



**Asia-Pacific  
Economic Cooperation**

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**2014/SOM1/CTI/037**  
Agenda Item: 10

## **Electronic Commerce Steering Group Convenor's Summary Report to CTI**

Purpose: Consideration  
Submitted by: ECSG Chair



**First Committee on Trade and Investment  
Meeting  
Ningbo, China  
24-25 Feb 2014**

**ELECTRONIC COMMERCE STEERING GROUP (ECSG)  
CONVENOR'S SUMMARY REPORT TO CTI  
SOM I, CHINA**

1. PROPOSED WORK PLAN FOR 2014 IN RESPONSE TO 2014 APEC PRIORITIES, WITH PARTICULAR REFERENCE TO APEC LEADERS/ MINISTERS/SOM DECISIONS OF 2013:

**A) SUPPORT THE MULTILATERAL TRADING SYSTEM**

**B) ADVANCING REGIONAL ECONOMIC INTEGRATION**

- Achieving the Bogor Goals

The ECSG supports the Bogor Goal of a free and open trade among APEC member economies. The work that the ECSG is doing , particularly on paperless trading and data privacy, contributes to the reduction of barriers to trade and investments to enable goods, services and capital to flow freely among member economies.

The Bogor Declaration was enunciated by the APEC Leaders in 1994. Since then, there have been changes in the way business is being conducted globally as a result of technological developments. Information is now the currency of the digital economy. ECSG sees to it that information, be it personal or trade information, flows freely across borders.

- Exploring an FTAAP
- Global Value Chain Cooperation
- Next Generation Trade and Investment Issues

When trading across borders, businesses are now faced with what is termed as the "next generation trade and investment issues." Such issues include innovation, data privacy, cybersecurity, and emerging business models such as the use of cloud computing.

Recognizing that information is the new form of currency these days and that information should be allowed to flow freely within and across borders, the ECSG started work on data privacy in the early part of 2000. This year marks the 10th anniversary of the APEC Privacy Framework which was a major output of the Data Privacy Subgroup (DPS) under the ECSG. More work ensued after the endorsement of the framework such as the formulation of the guidelines for the domestic and international implementation of the Framework. A data privacy pathfinder project led to the endorsement of the APEC Cross Border Privacy Enforcement Arrangement (CPEA) by the Ministers in 2009 and its commencement in July 2010 as well as the development of the APEC Cross Border Privacy Rules System which was endorsed by the APEC Leaders in 2011.

To date, there are twenty-two Privacy Enforcement Authorities participating in the CPEA. These are from the following economies: Australia; Canada; Hong Kong; China; Japan; Korea; Mexico; New Zealand; and USA. Cooperation has expanded beyond APEC through the sharing of the APEC directory of economy enforcement contact points with the OECD and the Global Privacy Enforcement Network (GPEN). The Council of Europe also expressed its interest to share contact points with APEC. The CPEA Administrators see this as an encouraging step in practical enforcement cooperation and interoperability.

In November 2011, the APEC Leaders issued a directive to implement the APEC Cross Border Privacy Rules System (CBPRS). The United States and Mexico are now part of the system. The Joint Oversight Panel (JOP) is now finalising its evaluation report on the application of Japan to be part of the system and Canada will be submitting its notice of intent to participate in a few months time. To date,

TRUSTe is the first and only recognised Accountability Agent while IBM is the first certified company under the CBPRS.

The work of ECSG on data privacy, thru the DPS, has somehow influenced the initiatives of member economies on the issue. A number of economies have enacted their respective national privacy law which is aligned with the APEC Privacy Framework. Japan is now undertaking an institutional review of their policy for the protection and utilisation of personal data. Australia and New Zealand are undertaking a high level analysis of their privacy laws to see if their laws match the CBPR System.

## C) STRENGTHENING COMPREHENSIVE CONNECTIVITY AND INFRASTRUCTURE

- Implementation of the Supply-Chain Connectivity Framework and Action Plan

ECSG has been working to implement the Supply-Chain Connectivity Framework and Action Plan to address the chokepoints, specifically those that concern to customs and other cross-border trade procedures.

ECSG, through the Paperless Trading Subgroup (PTS) has been developing projects that integrate paperless trading in commercial processes, particularly projects that use e-solutions or electronic procedures and processes in cross-border trade, in order to save time and cut costs and uncertainties for firms and government agencies. These e-solutions include the following: Electronic Certificate of Origin (ECO), e-negotiation, e-invoicing, e-SPS, archiving of e-documents and e-trade financing. Basically, the goal is to build up e-commerce as a main driver and integration tool that will enhance the efficiency of supply-chains.

