



APEC MINISTERS TAKE CONCRETE ACTIONS TO IMPROVE BUSINESS ENVIRONMENT

Target set to make it 25% cheaper, faster, easier to do business within the Asia-Pacific

Asia-Pacific Economic Cooperation (APEC) Trade and Foreign Ministers attending the APEC Ministerial Meeting (AMM) announced today an array of initiatives to boost trade, improve the business environment, and spur greater economic integration in the region. [See Box 1 for a list of the key outcomes]

These measures will help to further reduce costs in a region that has already seen trade transaction costs fall by 3.2% from 2006 to 2008, on top of the 5% cut achieved from 2002 to 2006. APEC Ministers also agreed on specific initiatives to steer growth in the Asia-Pacific onto a stronger and more sustainable path.

Making Doing Business Cheaper, Faster, Easier

APEC Ministers agreed to make it 25% cheaper, faster and easier to do business in the region by 2015, with an interim target of 5% improvement by 2011. Spearheaded by Singapore as Chair of APEC 2009, this will address five priority areas identified by the business community, namely *Starting a Business, Getting Credit, Enforcing Contracts, Trading Across Borders* and *Dealing with Permits*. The announced targets will translate into concrete gains for businesses, for example: it will cost USD\$450 less to import and export a container of goods; reduce by 1 week the time taken to start a business [See Annex 1].

Several so-called *Champion Economies* have stepped forward to help other economies build capacity in these five priority areas. They are:

- **United States** and **New Zealand** for *Starting a Business*;
- **Japan** for *Getting Credit*;
- **Korea** for *Enforcing Contracts*;
- **Hong Kong, China** and **Singapore** for *Trading Across Borders*;
- **Singapore** for *Dealing with Permits*

These *Champion Economies* will design practical programmes to equip participating economies with the capabilities to implement reforms and allow APEC to collectively achieve the targets. The programmes will be carried out in two phases. In the first phase, *Champion Economies* will share best practices and success stories with participating economies through

workshops and seminars. The second phase is a customised action plan to help participating economies implement regulatory reforms.

APEC economies are starting on strong foundations, having already achieved strong improvements in the Ease of Doing Business. Since 2005, the region has made it 28% cheaper and 26% faster on average to start a business, as well as 20% cheaper on average to get a permit. Nine of the APEC economies are currently among the top 20 in the World Bank's Ease of Doing Business rankings in 2010.

Making it Easier to Benefit from FTAs

Seven economies will kick-start an initiative to allow traders to self-certify a product's origin in order to claim the preferential tariffs made available by Free Trade Agreements (FTAs). This will help companies more fully realise the benefits. The economies participating in this pathfinder initiative are Australia, Canada, Japan, Korea, New Zealand, Singapore and United States. This initiative has the potential to simplify documents and procedures related to nearly US\$1.3 trillion in exports. [See Annex 2].

APEC's self-certification initiative will help companies save time and reduce costs when processing with multiple sets of Rules of Origin (ROOs). Self-certification has the potential to cut processing time from as high as 12 days to just one day, reduce cost from as high as US\$22 per shipment to zero, and reduce what is typically a four to five step process to a single step.

Making Supply Chains More Efficient

APEC also took a key step forward to make regional supply chains more efficient by identifying eight critical chokepoints impeding the smooth flow of goods, services and business travellers in the Asia-Pacific. [See Annex 3]. These chokepoints relate to regulatory impediments, customs inefficiencies, and inadequate transport networks.

APEC Ministers agreed to focus on developing measures to address the chokepoints. One early action is the launch of a one-stop web portal in July 2010, providing regulatory information on issues affecting door-to-door delivery in all APEC economies.

Further actions that APEC will take to address the identified bottlenecks include enhancing customs clearance efficiency, improving coordination among border agencies, forging greater multi-modal transport linkages, and developing common technical standards such as in logistics

safety. To monitor improvements, APEC will also explore possible performance indicators and targets.

Combating Protectionism and Advancing Doha Round of Negotiations

APEC Ministers reviewed trade-related measures taken by member economies since July, as part of the regular peer review process instituted this year. Ministers noted that while the Asia-Pacific has remained relatively open to trade throughout the crisis, there has been a growing use of trade remedies such as anti-dumping by APEC economies. This meant that risks relating to protectionism and recovery remain.

APEC Ministers reaffirmed their strong commitment to keep protectionism in check. They renewed their pledge to refrain from implementing measures that were protectionist in effect even if they were WTO-consistent. They agreed to promptly rectify any such measures implemented. To stay vigilant to the threat of protectionism, APEC Ministers agreed to continue the peer reviews in 2010.

