



**Asia-Pacific  
Economic Cooperation**

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**2009/CSOM/023**  
Agenda Item: V

## **Discussion Paper on Ease of Doing Business (EoDB)**

Purpose: Consideration  
Submitted by: SOM Chair



**Concluding Senior Officials' Meeting – Plenary  
Session  
Singapore  
9 November 2009**

## IMPROVING THE BUSINESS ENVIRONMENT IN APEC CSOM DISCUSSION PAPER

### Aim

1. This paper proposes APEC-wide<sup>1</sup> targets for the priority regulatory reform areas to improve the ease of doing business in the APEC region, with the aim of endorsing these targets by the APEC Ministerial Meeting (AMM) in Nov 2009.

### Background

2. At SOM 1 in Feb 2009, APEC senior officials agreed to put in place an APEC Ease of Doing Business (EoDB) Action Plan to improve the business environment in the Asia-Pacific region through regulatory reforms that make it cheaper, faster and easier to do business. The framework consisted of three parts:

- (1) Identify priority regulatory reforms
- (2) Set targets to measure results
- (3) Build capacity among member economies for regulatory reform

3. Subsequently, at SOM 2 and MRT in Jul 2009, senior officials and Ministers agreed on part (1) by identifying five priority areas, selected out of the ten World Bank EoDB indicators, to concentrate regulatory reform efforts, namely:

- i) Starting a Business;
- ii) Getting Credit;
- iii) Trading Across Borders;
- iv) Enforcing Contracts;
- v) Dealing with Permits

4. Senior officials were instructed by Ministers in the MRT Statement to develop APEC-wide targets and develop multi-year capacity-building work programmes by AMM 2009 - parts (2) and (3) of the Action Plan agreed at SOM1.

5. This paper sets out proposed targets for further discussion at CSOM, with the aim of endorsing them at AMM 2009.

### Setting Targets to Galvanise Reform Efforts

6. As APEC positions itself for recovery from the global economic crisis, setting targets on progress in regulatory reform efforts will demonstrate our resolve to make APEC an even more attractive region for business, and give APEC economies an added boost in seizing new opportunities as businesses re-orientate their strategies and seek new markets in the aftermath of the global economic crisis.

7. APEC economies have been reforming. Annex 1 (see Column I) shows our improvements in the EoDB sub-indicators in the 5 priority areas over the past 5 years<sup>2</sup>. There have been success stories. For instance, since 2005 we have made it 28% cheaper and 26% faster on average to start a business. We have made it 20% cheaper on average to deal with permits and improved credit information by some 23%.

8. If we consider only the subset of "reforming APEC economies" (see Column II of Annex 1), these economies had achieved **more than 25% improvement for 6 out of the 14 sub-indicators since 2005**, with the reforming APEC economies having made it 50% cheaper and 43% faster on average to start a business, reduced the number of documents for moving cargo by 45%, and made it

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<sup>1</sup> APEC-wide in the sense that the aim is for an improvement in the APEC average; this could be achieved by large improvements in some APEC economies (with assistance from Champion Economies) and/or small improvements across all APEC economies.

<sup>2</sup> i.e., since the World Bank first started publishing its Doing Business Reports.

37% cheaper to deal with permits. This shows that it is possible to achieve great improvements if we put our minds to it.

9. While APEC has generally improved in absolute terms, it has not been enough to keep pace with other regions, and **APEC dropped in average ranking from 45th in the 2007 report to 51st in the latest 2010 report**. On the other hand, other business regions have improved: for instance, the World Bank reports that the regions of Eastern Europe and Central Asia has improved in average ranking from 81 in the 2007 report to 72 in the latest 2010 report, a total of 9 places up in the rankings.

10. Despite our improvements to date, there remains a lot of untapped potential for reform. If all APEC economies were to reform as quickly as the top 3 APEC reformers had done since 2005 in each sub-indicator (see Column III of [Annex 1](#)), APEC as a whole could see impressive improvements, making it as much as 47% cheaper to deal with permits and 78% faster to start a business.

11. Furthermore, if we just assumed that all APEC economies performing below the median level of APEC were to improve up to the median (see Column IV of [Annex 1](#)) this would be good enough to achieve substantial improvements, making it as much as 50% cheaper and 45% faster on average to start a business, 37% cheaper to enforce contracts and having some 29% less procedures when dealing with permits.

### **Proposed APEC-wide Targets**

12. It is imperative that APEC sets ambitious but credible targets to make a bold statement of our intent to make APEC more business-friendly. Based on the analysis above, a target of 25% improvement by 2015<sup>3</sup> in the priority areas is achievable if there is strong commitment for regulatory reform by APEC economies.

13. Identifying concrete and easily understood targets will help economies publicise their efforts and generate domestic support for regulatory reforms that benefit their own domestic constituencies. To ensure that APEC makes real improvements in absolute terms in each of the priority areas, we propose a simple but powerful statement of intent:

***APEC will make it 25% cheaper, faster and easier to do business within APEC economies by 2015, and aim to achieve a 5% improvement by 2011.***

Specifically, given the nature of the sub-indicators in each of the 5 priority areas, we propose the following absolute targets, grouped according to the categories of making Doing Business in APEC (i) cheaper, (ii) faster and (iii) easier.

(i) To make it **cheaper** to do business, we propose that:

*APEC target an average 5% reduction by 2011 in the cost in Starting a Business, Trading Across Borders, Enforcing Contracts and Dealing with Permits, followed by an additional 20% reduction by 2015 (for a total of 25%).*

(ii) To make it **faster** to do business, we propose that:

*APEC target an average 5% reduction by 2011 in the time taken for Starting a Business, Trading Across Borders, Enforcing Contracts and Dealing with Permits, followed by an additional 20% reduction by 2015 (for a total of 25%).*

(iii) To make it **easier** to do business, we propose that:

*APEC target an average 5% reduction by 2011 in the number of procedures or documents required for Starting a Business, Trading Across Borders, Enforcing Contracts and Dealing with Permits, followed by an additional 20% reduction by 2015 (for a total of 25%).*

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<sup>3</sup> Based on figures as of Sep 2009, published in the Doing Business 2010 report

14. In addition, to make it easier to do business, we also propose the following targets in Getting Credit in terms of improving the strength of legal rights index and the depth of credit information index.<sup>4</sup> In particular:

*APEC could target an average 5% improvement by 2011 in absolute scores for the strength of legal rights and depth of credit information indices to ease Getting Credit.<sup>5</sup>, followed by an additional 20% improvement by 2015 (for a total of 25%).*

15. Annex 2 provides a tabulation of how APEC fares currently on average for each of the absolute indicators in each of the priority area, and the average targeted scores by 2011 and 2015 if we meet the proposed 25% APEC-wide targets. Annex 3 provides detailed data notes on how scores are calculated for each priority area.

### Communications of Targets

16. The proposed targets will send a strong message to businesses that APEC is committed to improving the business and investment climate. To communicate our targets, based on the targets outlined in Annex 2, the following are indicative headlines APEC could use in press releases and other media communications. Taken together, these provide a comprehensive and concrete picture of how APEC will improve the ease of doing business for companies across the APEC region.

