

ECSG REPORT TO CTI
18th ESSG Meeting, Lima, Peru
16 August 2008

1. INTRODUCTION

The Electronic Commerce Steering Group (ECSG), established in 1999, helps coordinate APEC's e-commerce activities as set forth in the 1998 APEC Blueprint for Action on Electronic Commerce. The ECSG also explores how economies may best develop legal, regulatory and policy environments that are predictable, transparent and optimized to enable economies across all levels of development to utilize Information and Communication Technologies (ICTs) to drive economic growth and societal benefit. The role of ICTs to lower cost, increase efficiency and increase productivity are critical in helping economies meet the targeted savings set forth in the Bogor goals.

The ECSG recognizes the importance of public-private collaboration in developing an environment conducive to e-commerce and encourages the active participation and contribution of the private sector in its meetings and activities. Reports presented by guest organizations to the group, including the Global Business Dialogue on Electronic Commerce, the International Chamber of Commerce, the Pan Asian Alliance on E-Commerce and the United Nations Centre for Trade Facilitation and Electronic Business and Organization for Economic Co-operation and Development are a welcome contribution to the ECSG.

2. IMPLEMENTATION OF THE 2008 WORK PROGRAM

C) TRADE FACILITATION

Projects are being developed by ECSG on the use of paperless trading in commercial processes. These projects will have an impact on the business operations of companies and assist them in adopting business management practices and supporting technologies to comply with regulations and customers demand. Areas covered by these projects include electronic certificates of origin, electronic invoicing, business requirements for data harmonization and single window, best practices in e-government procurement, e-documents and e-trade financing. These projects involve B2B and B2G transactions and promote the use of electronic documents and internet technologies in the process of international trade, responding to an important aspect of APEC's second Trade Facilitation Action Plan of speeding the use of electronic commerce.

Training courses and seminars on paperless trading instruments, data protection, financial supply chain and e-invoicing are taking place in 2008 as capacity building activities. The e-invoicing seminar, organized by the Tax and Customs organization of Peru – SUNAT --, was held on the margins of the Paperless Sub-Group meeting. It allowed for a rich exchange of national experiences and identified areas of further work as well as linkages with related issues such as standards and e-documents.

The ECSG work on the implementation of the Data Privacy Pathfinder is the responsibility of the Data Privacy Subgroup. Specific items on the ECSG work-program that help further APEC Bogor goals include the APEC Privacy Framework and Privacy Pathfinder which both enhance trust and confidence in the Internet as well as facilitate the continued flow of needed information to support both domestic and international business. This work also supports capacity building on these issues by local economies with no domestic approaches to privacy or other foundations of online trust. Finally, the work provides businesses with greater flexibility in locating facilities as well as lower overhead and complexity of compliance while providing a credible accountability framework and greater cooperation and support for cross-border enforcement of privacy issues

Prior to the subgroup meeting on August 15, a two day seminar was held, providing an opportunity for capacity building (including a discussion on international experiences on privacy protection) and assisted in developing a broader understanding of the Data Privacy Pathfinder projects. This was followed by an informal one-day workshop in which stakeholders, including representatives of government, business and civil society, participated. The workshop reviewed progress on the development of implementation documents for six of the Pathfinder projects and it was agreed that

the documents would be amended to address a range of issues identified by the participants. The Data Privacy Sub-Group considered the proposed amendments and endorsed the project documents for use in testing the elements in the Pathfinder system. The Sub-Group agreed to commence work on the outstanding Pathfinder projects, including addressing scope and governance issues. In addition, the Sub-Group considered a document prepared by the Friends of the Chair group on communications strategy and issues. The document was developed to provide a high-level overview of the Cross-Border Privacy Rules system that will be implemented through the Pathfinder. The Sub-Group endorsed the use of this document by economies for distribution to stakeholders, for use in informing other organizations (such as the OECD) about the Pathfinder, and for general public release.

D) DIGITAL ECONOMY AND STRENGTHENING INTELLECTUAL PROPERTY RIGHTS

An element of the ECSG's work is to work cooperatively with the private sector to develop a Digital Prosperity Checklist that outlines specific steps economies can take to enable an economy to utilize ICTs as catalysts for growth and development. In so doing, the ECSG will build on its current work streams and projects, including data privacy and paperless trading, which are key elements of ICT-enabled growth. The Checklist is based on six pillars of the information or digital economy: information flows, infrastructure, innovation, intellectual capital, investment and integration.

A first draft of the Checklist has been discussed at ECSG. The ECSG will circulate the draft Checklist to other related APEC fora for comments before sending it to the CTI inter-sessionally.

The development of the regulatory and policy checklists and associated guidance documents for e-commerce will be significant contributions to the CTI's trade facilitation, transparency, capacity building and investment priorities and will enhance aspects of the CTI's Digital Economy and IPR agenda.

