REPORT OF 31st APEC ELECTRONIC COMMERCE STEERING GROUP MEETING
9:00 am to 6:00pm, 3 February 2015
Mansion Garden Hotel
Subic, Philippines

INTRODUCTION

1.   The 31st APEC Electronic Commerce Steering Group (ECSG) meeting was held 3 February 2015, in Subic, the Philippines. The meeting was chaired by Ms. Maria Lourdes A. Yaptinchay, the Philippines. The following member economies and guest organizations were represented at the meeting: Brunei; Canada; Chile; Chinese Taipei; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Peru; the Philippines; the Russian Federation; Thailand; the United States of America; Viet Nam; the Internet Society (ISOC); the International Chamber of Commerce (ICC); the Asia/World Trustmark Alliance (WTA); and Pan Asian E-Commerce Alliance (PAA).

AGENDA #1.   INTRODUCTORY REMARKS BY THE ECSG CHAIR

2.   The Chair welcomed the delegates to the Philippines and encouraged the participation of all member economies.

AGENDA #2.

3.   The Meeting adopted the agenda.

AGENDA #3.   SELECTION OF ECSG CHAIR

4.   The Chair reminded the meeting that she had previously communicated that she had received instructions from her management to relinquish her post as the Chair of the ECSG as she had been assigned to perform other duties.

5.   **The meeting reaffirmed the existing guidelines on the chairmanship of the ECSG** as follows:-

    (a)   The chairmanship term is for two (2) years.

    (b)   In the event that the Chair is unable to continue his/her accountability, the Vice Chair will act as Acting Chair until a new Chair is elected.

(c) In the event that no member economy is willing to assume chairmanship of the meeting, the host Economy, who is a member of the ECSG, will serve as Acting Chair until a new Chair is appointed.

(d) Other than chairing the ECSG meetings, the ECSG Chair will prepare a Convener's report, with the support of the APEC Secretariat, and brief the Committee on Trade and Investment (CTI) meeting.

(e) In the event that the ECSG Chair is unable to brief the CTI meeting personally, the ECSG delegate of the host Economy can brief the CTI meeting on the ECSG Chair's behalf.

6.   The meeting agreed to the nomination of Mr Christopher Hoff, from the United States, as the next ECSG Chair. Mr Christopher Hoff will serve a term of two years from the next ECSG meeting scheduled to take place at SOM3 2015.

AGENDA #4. BRIEFING ON APEC 2015 IN THE ECSG BY SOM VICE-CHAIR, UNDERSECRETARY FERDINAND B. CUI, JR.

7.   The SOM Vice-Chair, Undersecretary Ferdinand B. Cui Jr. briefed the meeting on the Philippines' priorities.

AGENDA #5. BRIEFING BY THE CTI CHAIR, MR JOHN LARKIN ON CTI PRIORITIES IN 2015

8.   **The CTI Chair**, Mr John Larkin, presented CTI's priorities for 2015, which includes the following areas: support for the multilateral trading system/WTO; advancing regional economic integration; strengthening connectivity and infrastructure development; regulatory cooperation; and contributions of CTI and sub-fora to cross-cutting mandates. The CTI Chair sought the inputs and views of the ECSG on the priorities and interests of the sub-fora, ways to improve interaction with the CTI, and new ideas and inputs to advance APEC's agenda in 2015 and support the Host Economy's priorities.

9.   **Canada** noted that the current work of the DPS was aligned with the CTI's priorities, in particular, on regional economic integration and regulatory cooperation. She highlighted DPS initiatives, including the stock-take exercise for a privacy framework to update the principal documents of the APEC Cross Border Privacy Rules (CBPR), the ongoing work with the EU Article 29 Working Party to promote interoperability of between regulatory regimes, and the multi-year projects. Canada sought the views of the CTI Chair on how to better integrate the DPS work with the CTI.

10.   Agreeing that the DPS work was relevant to the regional economic integration and regulatory cooperation agendas of the CTI, especially on facilitating cross-border flows and the removal of barriers in new and emerging areas of work, **the CTI Chair** noted

that he would be happy to facilitate an opportunity for the group to showcase its work to the CTI.