***APEC will make it 25% cheaper, faster and easier to do business within APEC economies by 2015<sup>6</sup>***

- Interim target of 5% set for 2011 to ensure that APEC is responding swiftly to needs of business even as the region recovers from economic crisis.

***Cheaper*** to do business – 25% reduction on average in business costs by 2015:

- Reduce by US\$450<sup>7</sup> the cost of importing and exporting a container of goods
- Reduce by US\$2000 the cost of resolving a contract dispute
- Reduce by US\$4500 the cost of obtaining a building permit

***Faster*** to do business – 25% less time on average to deal with regulations by 2015:

- One week faster to start a business and to import/export goods
- Six weeks faster to obtain a construction permit
- Three months faster to resolve a contract dispute

***Easier*** to do business – 25% less procedures on average to deal with by 2015:

- Remove 5 procedures to obtain a construction permit
- Remove 9 procedures to settle a contract dispute

<sup>4</sup> The strength of legal rights index measures how well collateral and bankruptcy laws facilitate lending. The index ranges from 0-10, with 10 being the highest score. The depth of credit information index measures the coverage, scope, quality and accessibility of credit information available through public and private credit registries. The index ranges from 0-6, with 6 being the highest score.

<sup>5</sup> We recognise that the Getting Credit indicator is based on two indices with a range of 1-10 and 1-6, and it may be difficult to achieve the 5% improvement by 2011 via small improvements in all APEC economies, but this could be achieved by one or 2 economies achieving a quantum improvement in their indicator. Changes in the credit coverage of private credit registries may also take some time, as data collection of credit information cannot be done quickly, hence the result of efforts by APEC economies is more likely to be reflected in the indicators measured in 2015. Finally, as the indices have an absolute maximum, it is not reasonable to talk about x% improvements without being aware of the maximum cap, so we will instead calculate how much closer we are getting to the maximum score as the basis for improvement. For example, an economy who previously scored 4 out of 6 and improved to 5 out of 6, would have improved 50%, i.e. improved by 1 (from 4 to 5) out of a maximum of 2 (from 4 to 6) that was possible.

<sup>6</sup> Figures in the box are only indicative figures, to illustrate the EoDB Action Plan's potential impact.

## **Proposed Work Programmes to Build Capacity among Member Economies for Regulatory Reform**

17. In addition to setting targets, senior officials also agreed at SOM 2 to identify champion economies and develop multi-year work programmes in each of the priority areas to aid regulatory reform efforts of member economies. The work programmes, led by champion economies, aim to provide member economies with the necessary competencies to implement regulatory reforms and achieve the proposed targets. [Annex 4](#) provides more details on an indicative work programme as we had discussed at SOM2.

18. We also note the importance of the private sector in contributing to reform efforts, and seek to engage the private sector to play their part in contributing to APEC's regulatory reform efforts to improve the business environment in APEC. ABAC has been supportive of APEC's EoDB initiative since its inception, and we look forward to continued support from ABAC in the EoDB Action Plan.

19. Following SOM 2, the following champion economies have also reconfirmed their leadership of work programmes in the priority areas:

- i) *Starting a Business - **NZ and US***
- ii) *Getting Credit – **Japan***
- iii) *Enforcing Contracts – **Korea***
- iv) ***Trading Across Borders – Hong Kong, China and Singapore***
- v) *Dealing with Permits – **Singapore***

20. For further details on the draft work programmes, please refer to [Annex 5](#) for Starting a Business, [Annex 6](#) for Enforcing Contracts, and [Annex 7](#) for Dealing with Permits.

### **For Discussion**

21. The proposed aspirational APEC-wide targets for 2011 and 2015 for each of the regulatory reform priority areas in improving the ease of doing business in the APEC region and the draft work programmes prepared by champion economies are for discussion at CSOM.

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<sup>7</sup> Reduction in cost figures are expressed in real terms, to take into account possible inflation which would increase the costs in nominal US\$ terms, but would not be a real increase in cost for businesses.

## Annex 1

Doing Business sub-indicator	(i) Historical Average Improvement across all APEC Economies since 2005 (%)	(ii) Historical Average Improvement in Reforming APEC Economies since 2005 (%)	(iii) Projected Average Improvement if all APEC economies improved at the same rate as the top 3 APEC reformers' average improvement (%)	(iv) Projected Average Improvement if all APEC economies below the median improved to the median score (%)
<b>Cheaper</b>				
Cost for Starting a Business (% of income per capita)	28	51	77	50
Cost for Moving Cargo (US\$ per container)	-8	11	18	22
Cost for Enforcing Contracts (% of claim)	-2	7	7	37
Cost for Dealing with Permits (% of income per capita)	20	37	47	73
<b>Faster</b>				
Time for Starting a Business (days)	26	43	78	45
Time for Moving Cargo (days)	11	24	52	27
Time for Enforcing Contracts (days)	1	11	18	16
Time for Dealing with Permits (days)	8	13	57	29
<b>Easier</b>				
Number of procedures for Starting a Business	13	22	52	19
Number of documents for Moving Cargo	13	45	57	16
Number of procedures for Enforcing Contracts	1	3	3	8
Number of procedures for Dealing with Permits	2	15	32	29
Strength of legal rights index (0-10)	10	33	53	37
Depth of credit information index (0-6)	23	53	78	55

**APEC's average targeted improvements in  
Ease of Doing Business**

	EoDB 2006 (Sep 05) average scores	EoDB 2010 (Sep 09) average scores	EoDB 2012 (Sep 11) targeted scores	EoDB 2016 (Sep 15) targeted scores
<b>Cheaper</b>				
Cost for Starting a Business (% of income per capita)	16.9	9.4	<b>8.9</b>	<b>7.1</b>
Cost for Moving Cargo (US\$ per container)	802	903	<b>858</b>	<b>677</b>
Cost for Enforcing Contracts (% of claim)	29.4	31.5	<b>29.9</b>	<b>23.6</b>
Cost for Dealing with Permits (% of income per capita)	935	197	<b>188</b>	<b>148</b>
<b>Faster</b>				
Time for Starting a Business (days)	39.2	29.0	<b>27.5</b>	<b>21.7</b>
Time for Moving Cargo (days)	17.5	15.9	<b>15.1</b>	<b>11.9</b>
Time for Enforcing Contracts (days)	421	425	<b>404</b>	<b>319</b>
Time for Dealing with Permits (days)	191	178	<b>170</b>	<b>134</b>
<b>Easier</b>				
Number of procedures for Starting a Business	8.3	7.8	<b>7.4</b>	<b>5.9</b>
Number of documents for Moving Cargo	7.0	5.8	<b>5.5</b>	<b>4.4</b>
Number of procedures for Enforcing Contracts	34.6	35.4	<b>33.7</b>	<b>26.6</b>
Number of procedures for Dealing with Permits	20.0	19.8	<b>18.8</b>	<b>14.8</b>
Strength of legal rights index (0-10)	5.9	6.4	<b>6.6</b>	<b>7.3</b>
Depth of credit information index (0-6)	4.2	4.5	<b>4.6</b>	<b>4.9</b>

## **Doing Business: Component Features for Scoring**

### **1. Starting a Business**

*Doing Business* records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business. These include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities.

