the “Workshop on application of valuation criteria in Advance Rulings in APEC Member Economies” held in Arequipa, Peru on 23–24 May 2008. This workshop would develop a report on the best practices identified in the implementation process of Valuation Advance Rulings and individual cases identified in the application of valuation.</p> <p>A Seminar on Experience Exchange in the Adoption of Tools and IT for Goods Identification was held in Lima, Peru on 15–16 October. The Seminar enabled participants to learn the experiences of the economies that have adopted international tools and IT for goods identification, where they have used each one of them, how are data models that contain them, why, how, when they adopted them, among other things.</p>

SUB-FORA	WORK UNDERTAKEN
Intellectual Property Rights Experts' Group (IPEG)	<p>An APEC Seminar on Supply Chain Integrity was held on 8-9 January in Hong Kong, China. The seminar advanced the implementation of the APEC Model Guidelines to Secure Supply Chains against Counterfeit and Pirated Goods adopted under the Anti-Counterfeiting and Piracy Initiative.</p> <p>IPEG remains open to further formal exchanges with SCCP. To the extent that it is feasible to do so, economies have been encouraged to include enforcement authority representatives in their delegations. The IPEG Chair briefed SCCP1 held in February on their activities, such as the exchange of information on member economies' intellectual property (IP) systems and capacity building activities. Representatives of enforcement/customs authorities from China; Hong Kong, China; Japan; and the US joined their Economies' delegations and gave brief presentations at 29th IPEG Meeting on the enforcement effort on IP protection in their respective economies.</p>
Government Procurement Experts Group (GPEG)	<p>GPEG conducted a Seminar on APEC-wide Government Procurement Market Accessibility on 14–15 July in Seoul, Korea. Aiming at trade facilitation among APEC economies in government procurement sector, the Seminar collected the participating economies' government procurement framework with particular focus on the regulations, procedures, and recommendations for foreign suppliers' participation in government procurement.</p> <p>Member economies recognized the need for an e-Procurement guideline to be used for reference by member economies in developing and enhancing their own e-Procurement System. GPEG discussed commissioning a research project on developing an e-Procurement guideline.</p>
Business Mobility Group (BMG)	<p>BMG agreed on a set of KPIs and a methodology in 2008 for reporting on the implementation of the TFAP II "business mobility" actions/measures. The second TFAP II Report indicates progress has been made in most of the agreed eight Action areas including the ABTC, with a 214% increase in the number of active cardholders since end 2006 and a 54% increase in the year 31 July 2008–30 June 2009. Progress is also evident against other Actions including 17 economies have already implemented or are committed to implement an API system, including two economies trialing (one without commitment); and 20 economies maintain comprehensive, up to date information in the APEC Business Travel Handbook and other official economy and related websites.</p> <p>In 2007, BMG created a 3-year transitional membership category with extended border facilitation in the ABTC Scheme to encourage participation by Canada, Mexico, Russia and the United States. Since then membership of the ABTC has grown to 20 economies. Mexico joined as a full member of the ABTC in September 2007. Canada and the United States have "transitional member" status until such time that they become fully compliant with all obligations, but both economies enable cardholders to enjoy the key benefit of facilitated clearance through special APEC lanes at their international airports. Russia advised the BMG that it has launched a process to work towards transitional membership in the ABTC scheme. It is expected that the scheme will continue to grow. As of October 2009, there were 74,000 active APEC cards, which is an increase of 52 per cent from the 2007–2008 reporting period.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>In February 2009 the BMG's "Enhancing the ABTC" working group held a two-day TILF-funded workshop to explore the feasibility and desirability of introducing biometrics to the ABTC and to consider possible governance arrangements for such an initiative. The workshop brought together several experts in biometrics and trusted traveller programs who were able to enhance members' understanding of relevant technical and policy issues. The working group decided that further work was required to determine the business case for a biometric ABTC. Intersessionally, each working group economy completed an extensive questionnaire to determine their own business case and this was discussed at a working group meeting at SOM II where it was determined that three economies have a moderate or high business case for a biometric ABTC. The working group is currently looking at possible models for a biometric ABTC pilot.</p> <p>In addition to the TFAP II Actions, members continued to share information and best practice on immigration legislation, free trade and other trade agreements, relevant policies and procedures and technologies.</p>
<p>Electronic Commerce Steering Group (ECSG)</p>	<p>ECSG developed projects on the use of paperless trading in commercial processes. These projects aim at using "e-solutions" or electronic procedures and processes in cross-border trade in order to save time and costs for firms and government agencies seeking regulatory compliance information from traders. The use of paperless trading applications for cross-border trade impacts on the business operations of companies and assists them in adopting business management practices and supporting technologies to comply with regulations and customers demand. Areas covered by these projects include, for example: electronic certificates of origin, electronic invoicing, business requirements for data harmonization and single window, best practices in paperless trading, archiving of e-documents and e-trade financing. These projects involve B2B and B2G transactions and promote the use of electronic documents and internet technologies in the process of international trade, responding to an important aspect of APEC's TFAP II of speeding the use of electronic commerce. Projects were developed and implemented in 2009 to build capacity and promote trade in the areas of (i) Electronic certificates of origin; (ii) Use and Archiving of e-Documents; and (iii) Assessment and Best Practices on Paperless Trade to Facilitate Cross-Border Trade.</p> <p>The ECSG work on the implementation of the Data Privacy Pathfinder with 16 participating economies is the responsibility of the Data Privacy Subgroup (DPS). Specific items on the ECSG work-program that help further APEC Bogor goals include the APEC Privacy Framework and Privacy Pathfinder which both enhance trust and confidence in the Internet as well as facilitate the continued flow of needed information to support both domestic and international business. This work also supports capacity building on these issues by local economies with (currently) no domestic approaches to privacy or other foundations of online trust.</p> <p>A current focus of the Sub-Group is the development and implementation of a set of cross border rules or practices – CBPR – in the area of data privacy protection. The implementation of such a system of rules and procedures will simplify the transmission and manipulation of data across borders while ensuring a high level of data privacy protection. It will result in simpler procedures, cost and time savings, for business and for government agencies responsible for data privacy matters.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>Two Technical Assistance Seminars on International Implementation of the APEC Privacy Framework were held in the margins of the ECSG meetings in Singapore on 22–23 February and 28 July 2009. The first seminar discussed key issues such as trustmark independence; challenges for public sector accountability agents; needs of consumers and mechanics of how they will engage the system; education of some companies while the 2nd Seminar deliberated on areas such as accountability and privacy, international developments on privacy issues, developing domestic enforcement priorities and strategies as well as trust marks and other regulatory models.</p> <p>Completion of the Study on APEC Paperless Business Environment with a Focus on the Use and Archiving of e-Documents. The objectives of the study were to (i) analyze and understand the use of e-Documents for paperless business environment in APEC economies; (ii) identify the obstacles, requirements and approaches of APEC economies in the use of e-Documents for paperless business environment; and (iii) develop a guideline for APEC economies to refer in facilitating the use of e-documents for paperless business environment.</p> <p>Completion of the Study and Symposium on Assessment and Best practices on Paperless Trading in the APEC Region. Assessment and Best Practices on Paperless Trading to Facilitate Cross Border Trade in APEC Region. The objective of this project was to construct an assessment of the standards, barriers, best practices for paperless trading that would make domestic frameworks more compatible to international practice. The project draws from best practices in APEC member economies and focuses specifically on identifying critical success factors and key performance indicators and would be useful to helping the ECSG refine its KPIs for the TFAP II exercise.</p>
<p>Automotive Dialogue (AD)</p>	<p>AD has agreed to support the SCCP and ABAC in their efforts to advance the initiatives to modernize customs websites and encourage the use of expedited customs clearance of goods.</p> <p>AD continued with the implementation of the Model Port/Customs Import Automation project which is aimed at developing and implementing an online automated import documentation system in order to expedite trade transactions of automotive SMEs and OEMs. A survey of industry practices has been completed.</p>
<p>Chemical Dialogue (CD)</p>	<p>The majority of the CD's 2009–2010 work program is in the area of trade facilitation, particularly issues affecting classification and labeling of chemicals, harmonization, regulatory best practices, and technical regulations.</p> <p>Implementation of the Globally Harmonized System for the Classification and Labeling of Chemicals (GHS) could facilitate the movement of chemicals in APEC as well as cut costs for business. The CD is developing a clearinghouse website to collect and provide GHS information. In the initial stage of development, this website will provide GHS standardized labelling elements in local languages. Authorities and industries can look for proper labeling terms for hazard communication and international trade purposes.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>CD's Regulators Forum met in conjunction with the 8th CD on 31 July. The Forum's objectives are to: facilitate risk reduction and the sound management of chemicals across the APEC region, share information, tools and experiences with best practices and create opportunities for regulatory collaboration to address common concerns, discussing the nexus between chemicals management and competitiveness, including for SMEs, to help facilitate trade in concert with protecting human health and the environment.</p> <p>CD will organize a "Good Regulatory Practice: Case Study Workshop on the Chemicals Sector- from Principles to Practice" in 2010. This workshop specifically furthers regional economic integration through structural (regulatory) reform. The workshop and subsequent train-the-trainer seminars foster the exchange and uptake of good regulatory practices for industrial chemicals management in the region, promote overall enhanced economic and environmental sustainability, and facilitate transparent, science-based processes. The work also aims to enhance the competitiveness of SMEs, reduces potential trade barriers, and increases opportunities for innovation within and across the APEC region.</p>
<p>Life Sciences Innovation Forum (LSIF)</p>	<p>The LSIF regulatory harmonization agenda is far advanced and will make a significant contribution to the REI agenda and the associated facilitation of trade. 2009 marked the launch of the APEC LSIF Harmonization Center (AHC) in Seoul during 15–18 June, with an associated training program on multi-regional clinical trials and the first meeting of the newly established LSIF Regulatory Harmonization Steering Committee (RHSC) chaired by Canada. More than 640 participants from 17 APEC economies registered for the June events. The AHC held a second self-funded workshop in Seoul on 16–18 September, which focused on regulatory harmonization in the context of biosimilars. More than 430 participants from 13 APEC economies attended the 16-18 September workshop. The AHC will provide the facility for capacity building on regulatory harmonization and the RHSC will develop a strategic plan for the harmonization of life sciences regulatory procedures, which would include the adoption and implementation of harmonized international guidance and regulatory best practices for medical life sciences products.</p> <p>LSIF has a number of other regulatory harmonization projects in train (clinical trials, medical device regulatory capacity building) or planned. LSIF successfully completed the first in the series of "Capacity Building for Drug Regulatory Agencies on Clinical Trials and Good Clinical Practice (Phase 2)" The Advanced workshop on review of drug development in clinical trials was held from 2–6 February and the advanced workshop on GCP/Clinical Research Inspection was held from 2–6 March. The second in the series of medical device regulatory harmonization seminars was held in Toronto in May. An Asia medical devices regulatory harmonization delegation visit to Australia was completed, including 22 Asia regulators was completed during September, and a Latin American medical devices regulatory harmonization delegation visit to the US and Canada is planned during 2010. LSIF is exploring a concept paper as the basis for a project proposal to examine quality control and quality assurance procedures for stem cell technologies.</p>

Section III: Investment

Highlights:

- CTI, supported by a FOTC group and the IEG developed a work plan which outlined the broad steps to be taken in 2009 with respect to (i) identification of KPIs; (ii) measurement of progress against these KPIs and (iii) identification and implementation of action items listed in the APEC Investment Facilitation Action Plan (IFAP) (2008–2010) endorsed by Ministers Responsible for Trade (MRT) last year.
- CTI, with the help of the PSU commissioned a research project to develop a rigorous methodology to measure the progress in implementing the IFAP and to identify KPIs which may provide a consistent basis for measurement of progress across the 2008-2010 period. The overall aim of the research was to provide systematic evidence that APEC members are advancing in measures to create and sustain the most conducive climate to attract investment, as this will be an important determinant in ensuring that APEC members and the APEC region are able to maximize their share of global foreign investment. The final report of the PSU (available on the APEC website, www.apec.org) includes a theoretical framework on investment facilitation and the attraction of investment, as well as some possible KPIs to measure the progress made within APEC with regard to the implementation of investment facilitation actions and principles included in the IFAP. It also identifies key areas in IFAP where data is not available to measure progress. To address this, a stakeholder survey is being suggested to fill the existing gaps and make an assessment on business perceptions to the impact of actions taken by APEC member economies in implementing IFAP.
- CTI welcomed the completion of the research on IFAP and agreed the report would serve as an input to CTI's consideration of IFAP measurement and will be further discussed at CTI1, 2010 in the context of determining the way forward with IFAP measurement, including whether or not a particular methodology or individual KPI recommended in the report is to be used.
- IEG continues to play a major role in implementing the IFAP. The group identified five specific priority actions under each of the three priority themes (e-transparency, reducing investor risk, and simplifying business regulation) by Ministers in 2008. These are attached as *Appendix 9*.
- Completion of Phase 1 of the Sub-National Doing Business: Driving Reform of Local and Regional Business Environments in APEC study. Using the World Bank's "Ease of Doing Business" indicators, the study identified successful efforts to overcome behind-the-border barriers to investment in Mexico, the Philippines, Indonesia and China at the sub-national level complementing work under way in Economic Committee.
- Completion of Phase 2 of the Study of the Core Elements in Existing RTAs/FTAs and Bilateral Trade Agreements. This joint APEC-UNCTAD study builds upon the Phase 1 study which addressed APEC Leaders' calls for further work to examine bilateral investment agreements and the core investment-related elements of existing FTAs by expanding its coverage to a larger sample of intra-APEC investment agreements and other international investment agreements (IIAs). CTI agreed that the Core Elements study is a useful tool upon which to base tailor-made capacity building activities designed to improve member economies investment agreement making abilities – thereby

enabling improvement in the quality, consistency and overall standard of APEC agreements.

