

Structural Reform Ministerial Meeting Cebu, Philippines Statement

We, Ministers and high level officials of APEC economies, convened on 7-8 September 2015 in Cebu, Philippines, under the chairmanship of the Honorable Dr. Arsenio M. Balisacan, Secretary of Socioeconomic Planning and Director-General of the National Economic and Development Authority of the Republic of the Philippines, to discuss the progress of APEC's work on structural reform as currently embodied in the APEC New Strategy for Structural Reform (ANSSR), and to agree on its future direction post-2015.

We welcome the participation in the meeting of Dr. Alan Bollard, Executive Director of the APEC Secretariat, and representatives from the World Bank, the Organisation of Economic Cooperation and Development, the Asian Development Bank, the APEC Business Advisory Council, and the Pacific Economic Cooperation Council.

We recall our Leaders' agreement in Beijing in 2014 under the APEC *Accord on Innovative Development, Economic Reform and Growth* to convene a Ministerial Meeting on Structural Reform in 2015 in order to advance APEC's economic reform agenda, discuss how to overcome the middle-income trap, and consider the continuation of the structural reform work program until 2020.

We note the uncertainty that continues to cloud the global economic scene. Although there are signs of recovery, the residual effects of the global financial crisis are still evident in many economies, even as new forms of trade and investment protectionism are on the rise. Within the APEC region, for some economies, sustaining growth rates has involved taking on higher debt levels. With labor costs rising, a number of middle income economies can no longer continue to rely on readily available cheap labor to boost growth, restricting their ability to graduate out of middle income status. At the same time, while growth in income per capita has occurred, income inequality has widened within APEC economies.

For this reason, we need a much stronger focus on promoting economic growth through structural reform.

We welcome the progress made in implementing structural reform under ANSSR. We recognize the importance of further intensifying this work: removing barriers to and identifying new sources of growth, promoting innovation, raising productivity, narrowing development gaps, and steering the world economy towards a path of greater shared prosperity consistent with this year's theme of *Building Inclusive Economies, Building a Better World*.

To advance our work on structural reform in the next five years until 2020, we have agreed to endorse the work program described in the paragraphs below, and embodied in the Renewed APEC Agenda for Structural Reform (RAASR), which strives to stimulate balanced and sustainable growth and reduce inequality.

Structural reform and inclusive growth

While absolute poverty has fallen and average income per capita has increased in the APEC region, growth in some cases has widened income disparities between the rich and poor. The benefits of rapid economic growth have been unevenly shared both across and within individual APEC economies. We note that there are groups (e.g. women, older workers and minorities), firms (e.g. micro, small and medium enterprises (MSMEs)) and regions that have benefited proportionately less from economic growth and globalization.

We are aware that inequality can undermine growth in the long-run by stunting private initiative and locking resources in low-productivity alternatives. We agree that structural reform, if implemented correctly, can provide for enhanced inclusion of hitherto underrepresented groups, firms, and regions by providing more opportunities to participate in and benefit from a growing economy. We support policies that are pro-development, strengthen markets, promote trade and investment, improve access to goods, services and labor markets, facilitate linkages to global value chains, and build resiliency against various shocks to advance inclusive growth.

We, therefore, instruct the Economic Committee to:

- a) Develop a policy framework on how structural reform, including those being initiated by other APEC committees and working groups, can contribute to inclusive growth;
- b) Develop a set of indicators for evaluating inclusiveness of structural reform policies (as a priority component of the indicators that are being developed with the APEC Policy Support Unit for the assessment of RAASR); and
- c) Share knowledge and experience relating to structural reforms that may affect inclusive growth, and identify policies to mitigate negative impacts, where warranted.

Structural reform and innovation

We acknowledge the importance of innovation in raising productivity and sustaining growth, as well as the key role of government in promoting an environment that rewards and enables innovation. We recognize moreover that given differences in their levels of development, APEC economies face different challenges with respect to creating the appropriate mix of policies to support innovation within their respective economies.

In particular, we note that innovation is especially critical for economies seeking to move from middle to high income status in order to avoid being caught in the “middle income trap”. For these economies, a wide range of reforms may be required. These reforms may include greater market access, increased market competition, improvements in the regulatory environment, protection of intellectual property rights including trade secrets, and private sector participation in infrastructure. In addition to a growth-enabling environment and incentives for firms to innovate, the stability, predictability, and effectiveness of public sector institutions is essential to the success of policy reforms encouraging innovation in economies trying to overcome the “middle income trap.”

It is generally accepted that government policy can help or hinder innovation. By setting and enforcing standard rules by which all players compete, governments can achieve a level playing field. Protection and enforcement of intellectual property rights including trade secrets are an important part of doing so. However, little systematic attention has been given to date to study the relationship between structural policies and innovation. We, therefore, commend the initiative to dedicate this year’s APEC Economic Policy Report (AEPR) to an analysis of the policy approaches to improve incentives for innovation in accordance with different levels of development, as well as in each area of the APEC Economic Committee’s work – regulatory reform, competition policy, corporate governance, strengthening economic and legal infrastructure and public sector governance. We look forward to the completion of the AEPR issue on Structural Reform and Innovation in November 2015.