11.   **ICC** expressed support for Canada, adding that the issues of technology, resilience, infrastructure and innovation were part of the work of the ECSG and it was critical to work closely with the CTI to create the foundations for trade flows.

12.   **The United States**, in his capacity as the Chair of the Joint Oversight Panel (JOP) of the APEC CBPR system, informed the CTI Chair that the CBPR system had been successful in the past year, with the participation of the United States, Mexico and Japan. He added that the JOP was in the final stages of reviewing Canada's application and the report will be published in the next few weeks. Second, TRUSTe's recognition as an APEC CBPR Accountability Agent was renewed in January 2015. To date, there are ten companies certified in the United States, including IBM, Merck and Apple. Third, two documents to complement the CBPR system were finalized and will be submitted for the CTI's endorsement. These documents are designed to empower SMEs' access to global data flows.

AGENDA #6.   REPORT FROM SUB-GROUPS

(a)   Data Privacy Sub-Group

13.   The DPS Chair, Ms Daniele Chatelois, Canada, briefed the meeting on the key outcomes from the three meetings convened by the DPS, as follows:-

(i)   JOP report of the developments since SOM3 2014, i.e. the renewal of the US Accountability Agent, TRUSTe and the review of completeness for Canada's Notice of Intent to Participate was in the final approval stages by the JOP, with completion expected shortly.

(ii)   The DPS considered and discussed issues related to a mechanism formerly known as CBPRs for Processors, which included a preamble document to set out the scope, enforceability and policy objectives of the mechanism and an intake questionnaire which set out the program requirements for processor recognition. Adjustments were made to both documents to better align with relevant elements of the CBPR System for processors and to better reflect day to day business processes.   The System was named as "Privacy Recognition for Processors" or PRP and was endorsed by the DPS for ECSG/CTI and possible SOM endorsement.

(iii)   On the issue of CBPR Cross Recognition and Collaboration, the DPS received presentations from the US Accountability Agent and from the World Trustmark Alliance on the benefits and challenges related to Accountability Agent cross recognition and Trustmark collaboration. The US delegation submitted a document outlining some of these challenges and presented proposed adjustments to the CBPR Policies, Rules and

Guidelines and to the CBPR Accountability Agent Recognition document. Discussions revealed that the proposals had implications on enforcement and domestic law implications, the DPS Chair instructed the US to further refine its proposal to reflect these dimensions, and to consult with interested economies, as appropriate.

(iv)   Options to ensure the medium to long term sustainability of the CBPR System were also discussed, more precisely on the ways in which the CBPR JOP could be provided with the resources it will need to perform its duties as the system expands, with more economies, Accountability Agents and companies join the system The group agreed that in the short term, the JOP would examine resources currently at its disposal through economies, the Secretariat and other entities to increase resources at its disposal. In the longer term, the DPS Greed that a business study should be undertaken to develop a financial sustainability for a growing CBPR System and that outside expertise would be sought to conduct this work. Intersessional work would be undertaken to develop terms of reference and identify sources of funding for this study under the leadership of the United States, which had volunteered to take on this work at SOM3 2014.

(v)   The administrators of the Cross Border Enforcement Arrangement (CPEA), namely the US, Japan and New Zealand, informed the DPS that the CPEA now has 26 participating agencies, and presented a report on the three-year review of the CPEA. A draft report on the Review is close to being finalized, which will include results of a survey, examples of cooperation between participating agencies, a discussion of where the CPEA fits within the ecosystem of collaboration, as well as key recommendations.