- The IEG jointly with the Economic Committee held the following activities:
 - Seminar on Regulatory Reform to Improve the Domestic Business Environment in Singapore on 16–17 February. The objective of the seminar was to help officials from APEC economies gain insights into the impact of regulatory reform on business and how to foster a positive environment across APEC economies for greater trade and investment.
 - Seminar on the Ease of Doing Business: Enforcing Contracts held in Singapore 26 July. The objectives of the Seminar were (i) discuss current perspectives and practices regarding procedures relating to the enforcement of contracts in APEC economies, with a view to identifying examples of best practice; (ii) exchange experiences on the “how to” of adopting better quality procedures for enforcement of contracts; and (iii) Develop practical guidance on possible ways to improve procedures relating to enforcement of contracts.
 - Seminar for Sharing Success Factors in the Improvement of Investment Environment held in Singapore on 27 July. It was attended by more than 70 participants and addressed by some eminent private sector speakers covering the main topics of APEC trade logistics (seen through the work of JETRO in ASEAN), FDI regimes and liberalization; the need to reform domestic regulation, public sector reform and strengthening economic legal infrastructure, and also the results of a study of cross-border mergers and acquisitions within APEC and their implications.
- Seminar for Sharing Experience on Improving Investment Policy held in Singapore on 18 May. Participants discussed possible policy options to improve the investment climate – namely one-stop shops or special inquiry points, effective, reasonable cost dispute settlement mechanisms and simplifying, streamlining and quickening investment regime and processes.
- Workshop on Improving Investment Promotion Activity Performance in Accessibility to Investors and Information Provision held in Bangkok on 3-5 June with the World Bank's FIAS support. The objective was to help APEC's investment promotion agencies benchmark and improve their performance in the areas of information provision and enquiry handling. The workshop targeted senior staff in investment facilitation and servicing agencies.
- APEC-UNCTAD Regional Training Course on the Core Elements of International Investment Agreements in the APEC Region held in Malaysia on 15–19 June. The training course was aimed at providing in-depth understanding of the key and emerging issues in investment liberalization, protection and facilitation. It covered a comprehensive range of topics relating to key and emerging issues in IIAs; stocktaking of treaty provisions on liberalization, protection and facilitation; analysis of recent treaty and specific case studies; dispute settlement mechanism and management; and a simulation exercise on the negotiation of a comprehensive investment agreement.
- APEC-UNCTAD Joint Capacity Building Project for Addressing Knowledge Gaps in the Use of Foreign Direct Investment (Stage 1 – completed) Stage 2 – expected completion: November. IEG members had a discussion on the lessons learned from this research and analysis project; the best practices; and case studies done in four areas – two in infrastructure (electricity, roads) and two related to FDI and small and medium

enterprises (backward linkages and accessing skills) and associated future capacity building activities.

- LSIF continued moving forward with its work on the Enablers of Investment Checklist that was endorsed in 2008. The checklist examines the enabling conditions that attract private investment in innovative life sciences in an economy. Singapore completed the checklist and presented the results to LSIF VII held on 3–4 August as a benchmark for other economies. LSIF VII agreed that more economies needed to fill out the checklist so that the metrics in the checklist could be validated. A small group will be formed in 2010 to review the checklist to ensure that new technologies such as biologics are adequately reflected in the checklist and examine consistency with the Digital Prosperity Checklist in the case of Health IT.
- LSIF will be undertaking work to advance the research study conducted in 2008 by teams from Australia and China on the public sector returns to investment in health innovations. The authors have been invited to convene a small group to respond to the study, as requested by Ministers in 2008. Preliminary discussions would have the group convening in December. LSIF VII also considered the prospect of broadening the study to include temporal aspects of the return on investment as well as metrics that would show the economic returns such as through increased economic activity.
- LSIF completed a project which looked at the returns to investment in preventive interventions such as vaccines. This survey of perceptions of the value of such interventions was conducted by independent consultants in two APEC economies – Thailand and Chinese Taipei. Results showed that while there was good appreciation of the value of vaccines in terms of health outcomes, there was little appreciation of the value in terms of economic outcomes.

Work Plan:

IEG adopted the following work plan which is structured around CTI's 2009 priorities to facilitate progress reporting:

CAP Implementation and Review

- Continue to review the CAP with particular emphasis on ensuring sufficient priority to work on implementing the IFAP in 2009–10 including the areas of e-transparency, reducing investor risk and simplifying business regulation.

Strengthening Regional Economic Integration

- *Exploring a FTAAP*: Review existing analytical work on investment issues relevant to a possible FTAAP and assess the need for any additional analytical work.
- *Promotion of RTAs and FTAs*:
 - Enable greater consistency in key provisions of RTAs/FTAs in the region through capacity building projects namely: (i) Finalize Stage 2 of the study of the Core Elements of International Investment Agreements to underpin Leaders' call to consider development of principles for investment agreements. Hold discussion of final report at IEG2; and (ii) Contribute to the Convergence and Divergence Study in CTI as necessary
- *Trade Facilitation*

- Capacity Building for Sharing of Success Factors in Improvement of Investment Environment: discussion is planned at this event in July 2009 of certain trade facilitation issues related to investment
- *Investment- Research and Analysis:*
 - APEC-UNCTAD Joint Capacity Building Project for Addressing Knowledge Gaps in the Use of Foreign Direct Investment (Stages 1 & 2) - Implement project and finalize both Stages, discuss lessons learned from the 4 best practice case studies and consider associated capacity building.
 - Continue to update List of Analytical Studies on FDI and developments in international investment agreements.
 - Monitor regional and global FDI trends and policy
- *Investment- Facilitation and Promotion including the development of the IFAP:*
 - Assist CTI by providing advice on the development and implementation of the IFAP.
 - Assist CTI in developing reporting framework for fora/sub fora on IFAP actions
 - Assist CTI, ABAC and APEC PSU in developing project to establish realistic benchmarks or other measurements including KPIs related to IFAP actions.
 - Prepare analysis of investment-related work undertaken and planned in 2008-2010 in terms of its relevance to meeting specific IFAP actions
 - Implement project: Joint APEC-BOI-FIAS Workshop on Improving Investment Promotion Performance in Accessibility to Investors and Information Provision; and Seminar for Sharing Experience of Improving Investment Policy. In 2009, we are planning to hold discussions about possible policy options to improve the investment climate – namely one-stop shops or special inquiry points, effective, reasonable cost dispute settlement mechanisms and simplifying, streamlining and quickening investment regime and processes.
- *Investment- Liberalization of border barriers to FDI:*
 - Consider how we can report back to CTI on the matter of satisfying the Leaders commitment to refrain from raising new barriers to trade and investment. To be discussed at IEG1
- *Digital Economy and IPR:*
 - Capacity Building for Sharing of Success Factors in Improvement of Investment Environment. In 2009, there are planned discussions of: (i) Implication of strengthening the protection of IPRs and facilitating technology transfer (electric and electronics, automobile and software industries); and (ii) Implication of promoting business utilizing intellectual property of colleges and universities (foreign knowledge-based industry)
- *Transparency:* Consider lessons learned from implementation of update to Investment Guidebook and review next steps.
- *Structural Reform, behind-the-border barriers:*
 - Implement project Investment at the Sub-National level to promote Economic Integration (Phase I).
 - Participate in Joint EC/IEG Regulatory Reform: Improving the Domestic Business Environment Seminar
 - Consider further capacity building events sharing experience with the Policy Framework for Investment
 - Capacity Building for Sharing of Success Factors in Improvement of Investment Environment

- In 2009, there are plans to hold discussions about the: (i) Implication of promoting structural reform and strengthening economic legal infrastructure toward market-oriented economic reform (mergers and acquisitions of state-owned enterprises by foreign investors); (ii) Implication of promoting regulatory reform, public-sector reform and strengthening economic infrastructure (public-utility industry)
- *Private sector engagement, sectoral issues:*
 - Continue to strengthen dialogue and cooperation with the private sector, including through ABAC.
 - Work with ABAC to produce statements on: (i) the importance of transparency to facilitate investment; (ii) harmonization of rules to facilitate investment; and (iii) simplification of approval processes to facilitate investment; together with a Matrix of Successful Investment Facilitation Measures.
 - Continue to work with ABAC to identify potential joint activities (including public-private dialogues) that would benefit the APEC business community by facilitating trade and investment and addressing structural reform issues.

Capacity Building and Information Sharing

- Consider development of *Investment Reform Toolkit* utilizing outputs from previous capacity building projects

Inputs to Investment work undertaken by/with other APEC fora

- Continue to work with HRDWG to consider implications for IEG of HRDWG's Strategic Approach to Sustainable Capacity Building Project
- Continue to work with EC on investment issues related to structural reform including as necessary, participation at meetings and events, inputs to projects, etc. Implement Project: EC/IEG Regulatory Reform: Improving Domestic Business Environment Seminar.
- Continue collaboration with EWG including on implementation of the APEC Energy Trade and Investment Action Plan.
- Collaborate with the MTF to study the recommendations made in the 2007 Mining REI study on impediments to trade and investment in mining and assist as necessary to propose possible actions for the next APEC Mining Ministerial Meeting.
- Work with FMP officials as necessary on issues relating to capital market development and investment efficiency.

Section IV: Digital Economy and Strengthening Intellectual Property Rights

Highlights:

- ECSG agreed to develop a simple survey or questionnaire, in conjunction with the CTI to collect information on how economies' policies and practices map against the Digital Prosperity Checklist. The information collated would help enhance the understanding of how economies are implementing policies to support ICT-enabled growth and identify additional capacity building needs. The survey or questionnaire was circulated intersessionally with the goal of economies completing it by SOM I, 2010.
- ECSG agreed to map the Digital Prosperity Checklist against work on-going in APEC and thus identify gaps for possible future work. This work will be undertaken in conjunction with the CTI and other sub-fora and targeted for completion by SOM I, 2010.
- IPEG completed the Survey on Copyright Limitations and Exceptions. The final report contained the results submitted by fourteen member economies up to February and represented a snapshot of the information submitted. Also, two other surveys have been also developed and are being carried out: (i) Survey on Opposition Proceedings to determine the best practices for opposition procedures; and (ii) Survey on Certification and Collective Marks for member to gain better understanding of current protection of certification and collective marks among APEC members.
- The development of a Survey of Strategic Consideration of IPR Capacity Building in APEC Economies. The survey is being undertaken in support of the Model Guidelines to Strengthen IPR Capacity Building and to assist efforts within IPEG to undertake a more strategic and structured approach to designing and delivering capacity building programs. The survey is intended to help identify IPR related development and capacity building needs within APEC economies.
- IPEG conducted several seminars and forums during this year on various IP issues such as: (i) APEC Seminar on Supply Chain Integrity, 8–9 January, Hong Kong, China; (ii) APEC IPEG Seminar on technology Transfer, 23–24 February, Singapore; (iii) Seminar on APEC IPR Public Education and Awareness Program for SMEs, 1–3 April, Melbourne, Australia; (iv) Colloquium For Public Prosecutors And The Judiciary on Intellectual Property Rights Enforcement, 9-11 June, Kuala Lumpur, Malaysia; (v) APEC Workshop on Effective Practices in the Border Enforcement of Intellectual Property Rights, 20–23 July, Honolulu, Hawaii; and (vi) APEC Trading Ideas 2009 Symposium 2009, 30–31 July, Singapore.
- An APEC Workshop on Effective Implementation of Best Practices Concerning Cable and Satellite Signal Piracy and Enforcement will be held on 15-16 December in Jakarta, Indonesia.
- IPEG discussed some initial ideas for a more coherent approach under the APEC Cooperation Initiative on Patent Acquisition Procedures as well as the development of the Patent Cooperation Initiative on Patent Acquisition Procedures – Roadmap for Further Cooperation. A gap analysis on patent acquisition among APEC economies is being conducted to determine the capacities and capabilities of economy's patent office and where it may be lacking in experience and resources.