F) OTHER AREAS, INCLUDING APEC-WIDE INITIATIVES ON SECURE TRADE

APEC Data Privacy Pathfinder

The Data Privacy Sub-Group reviewed progress on the implementation of the Pathfinder projects. For the following projects, the Sub-Group endorsed the revision and use of the documents for testing purposes:

Project 1 - self-assessment guidance for business – led by the ICC

Project 2 - accountability agent guidelines – led by the United States

Project 3 - compliance review process of cross-border privacy rules – led by the ICC

Project 5 - contact directories for data protection authorities and privacy contact officers – led by Australia

Project 6 - templates for enforcement cooperation arrangements – led by Australia

Project 7 - templates for cross-border complaint handling forms – led by Australia.

A number of documents (for example, the document for project 6) contain outstanding issues which it was agreed would be resolved in the testing process. Revised project documents will be circulated to all Sub-Group members for their information by the end of August. Testing will occur in Pathfinder project 9, which was specifically designed for the purpose of testing and implementing the results of the projects leading to the testing of a complete system. It was intended in the development of project 9 that it would be used in this way to field test the output documents prepared by the other projects. In addition to the members that were already participants in project 9, a number of additional members volunteered to join project 9 to take part in the testing of the project documents.

The Sub-Group also discussed the two remaining Pathfinder projects, as follows:

Project 4 - directories of compliant organizations – led by the United States; and

Project 8 - guidelines and procedures for regulation of the CBPR system – lead by Australia.

The Sub-Group agreed to commence work on these projects. The Sub-Group agreed that project 4 should also focus on providing a mechanism for consumers to contact businesses that participate in the CBPR system, while project 8 should deal with the scope and governance issues associated with the development and functioning of the a CBPR system, providing the essential links that will link the existing Pathfinder projects into a coherent system. The Sub-Group agreed that the project proposal for seminars in 2009 reflect the priority placed on these projects. A number of Sub-Group members volunteered to join projects 4 and 8.

The Sub-Group agreed that the development and endorsement of the Pathfinder project documents for testing purposes forms an output for this year.

The Sub-Group considered the work of the Friends of the Chair on Communications issues. The FOC had prepared an outreach communications document summarizing and explaining the Pathfinder and the Cross-Border Privacy Rules system. The Sub-Group agreed that the document be made publicly available so that it can be used by economies in consulting with stakeholders as well as in dealing with other organizations, such as the OECD.

Finally, ECSG endorsed a self-funded project submitted by the USA. The project consists in a Conference on data security to be held in Washington, D.C., in March 2009. The Conference, co-sponsored by the US Government (FTC), OECD and APEC (ECSG/DPS), will focus on global data flows, business organizations' data security practices and international cooperation to enhance such data security practices in a global economy.

3. NEW COLLECTIVE ACTIONS FOR 2009

N/A

4. TILF OUTCOMES FOR 2008

Deliverable	Outcomes / Progress
APEC Data Privacy Pathfinder Projects	Having pathfinder projects addressing the elements of a "cross-border privacy rule (CBPR)" pilot tested by February 2009.
Developing ICT-enabled growth project and creating a model checklist of issues in designing appropriate policy and regulatory environments for e-commerce	A new Friends of the Chair group has developed the above ICT-enabled growth project and created a draft Digital Prosperity model checklist that outlines specific steps economies can take to enable an economy to utilize ICTs as catalysts for growth and development.
Development of Key Performance Indicators (KPIs) for the Data Privacy Pathfinder	Development of Key Performance Indicators (KPIs) and reporting methodology for the Data Privacy Pathfinder, to be used to monitor progress in its implementation.
Capacity Building Workshops on the International Implementation of the APEC Privacy Framework (ECSG 04/2008T)	Seminar on International Implementation of the APEC Privacy Framework was held in Lima, Peru on 12-13 August 2008.

Deliverable	Outcomes / Progress
Seminar to Advance & Promote APEC Work on E-invoicing Framework (ECSG 02/2008T)	Seminar on e-invoicing framework was held in Lima, Peru on 12-13 August 2008.
APEC-UNCEFACT Joint Symposium on Paperless Trading Capacity Building (Paperless Trading Instruments) (ECSG 03/2008T)	"APEC-UNCEFACT Joint Symposium on Paperless Trading Capacity Building: Finding Paperless Trading Instruments for Phased Development was held in Seoul , Korea on 26-28, May 2008.
APEC Data Harmonization towards Single Window Paperless Environment (ECSG 05/2008T)	"APEC Data Harmonization towards Single Window Paperless Environment" workshop and seminar will be held in Bangkok, Thailand on December 8-12, 2008.
APEC E-trade & Supply Chain Management Training Course Phase 2: Financial Supply Chain Management Training (ECSG 01/2008T)	APEC E-trade & Supply Chain Management Training Course will be held in Xi'an, China on October 22-23 2008.
Development of APEC Guidance for Electronic Commerce Using the Best Practices of E-government Procurement Systems – Stage 2 (ECSG 06/2008T)	Development of APEC Guidance for Electronic Commerce Using the Best Practices of E-government Procurement Systems – Stage 2 will be organized by Russia and be held Beijing, China in Nov. 2008.
The 3 rd APEC E-commerce Business Alliance Forum (Self-funded project)	The 3 rd APEC E-commerce Business Alliance Forum was held in Beijing, China on 5-6, June 2008.

