



**Asia-Pacific
Economic Cooperation**

APEC's Second Trade Facilitation Action Plan



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What is Trade Facilitation?

Trade Facilitation refers to the simplification and rationalisation of customs and other administrative procedures that hinder, delay or increase the cost of moving goods across international borders. Or to put it another way, cutting red tape at the border for importers and exporters so that goods are delivered in the most efficient and cost effective manner. To the benefit of business (and consumers) generally, trade facilitation is especially important for Small and Medium Enterprises (SMEs), on which the impact of inefficient and uncertain government regulation can be greatest because of their relatively small scale of operation. Traditionally, APEC's trade facilitation work has also dealt with matters relating to the international movement of business people.

Trade facilitation has taken on added importance since the early 1990s due to the increasing globalisation of the world economy,

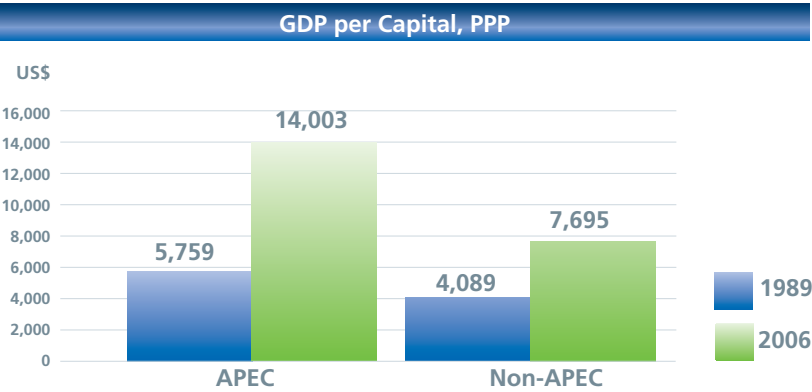
which has accompanied the reduction of trade barriers. The dramatic increase of both the volume and complexity in world trade means that it is necessary to keep trading procedures simple, predictable and transparent to allow commerce to flow as freely as possible. In practical terms, greater certainty over the time taken to move goods in particular through increased transparency and the reduction of procedural steps involved in import/export, tends to mean lower costs for traders.

An additional factor which has highlighted the importance of trade facilitation is the heightened security environment in which trade takes place. This environment requires the need to balance appropriate trade security measures with the desire that these not be unduly obstructive to the conduct of commerce.

APEC and Trade Facilitation

Since its inception in 1989, APEC economies have reduced tariffs (from 16.9 per cent in 1989 to 5.5 percent in 2004 - A Mid-term Stocktake of Progress Towards the Bogor Goals) and other trade barriers across the Asia-Pacific region. This has contributed not only to more efficient domestic economies

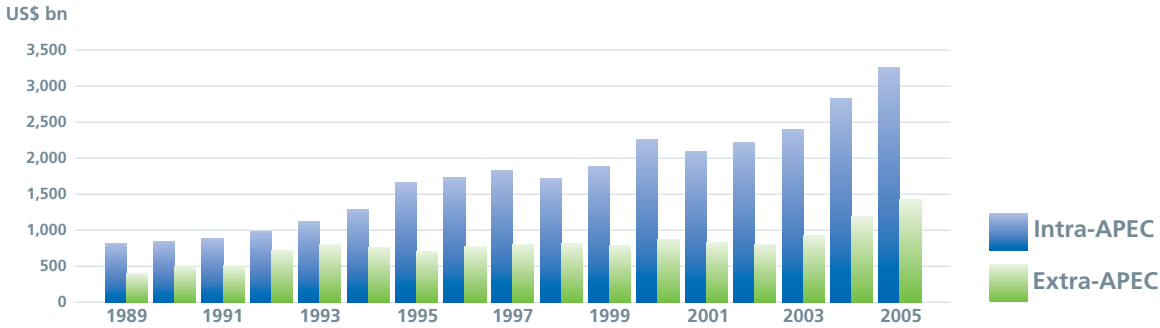
and impressive GDP growth across the region, but also a remarkable increase in intra-regional trade. Observers of international economic affairs agree that the APEC region is significantly more open to international trade than the rest of the world.



The impressive growth of trade within the APEC region and the emergence of complex global and regional supply chains have reinforced for member economies the significance of improved trade facilitation measures which make trade simpler and reduce costs. This is important both for domestic economic health and as a contribution to the achievement of APEC's

"Bogor Goals" and regional economic integration. The Bogor Goals, announced by Leaders at their meeting in Bogor, Indonesia in 1994, commit member economies to the goal of free and open trade and investment by 2010 (for developed economies) and 2020 (for developing economies). Trade facilitation measures also contribute to efforts to reduce friction in regional and global trade.

