



**Asia-Pacific  
Economic Cooperation**

**2011  
ANNUAL REPORT TO MINISTERS**

**COMMITTEE ON TRADE AND INVESTMENT**

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Dear Ministers

I am honored to present to you the APEC Committee on Trade and Investment's (CTI) 2011 Annual Report for your review and endorsement. The report provides an overview of CTI's work this year along with a series of recommendations to advance the Committee' APEC's continued work program in pursuit of the **Bogor Goals** of free and open trade in the Asia-Pacific region.

This year, CTI's work was framed in the context of direction provided by Leaders and Ministers in Yokohama, Japan in November 2010 and the priorities established for APEC 2011, toward a "Seamless Regional Economy". Accordingly, CTI's key work priorities in 2011 focused on the three priority areas established for APEC 2011: (1) strengthening regional economic integration and expanding trade; (2) promoting green growth; and (3) advancing regulatory convergence and cooperation.

APEC 2011 has been a productive year for the CTI and the 8 sub-groups and 3 industry dialogues it oversees. Some important outcomes have been produced and good progress has been made in all priority areas. The CTI also undertook work related to APEC-wide priorities, in particular, implementation of APEC's Growth Strategy and discussion on possible pathways to a Free Trade Area of the Asia-Pacific (FTAAP). Some significant CTI deliverables for 2011 are highlighted below.

- CTI developed a set of guidelines for implementing recommendations/measures to track progress of APEC economies towards achieving Bogor Goals in 2010.
- CTI, with the support of the Policy Support Unit (PSU), completed the final assessment of the implementation of APEC's Second Trade Facilitation Action Plan (TFAPII) and agreed on a methodology to use internal and external indicators for measuring progress towards the 10% improvement of supply-chain performance by 2015.
- In response to Leaders' instructions last year in Yokohama, CTI worked with APEC economies to produce a list of three next generation trade and investment issues: facilitating Global Supply Chains (GSCs); enhancing small and medium-sized enterprises (SMEs) participation in Global Production Chains and promoting effective, non-discriminatory, and market-driven innovation policy as well as to develop specific work to address these issues.
- CTI, in collaboration with the SME Working Group, produce a list of 9 barriers that SMEs face in trading in the region that was endorsed at the first Joint MRT-SME Ministers Meeting in Big Sky Montana last May. CTI worked with APEC economies to identify concrete actions to address those barriers related to TILF by AELM as instructed by MRT-SME Ministers.
- CTI identified "interoperability standards for smart grid" as the first emerging regulatory issue to be worked on in 2011 under the APEC Regulatory Cooperation Advancement Mechanism on Trade Related Standards and Technical Regulations (ARCAM) that was established in 2010 and agreed on a set of recommendations to promote interoperable standards for small grid.
- CTI developed two new pathfinders: *Pathfinder to enhance Supply Chain*

*Connectivity by Establishing a Baseline De Minimis Value* that seeks to exempt express and postal shipments from customs duties or taxes and from certain entry documentation requirements for shipments and *Pathfinder on Facilitating Trade in Remanufactured Goods* that ensures participating economies do not apply measures specifically concerning used goods to remanufactured goods.

- CTI made substantive progress in the implementation of the actions plans endorsed in 2010 to address the 8 chokepoints under the Supply-Chain Connectivity (SCI) Framework.
- CTI commenced work to promote trade and investment in environmental goods and services (EGS) and environmental technology dissemination.

The outcomes listed above and throughout the report was made possible as a result of the hard work, commitment and cooperation of all representatives, sub-fora Convenors, industry dialogue Chairs, ABAC, APEC Secretariat, Policy Support Unit, as well as the support and guidance of our Senior Officials. Finally, let me express special thanks to Catherine Wong, whose work and experience contributed to a great extent to another successful CTI's year.

Yours sincerely,



Mónica Contreras Rosales  
Chair, APEC Committee on Trade and Investment

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## Recommendations

CTI recommends that Ministers **endorse**:

- CTI's 2011 Annual Report, including the Collective Action Plans in *Appendix 15*.
- Bogor Goals Progress Report Guidelines for implementing recommendations to track progress of APEC economies towards meeting the Bogor Goals (*Appendix 1*)
- Investment Facilitation Action Plan (IFAP) - IEG Recommendation on Next Steps and Measuring Progress. The plan addresses: (1) how IFAP will be implemented in the years ahead; and (2) how APEC economies can demonstrate progress in IFAP implementation. (*Appendix 3*).
- Updated Non-Binding Investment Principles (U-NBIPs), which aim to facilitate foreign investment in the APEC region through the improvement and further liberalization of members' investment regimes and that respond to an ABAC recommendation for revisions to ensure the NBIP reflect changing conditions of the business environment (*Appendix 4*).
- Proposed actions to address the next generation trade and investment issues endorsed by MRT in May: "Enhancing SMEs Participation in Global Production Chains". (*Appendices 10*)
- Initiatives to address the top barriers SME face in trading in the region that are tasked to CTI (*Appendix 7*)
- Pathfinder to Enhance Supply Chain Connectivity by Establishing a Baseline De Minimis Value (*Appendix 9*).
- Effective Practices to Address Unauthorized Camcording (*Appendix 5*)
- Pathfinder on Facilitating Trade in Remanufactured Goods that ensures participating economies do not apply measures specifically concerning used goods to remanufactured goods. (*Appendix 12*)
- Facilitating the Diffusion of Advanced Technology and Alternative-Fueled Demonstration Motor Vehicles proposal (*Appendix 13*)
- Recommendations on Smart Grid Interoperability from the first APEC Regulatory Cooperation Advancement Mechanism on Trade Related Standards and Technical Regulations (ARCAM) dialogue (*Appendix 14*)
- Cross-border privacy rules (CBPR) system under APEC Data Privacy Pathfinder that provides effective mechanisms for the protection of privacy in the APEC region while maintaining the free flow of personal information between APEC economies. (*Appendix 6*)
- Strategic framework for achieving regulatory convergence for medical products by 2020<sup>1</sup>
- Approaches for Consideration by APEC Economies in Applying GHS Principles to Classification & Labelling of Consumer Products" as a significant step forward in the implementation of GHS (*Appendix 16*)

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<sup>1</sup> See 2011/AMM/004att1

- Action Plan for Addressing the Chronic Disease Challenge in the APEC region: an Innovative Approach to Collaborative Action<sup>2</sup>, jointly developed by Life Sciences Innovation Forum (LSIF) and the Health Working Group

**welcome:**

- Contribution to the “next generation issue” of "Promoting Effective, Non-Discriminatory, and Market-Driven Innovation Policy" as an Annex to the APEC Economic Leaders’ Declaration.
- Contribution to the Statement on Trade and Investment in EGS as an Annex to the APEC Economic Leaders’ Declaration.
- Contribution to the development of an APEC EGS Technology Dissemination Action Plan.
- The results of the Trade Facilitation Action Plan II (TFAP II) assessment that based on a direct estimation approach and assessment of contributions of the relevant sub-fora, indicates that APEC has achieved the TFAP II target of a 5 percent further reduction in trade transaction costs (for a savings of USD 58.7 billion).
- The agreement to send a constructive message on the importance of the WTO Information Technology Agreement (ITA) remaining relevant and APEC's continued leadership role in this area; and explore ways in which CTI and its sub-fora can contribute to advancing work on strengthening and expanding the ITA.
- Progress made in implementing the action plans under the Supply-Chain Connectivity (SC) Framework, in particular the work done on advance rulings and supply chain visibility initiative; results from the Workshop on Performance Measurement of Supply Chains, Study Program for Enhancing the Capacity of APEC local/regional Logistics Sub-providers and a trade policy dialogue (TPD) on Trade Benefits of Submarine Cable Protection. (*Appendix 8*)
- The methodology proposed by the PSU on the use of internal and external indicators for measuring progress towards the 10 percent improvement in supply-chain performance.
- The recommendations on solar technologies and green buildings as CTI’s contribution to promoting green growth.
- The work in APEC to increase awareness of the challenges posed by different regulatory approaches to chemicals in articles, an issue that has a potentially significant economic impact on our major downstream industries.
- Progress in Implementation of the Globally Harmonised System (GHS) of classification, labelling and Safety Data Sheets for Chemicals (*Appendix 16*)

and **note:**

- Updates made to the Services Action Plan (SAP) Matrix of Actions; Environmental Goods and Services Work Program Mapping Matrix to respectively reflect all services-related and EGS-related work underway in various APEC fora and sub-fora (*Appendices 2 and 11*)

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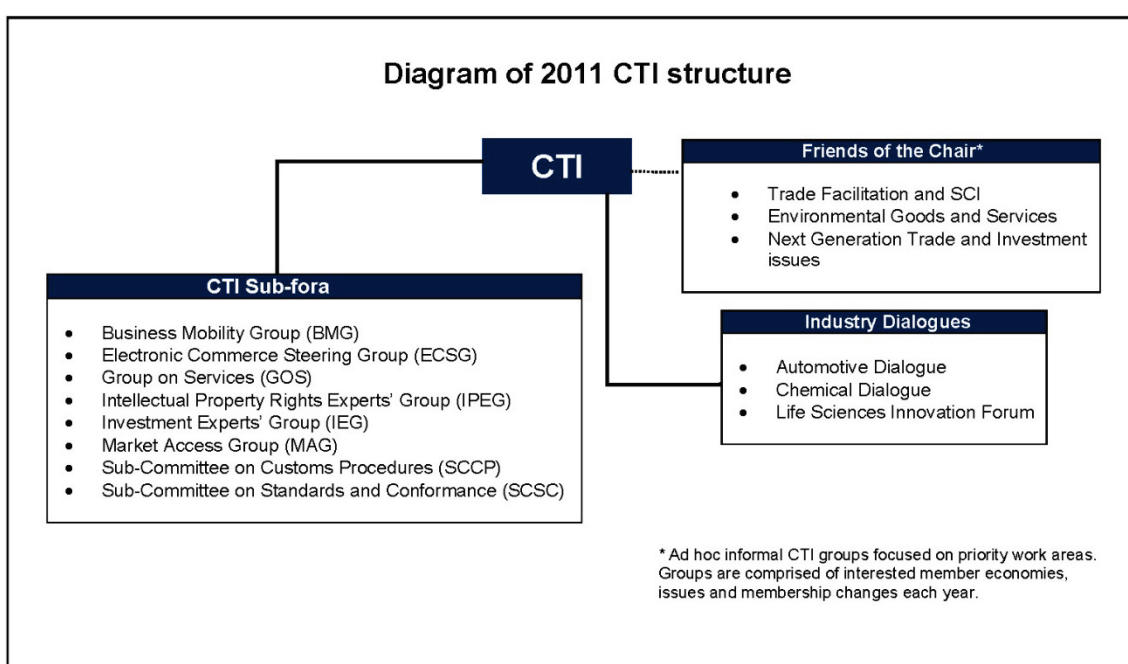
<sup>2</sup> See 2011/AMM/004att1



## 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 eight 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 2011 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 2011 priorities under the theme of building towards a "seamless regional economy". 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 2011 were organized around the APEC 2011 Priorities of (i) Strengthening Regional Economic Integration and Expanding Trade; (ii) Promoting Green Growth and (iii) Advancing Regulatory Convergence and Cooperation. This work included identifying and addressing, through specific and substantive outcomes, 21<sup>st</sup> century agreements in the region, including the Free-Trade Area of the Asia-Pacific (FTAAP); taking steps to reduce the time, cost and uncertainty of moving goods and services through the supply chain; accelerating efforts to address barriers to trade; improving the quality of the regulatory environment; and implementing the 2010 APEC Leaders' Growth Strategy. Three "Friends of the Chair (FOTC)" groups, comprising between 15-16 economies, were established in the CTI to advance work and/or develop work plans with time frames, objectives and deliverables in three key areas: Trade Facilitation and the Supply-Chain Connectivity Initiative (SCI); Environmental Goods and Services (EGS)/Green Growth; and Next Generation Trade and Investment Issues. The additional

eight focus groups, comprising 4-10 members that were created in 2010 were retained to oversee the implementation of the action plans to address the designated chokepoints identified in the Supply-chain Connectivity (SC) Framework adopted in 2009.

The Committee has continued to collaborate closely with the Economic Committee (EC) to ensure that their respective work programs on business facilitation, ease of doing business (EoDB) initiative, and regulatory reform are complementary. CTI also worked with Telecommunications and Information Working Group (TEL) and Transportation Working Group (TPTWG) to develop action plans to address the SC chokepoints identified in connection with the network industry; and with the Small and Medium Enterprises Working Group (SMEWG) to identify a list of top barriers facing small and medium-sized enterprises (SMEs) in trading in the region in addition to collaboration on the SC action plans. The Committee also started exploring with the Human Resources Development Working Group (HRDWG) possible areas of collaboration.

CTI also continued to work closely with the APEC Business Advisory Council (ABAC) throughout 2011, ensuring that its work plans and deliverables took into account the needs of the business community. Representatives of both CTI and ABAC participated in each others' meetings, maintaining consistent and constructive dialogue on key issues, such as next generation trade and investment issues, public-private partnerships, investment liberalization, and trade facilitation.

The Policy Support Unit (PSU) continued to provide invaluable support to the CTI by undertaking assessment/analytical work relating to CTI's key priorities. The PSU completed the final assessment of the APEC's Second Trade Facilitation Action Plan (TFAP II) by analysing the aggregate reduction in total trade transaction costs as well as the contributions made by the APEC sub-fora involved in the four priority action areas – Customs Procedures, Standards and Conformance, Business Mobility, and Electronic Commerce. It supported the Committee in developing a measurement framework for the Individual Action Plan (IAP) Peer Review Process for progressing towards the Bogor Goals and identifying KPIs and proposing an assessment methodology for the Supply-Chain Connectivity Initiative.

## Section I: Bogor Goals Review Process

At their meeting in Yokohama in November 2010, APEC Ministers instructed officials to explore in 2011 an appropriate process to review APEC economies' progress toward the Bogor Goals of free and open trade and investment. Senior Officials discussed at the ISOM in Honolulu in December 2010 how best to take forward the Yokohama instructions, recognizing the need to review existing Individual Action Plan (IAP) processes, its pros and cons and explore options for a more robust and less resource intensive mechanism to track progress towards the Bogor Goals. CTI was tasked to work with the APEC Secretariat, the Policy Support Unit (PSU) and the APEC Business Advisory Council (ABAC) to develop a revised IAP and IAP Peer Review process for Senior Officials' consideration.

### Highlights:

- At CTI1, the Committee had an extensive exchange of views on how it could respond to SOM's instruction to provide recommendations on ways to review economies' progress towards the achievement of the Bogor Goals and agreed that in the interest of balancing transparency and efficiency some form of streamlining of the IAP process was necessary.
- There was a common understanding amongst members that all 21 economies should keep working towards achieving the Bogor Goals by 2020. To that end, the importance of maintaining a mechanism in APEC to continue tracking the progress of economies to achieve the Bogor Goals was highlighted, for both 2010 economies (5 industrialized economies and 8 volunteering economies assessed in 2010) and 2020 economies. 2010 economies noted that they would be in a position to help other economies overcome more easily the challenges that the latter faced.
- CTI agreed that such mechanism will have to be simplified from the current process, more efficient, less resource intensive, less financially burdensome and that economies should take advantage of the APEC Secretariat, the PSU and ABAC to improve the current IAP and IAP Review Process, taking into account the availability of data compiled by other international organizations and how they might complement the APEC process, e.g. WTO Trade Policy Review.
- At CTI2, CTI developed a list of recommendations for consideration at SOM II on an appropriate process to review APEC economies' progress toward the Bogor Goals by 2020, by making it less resource intensive and less financially burdensome. The changes proposed included:
  - The use of a simplified template, with the option to include other measures that economies consider important for progressing towards the Bogor Goals. The reporting categories will be based on the existing agreed areas which include the original areas of the Osaka Action Agenda.
  - Economies would report every two years in 2012, 2014, and 2018; in 2016 and 2020, economies would respectively undertake a second term review and a final assessment.
  - The PSU could prepare a short report with key highlights on members' main achievements and remaining areas for improvement in the year of review. This would include information setting out the prevailing situation of trade and investment liberalization and facilitation of the economies, and use, where possible, indicators to facilitate the assessment. SOM could then discuss these reports during one of their meetings.

- For the final assessment in 2020, the template prepared by Japan in 2010 could be used as the basis for the evaluation, to keep consistency as much as possible with the 2010 assessment.
  - The PSU could develop around one-page “Regional Integration Metrics” or “Dashboard” as recommended by ABAC.
  - Review process would be renamed as “Bogor Goals Progress Report” to make it more immediately understandable to business and the public.
  - The APEC Secretariat and the PSU could be tasked to make the APEC-IAP website more user-friendly, as well as to improve its functionality to enhance the website’s usefulness and accessibility to the business community
- CTI agreed on a set of guidelines (drawn from the agreed recommendations) to give direction to its review of implementation of measures towards achieving the Bogor Goals in 2020. (See *Appendix 1*). CTI also agreed that for 2012, economies will submit their IAPs based on the agreed simplified template (Annex 1 to the Guidelines) by SOM I in February 2012 in order for the PSU to prepare the 1-2 page report for discussion at SOMII in June/July 2012.
  - CTI agreed that the proposed one-page Dashboard, to be finalised by the PSU, could be kept as a “living” document and members could consider portraying the information on a collective basis, taking into account that economies will submit their IAP and that the PSU’s reports will be done on an individual basis.
  - CTI also agreed to hold a working session with international organizations in the margins of CTI1 next year to have a better understanding of external indicators that were suggested to be included in the Dashboard.

