

Annex F

APEC regulatory cooperation plan

APEC's agenda in recent years has increasingly encompassed cooperative activities among regulatory authorities working towards common objectives, such as safer food and consumer products, greater energy efficiency, and improved review practices for medical devices. The APEC Secretariat documented the diversity of these activities across APEC subfora in an inventory (2011/SOM2/020b) for consideration by Senior Officials in Big Sky. Clearly, APEC's unique structure has enabled a bottom-up approach to collaboration on regulatory issues in which the key stakeholders come together to address technical issues, improve alignment or promote good practices.

The importance of regulatory issues to trade and investment in the region, however, is likely to grow exponentially in the coming years, and greater political engagement is needed to ensure that regulatory cooperation activities within APEC are both efficient and effective. As trade and investment flows become more globalized, factors relating to environmental, public health and safety, and other regulatory challenges also become more global in nature. Cooperation among regulatory authorities can build institutional and technical know-how on approaches and solutions to common challenges. Indeed, greater political engagement can be an important factor in supporting cooperative efforts to improve regulatory efficiency and effectiveness, build public trust in governmental regulations, and improve consumer confidence in globally traded products.

Successful cooperative activities should also serve as an effective vehicle for reducing the negative impact of regulatory divergences on trade and investment. For cooperation to be successful, building greater understanding of the trends in domestic regulation, as well as the economic impact of that domestic regulation, is needed. Successful cooperation requires that regulatory authorities acquire an understanding of the rules and practices of the global trading system, the established set of good regulatory practices, and the fundamental elements of the international standards and conformance infrastructure. Cooperation that is not based on these core concepts can result in practices that are ineffective, inefficient, or that hinder competition and innovation, and create unnecessary barriers to international trade and investment.

As there is no "one size fits all" approach to regulatory cooperation, APEC should agree on broad, overarching principles that can help guide cooperative activities within APEC towards

successful, productive outcomes. Cooperative activities within APEC should focus on priority areas where the tangible economic benefits are achievable. These principles on regulatory cooperation should promote the best outcomes for jobs, innovation, and sustainable growth both in the region and globally. Further, APEC should establish an implementation plan to ensure that these overarching principles are integrated into the regulatory activities conducted across APEC Committees, Working Groups, and other fora in order to ensure that they consistently produce successful results in areas identified as APEC priorities.

Putting these principles and plans into action can ensure that APEC remains an international leader on policies that foster open trade and investment while meeting compelling current regulatory challenges.

Principles for Regulatory Cooperation in APEC as a Path to Jobs, Innovation and Sustainable Growth

In order to enhance the ability of economies to achieve mutual regulatory objectives, cooperative activities on regulatory matters in APEC fora and subfora should aim to:

- Support and Advance the Multilateral Trading System
 - Strengthen implementation of WTO principles such as non-discrimination, transparency, and promoting the use of the international standards and conformance infrastructure in regulatory approaches;
 - Inform international discussions on ways to strengthen implementation of existing WTO rights and obligations and provide APEC perspectives on pending proposals to advance and build on WTO disciplines, including in the Doha Round; and
 - Seek to prevent regulatory approaches that create unnecessary obstacles to trade and investment among economies in the APEC region, as well as with other global trading partners.

- Focus on Tangible and Practical Outcomes that Matter
 - Contribute to tangible outcomes, for example, where problems are transnational in nature or have significant implications for trade and investment;
 - Generate methodologically sound concrete surveys, studies, pilot projects, etc. in APEC that will produce greater coherence in problem solving, and increase transparency in and

foster mutual understanding of regulatory approaches in APEC economies;

- Publish studies and other products whose content promotes better decision making on the choice of regulatory approaches and which have significant support from all relevant subfora;
- Target work to topics and sectors where regulatory cooperation can have the greatest impact on regional trade liberalization, present opportunities for public private partnerships, and lead to increased trade and investment flows; and
- Consider the sustainability of the engagement by regulatory authorities in cooperative activities. Accordingly, tailor the goals to enable the engagement of regulators to result in meaningful outcomes.

- Strengthen Implementation of the APEC-OECD Checklist in APEC Economies

- Identify and encourage the use of approaches, including voluntary approaches, that take account of the distorting effects of regulatory measures on trade and competition and that eliminate or minimize unnecessary divergences in regulatory measures;
- Promote regulatory approaches and decision making processes that are transparent, consistent, comprehensible, and accessible to users inside and outside of government, to enable the public to ascertain and understand the intent and implications of regulations; and
- Avoid conducting activities in isolation from the broader APEC community by seeking, as appropriate, input on initiatives from relevant APEC committees, working groups, subfora, and APEC senior officials.

- Promote Alignment to International Standards and Conformance Systems

- Promote alignment to relevant international standards and test methods wherever possible consistent with WTO obligations, and foster the role of the private sector in developing voluntary consensus standards at the international level;
- Encourage standards and conformance solutions that are based on relevant elements from international systems, that encourage significant private sector buy-in, minimize duplicative or redundant testing and promote mutual recognition of testing and certification results to facilitate trade in goods; and
- Refrain from making proposals to develop regional standards in APEC. Focus on practical efforts to increase transparency of standards, and strengthen collaboration in and across standards bodies of different economies.

- Engage Key Stakeholders

- Involve key stakeholders wherever possible, and in all cases ensure that proceedings and outcomes are transparent and accountable to stakeholders interests;
- Promote two-way exchanges of information with key stakeholders on technical requirements that may have an effect on trade, including how they may meet a legitimate objective and their potential trade implications; and
- Promote activities and outcomes that are as inclusive as possible.

Next Steps to Foster Results-Oriented Regulatory Cooperation

1. In order to ensure implementation of these principles, we instruct APEC fora and subfora with regulatory activities to incorporate these principles as they advance their 2012 work programs.
2. Instruct APEC fora and subfora with regulatory activities to report to SOM 2 in 2012 on how they have adopted or are adopting these principles effectively and efficiently into their work programs in addition to sharing other results of other work to promote trade and innovation consistent with regulatory objectives. Additional guidance on the format for this reporting will be provided by SOM 1 2012.
3. Senior Officials will then consider these reports, and develop guidance at SOM 3 2012 on how to apply these principles to relevant APEC fora and subfora. This guidance will include suggestions on how to incorporate these ideas into the budget management process and how to better promote cross-fora collaboration.