On the Doha Round of WTO negotiations, APEC Ministers urged talks to be intensified and accelerated. They also renewed their strong political commitment to ensure an ambitious and balanced conclusion to the Round in 2010. APEC Ministers called on officials to exercise pragmatism and maximum flexibility on all issues.

Fostering Inclusive Growth

APEC Ministers agreed that growth strategies in the post-crisis world should take into account realities like globalisation and climate change, hence the need to make growth more inclusive and sustainable.

APEC Ministers agreed to broaden access to opportunities so that the benefits of growth are spread more widely and to strengthen social resilience so that people can better adapt to the challenges of globalisation. APEC Ministers agreed to focus efforts on four main areas in inclusive growth, namely:

- **SME Development:** Ministers agreed to focus on developing SMEs by exploring policies to increase SMEs' access to global markets and finance.

- Labour Markets: Ministers agreed to enhance the functioning of labour markets through worker training and skills development.
- Economic Security: Ministers agreed to focus on models of education to improve productivity and employability in a fast-changing market.
- Strong Social Safety Nets: Ministers agreed on the importance of carefully designing social safety nets that provide short-term support during downturns but avoid long-term dependency.

Promoting Sustainable Growth

APEC Ministers also committed to ensuring that growth will be environmentally sustainable. They agreed on two key strategies. First, to reduce barriers to trade and investment in environmental goods and services. Second, to promote greater collaboration in energy efficiency in the region.

APEC Ministers agreed that trade is an important way to diffuse climate-friendly technologies. Many climate-friendly technologies are already commercially available. The World Bank has estimated that the removal of all barriers to trade in four basic clean energy technologies (wind, solar, clean coal and efficient lighting) alone could boost trade by as much as 13%.

The environment goods and services market, including emerging renewable and low carbon sectors, amount to as much as US\$5 trillion. To promote greater awareness about this new industry, APEC is launching a website, the Environmental Goods and Services Information Exchange (<http://egsie.org>). This will promote greater transparency and set the foundation for future collaboration in the region. It will also be a useful information tool for companies looking to tap opportunities in this growth industry.

APEC Ministers also agreed to collaborate and share best practices in energy efficiency, with a view to deploying cleaner and more efficient technologies in power generation, industry, transportation and residential and commercial buildings. Energy efficiency improvements have resulted in reductions in energy consumption of more than 50% over the last 30 years in APEC.

Strengthening APEC

With APEC turning 20 this year, APEC Ministers underscored the importance of having a strong APEC Secretariat that would help its member economies address new challenges on the horizon.

An important step taken this year was the appointment of the APEC Secretariat's first Executive Director for a fixed term, Mr Muhamad Noor Yacob. This will instill more continuity and better position APEC to meet the growing and changing demands of member economies and other key stakeholders.

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WHAT DOES IT MEAN TO MAKE IT EASIER, FASTER and CHEAPER TO DO BUSINESS?

To improve the business environment in the region, APEC Ministers set an APEC-wide target of making it 25% cheaper, faster and easier to do business for five priority areas, by 2015.

CHEAPER TO DO BUSINESS

25% *Less cost
involved in
regulatory
processes*

- Up to \$450 cheaper to import and export a container of goods
- Up to US\$500 cheaper to start a business

FASTER TO DO BUSINESS

25% *Less time
to obtain
regulator
y*

- 1 week faster to start a business
- 1 week faster to import and export goods
- 6 weeks faster to obtain a construction permit
- 3 months faster to resolve a contract dispute

EASIER TO DO BUSINESS

25% *Less
procedure
s to deal*

- Remove 5 procedures to obtain a construction permit
- Remove 9 procedures

to settle a contract dispute

**Figures in the box are only indicative, in order to illustrate the EoDB Action Plan's potential impact.*

Annex 2

SELF-CERTIFICATION OF ORIGIN: WHAT IS IT AND HOW DOES IT HELP?

SELF-CERTIFICATION

Self-certification is a simplified process which allows importers to claim preferential treatment based on a declaration by the producer or exporter as to the origin of the goods. For traders, this means certifying that the origin of the goods are true and correct based on actual knowledge of the production process. For customs administrations, this means accepting the declaration in good faith and shifting the verification process to the post-importation phase.

BENEFITS TO BUSINESS OF SELF-CERTIFICATION OF ORIGIN

Self-certification allows businesses to avoid the burdensome process of applying for, authenticating, and submitting an Authorized Certificate of Origin (ACO). Self-certification reduces costs, saves time, and eases documentation procedures for traders, allowing businesses to better take advantage of preferential arrangements in FTAs.