## Section II: Strengthening Regional Economic Integration and Expanding Trade

### Highlights:

#### *Making Rules of Origin More Business Friendly*

- CTI welcomed the successful completion of the APEC Self-Certification of Origin Capacity Building program that was adopted in 2010. Following the first APEC Self-Certification Workshop held in Kuala Lumpur, Malaysia from 11-12 October 2010, three more in-economy self-certification workshops were organised this year. They took place in Manila, the Philippines on 10-11 February; Banda Seri Begawan, Brunei Darussalam on 4-5 April and Ha Noi, Viet Nam on 28-29 July. The results of all these workshops have been consolidated and made available on the APEC website. The Market Access Group (MAG) which was tasked to oversee the implementation of the APEC Self-Certification Pathfinder initiative will consider in 2012 possible next steps to build on the momentum generated by these workshops, including possible use of targeted case studies. In addition, MAG members have also agreed to, where appropriate, report on a yearly basis, on progress towards implementing self-certification, thereby encouraging more economies to join the Pathfinder Initiative.
- CTI took note of the progress made in the MAG on the implementation of the APEC Elements for Simplification of Documents and Procedures Related to ROOs initiative adopted in 2009. MAG collected information on two remaining elements: “harnessing IT to ease documentation and procedures of APEC elements for simplifying customs documents” and “minimum data requirements in FTAs” through two surveys launched this year. On the “harnessing IT to ease documentation and procedures”, 13 economies had responded to its survey. The responses could give only a basic insight into the use of IT to ease documentation and procedures, and provide a qualitative rather than quantitative analysis. On “minimum data requirements”, 14 economies had responded to the survey, which encompassed 40 FTAs or preferential trade agreements. From the responses that were provided, it was observed that not one of the 40 agreements had a single data requirement in common.
- CTI welcomed the agreement by MAG and the ECSG-Paperless Trading sub-group to collaborate and explore greater cooperation with each other on common elements in the work program pertaining to rules of origin.
- CTI and MAG received presentations from Ms Mette Azzam, head of the WCO Origin Sub-Directorate on the ROO work of the WCO. The WCO was interested to work with APEC on rules of origins issues of relevance. WCO has been granted 3-year guest status in the SCCP until 31 December 2013.

#### *Improving Transparency of Information on Tariffs and Rules of Origin*

- CTI took note that MAG had agreed and was looking at ways to improve APEC Website on Tariffs and ROOs (“WebTR”) that was launched in 2010, including expanding its scope and functionality.

### *APEC Services Initiative*

- CTI continued to update the APEC Services Action Plan's matrix of action (SAP) to reflect all the services-related activities underway, across the various APEC fora and sub-fora so that it may serve as a valuable tool for all economies in the identification of priorities and capacity building needs in relation to individual and collective efforts to boost services trade and development. (See Appendix 2).

### *Investment*

- CTI reviewed the implementation of the APEC Strategy for Investment that was adopted in 2010 and welcomed the 1<sup>st</sup> session of the APEC Public-Private Dialogue on Investment held on 4 March in Washington, D.C. under the theme of Investing for Growth: How to Spur Tangible and Robust Private Sector Investment in Infrastructure and Economic Growth. Over 70 participants with diversified backgrounds attended the Dialogue<sup>3</sup> and discussed three major topic areas: (i) infrastructure development through improvements in the investment climate; (ii) leveraging Foreign Direct Investment (FDI) for economic growth; and (iii) prevention and resolution of investment disputes. IEG also undertook several projects and activities to implement the three pillars of the 2010 APEC Strategy for Investment (see Table 1 below).
- CTI welcomed efforts made by the IEG to address how the Investment Facilitation Action Plan (IFAP) will be implemented in the years ahead and how APEC economies can demonstrate progress in IFAP implementation. CTI endorsed the plan developed by the IEG for such future implementation. (See Appendix 3). The plan seeks to sustain and build on the positive results achieved to-date under the IFAP and to respond to appeals from APEC stakeholders to develop a credible mechanism to track IFAP's progress. The IEG has played a major role over the past 3 years in implementing the IFAP. It has made significant progress in implementing the 15 priority actions it selected to address the 3 priority themes of IFAP agreed by APEC Ministers in 2008, namely e-transparency, reducing investor risk and simplifying business regulation.
- CTI commended the IEG's successful efforts in updating the 1994 Non-Binding Investment Principles (NBIP). IEG had extensive discussions on the NBIP updates; taking into consideration member suggestions, as well as improvements recommended by ABAC to ensure that the NBIP reflects changing conditions of the business environment. The group agreed on a final revised text consisting of 15 key principles aimed at facilitating foreign investment in the APEC region through the improvement and further liberalization of members' investment regimes. CTI endorsed this text, 2011 Update of the APEC Non-Binding Investment Principles (see Appendix 4) for transmission to Ministers and Leaders.

### *Digital Economy and Strengthening Intellectual Property Rights*

- ECSG contributes to the CTI's work under the digital prosperity agenda. It enables economies to utilize ICTs as catalysts for growth and development. In doing so, 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.
- IPEG supports CTI's work on strengthening intellectual property rights, covering a range of IP issues including: issues related to the protection of geographical Indications, effective practices to address unauthorized camcording, cooperation to improve efficiencies in patent examination, issues related to IPR protection on standards development and IPR protection and enforcement, including counterfeiting and piracy issues. As for the key IPEG deliverable for 2011, the group discussed a proposal on "Effective Practices for Addressing Unauthorised Camcording" and finalized it for transmission to the CSOM and Ministers in November. (see

<sup>3</sup> See 2011/SOM2/IEG/013 for the Dialogue's Summary.

*Appendix 5).* The effective practices assist affected economies to raise public awareness of unauthorized camcording; engage with the private sector on capacity building for effectively responding to unauthorized camcording; and put in place legal framework to effectively deter unauthorized camcording in cinemas.

**Table 1: Sub-fora Outcomes in Support of Accelerating Regional Economic Integration**

| SUB-FORA                         | WORK UNDERTAKEN   |
|----------------------------------|---|
| <b>Market Access Group (MAG)</b> | <p>MAG noted that it had almost completed the task given by Ministers with respect to implementing the WebTR with only one economy remaining that has yet to provide their tariff and ROO information in English. It had also agreed to explore an idea to build further information in the WebTR to introduce search function on tariffs and ROOs across the region.</p> <p>Completion of sectoral analyses undertaken on machine tools and parts; and on toys and games.</p> <p>Successful completion of all four self-certification capacity building workshops. Consideration of possible next steps to build on the momentum generated by these workshops, which participating economies had found useful, including possible use of targeted case studies.</p> <p>Productive exchange of views with ECSG Paperless Trading Sub-Group (PTS) Chair on common elements in the work programmes of MAG and PTS on ROO, with agreement to continue this exchange at PTS at SOM1 2012.</p>   |
| <b>Group on Services (GOS)</b>   | <p>GOS developed the “APEC Services Trade Access Requirements (STAR) Database” which will be a business friendly tool to facilitate service providers’ market access, business mobility and establishment of commercial presence throughout the APEC region. The STAR Database will initially contain requirements for market entry in the financial, mining and energy, transport and logistics, telecommunications and professional services sectors.</p> <p>GOS developed a databank of attorneys who work on trade and investment in the APEC region and capacity building seminars for international business lawyers under the APEC Legal Services Project. The Project also collated links to business attorneys working in the APEC region for public use. A Friendship Arrangement was signed by the Project Overseer with the Inter-Pacific Bar Association (IPBA) in April 2011 as a collaborative arrangement for development of legal services in the APEC region and the implementation of the project.</p> <p>GOS has completed the APEC Legal Services Initiative website which includes a compilation and comparison of regulatory regimes for foreign lawyers in APEC member economies and contacts for regulating and peak professional bodies in APEC member economies. The site is now live at <a href="http://www.legalservices.apec.org">www.legalservices.apec.org</a> and GOS members were encouraged to promote the website to their legal services sector. Feedback and updates to the website were welcomed.</p> <p>GOS conducted a Workshop on Addressing SME Business Constraints through Services in Washington, D.C. on 2 March 2011. The workshop examined the role that backbone services - including ICT, logistics and financial services - play in enabling SMEs to better achieve their business and export potential.</p> <p>GOS held a workshop under the APEC Accounting Services Initiative in San Francisco on 12-13 September 2011. It aimed to identify impediments to the provision of accounting and auditing services across APEC economies. In addition, an electronic repository of information on the regulation of accounting and auditing services by foreign professionals in the APEC region has been developed; and Non-Binding Guidelines for the Regulation of Foreign Accountancy Professionals are currently being discussed.</p> <p>GOS conducted a “Sharing Key Success Factors and Experiences in Trade in Services for SMEs” workshop in San Francisco on 14-15 September 2011. The</p> |

| SUB-FORA                              | WORK UNDERTAKEN  |
|---------------------------------------|--|
|                                       | workshop looked at the factors leading to successful export performance by services SMEs, including successful policies to promote or facilitate SMEs' services exports.   |
| <b>Investment Experts Group (IEG)</b> | <p>(I) <u>Advanced Principles and Practices</u></p> <p>Core Elements Project- Moving beyond phase III (Activity 1) A report on Core Elements of IIAs in domestic investment frameworks will be published electronically by the end of 2011.</p> <p>Core Elements Project- Moving beyond phase III (Activity 2 &amp; 3) A Handbook and Seminar for Negotiators (Steps 2&amp;3). An APEC-UNCTAD seminar for Negotiators of international investment agreements (IIAs) was held in Chile in April 2011. The Seminar was a three-day peer-review meeting to discuss the draft of a Handbook for Negotiators of IIAs that is being prepared in the context of the APEC-UNCTAD core elements projects. The Handbook will aim to be published electronically by the end of 2011.</p> <p>Core Elements Project- Moving beyond phase III- (Activity 4). A report on Transparency in IIAs will be published electronically by the end of 2011.</p> <p>An APEC-UNCTAD Workshop on Investor-State Dispute Settlement (Core Elements Project- Moving beyond phase III- Activity 6) was held in June 2011. The workshop, held in Manila, was attended by 63 participants from 13 APEC economies. The three-day capacity building workshop on investor-State dispute settlement (ISDS) dealt with the most recent cases involving the interpretation and application of Core Elements in international investment agreements (IIAs).</p> <p>An APEC-UNCTAD Workshop on Best Practices in Investment Policy Formulation in the APEC Region will be held in Moscow on 29-30 November 2011.</p> <p>(II) <u>Facilitation</u></p> <p>The 7<sup>th</sup> edition of the APEC Guide to Investment Regimes has been published electronically. IEG will continue discussions on further development of the e-portal site.</p> <p>The IEG jointly with the Small and Medium Enterprises Working Group (SMEWG) held the EoDB Workshop on "Best Practice Guide: Improving business regulation in APEC member economies, based on knowledge shared from the Ease of Doing Business/Private Sector Development Workshops series". A draft best practice guide based on the outcomes of a series of completed EODB/PSD workshops has been completed. The guide is expected to be published electronically in 2011.</p> <p>(III) <u>Promotion</u></p> <p>A report on filling the infrastructure gaps in APEC developing economies is under preparation and is intended to be published electronically by the end of 2011. A Workshop is intended to be held in Viet Nam on 1-2 December 2011.</p> <p>IEG conducted the APEC Seminar on Infrastructure Investment in San Francisco on 17 September 2011. The seminar was convened as a follow-up of the Public-Private Dialogue on investment held in Washington DC during the SOM1 and had over 70 participants from public sector as well as private sector. The seminar aimed to: a) Share Information on the current state of infrastructure in the region and introduce ideas about a comprehensive regional development plan; b) Coordinate with relevant APEC works, such as the APEC Supply-Chain Connectivity Framework Action Plan on transport infrastructure, and Public-Private-Partnership (PPP) infrastructure project at the APEC Finance Minister Process; and c) Implement the APEC Strategy for Investment by providing an effective forum allowing for intensive and direct discussions to identify possible ways to promote investment in the infrastructure sector in the APEC region.</p> |



| SUB-FORA  | WORK UNDERTAKEN   |
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|   | <p>The FMP Project “Workshop on Infrastructure Financing: Public Investment Management to Public-Private Partnership (PPP)” was held in the USA on 22-23 June 2011. The output of this workshop was discussed at IEG APEC seminar on Infrastructure Investment.</p>   |
| <p><b>Sub-Committee on Customs Procedures (SCCP)</b></p>        | <p>SCCP conducted a Mutual Enforcement Operation in postal and express courier facilities targeting counterfeit pharmaceuticals in order to identify model practices for enforcing IPR violations in the express courier environment.</p> <p>Development of APEC Guidelines for Customs Border Enforcement on IPR Infringement.</p>   |
| <p><b>Intellectual Property Rights Experts Group (IPEG)</b></p> | <p>The Advanced APEC Project for Training Intellectual Property Right Information Facilitators using e-learning contents, IP Xpedite commenced implementation in April 2011. The project is a follow up to a 2009 project on the training of intellectual property rights information facilitators with the e-learning contents IP Expedite. Compared to the 2009 project, this project will take a more advanced approach and cover a broader scope of subjects based on the feedback received from last year’s attendees. This course comprises 3 stages: i) on-line course held in early 2011; ii) off-line training course held in Korea, in October, 2011; and, iii) publication of e-learning education contents drawing on lessons learned from the courses.</p> <p>The Seminar on “Successful Experiences Implementing Tools for Traditional Knowledge Protection was held in Lima, Peru on 1-2 September 2011 where the participants discussed and shared experiences on issues related to the treatment and protection of traditional knowledge. The seminar builds on outcomes of a previous project, “Raising Awareness and Providing Insights on Promoting Appropriate Access and Protection of Genetic Resources and Traditional Knowledge in APEC Economies.”</p> <p>IPEG continued to implement its Intellectual Property Academy Collaborative Initiative (iPAC Initiative), a web-based platform aimed at facilitating effective information sharing among IP Academies (human resources development institutions focused on the IP field)</p> <p>The annual IPEG-ABAC Dialogue was held in Washington, D.C. on 3 March. The Dialogue covered two panels: a) Leveraging Cutting Edge Technologies for Economic Growth; and b) Recent Developments in Online Counterfeiting and Piracy.</p> <p>IPEG and Anti-Corruption and Transparency Experts Working Group (ACT) jointly organised the “Workshop on Investigating and Prosecuting Corruption and Illicit Trade: Stemming the Flows of Counterfeits and Dismantling Illicit Networks” on 14 September 2011 in San Francisco. The workshop builds on the work in IPEG and various APEC sub-fora over the years, to build a common agenda on combating corruption, illicit trade, counterfeits—including counterfeit medicines—and other cross-border illicit threats that impact our economies, including with respect to human health and safety.</p> <p>IPEG completed two surveys, the “Survey on Opposition and the “Survey on Certification Marks Practices”. The reports and charts are to be uploaded on the website so that the economies can use them as resource documents to provide guidance and information on APEC economies’ practices regarding trademark oppositions and practices concerning of certification marks.</p> <p>IPEG discussed and agreed to continue work on the proposal for an “APEC Work-Sharing Statement” encouraging IP offices to avoid unnecessary duplication of</p> |

| SUB-FORA  | WORK UNDERTAKEN  |
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|   | <p>work.</p> <p>IPEG “revisited” the 2005 “APEC Anti-Counterfeiting and Piracy Initiative” and agreed for some members to work on a proposal to identify the relation between counterfeiting/piracy and criminal organisations’ networks for consideration at IPEG34 in 2012.</p>  |
| <p><b>Business Mobility Group (BMG)</b></p>             | <p>The BMG will support regional economic integration and trade expansion by facilitating the movement of business people through the ABTC scheme. At SOM 2, the BMG realized the agreed work plan by these key actions:</p> <ul style="list-style-type: none"> <li>• Approving a reporting arrangement for assessing performance of each economy against the Client Service Framework.</li> <li>• Continuing the intersessional survey among members on managing the growth of the ABTC scheme and looking at future work strategies to ensure the scheme can grow while preserving the benefits of the card to clients.</li> <li>• Commencing a discussion on the future prospect of extending the validity of the ABTC from 3 to 5 years.</li> <li>• Collecting members’ feedback on the assessment of suggested ways to improve the processing of renewal applications (in response to ABAC’s 2010 recommendations).</li> </ul>  |
| <p><b>Electronic Commerce Steering Group (ECSG)</b></p> | <p>An element of the ECSG’s work is to support the Next Generation Trade and Investment Issues pursued in CTI. In particular, the work of Data Privacy Subgroup (DPS) helps promote effective, non-discriminatory, and market-driven innovation policy by enhancing trust and confidence in the Internet as well as facilitating the flow of personal information used by organizations in conducting domestic and international business.</p> <p>The ECSG endorsed the CBPR system as satisfying the requirements of the APEC Data Privacy Pathfinder at the 24<sup>th</sup> ECSG meeting on 21 September 2011. The CBPR system will provide effective mechanisms for the protection of privacy in the APEC region while maintaining the free flow of personal information between APEC economies. It will result in predictable and more effective procedures in a system that is trusted by consumers, less burdensome for organisations, and more effective for government agencies responsible for data privacy.</p> <p>A workshop was also held in San Francisco on 17 September called <i>APEC Cross Border Privacy Rules: The Value to Industry, Financing and Technology Compliance Aids</i>. The Workshop provided an opportunity to consider issues related to the benefits and costs of participating in the CBPRs as well as how the associated administrative costs can be financed. Sessions discussed the CBPR value propositions for industry, consumers and governments, as well as the remaining challenges to participation (for example, effective education and capacity building) and how these challenges can be overcome.</p> |
| <p><b>Automotive Dialogue (AD)</b></p>                  | <p>AD agreed to greater coordination and mutual recognition among various security programs.</p> <p>AD was called to develop a common single recommended definition of CKD in coordination with the SCCP.</p> <p>Continued efforts to assist SMEs to participate more meaningfully in the market integration of the automotive sector in APEC.</p> <p>AD agreed that regulatory convergence efforts should focus on leading edge automotive technologies (such as electric vehicle charging stations) before different national standards or regulations are established.</p>  |

| SUB-FORA   | WORK UNDERTAKEN   |
|--|---|
| <b>Chemical Dialogue<br/>(CD)</b>                    | <p>Review of economic contributions of the chemical sector to the Asia Pacific region.</p> <p>Implementation of a Revised Strategic Framework for Chemicals in the Asia-Pacific Region, 2011-2013.</p> <p>Approaches for consideration by APEC economies in applying GHS principles to classification and labelling of consumer products.</p>                                       |
| <b>Life Sciences<br/>Innovation Forum<br/>(LSIF)</b> | <p>LSIF examined how innovations can enhance health outcomes and reduce the economic burden of disease; especially through public-private partnerships.</p> <p>Completion of the Enablers of Investment Checklist in 2011 by the United States and Canada.</p> <p>Completion of the LSIF Health ICT Survey which examines the role of information technology in health systems.</p> |

## Section III: Trade Facilitation and Supply-Chain Connectivity

### Highlights:

#### *Trade Facilitation*

- CTI reviewed implementation of the APEC's Second Trade Facilitation Action Plan (TFAP II) and agreed on an approach for the final assessment of the TFAP II to be undertaken by the PSU<sup>4</sup>, which entailed (i) direct estimation of the change in trade transactions costs over the TFAP II period (2007-2010) using the World Bank's Trading Across Borders data from its Doing Business project; and (ii) assessment of the contribution of the relevant actions and measures from the Business Mobility Group (BMG); Electronic Commerce Steering Group (ECSG); Sub-Committee on Customs Procedures (SCCP) and Sub-Committee on Standards and Conformance (SCSC) towards reducing trade transaction costs. The 2<sup>nd</sup> part included a mix of quantitative measurement of the revised KPIs, case study/ies, and qualitative analysis of actions and measures.
- Based on the Direct Estimation study using the World Bank's Trading Across Border indicators, APEC has achieved the TFAP II target of a 5% further reduction in trade transaction costs, which resulted in total savings of USD 58.7 billion. Together with the individual reports prepared for each of the sub-fora, this shows that significant achievements were made at both the aggregate and micro levels.
- At the sub-fora level, the final assessment found that they have made significant progress to improve trade facilitation and reduce transactions costs through measures implemented under TFAP II. In the area of business mobility, there have been substantial reductions in terms of business travel costs through the APEC Business Travel Card (ABTC) scheme. In the area of electronic commerce, significant progress was achieved towards developing a consistent approach to information privacy protection across the region and towards assisting member economies to build capacity in domestic legislation. In addition, a case study on the application of an electronic Certificate of Origin between two economies revealed cash savings and reduction in processing time for exporters and importers. A significant reduction in time costs was also achieved within Customs, as well as increasing alignment in technical regulations and domestic standards to international practice.
- CTI noted that the assessment has recommended that it should continue trade facilitation efforts beyond the TFAP II through greater focus on the APEC Supply-Chain Connectivity Initiative (SCI), with a view to achieving the target of a 10% improvement in terms of time, cost and uncertainty of moving goods and services through the Asia-Pacific region by 2015 can be achieved.
- CTI welcomed the progress made by the ECSG in the implementation of the Data Privacy Pathfinder that was adopted in 2007 and endorsed two final set of documents dealing with elements of the Cross-Border Privacy Rules (CBPR) System, namely: (i) Workplan for the Development of a Directory of CBPR Certified Organisations and APEC-Recognised Accountability Agents; and (ii) Policies, Rules and Guidelines, thus completing all necessary elements needed to establish the policy framework for the implementation of a Cross-Border Privacy Rules (CBPR) system in APEC. CTI endorses the completed CBPR system that will provide effective mechanisms for the protection of data privacy in the APEC region while maintaining the free flow of personal information between APEC economies. It will result in

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<sup>4</sup> The Summary Report of Final Assessment by the PSU was tabled at CSOM as 2011/CSOM/018. The Executive Summary was tabled at AMM as 2011/AMM012

predictable and more effective procedures in a system that is trusted by consumers, less burdensome for organizations, and more effective for government agencies responsible for data privacy. (see Appendix 6 for the complete set of Policies, Guidelines and Directories).