- IPEG discussed a proposed Intellectual Property Academy Collaborative Initiative (iPAC) aimed at strengthening collaboration on human resource development in the IP field.
- IPEG continued to discuss the proposal on APEC Satellite and Cable Signal Theft Initiative.
- IPEG discussed a proposal to address illegal use of recording devices to record or transmit movies in cinemas.

Work Plan:

In 2009, CTI adopted a work plan on Digital Economy and Strengthening IPR which included:

Digital Economy

- Undertaking capacity building workshops in relevant CTI sub-fora to promote the use of the APEC Digital Prosperity Checklist.

Intellectual Property Rights

- Undertaking initiatives to strengthen the protection and enforcement of IPR in the region.
- Promoting greater collaboration among our IPR experts and enforcement authorities.
- Continuing with the implementation of the IPR Guidelines adopted under the 2005 Anti-Counterfeiting and Piracy Initiative.
- Making progress improving patent systems in the region.
- Continuing with the implementation of the APEC Cooperation Initiative on Patent Acquisition Procedures. (This includes discussion of a roadmap for Patent Cooperation Initiative on Patent Acquisition Procedures reflected in the APEC REI Progress Report (Matrix)).
- Promoting work on awareness raising and advancing shared objectives in ongoing international discussions, especially in the WTO, regarding genetic resources and the protection of traditional knowledge and folklore.
- Continuing work to address satellite and cable signal theft in the region as outlined in the 2007 AMM Statement.

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

SUB-FORA	WORK UNDERTAKEN
Sub-Committee on Customs Procedures	SCCP continued its collaboration with IPEG. The IPEG Convenor addressed SCCP1 on IPEG activities, stressing the importance of involving SCCP although there are differing roles on IP enforcement amongst Customs administrations. In turn, a few SCCP member economies presented their customs administrations' roles in IPR enforcement at IPEG2.

SUB-FORA	WORK UNDERTAKEN
	<p>SCCP conducted a Seminar on Implementation of Border Measures for IPR Protection 5-7 October in Lima, Peru. This seminar was aimed at providing participants with information on the general aspects of border enforcement of IPR as well as with the technical knowledge and skills on best practices and procedures related to implementation of border measure for IPR protection.</p>
<p>Electronic Commerce Steering Group (ECSG)</p>	<p>ECSG conducted a Seminar on the Digital Prosperity Checklist on 26 July in Singapore. The Seminar provided an opportunity for participants to exchange information and learn from each other about using networked ICT to stimulate growth and prosperity. A second initiative focusing on the concept of Global Value Chains, is being planned for 2010.</p>
<p>Automotive Dialogue (AD)</p>	<p>AD discussed collaboration with IPEG on proposed future activities such as a program to increase public awareness of IPR best practices in the automotive sector.</p>
<p>Life Sciences Innovation Forum (LSIF)</p>	<p>LSIF completed its series of anti-counterfeiting seminars for medical life sciences products with the last in the series being held in Mexico City in February. The key objective of these seminars was to assist in building capacity to maintain the integrity of the pharmaceutical products and medical devices supply chain. Many new ideas for cooperation were generated and an action plan will be developed for consideration. Consideration is also being given to establishing an LSIF anti-counterfeiting committee within the LSIF structure to work on implementation of the plan and additional training.</p> <p>LSIF also examined the role of information technology in health systems as part of its work to implement the LSIF Strategic Plan and agreed to recommend for endorsement by AMM/AELM, the establishment of a small group to discuss and coordinate priorities in the development of mechanisms, frameworks and guidance on the role of information and communications technologies in health systems to facilitate and enhance the exchange and use of health and information and related data for improved patient outcomes, disease management and crisis response.</p>

Section V: Collective Actions, Pathfinder Initiatives and Industry Dialogues

Collective Action Plans

Collective Action Plans (CAPs) continue to frame the work plans of the CTI and its sub-fora. These CAPs are living documents and, in 2009, they were revised and enhanced in pursuit of the Bogor Goals (see *Appendix 8*).

Many of these improvements were made in response to the priorities set by Leaders and Ministers, including the call to ensure deliverables in CAPs are relevant to business. The revised CAPs also increase the transparency of trade and investment policies, lower transaction costs of cross-border trade, stimulate competition and result in greater certainty and predictability.

Some highlights from sub-fora collective action plans:

The **Market Access Group (MAG)** advanced work on initiatives on tariff and non-tariff measures that contributed to the APEC activities on Regional Economic Integration. The group discussed intensively making ROO more business friendly from three aspects: (1) harmonization, (2) cumulation and (3) simplification of documents and procedures. In particular, the discussion led to completion of five sectors for ROO analysis as a contribution to ROO harmonization study and an endorsement of APEC Elements for Simplifying Documents and Procedures Relating to ROOs. The Group also assisted CTI's work on developing the APEC Website on Tariff and ROOs ("WebTR") which was endorsed by Ministers Responsible for Trade in July.

MAG also initiated projects on EGS as inputs to the EGS work program to be delivered to Ministers, including launch of Environmental Goods and Services Information Exchange (EGSIE) and holding of EGS Workshop. The mapping matrix, which listed a number of activities and projects on EGS developed within APEC, was also one of the contributions by MAG to enabling relevant fora to work for increasing utilization of EGS and help economies build capacities to develop the EGS sector.

The **Group on Services (GOS)** discussed and developed activities to facilitate the development of open and efficient services markets in the APEC region. Sectors discussed in 2009 included environmental services, legal services, health services and educational services. GOS conducted a capacity building workshop to identify impediments to the provision of legal services across APEC economies in July 2009. Two capacity building seminars were held for cross-border services trade in May 2009 and July 2009 to increase knowledge and understanding of the commercial realities and regulatory issues relating to cross-border services. The Group reviewed its mandate and revised its terms of reference so as to be more aligned with APEC's priorities.

In 2009, the **Investment Experts Group (IEG)** continued to support the CTI's efforts in progressing the Investment Facilitation Action Plan (IFAP) for 2008–2010 that was adopted by Ministers and Leaders last year. The Group provided technical inputs to CTI's work on establishing a measurement methodology and KPIs. Under each of three priority themes agreed in 2008 to address IFAP action points: e-transparency, reducing investor risk through more certainty, and simplifying business regulation including reducing business costs, the IEG identified five actions for implementation in the first three years of the IFAP, taking into consideration the views of ABAC. The IEG also further identified capacity building needs in

IFAP priority action areas for immediate action in the latter half of 2009 and early 2010. Besides the IFAP, the IEG completed the 2nd phase of its Core Elements Study, the result of which were found to be a useful tool upon which to base tailor-made regular capacity building activities designed to improve member economies' abilities to make investment agreement – thereby enabling improvement in the quality, consistency and overall standard of APEC agreements. The IEG had also successfully delivered several short- to medium-term multi-stage capacity building projects with strong linkages both to each other and the work of other APEC fora in 2009.

The ***Sub-committee on Standards and Conformance (SCSC)*** assists the CTI to deliver the standards and conformance related outcomes of APEC's trade and investment liberalisation and facilitation agenda. For 2009, several key activities were organized for the first time to help achieve this agenda. This included the launch of a study on models and practices deployed by APEC economies to help their businesses, particularly SMEs, to gain access to information on technical regulatory requirements and overcoming technical barriers to trade (TBT). Engaging businesses is a priority, with a seminar on Engaging Businesses on Standards and Conformance conducted on 3–4 August. To help educate business and academia on the importance of standards and conformance, the SCSC PAGE (Project Advisory Group on Education) met on 22 February to discuss Phase II of the Standards Education project on Textbook and Teaching Manual Development. To promote awareness and understanding of the APEC Pathfinder initiative on the APEC Electrical and Electronic Equipment Mutual Recognition Arrangement (APEC EE MRA), a seminar, with strong participation from both regulators and industry was held on 26–27 May. Recognizing the importance and impact of environmental related measures on trade of products, the SCSC Trade and Facilitation Task Force (TFTF) met on 23 February to discuss ways to more effectively meet the needs and concerns regarding information and cooperation on the trade and technical aspects of these measures. Capacity building activities relating to legal metrology and chemical metrology were also carried out throughout the year.

Product safety was emphasized with a workshop on Managing Risk Across Supply Chain in the APEC Region on 31 July and a Toy Safety Regulator workshop on 1–2 August. In the area of food safety, the successful inaugural workshop by the Food Safety Cooperation Forum (FSCF) Partnership Training Institute Network (PTIN) on Examination of Hot Issues in Risk Analysis was held on 1–2 August. Regulator to regulator dialogue was enhanced with the Food Safety Cooperation Forum meeting on 30 July and the transformation of the JAC EE MRA (Joint Advisory Committee on the APEC EE MRA) into a Joint Regulatory Advisory Committee on Electrical and Electronic Equipment. The TOR of the SCSC was also reviewed with an added focus on Good Regulatory Practice.

In 2009, the ***Sub-committee on Customs Procedures (SCCP)*** worked to address the priorities identified by our Leaders, Ministers and Senior Officials to accelerate regional economic integration efforts towards achieving the Bogor Goals, by focusing its efforts on: (i) contributing to making rules of origin business-friendly; (ii) continuing to contribute to the implementation of the TFAP II in areas related to customs; (iii) contributing to the advancement of single window implementation in the region; (iv) progressing the implementation of the APEC Framework for Secure Trade; (v) strengthening collaboration with the Intellectual Property Rights Experts' Group; (vi) advancing the implementation of the SCCP Collective Action Plans; and (vii) building capacity to simplify and modernize customs procedures.

The ***Intellectual Property Rights Experts' Group (IPEG)*** worked on a range of activities addressing key IPR issues in the region, including trademark and patent acquisition and protection, copyright protection and enforcement, plant variety protection, IPR capacity building and other pro-business initiatives such as electronic filing systems and IPR Service

Centres. IPEG worked to strengthen inter-fora cooperation, whereby representatives from member economies' IP enforcement authorities were invited to attend the IPEG Plenary Meeting and address challenges on border enforcement for IPR protection. .

The IPEG has been especially active in providing IP capacity building programs over the past year. Seminars and workshops on various IPR topics were held, where IPR experts and stakeholders came together to share ideas and exchange experience on supply chain integrity, technology transfer, prosecution on IPR infringements, border enforcement of IPR and copyright limitation and exceptions. A seminar on IPR public education and awareness was conducted to address surging demands from SMEs on IP management. Additionally, IPEG is currently completing an APEC-funded project to further develop and disseminate the "e-learning" program called IP Xpedite, which is aimed at increasing awareness and utilization of IP information.

The **Government Procurement Experts Group (GPEG)** continued to exchange information on the developments of e-procurement systems and best practices related to government procurement as well as information on multilateral and bilateral trade agreements negotiated by member economies. GPEG discussed revitalizing GPEG's activities and increasing participation at its meetings. GPEG members agreed to set up mid and long term agendas that are more relevant to APEC goals and the practical interests of GPEG members for future meetings. GPEG will continue discussion intersessionally about commissioning a research on developing a framework for eProcurement Guidelines for reference of member economies in order to assist them in developing and enhancing their own e-procurement systems.

