

Recommendations to the APEC Economic Leaders - Promoting Cross-Border Flows

Business Mobility

In order to make progress towards business travel facilitation, ABAC in its 1996 report called for the introduction of an APEC Business Visa, the creation of dedicated immigration lanes for high-frequency business travelers, and improvement in the parameters for issuance and extension of business residency visas between 1997 and 1999. We note the following situation in this area:

- Out of the 306 potential business entry arrangements between economies in the region, 155 are visa-free. Seven economies have visa-free arrangements with 13 or more economies. ABAC continues to promote the goal of visa-free travel for business people in the region, but it recognizes that not all economies are prepared to offer such arrangements at this point in time.
- Five economies are either implementing the APEC Business Travel Card on a trial basis or have committed to join this scheme. This is accompanied by expedited border processing through dedicated immigration lanes. It is desirable for more member economies to join this scheme, since its value to business people increases exponentially with the number of participating economies.
- No progress has been made in improving the parameters governing business residency visas. Unnecessarily complex procedures in this area add significantly to the cost of international business and present a disincentive to cross-border investment.
- Within APEC, widely different systems and technologies are used in visa processing and border entry management. In some cases, technical infrastructure impediments prevent significant improvements in the short term.

Recommendations

APEC economies should collectively commit to make available to all business travelers from APEC economies one of the following visa arrangements (in order of preference) for short-term visits by the end of 1998:

- **visa free-entry;**
- **the APEC Business Travel Card; or**
- **five-year multiple-entry visas.**

APEC economies should establish special immigration lanes at major ports of entry by the end of 1998 for high-frequency business travelers from the region, including holders of 5-year multiple entry visas.

APEC economies should commit to the following service standards for the issuance of business residency permits by 1998:

- **applications processed within one month of receipt of application;**
- **extensions processed within one week of application being received; and**
- **automatic renewal for a period of up to three years.**

The APEC Business Travel Handbook should be regularly updated and widely publicized in member economies.

APEC should expand its cooperation in visa processing and border entry management systems and technology beyond information-sharing exercises, and include identification of world best practice systems and technologies, and should give priority to training and technical infrastructure development.

The APEC Business Travel Card

ABAC continues to promote the goal of visa-free travel for business people in the region, but it recognizes that not all economies are prepared to offer such arrangements at this point of time. Therefore, Australia has developed the APEC Business Travel Card as an interim step which is now being implemented on a trial basis by Australia, Korea and the Philippines. The APEC Business Travel Card offers significant time and cost savings to business travelers. Its key features are:

- single application for entry to all participating economies; · long-term (5 years or life of passport) validity allowing multiple entry;
- special immigration lanes to streamline border processing; and
- economies retain the sovereign right to exercise control over entry of individuals.

Chile and Hong Kong, China have indicated they will join the scheme upon conclusion of the trial at the end of 1997.

Intellectual Property Rights

In 1996, ABAC recommended the establishment of a central registry for trademarks and patents, a program of comprehensive cooperation on intellectual property rights (IPR), and the implementation of the Uruguay Round Agreement on Trade-Related Intellectual Property Rights (TRIPS). We note the following progress achieved in these areas:

- The APEC IPR Experts' Group has outlined a work program leading to the establishment of a central registry.

- APEC has committed to conduct various studies and information-sharing exercises related to IPR in its 1996 Collective Action Plan. Individual APEC economies have also initiated IPR training programs.
- Various APEC economies are enacting legislation to implement TRIPS, while some have already fulfilled their obligations under the agreement. It is essential that IPR legislation be supported by robust enforcement procedures.

The IPR Education Cooperation Program

This program would have the following goals:

- Increasing public awareness and education on IPR issues and the importance of IPR protection for long-term economic development. This could be achieved through a variety of initiatives including seminars, fora, private-public roundtable discussions and ready availability of paper-based and electronic information.
- Human resources development: This aims to ensure that selected officials in each economy have advanced IPR expertise.
- Education of public and private sectors on all commercial aspects of IPR protection.