- CTI and SMEWG identified a list of barriers facing small and medium-sized enterprises (SMEs) in trading in the region. The list was endorsed at the Joint MRT-SME Ministers Meeting in Big Sky Montana on 20 May. In response to Ministerial instructions to identify and undertake specific and concrete actions to address each of these barriers by AELM in November, CTI has commenced work on those barriers designated to it:
  - Barrier #5: *Customs clearance delays caused by difficulties in navigating overly complex customs requirements and documentation*
    - CTI considered and agreed to a proposal which involves the creation of a simple APEC webpage that includes links to basic information on import procedures like commonly required customs forms, contact information for relevant customs authorities, and other SME-specific resources available on APEC economies' customs websites.
  - Barrier #6: *Problems navigating differing legal, regulatory, and technical requirements*
    - CTI noted that there was ongoing work on this through an existing project in the GOS - the APEC Services Trade Access Requirements (STAR) database, an online tool that seeks to help small business obtain information about how to set up a new business in an export market, deliver a service across borders and get their people into an economy on a temporary basis to provide services.
  - Barrier#7: *Difficulty with intellectual property acquisition, protection and enforcement*
    - CTI adopted proposal that sought to (i) increase IP information input from the public sector, (ii) strengthen consultation function of government, and (iii) share IP learning materials with inputs from IPEG members.
  - Barrier#8: *Inadequate Policy and Regulatory Frameworks to Support Cross-Border Electronic Commerce for Small and Medium Enterprises*
    - To address this barrier, CTI agreed to a proposal to review and update the 1998 Blueprint for Action on Electronic Commerce to reflect advances in technology and innovations in business models by enhancing the use of e-commerce and related services in the region in a way that takes into account the special role that SMEs play in APEC economies as exporters and engines of growth.
  - Barrier #9: *Difficulty in Taking Advantage of Preferential Tariff Rates and Other Aspects of Trade Agreements*
    - CTI considered and agreed to a proposal to help improve SMEs' understanding of how to utilize FTAs. A workshop is being planned to take place in 2012 for sharing information on how FTAs can be used and exchanging experiences on how economies support SMEs to use FTAs among government and quasi-government organisations, the chamber of commerce, SMEs and other relevant entities. Based on the result of the workshop, a "FTA utilization Guidebook in APEC" and a "Compendium of best practice to promote FTA utilization policy" will be developed.

(see Appendix 7 for the above initiatives to address the said barriers).

#### *Supply-Chain Connectivity*

- CTI continued to review the progress made in implementation of the action plans agreed to in 2010 to address the eight chokepoints to smooth flow of goods, services and business

travellers throughout the region as set out in the Supply-Chain Connectivity (SC) Framework. CTI also endorsed the methodology proposed by the PSU at CTI1 on the use of internal and external indicators for measuring progress towards the 10% improvement in supply-chain performance by 2015. (See *Appendix 8* for the 2011 updates to the action plans).

- CTI also agreed to organize a Symposium in the margins of CTI2 in 2012 to follow up on the implementation of the Supply-chain Connectivity Framework and to build on the Symposium held in Sendai in 2010. Key activities in each of the action plans undertaken by CTI and its sub-fora are highlighted below.
  - *Chokepoint #1: Lack of transparency/awareness of full scope of regulatory issues affecting logistics; Lack of awareness and coordination among government agencies on policies affecting logistics sector; Absence of single contact point or champion agency on logistics matters*
    - A general survey on advance rulings to assist in the development of a capacity building program was conducted. The results of the survey indicated a need to focus technical assistance on the issuance of advance rulings for valuation and other practices related to the use of binding rulings. Some responding economies reported a need for technical assistance on auditing procedures related to the issuance of advance rulings for valuation. Some identified the publication of customs laws, regulations, and guidelines as another area for technical assistance while some others noted the need for technical assistance related to “informed compliance” and “enforced compliance” by customs administrations.
    - A trade policy dialogue (TPD) on *Advance Rulings: Increasing Certainty and Predictability in Supply Chains* was held on 21 September in San Francisco. The TPD was a follow up to the *2010 APEC Guidelines for Advance Rulings* and the *2011 Advance Rulings General Survey*. The objectives of the TPD were to: (i) enhance economies’ understanding of the trade facilitative benefits of advance rulings; (ii) share economies’ experiences in the use of advance rulings; and (iii) identify next steps that can be taken to promote the use of advance rulings. A broad range of speakers participated in the TPD from the OECD, the private sector, and six economies (Japan, Korea, Malaysia, Peru, the Philippines, and the United States). The audience was made up of representatives from the CTI and SCCP. The TPD highlighted the significant beneficial impact on trade flows and trade costs, even when compared to other actions to facilitate trade, and reinforced the importance of advance rulings in making progress towards the goal of a 10 percent improvement in supply chain performance by 2015, in terms of reducing the time, cost, and uncertainty of moving goods through the region. Two general themes that can assist APEC in determining potential next steps were shared by the speakers at the TPD. The first theme was that the governance, or how advance rulings are administered, is key to their effectiveness and the resulting benefits. The second theme was that expanding the scope of advance rulings practiced by economies can enhance trade facilitation within the region. With these themes in mind, APEC could develop a work plan to promote the implementation of valuation advance rulings and enhance the governance, or administration, of advance rulings. In particular, APEC economies could agree to establish a capacity building vehicle through which a firm commitment is reached to more concretely promote implementation of valuation advance rulings by economies.
  - *Chokepoint #2: Inefficient or inadequate transport infrastructure; Lack of cross border physical linkages (e.g. roads, bridges).*
    - A Workshop on Performance Measurement of Supply Chains was held on 18 September in San Francisco with the objective to determine the status of

performance measurement of supply chains within APEC organization and the situation leading to the identification of bottlenecks for an optimization of inter-regional supply chains within APEC. Experts of the OECD and World Bank shared experiences on tools they used to assess and measure connectivity, and logistics performance.

- **Chokepoint #3: Lack of capacity of local/regional logistics sub-providers.**
  - CTI agreed to a program for enhancing the capacity of APEC local/regional logistics sub-providers. The program comprised two parts: (i) a survey of the existing policy and institutional arrangements related to logistics development in APEC region; status quo of small and medium logistics enterprises and other related enterprises; constraints affecting engagement of SMEs and overall trend for development of regional logistics; and (ii) a seminar including a field visit, which served as a follow-up discussion based on the findings of the survey. The seminar, including a field visit, was held on 24-25 August in Suzhou, China. Various issues constraining the logistics sub-providers were discussed, and some recommendations for further enhancing their capacity were generated from the seminar. The preliminary results of the survey were also presented in the seminar to facilitate the discussions. The final report of the study program was circulated and welcome by CTI. A number of follow-up actions were identified by the report.
  - ECSG completed an “APEC E-Trade and Supply Management Training Course which sought to introduce the latest logistic management models for SMEs through education, among APEC members especially developing member economies; to identify the role of logistics supply chain management and its impact on SMEs as well as policy makers; and to have an in-depth discussion on challenges and opportunities by the expansion of logistic supply chain management.
- **Chokepoint #4: Inefficient clearance of goods at the border; Lack of coordination among border agencies, especially relating to clearance of regulated goods ‘at the border’**
  - CTI discussed a proposal to establish a commercially useful de minimis value baseline for APEC. The objective of the proposal was to help further integrate supply chains by providing businesses with an additional level of predictability for low value shipments. A de minimis value exempts certain types of low value shipments from the collection of customs duties or taxes, and removes the requirement for certain customs entry documents for those shipments, resulting in a more streamlined customs clearance process recognizing, however, that economies may choose not to apply such exemptions for restricted goods or from taxes that are also applied to domestic goods. CTI agreed to adopt a pathfinder approach to take the proposal forward. The *APEC Pathfinder to Enhance Supply Chain Connectivity by Establishing a Baseline De Minimis Value* (see Appendix 9) will include a capacity building program to enhance economies’ understanding of the benefits of higher de minimis values and assist economies in joining the pathfinder. Ten economies (Brunei Darussalam; Hong Kong, China; Japan; Korea; Malaysia; New Zealand; Russian Federation; Singapore; Chinese Taipei and United States) have committed to join the pathfinder.
  - SCCP continued to work on the development of Single Window (SW) system by 2020 and accelerate seamless data sharing between/among SW systems. SCCP organised a Regional Workshop on Single Window on 3-6 October in Chinese Taipei. The objective of the workshop was to identify the bottlenecks that APEC economies are facing in implementing SW systems.

- **Checkpoint #5: *Burdensome procedures for customs documentation and other procedures (including for preferential trade)***
  - CTI/MAG successfully completed the APEC Self-Certification of Origin Capacity Building program that was adopted in 2010. Three in-economy self-certification workshops were held in Manila, the Philippines on 10-11 February; Banda Seri Begawan, Brunei Darussalam on 4-5 April and Ha Noi, Viet Nam on 28-29 July. MAG to consider in 2012 possible next steps to build on the momentum generated by these workshops, including possible use of targeted case studies.
  - MAG agreed on the desirability of expanding the scope and functionality of the APEC Website on Tariff and Rules of Origin (ROOs) (WebTR).
  - The electronic certificate of origin (ECO) project has been successfully implemented between two member economies since May 2010. The project is moving beyond its pilot stage with several other economies preparing or considering their participation in the implementation of ECO.
  - ECSG held a workshop on Supply Chain Connectivity: e-Commerce as a Main Driver and Integration Tool in San Francisco on 19 September to discuss ways for improving the “soft infrastructure” of supply chain by e-commerce tools implementation.
- **Checkpoint #6: *Underdeveloped multi-modal transport capabilities; inefficient air, land, and multimodal connectivity.***
  - Work is underway to implement the Supply Chain Visibility (SCV) Initiative in SCSC by recommending a set of standards to APEC members for the purpose of the realization of the SCV. This work is to be conducted in 3 phases. Phase I (implemented by May) collected information about current status of the supply chain in APEC region through the questionnaire survey to transportation players (forwarders, land and sea transporters, port operators, shipper, consignee, customs and other relevant authorities) through an APEC funded project. Phase II (self-funded, conducted in August) conducted pilot examinations under the SCV network. At Phase III, a set of draft recommendations for member economies to establish common technical grounds for visualized, trans-border logistics in the APEC region will be developed based on results of Phase I and II and other additional input from other economies’ experiences. They will be discussed at the dialogue to be held in the margins of CTI2, 2012 in Singapore, cooperating with the other related fora such as SCCP and TPTWG.
- **Checkpoint #7: *Variations in cross-border standards and regulations for movements of goods, services and business travellers.***
  - A TPD on Trade Benefits of Submarine Cable Protection<sup>5</sup> was held on 18 September in San Francisco for trade officials, submarine cable regulators and industry to raise awareness of the importance of international submarine telecommunication cables to APEC economies and the risk to trade in goods and services and international financial markets posed by submarine cable disruption. Recognising the importance that dialogue participants placed on increased collaboration between industry and government on submarine cable matters, the key recommendation was to establish a tri-partite working arrangement between CTI, TEL and International Cable Protection Committee (ICPC) as the basis for a regional business-government partnership approach.

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<sup>5</sup> See 2011/CSOM/019 for a copy of the report on the TPD outcomes.



- **Checkpoint #8: Lack of regional cross-border customs-transit arrangements.**
  - At CTI1, seven impediments that companies operate in the APEC region faced in cross-border customs-transit arrangements were identified<sup>6</sup>. At CTI2, the Committee took note of the compilation of suggested approaches in addressing the impediments, based on industry feedback and inputs from economies<sup>7</sup>.
  - SCCP completed a questionnaire on the treatment of transit by a non-party for application of preferential treatment, including how and which documents are required for this compliance at the customs administration of the importing economy.
  - CTI took note of the progress in developing a set of Customs-Transit Guidelines for APEC FTAs and looks forward to its completion in 2012. The objective of the guidelines is to develop a common understanding (not only for APEC Customs Administrations but also for trade operators), concerning the most suitable way of regulating direct transit of goods with a view to claiming preferential tariff treatment.

#### Work Plan:

In 2011, CTI adopted a work plan on trade facilitation and supply-chain connectivity with the following objectives:

- Complete the final assessment of TFAP II in terms of targeted reduction of trade transaction costs by 5 percent in the period 2007-2010, and agree on the way forward for TFAP sub-fora's trade facilitation work;
- Implement the APEC Supply-Chain Connectivity (SC) Framework Action Plan, and develop measurement methodology for tracking APEC's progress towards the ten percent improvement by 2015 in supply-chain performance; and
- Continue to work closely with ABAC and the wider business community.

**Table 2: Sub-fora Outcomes - Trade Facilitation and Supply-chain Connectivity**

| SUB-FORA  | WORK UNDERTAKEN   |
|---|---|
| <b>Market Access Group (MAG)</b>                  | <p>MAG discussed a proposal on Facilitating Trade in Remanufactured Products, suggesting three elements: transparency, capacity building, and a pathfinder initiative.</p> <p>MAG conducted a successful workshop held on managing remanufactured products at the border, which helped to build greater awareness of what these products are and the trade measures they face.</p> <p>MAG completed surveys on the use of IT in ROO and on minimum data requirements in FTAs.</p>   |
| <b>Sub-committee on Customs Procedures (SCCP)</b> | <p>Completed the evaluation of TFAP II customs procedures implementation using the following agreed Key Performance Indicators (KPI):</p> <ul style="list-style-type: none"> <li>• Time Release of Goods: <ul style="list-style-type: none"> <li>- Import clearance time</li> <li>- Export clearance time</li> </ul> </li> <li>• Implement APEC Framework based on the WCO Framework of Standards <ul style="list-style-type: none"> <li>- Number of authorized economic operators</li> <li>- Percentage of trade covered by authorized economic operators</li> </ul> </li> </ul> |