We, therefore, instruct the Economic Committee to:

- a) Complete the APEC Economic Policy Report (AEPR) on Structural Reform and Innovation, and recommend its adoption at the APEC Ministers' Meeting in November 2015;
- b) Further consider the impact of its work on structural reform and innovation for policies needed to address the middle income trap, and slowing growth potential in other economies; and
- c) Consider information sharing with other relevant APEC fora on the policy issues arising from the AEPR on Structural Reform and Innovation, such as education, public investment, quality ICT infrastructure, intellectual property rights protection, dissemination of technologies through licensing and partnership, and a business-friendly investment climate (especially for MSMEs), on the basis of consensus within the relevant fora.

Structural reform and services

We acknowledge the importance of the services sector as a major contributor to productivity growth in the APEC region and its growing role in generating growth in total output and export revenues. Technological progress has been a key factor, through lower costs and quality improvements, in expanding the range of services that are traded domestically and across borders. We further note that the efficiency and competitiveness of the services sector have substantial positive spillover effects on the performance of other sectors, such as agriculture, mining, and manufacturing. We recognize, in particular, that APEC is now working on manufacturing-related services in supply chains/value chains.

We recognize the job-creating potential of the services sector especially at a time of limited growth in the global economy. We are aware that the services sector is home to many MSMEs in developing economies and is thus closely related to inclusive growth. Moreover, we are cognizant of the efforts of many economies to diversify their sources of growth and to transition to alternative sources, including higher value-added manufacturing and knowledge intensive services.

We understand that maintaining a productive, innovative, and competitive services sector is crucial to maximizing the benefits derived from it. We recognize the contribution that foreign participation can make towards facilitating the market-based diffusion of technology and management know-how, spurring innovation, exposing domestic services suppliers to foreign competition, raising domestic standards, reducing costs, and expanding the range of choices available to consumers and businesses. APEC economies that are serious about taking advantage of the benefits of a dynamic and vibrant services sector need to consider unilateral regulatory reform of their services sectors as well as opening up these sectors to foreign participation and competition.

We recognize the challenges to unleashing the potential of the services sector to contribute further to growth and employment generation: The first challenge is to address services and investment restrictions which limit market access, discriminate against foreign suppliers, and impose regulations that are more burdensome and trade-restrictive than necessary to achieve policy objectives. The second is for economies to prioritize services in their development agenda. The third involves balancing competing objectives without prejudice to the right to regulate. The fourth is to reduce unnecessary regulatory heterogeneity which could raise the cost for service providers. Finally, the fifth is mitigating regulatory externalities, or accounting for the effects of regulation in one economy on the consumers of the service in another economy.

We agree that APEC, through the Economic Committee and other APEC bodies, should encourage economies to continue undertaking unilateral reforms in their services sectors. In this connection, we welcome the Philippines' initiative this year to launch the APEC Services Cooperation Framework (ASCF), which will provide a common direction and more coherence in APEC's work on services and help economies increase their focus on developing stronger services sectors.

We welcome the integration of services reform into RAASR. We support regulatory cooperation as one of the mechanisms for facilitating market opening, harmonization, and mutual recognition, thus reducing the costs of regulatory heterogeneity for firms. Existing APEC work on promoting Good Regulatory Practices offers a good starting point for advancing new initiatives in regulatory cooperation. We welcomed the organization of a joint meeting of the Economic Committee, the Group on Services and the Pacific Economic Cooperation Council on “The Role of Regulatory Reform/Good Practices in Promoting Services Growth.”

We, therefore, instruct the Economic Committee to:

- a) Work on structural reform and services as one of the priorities for APEC, specifically:
 - To raise the importance of services in RAASR;
 - To encourage economies to implement unilateral reforms aimed at further improving the services sector, as part of their structural reform action plans under RAASR; and
 - For the APEC Economic Policy Report 2016 to focus on structural reform and services.

- b) Support the initiative to develop an APEC Services Cooperation Framework (ASCF), specifically:
 - To closely collaborate with the Committee on Trade and Investment (CTI)/Group on Services (GoS) and other fora, as appropriate,
 - To conduct public-private dialogues;
 - To conduct dialogues with sectoral regulators, policy makers, and business (through APEC cross-fora dialogue and cooperation); and
 - To consider developing a joint work program with GoS, which may include producing a set of recommendations for domestic regulation of the services sectors.

Tools for structural reform

APEC’s work on structural reform has identified a number of tools that economies can use to implement successful structural reform programs.

We laud the progress that has been made in defining and implementing Good Regulatory Practices (GRP), which increase the likelihood of good regulatory outcomes. In particular, we note the progress in such areas as coordination of rule-making activity, transparency and public participation, regulatory impact analysis (RIA), regulatory planning, ex-post evaluation, and international regulatory cooperation.