(vi)   The DPS was presented with an update and proposal for continued work on the Stocktake of the APEC Privacy Framework. New Zealand and Canada presented a joint paper, which had been prepared with Australia, on potential areas where the APEC Framework could be updated, to reflect those changes made to the OECD Guidelines in 2013, that were deemed relevant and of interest to APEC. The DPS was reminded that, as the OECD Guidelines formed the starting point and foundation of the APEC Framework, it was fitting that a review of possible enhancements to the APEC Framework to maintain its relevance and effectiveness in the face of technological and marketplace changes that have taken place since the Framework was adopted in 2005, be based on updates to the OECD Guidelines that were also made based, in part, on similar policy objectives. The DPS agreed that intersessional work be undertaken to develop concrete proposals for updates to the APEC Framework and that those would be presented to the DPS for consideration at SOM3. New Zealand, Australia and Canada were pleased to be joined in this work by Japan, the US Federal Trade Commission, as well as ISOC and ICC.

(vii) Significant discussions were held on next steps for the work of the APEC/EU CBPR/BCR Joint Team, namely on next steps to complement and support the common Referential, released in March 2014, with a view to develop interoperability between both the BCRs and CBPR system. In support of this discussion, the Joint Team was presented with overviews by two companies, namely IBM Corporation and Merck on their experiences with either using the Common Referential or with seeking certification under both systems. Similarities and differences between both systems were also described. The US Accountability Agent, TRUSTe, also presented on procedural considerations related to document submissions and reports of findings. All three companies made suggestions on projects that could be undertaken to facilitate submission for recognition under both systems. In a closed session held on January 31 and February 1, the joint Team discussed the private sector proposals and their feasibility in light of procedural rules governing the activities of both the EU Article 29 Working Party and APEC fora. The group decided that an expression of interest by the DPS Chair would be submitted to the EU Members of the Joint Team for future work on specific projects, and that EU Members would submit these proposals for internal approval. Work on specific projects would commence as soon as they have received internal approval within the EU Article 29 Working Party. On the DPS side, the group was reminded that approval for work with the EU was granted by the SOM in 2012 and that future work on interoperability falls within that approval

14. **The meeting noted the report of the DPS and endorsed the documents on "Privacy Recognition for Processors (PRP) and agreed that the documents were be submitted as part of the ECSG Chair's report to the CTI for the CTI's endorsement**.

(b) Paperless Trading Sub-Group

15. The PTS Chair, Ms Shentu Xiaoqi, China, briefed the meeting on the key outcomes from the PTS meeting, as follows:-

(i) China provided an update of its ongoing Paperless Trading Individual Action Plan, highlighting its e-port initiative and its customs reforms.

(ii) Chinese Taipei and Korea provided a status update on the electronic certificate of origin project (e-C/O) co-led by Chinese Taipei and Singapore. The pathfinder project had been highly successful, with increasing number of exporters and importers participating in the project. Thailand, the Philippines and Viet Nam have expressed their interest to join the pathfinder project.

(iii) China presented its report on its completed project, "Enhancing Global Supply Chain Efficiency E-Manifest Exchange in the APEC Region", noting

the key achievements, including a high level stakeholder seminar held in Beijing in December 2014.

(iv) **The PTS meeting endorsed Russia's revised project proposal**, "APEC and International Associations: Cooperation and Information Sharing in the Area of E-Commerce Aimed at Trade Facilitation and Realization of FTAAP". **Indonesia**, **Korea**, **Viet Nam**, **Peru** and **China** expressed its support for the proposal

(v) **China** informed the PTS of its proposed "Workshop on Capacity Building on E-Commerce Issues Related to the Realization of FTAAP" and requested the support and participation of all member economies.

(vi) **Chinese Taipei** informed the meeting that it would be revising its project on "Feasibility Study on Implementing APEC Electronic Certificate of Origin (eCO) Cross Border Exchange Operations" and will submit its concept note to the meeting in 2016.

16.   The **meeting noted the report of the PTS** and **agreed to review and endorse Russia's proposal intersessionally**.   Russia's revised concept note will be circulated to the ECSG for comments for two weeks, i.e. by 17 February 2015.

AGENDA #7.   ECSG WORK PLAN FOR 2015-2016

17.   The Chair submitted the draft ECSG Work Plan for 2015-2016 for the meeting's consideration and sought the views of member economies for additional inputs and comments. The meeting considered and reviewed the document and **agreed that a preliminary work plan be submitted for the CTI's information, and the ECSG would review and provide inputs intersessionally to finalize the ECSG Work Plan for 2015-2016**.