<sup>6</sup> See 2011/SOM1/CTI/018

<sup>7</sup> See 2011/SOM2/CTI/012

| SUB-FORA                             | WORK UNDERTAKEN   |
|--------------------------------------|---|
|                                      | <ul style="list-style-type: none"> <li>• Simplification and Harmonization based on the Revised Kyoto Convention <ul style="list-style-type: none"> <li>- Number of documents required by Customs for import of goods</li> <li>- Number of documents required by Customs for export of goods</li> </ul> </li> <li>• Paperless and/or Automation of Trade-Related Procedures <ul style="list-style-type: none"> <li>- Percentage of import declarations lodged and processed electronically</li> <li>- Percentage of export declarations lodged and processed electronically</li> </ul> </li> </ul> <p>Agreed to a Capacity Building Framework for AEO comprising next steps for capacity building development for AEO and a proposal to establish a Pathfinder Initiative on Mutual Recognition.</p> <p>Held 2 Joint BMG-SCCP meetings and agreed to work in collaboration to develop some model practices on interagency collaboration.</p> <p>The 2011 APEC Customs Business Dialogue (ACBD) was held on 17 September in San Francisco, California, under the theme: "Change, Challenge and Opportunity". ACBD participants were to reflect on the "change" in the role of Customs environment following 11 September 2001; identify the "challenges" posed by this shift; and identify future "opportunities" for establishing sustainable and efficient partnerships that will aid in meeting the need to secure and facilitate trade as a means to economic growth and prosperity.</p>  |
| <b>Business Mobility Group (BMG)</b> | <p>As part of the final assessment of APEC's Second Trade Facilitation Action Plan (TFAP II), the APEC Policy Support Unit (PSU) has assisted the BMG with the measurement of its agreed Key Performance Indicators (KPIs). The study came out with quantifiable findings, proving that the work of BMG has helped business people save time and money for doing business across the border in a substantive manner. As a result of the ABTC scheme, transaction costs for ABTC holders were reduced by 38.0% between March-July 2010 and March-July 2011, representing a total savings of USD 3.7 million. Total at-the-border immigration time savings experienced by ABTC holders for the period March-July 2010 through March-July 2011 is 62,413 hours, a monetary value of USD 1,905,202.</p> <p>The BMG has been working to facilitate the entry and temporary stay of business people as set out in the APEC Strategy on Movement of Business People through these actions:</p> <ul style="list-style-type: none"> <li>- Undertaking work to continue to identify and assess ways to simplify and shorten the processing of renewal applications and recommending that member economies make their own assessment as to whether they are able to adopt any of the suggested ways to help them meet the processing timeframes set out in the ABTC Operating Framework.</li> <li>- Approving a reporting arrangement for assessing performance of each economy against the Client Service Framework, which is a further step towards standardizing the service for ABTC holders.</li> <li>- Identifying 10 possible strategies that could further assist economies in managing and processing ABTC applications, including the consideration of extending the validity of the ABTC from 3 to 5 years suggested by ABAC.</li> <li>- Extending Canada's transitional membership status for another 3 year period to ensure their continued participation in the ABTC scheme.</li> </ul> <p>BMG continuing work on developing an APEC Best Practice in Border Capabilities Model including:</p> <ul style="list-style-type: none"> <li>- identifying the major steps of the traveller pathway for those travelling by air (by</li> </ul> |

| SUB-FORA  | WORK UNDERTAKEN  |
|---|--|
|   | <p>SOM II);</p> <ul style="list-style-type: none"> <li>- determining that there should be an APEC Best Practice in Border Capabilities Model for each mode of travel between borders, given the large differences in issues to be addressed (by SOM II);</li> <li>- commencing the process of identifying the types of capabilities that would be ideal to have to ensure secure travel while facilitating movement at each point of the traveller pathway (by SOM III).</li> </ul>  |
| <p><b>Electronic Commerce Steering Group (ECSG)</b></p> | <p>As a follow-up to the Workshop on Global Value Chains that was held in March last year, an ECSG informal meeting was held on 6 March 2011 and discussed what further initiatives that ECSG would take and how the ECSG could enhance the linkages with the CTI and other CTI groups on the GVC.</p> <p>With regard to information network for sharing cargo status (chokepoint 6), the Pan Asian e-Commerce Alliance shared its experiences of developing a cross border cargo tracking platform among Chinese Taipei, China and Korean ports for trading and logistics community to track real-time container movement. Member economies were encouraged to look into this as it relates directly with Chokepoint 6 of SCI.</p> <p>With regards to the assessment of the implementation of TFAPII and the suggested KPIs, the work of ECSG has been assessed by the two methods: (1) analysis of Data Privacy Sub-group (DPS) work based on previous KPIs endorsed in 2008; and (2) a case study on electronic certificate of origin (e-CO) for the work of PTS. First, the results of the study on DPS work highlighted the real progress that the DPS made in building capacity in the APEC region as well as developing guidelines and implementing projects that established a common approach to data privacy. By working to develop a simple and transparent system for the protection of personal information that moves across APEC economies, the activities of the DPS clearly improve trade facilitation in the APEC region. Additionally, building a foundation of trust and confidence in cross-border data privacy ensures the growth of electronic commerce in the region, thus allowing businesses and consumers to reap the benefits associated with electronic commerce, including reduced trade transaction costs. Second, a case study of e-CO conducted by the PSU, in cooperation with the PTS, found that the cross-border exchange of e-CO service saved significant time and cost for both exporter and importers and contributed to trade facilitation. The projected reduction on trade transaction costs varied according to different scenarios, from 0.2% to 10.4%, and a medium rate of APEC wide e-CO adoption scenario projected a reduction of 6.8%.</p> <p>Completion of the Data Privacy Pathfinder projects establishing policy framework for the implementation of the CBPR system. Practical steps to implement the CBPR system (such as developing the webpage and establishing governance structure) will be undertaken in 2012 to allow the practical commencement of the CPBR system in 2012.</p> <p>Completion of the workshop on Operationalizing the APEC Cross-border Privacy Trade Rules System (March) and the workshop on APEC Cross Border Privacy Rules: The Value to Industry, Financing and Technology Compliance Aids (September). Both workshops were recognized by participants as providing useful capacity building information and addressed key issues in the development of the CBPR system.</p> |
| <p><b>Automotive Dialogue (AD)</b></p>                  | <p>A call to develop a common single recommended definition of CKD in coordination with the SCCP.</p> <p>Continued efforts to assist SMEs to participate more meaningfully in the market integration of the automotive sector in APEC.</p>   |

| SUB-FORA                                     | WORK UNDERTAKEN   |
|--|---|
| <b>Chemical Dialogue (CD)</b>                | <p>Implementation of a Revised Strategic Framework for Chemicals in the Asia-Pacific Region, 2011-2013</p> <p>Submission to Ministers Responsible for Trade of paper entitled, "The Economic Importance of Chemicals in the APEC Economies" outlining the economic contributions of the chemical industry to the Asia Pacific region</p>  |
| <b>Life Sciences Innovation Forum (LSIF)</b> | <p>Continued implementation of LSIF regulatory harmonisation training program.</p> <p>Conduct LSIF Health ICT Survey to examine the role of information technology in health systems</p> <p>Completion of the Enablers of Investment Checklist in 2011 by the United States and Canada with Korea and Mexico considering being next to complete the Checklist</p> <p>Organize self-funded workshop on safe medicines and detection technologies in Beijing , China on 27-28 September 2011 as part of the LSIF Anti-Counterfeit Medicines Action Plan</p> |

## Section IV: Next Generation Trade and Investment Issues

### Highlights:

- CTI convened a Trade Policy Dialogue (TPD) on 7 March to discuss what APEC could do to define, shape and address next generation trade and investment issues in response to the APEC Leaders' instruction from Yokohama. CTI members had extensive discussion on what kinds of issues could be considered next generation as well as the need to discuss them based on a discussion paper titled "APEC Agenda on Next Generation Trade and Investment Issues". There was general agreement that the best approach was for APEC economies to select some issues that all will consider as next generation and develop actions to address them in 2011. CTI agreed that next generation trade and investment issues could fall into one of the two categories: (i) issues that have been considered to be traditional trade and investment issues, but need to be addressed in new ways due to changes in the global trading environment; or (ii) issues that either did not exist or were not considered trade issues 15 years ago but now have a real impact on companies' ability to do business in the region.
- An FOTC on next generation trade and investment issues<sup>8</sup>, led by the United States, was subsequently established to take the work forward in 2011, including to develop a potential list of next generation trade and investment issues to be submitted for consideration at CTI2.
- At CTI2 in May, CTI considered and agreed on (i) Facilitating Global Supply Chains; (ii) Enhancing SMEs Participation in Global Production Chains; and (iii) Promoting Effective, Non-Discriminatory, and Market-Driven Innovation Policy as possible "next generation trade and investment issues" that APEC undertakes work in 2011 on.
- CTI discussed specific work to address each of these issues. On (i) Facilitating Global Supply Chains, CTI had a discussion on the four possible components of the GSC, and agreed that more work needed to be done in 2012 to fully address issues related to GSC, including by holding a workshop and undertaking a series of case studies to promote better understanding of key implications of GSC." On (ii) Enhancing SMEs Participation in Global Production Chains, CTI agreed on a set of core elements that economies could include in their FTAs to address this issue and to organise a seminar to share experiences and best practices on the subject. (see *Appendix 10*). For (iii) Promoting Effective, Non-Discriminatory, and Market-Driven Innovation Policy, CTI contributed to the development of a set of policies economies would adopt to promote innovation without distorting global markets.
- An APEC Conference on Innovation, Trade, and Technology was held on 19-20 September in San Francisco. High-level representatives from nearly all APEC member economies attended the Conference, and that speakers from 11 economies provided a wide range of diverse views on the topic. CTI noted that several themes emerged that emphasised the connection between open and competitive markets, and the ability for economies to promote innovation. Particular issues raised in the Conference included standards, intellectual property rights, cloud computing and investment.

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<sup>8</sup> Members of the FOTC: Australia; Canada; Chile; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Peru; Russia; Singapore; Thailand and the United States.

## Section V: Environmental Goods and Services/Green Growth

### Highlights:

- CTI with the assistance of MAG further updated the EGS Work Program Mapping Matrix consisting over fifty activities underway in APEC fora and sub-fora. (see *Appendix 11*)
- A Seminar on Dissemination of Environmental Technologies was held on 11 May 2011 in Big Sky, Montana. The Seminar recognised that APEC, through its pursuit of open trade and investment, could play an active role in promoting and facilitating environmental technology dissemination with a view to addressing climate change and other regional and global environmental challenges. CTI took note of the recommendations from the Seminar, which included further coordination and harmonization between environmental protection, trade policy and development, capacity building and information sharing, assessment of APEC economies' actions activities and needs, enhancing infrastructure, improvement of enabling environment, policy dialogue and coordination, particularly for sharing successful experiences, as well as enhancing business engagement in policy making process. CTI also noted that there is general support that further work should be pursued to promote environmental technology dissemination in the region.
- CTI discussed a proposal for an APEC EGS Technology Dissemination Action Plan, which stems from the recommendations of Seminar to amongst others; promote better understanding of the role of environmental technology dissemination.
- CTI held a half-day TPD on environmental goods Non-Tariff Measures (NTMs) where private sector speakers identified NTMs, and put forward ideas for what APEC can do under this area of APEC. One speaker noted that a significant amount of resources would be needed to advance clean energy and much of this will need to come from private sector trade and investment. Several speakers mentioned that APEC action to address NTMs that can impede open trade and investment in clean technologies is important while one speaker questioned that whether APEC is an appropriate forum to address them, considering the nature of APEC. NTMs that were mentioned by multiple speakers were government procurement practices; local content requirements; divergent codes and standards; lack of transparency; inadequate protection of intellectual property; subsidies; import clearances and approvals; and export and import quotas. Some speakers also emphasized the role of government to support the development of clean energy. CTI took note of recommendations from the TPD which included amongst others, conducting further dialogues among key stakeholders and developing best practices on government support policies for clean energy; eliminating local content requirements that distort trade and investment in EGS; expanding SCSC's work on EGS standards and codes and working toward increased alignment; promoting greater transparency; performing additional surveys and analysis of EGS NTMs in the region; and providing additional technical assistance and capacity building.
- Building on the recommendations from environmental goods NTMs TPD, CTI considered a draft statement on trade and investment in EGS to be annexed to the 2011 APEC Leaders Declaration. The statement, which calls on APEC economies to undertake specific actions that would promote trade and investment in environmental goods and services, was further discussed and considered by Senior Officials before finally being adopted by APEC Leaders.
- CTI and MAG discussed a proposal to facilitate trade in remanufactured products, including a proposed pathfinder initiative on Trade Facilitation Measures Concerning Remanufactured

Goods. There was general support to pursue the work on remanufactured products on a pathfinder basis. CTI agreed that MAG will take forward the pathfinder, to which eleven economies (Australia, Canada, Chile, Japan, Korea, Mexico, New Zealand, Papua New Guinea, Singapore, Chinese Taipei and the United States) have agreed to join the pathfinder. (see *Appendix 12*)

- MAG continued to contribute to the CTI's work on EGS. In addition to updating the EGS work program matrix and maintaining the APEC's Environmental Goods and Services Information Exchange (EGSIE), the group was also given the task to oversee the implementation of the EGS case studies. The case studies were developed in response to APEC Leaders' instruction to identify "capacity-building activities to help ensure that APEC economies, especially developing economies, are able to cultivate and further develop their EGS sectors and meet their sustainable growth goals. They seek to identify the key EGS policies and market drivers, and challenges associated with promoting trade and investment in EGS in the selected APEC economies' markets, provide a more comprehensive picture of the economies domestic marketplaces, and suggest ideas on how to achieve greater "green growth." Final case studies will be made available on EGSIE. To-date, case studies on Malaysia's and Mexico's EGS markets have been completed and the case studies of Chile and Viet Nam are being finalised. MAG also discussed a proposal to keep the EGSIE relevant by updating regulatory information already on the EGSIE by providing new specific links to environmental regulations regarding particular subsectors and agreed that such contributions would continue to be on a voluntary basis.
- On remanufactured products, MAG had a dialogue with private sector experts on remanufactured products in the margins of its meeting in Big Sky Montana in May. The dialogue helped increased the group's understanding of remanufactured products and issues around remanufactured products. MAG also organised a Workshop on Managing Remanufactured Products at the Border on 17 September in San Francisco which helped to advance the understanding of remanufactured products and the remanufacturing process. The presentations and discussions described how economies treat remanufactured products at the border, experiences of remanufacturing companies at the border, the characteristics of the remanufacturing industry, and the specific economic and environmental benefits of the industry.
- GOS held a TPD on Environmental Services in Big Sky, Montana, in May 2011. The TPD aimed to identify: the scope of environmental services; the state of the environmental services market in APEC; the state of trade in environmental services, and the relationship between trade in environmental services and trade in environmental goods and technologies.
- GOS would undertake new work on environmental service through developing a proposed "Study Program on APEC Environmental Services-Related Technology Market" for implementation in 2012. The proposed program would survey and analyse the environmental services-related technology market within APEC economies. It is aimed at facilitating potential environmental services and environmental-services-related technology trade and investment and promoting greater dissemination of environmental services-related technology.
- GOS has begun discussing a proposal for a work plan on environmental services that would identify key policy issues relevant to the environmental services sector and what GOS can do to contribute to the EGS agenda.
- CTI endorsed concrete outcomes pursuant to the SCSC activities described in the section on Advancing Regulatory Cooperation and Convergence to prevent barriers to trade in emerging

technologies in the area of Green Buildings and Solar technologies to be presented to Ministers for information and as the Committee's contribution to promoting green growth.

- SCSC also implemented two energy-management or efficiency related events. An APEC Conference on Aligning Energy Efficiency Regulations for ICT Products was held on 12 September in San Francisco to explore ways to drive convergence in the energy efficiency regulatory landscape for ICT products, especially computers and servers. The event attracted a large number of industry experts and provided an opportunity for a full dialogue among regulatory authorities, customers relying data centres, energy efficiency experts standards developers and trade officials.
- The SCSC held a Conference on Implementation of Energy Management Systems Standards on 13-14 September. The conference sought to promote the use of energy efficiency and conservation management systems by government and private sector entities that are supported by credible and competent certification systems throughout the region.
- Automotive Dialogue (AD) summarised and brought to the attention of APEC Energy and Transport Ministers, AD's work on harmonisation of leading edge automotive technologies, government policies to promote innovative and green technologies, and work to facilitate the diffusion of advanced automotive technologies through streamlined import procedures for demonstration vehicles. CTI had endorsed the AD's proposal on "Facilitating the Diffusion of Advanced Technology and Alternative-Fueled Demonstration Motor Vehicles", which is designed to streamline import procedures for energy-efficient test vehicles and design common elements of policies and regulations that best facilitate their diffusion in the APEC region. (see *Appendix 13*).
- AD agreed to further work to underscore the importance of cooperation between government and industry to encourage ongoing improvement in environmental performance.
- AD discussed enhancing understanding of the Green Growth business practice of remanufacturing automotive parts, the largest segment of the remanufacturing industry, and the importance of remanufactured auto parts to new vehicle producers in the aftermarket and for servicing vehicles.
- CTI discussed ways to combat illegal logging and associated trade, promote trade in legally harvested forest products, and build capacity. The discussion also included a proposal to establish an experts group on the topic. CTI, however, was unable to reach a consensus and sought further guidance from SOM on this. SOM subsequently decided to task the SCE to carry forward this work by overseeing the experts group in 2012.



## Section VI: Advancing Regulatory Convergence and Cooperation

CTI's work contributing to the APEC's 2011 Priority on Advancing Regulatory Convergence and Cooperation comes largely from the implementation of the APEC Regulatory Cooperation Advancement Mechanism on Trade Related Standards and Technical Regulations (ARCAM) that was established by Ministers last November and its sub-fora, the Sub-Committee on Standards and Conformance (SCSC).

### Highlights:

- As a first step in the ARCAM process, CTI discussed and agreed at CTI1 on “interoperability standards for Smart Grid” would be the emerging regulatory issues for discussion in 2011. This proposal to initiate discussions in ARCAM on interoperability standards was deemed to strongly complement the work underway in the Energy Working Group's APEC Smart Grid Initiative (ASGI), including by providing the larger trade and investment context to the EWG work on technologically feasible solutions to support integration of renewable energies into Smart Grid. As an emerging regulatory issue, smart grid interoperability standards have tremendous potential impact on trade and will affect many APEC member economies. One study predicted that the potential market for smart grid products would be more than \$170 billion in 2014.
- The first ARCAM dialogue on the issue of Interoperability Standards for Smart Grid was held in Big Sky, Montana on 12-13 May. The dialogue<sup>9</sup> brought together trade officials, regulators and private sector stakeholders aiming to achieve the following objectives as outlined in the ARCAM:
  - Develop a shared understanding of the issue;
  - Improve understanding of how the issue relates to legitimate regulatory objectives; and
  - Improve understanding of how this issue relates to trade and investment flows and economic integration.

The Dialogue confirmed that many APEC economies were actively promoting or considering promoting, Smart Grid as a central means to achieve critical objectives related to environmental sustainability, energy security and economic growth. Information presented at the Dialogue indicated that such promotion efforts in several APEC economies were going down well with several economies having established overarching frameworks to guide rapid development and deployment of standards for Smart Grid.

- CTI reviewed the outcomes and recommendations arising from the Dialogue, where APEC economies committed to prevent unnecessary obstacles to trade and investment related to Smart Grid Interoperability Standards. To enable greater collaboration on technical solutions in this fast-moving area; to foster coherence in architectural approaches to interoperability; and, to promote standards and conformance solutions that facilitate trade and investment across the APEC region and globally; CTI endorsed the list of recommendations (see *Appendix 14*) put forth that will:
  - Promote Transparency, Collaboration and Global Solutions in the Development of Smart Grid Interoperability Standards;
  - Enable Competition and Innovation in Specific Markets for Smart Grid Technologies; and

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<sup>9</sup> See 2011/SOM2/CTI/043 rev2 for the report of the Dialogue which contains a set of consensus outcomes developed by participants in the dialogue and provides brief summaries of the presentations and discussions.