The **Business Mobility Group (BMG)** continued work that would facilitate business travel while ensuring passenger safety and border security. Specifically, the BMG worked on expanding the membership and participation in the APEC Travel Business Card (ABTC) scheme, the unilateral Advance Passenger Information (API) systems and the Regional Movement Alert System (RMAS). The Group undertook an ABTC client satisfaction survey which demonstrated that the ABTC is highly valued by frequent business travelers and provides real and tangible benefits. It further agreed to commence work on an ABTC Client Service Model which will lead to a more uniform product and service afforded to clients. The BMG's latest Report on TFAP II implementation for the period indicates progress has been made in most of the agreed eight action areas including the ABTC, with a 214 % increase in the number of active cardholders since end 2006 and a 54% increase in the year 31 July 2008–30 June 2009 (44,931 to 69,029 cards) over the previous year. As of October 2009, the number of active ABTC cards was 74,000.

The Group agreed to develop a paper which will evaluate the past work of the BMG. This will assess the considerable body of work that the BMG has undertaken in past years and by doing so, might identify gaps in the work of BMG which the BMG would consider completing in the future.

The **Electronic Commerce Steering Group (ECSG)** recognizes the importance of public-private collaboration in developing an environment conducive to e-commerce and encourages the active participation and contribution of the private sector in its meetings and activities. For 2009, the ECSG made further progress in its work program relating to the data privacy pathfinder and paperless trading which include works in areas such as electronic certificates of origin, electronic invoicing, business requirements for data harmonization and single window, best practices in e-government procurement, e-documents and e-trade financing. It developed projects involving B2B and B2G transactions and promoted the use of electronic documents and internet technologies in the process of international trade, responding to TFAP II of speeding the use of electronic commerce. The ECSG's work is

supported by two sub-groups, the Data Privacy sub-group which oversees the implementation of the Data Privacy Pathfinder that was adopted in 2007; and the Paperless Trading sub-group which oversees the development and implementation of projects on the use of paperless trading in commercial processes.

The ECSG advanced work on developing and implementing a Cross-Border Privacy Rules (CBPR) system encompassing a set of cross border rules or practices in the area of data privacy protection. The implementation of such a system and procedures will simplify the transmission and manipulation of data across borders while ensuring a high level of data privacy protection. The ECSG also supported CTI in the implementation of the Digital Prosperity Checklist which outlines specific steps economies can take to enable an economy to utilize ICTs as catalysts for growth and development.

Pathfinder Initiatives

In 2009, lead economies continued to promote increased participation in the existing TILF-related Pathfinder initiatives.

Table 4: Status of TILF-Related Pathfinders (as of end August 2009)

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

Industry Dialogues

Automotive Dialogue

The **Eleventh Automotive Dialogue** was held in Seoul, Korea on 30 March–2 April. The Dialogue continued to pursue a broad ranging agenda encompassing market access and trade policy; harmonization of technical regulations and road safety; SME development; customs and trade facilitation; intellectual property rights; motorcycle safety; and alternative fuels. At this meeting, the Automotive Dialogue endorsed a resolution calling on all APEC economies “to refrain from raising new barriers to investment or trade in goods and services, or implementing WTO inconsistent measures, particularly in the automotive sector”.

The Dialogue agreed to the recommendations, put forth by its Customs and Trade Facilitation working group that (i) the SCCP undertake an initiative to modernize the Customs websites of APEC economies, and develop a centralized list of links to the relevant individual economies’ government sites that contain the key information; (ii) APEC economies: (a) implement the WCO’s Safe Framework to Secure and Facilitate Global trade to avoid a “spaghetti bowl” of divergent Authorized Economic Operator (AEO) programs; and (b) agree on minimum security standards for AEO programs in APEC; and (iii) SCCP works towards the implementation of WCO’s Revised Kyoto Convention and implementation of WCO’s guidelines pertaining to immediate release of goods. On ROOs, the Dialogue continued to review and update its 2005 recommendations on ROO methodologies for future FTAs; as well as to explore how to best advance the proposal for funding a one-time APEC Automotive Rules of Origin Workshop to provide further training into the core methodologies recommended, and to answer the many technical questions that economies’ trade and customs officials have regarding the implementation of these methodologies. The Automotive Dialogue continued to collaborate with the Energy Working Group’s Biofuels Task Force to take forward a jointly developed project on biofuels transport and distribution options for APEC economies. The project examines the best practices for cost effective expansion of the infrastructure needed to transport and distribute biofuels as the market expands. The Dialogue also endorsed a proposal to develop a SME Partner Search and Matching Program with the SMEWG.

Chemical Dialogue

The **Eighth Chemical Dialogue** was held in Singapore on 1 August to discuss and develop the proposed 2009–2010 work plan for the Chemical Dialogue (CD) and associated recommendations. The Dialogue extended its discussions of important regulatory and trade-related developments such as the EU REACH (Registration, Evaluation, and Authorization of Chemicals), GHS (Globally Harmonized System of Classification and Labeling of Chemicals), and SAICM (Strategic Approach to International Chemical Management) to include new areas of work including the prospect of a contribution to APEC’s work on sustainable development and climate change, outreach to SMEs, information sharing on the strategic role of chemicals, the scope for a capacity building workshop on voluntary industry programs to support the sound management of chemicals, and exploring supply chain considerations of regulatory regimes. The Dialogue was preceded by the first formal meeting of the newly established Chemical Dialogue Regulators Forum, and approved the work plan of this forum, which is intended to facilitate risk reduction and the sound management of chemicals. The work plan includes a capacity building workshop on Good Regulatory Practice scheduled to be held in the margins of SOM I 2010.

The Principles for Best Practice Chemicals Regulation and a Report on issues associated with implementation of the GHS approved by APEC Ministers in 2008 were communicated

by the Dialogue formally to the second International Conference on Chemicals Management in Geneva on 11–15 May as the approved APEC contributions to SAICM. A status report on the implementation of GHS by APEC member economies was transmitted to the MRT in July. A web-based GHS information clearing house is being established to assist industry in APEC member economies with GHS compliance. The Dialogue continued to advance work on a common approach to simplifying rules of origin in the chemicals sector, with the completion of a comparative study on rules of origin in the 32 FTAs in the region, and agreed to explore the development of business friendly guidance on rules of origin as a contribution to APEC's regional economic integration agenda. The Dialogue continued exchanges with the European Commission on the implementation of REACH and developed and circulated a survey of problems companies were encountering with REACH implementation. Members continued to express concern over the potential trade-distorting effects of REACH and potential issues with the protection of confidential business information.

Life Sciences Innovation Forum

The **Seventh Life Sciences Innovation Forum (LSIF VII)** was held in Singapore on 3–4 August. The forum was preceded by a workshop, conducted in cooperation with the Health Working Group and a regional institute on 2 August in Singapore, and focusing on the role of Health IT. The main theme for this year's forum was *Engaging in a Multi-disciplinary Approach to Health Innovation*. Discussions were set in the context of the Global Financial Crisis and economic recovery efforts. They focused on additional analysis of returns to trade and investment in the innovative life sciences sector in the APEC region; identifying ways of optimizing the use of emerging technologies; research priorities; collaborative efforts with other APEC groups, including innovative ways of addressing emerging health challenges; and establishing a formal mechanism for regulatory cooperation.

The major deliverables from the forum this year were (1) the completion by Singapore of the LSIF enablers of investment checklist, which was developed as a guide for policymakers in each APEC economy to assess the their investment environment for life sciences innovation; (2) the completion of the survey of perceptions of the return on investment in vaccines; (3) the launch of the APEC Harmonization Center in Seoul and associated training workshops in multi-regional clinical trials and biosimilars regulatory pathways (participation exceeded 640 and in 400 respectively); (4) completion of the third in the series of anti-counterfeiting training workshops; (5) additional medical device regulator training sessions based on guidelines of the Global Harmonization Task Force (GHTF); (6) completion of the three-phase clinical trials good regulatory practice workshops; and, (7) agreement to extend the study called for by Ministers in 2007 on the benefits of investment in health innovations, to include infectious disease, temporal aspects and metrics that would show the economic returns such as through increased economic activity. The forum also agreed to work on ways of applying the study on an individual economy basis; and to work with the ECSG and other APEC groups on guidance on the role of and enabling environment for the use of information technologies in health systems. As a contribution to the REI agenda, the forum agreed to begin work in the Regulatory Harmonization Steering Committee on a multi-year strategy plan for regulatory harmonization and capacity building.

Section VI – CTI’s Contribution to APEC-Wide Initiatives and SOM Priorities

In 2009, CTI undertook work in response to a number of APEC-wide priorities. While some of this work is reflected in earlier sections of this report, this chapter provides an overview of our activities in the following areas that respond to APEC-wide priorities: Support for the Multilateral Trading System and addressing the Economic Crisis; Exploring a Free Trade Area of the Asia-Pacific (FTAAP); Improving the Business Environment Behind-the Border; Implementation of Leaders’ Security Commitments; and Capacity Building.

Support for the Multilateral Trading System and Addressing the Economic Crisis

CTI members recognized that a successful conclusion of the Doha Development Round negotiations remained APEC’s highest priority. They noted businesses’ frustrations about the impasse in global trade negotiations at the WTO and concerns over what they consider to be a disturbing rise in trade protectionist measures. They welcomed the participation of the WTO Director-General Pascal Lamy at the Ministers Responsible for Trade Meeting on 21–22 July and expressed an interest to hear the Director-General’s ideas on how the WTO and APEC could collaborate and play complementary roles with each other to build up cooperation efforts to assist economies to get over the current economic crisis. CTI members were generally supportive of APEC reiterating the Leaders’ statement from 2008 regarding resisting protectionism. In this regard, the Committee welcomed the Automotive Dialogue’s resolution to refrain from raising any new barriers to investment or trade in the automotive sector.

While there was limited scope for CTI and its sub-fora to contribute directly to the DDA negotiations or measures to address the economic crisis, workshops/seminars were organized to build capacity and raise awareness amongst member economies in the areas of services, investment and EGS.

Table 5: Sub-fora Outcomes - Support for the Multilateral Trading System and Addressing the Economic Crisis

SUB-FORA	WORK UNDERTAKEN
<p>Market Access Group (MAG)</p>	<p>MAG continued to support on-going DDA/NAMA negotiations, <i>inter alia</i>, by monitoring and sharing information on the developments in specific liberalization initiatives such as the Information Technology Agreement.</p> <p>MAG developed projects for the environmental goods and services (EGS) work program. A Workshop on Trade and Environment was held in Jakarta on 25–26 May to allow for an open dialogue on environment policy and regulatory development with implications for trade in the region. Another Workshop on Environmental Goods and Services took place in Singapore on 28 July. The workshop sought to (a) promote a better understanding and awareness of the linkages between trade in environmental goods and climate change by addressing the economic impact of liberalizing trade and trade barriers (such as tariffs) and thereby making environmental goods broadly available and enhancing climate-friendly life styles; (b) increase understanding and raise awareness of the role of technology and environmental goods in addressing climate change issue; and (c) identify business motivation for the uptake of environmental technologies through establishing international technical standards and other</p>

SUB-FORA	WORK UNDERTAKEN
	regulatory systems in developing economies.
Group on Services (GOS)	<p>GOS discussed recent developments in the WTO services negotiations and how the Group could support progress in these negotiations at its meeting on 28 July. There was support within the GOS to possibly hold an APEC caucus during the WTO's services negotiations in an effort to contribute to the successful outcome of the negotiations.</p> <p>GOS revised its terms of reference to reflect changes to the international trading environment, the current state of multilateral trade negotiations and APEC's focus on Regional Economic Integration.</p> <p>Completion of the project, Survey on APEC Trade Liberalization in Environmental Services. This project is designed to conduct a survey on trade liberalization in environmental services across APEC economies and the <i>General Agreement on Trade in Services</i> modes of supply, and make analysis of the findings for the purpose of sharing information of trade liberalization trends in environmental services for APEC economies.</p>
Investment Experts Group (IEG)	<p>IEG held general roundtable discussions on global environment for FDI flows and investment protectionism at its <i>three</i> meetings this year. At the first two meetings in February and May, there was a wide-ranging discussion about the origin and effects of the current global financial crisis based on various literature from the many international organizations working in the areas of the global financial crisis, FDI impacts and investment protectionism, including UNCTAD's paper on "Assessing the impact of the current financial and economic crisis on global FDI flows". At IEG3 in July, economies were invited to share information of the progress in investment facilitation in their economies and to submit item of general interest for discussion or information.</p> <p>IEG continued to update the List of Analytical Studies on FDI and developments in international investment agreements and update IEG members on information about the global financial crisis and investment protection.</p> <p>IEG also monitored regional and global FDI trends and policy responses.</p>
Sub-committee on Customs Procedures (SCCP)	SCCP members undertook to share information, on a voluntary basis, on initiatives or actions taken by APEC Customs Administrations in helping businesses cope with the global economic crisis.
Intellectual Property Rights Experts Group (IPEG)	IPEG members reported on their respective progress in developing IP systems consistent with the WTO and other international fora.
Business Mobility Group (BMG)	<p>The BMG continues to work towards expanding the membership to include all member economies in the ABTC scheme to facilitate business travel and thereby enhance trade and investment in the APEC Region.</p> <p>The BMG continued to cooperate to share information and best practice</p>