After a study of laws, regulations and publicly available information on business entry, a detailed list of procedures is developed, along with the time and cost of complying with each procedure under normal circumstances and the paid-in minimum capital requirements. Subsequently, local incorporation lawyers and government officials complete and verify the data.

Information is also collected on the sequence in which procedures are to be completed and whether procedures may be carried out simultaneously. It is assumed that any required information is readily available and that all agencies involved in the start-up process function without corruption. If answers by local experts differ, inquiries continue until the data are reconciled.

To make the data comparable across economies, several assumptions about the business and the procedures are used.

#### **Assumptions about the business**

The business:

- Is a limited liability company. If there is more than one type of limited liability company in the economy, the limited liability form most popular among domestic firms is chosen. Information on the most popular form is obtained from incorporation lawyers or the statistical office.
- Operates in the economy's most populous city.
- Is 100% domestically owned and has 5 owners, none of whom is a legal entity.
- Has start-up capital of 10 times income per capita at the end of 2006, paid in cash.
- Performs general industrial or commercial activities, such as the production or sale of products or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.
- Leases the commercial plant and offices and is not a proprietor of real estate.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees 1 month after the commencement of operations, all of them nationals.
- Has a turnover of at least 100 times income per capita.
- Has a company deed 10 pages long.

#### **Procedures**

A procedure is defined as any interaction of the company founder with external parties (for example, government agencies, lawyers, auditors or notaries). Interactions between company founders or company officers and employees are not counted as procedures. Procedures that must be completed in the same building but in different offices are counted as separate procedures. If founders have to visit the same office several times for different sequential procedures, each is counted separately. The founders are assumed to complete all procedures themselves, without middlemen, facilitators, accountants or lawyers, unless the use of such a third party is mandated by law. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted separately.

Both pre- and postincorporation procedures that are officially required for an entrepreneur to formally operate a business are recorded.

Procedures required for official correspondence or transactions with public agencies are also included. For example, if a company seal or stamp is required on official documents, such as tax declarations, obtaining the seal or stamp is counted. Similarly, if a company must open a bank account before registering for sales tax or value added tax, this transaction is included as a procedure. Shortcuts are counted only if they fulfill 4 criteria: they are legal, they are available to the general public, they are used by the majority of companies, and avoiding them causes substantial delays.

Only procedures required of all businesses are covered. Industry-specific procedures are excluded. For example, procedures to comply with environmental regulations are included only when they apply to all businesses conducting general commercial or industrial activities. Procedures that the company undergoes to connect to electricity, water, gas and waste disposal services are not included.

### **Time**

Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). A procedure is considered completed once the company has received the final document, such as the company registration certificate or tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is ignored. It is assumed that the entrepreneur is aware of all entry regulations and their sequence from the beginning but has had no prior contact with any of the officials.

### **Cost**

Cost is recorded as a percentage of the economy's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law. Fees for purchasing and legalizing company books are included if these transactions are required by law. The company law, the commercial code and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates of incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

### **Paid-in minimum capital**

The paid-in minimum capital requirement reflects the amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation and is recorded as a percentage of the economy's income per capita. The amount is typically specified in the commercial code or the company law. Many economies have a minimum capital requirement but allow businesses to pay only a part of it before registration, with the rest to be paid after the first year of operation. In Germany in June 2007 the minimum capital requirement for limited liability companies was €25,000, of which at least €12,500 was payable before registration. The paid-in minimum capital recorded for Germany is therefore €12,500, or 42.8% of income per capita. In Serbia the minimum capital requirement was €500, of which only half needed to be paid before registration. The paid-in minimum capital recorded for Serbia is therefore €250, or 8% of income per capita.

## **2. Getting Credit**

*Doing Business* constructs measures of the legal rights of borrowers and lenders and the sharing of credit information. The first set of indicators describes how well collateral and bankruptcy laws facilitate lending. The second set measures the coverage, scope, quality and accessibility of credit information available through public and private credit registries.

The data on the legal rights of borrowers and lenders are gathered through a survey of financial lawyers and verified through analysis of laws and regulations as well as public sources of information on collateral and bankruptcy laws. The data on credit information sharing are built in 2 stages.

First, banking supervision authorities and public information sources are surveyed to confirm the presence of public credit registries and private credit information bureaus.

Second, when applicable, a detailed survey on the public or private credit registry's structure, law and associated rules is administered to the credit registry. Survey responses are verified through several rounds of follow-up communication with respondents as well as by contacting third parties and consulting public sources. The survey data are confirmed through teleconference calls or on-site visits in all economies.

### **Strength of legal rights index**

The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. Two case scenarios are used to determine the scope of the secured transactions system, involving a secured borrower, the company ABC, and a secured lender, BizBank.

Several assumptions about the secured borrower and lender are used:

- ABC is a domestic, limited liability company.
- ABC has its headquarters and only base of operations in the economy's largest business city.
- To fund its business expansion plans, ABC obtains a loan from BizBank for an amount up to 10 times income per capita in local currency.
- Both ABC and BizBank are 100% domestically owned.

The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of revolving movable assets, for example, its accounts receivable or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies in which the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests). In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge or combination of charges that gives BizBank a security interest over ABC's combined assets (or as much of ABC's assets as possible). ABC keeps ownership and possession of the assets. The strength of legal rights index includes 8 aspects related to legal rights in collateral law and 2 aspects in bankruptcy law.

A score of 1 is assigned for each of the following features of the laws:

- Any business may use movable assets as collateral while keeping possession of the assets, and any financial institution may accept such assets as collateral.
- The law allows a business to grant a nonpossessory security right in a single category of revolving movable assets (such as accounts receivable or inventory), without requiring a specific description of the secured assets.
- The law allows a business to grant a nonpossessory security right in substantially all of its assets, without requiring a specific description of the secured assets.
- A security right may extend to future or after-acquired assets and may extend automatically to the products, proceeds or replacements of the original assets.
- General description of debts and obligations is permitted in collateral agreements and in registration documents, so that all types of obligations and debts can be secured by stating a maximum rather than a specific amount between the parties.
- A collateral registry is in operation that is unified geographically and by asset type and that is indexed by the name of the grantor of a security right.
- Secured creditors are paid first (for example, before general tax claims and employee claims) when a debtor defaults outside an insolvency procedure.
- Secured creditors are paid first (for example, before general tax claims and employee claims) when a business is liquidated.

- Secured creditors are not subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure.
- The law allows parties to agree in a collateral agreement that the lender may enforce its security right out of court.

The index ranges from 0 to 10, with higher scores indicating that collateral and bankruptcy laws are better designed to expand access to credit.

### **Depth of credit information index**

The depth of credit information index measures rules affecting the scope, accessibility and quality of credit information available through either public or private credit registries.