The Private Sector Participation Initiative

Involvement of the private sector in all aspects of IPR policy making would help ensure that legislation meets the needs of key suppliers of intellectual property and remains relevant to the business community. A number of the above recommendations might best be dealt with on a government/business partnership basis. ABAC is prepared to provide regular input into APEC IPR deliberations and will establish a point of contact to this end.

In addition, APEC should develop an information system which provides information on the legal status of individual trademark and patent applications on an ongoing basis. This should be readily available to the public and private sectors.

Recommendations

The Economic Leaders should endorse the setting of deadlines for achieving the key elements of the IPR Experts' Group's work program that builds towards the creation of a Central Registry for Trademarks and Patents. The Economic Leaders should endorse the establishment of an IPR Education Cooperation Program and a Private Sector Participation Initiative to assist all APEC economies in developing and implementing effective IPR protection regimes. APEC economies should implement TRIPS, or equivalent obligations in the case of non-WTO signatories, in the shortest possible time before 2000, with enforcement principles based on world best practice.

Standards and Conformance

We recommended in last year's reports that APEC economies align their standards in priority sectors with international standards and adopt mutual recognition agreements in priority areas, and propose that APEC establish an internationally- recognized testing accreditation mechanism by 1998. We note the following state of affairs in this area:

- APEC economies have made some progress in aligning their national standard with international standards, and in concluding mutual recognition agreements. Economies have also formulated individual and collective plans to address the critical areas of transparency and technical infrastructure and technical infrastructure development.
- The APEC Subcommittee on Standards and Conformance (SCSC) is considering a major conference in 1998. It would be assisted in implementing its mandate through greater private sector input into its work agenda and general deliberations. This area is of particular importance to business, which is concerned about the use of technical standards and testing methods as a non-tariff barrier to trade and is interested in the potential to reduce transaction costs. APEC, possibly through the Pacific Area Standards Congress, can invite business to be involved in setting the agenda and determining the outcomes of the conference. In particular, business can assist the Subcommittee by identifying:
 - priority areas for alignment of national with international standards and development of mutual recognition agreements;
 - standard-based technical regulations having a negative effect on trade;
 - inspection and conformity assessment procedures resulting in unnecessary barriers to trade; and
 - means of increasing the transparency of standard-related laws and regulations.

Recommendations

APEC economies should align their national standards with international standards in the priority sectors identified by APEC. APEC should establish an internationally-recognized testing accreditation mechanism by 1998.

APEC economies should adopt mutual recognition agreements in the priority areas identified by APEC within the regulated sectors by 1998.

The Economic Leaders should endorse greater involvement of the private sectors in APEC's work in the area of standards and conformance.

APEC should build momentum towards harmonization of standards by focusing initially on specific sectors. Priority should be given to sectors where standards harmonization stands to benefit all APEC economies.

Professional Standards

In its 1996 report, ABAC called for the development within a year of a set of common professional standards for business-related service providers, for APEC-wide recognition. These are to be developed by appropriate professional accreditation bodies, and supported by necessary legislative measures. While there has been no opposition to this proposal, there has also been no noticeable progress towards its implementation. Furthermore, we take note of the following developments:

- The APEC Human Resources Development Working Group has begun a project on comparability and disparity of skills testing standards, with the goal of promoting mutual recognition. There are also efforts to harmonize standards in a small number of technical sectors, such as aviation and tourism. While being positive steps, these efforts do not reflect the priorities of the business sectors, which remain focused on business-related professional services.
- Within the WTO, there has been a commitment to complete a framework for mutual recognition of accounting credentials by the end of 1997. Although a draft framework already in circulation, no agreement has been reached on applicability to other professions, and the next steps under the GATS remain unclear.
- Within APEC, there is strong interest on the part of professional associations in finding ways to develop and test initial agreements in limited areas. Priority areas of interest include accounting, architectural, consulting engineering, and legal services.

Recommendation

The Economic Leaders should endorse the convening in 1998 of a regional conference on mutual recognition of professional credentials within APEC economies.