SUB-FORA	WORK UNDERTAKEN
	on immigration legislation including temporary entry provisions in economy trade agreements, as well as immigration policy, procedures and technologies.
Chemical Dialogue (CD)	<p>This year, the Chemical Dialogue's discussions were set in the context of APEC's work to promote economic recovery. The 2009-2010 work program thus is centered on trade facilitation measures to enhance trade flows and lower the costs of doing business, while protecting human health and the environment. The challenges to competitiveness of the industry are internal and external to the region. Steps to achieve best practices in chemical regulations, harmonize chemical classification and labeling through GHS implementation, and address potential trade-distorting effects of external chemicals management regimes will provide a significant contribution to enhancing competitiveness.</p> <p>The Chemical Dialogue will host a workshop, which will be held in March 2010 to showcase government and industry case study examples of good regulatory practices, tools and approaches and which will assist economies in identifying further capacity building needs and information exchange opportunities for increased collaboration among the APEC economies for the sound management of chemicals. This workshop builds upon the Principles for Best Practice in Chemical Regulation, a report that was completed by the Chemical Dialogue in 2008 and approved by APEC Ministers and Leaders in 2008 as an APEC contribution to SAICM. The report also was presented to second International Conference on Chemicals Management (ICCM2) in Geneva in May 2009.</p>
Life Sciences Innovation Forum (LSIF)	<p>LSIF VII examined the state of the industry given the economic downturn and its effect on life sciences research and development and identified measures that would stimulate investment in research and development in the region consistent with the Enablers of Investment Checklist. LSIF VII concluded that (1) investment in health will be a key plank of sustained economic recovery and (2) investments in health innovations will provide medium to long term returns that have the potential to significantly improve the bottom line and resource base of governments, the health community and industry. As such, these returns should be factored into the economic recovery and forward development plans of economic, trade, health, science, and budget policy architects.</p>

CTI's Contribution to SOM's Work on Exploring a Free Trade Area of the Asia-Pacific (FTAAP)

CTI agreed to update the 2008 Convergences/ Divergences Study of APEC FTAs by expanding the scope from 30 to 42 intra-APEC FTAs/RTAs and deepening the coverage include to a new chapter on e-commerce. The updated information has been uploaded to APEC FTA database of the Convergence and Divergence Study at http://www.mincetur.gob.pe/appec_fta/. As a next step, CTI agreed to explore organizing future TPD sessions on specific chapters in the Convergences/Divergences Study, starting with investment in the margins of CTI1, 2010.

CTI discussed Leaders' decision to undertake further analytical study on the "likely economic impact, benefits and challenges of an FTAAP" and CTI's contribution to SOM's analytical

work on the economic impact of an FTAAP and specific benefits and challenges for APEC economies of such an agreement. Subsequently, Senior Officials, upon CTI's recommendation that there were merits in undertaking further analytical studies on FTAAP, agreed on the modalities for conducting such a study on the likely economic impact, benefits and challenges of an FTAAP. The study, led by Korea with Australia, China, New Zealand, Peru and the United States, is expected to address the economic impact of liberalization for trade in goods and reduction of barriers to trade in services as well as possibly, the economic impact of trade facilitation or rules of origin.

CTI agreed to explore whether the model measures for trade facilitation could be expanded to provide more specificity and content. A comparative listing of the 2005 APEC model measures for trade facilitation, the 2008 ABAC model measures for trade facilitation and customs facilitation and the trade facilitation chapter from the Canada-Costa Rica FTA was out together for this exercise. CTI noted the possible contribution of comparative listing to future TFAP II or SCI work and that members might want to explore this further in 2010.

CTI held a Trade Policy Dialogue on FTAAP issues on 24 July covering two main topics: (i) Issues Associated with Docking and Merging FTAs/RTAs; and (ii) Convergence/Divergence in APEC FTAs.

Improving the Business Environment Behind-the Border

The CTI Chair and the EC Chair continued to maintain close contact with each other to ensure they worked in a seamless way and to ensure complementarities and links between the two committees were strengthened. The CTI and EC Chairs attended each others' meetings to brief the respective Committees on their work programs. They have also identified areas of synergies between the two Committees and agreed to collaborate with one another to maximize resources. CTI and the Economic Committee (EC) jointly held a policy dialogue on Trade Logistics on 18 February in Singapore where both committees agreed to collaborate and take forward one of the APEC 2009's priority on enhancing physical connectivity, "across the border".

CTI noted that efforts to improve the business environment were one aspect of the broader structural reform work that was being spearheaded by the Economic Committee (EC). For 2009, Senior Officials had placed more focus on regulatory reform, i.e. reducing business costs and easing business practices, business operations across borders. CTI also noted the potential synergies between the EC's task by SOM to identify 3–4 priority areas for regulatory reform with the IEG's selection of priority actions in the implementation of IFAP. In 2009, the IEG undertook several joint activities with the EC in support of the ease of doing business agenda.

Implementation of Leaders' Security Commitments

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

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

SUB-FORA	WORK UNDERTAKEN
Sub-Committee on Customs Procedures (SCCP)	SCCP continued with the implementation of the APEC Framework for Secure Trade. SCCP members also continued to share experiences on their implementation of the Framework. Canada, China, Japan, Korea, Singapore, Chinese Taipei, Thailand and the United States shared their

SUB-FORA	WORK UNDERTAKEN
	<p>experiences on their respective Authorized Economic Operators (AEO) programs including their progress and future plans.</p> <p>Canada, Japan, New Zealand and the United States made presentations on the developments of the mutual recognition arrangements (MRA) of their AEO programs, including lessons learnt.</p> <p>SCCP formed an Authorized Economic Operator (AEO) working group (AEO-WG) to collate AEO best practices, create reference documents and provide capacity building to member economies in establishing their AEO programs.</p> <p>Singapore presented the key findings and lessons learnt from the APEC Trade Recovery Program (TRP) Pilot Exercise (TPE) held from 20-30 April 2009. The key findings and lessons learnt were the affirmation of APEC TRP Guidelines as a baseline for trade recovery, the importance of defining the activation and execution processes, the benefits of trusted relationships between trading partners, and that trade recovery was a shared responsibility and the availability of information was crucial to the ability of economies to conduct effective risk assessment.</p> <p>Chinese Taipei presented on the best practices of using RFID for customs control on transit containers at the Kaohsiung Port. Chinese Taipei highlighted the challenges and benefits of implementing the RFID system, and their plans to expand the RFID system to other types of cargo and other ports.</p> <p>The United States updated the SCCP on their Secure Freight Initiative (SFI) and 100% scanning policy. In 2009, the Secretary of Homeland Security announced that the Department of Homeland Security / Customs and Border Protection (CBP) would not meet the 2012 implementation deadline due to various technical, logistical and diplomatic challenges. CBP was currently working to address these challenges in a manner consistent with both the WCO Framework of Standards and the risk management approach that the agency already had in place.</p> <p>A Seminar on Implementing the APEC Framework for Secure Trade: Seminars on Targeting and Risk Management and Border Enforcement Training will be held in Lima, Peru at the end 2009. This seminar, the second under this project, will focus on Supply Chain Management and AEO implementation in support of the APEC Framework for Secure Trade.</p>
<p>Business Mobility Group (BMG)</p>	<p>BMG continued to actively progress its Security work program in 2009.</p> <p>BMG completed and ratified a standards document 'Framework for Assuring Identity in the Issuance of Biometric Machine Readable Travel Documents'. The purpose of this document is to provide good practice guidance for APEC economies to ensure the integrity of identity enrolment processes for biometric machine readable travel documents, in order to prevent the issuance of genuine travel documents to persons who are not entitled to them.</p> <p>BMG continued its work to explore the possibility of introducing biometrics to the ABTC. A BMG working group assessed the business case for a biometric ABTC at a workshop on 31 July and agreement was reached on an intersessional work plan to develop this initiative.</p>

SUB-FORA	WORK UNDERTAKEN
	<p>Singapore hosted a self-funded two day workshop on identification and border control on 4–5 August. The focus of this workshop was the work already done on biometrics and border systems. The workshop was valuable in providing an opportunity for economies to share information on biometric passports and visas; Interpol’s Mobile Interpol Network Database (MIND); RMAS and API.</p> <p>BMG continued to progress the expansion and functionality of the Regional Movement Alert System (RMAS). RMAS enables participating APEC economies to conduct automated real-time checks to detect lost, stolen or otherwise invalid travel documents. The technical capacity of RMAS has been expanded to include the positive validation of travel documents. An RMAS web service has also been developed to enable validation requests and responses to run securely over the internet. Work has commenced on piloting participation in the RMAS web service by a fourth APEC economy.</p> <p>BMG continued to encourage economies to implement Advance Passenger Information (API) systems as soon as possible. To date, a total of 17 economies have either implemented or have announced their commitment to implementing an API system, including: Australia; Canada; China; Hong Kong, China; Indonesia (planning); Japan; Korea; Malaysia; Mexico; New Zealand; Philippines (planning); Chinese Taipei; Thailand; the United States; Viet Nam (planning) and two economies trialing (one without commitment).</p>

Capacity Building

CTI agreed to temporarily suspend CTI’s work on promoting capacity building in a more holistic way for CTI and its sub-fora in collaboration with the EC, SCE and BMC until after the SCE completes its strategic policy framework that would guide APEC funded capacity building and cooperation activities. This new framework is expected to provide for better orientation of ECOTECH activities and better coordination among APEC fora. CTI provided inputs to the SCE’s survey on capacity building needs in developing member economies and stocktake on capacity building activities in APEC.

Section VII: Interaction with ABAC

CTI and its sub-fora collaborate with the business community to ensure that private sector perspectives contribute to APEC's trade and investment outcomes. In 2009, the Committee continued to engage with ABAC as the key voice of the business community in the APEC process. CTI and its sub-fora welcomed ABAC's appointment of Liaison Representatives to liaise with designated APEC fora. The CTI Chair accepted invitations to attend ABAC's 2009 meetings to brief ABAC on the Committee's work programs and exchange views on issues of mutual interest. The ABAC Chair and other senior representatives from ABAC also participated in meetings of the Committee and a number of its sub-fora. CTI welcomed their active participation.