APEC Merchandise Exports



APEC's first Trade Facilitation Action Plan (TFAP I)

Since its creation in 1989, APEC has been at the forefront of international efforts to facilitate trade by identifying obstacles that hinder trade and implementing activities and actions to address these obstacles. Providing assistance to developing economy members in this endeavour has been an important element of this work.

Many of APEC's better known successes have been in trade facilitation. As a non-rules based forum founded on the principle of co-operation, APEC is well suited to this work. It provides a non-threatening environment for member economies to consider new and innovative ways to address similar problems. It also recognises the reality that on issues such as trade facilitation, one size does not necessarily fit all. Instead, member economies

have the freedom to implement agreed measures and actions in a manner deemed most suitable to their own circumstances, with capacity building assistance being a key ingredient to help bridge the gap in a forum made up of members at different stages of economic development.

Notwithstanding this, TFAP I was an attempt to better focus and coordinate the forum's trade facilitation work. Based on APEC's Trade Facilitation principles, the plan formally responded to a call by Leaders in Shanghai in 2001 for member economies to achieve a reduction in trade transaction costs by 5 per cent across the APEC region between 2002 and 2006 as a contribution to the Bogor Goals.



APEC's Trade Facilitation Principles

A Comprehensive Framework

Principles	Business Impact
Transparency, Communications, Consultants and Cooperation	• Traders become an integral part of developing streamlined procedures and rules; • Reduces corruption due to enhanced transparency; • Increases trade-related security since trade would be based on a model of trust and partnership rather than a model of enforced compliance.
Simplification, Practicality, and Efficiency.	• A transparent and consultative process of developing rules and procedures would result in a simplified, practical, and efficient system that works in the region; • Simplified transaction requirements ensure sustainability since these would reduce compliance costs for traders; • Simplified and practical rules are especially important in reducing compliance costs for Small and Medium Enterprises (SMEs) which have higher barriers to entry.
Non-discrimination, Consistency, Predictability and Due Process	• Non-discriminatory rules allow businesses to maximize profits since investment and export decision are based on market principles rather than administrative fiat; • Consistency and Predictability have "reputation" impacts for domestic business that benefit from greater foreign investment and enhanced trading opportunities; • Due process ensures stakeholders have access to adequate legal appeal procedures – adding greater certainty to trade transactions.
Harmonization, Standardization, and Recognition	• Reduces product development, marketing, inventory and placement costs of new products since standards across economies are harmonized and recognized; • For products with short shelf lives like IT and food products; harmonization, standardization, and recognition significantly reduces time delays related to multiple products tests in different markets; • Reduces burden on regulatory authorities because need for re-testing and re-certification is reduced.
Modernization and the Use of New Technology	• Shorter clearance time due to paperless trading reduces cost of shipment, time-to-markets, and inventory costs; • Simplified electronic documentation requirements reduces staff time and agents' fees resulting in increased business efficiency; • Ensures greater security for public due to use of high-tech security features like e-signatures, Optical Vehicle Recognition Systems, and vehicle scanning systems.

Developed by trade experts drawn from all APEC member economies, TFAP I consisted of a menu of actions and measures to reduce transaction costs and simplify administrative and procedural requirements over a specified time. The Committee on Trade and Investment (CTI), the coordinating body for APEC's work on Trade and Investment Liberalization and Facilitation, led this work and the plan's implementation. Once the menu was agreed, member economies could choose to implement actions and measures either

individually or as a group, on a voluntary basis. Actions were taken from the priority areas of Customs Procedures, Standards and Conformance, Business Mobility and Electronic Commerce. At the completion of TFAP I, APEC economies had selected over 1,400 actions and measures in total, of which over 62 per cent had been completed. APEC Leaders welcomed the achievement of the 5 per cent reduction target at their meeting in Hanoi in 2006.



TRADE FACILITATION ACTION PLAN I - A Sample of Outcomes

Customs Procedures

- *Information increasingly made available on websites, including posting of online border services information.*
- *Introduction of electronic/paperless systems in one form or another by all member economies, including the payment of duties, customs and trade related document processing.*

Standards and Conformance

- *Increased alignment by member economies of national standards with international standards in areas including electrical and electronic appliances, food labelling, machinery and safety of information technology equipment.*

Business Mobility

- *At the conclusion of TFAP I, 17 economies participating in the APEC Business Travel Card Scheme.*
- *Individual economies reported extending visa exemptions to partners, as well as extending visa exemptions.*

E-Commerce

- *Implementation of a work programme to reduce trade transaction-related paper documentation, including documentation on customs clearance and financial settlement.*
- *Development of an APEC E-Commerce Data Privacy Framework, to provide guidance and direction to businesses in APEC economies on privacy issues.*

APEC's Second Trade Facilitation Action Plan

APEC's second Trade Facilitation Action Plan (TFAP II) responds to a call by APEC Leaders at their Meeting in Busan 2005 for a further reduction of trade transaction costs by 5 per cent in the period 2007-2010. A major component of this new plan is an updated and revised menu of actions and measures for member economies' consideration from the four areas of Customs Procedures, Business Mobility, Standards and Conformance and Electronic Commerce as developed for TFAP I. The revised menu is based on the menu in TFAP I, but deletes those actions that have been completed by APEC economies and those no longer deemed appropriate. Some new actions and measures have also been added. The revised menu is at Annex A.

