



**Asia-Pacific
Economic Cooperation**

2014/SOM3/CTI/058

Agenda Item: 9

Electronic Commerce Steering Group Report to CTI

Purpose: Consideration
Submitted by: ECSG Convenor



**Third Committee on Trade and Investment
Meeting
Beijing, China
16-17 August 2014**

APEC Electronic Commerce Steering Group (ECSG) SOM III, Beijing China

Report to CTI

ECSG Meetings

06 Aug. 2014:	Informal DPS Meeting
07 Aug. 2014:	DPS Meeting
08 Aug. 2014:	PTS Meeting
09 Aug. 2014:	ECSG Seminar – “10 Years On: Building on the APEC Privacy Framework to Address Today’s New e-Commerce Challenges”
10 Aug. 2014:	ECSG Plenary

ECSG Workplan

- **Key Elements:**

1. Consideration of emerging issues that impact regulatory and policy frameworks that can facilitate data driven innovation and the adoption of emerging technologies and related business models that drive growth, employment and societal benefit. (ECSG)
2. Continued evolution of a unified approach to data protection, trust and confidence that addresses ethics and risks, including emerging technologies and business models in a way that also allows the benefits of innovation to accrue to individuals and society. (DPS)
3. The role of technology and related policy that facilitates trade and enables efficient supply chains and connectivity, including at the border, across the border and behind the border. (PTS)

[Note: There was general consensus at ECSG to address emerging technologies and how they may be applied in a responsible and trustworthy fashion that facilitates trade and enables economic growth, job creation and societal benefit. The intent is to address these issues in a holistic manner, factoring both risk (including mitigation and allocation) and benefit. This may necessitate a review of the possible implications of these emerging technologies to existing policy frameworks which may lead to the introduction of amendments or new guidelines. The framework takes into consideration the competency of the groups in specific areas.]

- ***ECSG Work Plan for 2015-2017*** – ECSG to form a virtual Friends of the Chair (FOTC) group to develop the work plan to be submitted to CTI at SOM I 2015 for consideration and endorsement.

DPS Workplan for 2015

1. APEC Privacy Framework stocktake
2. International implementation of the APEC Privacy Framework
 - Monitor and assess governance of the CBPR system through the CBPR Joint Oversight Panel (JOP)
 - Review economies' Notices of Intent to participate in the CBPR system
 - Review reports and recommendations from the JOP, on applications of Accountability Agents for recognition, or on renewal of recognition under the CBPR system
 - Pursue the development of CBPR certification for personal information processors
 - Encourage and facilitate economy participation in the CBPR system, including individual economy capacity building under the Multi-Year Project
 - Jointly with the EU Article 29 Working Party, identify and develop documents and initiatives in support of the application of the BCR/CBPR Common Referential, including but not limited to, case studies
3. Capacity building on the domestic implementation of the APEC Privacy Framework
4. Information sharing within APEC and with other international fora on cross-border privacy issues and initiatives (e.g. through web-based platforms and collaborative tools, engagement with stakeholders)
5. Individual Action Plans (IAPs) – to provide snapshots of an economy's approach to data privacy

PTS Work

- Completed projects:
 1. 5th APEC Business Alliance Forum (China)
 2. Workshop on "Development of e-Commerce in the APEC Region" (Mexico)
 3. Electronic Bill of Lading (e-B/L) (Korea)
- Ongoing projects:

1. Electronic Certificate of Origin (e-C/O)
 2. Electronic Manifest (e-Manifest) exchange
- New project
 1. APEC Cross-order e-Commerce Innovation and Development Initiative (China)

[Note: the proposal was endorsed by ECSG intersessionally]

ECSG Governance

Vacant positions in PTS and ECSG were opened for nomination and the results are as follows:

PTS:	Chair:	Ms. Shentu Xiaoqi, China
	Vice Chair:	Ms. Yoojin Cho, Korea
ECSG:	Chair:	Ms. Maria Lourdes Yaptinchay, Philippines (extended term)
	Vice-Chair:	Mr. Mitsuo Matsumoto, Japan

[Note: All positions are subject to confirmation and decision from capital.]

Decision Points Needed from CTI:

- 1. Endorse key elements of the ECSG Workplan for 2015-2017**
- 2. Note ECSG intention to develop a 2015-2017 work plan for consideration by CTI at SOM1 2015**

**ELECTRONIC COMMERCE STEERING GROUP (ECSG)
CONVENOR'S SUMMARY REPORT TO CTI
SOM 3, BEIJING, 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 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, changes have been made in the way business is being conducted globally as a result of technological developments.

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

Businesses across borders are faced with what is referred to as “next generation trade and investment issues.” Such issues include innovation, data privacy, cybersecurity, and emerging technologies/business models such as mobile computing, cloud computing, big data/data analytics and the “internet of things.”

Recognising that information is the new form of currency and that information, be it personal or trade information, should be allowed to flow freely within and across borders, the ECSG started work on data privacy in the early part of 2000. The APEC Privacy Framework was a major output of the Data Privacy Sub-Group (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. This year marks the 10th anniversary of the Framework.

