



USCIB 2009 APEC Priority Issues

Background and Objectives

As the American affiliate of three key global business groups – the International Chamber of Commerce (ICC), the International Organisation of Employers (IOE), and the Business and Industry Advisory Committee (BIAC) to the OECD – USCIB provides business views to policy makers and regulatory authorities worldwide, representing 300 leading U.S. companies, professional services firms and associations. USCIB provides a global business perspective to bilateral and regional discussions and welcomes the opportunity as a member of the U.S.-APEC Business Coalition to provide input to the U.S. APEC Business Advisory Council (ABAC) members as they develop priorities for the coming APEC year.

Executive Summary

We recognize that the context for the 2009 policy agenda will be dominated by the current financial crisis and downturn in the economy. The resumption of growth in production, trade and investment, while avoiding backsliding on advances made in these areas, in the past are key. The policy priorities of USCIB reflect our longstanding and overarching objectives of promoting open markets, sustainable development, competitiveness and innovation. The priorities described below are practical responses that can be taken to address some of the challenges for governments and businesses in the current economic climate.

USCIB appreciates the significant progress that has been made in the APEC process. There remain, of course, continued global business concerns that U.S. ABAC members could consider as they develop priorities and the 2009 ABAC Report to Leaders. USCIB members have identified several key issues and priorities that are detailed below covering areas concerning agricultural biotechnology, chemicals, climate change and energy, credit rating agencies, customs transparency/FTA mapping project, food and agriculture, intellectual property right enforcement, privacy, trade liberalization, and trade facilitation with ATA Carnets.

The discussion in the statement below is not exhaustive, and that there may be significant issues that our members have not raised with us for various reasons. Similarly, the differences in length and detail provided in the following statement of specific issues should not suggest that shorter entries are less important than longer entries with more details. We would be pleased to address any questions, and discuss any of these issues in greater detail.

USCIB members have experienced obstacles in the movement of goods due to the lack of transparency in several APEC member economies, and would suggest considering the addition of implementing a **FTA mapping project** to the APEC agenda, building on projects on tariffs and rules of origins. USCIB also suggests including the topic of **credit rating agencies** in the ABAC Finance and Economics Working Group plan for 2009 to increase awareness among APEC businesses to the EU's proposal on credit rating agencies and the potential distortion in global consistency by effectively requiring repatriation of rating activity to EU. USCIB continues to support the work related to **intellectual property right enforcement** in the APEC process and recommends ABAC to collaborate with the ICC's Business Action to Stop Counterfeiting and Piracy (BASCAP) initiative in its efforts to produce a Global Illicit Trade Index.

As in the past, USCIB members recommend that APEC continue to focus discussions toward capacity building for **agricultural biotechnology**. USCIB members suggest further work related to **chemical** issues in the APEC process, particularly in the implementation of the Globally Harmonized System (GHS) of Classification and Labelling of Chemicals. USCIB members also suggest that leaders consider ways to broaden the North American agreement for enhanced regulatory cooperation in the area of chemicals under the Security and Prosperity Partnership (SPP) to the APEC process. USCIB members support efforts to make the process related to **food and agriculture** issues in APEC more efficient, and support increased efforts towards improving and implementing the APEC Food System. USCIB members continue to urge APEC Ministers to work together towards ambitious and balanced **trade** liberalization results. USCIB continues its work with economies on implementing the APEC **Privacy** Framework. While APEC members have

recognized **climate change and energy** as priority areas, USCIB members encourage APEC to partner with the Asia Pacific Partnership for Clean Development and cooperate with the Major Economies process. We also urge the APEC members to continue to support reducing tariffs and non-tariff barriers for environmental goods and services. Lastly, as USCIB is the ICC affiliate that administers ATA Carnets in the U.S., USCIB continues to encourage all APEC countries to accept **ATA Carnets**, a process that facilitates international trade by simplifying customs procedures for the temporary importation of goods.

Suggested Key Issues for Inclusion in 2009 ABAC Report to Leaders

Agricultural Biotechnology

USCIB strongly supports an increased role for APEC in capacity building leading to the development of transparent and workable regulatory systems for agricultural biotechnology products around the globe. Many APEC member economies are in the process of developing their regulatory system for these products, and require assistance in building systems based on science, that do not burden or restrict trade, and are consistent with obligations under existing international agreements (e.g., World Trade Organization agreements). USCIB recommends that APEC adopt a harmonized regulatory approach to approval of new food products and food ingredients. These goals can be advanced within the framework of the APEC Agricultural Technical Cooperation Working Group, the High Level Policy Dialogue on Agricultural Biotechnology, and the Sub-group on Research Development and Extension of Agricultural Biotechnology.