Recognising the greater benefits that accrue to the business community when economies act collectively in finding solutions to trade-related issues, member economies have agreed that TFAP II will place greater emphasis on Collective Actions and Pathfinders. Pathfinders allow member economies that are ready to initiate and implement cooperative activities or measures to do so, while those not yet ready to participate may join at a later date. Annex B lists new examples of Collective Actions agreed for TFAP II. A brief description of the wider work of the CTI sub-fora responsible for progressing these initiatives is also provided.

In order to reflect the evolving business environment, the actions and initiatives listed in the annexes will be updated as and when appropriate.

The Broader APEC Business Facilitation Agenda



While the menu of actions and measures will be a key feature of TFAP II, APEC has agreed that this new plan should also refer to other business facilitation activities being undertaken across APEC. These include domestic regulatory reform, work on business ethics and secure trade.

The reason for capturing this work in TFAP II reflects the fact that facilitating trade is enhanced when complemented by 'Behind-the-Border' reform. The two are in fact a continuum. This is implicit in the Busan

Business Agenda, which was a comprehensive business facilitation programme welcomed by APEC Leaders in 2005 in response to the specific concerns of the Asia-Pacific business community. In addition to calls for further reductions in trade transaction costs by five percent by 2010, it also called for new initiatives in the areas of intellectual property rights (IPR), anti-corruption, investment, and secure trade. This plan provides a comprehensive overview of progress in implementing this business facilitation agenda (Annex C).

APEC - Working for Business

Promoting and sustaining economic prosperity in the Asia-Pacific is at the heart of APEC's mission. That's why member economies work closely with the business community in their on-going endeavours to provide an environment which boosts commerce by promoting opportunities to expand trade and investment and create jobs. Reducing unnecessary and often burdensome regulation, its associated red tape, and improving transparency in business regulation are important aspects of this effort.

The APEC-business relationship is especially important when it comes to trade facilitation. Reforming and improving 'at-the-border' processes leads to the more efficient delivery of goods and in doing so assists in reducing costs for importers, exporters, and consumers. Recognising this, APEC engages business in its trade facilitation activities through industry participation at dialogues and symposiums, the outcomes of which help inform the APEC's work programme.

An important partner for APEC in this work is the APEC Business Advisory Council (ABAC). ABAC was created by APEC Economic Leaders in November 1995 to advise them on the implementation of APEC's trade agenda and to provide input on business-related issues and perspectives across the APEC agenda. ABAC members, who are appointed by APEC Leaders, represent a range of business sectors, including small and medium enterprises. In addition to advising APEC Leaders, ABAC representatives actively participate in APEC fora at all levels where they inject business views.

Measurement and Reporting

Collective Actions/Pathfinders

CTI has agreed that sub-fora will identify Key Performance Indicators (KPIs) for collective actions/pathfinders against which progress can be monitored. While it will be for each sub-fora to decide the most appropriate KPIs for their activities, these might include time savings, transaction costs savings, enhanced capacity and enhanced security. CTI has also agreed that sub-fora will devise an appropriate methodology to report progress at CTI III each year taking into account their particular circumstances. Sub-fora will advise

CTI of KPI's and reporting methodologies at SOM I 2008. Progress reports from sub-fora will be included in the CTI annual report and will be used to update Ministers at the APEC Annual Ministerial Meeting. A template to assist collective action/pathfinder reporting is at Annex D.

Individual Actions

Consistent with TFAP I, CTI has agreed that member economies will continue to report their individual trade facilitation actions through the IAP process.

Capacity Building

An important feature of TFAP II is provision for capacity building and technical cooperation to assist lesser developed APEC economies with implementation. In the course of developing new Collective Actions and Pathfinders for TFAP II, sub-fora are required

to identify for that action at least one capacity building need and a mechanism to address this. Such mechanisms may include assistance from individual APEC economies, cooperative activities in APEC and, on occasion, assistance from international and regional institutions.



Critical Dates

2007

SOM II

- CTI sub-fora to revise and update the TFAP I menu of trade facilitation actions and measures. Each sub-forum to develop at least one new Collective Action or Pathfinder for CTI's consideration and SOM's agreement.
- CTI to consider other appropriate business facilitation measures for inclusion in TFAP II following consultation and agreement with non-CTI fora.