CTI and its sub-fora delivered outcomes consistent with ABAC's 2008 recommendations as outlined in the following table:

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

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>Responding to the Suspension of the Doha Development Agenda (DDA) Negotiations.</p> <p>ABAC has been consistent in providing support to the WTO system, including the DDA negotiations. The recent suspension of the Doha Round is a deep disappointment for the business community. The business community urges Leaders to continue to drive liberalization in international markets and particularly in the Asia-Pacific.</p> <p>That being said, the suspension of the DDA does present an opportunity for APEC to focus on steps to strengthen and deepen trans-Pacific regional integration.</p> <p>A stronger, fully committed and free trade oriented APEC is the best contribution we can make to the WTO under the current situation.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Promote a more integrated and developed trans-Pacific regional integration through APEC; • Encourage further efforts to secure what has been achieved to date in the Doha negotiations as well as to secure a balanced final Doha agreement; and • Support the accession of Russia to the WTO. 	<p>CTI and some of its sub-fora like MAG, GOS, IPEG as well as the Automotive Dialogue (AD) continued to monitor and review efforts to reinvigorate WTO DDA negotiations in their respective areas.</p> <p>Specifically, the AD encouraged its members to participate in the activities of the Global Automotive Industry Dialogue to support relevant aspects of NAMA negotiations in Geneva. The AD's "Agreement to Commit to No New Auto Tariff or Non-Tariff Measures" was welcomed by the APEC 2009 Trade Ministers Meeting. In this agreement, the AD endorsed government and industry initiatives to support the automotive sector and provide additional consumer-oriented incentives to stimulate demand, provided that such programs are WTO-consistent and least restrictive to trade.</p>
<p>Accelerating Regional Economic Integration.</p> <p>ABAC welcomes the Leaders' decision to</p>	<p>CTI updated the 2008 Convergence/</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>accelerate efforts to promote further economic integration in the Asia-Pacific region. ABAC reiterates its belief that the Free Trade Area of the Asia-Pacific (FTAAP) represents a practical means to achieve convergence among RTAs/FTAs, advance regional trade and investment liberalization, and achieve the Bogor Goals.</p> <p>ABAC has undertaken work in a number of areas that could serve as building blocks towards the FTAAP. These include the development of model chapters, the assessment of high quality RTAs/FTAs in order to identify the core elements of regional integration, and a study on rules of origin.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Mandate APEC Ministers to accelerate the work on an FTAAP by completing the current studies on regional economic integration and exploring all options or other measures to achieve the free flow of goods, services, labor and capital within the region. 	<p>Divergence Study on APEC FTAs/RTAs by expanding the scope from 30 to 42 intra-APEC FTAs/RTAs and deepening it to include an additional chapter on e-commerce. The updated database can be accessed at this URL: http://www.mincetur.gob.pe/apec_fta/</p> <p>CTI organized the Trade Policy Dialogue on FTAAP issues on 24 July to discuss the feasibility and applicability of enlarging, docking and merging FTAs and the next steps on the Convergence/Divergence Study.</p> <p>CTI undertook the APEC Services Initiative and developed the APEC Principles for Cross-Border Trade in Services and the Services Action Plan to build greater convergences among APEC economies in their treatment of services.</p> <p>The Automotive Dialogue agreed to update individual economies' Matrixes of automotive related FTA (already in effect) provisions, including tariffs, rules of origin and indication of online locations of individual FTA texts that was first presented in 2005.</p> <p>IPEG is updating the matrix of RTA/ FTA IP chapters in APEC economies that was first developed in 2007.</p> <p>CTI members were encouraged to re-consider the draft texts of the model measures carried forward from 2008 on trade in services; investment; anti-dumping; subsidies and countervailing measures; and labour cooperation to see if they were ready to adopt them as they are.</p> <p>Making ROOs more business friendly is one of APEC's key work priorities for 2009. A Joint CTI-MAG Trade Policy Dialogue (TPD) on Rules of Origin (ROOs) was held on 21 May in Singapore. The objectives of the TPD were to raise awareness of harmonization issues relating to origin criteria for FTAs and help business to know better the origin criteria.</p> <p>CTI endorsed a proposal for an APEC Transparency Initiative on Tariffs and ROOs and agreed to provide up-to-date and accurate tariff and ROOs information in English and in a prominent location on their respective economy's websites for public access by MRT 2010 and to develop the APEC Website on Tariffs and ROOs ("WebTR) by AMM 2010.</p> <p>CTI agreed on a proposal for a APEC</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
	<p>Pathfinder Initiative for Self-Certification of Origin which seeks to reduce the administrative burden and costs involved in dealing with multiple customs administrations when utilizing FTAs.</p> <p>MAG completed an analysis of ROO for the following sectors: refrigerators; musical instruments; steel; bicycles and consumer electronics with the participation of volunteering economies.</p> <p>MAG and SCCP collaborated to take forward work on simplification of documents and procedures. A survey “Business Feedback on Procedures and Documentation Relating to Preferential Rules of Origin” was conducted. The findings suggested that long and burdensome process on certificate of origin was the number-one issue that business felt contributed to onerous compliance costs. Both sub-fora agreed to the proposal on APEC Elements for Simplifying Documents and Procedures Relating to Rules of Origin where MAG would collect information on the two elements, i.e., validity period and waiver of certificate of origin or declaration while SCCP would collate information on the “clarity on treatment of errors made on certificates or declarations with errors” element. The objective of the proposal was to provide better utilization of the FTAs among APEC economies and to reduce compliance costs for business.</p> <p>The AD has conducted a substantial amount of work on the issue of automotive ROOs and will be exploring with the CTI ways to best advance the proposal for funding a one-time APEC Automotive ROOs Workshop to provide further training into the core methodologies recommended by the AD, and to answer the many technical questions that economies’ trade and customs officials have regarding the implementation of these methodologies. Before conducting the Workshop, the AD Rules of Origin Task Force will reconvene to review and update the 2006 AD’s ROOs recommendations.</p>
<p>Enhancing SME Developments, including Micro-enterprises</p> <p>A constant theme in ABAC Reports to APEC Leaders has been the high level of dependence every economy has on the contribution of its micro, small and medium enterprises. ABAC has made repeated calls for the reduction or removal of regulatory obstacles to SME growth,</p>	<p>The AD endorsed in principle the Project Proposal on SME Partner Search and Matching Program to be further developed for presentation in 2010.</p> <p>IPEG will conduct a workshop on “One Village,</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>and to improving access to finance, information and technology, and training. This focus has been mainly on fostering the role of SMEs in domestic economies. In the past two years, there has been increased ABAC attention to ways of enabling SMEs to succeed in overseas markets. Under the general theme “ease of doing business,” ABAC has highlighted ‘behind-the-border’ issues that influence the opportunity for SMEs to establish their presence offshore and perform successfully.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Implement a Technological Infrastructure Program by providing appropriate Information Communication Technology (ICT) services and technological infrastructure for SMEs’ development in all APEC member economies by 2020. Detailed actions include, but are not limited to: establishing and improving the ICT social support, service and safeguard systems for SMEs by harmonizing all administrative and social resources; enhancing targeted financial support for ICT use by SMEs; promoting the introduction of programs which assist SMEs to protect their intellectual property; encouraging ICT R&D and utilization capability of SMEs; developing systems and methods for improving SME productivity, especially the use of evolving new technologies; and supporting the development of business transformation mechanisms to help SMEs deal with major challenges to their business. • Implement a Financing Capacity Building Program by carrying out comprehensive capacity building programs to reinforce SME financing capability of all APEC member economies. Detailed actions include, but are not limited to: establishing micro credit and loan systems and sound financing legal frameworks by APEC member economies; establishing venture investment funds for SMEs; establishing governmental financing guarantee and re-guarantee institutions for SMEs; promoting the establishment of Internet-based lending systems; and promoting new capital markets for trading high risk equities, aimed specifically at SMEs, and especially on-line systems that ensure extreme transparency in investee companies. • Implement a SMEs Training Program through the following actions: establish day-to-day cooperation and exchange mechanisms among APEC economies; 	<p>One Brand” in 2010. This workshop is aimed at helping local farmers and producers in developing economies benefit from branding and IP protection. The workshop will help them establish effective branding strategies and protection of their unique products using IPR tools.</p> <p>A Seminar on “Trading Ideas 2009: the Future of IP in the Asia Pacific” was held in Singapore on 30-31 July. The event was aimed at building the capacity of small and medium enterprises to commercialise their IP.</p> <p>A Workshop on “Conducting Effective IPR Public Education and Awareness Campaigns for Small and Medium Enterprises” was held in Melbourne, Australia on 1–3 April. The objective was to equip APEC Member Economies with the skills and resources required to implement public education and awareness campaigns for SMEs which promote the identification, protection, commercialisation and enforcement of IPR in the region. An online resource is currently being developed in connection with this project.</p> <p>The IPEG seminar entitled “From Mind to Market: The Highs and Lows of Technology Transfer” was held in Singapore on 23-24 February. It brought IP policy makers together to consider how technology transfer offices and networks allied to universities and other institutes of higher learning play an important role in promoting technology transfer as an economic driver, especially amongst SMEs. The seminar identified continued innovation and development of IP management practices as key to assisting businesses.</p> <p>Chemical Dialogue (CD) participants and APEC Ministers have consistently expressed concern about the potential trade-distorting effects of REACH (the European Union’s system of Registration, Evaluation and Authorisation of Chemicals), particularly for small and medium-sized enterprises. The CD is compiling specific examples of problems encountered by industries around the region in attempting to comply with REACH and has transmitted a set of questions to the European Chemicals Agency seeking clarification of certain implementation issues that could impede trade.</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>fully utilize and exploit a full range of educational resources, strengthen coordination among relevant international and domestic training institutions; establish Special Fund to support SME management education under appropriate APEC economic and technical cooperation schemes; and consider whether SME management education could, as appropriate, be pursued as an APEC Collective Action.</p>	
<p>Responding to Food Supply and Price Issues</p> <p>ABAC remains convinced that efforts to increase productivity and ensure the freer flow of foodstuffs and production technologies are the key means by which APEC should address these challenges. We urge APEC Leaders to renew the commitment they made in 1999 to bring the APEC Food System (AFS) into effect, and to instruct officials to review and update the AFS and develop policies and programs required for its effective implementation. We also urge Leaders to renounce the use of embargoes or export restrictions as a means of addressing food shortages.</p> <p>ABAC recommended that APEC</p> <ul style="list-style-type: none"> • Renew the commitment entered into by APEC Leaders in 1999 to bring the AFS into effect, and to instruct officials to review and update the AFS and develop policies and programs required for its effective implementation; and • Renounce the use of embargoes or export restrictions as a means of addressing food shortages. 	<p>The APEC Food Safety Cooperation Forum (FSCF) which acts as an advisory body on food safety issues, met for the second time was held on 30 July in Singapore. The FSCF reaffirmed its commitment to work together to build robust food safety systems so as to accelerate progress towards harmonization of food standards with international standards, as recommended in the World Trade Organization's SPS/TBT Agreements, and to improve public health and to facilitate trade.</p> <p>A Workshop on Hot Topics in Risk Analysis was held on 1–2 August. The workshop discussed on access to the tools and methods to improve food safety and understanding of acceptable levels of protection. Following the success of this workshop, more activities are being planned for 2010.</p>
<p>Facilitating Investment Flows</p> <p>Regional economic integration will be facilitated by measures which improve transparency and make the rules for investing – by both domestic and foreign investors – simpler and clearer. Unnecessary impediments to cross-border investment flows should be avoided and internationally agreed rules for the fair treatment of investments maintained. ABAC strongly commends the advent of the Investment Facilitation Action Plan and will provide recommendations on indicators to measure progress under the plan.</p> <p>ABAC recommends that priority be given to the promotion of measures to reduce impediments</p>	<p>CTI, with the assistance of the APEC Policy Support Unit (PSU) and the Investment Experts' Group, completed the report on "Establishing a methodology and selecting Key-Performance Indicators for measuring progress in implementing APEC's Investment Facilitation Action Plan (IFAP)". The final report (available on the APEC website, www.apec.org) includes a theoretical framework on investment facilitation and the attraction of investment, as well as the selection of possible KPIs to measure the progress made within APEC with regards to the implementation of investment facilitation actions and principles included in the IFAP. It also identifies key areas in IFAP where</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>to FDI flows in the region and to remove “behind-the-border” barriers to investment in financial services. Further, in the WTO negotiations, ABAC urges APEC to utilize the checklists it produced in 2006 on goals and best practices for financial services liberalization. This year, ABAC has also revised the financial services checklist to reflect best practices and goals for the securities industry. We recommend that APEC Leaders instruct officials and WTO negotiators to review and use them to further their deliberations in financial services in the securities sector, and implement the goals and best practices in the domestic policy framework for investment in securities services in APEC economies</p> <p>CTI Recommendations</p> <ul style="list-style-type: none"> • Ensure that investment facilitation actions under the IFAP focus on improving transparency in rules and decision-making, simplifying processes and in making doing business in the region easier, and on model measures to promote the convergence of investment chapters in RTAs and FTAs between regional economies; • Place emphasis on critical linkages which occur between the IFAP and measures arising from the Ministerial Meeting on Structural Reform in securing regional integration; and • Continue to collaborate with major international agencies in promoting and facilitating investment. 	<p>data is not available to measure progress. CTI will consider the findings of the report at CTI1, 2010 in the context of determining the way forward with IFAP measurement, including whether or not a particular methodology or individual KPI recommended in the report is to be used.</p> <p>IEG identified 15 priority actions under 3 priority themes of IFAP (e-transparency, reducing investor risk and simplifying business regulation) for priority implementation in 2008-2010. The views of ABAC and the likely biggest business impact were key factors influencing member economies choices of the 15 priority actions. Focusing on the above, IEG in cooperation with other fora and other organizations, has been conducting several projects. IEG further identified IFAP priority action area capacity building needs for immediate action in the latter half of 2009 and early 2010.</p> <p>Three priority themes of IFAP are closely related to regulatory reform which is one of the five LAISR priority work streams. Cooperation among concerned fora is essential to ensure strategic linkage in their activities. IEG undertakes joint work with SMEWG and EC, on the Ease of Doing Business.</p> <p>IEG continues close collaboration with major international agencies and fully benefit from their expertise at the IEG meetings and joint projects in investment promotion and facilitation. Recent collaborative works include joint study and capacity building activities, such as, the APEC-UNCTAD Capacity Building Project for Addressing Knowledge Gaps in the Use of FDI (2008–2009), APEC-UNCTAD Regional Training Course on the Core Elements of International Investment Agreements in the APEC Region (June 09), APEC-BOI-FIAS workshop on Improving Investment Promotion Performance in Accessibility to Investors and Information Provision (June 09), Regulatory Reform Seminar using the World Bank EODB (Feb 09), Capacity-Building Seminar on EODB (July 09). More activities are planned for 2009–2010.</p>
<p>Facilitating Trade Flows : Movement of Goods</p> <p>Removing impediments which impact on the efficient movement of goods at the border is critical to business in the region. Regional business favors a border regime that has</p>	<p>In August, the SCCP endorsed the Single Window Implementation Guide with the assistance of public and private sector stakeholders. The purpose of the Guide is to</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
<p>minimal impact on the flow of goods and people but with maximum penalties for those who do not comply. A single-entry for all regulatory requirements and seamless data-sharing would help constrain compliance costs, supporting the growth of regional supply chains and economic integration. To that end, ABAC urges the acceleration of the implementation of the “Single Window” approach across the Asia-Pacific region with adherence to recognized international instruments and uniform standards which increase international interoperability.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Accelerate the implementation of the “Single Window” approach across the Asia-Pacific region with adherence to recognized international instruments and uniform standards which increase international interoperability. 	<p>assist economies in the design, building and implementation of a single window. The Guide provides a comprehensive list of single window related components and elements with supporting information, and provides links to available standards which promote a common understanding of what an international trade single window is and what it can deliver. Economies using the guide will reduce the time and labor cost usually spent on research during the design and implementation of a single window.</p>
<p>Facilitating Trade Flows: TFAP II and KPIs</p> <p>ABAC fully supports the implementation of APEC’s Second Trade Facilitation Action Plan (TFAP II), and the use of Key Performance Indicators (KPIs) for measuring savings in time and transaction costs resulting from actions taken under the Plan. ABAC has provided what it sees as suitable KPIs to particular APEC sub-fora whose work is directly related to business.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Ensure that TFAP II outcomes are relevant to actual business practices; and • Incorporate the business perspective in assessments of TFAP II implementation 	<p>CTI, with assistance of the PSU, commissioned an interim assessment of the implementation of TFAP II with a view to advising on the appropriate methodologies and approaches to quantify the impact of TFAP II on trade transaction costs. The study will be submitted to CSOM for consideration. The findings showed that (i) APEC is overall on track to reduce trade transaction costs by an additional 5% by 2010. Some 22 new KPIs have been recommended as suitable indicators for assessing reductions in trade transaction costs as a result of progress toward current TFAP II Actions and Measures. These have been proposed to the relevant CTI sub-fora for use over the remaining period of TFAP II and as an input for the Final Assessment of TFAP II in 2011. CTI will review the findings of the assessment and consider the recommendations in 2010.</p> <p>CTI agreed on Supply-Chain Connectivity (SC) Framework which sets down the 8 chokepoints to the smooth flow of goods, services and business travelers throughout the region and suggests for further discussion possible new work streams to address these chokepoints.</p> <p>The APEC Supply Chain Connectivity Initiative Symposium was held on the 16–17 May 2009. The purpose of the Symposium was to: (i) identify the significant choke points impeding the smooth flow of goods and services in the</p>