We recognize the importance of work to develop model legal instruments and commend APEC work in this area in collaboration with the Hague Conference on Private International Law (HCCH) and the United Nations Commission on International Trade Law (UNCITRAL). We agree that the development of international legal instruments and their adoption will create a more conducive climate for cross-border trade and investment, thus facilitating economic growth. Use of these instruments provides greater legal certainty in cross border transactions, harmonization of finance and dispute resolution systems, closer economic and legal integration among cooperating economies, and the simplification of procedures involved in international transactions.

We agree that APEC should further advance its work on GRP and model legal instruments through, among others, the application of these instruments to improve competition outcomes within APEC economies.

We, therefore, instruct the Economic Committee to:

- a) Encourage economies to increase their efforts to promote international regulatory cooperation;
- b) Consider holding a 2016 APEC GRP Conference on the theme of building high level support for reform (which includes international regulatory cooperation);
- c) Consider ways to facilitate stakeholder participation in public consultation processes throughout the APEC region, that are open to both domestic and foreign stakeholders;
- d) Promote awareness and wider use of international legal instruments to strengthen the legal infrastructure of APEC economies; and
- e) Encourage member economies to undertake a self-assessment of barriers to competition, including a review of current competition laws and policies.

New directions for structural reform in APEC

We acknowledge the contribution of ANSSR in raising the profile of structural reform issues in APEC and in promoting work within APEC economies to implement programs of structural reform. We endorse the assessment of ANSSR completed by the APEC Policy Support Unit (PSU) and the review of ANSSR completed by the Economic Committee.

Because structural reform is an ongoing process rather than a one-off event, we agree that the initiatives begun under ANSSR ought to be continued. We further note that a sharpening of the focus of APEC's structural reform goals is needed, rather than a drastic departure from the existing APEC framework for structural reform. We assert that economies should pursue both goals of reducing inequality and stimulating balanced and sustainable growth, which are complementary in the long-run.

We support the re-statement of the priority areas to better reflect current and emerging economic opportunities and challenges. We accept the following three pillars, which are inter-related, as guideposts for the nomination of concrete reform actions by economies in RAASR (2016-2020), namely:

- i. more open, well-functioning, transparent and competitive markets;
- ii. deeper participation in those markets by all segments of society, including MSMEs, women, youth, older workers, and people with disabilities; and
- iii. sustainable social policies that promote the above-mentioned objectives, enhance economic resilience, and are well-targeted, effective, and non-discriminatory.

We commit to strengthening and enhancing the economic relevance and scope of individual economy action plans under RAASR through:

- i) increased consultation and engagement with business, both at the individual economy level, and through APEC and ABAC;
- ii) encouraging economies to nominate reform actions under all pillars and across all sectors;
- iii) the convening in 2018 of a high-level structural reform officials' meeting to assess progress with RAASR; and
- iv) the convening in 2020 of the third Structural Reform Ministerial Meeting to evaluate the results of the RAASR implementation.

We agree to using quantitative indicators to measure APEC-wide progress on structural reform and support an APEC structural reform progress report developed by the APEC PSU with the Economic Committee, as part of the mid-term review of RAASR in 2018 and a final review in 2020.

We instruct the Economic Committee to finalize the attached draft of RAASR (2016-2020) based on the above recommendations for consideration by Ministers in November.

Ease of Doing Business:

Regarding the Ease of Doing Business (EoDB), we recognize the contribution made by EoDB to remedy impediments to trade and commerce by lowering registration and transactions costs in the APEC region through targeted and tangible programs of work within defined indicator areas.

We agree with, and further recommend to APEC Economic Leaders to affirm, the new aspirational goal of a 10-percent improvement by 2018 in the existing five priority EoDB areas (i.e. starting a business, dealing with construction permits, trading across borders, getting credit, and enforcing contracts).

We also agree with and endorse the attached APEC EoDB Action Plan, 2016-2018 and submit it to APEC Economic Leaders for their consideration.

We, therefore, instruct the Economic Committee to draft and utilize the APEC EoDB Implementation Plan to guide capacity building over the next three years.

ATTACHMENT A

The Renewed APEC Agenda for Structural Reform (2016-2020)

Since 2004, APEC's structural reform agenda – through the Leaders' Agenda to Implement Structural Reform (LAISR) and the subsequent APEC New Strategy for Structural Reform (ANSSR) – has made a strong contribution to efforts to reduce behind-the-border barriers and promote balanced, inclusive and sustainable growth in the region. We welcome recommendations from the second Structural Reform Ministerial Meeting to strengthen, and reaffirm our commitment to, APEC's structural reform agenda to 2020.

APEC economies are facing an environment of slower global economic growth, slower potential growth, fiscal consolidation and relatively weak private sector investment. In such an environment, structural reforms are critical to boost growth through increasing productivity and addressing APEC's longer term development objectives of graduating to high income status and continuing improvements in living standards despite ageing populations in some economies.

We believe APEC's work on structural reform now needs to be consolidated and streamlined – drawing on progress and lessons learnt under LAISR and ANSSR (2011-15) and recognising current/emerging economic opportunities and challenges – to ensure APEC's structural reform agenda remains responsive and economically-relevant to 2020 and beyond.