- Integrate ARCAM Outcomes into Cooperative Work on Smart Grid Interoperability Standards in APEC and other Fora.
- According to the ARCAM, the second year of its operation will follow the same process as established for year one. At the start of the third year the ARCAM would be reviewed by CTI in consultation with the SCSC to ensure that process contributes to prevent technical barriers to trade (TBTs) through regulatory cooperation.
- SCSC held its 6<sup>th</sup> Conference on Good Regulatory Practice (GRP) in Washington, D.C on 1-2 March 2011. The Conference provided a forum for regulators, policy officials and representatives of the private sector and international organizations to discuss the benefits and challenges of implementing good regulatory practices. There was considerable agreement among conference participants that GRP produces significant economic and social benefits, and contributes to an environment more conducive to trade and investment. In addition, participants were of the view that regulatory cooperation can effectively advance greater alignment of technical requirements and build the capacity of regulatory institutions to efficiently and effectively address policy goals. However, participants also noted significant challenges to greater implementation of GRP, and to achieving greater alignment through regulatory cooperation. To address these challenges, several recommendations were offered for consideration by SCSC members. SCSC was directed to complete a reference document that outlines the ways in which use of GRPs can strengthen implementation of the WTO TBT Agreement and facilitate trade. Preparation of this Draft Reference Document “Supporting the TBT Agreement with Good Regulatory Practices” is underway and when complete, would be transmitted to the WTO TBT Committee to inform its work under its triennial review of implementation of the TBT Agreement.
- SCSC completed a conference on Green Buildings and Green Growth: the Enabling Role of Standards and Trade on 3-4 March in Washington, D.C. The conference was part of an approved APEC-funded project on “Sustainability in Building Construction (Commercial Buildings) – Efficiency and Conservation” which also included a survey of APEC member economies on sustainability in building construction (commercial buildings) carried out in early 2011 focusing on sustainability in commercial buildings and looked specifically at the enabling role of standards in trade in promoting commercial green buildings. The second component of the project consisted of two case studies: (i) Case Study 1 looked at the trade impact of Life Cycle Analysis in multi-attribute certification programs for two products—flooring and plumbing products; and (ii) Case Study 2 surveyed green building rating systems that are being used throughout the Asia Pacific region and the trade impacts of assessment tools, common and differing standards, and conformity assessment requirements. The final component was the organization of a second green buildings workshop, jointly with the ASEAN Consultative Committee for Standards and Quality (ACCSQ) in Singapore from 12-13 September. The workshop<sup>10</sup> succeeded in providing greater transparency about the varying green building requirements that exist in the region. Several areas for potential forward at domestic, regional and international levels were put forth. It was noted that such work on commercial green buildings also contributed to the APEC green growth agenda.
- SCSC implemented a project entitled “T Solar (PV) Standards and Conformance Measures Survey and Workshop” which sought to understand APEC member economies’ use of standards and conformity assessment schemes of solar PV technologies and opportunities for harmonization and cooperation. A survey on three categories of solar technologies (PV cells, solar water heaters, concentrated solar power) was conducted. The survey addressed standards, conformity assessment, regulatory framework, and government engagement of solar technologies at various phases of their production and use; and focused on standards

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<sup>10</sup> See 2011/SOM1/SCSC/049a and 2011/SOM3/042 for the reports of the conference and workshop.

and conformity assessment of solar technologies in three particular phases: manufacturing, installation and recycling and end-of life and targeted for completion by SOM II with a conference on solar technologies being scheduled at SOM3. Results of the survey were reported to the Conference on Facilitating Trade of Solar Technologies through Standards and Conformity Assessment<sup>11</sup> held on 15-16 September in San Francisco. The proposed outcomes focus on practical ways to reduce costs, increase safety, and improve reliability of three major technologies of the solar industry – photovoltaic modules, concentrated solar power and solar water heating and cooling. These outcomes will increase the performance of solar technologies and speed their adoption, advancing significant environmental and societal benefits in the APEC region and globally and are a contribution towards the 2010 APEC Leaders' instruction in Yokohama, Japan for officials to work to address non-tariff measures on environmental goods, as well as towards the broader 2009 APEC EGS Work Program. A second Workshop on Ensuring Photovoltaic Reliability and Durability was held in Chinese Taipei from 12- 13 October.

- The SCSC endorsed the report on the outcome of CTI 01/2010T on Capacity Building in Food Safety: Managing Food Safety Incidents and Developing Food Safety Plans for the Supply Chain which was held on 5-7 November 2010 in Beijing, China: This project responded to a Food Safety Cooperation Forum (FSCF) Partnership Training Institute Network (PTIN) capacity building priority. The first two days focused on general best practices in supply chain management and the third day focused specifically on the aquaculture sector. Two of the first open source PTIN training modules are under development based on the content of the workshop: one on development of generic food safety plans and the other on applying supply chain management to the aquaculture sector.
- A Memorandum of Understanding (MoU) between APEC SCSC-FSCF and the World Bank was signed as part of the FSCF suite of events, held in Big Sky, Montana, during SOM2. The key purpose of the MoU is to strengthen high level support from within the Bank for food safety issues and to provide a positive statement on the importance of food safety capacity building, at a regional and global level.
- SCSC noted the report on the progress of a self-funded workshop on FSCF PTIN Laboratory Capacity Building held 25-26 August 2011 in Bangkok Thailand. It was noted that strengthening laboratory systems is one of the priority work areas of the Food Safety Cooperation Forum, and one where PTIN work under the SCSC can yield positive outcomes in facilitating trade. The workshop had a number of objectives including highlighting the global context of food safety; explaining the importance of food safety laboratory competency and the complexities involved in meeting diverse food safety standards.
- The Wine Regulatory Forum was held on 18-19 September 2011 with the objective to increase cooperation in addressing standards and conformance issues in the rice, grape and other fruit wine trade including certification, analysis, oenological practices and labelling.

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<sup>11</sup> See 2011/SOM3/043 for outcomes of the conference

## Section VII: 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 2011, they were revised and enhanced in pursuit of the Bogor Goals (see *Appendix 15*).

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.

The **Market Access Group (MAG)** met three times in 2011 to advance work in support of CTI's contributions to the APEC 2011 priorities of Strengthening Regional Economic Integration and Expanding Trade and Promoting Green Growth. The key issues covered by MAG at its meetings during the year included the issue of facilitating trade in remanufactured products and possible capacity-building efforts in the area of remanufacturing; results of two surveys relating to simplification of customs documentation and procedures: the first on the harnessing of IT in ROO and the second on minimum data requirements in FTAs; further strengthening the WebTR portal and the EGSIE website; and addressing NTMs and NTBs affecting trade and agricultural products in the region. The group was also assigned to oversee and progress the APEC Pathfinder Initiative for Self-certification of Origin and the EGS case studies.

In 2011, the **Group on Services (GOS)** continued to advance its service work program through the implementation of new and on-going projects/initiatives, which included: (i) development of the "APEC Services Trade Access Requirements (STAR) Database", a business friendly tool to facilitate service providers' market access, business mobility and establishment of commercial presence throughout the APEC region; (ii) Workshop on "Addressing SME Business Constraints through Services"; (iii) Workshop on "Sharing Key Success Factors and Experiences in Trade in Services for SMEs"; (iv) launch of the APEC Legal Services Initiative website ([www.legalservices.apec.org](http://www.legalservices.apec.org)); and development of a databank of attorneys who work on trade and investment in the APEC region; and (v) APEC Accounting Services Initiative. GOS noted a Friendship Arrangement had been signed with the Inter-Pacific Bar Association (IPBA) in April 2011 as a collaborative arrangement for development of legal services in the APEC region and the implementation of a APEC legal services project.

The **Investment Experts Group (IEG)** continued to support the CTI's efforts in progressing the Investment Facilitation Action Plan (IFAP) that was adopted by Ministers and Leaders in 2008. It also oversees the implementation of the APEC Strategy for Investment that developed in the CTI in 2010 by undertaking several projects and activities to progress the three pillars of the Strategy: (i) Advanced Principles and Practices; (ii) Facilitation and (iii) Promotion. The IEG successfully concluded a set of recommendations to measure progress of IFAP implementation (see *Appendix 3*) and updated the 1994 APEC Non-Binding Investment Principles (see *Appendix 4*).

The 2011 work program of the **Sub-committee on Standards and Conformance (SCSC)** comprised several activities that contribute directly to APEC 2011 priorities of "Promoting Green Growth" and "Advancing Regulatory Convergence and Cooperation". The Sub-committee was also active in progressing work on food safety under the auspices of the APEC Food Safety Cooperation Forum (FSCF) that was established in 2007 and the Implementation Plan for Strengthening Food Safety Practices in APEC economies for 2008-2011 that was drawn up in 2008. A Memorandum of Understanding (MoU) between APEC SCSC-FSCF and the World Bank was signed as part of the

FSCF suite of events, held in Big Sky, Montana, during SOM2. The key purpose of the MoU is to strengthen high level support from within the Bank for food safety issues and to provide a positive statement on the importance of food safety capacity building, at a regional and global level. The SCSC also completed TFAPII assessment on standards.

The **Sub-committee on Customs Procedures (SCCP)**'s work program for 2011 focused on trade facilitation, trade security and related enforcement matters. SCCP completed the evaluation of TFAP2 on customs procedures using the agreed KPIs. It adopted two new CAP items for 2011: Single Windows (SW) System and Authorised Economic Operator (AEO) Programs and Mutual Recognition Agreements. SCCP continued to work on the development of SW by 2020 and accelerate seamless data sharing between/among SW systems. In implementing the AEO action plan from 2010, SCCP agreed to an AEO Capacity Building Framework outlining the next steps for capacity building development for AEO and a proposal to establish a Pathfinder Initiative on Mutual Recognition. SCCP also approved the APEC Guidelines for Customs Border Enforcement of Counterfeiting Piracy.

For 2011, the **Intellectual Property Rights Experts' Group (IPEG)** was active, as with previous years, in undertaking a range of activities and initiatives, including capacity programs in carrying out its IP-related work. The group met twice, both times preceded by events that enhanced the capacity of participants and raised their awareness to better appreciate the issues in hand. The IP issues covered during the year include: issues related to the protection for Geographical Indications, unauthorized camcording, cooperation on work sharing, issues related to IPR protection in standardization; IPR protection and enforcement including counterfeiting and piracy issues. Members also updated each other on key domestic and regional IP developments.

The work of the **Business Mobility Group (BMG)** continued to be focus on facilitating business travel while ensuring passenger safety and border security. This work is carried out in accordance with a set of business mobility goals developed by the group at the start of each year. For 2011, the agreed goals were: (i) to promote an economically integrated community through implementing the agreed BMG Collective Action Plan and the APEC Strategy on the Movement of Business People; (ii) contribute to a robust community through structural reform, innovative technologies, and capacity building; and (iii) build a secure economic community by implementing agreed BMG and relevant *Secure Trade in the APEC Region (STAR)* initiatives, including enhancing the use of information and communications technology to facilitate the safe and secure movement of business people. A newly designed, security-enhanced APEC Business Travel Card was launched by SOM III. Being less susceptible to counterfeit and fraud, this card assists in promoting APEC's vision of a secure economic community, in particular, the safe and secure movement of business people. BMG also began work on developing an APEC Best Practice in Border Capabilities Model to assist economies in enhancing travel for business people but also as a basis for other APEC sub fora to consider how they might adopt a similar approach to tackle issues such as counter-terrorism or secure trade.

The **Electronic Commerce Steering Group (ECSG)**, supported by two sub-groups, the Data Privacy Sub-group (DPS) and the Paperless Trading Sub-group, helps coordinate APEC's e-commerce activities as set forth in the 1998 APEC Blueprint for Action on Electronic Commerce. For 2011, the DPS completed the projects for the Cross Border Privacy Rules (CBPR) system and will work on its successful implementation beginning next year. The Paperless Trading Sub-Group will integrate further elements of its work plan into a comprehensive initiative on paperless trade solutions, such as e-certificates of origin. The group considers that several elements of its work program directly support two key work areas of the CTI, SCI and digital economy. ECSG's work implements action plans for chokepoint 5 to simplify customs and other cross-border trade procedures, as well as action plans for chokepoint 6 to improve the efficiency of air, land and multi-modal connectivity. The group has been working closely with other relevant fora, such as the MAG and SCSC, to explore joint initiatives to promote SCI and to avoid any possible

duplication in these areas. The *Workshop on Supply Chain Connectivity: E-Commerce as a Main Driver and Integration Tool* was held in San Francisco on 17 September and provided an opportunity for participants to consider issues related to the development of “soft infrastructure,” such as regulation, licensing, governance and safety, to facilitate the implementation of supply chain connectivity in APEC region. Other projects implemented in 2011 or planned to promote e-trade and support SCI action plans are as follows: 1) Informal Meeting on Global Value Chains (March 2011); 2) APEC Forum on Digital Economy and E-Commerce Development (July 2011); and 3) Workshop on Readiness of ECO Implementation in Cross-Border Trade in APEC Region (February 2012).

### Pathfinder Initiatives

In 2011, lead economies continued to promote increased participation in the existing TILF-related Pathfinder initiatives.

**Table 3: Status of TILF-Related Pathfinders (as at November 2011)**

| Pathfinder  | Lead economy                                      | APEC Forum responsible                             | Membership status - Sept 2004   | Membership status   |
|---|---|--|---|---|
| <b>Trade and the Digital Economy</b>  | United States                                     | N/A (launched at Leaders level; CTI has oversight) | 18  | 20  |
| <b>Advance Passenger Information (API)</b>  | 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; 16 either fully implemented or committed to implementation; 11 undertaken feasibility studies. |
| <b>E-Cert SPS</b>   | Australia & New Zealand                           | ECSG   | 6   | 6   |
| <b>Kyoto Pathfinder</b>   | Australia   | SCCP   | 15 participating in Part A; 8 participating in Parts A & B.   | Has become a CAP in the SCCP.   |
| <b>Mutual Recognition Arrangement of Conformity Assessment on Electrical and Electronic Equipment</b> | Australia   | SCSC   | 15 participating in Part I; 3 participating in Parts II & III.  | 18 participating in Part I; 5 participating in Part II; 4 participating in Part III.  |
| <b>Electronic Certificates of Origin</b>  | Korea and Chinese Taipei                          | ECSG   | 3   | 3<br>Chile, China, Malaysia Philippines, Thailand and Vietnam have indicated an interest to join in the pathfinder.         |
| <b>Food MRA</b>   | Thailand  | SCSC   | 5   | 5   |
| <b>Technology Choice Principles</b>   | United States                                     | CTI  | N/A (adopted in 2006)   | 15  |
| <b>Data Privacy</b>   | Australia, Canada, & United States                | ECSG   | N/A (adopted in 2007)   | 16  |
| <b>Self-Certification of Origin</b>   | Australia, New Zealand, Singapore & United States | CTI  | N/A (adopted in 2009)   | 9   |
| <b>Facilitating Trade in Remanufactured Goods</b>   | Japan & United States                             | MAG  | N/A (adopted in 2011)   | 11  |
| <b>APEC Baseline De Minimis Value</b>   | United States                                     | CTI/SCCP   | NA (adopted in 2011)  | 10  |

## Industry Dialogues

### ***Automotive Dialogue***

The **Automotive Dialogue (AD)** met twice in 2011 – in March in Washington DC and in September in San Francisco. The AD's work is highly supportive of the US 2011 themes of Regional Economic Integration (REI), green growth, and regulatory cooperation and convergence. Of particular note, in 2011, the AD reached consensus on an initiative to streamline and expedite procedures for the temporary importation of small numbers of advanced technology and alternative-fuelled demonstration vehicles. Facilitating the entry of these vehicles throughout the APEC region will allow economies to have improved access to the environmental benefits of these energy-efficient, low-emission, green technology test vehicles. In addition, the AD exchanged views on how government policies can promote innovation and sustainability in the automotive sector. The AD also discussed the importance of remanufactured auto parts to the auto parts aftermarket, and heard a Peer Review from Russia. Much of the AD's work falls under its five working groups covering the areas of (i) market access; (ii) customs; (iii) harmonization of regulations and road safety; (iv) small and medium size enterprise development; and (v) intellectual property rights. The AD also sent a letter to the September 2011 Joint Transportation and Energy Ministerial outlining AD activities of direct interest to these ministries. The letter conveyed the AD's view that international efforts to achieve regulatory convergence should focus on leading edge technologies before different domestic standards or regulations are established, the need for cooperation between governments and industry to encourage ongoing improvements in vehicle efficiency and environmental performance, and sought (and subsequently received) support for the AD's demonstration vehicle initiative (see *Appendix 13*).

### ***Chemical Dialogue***

The **Chemical Dialogue (CD)** has an expanding work program going forward to 2013 under its updated Strategic Framework<sup>12</sup>. Aligning closely with APEC priorities of regional economic integration, green growth, and regulatory cooperation and convergence, the CD work program emphasizes the continuing integration of the Dialogue's work with the international chemicals agenda including the 2012 SAICM and Rio+20 processes, elaboration of the role of chemicals in providing innovative solutions to sustainable growth, and expanding the robust chemical regulatory cooperation agenda. The CD continued with its program to address issues relating to the implementation of the Globally Harmonized System (GHS) for chemical classification and labelling, and in 2011 reached consensus on a guidance document for applying GHS principles to consumer products, which has been submitted for endorsement. (see *Appendix 16*). A GHS web portal, launched in 2010 as a self-funded project under the CD, now includes information on the GHS in 32 languages, and has received over 18,000 visits. Also in 2011, the CD produced reports on the status of GHS implementation across the APEC region, and on the economic importance of the chemical industry. The CD and its regulators forum are addressing issues related to the sound management of chemicals, and to encourage the use of common approaches to risk assessment. Interest in the CD's work has expanded to include regular participation by downstream users of chemicals. In 2011, the CD agreed to launch work to raise awareness of the challenges posed by different regulatory approaches to chemicals in articles. Finally, the industry side of the CD is developing a web-based tool to assist first responders in companies in chemical emergency situations.

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<sup>12</sup> Tabled at SOM2 as 2011/SOM2/021 Anx 6



### ***Life Sciences Innovation Forum***

The **Life Sciences Innovation Forum** (LSIF) continues to attract significant high level attention from scientists, health economists, senior government policymakers and industry experts and has had several major accomplishments this year. In 2011, the LSIF collaborated with the Health Working Group to organize a Health Systems Innovation Dialogue, which attracted 150 senior level participants from 19 APEC economies, including six Ministers. This Dialogue generated considerable momentum for a work program going forward that will involve public-private sector cooperation on innovations to implement outcomes from the September 2011 UN High Level Meeting on non-communicable disease prevention and control. An APEC Action Plan to reduce the economic burden of Non-Communicable Disease<sup>13</sup> was developed jointly with the Health Working Group and has been submitted for endorsement. This was a key area of focus by APEC Leaders when they directed the establishment of the LSIF in 2004. The LSIF also met in special session to discuss its on-going work program, which includes a robust regulatory cooperation agenda, addressing the growing problem of hospital acquired infections, techniques to ensure the safety and efficacy of medical products; policies that enable investment in life sciences, and the importance of policies to ensure that medical innovations are diffused throughout health systems so that APEC economies can address increasingly complex health challenges of ageing populations and chronic and infectious diseases.