A score of 1 is assigned for each of the following 6 features of the public registry or the private credit bureau (or both):

- Both positive credit information (for example, loan amounts and pattern of on-time repayments) and negative information (for example, late payments, number and amount of defaults and bankruptcies) are distributed.
- Data on both firms and individuals are distributed.
- Data from retailers, trade creditors or utility companies as well as financial institutions are distributed.
- More than 2 years of historical data are distributed. Registries that erase data on defaults as soon as they are repaid obtain a score of 0 for this indicator.
- Data on loans below 1% of income per capita are distributed. A registry must have a minimum coverage of 1% of the adult population to score a 1 for this indicator.
- Regulations guarantee borrowers the right to access their data in the largest registry in the economy.

The index ranges from 0 to 6, with higher values indicating the availability of more credit information, from either a public registry or a private bureau, to facilitate lending decisions. If the registry is not operational or has coverage of less than 0.1% of the adult population, the score on the depth of credit information index is 0. In Turkey, for example, both a public and a private registry operate. Both distribute positive and negative information (a score of 1). The private bureau distributes data only on individuals, but the public registry covers firms as well as individuals (a score of 1). The public and private registries share data among financial institutions only; no data are collected from retailers or utilities (a score of 0). The private bureau distributes more than 2 years of historical data (a score of 1). The public registry collects data on loans of \$3,493 (44% of income per capita) or more, but the private bureau collects information on loans of any value (a score of 1). Borrowers have the right to access their data in both the private and the public registry (a score of 1). Summing across the indicators gives Turkey a total score of 5.

### **Public credit registry coverage**

The public credit registry coverage indicator reports the number of individuals and firms listed in a public credit registry with information on repayment history, unpaid debts or credit outstanding from the past 5 years. The number is expressed as a percentage of the adult population (the population aged 15 and above according to the World Bank's *World Development Indicators 2008*).

A public credit registry is defined as a database managed by the public sector, usually by the central bank or the superintendent of banks, that collects information on the creditworthiness of borrowers (persons or businesses) in the financial system and makes it available to financial institutions. If no public registry operates, the coverage value is 0.

### **Private credit bureau coverage**

The private credit bureau coverage indicator reports the number of individuals and firms listed by a private credit bureau with information on repayment history, unpaid debts or credit outstanding from the past 5 years. The number is expressed as a percentage of the adult population (the population

aged 15 and above according to the World Bank's *World Development Indicators 2008*). A private credit bureau is defined as a private firm or nonprofit organization that maintains a database on the creditworthiness of borrowers (persons or businesses) in the financial system and facilitates the exchange of credit information among banks and financial institutions. Credit investigative bureaus and credit reporting firms that do not directly facilitate information exchange among banks and other financial institutions are not considered. If no private bureau operates, the coverage value is 0.

### **3. Trading Across Borders**

*Doing Business* compiles procedural requirements for exporting and importing a standardized cargo of goods by ocean transport (table 12.10). Every official procedure for exporting and importing the goods is recorded—from the contractual agreement between the 2 parties to the delivery of goods—along with the time and cost necessary for completion. All documents needed by the trader for clearance of the goods across the border are also recorded.

For exporting goods, procedures range from packing the goods at the factory to their departure from the port of exit. For importing goods, procedures range from the vessel's arrival at the port of entry to the cargo's delivery at the factory warehouse. The time and cost for ocean transport are not included. Payment is made by letter of credit, and the time, cost and documents required for the issuance of a letter of credit are taken into account. Local freight forwarders, shipping lines, customs brokers, port officials and banks provide information on required documents and cost as well as the time to complete each procedure. To make the data comparable across economies, several assumptions about the business and the traded goods are used.

#### **Assumptions about the business**

The business:

- Has 60 employees.
- Is located in the economy's largest business city.
- Is a private, limited liability company. It does not operate in an export processing zone or an industrial estate with special export or import privileges.
- Is domestically owned with no foreign ownership.
- Exports more than 10% of its sales.

#### **Assumptions about the traded goods**

The traded product travels in a drycargo, 20-foot, full container load. It weighs 10 tons and is valued at \$20,000.

The product:

- Is not hazardous nor does it include military items.
- Does not require refrigeration or any other special environment.
- Does not require any special phytosanitary or environmental safety standards other than accepted international standards.

#### **Documents**

All documents required per shipment to export and import the goods are recorded. It is assumed that the contract has already been agreed upon and signed by both parties. Documents required for clearance by government ministries, customs authorities, port and container terminal authorities, health and technical control agencies and banks are taken into account. Since payment is by letter of credit, all documents required by banks for the issuance or securing of a letter of credit are also taken into account. Documents that are renewed at least annually and that do not require renewal per shipment (for example, an annual tax clearance certificate) are not included.

#### **Time**

The time for exporting and importing is recorded in calendar days. The time calculation for a procedure starts from the moment it is initiated and runs until it is completed. If a procedure can be accelerated for an additional cost and is available to all trading companies, the fastest legal procedure is chosen. Fast-track procedures applying to firms located in an export processing zone are not taken into account because they are not available to all trading companies. Ocean transport time is not included. It is assumed that neither the exporter nor the importer wastes time and that each commits to completing each remaining procedure without delay. Procedures that can be completed in parallel are measured as simultaneous. The waiting time between procedures—for example, during unloading of the cargo—is included in the measure.

### **Cost**

Cost measures the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included. These include costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include customs tariffs and duties or costs related to ocean transport. Only official costs are recorded.

### **4. Enforcing Contracts**

Indicators on enforcing contracts measure the efficiency of the judicial system in resolving a commercial dispute. The data are built by following the step-by-step evolution of a commercial sale dispute before local courts. The data are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation lawyers (and, in a quarter of the economies, by judges as well).

### **Assumptions about the case**

- The value of the claim equals 200% of the economy's income per capita.
- The dispute concerns a lawful transaction between 2 businesses (Seller and Buyer), located in the economy's most populous city. Seller sells goods worth 200% of the economy's income per capita to Buyer. After Seller delivers the goods to Buyer, Buyer does not pay for the goods on the grounds that the delivered goods were not of adequate quality.
- Seller (the plaintiff) sues Buyer (the defendant) to recover the amount under the sales agreement (that is, 200% of the economy's income per capita). Buyer opposes Seller's claim, saying that the quality of the goods is not adequate. The claim is disputed on the merits.
- A court in the economy's most populous city with jurisdiction over commercial cases worth 200% of income per capita decides the dispute.
- Seller attaches Buyer's goods prior to obtaining a judgment because Seller fears that Buyer may become insolvent during the lawsuit.
- Expert opinions are given on the quality of the delivered goods. If it is standard practice in the economy for parties to call witnesses or expert witnesses to give an opinion on the quality of the goods, the parties each call one witness or expert witness. If it is standard practice for the judge to appoint an independent expert to give an expert opinion on the quality of the goods, the judge does so. In this case the judge does not allow opposing expert testimony.
- The judgment is 100% in favor of Seller: the judge decides that the goods are of adequate quality and that Buyer must pay the agreed price.
- Buyer does not appeal the judgment. The judgment becomes final.
- Seller takes all required steps for prompt enforcement of the judgment. The money is successfully collected through a public sale of Buyer's movable assets (for example, office equipment).