SOM III / Meeting of Ministers Responsible for Trade

- CTI/SOM to finalise TFAP II drafting process for Ministers' endorsement.
- Ministers to consider for endorsement TFAP II.

2008

By SOM I

- CTI sub-fora and member economies to select actions and measures to implement collectively, individually or through a pathfinder approach, taking into account capacity building needs.
- CTI sub-fora to advise CTI of KPIs selected to measure progress of collective actions/pathfinders and reporting methodology to be adopted.

2009

- CTI/SOM to stocktake TFAP II in preparation for Final Review.

2010

- TFAP II Final Review



Annexes

Annex A -

Trade Facilitation Menu of Actions and Measures

Customs Procedures

1. Time Release Survey (TRS)

Objective

To conduct self-evaluation of Trade Facilitation, find bottleneck in the customs related procedures and to improve them.

Actions

- Development of methodology to measure the time required to release goods.
- Successful undertaking of the measurement of the time required to release goods.
- Identification of bottlenecks and areas for improvement in Customs related procedures.
- Development and implementation of strategies to address identified bottlenecks and problems.
- Establishment of a process within the organization for ongoing assessment of cargo release times on a continuous/ regular basis.

2. Implement APEC Framework based on the WCO Framework of Standards.

Objective

To secure and facilitate the global trade in the APEC region.

Actions

- Harmonize the advance electronic cargo information requirements on inbound, outbound and in-transit shipments.
- Receive advance electronic information in order for Customs administrations to identify high-risk shipments and facilitate low risk shipments as early as possible in the supply chain.
- Develop and adopt advanced risk management methodology, such as systematic cargo profiling techniques, and/or a computerised risk management system to identify high-risk shipments and minimise physical examination of low-risk shipments.
- Perform an outbound inspection of high-risk containers and cargo, preferably using non-intrusive detection equipment such as large-scale X-ray machines and radiation detectors.
- Create and implement an Authorized Economic Operators (AEO) programme which provides benefits to businesses that meet certain security standards to maximize security and facilitation of the international trade supply chain.

3. Simplification and Harmonization on the Basis of the Kyoto Convention

Objective

To improve efficiency in customs clearance and the delivery of goods in order to benefit importers, exporters and manufacturers through simplified and harmonised customs procedures and best practices.

Actions

- Adopt and fully implement the Body and General Annex of the Revised Kyoto Convention and, to the extent possible, the Specific Annexes.
- Provide expeditious clearance for traders who meet the criteria specified by Customs.
- Establish an effective advance ruling process, such as an advance classification ruling system, with an office responsible for providing advance rulings that are binding at the time of import. Rules, guidelines, and procedures employed by these offices for advanced rulings should be transparent and operational. The ruling process should include specific time limits for rulings and an opportunity to appeal those rulings. Rulings could include: a) classification of goods; b) determinations of value; c) marking and labelling; d) quotas; and e) any other admissibility requirement.
- Establish a surety bond system to allow for entry of goods with payment of duties to be delayed and identify financial institutions that will underwrite surety bonds for international trade (similar to the ATA Carnet system of the International Chamber of Commerce but expanded to include all goods entry).

4. Paperless and/or Automation of Trade-related Procedures

Objective

To reduce paper documents for trade-related procedures and automate/computerize trade-related procedures.

Actions

- a) Establish national single-windows consistent with the outcomes of the 2007 APEC Single Window Initiative that use internationally endorsed standards and build on international developments including ASEAN Single Window.
- b) Simplify procedures and reduce the requirements for paper documentation in Customs clearance.
- c) Ensure measures to replace paper documents for cross-border trade administration with electronic equivalents that are media and technology neutral, and secure and interoperability with and between all parties involved in the international supply chain of goods and services.
- d) Adopt standardised and simplified common data elements and formats in accordance with WCO data model

5. Harmonization of Tariff Structure with the HS Convention

Objective

To ensure consistency of application, certainty and a level playing field for business through the HS Convention of the WCO, the standard international harmonization system for the classification of goods.

Actions

- a) Fully implement the HS Convention and incorporate the HS 2007 changes.
- b) Adopt laws/regulations to provide binding tariff classification to importers and ensure consistent and uniform application of the HS, by providing the WCO HS Explanatory Notes in local languages to relevant parties including front line customs officers.
- c) Build capacity of Customs laboratories and officials in charge of classification.

6. Appropriate, Transparent and Predictable Trade-related Procedures

Objective

To realize appropriate, transparent and predictable trade procedures through consistent and non-discriminatory application and implementation of trade-related laws and regulations.