Authorized Certificate of Origin (ACO)	Self-Certification
Up to 12 days	<i>Immediate</i>
Up to \$22 per shipment	<i>\$0</i>
4 to 5 steps	<i>1 step</i>

APEC INITIATIVE ON SELF-CERTIFICATION

The APEC Initiative on Self-Certification calls for economies to practice self-certification with its FTA partners, based on some common operating guidelines. It will be implemented on a pathfinder basis, allowing those that are willing to join to do so, and those that are not, to do so when they are ready. The initiative will have a strong capacity building component to share best practices on the legal and institutional mechanisms needed for successful implementation.

PARTICIPATING ECONOMIES

7 APEC economies have committed to joining the Pathfinder – Australia, Canada, Japan, Korea, New Zealand, United States, and Singapore. Together, these economies account for more than US\$1.31 trillion in exports. Other APEC economies are expected to join in the near future, including ASEAN economies who have committed to practice self-certification of origin by 2012.

Annex 3

WHAT ARE THE EIGHT CHOKEPOINTS IN REGIONAL SUPPLY CHAINS?

The opportunities provided by trade and investment liberalisation can only be fully realised through a reliable trade infrastructure, healthy competition in logistics services, efficient cross-border air, land, sea and multi-modal transport networks, and a regulatory environment that facilitates the flow of goods across supply chains.

A total of 8 critical chokepoints have been identified as impeding the smooth flow of goods, services and business travellers in the Asia-Pacific.

At the Border

Chokepoint 1: Inefficient customs clearance and lack of coordination among border agencies (A lack of coordination among border agencies, especially relating to clearance of regulated goods 'at the border')

Chokepoint 2: Burdensome procedures for customs documentation (for preferential trade)

Across the Border

Chokepoint 3: Underdeveloped multi-modal transport capabilities; inefficient air, land, and multimodal connectivity.

Chokepoint 4: Lack of harmonisation of cross-border standards and regulations for movements of goods, services and business travellers.

Chokepoint 5: Lack of regional cross-border customs-transit arrangements

Behind the Border

Chokepoint 6: Lack of awareness and coordination among agencies on logistic policy (Sometimes fuelled by an absence of a single contact point or champion agency on logistics matters)

Chokepoint 7: Lack of capacity of domestic /regional logistics sub-providers coupled with a lack of cross border physical linkages (e.g. roads, bridges)

Chokepoint 8: Inefficient or inadequate transport infrastructure

APEC MINISTERS AGREED IN SINGAPORE TO ...

- Set a collective target of making it 25% cheaper, faster and easier to do business in the region by 2015, with an interim target of 5% improvement by 2011;
- Launch a concerted programme led by *Champion Economies* helping other economies build capacity for reform in five priority areas, namely Starting a Business, Trading Across Borders, Dealing with Permits, Enforcing Contracts and Getting Credit;;
- Allow traders in seven APEC economies (Australia, Canada, Japan, Korea, New Zealand, Singapore, United States) to self-certify certificates of origin when importing and exporting goods, cutting down 12 days to one day the time taken for this process.
- Implement measures to address eight critical bottlenecks impeding the smooth flow of goods, services and business travellers in Asia-Pacific;
- Improve transparency of regulations affecting logistics operations, with the launch of a comprehensive information web portal in July 2010;
- Explore performance targets to measure improvements in trade logistics;
- Refrain from implementing measures that are protectionist in effect, even if they may be WTO-consistent;
- Rectify promptly such measures where implemented;
- Monitor through a peer review exercise APEC economies' trade, fiscal and monetary policies in 2010 to ensure that they did not contain protectionist elements;
- Strengthen political commitment to ensure an ambitious and balanced conclusion to the Round in 2010;
- Step up the pace of negotiations and substantive engagement at all levels, using all possible avenues, including text-based negotiations,

to close the remaining gaps in talks;

- Mandate officials to exercise pragmatism and maximum flexibility in the Doha Round negotiations;
- Enhance collaboration between APEC and WTO in several areas, including the Aid for Trade agenda and research exchanges.
- Foster inclusive growth by focusing on...
 - Facilitating SME development;
 - Enhancing the functioning of labour markets;
 - Improving economic security;
 - Creating incentive-compatible social safety nets.
- Promote sustainable growth by reducing barriers to trade and investment in environmental goods and services;
- Encourage greater collaboration in energy efficiency, with a view to deploying cleaner and more efficient technologies;
- Launch an Environmental Goods and Services Information Exchange website that will help promote greater transparency, information sharing and collaboration on this growing sector.
- Bolster the capacity of APEC as an institution to meet its objectives and reinforce APEC' role in the Asia Pacific;
- Establish Fixed Term Executive Director post to strengthen the APEC Secretariat's capacity to meet the growing demands of member economies and other stakeholders, and to leading the Secretariat into a new phase of professionalism;
- Implement a revitalised APEC Communications and Outreach Strategy to better communicate APEC's work and role to its key stakeholders in the Asia Pacific.