### **Procedures**

A procedure is defined as any interaction between the parties, or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment. This year the survey allowed respondents to record procedures that exist in civil law but not common law jurisdictions, and vice versa. For example, the judge can appoint an independent expert in civil law economies whereas both parties in common law economies send a list

of their expert witnesses to the court. To indicate the overall efficiency of court procedures, 1 procedure is now subtracted for economies that have specialized commercial courts and 1 procedure for economies that allow electronic filing of court cases.

### **Time**

Time is recorded in calendar days, counted from the moment the plaintiff files the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods between. The respondents make separate estimates of the average duration of different stages of dispute resolution: the completion of service of process (time to file the case), the issuance of judgment (time for the trial and obtaining the judgment) and the moment of payment (time for enforcement).

### **Cost**

Cost is recorded as a percentage of the claim, assumed to be equivalent to 200% of income per capita. Only official costs required by law are recorded, including court and enforcement costs and average attorney fees where the use of attorneys is mandatory or common.

## **5. Dealing with Permits**

Doing Business records all procedures required for a business in the construction industry to build a standardized warehouse. These procedures include submitting all relevant project-specific documents (for example, building plans and site maps) to the authorities; obtaining all necessary clearances, licenses, permits and certificates; completing all required notifications; and receiving all necessary inspections. Doing Business also records procedures for obtaining all utility connections. Procedures necessary to register the property so that it can be used as collateral or transferred are also counted. The survey divides the process of building a warehouse into distinct procedures and calculates the time and cost of completing each procedure in practice under normal circumstances.

Information is collected from experts in construction licensing, including architects, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations, including approvals and inspections. To make the data comparable across economies, several assumptions about the business, the warehouse project and the procedures are used.

### **Assumptions about the construction company**

The business (BuildCo):

- Is a limited liability company.
- Operates in the economy's most populous city.
- Is 100% domestically and privately owned.
- Has 5 owners, none of whom is a legal entity.
- Is fully licensed and insured to carry out construction projects, such as building warehouses.
- Has 60 builders and other employees, all of them nationals with the technical expertise and professional experience necessary to obtain construction permits and approvals.
- Has at least 1 employee who is a licensed architect and registered with the local association of architects.
- Has paid all taxes and taken out all necessary insurance applicable to its general business activity (for example, accidental insurance for construction workers and third-person liability insurance).
- Owns the land on which the warehouse is built.

### **Assumptions about the warehouse project**

The warehouse:

- Has 2 stories, both above ground, with a total surface of approximately 14,000 square feet (1,300.6 square meters). Each floor is 9 feet, 10 inches (3 meters) high.

- Has road access and is located in the periurban area of the economy's most populous city (that is, is on the fringes of the city but still within its official limits). It is not located in a special economic or industrial zone.
- Is located on a land plot of 10,000 square feet (929 square meters) that is 100% owned by BuildCo and is registered in the cadastre and land registry.
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to the following utilities—electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will require a 10-ampere power connection and 140 kilowatts of electricity.
- Will require up to 100 cubic meters of water daily.
- Will be used for general storage activities, such as storage of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will include all technical equipment required to make the warehouse fully operational.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

### **Procedures**

A procedure is any interaction of the company's employees or managers with external parties, including government agencies, notaries, the land registry, the cadastre, utility companies, public and private inspectors and technical experts apart from in-house architects and engineers. Interactions between company employees, such as development of the warehouse plans and inspections conducted by employees, are not counted as procedures. Procedures that the company undergoes to connect to electricity, water, sewerage and phone services are included. All procedures that are legally or in practice required for building a warehouse are counted, even if they may be avoided in exceptional cases.

### **Time**

Time is recorded in calendar days. The measure captures the median duration that local experts indicate is necessary to complete a procedure in practice. It is assumed that the minimum time required for each procedure is 1 day. If a procedure can be accelerated legally for an additional cost, the fastest procedure is chosen. It is assumed that BuildCo does not waste time and commits to completing each remaining procedure without delay. The time that BuildCo spends on gathering information is ignored. It is assumed that BuildCo is aware of all building requirements and their sequence from the beginning.

### **Cost**

Cost is recorded as a percentage of the economy's income per capita. Only official costs are recorded. All the fees associated with completing the procedures to legally build a warehouse are recorded, including those associated with obtaining land use approvals and preconstruction design clearances; receiving inspections before, during and after construction; getting utility connections; and registering the warehouse property. Nonrecurring taxes required for the completion of the warehouse project also are recorded. The building code, information from local experts and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used.

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05 Oct 09

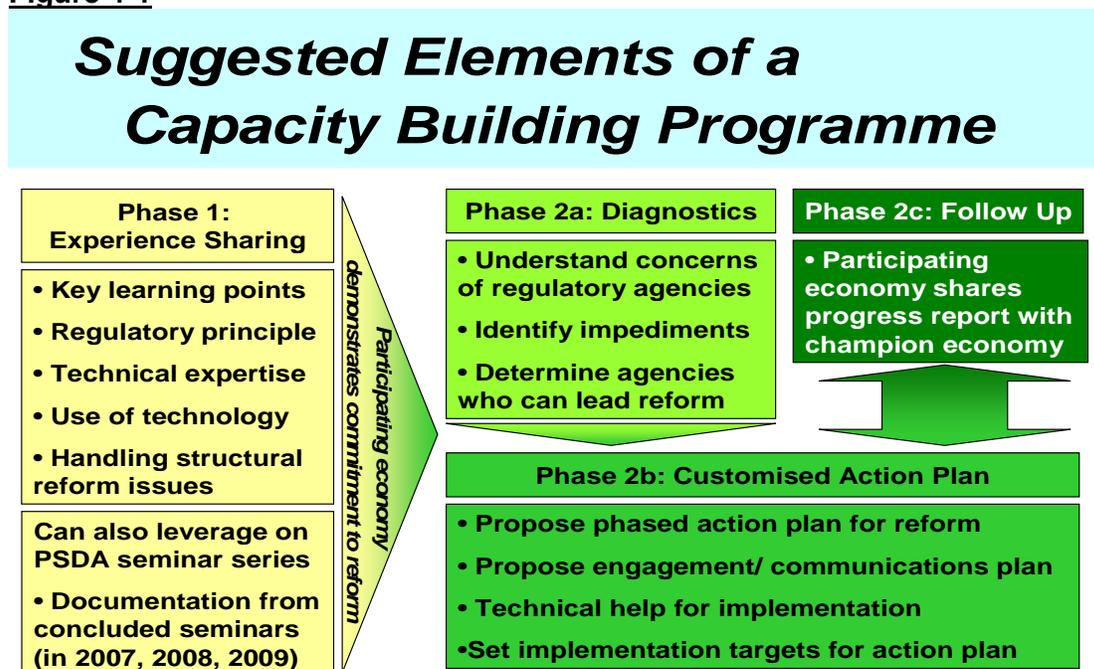
Source: <http://www.doingbusiness.org/MethodologySurveys>

## Capacity Building Programmes by Champion Economies

1. **Figure 4-1** (presented at SOM 2) illustrates the suggested elements of capacity building work programmes to support member economies keen on pursuing regulatory reforms to improve their business environment. **Phase 1** consists of comprehensive seminars and workshops hosted by the champion economy to share information and experiences in reform – this transfers the competencies in a theoretical sense. **Phase 2** consists of in-depth diagnostics by each participating economy to understand the concerns and constraints of their line agencies, as well as identify the opportunities for regulatory reform in the priority areas. This is followed by a customised action plan to implement the regulatory reforms. Finally, we envision consistent follow-up by the champion economies and the sharing of progress reports by the participating economies. As indicated at SOM2, there is also the possibility of working with the World Bank and other international organisations, where necessary, to tailor Phase 2 of the work programmes.