With a view to provide a solid platform to meet the needs and priorities of APEC economies to 2020 and beyond, we hereby set forth the Renewed APEC Agenda for Structural Reform (RAASR):

We invite Leaders to jointly pledge to undertake robust, comprehensive and ambitious structural reforms to reduce inequality and stimulate growth in their economies, and contribute to APEC's overarching goal to promote balanced, inclusive, sustainable, innovative and secure growth, through measures in line with the following pillars:

- i. more open, well-functioning, transparent and competitive markets;
- ii. deeper participation in those markets by all segments of society, including MSMEs, women, youth, older workers and people with disabilities;
- iii. sustainable social policies that promote the above mentioned objectives, enhance economic resiliency, and are well-targeted, effective and non-discriminatory.

Pillars one and two refer to structural reform across all markets (labour, services and product markets). The three pillars are interrelated and therefore, some reforms will result in progress across multiple pillars. The fundamental elements of structural reform endorsed in LAISR – regulatory reform, strengthening economic legal infrastructure, competition policy, corporate governance and public sector management – should be incorporated across all pillars.

In 2016, each economy will develop an individual action plan setting forth its structural reform priorities (priorities need not be limited to the collective priority areas listed in the pillars above), objectives and policies through to 2020. The inclusion of quantitative and qualitative indicators to demonstrate how progress will

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be monitored is strongly encouraged. Economies are also encouraged to nominate reform actions under all pillars and across all sectors, particularly services, to ensure individual action plans are suitably ambitious and comprehensive.

To further advance the structural reform agenda and monitor progress, we will undertake the following activities:

- . through the Economic Committee (EC), we will increase our engagement with the private sector through consultation with the APEC Business Advisory Council, emerging businesses and SMEs, to ensure economies' individual action plans are commercially-relevant and adequately address real reform needs;
- . convene a high-level structural reform experts meeting (i.e. senior structural reform officials) .This could include discussions between structural reform experts, EC representatives and other relevant APEC fora, on emerging opportunities and challenges, to share experiences and lessons learnt, and guide the nomination of economies' reform actions. The meeting will take place in 2018 to align with the RAASR mid-term review;
- . through the EC, work with the APEC Policy Support Unit to develop a set of quantitative indicators, including using existing APEC indicators, to monitor and report on APEC-wide progress on structural reform under RAASR at biennial intervals (i.e. as part of the mid-term review of RAASR in 2018 and the final review in 2020).

Recognising the critical importance of capacity building to assist economies undertake structural reform, we will continue to conduct targeted APEC-wide support activities, including:

- . assisting economies develop objectives, indicators or measures for structural reform, as needed;
- . assisting economies design and implement structural reform policies/projects in line with identified priorities;
- . targeted activities on different elements of structural reform (e.g. on specific sectors or specific structural reform issues) based on recommendations from the biennial structural reform experts meeting and APEC structural reform progress reports, or Ministerial/Leaders' directives.

We, the Senior Officials, take primary responsibility for the overall monitoring and reviewing implementation of RAASR. We instruct the EC to take a stronger leadership role in APEC's structural reform agenda going forward, recognising the nature of its 'horizontal' work on structural reform across all markets. In undertaking capacity building efforts, sharing lessons learnt and identifying challenges and opportunities, we strongly encourage the EC to engage in cross-fora collaboration, including with: the Human Resources Development Working Group; the Group on Services/Committee on Trade and Investment; the Finance Ministers' Process; and the SME Working Group.

ATTACHMENT B

**SECOND APEC EASE OF DOING
BUSINESS ACTION PLAN
(2016-2018)**

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SECOND APEC EASE OF DOING BUSINESS ACTION PLAN (2016-2018)

I. INTRODUCTION

In August 2014 at SOM 3, the APEC Economic Committee (EC) recognized the importance and value of APEC's first Ease of Doing Business (EoDB) Action Plan (2010 – 2015), and decided to continue efforts aimed at improving the enabling environment for businesses in the Asia-Pacific region. Through subsequent discussions, EC members agreed to develop a post-2015 Ease of Doing Business (EoDB) agenda, which 1) continues to focus on the existing five priority EoDB areas (i.e., Starting a Business, Dealing with Construction Permits, Trading across Borders, Getting Credit, and Enforcing Contracts),¹ 2) runs for a period of three years (2016-2018), and 3) sets an APEC-wide target of 10 percent improvement by 2018.²

While the **Second APEC EoDB Action Plan** builds off of the strong foundation of capacity building and targeted technical assistance created under the first APEC EoDB Action Plan that identified needed reforms and associated challenges, members have agreed to place greater emphasis on the implementation of EoDB reforms in 2016-2018, inclusive of increasing the capacity of member economies to implement these reforms.

This document provides both the background on the EoDB initiative in APEC and summarizes the parameters of the APEC EoDB agenda for the next three years. Annex I presents an initial draft of **APEC EoDB Implementation Plan for 2016-2018**, which will function as a living document to be adjusted as needed throughout the duration of this initiative.³

II. BACKGROUND

As part of APEC's efforts to promote sustainable economic growth and improved living standards in the region, APEC has promoted structural reforms to reduce "behind-the-border" barriers to trade and investment to enhance the business environment in the region and to complement the trade and investment liberalization and facilitation agenda.