Chemicals

Implementation of the Globally Harmonized System (GHS) of Classification and Labelling of Chemicals: The benefits to any APEC member resulting from implementation of the GHS will be realized only with a high level of co-ordination within the affected industry sectors in the region. No APEC member can meaningfully implement the GHS in isolation. Therefore, we support a process within APEC that would result in a coordinated implementation of the GHS among its members in consultation with all affected sectors. To that end, industry welcomes the efforts of the Australian government to host a “virtual” forum for exchange of GHS implementation information within APEC. Further, as GHS implementation moves forward, we urge the APEC Ministers to recognize the unique needs of each end-user sector, requiring neither less nor more information than is appropriate on labels and safety data sheets. To that end, industry welcomes the project to develop guidance for GHS implementation for consumer products. For example, consumers are served best through approaches to labelling that ensure the comprehensibility and relevance of the information being communicated on the label, considering both the hazards and use or exposure conditions. Regarding the process for developing changes to existing communication frameworks, APEC members should carefully consider the options for implementing the GHS and engage industry stakeholders in the implementation process prior to committing to implementation or timing decisions. It is essential that the transition period for changes be of sufficient length to minimize the need to make product and shipping label changes outside of the normal business intervals at which these would occur in order to minimize consumption of resources to implement the changes. Further, it is critical that transition periods for GHS implementation for substances and industrial mixtures precede the implementation period for end use products to allow for the development of GHS information on substances and industrial mixtures that can be used in the classification and labelling of downstream end use products.

USCIB supports the activities of the APEC Chemicals Dialogue and encourages its further work to enhance understanding of REACH implementation measures and practical regulatory alternatives to a REACH-like system.

North American Framework for Regulatory Cooperation in the Area of Chemicals under the Security and Prosperity Partnership (SPP) (the “Montebello Agreement”): Announced in August 2007, the U.S., Canadian, and Mexican governments entered into the Montebello Agreement under the SPP. The Montebello Agreement is intended to increase the exchange of information and knowledge on chemicals in North America, leading to enhanced coordination of assessment and management programs. Under the program, the U.S. Environmental Protection Agency (EPA) has committed to assessing and initiating needed action on the over 6750 existing chemicals in commerce produced above 25,000 lbs/yr in the U.S. Industry believes this agreement will provide benefits across North America by addressing concerns about chemical safety while supporting competitiveness and innovation. The timing of these North American commitments has important international implications that must not be overlooked. First, the completion of the North American assessment work by 2012 compares very favorably to the REACH registration schedule of 2010-2018. In fact, REACH registrants and evaluators might be able to use the US and Canadian work that is completed before the first

REACH registration deadline of 2010 for High Production Volume (HPV) chemicals. Second, the SPP Agreement is viewed as a regional implementation of the commitments under the Strategic Approach to International Chemicals Management (SAICM) that “by 2020, chemicals are used and produced in ways that lead to the minimization of significant adverse effects on health and the environment.” Other countries including APEC members have expressed interest in the Montebello Agreement and have met with the US and Canada to learn more about the commitments. SPP Chemical Cooperation, augmented with other existing chemical initiatives, provides a comprehensive assessment/action framework under SAICM and offers a strategic and workable domestic and international alternative to REACH.

USCIB is planning to discuss with members more detailed comments and suggestions for the APEC Chemical Dialogue, including in addition to those recommendations raised above on GHS implementation and REACH related work, on regulatory best practices for the chemical sector, capacity building, and guidelines for harmonizing rules of origin, and will communicate any outcomes when finalized.

Climate Change and Energy

Ongoing APEC technical work in environmental matters, such as chemicals, has yielded real results for U.S. business. As recognized in the Sydney Declaration and reaffirmed in Lima in 2008, climate change and energy are priority areas for APEC members from economic and environmental standpoints. The APEC process could sponsor specific projects and technological solutions that will enable developing countries to pursue a less greenhouse gas intensive economic growth track while promoting profitable business ventures and investments in such countries. We hope that APEC will partner with the Asia Pacific Partnership for Clean Development, and support its practical project-oriented approach. We also encourage APEC to cooperate with the Major Economies process as it develops national and long term objectives, encourages sectoral efforts, and promotes priority cleaner energy technology development and dissemination through public-private sector partnerships.