Actions

- a) Enhance capacity and integrity of Customs officials.
- b) Implement customs and other trade-related laws/regulations in a consistent and uniform manner across the economy and avoid any inappropriate exercise of discretion by Customs and other trade-related administration officers.
- c) Prevent the delay in the issuance of trade-related documents and procedures under customs purview for cross-border flow of goods and for reimbursement of customs duties and taxes.

Annex A -

Trade Facilitation Menu of Actions and Measures

Standards and Conformance

1. Align APEC Economies' Domestic Standards with International Standards; Implement Good Practices for the Development and Implementation of Technical Regulations

Objectives

- a) To align national standards with international standards so as to minimize the need for reassessment against multiple sets of requirements and facilitate trade.
- b) To ensure the development and implementation of technical regulations in a way that minimises obstacles to trade and avoids unjustifiable costs for producers and consumers.

Actions

- a) Align with International Standards in agreed priority areas and provide updated information for inclusion in the VAP.
- b) Align regulations, rules and procedures, standards and codes affecting the acceptance of goods between economies and markets on the basis of international standards where appropriate, eg CODEX, OIE, IPPC, ISO and IEC standards.
- c) Implement WTO TBT Committee Decision on Principles for the Development of International Standards, Guides and Recommendations and use language consistent with the WTO TBT Committee decision in trade agreements and national laws and regulations when referring to international standards.
- d) Implement the Work Programme on Trade Facilitation in Information Technology Products.
- e) Adopt Good Regulatory Practice through revising regulations to reflect the three documents endorsed by the SCSC: Principles and Features of Good Regulatory Practice; APEC Information Notes on Good Practice for Technical Regulations; and Guidelines for the Preparation, Adoption and Review of Technical Regulations.
- f) Align domestic regulations for medical devices with the principles of the Global Harmonization Task Force (GHTF). Progressively adopt and implement GHTF guidance documents.
- g) Align domestic hazard classification and labeling schemes for chemicals to the Globally Harmonized System (GHS).

- h) Sign on to the global MRA on measurement standards coordinated by the International Committee of Weights and Measures (CIPM).
- i) Participate in international and regional comparisons of measurement standards organized by the International Committee on Weights and Measures (CIPM) and the Asia Pacific Metrology Programme (APMP).
- j) Promote active participation by the national standards body in regional fora, such as the Pacific Area Standards Congress (PASC).

2. Achieve Recognition of Conformance in Regulated and Voluntary Sectors.

Objectives

- a) Where required by regulation, work towards the acceptance of conformity assessment results from technically competent bodies regardless of nationality or geographic location;
- b) Eliminate arbitrary impediments to trade and introduce cost savings.

Actions

- a) Adopt/implement the APEC Electrical and Electronic Mutual Recognition Arrangement (EEMRA).
- b) Implement the Work Program on Trade Facilitation in IT products and utilise the supplier's declaration of conformity, underpinned by relevant accredited conformity assessment.
- c) As appropriate, work with the Specialist Regional Bodies (SRBs) and member economies' accreditation bodies to establish accreditation services for any relevant additional conformity assessment activities, and extend the scope of existing accreditation services, where necessary.
- d) Participate in the APEC Food Sectoral MRA
- e) Participate in the APEC Tel MRA
- f) Participate in the Asia Pacific Laboratory Accreditation Cooperation (APLAC) multilateral MRAs.
- g) Participate in the Pacific Accreditation Cooperation (PAC) multilateral MRAs.
- h) Participate in the global MRA on measurement standards of the International Committee for Weights and Measures (CIPM).

3 Technical Infrastructure Development

Objective

- a) To ensure that the technical infrastructures of all APEC member economies are at least at a level where all economies have the capacity to fulfill obligations under the WTO TBT and SPS Agreements.
- b) To ensure a logical development of technical infrastructure capacity based on an assessment of needs in individual economies utilising APEC strategic plans in both the TBT and SPS areas.

Actions

- a) Participate in the implementation of the technical infrastructure development strategy developed in conjunction with the SRBs.
- b) Participate in the APEC Food Safety Cooperation Forum
- c) Participate in the APEC Standards Education initiative

4. Ensure the Transparency of Standards and Conformance of APEC Economies and Facilitate Engagement with Industry

Objectives

- a) Ensure that all APEC members will have access to information regarding the Standards and Conformance regimes of fellow members and comply with relevant WTO obligations.
- b) Ensure that industry has access to information about the standards and conformance requirements of trading partner APEC economies

Actions

- a) Provide information on contact points for technical information relating to standards and conformance in individual economies.
- b) Where practicable, make information about standards and conformance arrangements publicly available.
- c) Provide opportunities for industry to contribute to standards development activities.
- d) When developing regulations take note of industry agreements across APEC economies, e.g. the World Wine Trade Group Agreement on labelling

Annex A -

Trade Facilitation Menu of Actions and Measures

Electronic Commerce

1. Removing Barriers to Electronic Commerce

Objectives

To eliminate obstacles for constituents (including citizens, business of all sizes and government agencies) in the global trade flow by identifying, addressing, and alleviating identified barriers and out-of-date practices.