ABAC 2008 RECOMMENDATION	CTI/SUB-FORA RESPONSE
	<p>APEC region; (ii) prioritize these choke points according to how important they were, and (iii) recommend actions APEC could usefully take to address them.</p> <p>SCSC updates its Collective Action Plan (CAP) in Trade Facilitation annually. The SCSC has implemented a number projects such as (i) Workshop on Managing Risk Across the Supply Chain held on 31 July 2009; and (ii) project on Seminar on Understanding and Implementing the APEC EE MRA.</p>
<p>Facilitating Trade Flows: Trade Security</p> <p>Excessive proliferation of trade security schemes in recent years would hinder the smooth flow of legitimate trade. However, enhanced trade security can and must be compatible with improved facilitation. APEC economies should work closely with regional business to establish reliable and effective risk management systems with a holistic approach to trade security measures.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Develop a methodology for mutual recognition of Authorized Economic Operators (AEOs) sanctioned by other member economies to avoid inconsistent, redundant and/or duplicative requirements and audits for AEOs; • Refrain from implementing trade security regimes that will significantly hinder shipments either due to time or prohibitive costs; and • Address any such costs through countervailing measures such as provision of finance for expensive equipment and capacity building assistance. 	<p>In July 2009, the Ministers Responsible for Trade recognized the importance for economies to establish Authorized Economic Operator (AEO) programmes. In response to the instruction by the Ministers, the SCCP agreed to establish an AEO Working Group at the meeting in August 2009. The Group will prepare a work plan to address the development of AEO programs and tackle the divergent array of existing AEO programs, with a view to minimising businesses operating costs in the APEC region.</p> <p>The SCCP continues to provide capacity building assistance to those economies in need in the areas of trade facilitation under its Collective Action Plan including “Implementation of APEC Framework Based on the WCO Framework of Standards to Secure and Facilitate Global Trade.” The SCCP will continue its efforts in capacity building assistance to reduce transaction costs at the border while securing trade in the APEC region.</p>
<p>Facilitating Trade Flows: Business Mobility</p> <p>Business mobility is crucial to promoting trade and investment. APEC should continue to encourage transitional and non-participating economies to fully join the APEC Business Travel Card scheme, and also improve the operation of the scheme and capacity building facilities in participating economies.</p> <p>ABAC is building momentum towards the harmonization of standards across the region, to advance an APEC-wide initiative on emergency management standards for security of critical infrastructure. The outcomes from this project, to be available in November, will be reviewed as to their possible value as a</p>	<p>BMG “Enhancing the ABTC” working group (Australia, Mexico, New Zealand, Philippines, Singapore and Thailand) met to consider the results of its intersessional survey work to determine whether there is a business case for a biometrically-enabled ABTC (e-ABTC) as it pertains to each economy. Business case for an e-ABTC varies in different member economies as there is a divergence of circumstances and priorities. The working group will prepare a discussion paper which will bring together the extensive body of work from the workshop at SOM1 2009, intersessional work through the e-ABTC survey and any further thinking from the three interested</p>

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<p>template for future work in other sectors.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Continue to improve the operation of ABTC in participating economies, such as priority processing, further shortening the processing time for pre-clearance, extending the term of the validity of the card, providing seamless validity at the time of passport renewal, improving online services, ensuring definite recognition of ABTC at airports, and providing clearly marked ABTC lanes; • Encourage transitional and non-participating economies to fully join the ABTC scheme through a minimum transition period (three year maximum) to eliminate cardholder confusion and facilitate the full participation of these economies; • Provide sufficient capacity building for immigration officials to avoid confusion at airports; • Publicize changes to ensure widespread awareness among cardholders and to avoid confusion both at the individual economy and APEC-wide levels; and • Consider utilizing new technology such as a “Contact-less” chip, which would allow ABTC to store a cardholder’s biographic data, so long as it provides benefits even for economies with fewer cardholders, and is proven to be cost-efficient. 	<p>economies should they decide to pursue a pilot of an e-ABTC. The working group will also prepare a second version of the e-ABTC governance framework reflecting the conclusions of the discussion paper. Separate to the e-ABTC work, the working group also decided to develop the concept of an ABTC client service model and to look at other ways of enhancing the ABTC.</p> <p>The client service model, in particular, would seek to focus each economy on ways in which the ABTC scheme could continually monitor and seek to respond to the needs of ABTC clients and which would be informed on an annual basis through a Client satisfaction Survey.</p>
<p>Facilitating Trade Flows: Harmonization of Standards</p> <p>ABAC is building momentum towards harmonization of standards across the region. It has been utilizing some research on standards and capacity building across the region to advance an APEC-wide initiative on emergency management standards for security of critical infrastructure, a global initiative on the creation and introduction of disaster and emergency procedures. The outcomes from this project will be reviewed as to its possible value as a template for future work in other sectors</p>	<p>The SCSC has completed a Study on Critical Infrastructure and Support Systems Standardization. The report is available on the APEC Publications Database (http://publications.apec.org). The study will assist in the development of a framework to address the need to protect critical infrastructure in times of emergencies, whether these be caused by natural disasters or criminal activity. It will promote (i) security standards and systems capacity which support business as well as critical infrastructure in government control; and (ii) the harmonization of related standards across the APEC region - this will help improve the interoperability, and compatibility of systems related to securing critical infrastructure. As next steps, a workshop for CEOs will be organized for the ABAC meeting in November 2009.</p>

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	<p>A closed-door-workshop on APEC Best Practices: Toy Safety Systems Toy Regulators Dialogue was held on 1–2 August in Singapore. The regulators present agreed to find practical ways to strengthen consumer product safety standards and practices using risk-based scientific approaches, and without creating unnecessary impediments to trade. It also agreed on the need to promote greater alignment of technical requirements, including by exploring ways to “expand the common set” of reference standards. The approach to address these critical issues will be discussed at the next workshop scheduled for January 2010 in Hong Kong, China.</p> <p>The SCSC organized a conference on business engagement in standards and conformance on 3-4 August. Participants at the conference recommended the development of a strategy to sustain business engagement in standards and conformance activities in APEC. The Strategy to Engage Business in SCSC activities would be drafted intersessionally and tabled for consideration at SCSC1 in Japan in 2010.</p>
<p>Boosting Innovation: Intellectual Property Rights Protection – Patent Cooperation and Enforcement</p> <p>Faster approval of high quality patents will accelerate innovation and increase competitiveness. We urge that APEC economies take steps to harmonize application formats and to share the results of patent searches and examinations in order to create highly efficient patent approval processes, and to support legislation/regulation to prevent copiers from using the safety and efficacy data of the originator to gain marketing approvals of patent infringing products.</p> <p>Collaboration between private sector and IPR enforcement authorities is essential to effectively crackdown on increasingly globalized and sophisticated counterfeiting and piracy activities. ABAC urges APEC Leaders to encourage the establishment of a platform to collect and analyze IPR infringing cases and share such information through public-private partnership within each economy, and to promote the establishment of a framework for information sharing among economies to take more effective measures.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Pursue efforts to increase cooperation in exchanging information relative to the 	<p>IPEG continued to work on the proposed “Patent Cooperation Initiative on Patent Acquisition Procedures – Roadmap for Further Cooperation.” The “roadmap” is based on the “APEC Cooperation Initiative on Patent Acquisition Procedures.” IPEG conducted the survey “Patent Acquisition Procedures – Roadmap for Further Co-operation: Gap Analysis.” After collecting survey information from APEC economies, a gap analysis will be conducted to determine the capacities and capabilities of each economy’s patent office and where it may be lacking in experience and resources in the following three areas: examination capacity, IT infrastructure, and office administration/human resources.</p> <p>IPEG is currently completing an APEC-funded project to further develop and disseminate the “e-learning” program called IP Xpedite, which is aimed at increasing awareness and utilisation of IP information. An online course based on IP Xpedite was held in July 2009 to foster basic IP awareness in APEC economies. The course provided training to 466 participants from 18 APEC economies, with 172 trainees successfully completing a certification exam. A follow-up off-line course was held in Daejeon,</p>

