APEC Multi-Year Project Proposal

Project Title:	Wine Regulatory Forum: Good Regulatory Practices Action Plan				
Source of funds *(Select one):* ☐ Operational Account ☐ TILF Special Account ☐ **X** APEC Support Fund					
Sponsoring Committee:	Committee on Trade and Investment				
Associated Working Group / Sub-fora / Task-force(s):	Subcommittee on Standards and Conformance				
Proponent economy:	United States				
Co-sponsoring economies:	Australia, Canada, Chile, Chinese Taipei, Indonesia, Korea, Mexico, New Zealand, Papua New Guinea, Peru, Russia, Vietnam				
Other Working Groups / Sub-fora / Task Forces involved:	Agricultural Technical Cooperation Working Group, Food Safety Cooperation Forum, SCSC Good Regulatory Practices events				
Other non-APEC stakeholders involved:	World Wine Trade Group , FIVS and Codex Alimentarius Committee on Food Import and Export Inspection and Certification Systems, Committee on Food Additives				
Expected start date:	May 2013				
Expected completion date:	December 2017				
Total amount being sought from APEC (USUSD):	$ 499,913				
Total co-funded amount (USUSD):	$1,777,858				
Total project cost (APEC + Co-funding) (USUSD):	$2,277,771		**% of co-funding to total project cost:**	78%	
APEC funds: Estimated disbursal schedule	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
(funds may be drawn down over a maximum of five calendar years)	$118,388	$115,096	$114,309	$75,610	$76,510

Project Overseers Information and Declaration:

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As Project Overseer and on behalf of the above said Organization, I declare that this submission was prepared in accordance with the **Guidebook on APEC Projects** and any ensuing project will comply with said Guidebook. Failure to do so may result in the BMC denying or revoking funding and/or project approval. I understand that any funds approved are granted on the basis of the information in the document's budget table, in the case of any inconsistencies within the document

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Jamie Ferman
Project Overseer
Date: May 28, 2013

Project Details

Please answer each question succinctly. Suggested section lengths are provided as a guide. Proposals must be no longer than 14 pages, including budget and title page.

SECTION A: Relevance to APEC

[Answers to questions 1–5 may be taken or adapted from the Concept Note]

1. **<u>Summary:</u> Describe the project in under 200 words. Your summary should include the project topic and scope, planned activities and an outline of possible timing, locations and activities.**

There is a critical need for regulatory coherence in APEC-region wine trade, which has grown dramatically in importance for developing and exporting economies. While the value of this trade increased from US$1.1 billion in 2000 to $3.6 billion in 2010, there are a growing number of unnecessary non-tariff barriers estimated to cost businesses (primarily small and medium-sized enterprises [SMEs]) approximately US$1 billion a year. A significant portion of these costs is attributed to unnecessary testing and the requirement of multiple and overlapping paper export certificates for imports into developing economies.

The 2011 and 2012 APEC Wine Regulatory Forum (WRF) meetings focused on promoting regulator dialogue and cooperation, exchanging current practices and educating economies on wine's low-risk profile, and building confidence in each country's regulatory regime. The objective of this project is to build on the outcomes of those meetings by assisting developing economies to implement specific, measurable good regulatory practices. This project, through regular communication and hands-on annual technical assistance activities, will enhance the capacity and knowledge of regulators to increase their ability to efficiently protect the health and safety of consumers. Key undertakings include technical exchanges, capacity building activities and a Ring Study to determine test method accuracy.

2. **<u>Relevance:</u> Why should APEC undertake this project? What problem or opportunity will the project address and why is it important to APEC's agenda? Describe how the project will contribute to the achievement of APEC's key priorities and meet your forum's work-plan and medium-term plan.**

As outlined in the APEC *Compendium of Certification Requirements* for Imported Wine in APEC Economies (2011/SOM3/SCSC/ SEM/27) there are at least five different types of certification requirements currently used in APEC. The use of multiple export certificates increases costs and produces unnecessary barriers to trade in wine. Furthermore, the requirements are diverse and difficult to understand, especially given the lack of common definitions. Illustrating the volume of certificates issued annually, the U.S. Alcohol and Tobacco Tax and Trade Bureau (TTB) notes that it issued 4,911 certificates in 2011, 75 percent of which were issued to APEC economies. In calendar year 2012, Wine Australia issued 6,060 export certificates, 93 percent of which went to APEC economies.

During the 2011 WRF meeting, a regulator-only session was held where regulators identified the technical assistance needed to address key wine regulatory issues. Developing economy regulators specifically noted the following: increased information sharing; capacity building for risk management systems and support in developing new regulations; increased participation in international forums such as the Codex Alimentarius Commission and the WWTG in consultation with industry; guidance on how to test for pesticides in wine; and assistance in moving towards standardization of wine testing among economies. Regulators need tools to ensure the safety of imported wine recognizing wine as a low-risk food.

This project seeks to increase developing economies' capacity as regulators in each of those areas. Through active participation in the activities and technical events, these economies will gain

improved assurance of the safety of imported wine. A reduction in unnecessary impediments to trade, such as redundant export certificate requirements, and a better understanding of foreign regulatory regimes and wine science, will lead to increased opportunities for developing economy wine exports.