Illustrative of APEC's regulatory convergence and cooperation priorities, and in accordance with APEC Trade Ministers direction, LSIF agreed on a strategic framework outlining a multi-year program of activities for achieving regulatory convergence for medical products (both devices and medicines) by 2020<sup>14</sup>, which also has been submitted for endorsement. LSIF has continued its program of largely self-funded advanced training projects in areas that support the achievement of regulatory convergence, including on Multi-Regional Clinical Trials, stem cell quality assurance and quality management, Good Review Practices, Good Clinical Practices, ICH Q8/Q9/Q10 guidelines, and regional training seminars for government regulators. The Regulatory Harmonization Steering Committee (RHSC) held an "open house" for all APEC officials at SOM3 to brief them on RHSC activities and elements of the strategic framework. It was suggested that this could be a good model for other APEC groups to follow. As part of LSIF's continuing program of activity to assure safe medicines and guard against counterfeits, LSIF held a very successful APEC LSIF Drug Safety and Detection Technology Workshop in Beijing in September, which attracted over 200 participants including 100 provincial drug regulators.

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<sup>13</sup> Tabled at AMM as 2011/AMM/004att2

<sup>14</sup> Tabled at AMM as 2011/AMM/004att1

## Section VIII: CTI's Contribution to APEC-Wide Initiatives and SOM Priorities

In 2011, 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; Exploring a Free Trade Area of the Asia-Pacific (FTAAP); Improving the Business Environment and Implementation of the Growth Strategy.

### Support for the Multilateral Trading System

CTI and its sub-fora continued to affirm that “Support for the Multilateral Trading System” remains a key priority and that they would continue to look for ways where they could provide inputs to the WTO process, and where possible, add value to the Doha negotiations. CTI held a TPD workshop on the Information Technology Agreement – Then, Now and in the Future on 19 September. The workshop was divided into two main topic areas: first, a panel on the ITA – Then and Now, and then a second panel on the future of the ITA and possible next steps. The workshop participants agreed that ITA had contributed significantly to productivity and economic growth and on the need to keep up with the times. They also noted that further work in clarifying the product coverage of the existing ITA and identifying additional products for an expanded ITA and addressing convergence issues was needed. Their recommendations as endorsed by the CTI were:

- send a constructive message on the importance of ITA remaining relevant and APEC’s continued leadership role in this area; and
- explore ways in which CTI and fora can contribute to advancing work on strengthening and expanding ITA.

**Table 4: Sub-fora Outcomes - Support for the Multilateral Trading System**

| SUB-FORA                         | WORK UNDERTAKEN   |
|----------------------------------|---|
| <b>Market Access Group (MAG)</b> | <p>MAG continued to support on-going DDA/NAMA negotiations. It discussed and shared information on the developments and concerns, if any relating to products covered or to be covered by the Information Technology Agreement (ITA). MAG conducted an information exchange session on the recent developments and remaining issues to be solved under the WTO Information Technology Agreement (ITA) at its meeting on 10 May.</p> <p>MAG members registered the sense of urgency and the importance of a successful conclusion, with every effort needing to be made by members to help reach a breakthrough in the negotiations.</p>     |
| <b>Group on Services (GOS)</b>   | <p>GOS continued to look at ways to reinvigorate the WTO services negotiations, including convening APEC caucus meetings in the margins of services meetings in Geneva, in an effort to contribute to the successful outcome of the WTO services negotiations.</p> <p>GOS noted that two of its activities, “Workshop on Addressing SME Business Constraints through Services” and “APEC Accounting Services Initiative”, which was designed to improve the transparency and integration of the regulation of accounting and auditing services by foreign professionals in the APEC region could support the WTO services negotiations.</p> |

| SUB-FORA   | WORK UNDERTAKEN   |
|--|---|
| <b>Sub-committee on Standards and Conformance (SCSC)</b> | <p>The SCSC advanced work to strengthen implementation of the WTO agreements on technical barriers of trade and sanitary and phyto-sanitary measures (SPS and TBT agreements) in several ways:</p> <ul style="list-style-type: none"> <li>• SCSC produced a draft study on “Supporting the TBT Agreement with Good Regulatory Practices.” This study seeks to establish the linkages of the ways in which GRPs strengthen implementation of WTO obligations and work to facilitate trade and investment.</li> <li>• SCSC worked to prevent technical barriers of trade in several emerging technologies related to solar and green building and endorsed several outcomes. These outcomes, formally endorsed by the SCSC, contain concrete actions for APEC members to collaborate and to align on standards and conformance measures related to these technologies.</li> </ul> |
| <b>Sub-committee on Customs Procedures (SCCP)</b>        | <p>SCCP adopted amongst others, contributions to the negotiations on trade facilitation at the World Trade Organization’s (WTO) and enhancement of cooperation with the World Customs Organization (WCO) as priority work areas in 2011.</p> <p>SCCP encouraged active engagement by members to the ongoing WTO Trade Facilitation (TF) negotiations. In the same respect, the SCCP is working to bear in mind the work being done by the WTO as it continues to build upon its own TF agenda. In the same vein, the SCCP is engaging the WCO in its work, including inviting a representative of the WCO to participate in SCCP meetings and events as well as strengthening the sharing of information between the SCCP and the WCO.</p>  |
| <b>Intellectual Property Rights Experts Group (IPEG)</b> | <p>IPEG members reported on their respective progress in developing IP systems consistent with the WTO and other international norms.</p>   |

### **CTI’s Contribution to SOM’s Discussions on Possible Pathways to a Free Trade Area of the Asia-Pacific (FTAAP)**

On the 2008 Convergences and Divergences Study of APEC FTAs, updates were made to the market access, sanitary and phyto-sanitary measures (SPS), customs procedures and technical barriers to trade (TBT) chapters based on four FTAs (New Zealand-Malaysia; New Zealand-Hong Kong, China; China-Peru and EU-Korea, which was included due to its significant economic implications for the region). CTI also noted Chinese Taipei’s intention to update the TBT chapter and the possibility of enlisting the help of think tanks to update the analytical overviews of these chapters. Discussion on the possible next steps to be taken to further progress the study was deferred. The database in which the study is stored was successfully migrated back into the APEC Secretariat’s web domain and is accessible via <http://fta.apec.org>.

CTI reviewed the results of the survey that was conducted in 2010 to help developing economies to identify their capacity building needs, including upgrading of negotiation skills for establishing larger-scale FTAs/RTAs<sup>15</sup>. CTI considered a proposal<sup>16</sup> for a multi-year capacity building action plan to take forward the recommendations of the survey. As called for in the proposal, the

<sup>15</sup> See 2011/SOM1/CTI/023

<sup>16</sup> See 2011/SOM2/CTI/024

Committee set aside a two-hour session at CTI3 on 22 September for members, ABAC and representatives from the Asian Development Bank and the World Bank to exchange information/experiences on improving economies' ability to engage in high-quality trade agreements. One of the outcomes from the session was a proposal to develop a multi-year action plan by SOM2/MRT in 2012 to take forward the REI Capacity Building Needs initiative.

### **Improving the Business Environment**

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 continue to collaborate and take forward APEC's work on SCI and Ease of Doing Business (EoDB).

Particularly, on the EoDB, CTI is contributing to APEC-wide aspirational target of making it cheaper, faster and easier to do business by 25 percent by 2015 in five priority areas, with an interim five percent improvement target by 2011. The CTI contributes through one of the five priority areas: Trading Across Borders. For the phase 2 of this program, Mexico and Peru will be assessed by technical experts of the lead economy: Singapore and will receive practical recommendations to improve on this indicator.

### **CTI's Contributions to Implementation of the 2010 APEC Leaders' Growth Strategy**

In 2010 APEC Economic Leaders agreed on a Growth Strategy that would provide a comprehensive long-term framework for promoting high-quality growth in the region. APEC Leaders committed to implement the Growth Strategy out to 2015, focussing on 5 desired attributes of balanced, inclusive, sustainable, innovative, and secure growth. APEC Leaders also tasked Senior Officials to conduct "annual progress reviews on APEC's relevant work programs while finding ways to take stock of progress, and making any needed adjustments in the work programs to maximize APEC's efforts to promote the Five Growth Attributes".

The contributions of CTI and its sub-fora to the promotion of the five growth attributes are not even. As noted last year, while Committee had done work on Green/Sustainable Growth; Innovative Growth and Secure Growth through various work streams like EGS (see section V); digital economy and IPR (see Section II), BMG and SCCP, its role with respect to inclusive and balance growth is less clear.

**Table 5: Contributions of Sub-fora to the Growth Attributes**

| SUB-FORA   | WORK UNDERTAKEN   |
|--|---|
| <b>Market Access Group (MAG)</b>                         | <i>Green Growth/Sustainable Growth</i><br>• See Section V   |
| <b>Group on Services (GOS)</b>                           | <i>Green Growth/Sustainable Growth</i><br>• See Section V   |
| <b>Sub-committee on Standards and Conformance (SCSC)</b> | <i>Green Growth/Sustainable Growth</i><br>• See Section V and VI  |
| <b>Sub-committee on Customs Procedures (SCCP)</b>        | <i>Innovative Growth</i><br>• Completed a Mutual Enforcement Operation in postal and express courier facilities targeting counterfeit pharmaceuticals. Written report identifying effective practices for IPR enforcement in postal and express courier facilities (result of the aforementioned operation) |

| SUB-FORA   | WORK UNDERTAKEN  |
|--|--|
|  | <ul style="list-style-type: none"> <li>• Development of APEC Guidelines for Customs Border Enforcement on IPR Infringement</li> <li>• Continued to work on the development of SW and accelerate seamless data sharing between SW systems through information sharing.</li> <li>• Held an APEC Regional Workshop on Single Window in Chinese Taipei in October. The workshop focused on the implementation of SW systems and the promotion of interoperability between the various systems.</li> </ul> <p><i>Secure Growth</i></p> <ul style="list-style-type: none"> <li>• Implementation of the Authorised Economic Operator (AEO) action plan including the development of an AEO Capacity Building Plan and an AEO Best Practices Document. SCCP held an AEO roundtable discussion on 1 March 2011 in which the AEO working group members met with their business stakeholders to discuss ongoing experiences and challenges associated with AEO programs. SCCP agreed that the session was useful and recommended that Russia as 2012 APEC Host/Chair to continue having such a session. The SCCP has also commenced discussion on a proposal to launch a Pathfinder Initiative on AEO Mutual Recognition that would involve: (1) pathfinder participants agreeing to pursue mutual recognition arrangements with fellow pathfinder participants of their choosing; and (2) the sharing of experiences and practices based on their experiences to assist with the development of capacity building tools.</li> <li>• Completed a TRP survey and agreed on a way forward: (i) approved addition of the Basic Essential Elements of Information (EEI) as an Annex to the APEC Trade Recovery Guidelines and strongly recommended their utilisation; (ii) approved the addition of the Supplemental EEI as an Annex to the Guidelines with a recommendation that economies consider including them when constructing their internal trade recover protocols; (iii) supported the sharing of the APEC findings with the WCO in support of its parallel Trade Recover efforts; and (iv) endorsed a follow-on cooperative effort among the CTTF, SCCP and TPT to identify and pilot potential methods to exchange the EEIs.</li> <li>• Development of a Trade Recovery Communications Mechanism to facilitate the resumption of trade.</li> <li>• Continuation with the sharing of information on new technologies and equipment applied for customs activity to secure trade.</li> </ul> |
| <b>Intellectual Property Rights Experts Group (IPEG)</b> | <p><i>Innovative Growth</i></p> <ul style="list-style-type: none"> <li>• Updating the Intellectual Property Academy Collaborative Initiative (iPAC Initiative), a web-based platform aimed at facilitating effective information sharing among IP Academies</li> <li>• “Leveraging Cutting Edge Technologies for Economic Growth” was one of the issues covered in the IPEG-ABAC Dialogue held on 3 March. The panel explored the factors to promote the development and diffusion of new technologies and discussed policies which could be adopted by APEC members to continue to promote innovative economies and technological development</li> </ul>  |
| <b>Business Mobility Group (BMG)</b>                     | <p><i>Secure Growth</i></p> <ul style="list-style-type: none"> <li>• Putting into circulation the newly designed ABTC that includes enhanced security features.</li> <li>• Development of an APEC Best Practice in Border Capabilities Model, which would set out the ideal capabilities APEC economies would include in a modern border management system. One desired outcome of this project would be to identify efficiencies in immigration procedures (to facilitate and accelerate travel) while managing the risks posed by non-genuine travellers. Another desired outcome would be to explore innovation and the use of information and communication technologies in border management. There is potential that this may, in turn, lead to structural reform, improvement of coordination mechanisms and the development of capacity building projects in the region;</li> <li>• Investigating the technical readiness of BMG members to trial the use of ABTC cardholders’ biometrics through existing Automated Border Control Systems in the</li> </ul>  |

| SUB-FORA   | WORK UNDERTAKEN   |
|--|---|
|  | <p>region and proposing guidelines for member economies who may wish to participate in such a trial.</p> <ul style="list-style-type: none"> <li>• Progressing the implementation of a web-based trial of RMAS between the Philippines and Australia. This initiative, if successful, will offer significant potential for the expansion of RMAS to other economies due to the reduced start-up costs, lower ongoing maintenance costs and avoidance of substantial costs associated with dedicated leased communications lines.</li> <li>• Enhancing cooperation with other APEC working group fora, such as the CTTF and the SCCP in 2011. Two joint BMG-SCCP meetings have been held at SOM I and SOM III to share knowledge and best practice with a view to building a comprehensive and integrated view on border management. The BMG Chair also met and exchanged view with the CTTF at SOM II.</li> </ul> <p><i>Inclusive/Human Resource and Entrepreneurship Development</i></p> <ul style="list-style-type: none"> <li>• Reviewing the BMG's Professional Immigration Service standards. A desired outcome of this review would be to highlight the importance of professional conduct, ethics, courtesy, efficiency, and systems support in developing a workforce of skilled border officials and encouraging the implementation of professional immigration service standards by all member economies.</li> </ul> |
| <b>Electronic Commerce Steering Group (ECSG)</b> | <p><i>Innovation Growth</i></p> <ul style="list-style-type: none"> <li>• ECSG's work on the Digital economy agenda naturally supports the innovative growth pillar.</li> <li>• The work of the DPS on privacy is an essential element of the policy and regulatory framework by both enhancing trust in emerging technologies through responsible information management and facilitating global data flows that are the currency of the digital economy. The APEC Privacy Framework is based on the concept of accountability, obligations flowing with cross border data flow which maps well to today's new and ever more global and interconnected markets and the need to appropriately protect personal data to assure continued participation in existing services and adoption of new technologies.</li> </ul>  |
| <b>Automotive Dialogue (AD)</b>                  | <p><i>Green/Sustainable Growth</i></p> <ul style="list-style-type: none"> <li>• Discussion on a proposed agreement to streamline import procedures for demonstration vehicles to facilitate the diffusion of advanced automotive technology throughout the APEC region.</li> <li>• An agreement to further work to underscore the importance of cooperation between government and industry to encourage ongoing improvement in environmental performance.</li> <li>• Discussion to enhance understanding of the Green Growth business practice of remanufacturing automotive parts, the largest segment of the remanufacturing industry, and the importance of remanufactured auto parts to new vehicle producers in the aftermarket and for servicing vehicles.</li> </ul>  |
| <b>Life Sciences Innovation Forum (LSIF)</b>     | <p><i>Secure Growth/Human Security</i></p> <ul style="list-style-type: none"> <li>• Organize self-funded workshop on safe medicines and detection technologies in Beijing September 27-28, 2011 as part of the LSIF Anti-Counterfeit Medicines Action Plan</li> <li>• Development of a white paper showing the benefits of prevention, detection, early intervention and integrated disease management programs on key chronic disease health indicators that could be addressed by health and wellness programs in the APEC Economies; and would serve as an APEC contribution to the UN Summit on Non-Communicable Diseases</li> </ul>  |

## Section IX: 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 2011, the Committee continued to engage with ABAC as the key voice of the business community in the APEC process. The CTI Chair accepted invitations to attend ABAC's 2011 meetings to brief ABAC on the Committee's work programs and exchange views on issues of mutual interest. 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 2010 recommendations as outlined in the following table:

**Table 6: CTI /CTI sub-fora Responses to key ABAC TILF-related Recommendations**

| ABAC 2010 RECOMMENDATION  | CTI/SUB-FORA RESPONSE  |
|---|--|
| <p><b>Re-Committing to the achievement of the Bogor Goals and developing a new vision</b></p> <p>ABAC's own review of progress towards the Bogor Goals clearly identifies that many member economies have become considerably more open since 1994. Further, ABAC acknowledges the important steps that have been taken to improve the ease of conducting business within APEC regional supply chains and value chains since the Bogor Goals were first conceived. However, the existence of remaining barriers to trade and investment and the changing nature of modern regional supply chains and value chains mean that more needs to be done to achieve the goals of free and open trade and investment in the region.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Re-commit to the Bogor Goals of achieving free and open trade within the APEC region by 2020.</li> <li>• Instruct the APEC Secretariat to devise and publish annually a set of regional integration metrics to monitor each economy's progress toward greater economic integration. ABAC recommends the creation of a one-page "Regional Integration Dashboard" for each economy showing the level and change in various indicators of liberalization, including, but not limited to, the flows of goods, services, investment, technology and people across the region.</li> <li>• Agree that any new vision for economic integration should seek to liberalize flows of goods, services, investment, technology and talent across the region, and have a strong emphasis on balanced and inclusive growth and sustainable development.</li> <li>• Agree that as any new vision for APEC is developed, the business community should be closely engaged so that policy makers draw on business leaders' expertise in identifying practical initiatives and proposing workable solutions. To that end, ABAC recommends that the links between the Senior Officials' Meeting (SOM) and ABAC processes be better defined and integrated.</li> </ul> | <ul style="list-style-type: none"> <li>• CTI developed a list of recommendations on an appropriate process to review APEC economies' progress towards the Bogor Goals by 2020, which was endorsed by SOM in Big Sky, Montana. Subsequently, in San Francisco, CTI agreed on a set of guidelines to provide direction to its review of the implementation of measures towards achieving the Bogor Goals in 2020.</li> <li>• Economies will submit templates with information concerning the areas related to the Bogor Goals by SOM 1 2012. PSU will prepare short reports based on this information by SOM 2 2012.</li> <li>• A dashboard with metrics to help assess the progress of APEC member economies toward the Bogor Goals is being developed by the PSU. Discussions on the content of the dashboard are still on-going. CTI plans to liaise with international organizations that have developed the indicators proposed in the dashboard in order to get a better understanding of their nature.</li> </ul> |