5. BUDGET PROPOSALS FOR THE 3rd BMC MEETING (22-23 OCT 2008)

ECSG initially received 6 proposals.

One proposal from PRC (*e-Commerce Model, Methodology, and Application of Industrial Transfer in APEC Region*) has been withdrawn and will be submitted to the Investment Expert Group (IEG) or other fora.

Another proposal from PRC (*Specifications for Regularizing and Facilitating Cross-Border Online Trade*) is temporarily withdrawn and will be re-submitted in 2009.

Two proposals are being merged into one: *Symposium on Best Practice on Paperless Trading to Facilitate Cross-Border Trade* and *The Assessment on Development, Standards and Barriers of e-Trade in APEC Region*. The proposing economies, Chinese Taipei and the People's Republic of China respectively, agreed at ECSG to combine their proposals, which will result in substantial cost savings and avoid any possible duplication in issues covered and surveys undertaken.

Korea submitted a proposal on *A Study on APEC Paperless Business Environment with the Focus on the Use and Archiving of e-Documents*.

Australia submitted a proposal on *Capacity Building Workshops on the International Implementation of the APEC Privacy Framework: developing and testing the Cross-Border Privacy Rules system*.

ECSG ranked submitted proposals on the basis that two proposals are combined into one which will reflect the essence of what is described in the actual proposals/documents presented to ECSG. The revised (combined) proposal will be submitted on or before August 25. The ranking is presented below.

6. DECISION POINTS NEEDED FROM CTI

CTI welcomes the new composition of the ECSG Executive for 2009: Richard Bourassa, Canada, as Chair of ECSG; Colin Minihan, Australia, as Chair of the Data Privacy Sub-Group (DPS); and Aimi Yamamura, Peru, as Chair of the Paperless Trade Sub-Group (PTS).

CTI notes that ECSG recommend granting guest status on 'one-off' basis, to *Privacy International (PI)* and *Electronic Privacy Information Center (EPIC)*, to participate at the ECSG/Data Privacy Sub-group (DPS).

CTI notes progress on the TFAP II collective action of ECSG against the following Key Performance Indicators (KPIs):

Number of economies participating in the Pathfinder: PRC and Singapore joined the pathfinder, which brings the total number of participating economies to 16;

Number of economies that actively consider or are developing domestic privacy frameworks that refer to the APEC Privacy Framework: 6 economies have indicated that they are considering developing legislative measures referring or following the essence of the APEC Privacy Framework; one economy noted that their Privacy Framework integrates the spirit of the APEC Privacy Framework; it was also noted that the APEC Framework has impact outside of its membership as India is considering referring to it in their new Framework.

Number of documents (including guidelines, directories and templates) developed to implement the various Pathfinder projects: 7 documents relating to the various projects of the Pathfinder have been finalized for 'field testing' purposes.

CTI notes the ECSG ranking of the following project proposals for 2009:
(note: rank #1 is the highest or best proposal; rank #2 is the next best and so on)

Study on APEC Paperless Business Environment with the focus on the use and archiving of e-documents; Korea; **rank # 3**

Capacity Building Workshops on the International Implementation of the APEC Privacy Framework: developing and testing the CBPR system; Australia; **rank # 1**

Project on Assessment and Best Practices on Paperless Trading to Facilitate Cross Border Trade (working title); PRC, Chinese Taipei; **rank # 2**

CTI notes the following suggested language for the Ministerial and/or Leaders' Statement:

Ministers (Leaders) note with satisfaction that the number of participating economies to the Data Privacy pathfinder is now 16, with the recent addition of the People's Republic of China and Singapore. They further note that 6 economies are developing legislation referring to the APEC Privacy Framework and that several project documents have been endorsed for testing.

Ministers (Leaders) note with satisfaction the initiatives being undertaken by member economies on the implementation of projects and activities to facilitate paperless trading throughout the APEC region, and their active contribution to comply with the Bogor Goals on trade facilitation.

Report on the Implementation of the Second Trade Facilitation Action Plan (TFAP II)
Contribution from Electronic Commerce Steering Group)
(Reporting Period : Sep 2007 - 31 Sep 2008)

Areas #	Actions #	Key Performance Indicator(s)	Position as at Sep 2007 (a)	Improvements Made between Sept 2007 - 31 Jul 2008 (b)	Cumulative Improvements Since Sep 2007 (c)	Percentage Change Since Sep 2007 (d) (i.e. [(c)-(a)]/(a) x 100%)
Implementation of the Data Privacy Pathfinder	Promote the Pathfinder and seek support and participation from economies	Number of economies participating in the Pathfinder.	12	16	16	25
Implementation of the Data Privacy Pathfinder	Promote the Pathfinder and linkages to domestic data privacy frameworks	Number of economies that actively consider or are developing domestic privacy frameworks that refer to the APEC Privacy Framework.	0	6	6	infinite
Implementation of the Data Privacy Pathfinder	Implement the various elements of the Pathfinder with regards to cross-border cooperation	Number of documents (including guidelines, directories and templates) developed to implement the various Pathfinder projects.	0	7	7	infinite