¹ Out of the 10 World Bank EoDB indicators (in 2009), these five indicators were identified by member economies as the highest priorities for reform efforts.

² Member economy views were collected through a survey conducted in 2014 and then discussed at EC1-2015. At EC1-2015 the United States presented a paper summarizing the key findings from the Post-2015 questionnaire as well as of the discussions that took place at the EC, which economies endorsed as the basis for the development of the APEC Post-2015 Agenda.

³ It is envisioned that a needs assessment workshop will be organized on the margins of SOM 3 2015 to develop content to inform/populate the APEC EoDB Implementation Plan 2016-20

In 2009, APEC launched the Ease of Doing Business Action Plan and set an aspirational target of making it 25 percent cheaper, faster and easier to do business in the Asia-Pacific region in five priority areas by 2015, with an interim target of 5 percent by 2011. APEC Ministers instructed officials to develop multi-year capacity building work programmes for each EoDB priority area. The work programmes were led by Champion Economies⁴ and generally followed a two-phased approach of 1) introductory workshops, and 2) economy level capacity building/technical assistance.

In 2010, Champion Economies for each priority area organized general workshops (Phase 1) that introduced the indicator and its importance to economic development, set the context for APEC's objectives, and provided an opportunity to share experiences of reform successes and challenges among APEC economies. These workshops were followed by capacity building activities led by Champion Economies and tailored to the needs of volunteer economies (Phase 2), in the form of diagnostic studies, workshops, and guided visits that provided customized, practical recommendations for reforms. In addition, there were two stocktake workshops that assessed progress and shared experiences and best practices (see Annex 2 for a snapshot of activities undertaken during 2010-2015).

APEC EoDB Progress 2010-2015

The APEC Policy Support Unit (PSU) conducted annual interim assessments which show that APEC economies have made continuous progress in the five areas from 2010 to 2014. The collective improvement registered (12.7 percent) as of early 2015 is lower than the pro-rata 2014 benchmark (i.e., 20 percent) of the 2015 goal. Moreover, improvements in some areas were more difficult than others, like enforcing contracts and getting credit, reflecting the challenges in pursuing and implementing complex structural reforms.

There is also an issue of potential under-reporting of progress as measured by World Bank EoDB rankings. The World Bank's Doing Business (DB) Report does not always accurately reflect changes in the enabling environment for each economy under analysis. Hence, numerous reforms undertaken by APEC economies in the 2010-2014 period and that have been highlighted by economies during EC-related workshops and policy dialogues may not have been captured by DB. Over time they eventually will translate into outcomes reported by the World Bank's DB report.⁵ It should also be noted that the World Bank uses standardized assumptions about firms. For example, it contemplates firms that do not engage in foreign transactions.⁶ Thus, some improvements that are inherently important for furthering the APEC objective of integrating small and medium-size enterprises (SMEs) and entrepreneurs into global value chains may not be adequately captured by the World Bank's Doing Business indicators.

Many of the easier improvements—like streamlining procedures and reducing costs—have in large part been accomplished. More difficult issues involving institutional changes that will help sustain reform in the long run still need to be addressed.

⁴ Capacity building and technical assistance activities for each of the five EoDB priority areas were managed by "champion economies" who volunteered to lead indicator specific work programs: Starting a Business (New Zealand and the United States); Getting Credit (Japan); Trading Across Borders (Singapore (and Hong Kong, China – Phase 1 only)); Enforcing Contracts (Korea); and Dealing with Permits (Singapore).

⁵ For example, reforms that may have been recommended in a 2013 economy-level diagnostic report and addressed in 2014-2015 timeframe may not show up in the World Bank's Doing Business Report until 2016 or later.

⁶ With the exception of the Trading across Borders topic, EoDB solely examines domestic transactions and processes.

III. STRENGTHENING THE EASE OF DOING BUSINESS IN APEC

By committing to making it faster, easier and cheaper to do business in the Asia-Pacific region, APEC has contributed to its own objective of fostering inclusive growth by promoting reforms that facilitate entrepreneurship and improve the competitiveness of SMEs, specifically through lower costs to doing business, better access to credit, added opportunities to engage in international trade, and more efficient regulatory institutions, among others. And as noted above, under the first APEC EoDB Action Plan, APEC economies shared experiences and implemented technical assistance that increased their capacity to design and implement meaningful reforms in these areas.

The 12.7 percent improvement during 2010-2014 may indicate that APEC may not be able to achieve the aspirational target of 25 percent by the end of 2015; however, it still constitutes significant progress towards producing tangible results while taking into account the challenging economic environment in which reforms were implemented. Moreover, the evaluation of the EoDB work programme has demonstrated that reforms have collateral or spillover benefits in addition to the direct improvements in the indicators. These benefits include raising the level of governmental capability in key areas of regulation and providing means to tackle corruption (including through the reduction of the number of processes businesses must go through to comply with regulation). Finally, various reforms undertaken to date by member economies have set strong foundations to continue with more complex regulatory reforms in the future.