| ABAC 2010 RECOMMENDATION  | CTI/SUB-FORA RESPONSE   |
|---|---|
| <p><b>Making further progress towards achieving FTAAP</b></p> <p>ABAC believes that the Free Trade Area of the Asia-Pacific (FTAAP) is an aspirational but achievable vehicle for delivering free and open trade and investment within the Asia-Pacific region. The recent analytical study completed for APEC senior officials showed that comprehensive tariff elimination combined with trade facilitation and services liberalization could result in a 2.9% increase in the region's GDP and gains to welfare of US\$527 billion. These are potentially significant gains that cannot be neglected.</p> <p>ABAC sees FTAAP ultimately as being more than just a traditional free trade agreement. It should encompass the widest possible definition of economic integration in the region. FTAAP should aim to expand market access by eliminating, where possible, existing barriers to trade and putting in place rules of origin which enable businesses to cumulate the benefits of existing trade agreements in the region. Beyond this, FTAAP should also address market integration issues, including facilitating investment and services as well as the movement of goods, promoting regulatory reform and cooperation between member economies, harmonizing standards and eliminating other non-tariff barriers and matching talent needs in the region..</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Make decisions in Yokohama on possible pathways to FTAAP.</li> <li>• Instruct Ministers and senior officials to provide greater detail on the preferred modalities and processes towards FTAAP to enable active involvement by the business community.</li> <li>• Continue to develop existing regional trade initiatives such as TPP, ASEAN+1, ASEAN+3 and CEPEA.</li> <li>• Invite Leaders of economies engaged in evolving regional arrangements to direct their officials to share knowledge and substance about their respective negotiations in a timely and transparent fashion, while respecting the negotiating sensitivity of some issues.</li> </ul> | <ul style="list-style-type: none"> <li>• A survey to help developing economies to identify their capacity building needs, including upgrading of negotiation skills for establishing larger-scale FTAs/RTAs has been conducted. A copy of the report was tabled at CT11 in Washington, D.C as 2011/SOM1/CTI/023.</li> <li>• The CTI has commenced working on a multi-year work plan to take forward the recommendations of the survey it conducted last year to identify capacity building needs for strengthening regional economic integration. A two-hour Policy Dialogue session was organized during CTI3 in September 2011 for members together with ABAC and representatives from the Asian Development Bank and the World Bank to exchange information and experiences on improving members' ability to engage in high-quality trade agreements. One of the outcomes of the session was a proposal to develop a multi-year action plan by SOM2/MRT in 2012 to take forward the REI Capacity Building Needs initiative.</li> <li>• The CTI held a trade policy dialogue on 7 March to discuss what APEC could do to define, shape and address next generation trade and investment issues in response to APEC Leaders' instructions in Yokohama last year. A Friends of the Chair (FOC) group was established to work towards determining a list of next generation trade and investment issues.</li> <li>• At CTI2, the Committee agreed on a list of "next generation trade and investment issues" to be worked on in 2011: (i) Facilitating Global Supply Chains; (ii) Enhancing SME Participation in Global Production Chains; and (iii) Promoting Effective, Non-Discriminatory, and Market-Driven Innovation Policy. These were presented to Senior Officials and the Ministers Responsible for Trade.</li> <li>• At CTI3, CTI discussed initiatives including specific actions to address the three next generation trade and investment issues. CTI agreed on a proposal to address "Enhancing SME Participation in Global Production Chains". The proposal included a set of core elements that could be considered on a voluntary basis to serve as model guidelines for the next generation FTAs, including a possible FTAAP and ideas for a seminar to be held in 2012 to exchange experiences and best practices of the enhancement of SMEs in the global production chains. CTI continues working intersessionally in the lead up to CSOM/AMM in November on specific initiatives to address the other two next generation trade and investment issues.</li> </ul> |
| <p><b>Identifying new business requirements (regulatory principles, services, digital economy)</b></p> <p>ABAC has developed further ideas on new business requirements that could be included in future Free Trade Agreements (FTAs), whether FTAAP or other pathfinder agreements. Alongside market access, future FTAs should address market integration and take into account the needs of the digital economy, the services sector as well as principles for regulatory cooperation and processes for achieving regulatory cooperation and coherence.</p>  | <ul style="list-style-type: none"> <li>• As agreed at CTI 1, the first dialogue of the APEC Regulatory Cooperation Process Advancement Mechanism (ARCAM) on the issue of Interoperability Standards for Smart Grid was held in the margins of CTI2 in Big Sky, Montana on 12-13 May 2011. The dialogue brought together trade officials, regulators, and private sector stakeholders to (i) develop a shared understanding of the issue; (ii) improve</li> </ul>  |



| ABAC 2010 RECOMMENDATION  | CTI/SUB-FORA RESPONSE   |
|---|---|
| <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Include in future agreements provisions related to regulatory principles, regulatory coherence, the digital economy, and services as follows: <ul style="list-style-type: none"> <li>○ <i>Regulatory Principles and Coherence</i> <ul style="list-style-type: none"> <li>- Adopt in relation to regulatory chapters the following set of guiding principles: non-discrimination, comprehensiveness, transparency, accountability and “least efficiency distorting”.</li> <li>- Develop options for promoting enhanced regulatory coherence by promoting dialogue and cooperation between regulatory agencies.</li> </ul> </li> </ul> </li> </ul>  | <p>understanding of how the issue relates to legitimate regulatory objectives; and (iii) improve understanding of how this issue relates to trade and investment flows and economic integration in the region.</p> <ul style="list-style-type: none"> <li>• CTI endorsed the recommendations for advancing further regulatory cooperation in Smart Grid Interoperability Standards, viz: (i) Promote Transparency, Collaboration and Global Solutions in the Development of Smart Grid Interoperability Standards; (ii) Enable Competition and Innovation in Specific Markets for Smart Grid Technologies; and (iii) Integrate ARCAM Outcomes into Cooperative Work on Smart Grid Interoperability Standards in APEC and Other fora. <i>The 6th Conference on Good Regulatory Practice was held on 1-2 March 2011 in Washington DC.</i></li> <li>• <i>The Toy Safety Initiative started since 2007.</i> The objective of this initiative is to increase transparency, encourage better alignment and reduce unnecessary impediments to trade related to toy safety standards and practices in the APEC region. <i>Besides workshops held in 2009, the initiative</i> includes the consultation and coordination among ISO, CEN and ASTM International. There were discussions on toy safety at the CPSC-AQSIQ (Consumer Product Safety Commission/ the General Administration of Quality Supervision, Inspection and Quarantine) Consumer Product Safety Summit in October 2011 and ongoing collaboration among the USA, Canada, Europe, and Australia on the alignment of safety standards for window coverings, booster seats, and baby slings.</li> </ul>  |
| <ul style="list-style-type: none"> <li>○ <i>Digital Economy</i> <ul style="list-style-type: none"> <li>- Reaffirm compliance with the ITA and eliminate any remaining customs duties on all ICT products, components and equipment. All new ICT items should also be subject to zero duties without prejudice to their customs tariff classification or how they are used (e.g., consumer electronics, automotive, telecommunications, gaming, process control or any other ICT-enabled application).</li> <li>- Affirm that computer and related services commitments ensure coverage for all information technology services, even as these services evolve with changes in technology.</li> <li>- Include a permanent prohibition on the application of customs duties to e-commerce. Parties would agree to non-discriminatory treatment of digital products.</li> <li>- Establish principles and procedures for transparency, cooperation on and participation in the development of standards, technical regulations and conformity assessment affecting ICT.</li> <li>- Eliminate non-tariff barriers for ICT products.</li> <li>- Provide strong protection of intellectual property rights in a manner which facilitates and encourages innovation in</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• At CTI1, the Committee discussed a proposal for an APEC Initiative on Innovation and Trade in Technology that is intended to assist APEC economies in fulfilling Leaders’ instructions by (i) developing and agreeing on core concepts of effective, non-discriminatory, market-driven innovation policy; and (ii) developing an implementation and capacity-building plan that will assist economies in incorporating the core concepts into their innovation policies.</li> <li>• A high-level, public-private APEC Conference on Innovation, Trade, and Technology, was held in the margins of SOM3 on 19-20 September in San Francisco, where several themes emerged that emphasized the connection between open and competitive markets, and the ability for economies to promote innovation. Standards, intellectual property rights, cloud computing and investment were issues raised at the Conference.</li> <li>• CTI held a TPD workshop on the Information Technology Agreement – Then, Now and in the Future on 19 September. The workshop was divided into two main topic areas: first, a panel on the ITA – Then and Now, and then a second panel on the future of the ITA and possible next steps. The workshop participants agreed that ITA had contributed significantly to productivity and economic growth and on the need to keep up with the times. They also noted that further work in clarifying the product coverage of the existing ITA and identifying additional products for an expanded ITA and addressing convergence issues was needed. CTI endorsed the TPD’s recommendations that it (i) send a constructive message on the importance of ITA remaining relevant</li> </ul> |

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| <p>the digital economy.</p>   | <p>and APEC's continued leadership role in this area; and (ii) explore ways in which CTI and fora can contribute to advancing work on strengthening and expanding ITA.</p> <ul style="list-style-type: none"> <li>• At SOM3, ECSG completed the projects comprising the Cross-Border Privacy Rules (CBPR) system and endorsed the entire CBPR system as satisfying the requirements of the Data Privacy Pathfinder. The complete CBPR system was subsequently endorsed at CTI3.</li> </ul>  |
| <ul style="list-style-type: none"> <li>○ <i>Services</i> <ul style="list-style-type: none"> <li>- Agree to liberalize services trade across the region by eliminating all barriers to trade in services except in a strictly limited number of agreed areas.</li> </ul> </li> </ul>   | <p>GOS has implemented the following activities under the APEC Services Action Plan:</p> <ul style="list-style-type: none"> <li>• The Workshop on Addressing SME Business Constraints through Services was held in March 2011 in Washington, D.C. The workshop examined the role that backbone services i.e. business, ICT, logistics, and financial services play in enabling SMEs to better achieve their business and export potential.</li> <li>• A workshop under the APEC Accounting Services Initiative was held in San Francisco in September 2011. In addition, an electronic repository of information on the regulation of accounting and auditing services by foreign professionals in the APEC region has been developed. Non-Binding Guidelines for the Regulation of Foreign Accountancy Professionals are also currently being discussed.</li> <li>• A workshop on Sharing Key Success Factors and Experiences in Trade in Services for SMEs was held in San Francisco in September 2011.</li> <li>• The APEC Legal Services Initiative website (<a href="http://www.legalservices.apec.org">http://www.legalservices.apec.org</a>), which includes a compilation and comparison of information on regulatory regimes for foreign lawyers in APEC member economies and contacts for regulating and contacts for regulating bodies and industry associations in APEC member economies, was developed.</li> <li>• The development of a databank of attorneys who work on trade and investment in the APEC region and capacity building seminars for international business lawyers under the APEC Legal Services Project.</li> <li>• The APEC Services Trade Access Requirements (STAR) Database which will be a business-friendly tool to enable services businesses to identify requirements affecting market entry for trade in services in APEC member economies is under development.</li> </ul> |
| <p><b>Facilitating investment flows</b></p> <p>ABAC believes that APEC economies must step up efforts to make investing in the region easier, cheaper and faster. In addition to a focused program on investment facilitation, APEC must also maintain an active program to promote liberalization of investment. Progress towards APEC's stated objectives must be measured to ensure that APEC's efforts improve the ability of the private sector to conduct business across the region. ABAC supports the adoption and implementation of the Roadmap for Investment in a manner that achieves results and recognizes the realities of doing business. ABAC has reviewed the 1994 APEC Non-Binding Investment Principles and recommends that Leaders adopt its proposed improvements to ensure that they</p> | <ul style="list-style-type: none"> <li>• The 1st session of the APEC Public-Private Dialogue on Investment was held on 4 March 2011 in Washington. At IEG3, the Group discussed the future work that IEG can undertake and the possible agenda for the next Dialogue to be possibly in 2012.</li> <li>• CTI/IEG continues to work on how it could best take forward the implementation of the IFAP, including an assessment of the progress on the implementation of IFAP. The draft plan for future implementation of the IFAP was endorsed at IEG3 and CTI3 in San Francisco. (see Appendix 3)</li> <li>• IEG discussed the ABAC proposal on updating the Non-Binding Investment Principles. Broad agreement was reached on the scope of the updated NBIPs at</li> </ul>  |

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| <p>continue to promote both foreign and domestic investment in the face of the changes in the way business is conducted in the region.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Establish a consultative mechanism within APEC for government and private sector representatives to discuss ways in which the investment environment can be improved. Economies should also consider an APEC mechanism for consultation on proposed regulations so that the implications of new measures can be considered before they are put into effect.</li> <li>• Based on ABAC's input, review and, as necessary, update the 1994 Non-Binding Investment Principles to ensure they continue to promote both foreign and domestic investment in the face of the changes in the way business is conducted in the region.</li> <li>• Further liberalize investment in services to promote the ability of companies to establish comprehensive supply chains from material procurement to after sales service.</li> <li>• Enhance capacity building and peer-review programs to support the implementation of APEC principles and best practices.</li> </ul>  | <p>IEG2. At IEG3, the Group discussed the revised draft and agreed to seek approval from their relevant experts of a possible text that emerged from the meeting. Revised text was finalised intersessionally for consideration by CTI and transmission to Ministers and Leaders, if approved. (See Appendix 4 for finalised NBIP text as presented to AMM)</p>  |
| <p><b>Facilitating the flow of goods and services</b></p> <p>ABAC welcomes ongoing efforts to simplify, harmonize and increase the transparency of regulations and processes related to the flow of goods and services across borders through the Single Window, Trade Facilitation Action Plan (TFAP) II and Supply Chain Connectivity Framework initiatives. However, economies need to undertake further and more far-reaching efforts in order for the private sector to benefit fully from the results of APEC's trade facilitation initiatives. ABAC urges APEC to consider improving on existing measurements and indices as a reference to assess progress under TFAP II and the Investment Facilitation Action Plan. It urges APEC economies to share experiences in order to identify best practices that will contribute to the facilitation of business operations across the region</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Reinvigorate the Single Window Initiative to ensure that economies that have not fully implemented single window systems make progress toward that end and place a priority on interoperability between systems to enhance the sharing of documents such as certificates of origin.</li> <li>• Advance implementation of the Supply Chain Connectivity Framework in a manner that incorporates ABAC's input from 2010 and focuses on areas that provide the most benefit to businesses.</li> <li>• Continue to implement TFAP II and conduct an assessment of progress toward the stated goal of reducing transaction costs by 5% to ensure that efforts are resulting in tangible benefits for businesses.</li> <li>• Utilize and improve on existing measurements and indices such as the World Bank Ease of Doing Business Index, World Economic Forum Competitiveness Index, Heritage Foundation Index</li> </ul> | <ul style="list-style-type: none"> <li>• PSU assisted the CTI in the preparation of the final assessment of the Trade Facilitation Action Plan II (TFAP II), which was presented in September 2011 at CTI, BMG, SCSC, SCCP and ECSG meetings. It comprised the following components: (i) Direct estimation (aggregate measurement) of the change in trade transaction costs over the TFAP II period (2007-2010), utilizing the annually updated World Bank data from its Doing Business project, ensuring continuity with the Interim Assessment results; and (ii) Assessment of the contribution of relevant actions and measures in each TFAP sub-group towards the goal of trade transaction cost reduction. The assessment showed that APEC economies collectively reduced trade transaction costs by 5% between 2007 and 2010, which is equivalent to USD 58.7 billion in savings.</li> <li>• CTI continues to utilize the FOTC and its focus groups to oversee the implementation of the action plans under the Supply-Chain Connectivity Framework (SCI) to address the eight choke points. It adopted a work plan (2011/SOM2/021 Anx4) to guide its work on implementing TFAP II and the SCI. Several initiatives were being pursued. Details can be found in the CTI Report to SOM (2011/SOM2/021 and 2011/SOM3/032). The CTI is also considering holding a Symposium in the margins of CTI2 in 2012 to follow-up on the implementation of the Supply-chain Connectivity Framework and to build on the Symposium held in Sendai in 2010.</li> <li>• CTI agreed to adopt the APEC <i>Pathfinder to Enhance Supply Chain Connectivity by Establishing a Baseline De Minimis Value</i> (see Appendix 9) will include a capacity building program to enhance economies' understanding of the benefits of higher de minimis</li> </ul> |

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| <p>of Economic Freedom and others to assess progress under TFAP II and IFAP</p>   | <p>values and assist economies in joining the pathfinder.</p> <ul style="list-style-type: none"> <li>• The CTI also endorsed the methodology proposed by the PSU on the use of internal and external indicators for measuring progress towards the target of 10% improvement in supply-chain performance. PSU, with the guidance from CTI, is currently fine-tuning the methodology to include a self-assessment survey in preparation of the 2013 interim assessment.</li> <li>• ECSG has been working to implement Supply-Chain Connectivity Framework and Action Plan, in particular, action plans for chokepoint 5 (Burdensome procedures for customs documentation and other procedures). At SOM3, ECSG discussed the electronic certificate of origin (ECO), a Paperless Trading Subgroup (PTS) pathfinder project that addresses chokepoint 5, and noted its successful implementation between two member economies and a continuous increase in the number of users and transactions.</li> <li>• A regional workshop on Single Window Activity was held on 3 – 5 October in Chinese Taipei.</li> <li>• A series of four APEC Self-Certification Workshops has been completed since the adoption of the APEC Self-Certification of Origin pathfinder: in Kuala Lumpur, Malaysia on 11-12 October 2010; in Pasig City, Metro Manila, Philippines on 10-11 February 2011; in Brunei Darussalam on 4-5 April 2011; and in Ha Noi, Viet Nam on 28-29 July. The presentations given at each of the four workshops can be accessed at <a href="http://www.apec.org/Home/Groups/Committee-on-Trade-and-Investment/Rules-of-Origin">http://www.apec.org/Home/Groups/Committee-on-Trade-and-Investment/Rules-of-Origin</a>. In addition, MAG agreed that members would provide a yearly report on the progress made towards implementing self-certification and how close they are to being able to join the Pathfinder.</li> </ul> |
| <p><b>Accelerating SMME capacity building efforts</b></p> <p>There is a pressing need, in recognition of the economic contribution by small, medium and micro-enterprises (SMMEs), to create a conducive environment to strengthen their role in APEC economies by delivering balanced, inclusive, sustainable, innovative and secure growth. ABAC encourages targeted policies in the areas of productivity, innovation, financial inclusion and export fostering. SMME education is another important capacity building activity since raising awareness on tools and resources, such as ICT, skills development programs and new business models, can help SMMEs grow. Outreach programs to capture, disseminate and foster micro-enterprise activities would secure inclusiveness and broaden the base for economic contributions. ABAC urges APEC economies to further improve SMME access to finance, facilitate greater ICT utilization by regional SMMEs, undertake capacity building programs to advance innovative growth, and develop common principles for ethical business practices for SMEs.</p> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• Identify enablers or barriers to ICT utilization by SMMEs to help facilitate greater use of ICT in APEC</li> </ul> | <ul style="list-style-type: none"> <li>• The Joint Meeting of MRT-SME Ministers at Big Sky Montana on 20 May 2011 identified 9 top barriers facing SMEs in trading in the region and tasked CTI and SMEWG to work with relevant fora and subfora to tackle these barriers, namely: (i) lack of access to financing (SMEWG); (ii) lack of capacity to internationalize and difficulty in identifying foreign business opportunities (SMEWG); (iii) need for open and transparent business environments (SMEWG); (iv) high transportation and related costs (SMEWG); (v) customs clearance delays due to difficulties in navigating overly complex customs requirements and documentation (CTI); (vi) problems navigating differing legal, regulatory, and technical requirements (CTI); (vii) difficulty with intellectual property acquisition, protection, and enforcement (CTI); (viii) inadequate policy and regulatory frameworks to support cross-border electronic commerce (CTI); and (ix) difficulty in taking advantage of preferential tariff rates and other aspects of trade agreements (CTI). At CTI3, several economies had volunteered to lead work to address the barriers designated to CTI and it was agreed that member economies as well as</li> </ul>  |