2. The exact form of each programme would of course depend on the individual priorities, resources and needs of both champion and participating economies. **Figure 4-1** is by no means meant to be prescriptive, but rather is indicative of how the work programme by champion economies to build capacity for regulatory reform may look like in its entirety.

**Figure 4-1**



## **Draft Work Programme in Starting a Business**

### **Background**

1. The Starting a Business indicator identifies the cost, time taken, and number of procedures required to open a new business as the key areas of focus. Making it easier to start a business is of particular importance for small and medium-size enterprises which make up a significant portion of the businesses and workforce in APEC economies. As we position ourselves for post-recovery, it is increasingly important that our economies are focused on improving the regulatory environment for doing business to spur economic growth and create job opportunities. Although APEC economies have made significant progress in easing the regulatory burden for business start-ups over the last five years, there is still room for improvement.

### **Outline of the Work Program**

2. In line with APEC's overall objective of the Ease of Doing Business (EoDB) initiative, New Zealand and the United States as the champion economies for the Starting a Business Indicator, will conduct a Phase 1 two-day experience sharing workshop on the margins of SOM1 in 2010 to provide a broader understanding of how the regulatory environment can affect the process of starting a business and what actions can be taken to improve this process. Phase 2 will consist of working with individual or a small group of economies to identify specific areas for improvement, develop customized solutions, and assist in the implementation of those reforms.

### **Phase 1 Program: Two-day workshop**

3. The Phase 1 Program will consist of a workshop to be held in February 2010 in Hiroshima, Japan. The objective of the workshop is to familiarize economies with the World Bank methodology used to measure the processes required to start a business and identify the benefits and challenges associated with changing business regulation or altering implementation approaches in this area. Specifically, the workshop will provide a platform for APEC economies to discuss recent reforms and efforts currently underway to improve business regulation or its application in this area and will seek to identify and provide practical examples of best practices in reducing the costs, time, and number of procedures associated with starting a business. In addition, the workshop will also focus on challenges developing member economies typically face, and provide examples of technical assistance. By the end of the workshop, we hope to compile a report of best practices coming out of the discussions during the workshop.

4. The target audience will be regulators and other relevant officials in APEC economies that have responsibility for making policy and implementing reforms for registering a business.

5. New Zealand and the United States will then work with APEC economies to identify participants for Phase 2 of the work program.

### **Phase 2 Program: Customized solutions**

6. The Phase 2 program will involve detailed diagnostics of the costs, time taken, and procedures required to start a business in participating APEC economies. New Zealand the United States will work with participating economies to identify specific processes for starting a business that can be improved and work with the economy or economies to develop customized solutions. In crafting and implementing the solutions, it is envisaged that technical expertise could be drawn not only from the champion economies, but also from other APEC economies that have recently implemented similar reforms and possible collaboration with non-APEC organizations that have expertise in this field of regulatory reform.

7. Once participating economies are identified, we will work on an expected timeline for implementing reforms. In order to review the progress made and more widely share any newly established best practices among APEC economies, New Zealand and the United States will plan a follow-up workshop in 2011. As part of the overall initiative and based on the experiences of the

participating economies, New Zealand and the United States will produce a set of best practices for reducing the cost, time taken, and procedures required to start a business as a reference tool for future use by other interested APEC economies in contributing to the APEC-average targets.

### **Funding**

8. Costs for the Phase 1 workshop will be funded by APEC and the United States. Specific funding modalities for Phase 2 are still being discussed, but New Zealand and the United States expect to contribute some funding<sup>1</sup> and in-kind expertise.

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<sup>1</sup> As with the Singaporean work programme for Dealing with Permits, some costs associated with Phase 2 of the work programme for Starting a Business may have to be co-shared with participating economies.

## Korea's Preliminary Work Program for 'Enforcing Contracts'

### 1. What matters for the Asia-Pacific region

1. The world is seeking a way out of the global financial crisis. APEC is no exception, making 'Improving the Business Environment' one of its top priorities for the year. In order to ensure a stable recovery, restoring confidence within the business sector is essential. In this regard, the Ease of Doing Business (EoDB) Action Plan will expedite the economic recovery by meeting the pertinent needs of the private sector concerning business within the APEC region.

2. Moreover, improving procedures for resolving contract-related conflicts will form the basis for a secure and efficient business environment. It will protect rights of stakeholders, making business more secure, and will enhance the efficiency of business activities, making exchanges flow easily and ultimately contributing to APEC's goal of trade and investment liberalization.

### 2. Draft plan on how to proceed with reform activities

3. As Singapore outlined during SOM 2, the overall capacity building program for 'Enforcing Contracts' will consist of two phases: an 'in-depth seminar' and 'practical application of its lessons.'

#### Phase 1: In-depth seminar

4. As a first step, Korea will seek to raise awareness among APEC economies by hosting an in-depth seminar next year. It will not only provide a useful platform for member economies to share experiences but also be a good starting point for the multi-year capacity building program. The seminar will be organized by the Ministry of Foreign Affairs and Trade in association with the Ministry of Justice of the Republic of Korea. Korea plans to apply for APEC funding early next year for this project.

5. The seminar will cover both introductory and in-depth issues in the area in order to minimize any possible overlap with APEC's another on-going program: the Private Sector Development Program by SMEWG. The preliminary program for the seminar is as follow:

	Topics	Guests
<b>Session I : Introduction</b>	<ul style="list-style-type: none"> <li>• <b>Introduction to Doing Business Index: Enforcing Contracts</b> <ul style="list-style-type: none"> <li>- An introductory presentation on 'Enforcing Contracts' as an EoDB index by experts from the World Bank</li> </ul> </li> <li>• <b>How to Settle Commercial Disputes: Lawsuit vs. Others</b> <ul style="list-style-type: none"> <li>- An overview of Korea's domestic civil dispute settlement mechanism</li> <li>- A comparative analysis of the domestic system of other economies by a guest speaker</li> <li>- An introduction to the domestic system of one participating economy, chosen in advance of the seminar</li> </ul> </li> </ul>	Experts, Lawyers, etc.
<b>Session II : In-depth study on related issues</b>	<ul style="list-style-type: none"> <li>• <b>Several Ways to Settle Commercial Disputes</b> <ul style="list-style-type: none"> <li>- Civil Action</li> <li>- Arbitration</li> <li>- Alternative Dispute Resolution</li> <li>* This session will encompass the cases of Korea as well as of other economies. Participants will come up with lessons learned at the end.</li> </ul> </li> <li>• <b>Efforts to Improve Legislation &amp; Resolution Mechanism</b> <ul style="list-style-type: none"> <li>- L-project presented by Korea</li> <li>- E-filing system</li> </ul> </li> <li>• <b>Q&amp;A</b></li> </ul>	Public Officials from Ministry of Justice, etc.