Actions

- a) Identify and map out major barriers to e-commerce through the exchange of practices, including but not limited to laws, regulations and policies, on ecommerce across APEC
- b) Ensure compatibility among government, business and the community in on-line interactions including providing for authentication, confidentiality and certainty in online interactions.
- c) In consultation with the private sector, develop a Web portal that will allow all data collected as part of the exchange of practices on e-commerce be entered directly via the Internet. In addition to streamlining responses and data gathering, the data will be more easily extracted to create an external (unrestricted) site that economy constituents can reference regarding current trade practices on general concepts as well as export-related forms and financing assistance.
- d) Continue work in APEC TEL on developing regulatory frameworks that facilitate the convergence of telecommunications, information technology and broadcasting.

2 Speed the Use of Electronic Commerce

Objective

To build constituent confidence in e-commerce by streamlining processes and removing obstacles.

Actions

- a) Facilitate the use of secure electronic payment methods.
- b) Promote consumer and business education on legal issues.
- c) Implement policies that result in the competitive supply of information and communication services.
- d) Reduce business costs through increased transparency.
- e) Assist the private sector with their network security and data privacy efforts and explain the economic reasons behind developing sound network security and data privacy practices.
- f) Develop an e-government portal for procurement that will produce improved and faster information flows, more informed and predictable supply chain and logistics from better requirements tracking, and increased potential for improved oversight and visibility of suppliers and bidding processes.
- g) Increase trust and confidence in electronic transactions and e-commerce to counter problems associated with a lack of effective authentication.
- h) Facilitate e-commerce adoption in industries, particularly SMEs, to address industry-specific obstacles in e-commerce.
- i) Encourage member economies to share information on IT security incidents and collaboratively promote IT security awareness among governments, businesses and the general public.

Business Mobility

1. Streamline and Standardize Procedures

Objective

To enhance the mobility of business people who are engaged in the conduct of trade and investment activities in the Asia-Pacific region.

Actions

- a) Implement standards for
 - i) travel documentation examination;
 - ii) professional service;
 - iii) travel document security (and issuance systems); and
 - iv) immigration legislation.
- b) Streamline arrangements for intra-company transferees in accordance with the agreed APEC 30 day processing standard.
- c) Implement and promote the APEC Business Travel Card and/or visa free or visa waiver arrangements or at least 3 year multiple entry visas for short term business visitors such as those engaged in the negotiation of the sale of services or goods, establishing an investment or participating in business-related conferences, seminars or workshops.

2. Enhance the Use of Information and Communications Technology

Objective

To enhance the use of information and communications technology (ICT) to facilitate the movement of people across borders, taking into account the Leaders' Statement on Counter Terrorism.

Actions

- a) Introduce e-lodgement arrangements for temporary residency applications.
- b) Introduce an advanced passenger information system which pre-clears passengers to ensure faster clearance on arrival.
- c) Introduce machine readable travel documents (MRTDs), if possible with biometrics, by end 2008.
- d) Make available comprehensive information and application forms for short-stay and temporary residence business visas, including through the APEC Business Travel Handbook and official immigration/consular affairs websites, in accordance with Business Mobility Group agreements.
- e) Contribute information on lost and stolen travel document, on a best endeavours basis, to the database of the International Criminal and Police Organization (ICPO).

Annex B -

Collective Activities/Pathfinders Developed for TFAP II

Customs Procedures

Just-in-time delivery and IT-based processes have accelerated the pace of doing business. But inefficient customs processes and port handling can cause bottlenecks in even the most efficient supply chain. Port handling and customs clearance times represent real costs, not only in port charges but in longer and less predictable delivery schedules. The challenge for APEC member economies is to improve systems and adopt new technologies to reduce costs to business while also improving trade system integrity and security. APEC’s Sub-Committee on Customs Procedures (SCCP) provides a forum in which members can share best practices and pursue collective improvement goals.

Single Window Initiative

Nothing frustrates business more than the requirement to duplicate paperwork. This is particularly the case for importers and exporters who must often lodge the same or similar information with the various government border agencies involved in their transactions. This duplication wastes time and money, and allows for inconsistent information to be provided, which can cause frustrating delays.

A single window facility is one way to overcome these problems. This is a service that allows parties involved in trade and transport to lodge standardised information and documents with a single entry point to fulfil all import, export and transit related regulatory requirements. Its great benefit for business is that information only need be submitted once if in electronic form.