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<p>examination and issuance of patents so that work-search and examination conducted in one economy can be applied to the patent filing process in another economy;</p> <ul style="list-style-type: none"> • Encourage patent experts in the APEC region to have a workshop for the analysis of the feasibility of a common patent application format according to the current patent status; • Encourage greater investment in innovation through capacity building assistance from developed APEC economies to establish legislation/regulation to prevent marketing approval of patent infringing products and reliance by infringers on safety and efficacy data provided by originator companies; and • Establish a pathfinder initiative to pursue related issues in the near- and long-term. 	<p>Korea. The Daejeon course provided 30 selected trainees from 15 APEC economies with practical experience and study of advanced IPR information and databases. Additional e-learning contents are now being developed.</p>
<p>Boosting Innovation: Intellectual Property Rights Protection – Signal Theft</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Give effect to APEC’s 2007 Ministerial Declaration and the 2008 MRT Meeting Chair’s Statement regarding theft of broadcast signals, through further documentation of the nature and extent of the problem, the development of guidelines and best practices and capacity building activities through public-private sector workshops, in order to prevent the unauthorized redistribution of copyrighted content, including “free-to-air” digital terrestrial broadcasts, over various platforms including the internet. 	<p>IPEG is preparing for a Seminar on “Signal Piracy, Regulation, and Enforcement in a Convergent World” to be held in Jakarta, Indonesia 15–16 December 2009. This capacity-building program will focus on best practices and effective measures that can be taken to implement regulation of broadcast and cable activities to address compliance with intellectual property laws, and on satellite signal piracy issues, emphasizing law enforcement and public awareness strategies.</p> <p>ECSG work program includes the APEC Privacy Framework and Privacy Pathfinder which both enhance trust and confidence in the Internet as well as facilitate the continued flow of needed information to support both domestic and international business. The Data Privacy Sub-Group (DPS) is focusing on the development and implementation of a set of cross border rules or practices (CBPR) in the area of data privacy protection. The implementation of such a system of rules and procedures will simplify the transmission and manipulation of data across borders while ensuring a high level of data privacy protection. It will result in simpler procedures, cost and time savings, for business and for government agencies responsible for data privacy matters. The implementation of a system of CBPR supports the Data Privacy Pathfinder and helps makes the electronic cross-border flow of information more secure.</p>

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<p>Boosting Innovation: Intellectual Property Rights Protection – Technological Protection Measures</p> <p>Protection of digital content is important for purposes of information security, privacy protection and rights management. We urge APEC to develop an action plan to give effect to its 2007 Ministerial Declaration regarding theft of satellite and cable broadcast signals through measures such as the development of best practices and capacity building through public-private sector workshops.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Pursue the protection of digital contents for purposes of information security, privacy protection and copyright management by limiting circumvention of technological protection measures (TPMs) and prohibiting the sale and distribution of circumvention devices. 	<p>IPEG continues to discuss the proposal on APEC Satellite and Cable Signal Theft Initiative, where multi-disciplinary approaches are needed to address the challenges of unauthorised camcording in cinemas, including public education, partnership with private sector, legal measures. Intersessional discussion is now being carried out to explore how to take the matter forward.</p>
<p>Boosting Innovation: Intellectual Property Rights Protection – Sharing Information for IPR Counterfeit Enforcement</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Establish a contact point to collect and analyze cases involving business and encourage sharing of such information to promote private/private and public/private cooperation and collaboration within each economy; • Promote information sharing between the contact point of each economy and other economies' companies and enforcement authorities; and • Take a leadership role in promoting appropriate measures to develop the private/private and public/private information sharing framework. 	<p>IPEG held the “Workshop on Effective Practices in the Border Enforcement of Intellectual Property Rights” on 20–23 July 2009 in Honolulu, Hawaii, the United States. In order to confront the growing and serious challenge of copyright piracy and counterfeiting in the APEC region, this project addressed the shared goals of promoting peace and prosperity by liberalizing trade through the protection of intellectual property rights within the region. The workshop focused on the importance of cross-border enforcement measures for IPR enforcement and addressed such topics as: border measures obligations and procedures, utilization of technology to combat commercial-scale piracy and counterfeiting, risk assessment and ex officio actions, best practices in building effective relationships between customs and the private sector, and border enforcement strategies and best practices in transnational law enforcement.</p> <p>IPEG held the “Colloquium For Public Prosecutors And The Judiciary on Intellectual Property Rights Enforcement” on 9–11 June in Kuala Lumpur, Malaysia. In order to confront the global challenge of copyright piracy and counterfeiting, this colloquium provided an opportunity for public prosecutors and members of the judiciary to share their</p>

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	<p>experiences in litigation relating to the protection and enforcement of intellectual property rights. Participants focused on civil and criminal law enforcement systems and their utilization for the protection and enforcement of IPR. Discussions covered: critical IPR enforcement and adjudication issues such as public health and safety concerns; the evolving standards of IP enforcement; best practices and strategies to be utilized in the prosecution of organized crime and Internet-based copyright piracy and counterfeiting operations; deterrent sentencing; and alternative dispute resolution and judicial mediation of IPR disputes.</p> <p>IPEG looks forward to continued cooperation and further exchanges with SCCP. Additionally, economies have been encouraged to include enforcement authority representatives in their delegations to IPEG meetings. Representatives of enforcement/customs authorities from China; Hong Kong, China; Japan and the U.S. joined their economies' delegations at the 29th IPEG meeting held in Singapore in July 2009. These officials gave presentations on enforcement efforts concerning IP protection in their respective economies. Representatives of enforcement/customs authorities from Chinese Taipei and Singapore also participated in the meeting.</p>
<p>Boosting Innovation: Intellectual Property Protection – Life Sciences</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> ▪ Support policies that enable investment and promote innovation in life sciences. 	<p>LSIF continuously support policies that enable investment and promote innovation in life science by:</p> <ul style="list-style-type: none"> • extending the 2008 APEC LSIF study on the benefits of investment in health innovations to include the economic impact of infectious disease, measures of fiscal improvements, and the dynamic effects on economic growth of investment in health innovations. • encouraging additional economies to complete the LSIF Enablers of Investment Checklist to identify gaps and capacity building needs and to assure metrics are included for enablers of biologics development and deployment that would optimize the sector's performance as a health solutions innovator. • reaffirming the central role of regulators in assuring timely access to high quality, safe and effective medical products and support the development of a multi-year strategic

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	<p>plan and projects for achieving regulatory harmonization among APEC member economies where appropriate, including in new areas of emerging technologies, and best regulatory practices, including good regulatory review practices, that will establish a robust underpinning for a well functioning regulatory system.</p>
<p>Promoting ICT-Enabled Growth: Closing the Digital Divide, Creating Digital Dividend</p> <p>Effective utilization of ICT increases productivity and will continue to be encouraged. However, access to, and adoption of, ICT are not sufficient to close the digital divide. The focus should shift to the creation of digital dividend, to reduce poverty in line with the United Nations Millennium Development Goals (MDGs), through effective development programs that aid the growth of new economic opportunities for future ICT markets. To this end, the elimination of tariffs on ICT products and devices by the WTO Information Technology Agreement (ITA) should be maintained. ABAC also encourages APEC to support the ICT/Electronics and Electrical Products sectoral talks under the WTO DDA.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Increase coordination amongst the multi-stakeholder partnerships of government, private sector, international organizations and civil society; and • Provide a more effective system of evidence evaluation and monitoring with new emphasis on indicators measuring socio-economic value. 	<p>ECSG recognizes the importance of public-private collaboration in developing an environment conducive to e-commerce and encourages the active participation and contribution of the private sector in its meetings and activities, including involvement and contribution from the Global Business Dialogue on Electronic Commerce (GBDe), the International Chamber of Commerce (ICC), the Pan Asian Alliance on E-Commerce (PAA), the United Nations Centre for Trade Facilitation and Electronic Business (UNCEFACT), the Organization for Economic Co-operation and Development (OECD), and the International Conference of Data Protection and Privacy Commissioners (ICDPPC). ECSG also supports the work of the Asia Pacific Women's Information Network Centre in respect to the APEC Digital Economy Forum for Women.</p> <p>ECSG is working with the private sector to support CTI in implementing the Digital Prosperity Checklist which outlines specific steps economies can take to enable an economy to utilize ICTs as catalysts for growth and development. In so doing, the ECSG is building on its current work streams and projects, including data privacy and paperless trading, which are key elements of ICT-enabled growth.</p> <p>A Seminar was conducted on 26 July on the implementation of the Digital Prosperity Checklist. It provided an opportunity to exchange information and learn from each other about using networked ICT to stimulate growth and prosperity. Two recommendations were formulated and endorsed by ECSG:</p> <ul style="list-style-type: none"> • To enhance understanding of how economies are implementing policies to support ICT-enabled growth and identify additional capacity building needs, the ECSG in conjunction with the CTI, will develop a simple survey or questionnaire to collect information on how economies'

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	<p>policies and practices map against the Digital Prosperity Checklist to be circulated intersessionally with the goal of completion of the survey/questionnaire by all economies by SOM I 2010.</p> <ul style="list-style-type: none"> To ensure that APEC is fully contributing through its work to the goals of the Digital Prosperity Checklist the ECSG, in conjunction with the CTI and other sub-fora, will map the Digital Prosperity Checklist against work on-going in APEC and thus identify gaps for possible future work. The target date for completion of the gap analysis is SOM I, 2010. <p>The implementation of the Checklist will be a significant contribution to the CTI's trade facilitation, transparency, capacity building and investment priorities and will enhance aspects of the CTI's Digital Economy agenda. A seminar focusing on the concept of Global Value Chains is being planned for 2010 to explore the contributions of ICTs to the functioning of Global Value Chains in the APEC region.</p>
<p>Promoting ICT-Enabled Growth: Information Technology Agreement; Tariff Elimination for the ICT/Electronics and Electrical Products</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> Strongly support continued efforts to preserve the integrity of the Information Technology Agreement and its coverage, which was negotiated initially in APEC. Actively support and exercise leadership in the successful negotiations of the ICT/Electronics and Electrical Products sectoral talks under the framework of the WTO DDA NAMA negotiations; and Encourage all member economies to actively participate in the negotiations and to become participants of the ICT/Electronics and Electrical Products sectoral agreement so that it may be established as an integral part of the successful conclusion of the DDA. 	<p>MAG discussed the development and concerns regarding products covered by the ITA, and possible initiatives in this area. MAG noted that recent technological development has blurred the boundary between IT products and other electronics and electrical products, and emphasized that further trade liberalization of a broader range of electrical and electronics products is crucial. Concerns were raised at MAG meeting on the latest developments in the EU which is imposing tariffs on products such as LCD computer monitors, set-top boxes and multi-function printers. MAG agreed to continue to work in this area.</p>
<p>Promoting ICT-Enabled Growth: Technology Choice Principles</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> Unanimously adopt the Technology Choice Pathfinder Principles; Conduct a survey of APEC economies on 	<p>CTI continued to encourage member economies to participate in the Pathfinder on the APEC Technology Choice Principles. The current number of participating economies</p>

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<p>the current status of legal and regulatory regime vis-à-vis the principles; and</p> <ul style="list-style-type: none"> • Conduct a study on the long-term economic growth and innovation benefits of adherence to the principles. 	<p>remained at 15.</p>
<p>Addressing Energy Security And Climate Change: Trade in Environmental Goods and Services</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> • Attach priority to the trade in environmental goods and services on its liberalization agenda in 2008/2009; • Promote practical ways of exchanging further information between public and private sectors and monitoring new developments, such as through participation in the APEC Market Access Group (MAG) panel discussions and workshops; • Encourage, support and participate in work initiated in the MAG to build a regional database of up-to-date material on environmental trade and tariff regimes; and • Request Ministers of Trade for wider flexibility in the WTO negotiations on environmental goods and services. 	<p>CTI developed an environmental goods and services (EGS) work program which include elements aimed at the dissemination and increased utilization of EGS by addressing barriers to trade and investment in these products and services, and to developing and implementing capacity-building activities to ensure that economies are able to cultivate and further develop their EGS sectors.</p> <p>CTI has with the assistance of the PSU undertaken a study on good regulatory practices (GRP) for EGS necessary or desirable for climate change mitigation and adaptation. The findings of this study are being reviewed by members intersessionally and will be discussed at CTI1, 2010.</p> <p>MAG was mandated by the CTI to work on an EGS matrix of APEC EGS projects as part of the EGS work program in order to implement the Ministerial instruction. Some of the activities on EGS that have been undertaken as follows:</p> <ul style="list-style-type: none"> • A Workshop on Trade and Environment was held in Jakarta on 25–26 May, and a MAG Workshop on Environmental Goods and Services was held on 28th July (2009/SOM2/MAG/007rev1) • Proposed Survey of Major Impediments and Market Drivers to the Development of Trade in Environmental Goods that are Necessary for Climate Change Mitigation and Adaptation (2009/CTI2/MAG/004), through which views of members and ABAC on impediment to trade in such goods would be compiled. • MAG endorsed APEC Environmental Goods and Services Information Exchange Tool (EGSIE) exchange tool as part of APEC's EGS work program. The purpose of EGSIE is to provide public and private stakeholders in APEC economies with a means to access and share the latest information, studies, projects and commitments on EGS and voluntarily

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	exchange information on specific environmental goods and services.