※ Participants will be asked to make a presentation of the domestic situation of their economies.

Each topic will be comprised of three parts: 'the case of Korea,' 'comparative analysis with other economies,' and 'discussion.'

### **Phase 2: Practical application of its lessons**

6. A more practical program will be elaborated in next phase. While the format of the second phase is yet to be decided, Korea currently considers two options:

- The first option is identical to the idea suggested by Singapore. We can first diagnose the legal environment of a few selected economies concerning contract law, and then recommend changes for improvements. For each targeted economy, the time span required from diagnosis to the actual implementation of recommendations is estimated to be about three years. (Considering the nature of a capacity building program, whether or not to accommodate recommended changes will be decided by each economy.) Although this approach will be useful in delivering 'practical outcomes' for some targeted economies, it may not concern all the economies;
- Another option is to provide a 'training course' for the relevant officials of member economies. This approach has proven effective with many previous APEC projects such as the 'Training Course on Corporate Governance.' However, without the voluntary will of the participants, it may turn out as a mere repetition of the first phase seminar. The effectiveness of the project will also depend on the number of participants.

7. Korea will choose the most effective approach by taking into account the pros and cons of each option and its effectiveness in delivering the lessons learned at the first phase. Above all, the overall program must contribute to improving the business environment within the Asia-Pacific region,

### **3. Conclusion**

8. Korea has volunteered to be the champion economy in the area of 'Enforcing Contracts' in order to share its relative strength in the area and its recent experience in the EoDB-relevant reform such as streamlining the 'starting business' process. Korea, with the help of its institutional infrastructure, has significantly improved its ranking in 'Starting Business' by 80 places, as measured by the World Bank since the last EoDB report.

9. Korea anticipates that this process of specifying the EoDB action plan provides an important opportunity for APEC member economies, including Korea, to learn from each other. In this sense, Korea welcomes other economies who are interested in co-leading 'Enforcing Contracts' reform activities.

## **Singapore's Draft Work Programme in Dealing with Permits**

### **Background**

1. The Dealing with Permits indicator records the cost, time taken and number of procedures required for a business to obtain a construction permit to build a new building. Good regulations ensure safety standards in construction are adhered to, while making the permitting process efficient, transparent and affordable. With the right regulatory environment, economies stand to gain from a timely and orderly construction of buildings and the associated economic benefits such as increased employment. For instance, recent reforms in Colombia have greatly reduced the time taken to obtain a permit, improving predictability and efficiency for the construction industry (please see weblink: <http://www.doingbusiness.org/reformers/CS09-Colombia.aspx>).

### **Singapore's Championing of Dealing with Permits**

2. Singapore has consulted with the Building Construction Authority (BCA) to develop a plan for the championing of improvement in the area of Dealing with Permits. Working with other relevant agencies such as the Urban Redevelopment Authority (URA) and Singapore Civil Defence Force (SCDF), Singapore will host capacity building workshops to raise awareness and build technical knowledge in the area of construction permits, as part of Phase 1 of the work programme. This could be followed by Phase 2 which would involve in-depth diagnosis, consulting and follow-up reviews in participating economies. Singapore is also currently exploring a possible collaboration with the World Bank to provide additional consulting services as well.

### **Phase 1 Programme**

3. Singapore's Phase 1 programmes are intended to assist participating APEC economies to improve their building regulatory systems in general and the processing of construction permits in particular. The approach of this programme is to share Singapore's experience and knowledge in re-engineering and reforming the regulatory system for construction permits. The programme will likely cover an overview of Singapore's system for construction permits, strategies to foster inter-Ministry collaboration, as well as a case study of Singapore's integrated building permit approval system, CORENET (please see **Appendix 1**).

4. The target audience for the programme will be directors, heads of department and other senior officers from relevant Government agencies who may be involved in providing leadership to steer the reform process in APEC economies. We expect to run the first course in mid-2010 for up to 30-50 participants. Conducted over a period of 3-5 days, the course will likely involve lectures as well as site visits and networking sessions as well as dialogue opportunities with senior officials from Singapore involved in the building permit process. We invite all interested economies to attend the seminar. The course may be repeated yearly as necessary.

### **Phase 2 Programme**

5. Following the awareness building of Phase 1, Phase 2 will go into more in-depth diagnostics and consulting of individual economies. We envision that experts from BCA and other relevant agencies would engage in dialogue with the central agencies involved in the implementation of regulations, determine possible "bottlenecks" in the building permit system and analyse the potential involvement of private sector stakeholders in the reform process. The experts would also exchange experiences with the participating economy on various technical processes involved in obtaining building permits, such as approvals for planning, fire safety, environment, sewer, water and civil aviation. This would be followed by recommendations for reform actions. There is also the possibility of implementing IT systems in the long-term to enhance productivity.

6. We envision that the timeline for reform would be approximately 18-24 months, with the first 6-9 months primarily being the diagnostic phase with economy visits and ongoing dialogue. We are also exploring the possibility of working with the World Bank's Doing Business Reform Advisory Unit (DBRA) on Phase 2.

## **Funding**

7. Costs for Phase 1 would partially be funded by Singapore, including venue and fees for speakers. We would also likely be applying for APEC funding, e.g. for funding of travel-eligible participants. While we are still exploring funding modalities for Phase 2, we might explore co-sharing between Singapore and participating economies. There is also the possibility of World Bank funding for Phase 2.

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05 Nov 09

**Executive Development Programme on Reforming the Regulatory System for Construction Permits - Draft**

**Proposed Outline Curriculum**

<b>Area of Focus</b>	<b>Agency</b>
<p><b><u>Topic 1</u></b></p> <p><b>Overview of Singapore's System for Construction Permits</b></p> <p><i>This module will cover the regulatory regime that governs the development, design, construction, operations and maintenance of building and infrastructure in Singapore. The various registration and licensing schemes put in place to regulate the various stakeholders will also be covered. The key topics covered include the following:</i></p> <ul style="list-style-type: none"> <li>• Singapore's Development Control &amp; Building Control Framework</li> <li>• Key Agencies &amp; profile of industry players <ul style="list-style-type: none"> <li>○ URA, BCA, NEA, FSSD, LTA, NParks etc</li> <li>○ Registered Architects, Professional Engineers, Licensed Builders, etc.</li> </ul> </li> <li>• Key policies, regulations &amp; instruments: <ul style="list-style-type: none"> <li>○ Planning Act</li> <li>○ Building Control Act etc.</li> <li>○ Fire Safety Act</li> </ul> </li> </ul>	<p>Urban Revelopment Authority (URA)</p> <p>Building and Construction Authority (BCA)</p> <p>National Environment Agency (NEA)</p> <p>Singapore Civil Defence Force Fire Safety and Shelter Bureau (FSSD)</p> <p>Land Transport Authority (LTA)</p>
<p><b><u>Topic 2</u></b></p> <p><b>Approach for an Integrated Framework for Regulatory Approvals</b></p> <p><i>This module will cover the strategic plans and initiatives that are put in place to spur the building and construction industry forward. It will place emphasis on the whole of government approach that was taken to transform the building sector. Key topics include:</i></p> <ul style="list-style-type: none"> <li>• A strategic Initiative to transform the industry to underpin Singapore's competitive base,</li> <li>• A multi-ministry collaboration to provide a common platform to streamline process (to support Govt's pro-business agenda) <ul style="list-style-type: none"> <li>○ MND, MFA, MHA, MTI, MICA MinComm, MEWR (ENV previously)</li> </ul> </li> <li>• The use of Information Technology as an enabling platform to integrate the permit process</li> <li>• The development of the CORENET Programme &amp; the IT Masterplan for the construction industry</li> </ul>	<p>Infocomm Development Authority (IDA)</p> <p>BCA</p>