As mentioned before, the interim assessments conducted by PSU show that progress under the first APEC EoDB Action Plan has been uneven across EoDB indicators due to the level of complexity of reforms, and that there is still room for further work. According to the DB 2015 Report *“reforms aimed at cutting red tape and improving regulatory efficiency are generally easier to implement (...) By contrast, reforms aimed at improving legal institutions are typically complex. Most entail substantial changes to legal frameworks, are costly to implement and can take years to yield positive results.”*⁷

In the current economic context, APEC economies recognize the importance of renewing the emphasis on structural reforms needed to boost productivity and to make growth stronger and more inclusive, and thus, have agreed to continue supporting the implementation of regulatory reforms to improve the business environment in the region through the Second APEC EoDB Action Plan (2016-2018).

APEC will build on the experience and information shared during 2010-2015 to intensify its efforts to implement reform, while also contributing to the advancement of several other APEC priorities and initiatives, such as the APEC Growth Strategy, APEC Structural Reform Agenda, and the SME Working Group Strategic Plan.

Additionally, APEC can take advantage of the new developments and improvements introduced by the World Bank Doing Business Report and other resources, including information of regulatory challenges and reform experiences at the local level, to work towards increasing economic opportunities of SMEs, stimulating the creation of new businesses, facilitating access to credit, reducing unemployment and supporting innovative firms, that result in more inclusive and sustained economic growth in the APEC region.

⁷ World Bank. 2014. Doing Business 2015: Going Beyond Efficiency. Washington, DC: World Bank.

IV. OBJECTIVES OF SECOND APEC EODB ACTION PLAN (2016-2018)

The goal of the Second APEC EoDB Action Plan is to further improve business environment in Asia-Pacific region, and sets an APEC-wide target of 10 percent improvement by 2018. This target will use the percentage of improvement achieved by APEC members at the end of 2015⁸ as a baseline for 2016-2018 while taking into account the historical progress registered by APEC economies since 2010. In adopting the plan, APEC members recognize that EoDB metrics do not provide a comprehensive measurement of the underlying legal infrastructure required for a strong business environment, hence reforms should not be limited to those that are specifically measured in the EoDB indicators in order to achieve the progress desired.

This 10 percent target aims to reaffirm APEC's strong commitment to implement regulatory reforms to improve the business environment. It will build on the accomplishments achieved during 2010-2015 and will provide a realistic yet challenging objective for APEC economies.

Additionally, the specific objectives of the Second APEC EoDB Action Plan (2016-2018) include:

- Build upon existing APEC EoDB efforts and support the "implementation" of EoDB reforms.
- Identify challenges in the implementation of EoDB reforms and address them by sharing best practices and experiences.
- Carry out additional tailored capacity building activities that strengthen the competencies of APEC member economies to implement EoDB reforms
- Identify possible areas of collaboration with other international organizations, including the World Bank, UNCITRAL, OECD, the International Competition Network, the World Economic Forum, and the Hague Conference, among others to implement capacity building activities.

V. PRIORITY AREAS – INDICATORS

APEC economies recognize that progress has been made in the five APEC EoDB priority areas 2010-2015; however there is still room for improvement. APEC member economies agreed to maintain the same priority areas. There was also a general consensus that reforms should not be solely driven by EoDB indicators as measured by the World Bank but that deeper, more thorough-going reforms, as suggested by instruments of international organizations, should be considered that would not only improve Doing Business scores, but also have an enduring impact on growth and the business environment.⁹ Both the 2014 Ministerial Statement and 2014 Leaders' Declaration emphasized the role of internationally recognized private international law instruments such as the Hague Conference Conventions and UNCITRAL instruments in facilitating cross-border trade and investment, enhancing ease of doing business, and fostering effective enforcement of contracts and settlement of business disputes.¹⁰

The Second APEC EoDB Action Plan will concentrate efforts in the programming, design and implementation of EoDB-associated reforms, particularly reforms identified during the diagnostic phase, while also allowing flexibility for volunteer economies that have yet to participate to request diagnostic reports from champion economies.

⁸ The DB Report is usually released in late October/early November of each year.

⁹ The 2012 APEC Economic Policy Report reported that "APEC economies agreed to look beyond the Ease of Doing Business Indicators and investigate legal and institutional components that are relevant to the five EoDB categories but not necessarily directly measured by the World Bank."

¹⁰ Economies have held a series of workshops to identify key instruments that are relevant to the EoDB priority areas.

The following table contains the list of priority areas and their associated EoDB indicators:

Priority Area	Indicators
Starting a business	<ul style="list-style-type: none"> • Number of procedures • Time • Cost • Paid-in Min Capital
Getting credit	<ul style="list-style-type: none"> • Strength of legal rights index • Depth of credit information index • Public registry coverage • Private registry coverage
Trading across borders	<ul style="list-style-type: none"> • Number of Documents • Time • Cost
Enforcing contracts	<ul style="list-style-type: none"> • Number of procedures • Time • Cost
Dealing with permits	<ul style="list-style-type: none"> • Number of procedures • Time • Cost

VI. CHAMPION ECONOMIES

The Second APEC EoDB Action Plan proposes to maintain the use of one or more champion economies as coordinators and facilitators of the work program for each of the priority areas. Additionally, economies willing to lead or support the implementation of a specific activity under a work program, in coordination with respective champion economies, are invited to become co-sponsors.