AGENDA #8.   AD HOC STEERING GROUP ON THE INTERNET ECONOMY

18.   The ECSG discussed the proposed terms of reference for the Ad Hoc Steering Group on the Internet Economy and **agreed that the ECSG Chair communicate the following to the CTI**:

The ECSG has discussed the proposed terms of reference for the Ad hoc Steering Group on the Internet Economy at its meeting on 3 February 2015. The ECSG is supportive of the proposed Ad Hoc Steering Group on the Internet Economy. We have no specific comments but would like to emphasize collaboration among all APEC fora mentioned on the need to consider existing work plans and those under development to avoid duplication.

19.   Member Economies with additional inputs were requested to submit their comments through their CTI representatives.

AGENDA #9.   PHILIPPINES' DISCUSSION PAPER ON "TOWARDS AN APEC ACTION PLAN FOR COOPERATION TO FOSTER SMES' PARTICIPATION IN REGIONAL AND GLOBAL MARKETS (APEC SME ACTION PLAN)"

20.   The Philippines presented its discussion paper and sought the views of the meeting for the proposal. **China**, **Japan**, **Korea**, **Russia**, and **WTA** expressed their support for the Philippine proposal.

AGENDA #10.   PROJECT PROPOSALS

(a)   Timetable for proposing APEC-funded projects
(b)   Criteria for funding approval

21.   The Secretariat reminded the meeting of the information on Project Management Update circulated prior to the meeting and emphasized that the Concept Notes for Session 1 are due on 27 February 2015. The Secretariat informed the meeting of the Pilot for Concept Note Prioritization and Ranking for Project Session 1, 2015. The Secretariat requested that all queries be sent to the Secretariat interesesionally.

(c)   E-Commerce For Inclusion and Competitiveness (Peru)

22.   Peru presented its project proposal to the meeting and sought the views of the meeting. **Chile**, **ISOC**, **the United States**, **Russia**, **Korea**, **ICC**, **Indonesia**, and **Japan** expressed support for the proposal. **ISOC** indicated that it would be available to leverage on the World Chambers Federation to conduct surveys, if necessary. **The Chair noted the support for Peru's project and requested that Peru submit its Concept Note for the meeting's consideration**.

(d)   Promoting cross-border trade by reducing new barrier to e-commerce (Korea)

23.   **Korea** presented its proposal noting that it was currently being tabled to the CTI for consideration. Korea requested that ECSG members provide views and comments, as well as support for the proposal. **The Chair** noted that the proposal was aligned with the CTI's priority agenda for 2015.

(e)   Workshop on Capacity Building on E-Commerce Issues Related to the Realization of the FTAAP (China)

24.   **China** informed the meeting of this proposal that would be tabled at the CTI and requested that member economies could provide their comments through their economy representatives. China welcomed the participation of all member economies at the workshop.

AGENDA #11. INFORMATION SHARING ON ELECTRONIC COMMERCE ISSUES

(a)   Internet Security and Resilience (Internet Society)

25.   With the agreement of the meeting, the Internet Society will be presenting this item at SOM3 2015.

AGENDA #12. OTHER BUSINESS

(a)   Report to the CTI

26.   The Chair informed the meeting that she will be preparing a written and oral report to the CTI based on the discussions at the meeting. The PRP documents and draft work plan will be submitted for the CTI's endorsement and information respectively.

AGENDA #13. CONCLUSION AND NEXT MEETING

(a)   Document access

27.   The meeting endorsed the meeting document classification list

(b)   Dates and venues for next meeting

28.   The next ECSG will be held in conjunction with SOM 3 2015 scheduled in August 2015. The details will be circulated to all economies in due course.

29.   In closing, the Chair expressed her gratitude to the ECSG members for their good support and participation during her tenure as the Chair. She congratulated Mr Christopher Hoff on his nomination as the next ECSG Chair.

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