<p><b><u>Case Study Part 1:</u></b></p> <p><b>The CORENET Programme (COnstruction and Real Estate NETwork) – Part 1: Implementation at Public Sector Agencies</b></p> <p><i>This module will cover the rationale behind the policies and approaches taken to implement CORENET within the public sector agencies. The topics to be covered are:</i></p> <ul style="list-style-type: none"> <li>• Challenges, considerations &amp; key decisions: <ul style="list-style-type: none"> <li>○ Business process re-engineering for Agencies' internal workflow &amp; processes (alignment to a common platform)</li> <li>○ Seamless system interface between CORENET network infrastructure and Agencies' back-end systems (compatibility)</li> </ul> </li> <li>• Linking the public &amp; private sector organizations through the One-Stop Submission Centre (OSSC) <ul style="list-style-type: none"> <li>○ Integrated Submission</li> </ul> </li> </ul>	<p>Frontline Technical Depts (FTD) s, BCA</p>
<p><b><u>Case Study Part 2:</u></b></p> <p><b>The CORENET Programme: Part 2 - Implementation of the CORENET Programme at Industry Level</b></p> <p><i>This module will cover the close collaboration between the public sector agencies and industry partners in pushing for changes in the application and approval process. It will also touch on the various initiatives and schemes that were put in place to transform the building industry, making use of IT as a platform. The topics will include:</i></p> <ul style="list-style-type: none"> <li>• Challenges, consideration &amp; deliberate policies to help industry firms to transit from manual submission to electronic submission <ul style="list-style-type: none"> <li>○ Re-engineering and alignment of the fragmented work processes in the construction Industry</li> <li>○ Creation of a common platform for industry stakeholders to communicate &amp; exchange information seamlessly</li> </ul> </li> <li>• Multi-pronged approach in the implementation of CORENET <ul style="list-style-type: none"> <li>○ Incentives &amp; Govt assistance to industry</li> <li>○ Standardisation Process: eg. Industry participation in the creation of drawing conventions for CAD design (CP 83)</li> <li>○ Training &amp; capability building</li> <li>○ Profiling industry users &amp; providing customised assistance <ul style="list-style-type: none"> <li>▪ CORENET hotline</li> <li>▪ E-kiosk</li> </ul> </li> </ul> </li> <li>• Phased Implementation to minimize teething problems</li> </ul>	<p>BCA FTDs Nova-Citynets</p> <p>Board of Architects (BOA)</p> <p>Professional Engineers Board (PEB)</p>

**Concluding Forum: Success Factors**

- Governance : the Govt-led initiative & the political will to reform the process
- Technology: Under-pinning infrastructure for collaboration, facilitation of digital identity etc..
- Industry Participation : Creation of a competitive pro-business environment
- Ensuring the integrity of the system

IDA

BCA

Singapore  
Institute of  
Architects (SIA)

International  
Enterprise  
Singapore (IES)

**Draft Phase I Capacity Building Programme for Trading Across Borders Co-championed by Singapore and Hong Kong, China**

**Background**

1. The Trading Across Borders indicator measures how easy or difficult it is to import and export goods in an economy. This includes the time, cost and number of documents required to move a standardized container of goods. With the smooth and efficient flow of cargo from factory to port to market, APEC economies stand to gain from increased connectivity and greater cross-border trade within the region. Singapore and Hong Kong, China (HKC) are consistently ranked well on the Trading Across Borders indicator and would be pleased to share our experiences in this regard.

**Suggested activities**

- Organise Seminar/Workshop for experience sharing and introduction of the best practices.
- Arrange Capacity Building activities, such as site visits to control points, for developing skills and techniques to improve performance.

Note: The details of the suggested activities and the division of responsibilities between the co-championing economies are subject to further discussion.

**Areas to be covered**

HKC will be able to share experience in the following areas –

- Simplified Import and Export (I/E) System
  - ✓ With HKC being a free port without Customs tariff, I/E declarations are allowed to be submitted within 14 days after the importation or exportation of articles.
- IT Application
  - ✓ I/E declarations are lodged electronically through specified service providers.
  - ✓ Carriers can submit electronic manifests to the Customs Authority.
  - ✓ "Automatic Vehicle Recognition System" (AVRS) at the land-boundary crossing points to enhance risk profiling and reduce the clearance time on vehicles.
- Risk Management on Selection of Consignments for Examination
  - ✓ Electronic cargo information collected through various systems to enhance the selection process.
  - ✓ Non-intrusive detection devices and equipment to speed up cargo inspection processes.
- Cooperation with the Trade
  - ✓ Customer Liaison Groups (CLGs) set up for the sea freight, air freight, cross-boundary transport and dutiable commodities trades to enhance mutual understanding and cooperation.
  - ✓ Memoranda of Understanding signed with respective cargo terminal operators, shipping associations, cross boundary transportation industry, air cargo operators, worldwide express carrier associations on cooperation in cargo clearance.
  - ✓ The Open Bond System for dutiable commodities introduced to reduce compliance costs

and allowing greater flexibilities to the trade.

- Cooperation with China Customs at the boundary
  - ✓ “Green Customs Seal” system to reduce the cargo processing time through mutual recognition of cargo processing results. The recognition system also allows sharing of X-ray inspection images and cargo examination results.
  - ✓ Implementation of the unified road cargo manifest to enable cross-boundary drivers to fill out only one set of manifest data for submission to Customs administrations on both sides of the boundary.

The following are indicative areas that Singapore could share experience in –

- Harnessing IT to facilitate trade
  - ✓ TradeNet – Singapore’s national single window for one-stop processing of import, export and transshipment declarations by all government agencies.
  - ✓ ACCESS – consolidated declaration system for facilitating the clearance of air express shipments.
  - ✓ Public-Private Partnership model for implementation of national single window.
- Risk management
  - ✓ Risk management framework to facilitate legitimate cargo.
  - ✓ Pre-clearance processes for importers and post-clearance audit to speed up clearance processes at the border.
  - ✓ Tiered licensing schemes where level of facilitation accorded to traders is tied to their level of compliance and internal control.
- Supply Chain security
  - ✓ Authorised economic operator (AEO) programme to secure the international supply chain and facilitate trade.
  - ✓ Trade recovery to facilitate effective resumption of trade in the event of a disruption to the global supply chain.
- Engagement with the trade
  - ✓ Multiple touch points to engage the trade, e.g. call centre, dialogue sessions, traders clinic, client management programme, key customers programme.