To date, there are 25 Privacy Enforcement Authorities from 10 economies participating in the CPEA, including 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 part of the system. The approval of Japan's participation in the CBPRS will be done intersessionally by the Joint Oversight Panel (JOP). Canada has submitted its intent to participate in the CBPRS.

The JOP stressed the need to nurture and grow participation in the CBPRS through advocacy and outreach – by communicating benefits, presenting the business case, identifying the economic imperative for companies to participate, and how Accountability Agents can collaborate with each other, i.e., mutual recognition.

To date, TRUSTe is the first and only recognised Accountability Agent. It reported on building momentum, with 15 companies under its wing. Challenges cited are the ecosystem being built and the participation of economies. IBM is the first certified company under the CBPRS. Merck & Co. was recently certified, expressing that the company did not encounter difficulties in seeking certification. It noted that the true value for companies certified in the CBPRS is participation in member economies.

The work of ECSG on data privacy, through the DPS, has somehow influenced the initiatives of member economies on the issue. A number of economies have enacted their respective national privacy laws which are aligned with the APEC Privacy Framework. Some economies have proposed/introduced amendments or are in the process of working on reforms to their respective laws/regulations, such as Australia, Canada, Hong Kong, Japan and Mexico. Singapore enacted its new data privacy law in July 2014.

- Services
- Investment
- Environmental Goods and Services (EGS)

It was informed that the concept note on the project proposed by Russia on “APEC and International Associations: Cooperation and Information Sharing in the Area of e-Commerce Aimed at Trade Facilitation and Realization of FTAAP” has been submitted to the CTI, for consideration for possible funding.

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, e-bill of lading (e-B/L), e-manifest 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 organised 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, the following projects were completed recently:

- o China: 5th APEC e-Commerce Business Alliance Forum, 10 April 2014, Yiwu, China
- o Mexico: Development of e-Commerce in the APEC Region, 15 May 2014, Mexico City
- o Korea: e-B/L Exchange

The following projects are ongoing:

- o Chinese Taipei: Electronic Certificate of Origin (e-CO)
- o China: Enhancing the Global Supply Chain Efficiency by e-Manifest Exchange in APEC Region

D) EXPANDING REGULATORY COOPERATION AND ADVANCING REGULATORY CONVERGENCE

At SOM1, China, the Common Referential for the Structure of the EU Binding Corporate Rules (BCR) and APEC Cross Border Privacy Rules System (CBPRS) was endorsed by SOM. 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 BCR system. The long term goal is to work on the interoperability of the two systems.

Next steps include getting confirmation from the APEC side and agreement on the Referential, identifying a lead economy, undertaking case studies to

populate content and preparing a checklist. Merck & Co. offered to become a case study.

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

- Digital Economy

An assessment of ECSG's initiatives against the 1998 APEC Blueprint for Action on E-Commerce is underway. DPS is 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.

Similarly, PTS is also undertaking 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.

In the one-day seminar convened by the ECSG in Beijing, participants brainstormed on how to address the way emerging technologies may be applied in a responsible and trustworthy fashion that facilitates trade and enables economic growth, job creation and societal benefit.

From these exercises, the ECSG intends to come up with an updated work plan for 2015-2017 which takes into account the following key elements:

- i. Consideration of emerging issues that impact regulatory and policy frameworks that can facilitate data driven innovation and the adoption of emerging technologies and related business models that drive growth, employment and societal benefit. (ECSG)
- ii. Continued evolution of a unified approach to data protection, trust and confidence that addresses ethics and risks, including emerging technologies and business models in a way that also allows the benefits of innovation to accrue to individuals and society. (DPS)
- iii. The role of technology and related policy that facilitates trade and enables efficient supply chains and connectivity, including at the border, across the border and behind the border. (PTS)

There was general consensus at ECSG to address emerging technologies and how they may be applied in a responsible and trustworthy fashion that facilitates trade and enables economic growth, job creation and societal benefit. The intent is to address these issues in a holistic manner, factoring both risk (including mitigation and allocation) and benefit. This may necessitate a review of the possible implications of these emerging technologies to existing policy frameworks which may lead to the introduction of amendments or new guidelines. The framework takes into consideration the competency of the groups in specific areas.

- IPR

- F) OTHER AREAS, INCLUDING APEC-WIDE INITIATIVES ON HUMAN SECURITY, FOOD SECURITY, APEC REFORM, GENDER AND STREAMLINING
3. ACTIVITIES WITH ABAC (INCLUDING RESPONSES TO ABAC'S 2013 RECOMMENDATIONS) AND/OR OTHER EXTERNAL STAKEHOLDERS
4. EXPECTED OUTCOMES/DELIVERABLES FOR 2014
5. DECISION POINTS NEEDED FROM CTI

ENDORSEMENT BY CTI AND SOM:

- *Endorse key elements of the ECSG Workplan for 2015-2017*
- *Note ECSG intention to develop a 2015-2017 work plan for consideration by CTI at SOM I 2015*