Recognising the value of Single Windows, APEC has agreed to undertake work to develop a framework that supports their development by member economies drawing from current single window initiatives and experiences. One of the key benefits of this work is a more certain and simplified regulatory environment for business.

Business Mobility

Across the Asia-Pacific, economies are growing, trade and investment flows are increasing, markets are more integrated, and there is an ever-expanding need for face-to-face business interaction. And yet, in this age of the Internet and accelerated business processes, business travellers still face many of the same obstacles they have for decades: the uncertainty, time and cost of applying for visas, especially when time is of the essence in resolving an unexpected problem or closing a big deal, the inconvenience of waiting in long immigration lines; and concerns about travel system integrity and security. These are challenges that APEC is addressing through the work of its Business Mobility Group (BMG).

Facilitating Travel in a Secure Environment

Expanding economy membership of the APEC Business Travel Card Scheme will benefit more frequent business travellers engaged in trade and investment activities. The APEC Business Travel Card currently provides cardholders of 17 member economies with priority immigration clearance on arrival and departure in major international airports and multiple visitor entry to participating economies over a three year period. Expansion of the scheme, with a view to attaining full APEC membership, will be an important BMG contribution to TFAP II.

As an additional contribution to APEC’s work to facilitate the safe and secure movement of business people, the BMG has also agreed on a significant capacity building programme to assist all economies in introducing biometric Machine Readable Travel Documents (MRTD) and related border processing systems by the end of 2008. This work complements APEC initiatives on Advance Passenger Information (API) and the multilateral Regional Movement Alert System (RMAS), which assist the identification of bona fide travellers and detect the use of lost and stolen passports that can be used by terrorists and other criminals.

Standards and Conformance

The independent development of diverse standards and regulations can create trade barriers and increase the costs of doing business. The impact can be particularly negative for smaller businesses for which the costs of having to conform to numerous standards regimes are disproportionately greater. The challenge for APEC is to ensure that different standards do not act as trade barriers, create unnecessary costs or inhibit innovation and, to the extent possible, align standards and learn from international practice. This important work is carried out in APEC's Sub-Committee on Standards and Conformance (SCSC).

The APEC Food Safety Cooperation Initiative

A major concern for consumers, industry and government, food safety is an important public health issue. To respond to the health challenges posed by food safety, while at the same time ensuring that solutions do not create unnecessary barriers to trade in food, APEC is working to develop a framework to strengthen cooperation in food safety activities across member economies, as well as to share information and build capacity in the region to harmonise food safety regulatory frameworks with existing international food standards. By aligning domestic and international standards, member economies are also working to eliminate unnecessary barriers to trade in food and international products.

Electronic Commerce

Information technology is a critical component in reducing business costs throughout the Asia-Pacific. The Electronic Commerce Steering Group (ECSG), in conjunction with the Telecommunications and Information Working Group, provides a coordinating role for APEC's e-commerce activities by promoting the development in the Asia-Pacific of legal, regulatory and policy environments for e-commerce that are predictable, transparent and consistent.

Protecting Data Privacy

Cross-border data flows are the currency of the digital economy that fuels growth in the information age. Information and communications technology that link to the Internet and other information networks have made it possible to collect, store and access information from anywhere in the world. These technologies offer great benefits for business, individuals and governments, including increased consumer choice, market expansion, productivity, education, and product innovation. However, while these technologies make it easier to collect, link and use large quantities of information, they also make these activities undetectable to individuals. As a result, concerns can arise over the control of personal information leading to a lack of consumer trust and confidence in the privacy and security of on-line transactions and information networks. This in turn may prevent member economies from realizing all of the benefits of e-commerce.

Industry operates across a range of regulatory systems which can impact on transactional costs and compliance, which in turn may impact on e-commerce.

To meet these challenges, APEC member economies are working together on implementation frameworks and cross-border privacy rules for accountable cross-border information flows. At the heart of this work are efforts to bring together regulators, lawmaking bodies, and industry and consumer representatives both in the creation of the rules and processes and in their implementation. Implementation is a vital element of this initiative - exploring ways in which procedures for protecting personal information may be implemented in practice in the cross-border context, taking into account the views and interests of the parties involved and the legal frameworks in which they operate.

Annex C -

Other APEC Business Facilitation Activities

Making it Easier for Small and Medium Business

Small and Medium Enterprises (SMEs) are important drivers of economic growth and a major source of employment in the APEC region. In 2005 and 2006, APEC Leaders and Ministers recognised the critical economic role the sector plays, and highlighted the impact that a favourable business environment has on private sector success, especially for micro, small and medium enterprises. To improve the business environment, APEC's SME Working Group (SMEWG) is undertaking work to promote regulatory best-practice among member economies, including through their support for a Private Sector Development Agenda (PSDA).