Credit Rating Agencies

USCIB suggests including the topic of credit rating agencies in the ABAC Finance and Economics Working Group plan for 2009 to increase awareness among APEC businesses to the EU’s proposal on credit rating agencies and the potential distortion in global consistency by effectively requiring repatriation of rating activity to EU. The November 12, 2008 “Proposal for a Regulation of the European Parliament and of the Council on Credit Rating Agencies” (COM (2008) 704 final) has raised concerns for USCIB members. The current proposal limits substantially the ability of EU investors to flexibly invest in non-EU securities that are either rated by local CRAs that lack the resources or desire to establish an EU-registered subsidiary or by non-EU based analysts of larger CRAs.

Customs Transparency/FTA Mapping Project

USCIB members have cited obstacles in the facilitation of goods movement stemming from the lack of transparency in many APEC member economies. With the proliferation of bilateral and regional free trade agreements (FTA’s), preferential terms are negotiated and implemented between countries, however, businesses and their supply chains sometimes are not able to reap all of these preferential terms. Obstacles include a lack of accurate information on current applied tariff rates and rules of origin between APEC economies, and uncertainties about whether a specific trade agreement has been implemented. Poor transparency also contributes to different customs treatment at different ports within the same country. If customs transparency is improved, this should also assist with anticorruption activities. If rules and obligations are well publicized, then there is less opportunity for government officials or others to solicit bribes for certain treatment.

Businesses could make better use of the existing negotiated agreements in APEC (transparent up to date information on applied tariffs, rules of origin) in the movement of goods and services in the region. Currently, APEC has several projects underway that could be initial building blocks for global considerations, that if focused towards a current FTA Mapping Project in APEC, would provide real value for APEC businesses in providing transparency in already negotiated preferential agreements in the region. Two projects that are underway within APEC, which if expanded, could deliver real benefits to APEC businesses:

Within the APEC Committee on Trade & Investment in the Market Access Group, there is a database that includes bound tariffs (see www.apectariff.org). While this information is dated and limited, a revised database, updated with current applied tariffs and reporting tariff rates for all of the bilateral agreements in the region, would be an extremely useful tool for U.S. and APEC businesses.

Within the APEC Committee on Trade & Investment in the Rules of Origin Group, APEC is currently mapping 30 FTAs in a project to move toward eventual common language. Next year, there will be a proposal to map rules of origin in 3-4 sectors. USCIB supports APEC efforts to rationalize and publish preferential rules of origin and to make preferential rules of origin information available on a website that would permit comparison among different FTA agreements. This initiative could be a building block for an eventual WTO database on rules of origin, and be extremely valuable in the medium term for businesses operating in the APEC region. While we understand there is an interest in focusing on sectors initially in this work, USCIB members strongly recommend a long-term goal of working towards 100% coverage in this area.

Food and Agriculture

USCIB members support the APEC Food System (AFS), an ambitious proposal to promote regional supply security and reduce barriers to trade in food and food products. We look forward to working with APEC to examine the AFS and provide recommendations to improve the System such as streamlining Customs procedures and food and feed distribution channels. USCIB members believe it is crucial to have continued engagement on the range of issues in the APEC process, including increasing agricultural trade, harmonization of standards and regulations, liberalization of the trade and investment environment for food products and as appropriate, issues related to food safety. To further these ambitious objectives, USCIB recommends that in 2009 APEC appoint high-level coordinators for the APEC Food System housed in the APCEC Secretariat to ensure that the different forums are working together on a cohesive strategy to address food security in line with the goals of the APEC Food System.

USCIB members also support the APEC Partnership Training Institute Network (PTIN) for Food Safety. Globalization of the food supply has resulted in increasing dependence on imported products to supplement production of food and consumers' diets. Recent safety concerns from imported foods have highlighted the need for greater capacity building in the area of food safety. At the 2008 Peru APEC leaders meeting, heads of state agreed to establish the PTIN to unite public and private sector representatives, as well as scientific experts, around a common purpose: improving food safety in the Asia Pacific region by increasing regulatory capacity. APEC PTIN will design and implement various training programs every year, develop a core curriculum for food safety training for use across APEC, and assist APEC Member Economies in developing food safety strategies.