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| <p>economies.</p> <ul style="list-style-type: none"> <li>• Reduce broadband costs and increase its supply to SMME end-users, whether it be by increased competition or the provision of incentives, with a particular focus on underserved areas.</li> <li>• Develop policies to promote awareness on the benefits of ICT utilization for SMMEs.</li> <li>• Use the indicators established by ABAC as a reliable tool in reviewing and enhancing policies to support the growth and development of SMMEs.</li> <li>• Expand various programs that combine ICT with other fields for post-secondary students, internally educated professionals and current ICT workers.</li> <li>• Inculcate training for ICT applications into the life-long learning system.</li> <li>• Establish an Institute of Excellence in collaboration with companies and some of the best universities/institutions in the world.</li> <li>• Expand ICT infrastructure investment from hardware to software in order to boost ICT-enabled services, including the possibility of introducing a certification system.</li> <li>• Provide an institutional mechanism and framework for shared training facilities and infrastructure at minimal cost.</li> <li>• Promote standard integration, encourage cross-licensing of technology between the public and private sectors and among firms, and partially allow open innovation to reduce the fixed cost for developing application services.</li> <li>• Encourage venture capitalists to vertically integrate important functions together such as market viability research and technology evaluation in order to provide more complete services for start-up companies.</li> <li>• Encourage cooperation between international developers to provide multi-option ready-to-move-in industrial parks or living campuses so as to test emerging applications.</li> <li>• Equip and establish SMMEs with relevant information through “market knowledge centers” which may include consultancy, organizing of overseas business missions and provision of integrated market research data.</li> <li>• Support efforts to develop common principles for ethical business practices for SMEs across a range of sectors beginning with the medical device sector in 2011.</li> </ul> | <p>relevant subfora will provide comments on the proposals tabled put forth with a view to implementing measures to address the said barriers by AELM in November 2011.</p> <ul style="list-style-type: none"> <li>• CTI &amp; SMEWG members have been working inter-sessionally to identify concrete actions to address each of the barriers to trade for SMEs that were identified at the Joint Meeting of APEC MRT-SME Ministers on 20 May 2011.</li> </ul> |
| <p><b>Ensuring food security</b></p> <p>The recommendations contained in ABAC’s document “Strategic Framework for Food Security in APEC” should be integrated into APEC’s food security work plan. ABAC urges APEC to pay particular attention to: (a) re-commitment by Leaders to an APEC Food System that ends subsidies, import restrictions and other distortions in food trade; (b) creation of a high-level entity, that includes the private and research sectors, to coordinate APEC’s work on food issues; and (c) achievement of a true sense of food security by committing APEC economies to ending all export embargoes, quantitative restrictions and export taxes for food products traded between APEC member economies</p>  | <ul style="list-style-type: none"> <li>• MAG agreed at SOM1 to launch a new work stream to address NTBs affecting food and agricultural trade in the region.</li> </ul>  |

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| <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Undertake a food system approach. Leaders should recommit unequivocally to the regional APEC Food System approach rather than addressing issues in a piecemeal manner. This includes ending distorting measures such as import restrictions and subsidies.</li> <li>• Establish a coordinating mechanism. There needs to be an ongoing, high-level mechanism to ensure policy coherence and continuity, as well as the technical cooperation, necessary to successfully address the many issues that will combine to create regional food security. This mechanism, reflecting the Leaders' 2009 Declaration that food security is a "major priority for APEC", must formally include the private and research sectors if it is to have the dynamism and access to current information to be able to address the many complex issues that affect food security. It must also have sufficient authority to provide priorities for APEC and to coordinate the various APEC fora working on food and food security-related issues.</li> <li>• End export restrictions. Leaders should commit to formally ending all export embargoes, quantitative restrictions and export taxes for all food products traded between APEC member economies. Simply put, trade cannot reliably enhance domestic production, or allow for efficient specialization, if supply is not completely reliable.</li> <li>• Advance the Doha Round agricultural negotiations through the APEC Caucus. The pursuit of regional food security through a food system approach in APEC could be instrumental in making progress in the Doha Round.</li> </ul> |   |
| <p><b>Ensuring trade security</b></p> <p>ABAC welcomes the establishment of APEC's Authorized Economic Operator (AEO) Working Group and their decision to commence a study on an APEC-wide AEO program. It urges the AEO Working Group to develop a concrete program which focuses on mutual recognition and puts emphasis on tangible benefits for AEO-certified companies. Further consideration is also necessary to eliminate redundancy between the AEO program and other security programs</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Introduce a tiered approach on the AEO status and benefits, such as allowing real "green lane" treatment for AEOs meeting the highest security requirements and grant basic benefits for AEOs meeting minimum security requirements.</li> <li>• Identify specific benefits for AEO certified entities. Benefits for various kinds of logistical service providers such as warehouses, customs brokers, freight forwarders and carriers, etc., in addition to those for exporters and importers, should be identified.</li> <li>• Promote sharing of data on AEOs between customs authorities and waive pre-departure/pre-arrival data filing requirements such as the so-called "24-hour rule" and "10+2 rule" under the mutual recognition scheme.</li> <li>• Study the possibility of giving special favorable</li> </ul>   | <ul style="list-style-type: none"> <li>• The SCCP endorsed the Capacity Building Plan as a next step in the AEO Action Plan.</li> <li>• The SCCP, based on the Trade Recovery Survey, endorsed the four action item: <ul style="list-style-type: none"> <li>- Adopt the basic Essential Elements of Information (EElS) as an annex</li> <li>- Adopt the addition of the supplemental EElS as an annex</li> <li>- Share APEC findings with the WCO</li> <li>- Work with the Counter-Terrorism Task Force (CTTF) and the Transportation Working Group (TPTWG) to identify and pilot potential methods to exchange EElS</li> </ul> </li> </ul> |

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| <p>consideration to an economic operator which implements internal security management equivalent to a certified AEO in an economy which has not established an AEO program.</p> <ul style="list-style-type: none"> <li>Develop an AEO status which recognizes not only the head office but also its subsidiaries deployed in the APEC region as an AEO unit.</li> </ul>  |  |
| <p><b>Improving business mobility</b></p> <p>The APEC Business Travel Card (ABTC) has improved the mobility of business people in the APEC region, and is an example of an APEC initiative that provides direct and tangible benefits to business. While ABAC welcomes the ongoing efforts of the APEC Business Mobility Group (BMG) to improve the operation of the ABTC scheme, more needs to be done especially in the area of shortening the application processing period.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>Continue to improve the operation of the ABTC by shortening the processing time for pre-clearance, simplifying the renewal process, improving online service, ensuring recognition of ABTC at the borders, and providing clearly marked priority ABTC lanes.</li> <li>Study the possibility of extending additional benefits for ABTC holders, such as expanding the area of usage of ABTC beyond APEC economies, especially to include the EU.</li> <li>Provide sufficient capacity building for immigration officials so as to avoid confusion at the borders.</li> <li>Consider expanding eligibility in the ABTC scheme to include highly skilled workers, such as engineers, architects, and academic researchers.</li> <li>Urge ABTC transitional economies to accelerate efforts towards full membership status, including the issuance of cards.</li> </ul> | <ul style="list-style-type: none"> <li>The 3<sup>rd</sup> BMG meeting in San Francisco (13-16 September 2011) reviewed the implementation of the BMG goals of the year 2011. It was noted that BMG has worked consistently towards meeting its goals in 2011 and important milestones have been achieved:</li> <li>According to the Final Report on “The Impact of Business Mobility in Reducing Trade Transaction Costs in APEC” by the Policy Support Unit, the ABTC scheme reduces transaction costs for ABTC holders by 38.0% between March-July 2010 and March-July 2011, representing a total savings of USD 3.7 million. Total at-the-border immigration time savings experienced by ABTC holders for the period March-July 2010 through March-July 2011 is 62,413 hours, a monetary value of USD 1,905,202.</li> <li>To strengthen regional economic integration and expand trade, the BMG has actively implemented the agreed BMG Collective Action Plan and the APEC Strategy on the Movement of Business People, in particular the Group has: (i) consistently encouraged members to implement the APEC Business Travel Card (ABTC) scheme to the fullest extent possible, (ii) approved a reporting arrangement for assessing performance of each economy against the Client Service Framework, which is a further step towards standardizing the service for ABTC holders, (iii) identified 10 possible strategies that could further assist economies in managing and processing ABTC applications, including the consideration of extending the validity of the ABTC from 3 to 5 years suggested by ABAC, (iv) agreed to extend Canada’s transitional membership status for another 3 year period to ensure her continued participation in the ABTC scheme.</li> <li>Towards ensuring a secure community, the BMG has implemented relevant Secure Trade in the APEC Region (STAR) initiatives, including enhancing the use of ICT to facilitate the safe and secure movement of business people. The Group has (i) put into circulation the newly designed ABTC that includes enhanced security features, (ii) investigated the technical readiness of BMG members to trial the use of ABTC cardholders’ biometrics through existing Automated Border Control Systems in the region and proposing guidelines for member economies who may wish to participate in such a trial and, (iii) enhanced cooperation with other APEC working group fora, such as the CTF and the SCCP in 2011.</li> <li>Towards building a robust community, the BMG has carried out work in the area of structural reform, innovative technologies and capacity building. The Group has finalized a conceptual framework of possible capabilities in the air-based traveler’s pathway within the Border Capabilities Model. The framework will identify the types of capabilities that</li> </ul> |

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|   | <p>would be ideal to have to ensure secure travel while facilitating movement at each point of the air-based traveler pathway.</p> <ul style="list-style-type: none"> <li>• PSU presented at BMG3 a study on the impact of the ABTC in reducing trade transaction costs. The suggestions include: (i) expanding the ABTC scheme among new card holders in the APEC region and encouraging the three transitional members to become full members of the scheme; (ii) targeting business people who engage in international business travel most frequently as well as small and medium enterprises to maximize the benefits that the ABTC scheme provides to the business community; (iii) reducing the processing times for new ABTC applications and for renewals, including simplifying the procedures to re-issue ABTCs when new passports are required; (iv) considering the extension of the validity period of the ABTC to five years; (v) considering the centralization of processing ABTC applications in order to maximize operational efficiencies; (vi) standardizing the requirements to obtain an ABTC across the APEC member economies; and (vii) endeavoring the use of information and communications technology to reduce costs and improve client service by offering online processing of visa applications as well as Online Status Tracker to monitor the progress of ABTC applications.</li> </ul>   |
| <p><b>Strengthening intellectual property rights cooperation</b></p> <p>Patents are an important tool for protecting intellectual property rights and promoting innovative growth. Explosive growth in global investment in research and development has contributed to a backlog of 3.5 million unprocessed patent applications. Critical to addressing this increase in patent applications will be enhancing and broadening patent acquisition cooperation efforts between patent offices in the Asia-Pacific.</p> <p>ABAC urges APEC to develop a set of framework principles that would govern patent applications work sharing and develop legal and technical modalities necessary for their implementation. To improve border enforcement of intellectual property rights, ABAC recommends enhanced information sharing among patent offices as well as the private sector. It also attaches importance to the necessity of maintaining a proper balance between the protection of the intellectual property rights of holders and the rights of the general public.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Enhance and broaden patent acquisition cooperation efforts between patent offices in the Asia-Pacific to address the increase in patent applications.</li> <li>• Consider eliminating unnecessary duplication of work among patent offices enhance patent examination efficiency and quality, and guarantee the stability of patent right.</li> <li>• Improve the functioning of the Patent Cooperation Treaty (PCT) to promote efficient work-sharing among different offices in the region.</li> <li>• Work towards enhanced information sharing among customs agencies as well as the private sector. APEC should also look towards the development of a</li> </ul> | <ul style="list-style-type: none"> <li>• The SCCP endorsed the “Operation APEC” report on the SCCP collaboration to conduct a mutual voluntary enforcement operation of counterfeit pharmaceuticals in the postal and express consignment environment.</li> <li>• The SCCP endorsed the APEC Guidelines for Customs Border Enforcement of Counterfeiting &amp; Piracy, drafted by Hong Kong, China and Japan.</li> <li>• ACT, IPEG and LSIF jointly hosted an “APEC Dialogue on Corruption and Illicit Trade: Combating Counterfeit Medicines and Strengthening Supply Chain Integrity” at SOM1. A follow-up joint ACT-IPEG Workshop on “Stemming the Flows of Counterfeits and Dismantling Illicit Networks” was held in the margins of SOM3 in San Francisco.</li> <li>• An IPEG-Private Sector Dialogue was held at SOM1, which covered two issues: recent developments in online counterfeiting and piracy, and leveraging cutting edge technologies for economic growth.</li> <li>• A number of IP-related projects are currently under implementation, including a proposed workshop on copyright limitations and exceptions; strategic use of IP for SMEs in developing economies; Seminar on Successful Experiences Implementing Tools for Traditional Knowledge Protection (held in Lima on 1-2 September); Training for Trainers on Intellectual Property Issues: Management and Commercialization; an Advanced APEC Project for Training Intellectual Property Rights Information Facilitators using e-learning contents, IP Xpedite; and an APEC One Village One Brand project: Product Branding through the Strategic use of IP.</li> <li>• IPEG continues work on the initiative on “More Coherence under the APEC Cooperation Initiative on Patent Acquisition Procedures which is a one-stop</li> </ul> |



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| <p>framework for coordinated engagement against piracy and counterfeiting.</p>   | <p>website which allows patent system users to download request/petition forms to be used when they are requested by an IP office to submit or they request an IP office to conduct examination by referring to the results of search/examination already carried out by another IP office.</p>  |
| <p><b>Promoting environmental friendly goods and services (EGS)</b></p> <p>The introduction of energy efficiency labeling accelerates dissemination of environmental goods and services (EGS) and ABAC is pleased that many economies have already implemented these labeling systems. ABAC also encourages APEC to accelerate efforts to promote energy efficiency and conservation actions on the demand side. In particular, it urges APEC economies to explore mutual recognition of other economies' labeling systems on a pathfinder basis, identify ways to pursue policies to help dissemination such as through incentives, and develop criteria to measure the energy efficiency of buildings.</p> <p>ABAC recommended that APEC:</p> <ul style="list-style-type: none"> <li>• Explore mutual recognition of other economies' labeling systems on a pathfinder basis. Explore ways to pursue policies to help dissemination such as through incentives.</li> </ul> | <ul style="list-style-type: none"> <li>• At their meeting in Big Sky, Montana, MRT committed to integrate their priority of "free and open trade and investment in the Asia-Pacific" and economic development and common prosperity with their commitment to protecting the environment. They agreed to continue strengthening dialogue and capacity-building activities under the EGS work program. The Ministers also committed to explore ways to promote greater liberalization of trade in environmental goods and services and instructed officials to develop a work plan by November 2011. They also instructed officials to take further steps to promote dissemination of environmental technologies by November 2011.</li> <li>• To date, two case studies on economies' EGS markets/industries have been completed: Malaysia's (November 2010) and Mexico's (May 2011). Case studies on Chile and Viet Nam are being finalized.</li> <li>• A Seminar on Dissemination of Environmental Technologies was held on 11 May 2011 in Big Sky, Montana. The seminar helped to improve the understanding of members on dissemination of environmental technologies so as to help economies identify possible cooperative actions. CTI took note of the recommendations from the Seminar.</li> <li>• CTI is considering an APEC EGS Technology Dissemination Action Plan that aims at promoting and facilitating environmental technology dissemination.</li> <li>• A Trade Policy Dialogue on EGS Non-Tariff Measures (NTMs) was held in Big Sky on 12 May 2011. CTI agreed to build on the recommendations from TPD to deliver on Leaders' instructions to address EGS NTMs and contribute to APEC's green growth goals.</li> <li>• GOS held a Trade Policy Dialogue on Environmental Services in Big Sky on 9 May 2011. The TPD aimed to identify: the scope of environmental services; the state of the environmental services market in APEC; the state of trade in environmental services; and, the relationship between trade in environmental services and trade in environmental goods/technologies.</li> <li>• At SOM I, AD group endorsed an initiative on facilitating the diffusion and dissemination of Advanced Technology Demonstration Motor Vehicles throughout the Asia-Pacific region.</li> <li>• The US and Japan presented a revised joint proposal at MAG3 on the issue of "Facilitating Trade in Remanufactured Products". The proposal includes three key elements: (1) Increasing the transparency of economies' existing import-related measures concerning remanufactured goods; (2) Developing a plan to build the capacity of economies on the issue of remanufactured goods; and (3) Endorsement of a pathfinder initiative to not apply tariff or non-tariff measures concerning used goods to remanufactured goods. The revised proposal is currently being</li> </ul> |

| ABAC 2010 RECOMMENDATION | CTI/SUB-FORA RESPONSE   |
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|                          | <p>considered at the CTI level.</p> <ul style="list-style-type: none"> <li>• A workshop on Managing Remanufactured Goods was held in the margins of SOM3 in San Francisco. Specific topics that were addressed at the workshop included methods for identifying remanufactured goods at the border, identifying used goods, classifying remanufactured goods for the purpose of assessing tariffs and other border charges.</li> <li>• At MAG3, economies were encouraged to update their information on the EGSIE in order to make it a more useful resource for the private sector.</li> <li>• At the 32<sup>nd</sup> Meeting of the SMEWG Japan reported on the “APEC Global One Village One Product (OVOP) Support Measure Best Practices” (Gifu Initiative) project. As the first phase of the project, a survey which collects and analyses OVOP measure best practices in APEC economies will be conducted. As the second phase, the results and lessons learned in the survey will be reported at the seminar which will be held in the margin of 33<sup>rd</sup> SMEWG in Thailand this November.</li> </ul> |