As called for by Leaders in 2005, the PSDA focuses on several core themes that form the basis of a multi-year Private Sector Development workplan. The first priority issues to be addressed are 'Starting a Business' (2007), 'Obtaining Licences' (2008) and 'Access to Capital' (2009). The centrepiece of PSDA activity each year is a workshop on one of these themes during the annual SME Ministerial Meeting. Over the long-term, the PSDA will help reduce the costs of doing business in APEC, promote economic development within APEC economies, and increase awareness among APEC members of concepts and applications related to private sector development.

A Secure Trading Environment

Following the September 11 terrorist attacks, APEC Leaders identified enhanced security for trade and people movement as a major priority. The Secure Trade in the APEC Region (STAR) Initiative was launched in 2002 to develop APEC activities to respond to this new reality. Priorities for the STAR Initiative include: accelerating efforts to develop closer and more effective public-private partnerships to address security issues affecting trade and people movement; developing more effective screening techniques for people and cargo for security before transit; increasing security on ships and aircraft while en route; making business supply chains more secure; enhancing security in airports and seaports; and harmonising standards and practices among APEC economies.

Annual STAR Conferences are the primary vehicle for progressing this agenda. They provide an important platform for dialogue between the public and private sectors, which enables the development of recommendations for APEC Ministers and Leaders on new ways to enhance the secure movement of people and trade within the APEC region. They are also a significant contributor to APEC's trade facilitation agenda as they seek to ensure that business can be conducted among APEC economies securely as well as efficiently.

Promoting Business Confidence through Integrity

In recent years APEC has given increasing priority to cooperation on measures to fight corruption and improve transparency through the auspices of its Anti-Corruption and Transparency Expert Task Force (ACT). Corruption poses a significant threat to domestic economic growth and regional trade and reduces significantly the effectiveness of international development activities.

An important element of the ACT's work plan includes the preparation of a voluntary business code of conduct to strengthen coalitions with the private sector in combating corruption. This work addresses the vision of APEC Leaders in 2006 to "usher in an APEC community of integrity" and builds on the 2004 recommendations of the APEC Business Advisory Council.

Guarding Against Malware

'Malware' is a general term that refers to a program inserted into a computer system for the purpose of causing harm to that system or other systems. It is increasingly used to steal personal financial information to conduct fraud and deny users access to information and services. Raising awareness and mitigating the effects of malware are of particular importance to businesses, which are becoming progressively more dependent on the tools of electronic commerce to conduct and expand their trade across the globe.

Recognising the potential impacts of malware on facilitating business and trade, APEC and the OECD co-organised a workshop in 2005 to share information on security, discuss the evolving risks to the private and public sectors, and explore further areas for co-operation. Subsequently, both organisations agreed that the need to encourage a safer and more secure online information environment was more pressing than ever given the continued growth of the internet and the increased severity and sophistication of online malicious activity.

As a result, the APEC Telecommunications and Information Working Group's Security and Prosperity Steering Group and the OECD Working Party on Information Security and Privacy have embarked on a joint project to examine the issue of malicious software, commonly known as malware. This work will assist in raising awareness about the issue of malware within member economies and contribute to the development of the joint APEC/OECD Analytical Report on Malicious Software. Through their collaboration, APEC and the OECD combine their considerable experience and expertise in developing policy on security of information systems and networks to tackle a problem with truly global implications.

Annex D - Reporting Template

Year:

Name of Sub-fora:

Report on the Implementation of the Second Trade Facilitation Action Plan (TFAPII)

In addition to the commitment made under the Shanghai Accord to reduce trade transaction costs in the region by 5% by 2006, APEC Economic Leaders agreed to an additional 5% reduction by 2010 as one element of the Busan Roadmap to the Bogor Goals. The second Trade Facilitation Action Plan (TFAP II) was developed to give effect to this initiative. As a means to monitor collective actions and pathfinders, sub-for a are requested to report to CTI on an annual basis progress towards their implementation.

	Area	Action	Key Performance Indicator(s)	Improvements Made in Current Year	Cumulative Improvements since 2006
Customs Procedures				Description of progress made against each action and steps made in meeting KPI(s).	Description of cumulative progress made against each action and steps made in meeting KPI(s).
or					
Standards and Conformance					
or					
Business Mobility					
or					
Electronic Commerce					

Printed by



**Asia-Pacific
Economic Cooperation**

The APEC Secretariat

35 Heng Mui Keng Terrace, Singapore 119616

Telephone: (65) 6775-6012 Facsimile: (65) 6775-6013

Email: info@apcc.org Website: www.apcc.org