This approach may increase the engagement of APEC economies in creating capacity to improve the business environment in APEC; and therefore may result in a greater number or variety of capacity building activities. It will also allow for more opportunities to share experiences and best practices regarding implementation of EoDB reforms.

The following table identifies the champion economies for each of the priority areas under the Second APEC EoDB Action Plan (2016-2018):

Priority Area	Champion Economies
Starting a Business	<ul style="list-style-type: none"> • New Zealand • United States
Getting Credit	<ul style="list-style-type: none"> • Mexico • United States
Trading across Borders	<ul style="list-style-type: none"> • Singapore • Malaysia
Enforcing Contracts	<ul style="list-style-type: none"> • Korea • Hong Kong, China
Dealing with Permits	<ul style="list-style-type: none"> • Singapore

VII. CAPACITY BUILDING AND TECHNICAL ASSISTANCE

EoDB reforms remain a high policy priority in APEC economies, and capacity building and technical assistance can help economies overcome constraints and challenges in implementing such reforms.

The capacity building and technical assistance activities already implemented in APEC during 2010 - 2015 have proved to be successful in increasing understanding of the importance of regulatory reforms in the five EoDB priority areas to improve the business environment; sharing best practices and experiences; and identifying constraints and recommending areas for reforms. However, they may not be sufficient to address the more complex and difficult task of implementing actual reforms.

The Second EoDB Action Plan focuses on increasing the capabilities of APEC economies to effectively implement reforms through APEC-wide activities and capacity building activities tailored to the needs and context of participating economies. The Plan will also consider sharing experiences and learning from case studies at the local level, especially to address regulations or procedures under the responsibility of local authorities (e.g. Starting a Business and Dealing with Construction Permits). Given the diversity among APEC economies, references to successful experiences, best practices and case studies at the local level could provide valuable insights for the development of new policies and reforms for APEC members. APEC economies agreed to continue capacity buildings in two formats:

- **APEC-wide activities**, which include workshops, seminars or policy dialogues where economies share best practices and exchange lessons learnt from their experiences designing and implementing EoDB reforms.
- **Capacity building activities tailored to the needs and context of participating economies**, which may include additional tailored diagnostic studies for participating economies, technical assistance to implement the recommendations from previous diagnostic studies, or technical assistance for economies that have their own action plan for reforms.

Annex I presents a detailed APEC EoDB Implementation Plan (2016-2018) which identifies capacity building and technical assistance activities to be implemented under the Second EoDB Action Plan (2016-2018).

The aim of Annex I: APEC EoDB Implementation Plan for 2016-2018 is to be a living document, developed through a consultative process with champion economies, and inclusive of relevant and doable inputs from economies.

VIII. MONITORING AND EVALUATION

To assess APEC's progress in achieving the target of the Second APEC EoDB Action Plan (2016-2018), the APEC Policy Support Unit will conduct annual progress assessments that will be presented to the Economic Committee. The EC may wish to supplement these annual progress reports with qualitative updates from member economies.

Additionally, champion economies of each priority area will report the progress in implementing the Second APEC EoDB Action Plan (2016-2018) at EC meetings.

ANNEX 1 –APEC EODB IMPLMENTATION PLAN (2016-2018)

(Living Document: to be updated)

Proposed Activity	Priority Area(s)*	Champion Economies/Co-sponsor Economies	Participating Economies	Other APEC Fora/Organization	Timeframe
<i>As much description as possible should be described for each proposed activity. There should be at least several activities per year per workstream such as (workshops, policy discussions, tailored technical assistance, reports, case studies etc)</i>	<i>This can be a single workstream, multiple workstreams or all workstreams</i>	<i>This should include the champion economies for each priority identified as well as additional co-sponsoring economies</i>	<i>This can be APEC-wide, several economies, or one economy depending on the type of activity.</i>	<i>This can include outside partners, or other APEC working groups.</i>	<i>Try to be as specific as possible, but at least should include the year. Activities should cover the 3 years of the implementation plan.</i>
Implementation of EoDB reform recommendations on Starting a Business	Starting a business	US New Zealand	TBC		2016
Workshop on best practices for inter-agency coordination mechanisms for EoDB reforms	All	TBD	All	World Bank	SOM3-2016
Implementation of a Security Rights Registry Phase I Workshop Phase II Implementation Assistance or Diagnostic studies	Getting Credit	Mexico	All	UNCITRAL World bank NATLAW	2016-2017