Intellectual Property Rights Enforcement

APEC has an innovation agenda in which a range of IPR issues are addressed. Given the priority the business community has placed on anti-counterfeiting and anti-piracy efforts, we urge the U.S. government to explore all avenues for using the APEC framework to pursue better enforcement and public awareness, particularly as there are substantial enforcement concerns in many of the APEC member economies. USCIB's Intellectual Property Committee would welcome coordination with APEC and its member countries, as well as the US Government, in furtherance of our common goal to combat global intellectual property theft. Copyrights, patents, and trademarks are all subject to such abuses, and we would encourage APEC to continue to focus its work on enhanced protection and enforcement of intellectual property worldwide and across mediums. To that end, USCIB also supports efforts to improve protection for digital content, as piracy and counterfeiting in today's economy is commonplace in both the traditional (such as in illegal camcording) and digital environment and across borders. Such support, we believe, would stimulate investment in digital infrastructure. Additionally, USCIB notes that APEC Trade Ministers in Lima reiterated their support for continued work to curtail satellite piracy and signal theft, and urges APEC to translate this ministerial endorsement into a concrete action plan. Lastly, USCIB supports streamlining of patent application processes through cooperation and information sharing so as to facilitate the patent application process.

USCIB supports and would like to commend to APEC's attention the work of the ICC's BASCAP (Business Action to Stop Counterfeiting and Piracy) initiative, with the aim of providing broad-based support in the fight against counterfeiting and piracy, integrating all business sectors (130 business and trade associations have already been involved) and cutting across all national borders. BASCAP objectives include: 1) connecting ongoing activities and coordinating business strategies and messages, 2) producing information that has value to corporations and trade associations across sectors, 3) amplifying business messages to governments and consumers. We believe the work of BASCAP nicely complements APEC's public awareness campaign in this area, as it is widely recognized that consumer education can serve to highlight not only the health and safety concerns associated with counterfeiting and piracy, but also

the harm to society overall and its activities' links to organized crime. We recommend ABAC work with ICC BASCAP's initiative in its efforts to produce a Global Illicit Trade Index.

Privacy

Cross border data transfers are vital to conducting business in a global economy. Differing government regulations on data transfers create impediments to the flow of information across borders -- that is the lifeblood of the global economy. The APEC Privacy Framework, designed to address these concerns, was approved by APEC Ministers in November 2004, with strong business participation, including that of USCIB members. USCIB members participate both through the US Government and through the ICC, which was granted guest status at the ECSG and its privacy subgroup in 2006. Our members have been actively working with the member economies on implementing the Framework across borders, specifically by establishing mechanisms to recognize cross border privacy rules developed by companies and for cross border enforcement. Implementation of the Framework will ensure privacy protection while at the same time avoiding unnecessary barriers to the free flow of information throughout the region that is necessary for increased trade and investment. USCIB members, through the ICC, are engaged in the Pathfinder Projects approved in 2007. USCIB, on behalf of the ICC, has facilitated projects 1 and 3 (development of the cross border privacy rules program requirements and self assessment for participating organizations.)

Trade/WTO

We urge all of the APEC Ministers to work together towards ambitious and balanced trade liberalization results. USCIB continues to work with and support the International Chamber of Commerce (ICC) high profile, high-level lobbying effort for a successful outcome. At the same time we are beginning to look beyond Doha to examine paths to achieve more trade and investment liberalization. USCIB is supporting examination on post-Doha approaches to liberalization in the dialogue between the Business and Industry Advisory Committee (BIAC) to the Organization of Economic Cooperation and Development (OECD) and OECD, with particular emphasis on services liberalization and non-tariff trade barriers, and on how to consolidate FTAs into regional trade agreements. USCIB would welcome seeing the outcome of the APEC study projects, especially those examining the options for the FTAAP.

We also urge the APEC members to support reducing tariffs and non-tariff barriers for environmental goods and services. Removing such impediments to cleaner energy technology cooperation would render real benefit to addressing climate and energy challenges throughout the APEC region.

Trade Facilitation/ATA Carnet

Much work has been achieved in trade facilitation in the APEC process. USCIB has been a strong supporter of the APEC Common Action Plan to improve trade facilitation and the introduction of peer reviews and measurement of goods release times as a tool for improving facilitation. One particular interest to USCIB is the goal set for all APEC economies to participate in the ATA Carnet system by 2000. Mexico, Philippines, Papua New Guinea, Vietnam, Brunei, and Indonesia are still not part of the system. USCIB would like to see all APEC countries accept ATA Carnets (in the U.S. administered by USCIB as the ICC affiliate), a process that facilitates international trade by simplifying customs procedures for the temporary importation of goods.

Conclusion

USCIB appreciates the opportunity to participate in the National Center for APEC's 2009 Executive Roundtable and to provide input to the U.S. ABAC members as they develop priorities for the coming APEC year. Program staff would be pleased to meet with the National Center for APEC staff, ABAC members, and officials at U.S. agencies to discuss recommendations and concerns at greater length.