Regional Conference on Mutual Recognition of Professional Credentials

Objective:

This conference should generate a clear strategy for advancing mutual recognition of professional credentials within APEC, including agreement on priority areas for action and a work plan to ensure the delivery of planned outcomes.

Participation:

To ensure appropriate input from business, the conference should include representatives of professional service associations and professional accreditation bodies, and regulators of those professions. We also recommend the inclusion of representatives from the relevant working groups within GATS and the Organization for Economic Cooperation and Development (OECD) in order to build on their experience to date.

100% Implementation of the Bogor Liberalization Goals: Focus on Services

In our 1996 report, we called on APEC economies to adhere to 100% implementation of the Bogor liberalization goals, while expressing our continued aspiration to see this process accelerated. Our views on APEC's progress in moving towards these goals are contained in the chapter of this report covering ABAC's review of the MAPA. In this report, we wish to comment on the need for greater attention to services in relation to APEC's goals, keeping in mind the following situation:

- There remains an extensive array of impediments to regional trade and investment in services. In some cases, APEC work programs have not given the importance to services that their share of global economic activity demands. In particular, greater priority needs to be given to liberalization in areas covered by the following APEC working groups:
 - Investment (liberalization);
 - Human Resources Development (professional standards);
 - Mobility of Business People; and
 - Non-Tariff Barriers (as they affect services).
- Current restrictions that service enterprises face in establishing a commercial presence in many economies and difficulties in having qualifications of staff recognized represent two major impediments to trade in services in the region.
- Impediments to border entry and residency prohibit and increase the costs of providing services across borders. As new technologies increasingly facilitate the cross-border supply of services, it is becoming more important for the work on reducing NTM's to give due consideration to barriers affecting trade in services.

ABAC believes that, for real progress to be achieved in this area, unilateral initiatives must be complemented by collective action.

Recommendation

APEC should formulate collective action plans addressing major issues concerning trade in service that apply across all services industries, such as:

- **the relaxation of foreign ownership restrictions on service firms; and**
- **the removal of restrictions on commercial presence of foreign service firms.**

We believe that this approach, while complementing sectoral liberalization, is far more equitable as it stands to benefit a wide range of service industries.

Government Procurement

ABAC considers the following developments in the area of government procurement:

- The work that APEC has undertaken to date in improving the transparency of its members' government procurement practices is commendable. However, member economies need to go beyond commitments in their IAPS to engage in transparency exercises and review existing regulations to begin unilateral reform of government procurement practices.

- The WTO has already done a significant amount of work in this area. The WTO AGP prescribes the necessary requirements for open and fair government procurement practices, addressing issues such as national treatment, non-discrimination, rules of origin, transparency, technical specifications, tendering procedures, negotiations and dispute settlement.
- The work of the WTO provides a basis on which APEC can build to develop its own non-binding principles for government procurement. ABAC supports the development of such non-binding principles, to the extent that they can facilitate early entry into the WTO AGP of APEC economies or, as an equally valid step, their adoption of equivalent disciplines in government procurement.

Recommendation

APEC should draw from the WTO AGP to finalize non-binding principles of government procurement by 1998.

Competition Policy and Deregulation

ABAC supports the view that government regulation of domestic commercial activity and the behavior of individual business organizations can unduly restrict competition in international trade and investment. APEC's work in the areas of competition policy and deregulation is considered critical in achieving its goal.

Divergent approaches to competition policy and deregulation within APEC are reflected in the content of the IAPs. There is a need for continued dialogue within APEC with a view to achieving a consensus of opinion on:

- the definition and scope of competition policy;
- the objectives of competition policy and deregulation;
- the relationship among competition policy, deregulation and trade policy; and
- the role and scope of competition law.

Recommendation

APEC should consider the views of business in its approach to competition policy and deregulation. In particular, ABAC will want to provide input on the following issues:

- **the forms of private sector conduct which should be prohibited on the grounds that they work against the competitive process and have no redeeming features;**
- **the treatment of utilities and natural monopolies;**
- **the relationship between competition policy and anti-dumping; • the constitution of adequate and effective competition law; and**
- **the identification of key regulatory and others barriers to effective competition.**