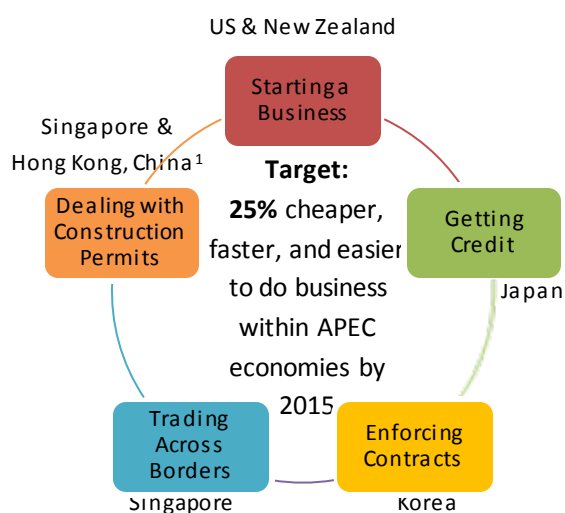
Key Elements of a Model Law on Secured Transactions Phase I Workshop Phase II Implementation Assistance or Diagnostic studies	Getting Credit	Mexico	All	UNCITRAL World bank NATLAW	2018

* Second column to reflect cross cutting activities (multiple priority areas)

** The proposed activities are examples

ANNEX 2 – SUMMARY OF THE APEC EODB ACTION PLAN (2010-2015)

APEC's **Ease of Doing Business (EoDB) Action Plan** was launched in 2009 to improve the business environment in the Asia-Pacific region by promoting regulatory reforms that make it cheaper, faster and easier to do business. The Action Plan takes as a starting basis the World Bank's Doing Business report. Based on inputs from the business sector and member economies, five priority areas were identified from amongst the 10 areas covered by the World Bank's report to help focus APEC's efforts.



Capacity Building Activities led by Champion Economies:

Phase 1: Experience Sharing

Phase 2: Tailored Capacity Building Activities (EoDB Multi-Year Project)

- Diagnostics
- Implementation Assistance
- Stocktake workshops

Priority Area	Activity	Beneficiaries
Starting a Business	Phase 1: Workshop on reducing start-up and establishment time of businesses (Hiroshima, March 2010)	All Economies
	Phase 2: <ul style="list-style-type: none"> • Diagnostic study (2010) • Diagnostic studies (2011) • Diagnostic studies (2013) • Diagnostic study (2014) 	Indonesia Thailand & Peru Viet Nam & Papua New Guinea Brunei Darussalam
Getting Credit	Phase 1: Seminar on "Getting Credit for SMEs" (Sendai, September 2010)	All Economies
	Phase 2: <ul style="list-style-type: none"> • Diagnostic study in terms of strengthening the secured lending (2011) • Roundtable meeting with legal and economic experts (2012) • Diagnostic on SME financing (2013) • Workshop on Getting Credit (2013) 	Thailand Chinese Taipei Indonesia
	Phase 1: APEC Workshop on Enforcing Contracts (Seoul, June 2010)	All Economies
	Phase 2: <ul style="list-style-type: none"> • Diagnostic Study (2011) 	Indonesia & Peru

Enforcing Contracts	<ul style="list-style-type: none"> Workshops on Enforcing Contracts (2011) 	All Economies
	<ul style="list-style-type: none"> 1st APEC International Conference on Enforcing Contracts (2011) 	Thailand & The Philippines
	<ul style="list-style-type: none"> Diagnostic Study (2012) Workshops on Enforcing Contracts (2012) 	All Economies
	<ul style="list-style-type: none"> 2nd APEC International Conference on Enforcing Contracts (2012) 	Viet Nam & Brunei Darussalam
	<ul style="list-style-type: none"> Diagnostic Study Workshop on Enforcing Contracts (2013) 	All Economies
	<ul style="list-style-type: none"> 3rd APEC International Conference on Enforcing Contracts (2013) 	Mexico
	<ul style="list-style-type: none"> Diagnostic Study (2014) 	
Trading Across Borders	Phase 1: Workshop on Trading Across Borders (Sendai, September 2010)	All Economies
	Phase 2: <ul style="list-style-type: none"> Diagnostic Studies (2011) Diagnostic Study (2013) 	Peru & Mexico Vietnam
Dealing with Construction Permits	Phase 1: Workshop on Reforming the Regulatory System for Construction Permits (Singapore, October 2010)	All Economies
	Phase 2: <ul style="list-style-type: none"> Diagnostic Studies (2011-2013) Diagnostic Studies (2014) 	Indonesia, Peru & Thailand Brunei Darussalam
1 st Stocktake Workshop (Moscow, February 2012) 2 nd Stocktake Workshop (Beijing, August 2014)		All economies

Phase I - Workshops: Overview seminars implemented by champion economies with the objective to deepen understanding, share experiences and discuss best practices to improve the business environment in each of the five priority areas.

Phase 2 - Diagnostic studies: Studies or programs tailored to the volunteer economy's needs in the priority area, to identify areas for improvement and develop customized, practical recommendations and implementation plans. These activities are developed in cooperation with the relevant champion economies. During the diagnostic studies and implementation of recommendations, technical experts often work very closely with government agencies responsible for developing, implementing, and enforcing policies and regulations related to EoDB.

Stocktake workshops: Workshops organized on the margins of the Economic Committee meetings to present the status of progress in accomplishing the APEC-wide EoDB objective, share experiences and best practices among member economies on EoDB related reforms, and discuss on possible APEC future work on EoDB.