The ECO project which [started live operation](#) in May 2010 continues to be implemented between Chinese Taipei and Korea. The success of the project has been documented by the APEC Policy Support Unit (PSU) in 2011. Discussions and systems testing with other member economies are ongoing to expand the scope of the project within APEC. Noting the rather slow implementation of the project, the APEC-funded workshop on the “Study on the Readiness of ECO Implementation in Cross-border Trade in APEC Region” was organized by China in Beijing in July 2012 to determine the obstacles to the project. The final report was completed and published. The study highlighted the need to do the following: economies to enhance legal environment to implement ECO intensify inter-agency collaboration within the border; promote cross-border cooperation and exchanges among member economies; and enhance cross-fora relationship within APEC.

To complement the work of PTS on ECO and to implement part of the roadmap for trade facilitation, Korea implemented the project “Enhancing Reliable Supply Chains by e-B/L Exchange in APEC Region” together with China and Russia. The outcomes of the project was presented in a workshop held on November 28-29, 2013 in Bangkok, Thailand.

At the meeting in Ningbo, the ECSG endorsed the project presented by China on “Enhancing the Global Supply Chain Efficiency by E-Manifest Exchange in the APEC Region.” The concept note has been submitted and is now under consideration for possible funding.

## D) EXPANDING REGULATORY COOPERATION AND ADVANCING REGULATORY CONVERGENCE

A joint APEC-EU working committee was created in 2012 with SOM's approval to develop a Common Referential for the Structure of the EU Binding Corporate Rules and APEC Cross Border Privacy Rules System. The working team composed of privacy experts from Article 29 Working Party of the EU and APEC member economies finalized the Referential at a meeting in Ningbo. The output was

presented to the Data Privacy Subgroup and the ECSG and was endorsed by the ECSG. The Referential will then be submitted to CTI for endorsement to SOM. A parallel submission will be done by the EU privacy experts to the Article 29 Working Party and both sides are expecting that the Referential will be endorsed simultaneously on 28 February 2014. The referential outlines compliance and certification requirements of both CBPR and BCR Systems, identifies common elements as well as additional requirements for each. This will be useful for companies applying for certification under both systems. This initiative is just the first step of the work on APEC CBPRs and the EU BCRs. The long term goal is to work on the interoperability of the two systems.

**E) CONTRIBUTIONS TO INNOVATIVE DEVELOPMENT, ECONOMIC REFORM AND GROWTH, IN PARTICULAR, APEC'S LEADERS' GROWTH STRATEGY GROWTH**

- Digital Economy

An assessment of ECSG's initiatives against the 1998 APEC Blueprint for Action on E-Commerce is underway. DPS is also doing a stocktake exercise of the APEC Privacy Framework and one of the goals of this exercise is to gain an improved understanding of the influence and impact of the APEC Privacy Framework on privacy in the APEC region and beyond since 2004. DPS presented its work plan for the stocktake and the members agreed that the activities will need to be prioritized.

Similarly, PTS will also undertake an assessment of the projects it has implemented, not just on a per project basis but also to look at the totality of all these projects in terms of their contribution to the goals of APEC. Member economies were encouraged to update their IAPs.

From all these exercises, the ECSG intends to come up with an updated work plan on e-commerce which takes into account the next generation trade and investment issues and guided by the elements in the Digital Prosperity Checklist.

A number of proposals were presented by member economies which could help in drawing up the updated work plan on e-commerce of ECSG. China presented its Concept Note on the "APEC Action Plan for Cross Border e-Commerce Innovation and Development" which will be further refined for endorsement at the next ECSG meeting. Mexico presented its self-funded project on the "Development of E-Commerce in the APEC Region" which was endorsed by the PTS. Australia presented the concept note for a self-funded project entitled, "10 Years On: Building on the APEC Privacy Framework to Address Today's e-Commerce Challenges." Russia presented the concept note on "APEC and International Associations, Cooperation, Challenges and Perspectives in the Field of e-Commerce" which will be further refined and circulated inter-sessionally.

**3. ACTIVITIES WITH ABAC (INCLUDING RESPONSES TO ABAC'S 2013 RECOMMENDATIONS) AND/OR OTHER EXTERNAL STAKEHOLDERS**

China's representative in ABAC presented a concept note for the project "APEC Capacity Building Workshop for SMEs: APEC Cross Border e-Commerce Training (CBET)." The proposal for capacity building on e-commerce for SMEs was raised by the SME Working Group and ABAC offered to assist in the initiative in coordination with ECSG. The workshop will consist of lectures, group discussions, case studies and field visits. The project was endorsed by ECSG for funding support from APEC.

**4. EXPECTED OUTCOMES/DELIVERABLES FOR 2014**

**5. DECISION POINTS NEEDED FROM CTI**

ENDORSEMENT BY CTI AND SOM:

***“APEC/EU Referential for the Structure of the EU Binding Corporate Rules and APEC Cross Border Privacy Rules System”***

Attachments:

- APEC/EU Referential for the Structure of the EU Binding Corporate Rules and the APEC Cross Border Privacy Rules System
- Endorsement Request