The APEC SCSC has been discussing the importance of reducing unnecessary technical barriers to trade in wine since 2006 and it established the WRF in 2008 to provide an avenue for regulatory cooperation among APEC members. The WRF is included in the SCSC TFAP II and in its plan for greater Integration with Business. In 2010, Ministers Responsible for Trade emphasized the need to promote regional economic integration through efforts to reduce unnecessary technical barriers, including through greater regulatory cooperation. This project implements the directions contained in the 2011 APEC Leaders' Honolulu Declaration and AMM Statement on Regulatory Cooperation and Convergence by discussing regional approaches to wine regulation and identifying scope for better regulatory alignment. It will also contribute to the SCSC's work plan of Promoting Good Regulatory Practices, alignment of international standards where feasible, increased business engagement in regulatory activities, and will discuss the use of international conformity assessment mechanisms. Additionally, it builds on the two previous WRF meetings and the APEC Leaders' Declaration at Vladivostok, Russia on 8 - 9 September 2012 that strengthening the implementation of good regulatory practices is essential to building a high-quality regulatory environment.

These technical activities have a strong relationship with the APEC Food Safety Cooperation Forum (FSCF). The FSCF has produced a strategic approach for SPS activities that has four key strands, including one on food safety regulatory systems, with a sub-theme: Legal and technical drafting to support the development of food laws and regulations harmonized with international standards where feasible. Wine is a low risk product in regard to food safety. However, food safety, including exposure to contaminants may be a critical issue in wine regulation, particularly in developing economies if good manufacturing practices are not followed. A major benefit of APEC wine regulator cooperation is to achieve greater security around the food safety of imports and to share information on best practice for compliance. This project, which links wine industry engagement with food regulators in order to eliminate unnecessary regulation and to protect consumers from harmful products, fits precisely within the FSCF objective described above. On April 13, 2013 in Surabaya, Indonesia, the FSCF endorsed an Action Plan to implement the APEC Regulatory Cooperation Plan called for by the APEC Ministers in 2012. The Action Plan sets out specific steps by which the FSCF will promote alignment to relevant international standards wherever possible consistent with WTO obligations beginning with two areas: export certification and pesticide maximum residue limits. The FSCF will begin implementing the Action Plan immediately by establishing working groups in the two areas. The FSCF has endorsed cooperation with the WRF and will invite members of the wine industry and government wine regulators to participate in the working groups.

The project also responds directly to the outcomes of the "Gifu Initiative" by supporting SMEs. The vast majority of wine-related businesses are SMEs. At the 17th APEC SMEs Ministerial Meeting on 3 October 2010, Ministers recognized that continuing to support the development of SMEs was an important component of APEC's new growth strategy. This project will directly enhance SMEs by working to reduce their compliance costs and distribute products more efficiently to the global marketplace.

3. **<u>Objectives:</u> Describe the 2-3 key objectives of the project. (e.g. to... create and implement a framework...; ensure participants will be able to...; enhance understanding...; influence policies...; build interest...; promote communications... etc.)** *[¼ to ½ page]*

    1. Create and implement a framework within APEC for sound wine regulation by doing the following*:* identifying key principles that should be considered when regulating wine with a view to promoting regulatory alignment in the region; and removing costly, unnecessary and unduly burdensome regulatory requirements with respect to oenological practices, definition and/or description of products and labelling requirements and methods for analyzing,

assessing, or certifying wine products. Activities will include: discussing whether certification is needed; where certification is needed, developing a generic model wine certificate based on existing Codex guidelines and the work of the Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS), modified as necessary for application to the wine trade; expanding the existing compendia of wine export certificates to include information on market entry and product requirements; and moving towards the electronic submission of consolidated export certificates. Note: the work on the generic model wine certificate will be managed in a way so as to mitigate the potential risk of countries that currently do not require certification to begin to do so because a generic model certificate has been developed. Some APEC economies do not require certifications. This work will not require the introduction of certification requirements where they do not already exist.

2. Promote communications and information exchange among wine regulators with a special emphasis on reaching out to developing economies to build capacity for proper risk management, including authenticating risks in order to enhance understanding of an appropriate level of regulation given the low risk profile of wine. Activities will include: initiating a Ring Study by interested APEC wine regulators to evaluate the performance of test methods.

3. Promote communications and participation with relevant international forums with respect to wine. Activities will include: encouraging member economies to strengthen their participation in Codex; identifying standards and processing aids to be presented to Codex via a member economy; and beginning discussions on developing a priority list of MRLs for pesticides on wine grapes in coordination, and in support of, parallel work currently underway in the World Wine Trade Group.

4. **Multi-year approach: Describe why this project would be best done through a multi-year approach. Why are APEC Multi-Year Project funds the best source of funding for this project?** *[¼ to ½ page]*

The 2011 and 2012 WRF recommendations call for multiple objectives, some of which should be phased in over time to help build a better understanding of winemaking through technical assistance and bring coherence into the regulatory process of wine. Successful capacity building occurs through continuing education and at this technical level requires more than one year to achieve, as the workshop subject matter will be designed to build on the previous year's accomplishments. It is intended that the specific outputs be designated by the regulators during the first year's efforts so as to respond to the needs of the participants however the general objectives are described in the work plan. For example, the APEC Food Safety Cooperation Forum has now included the WRF in the FSCF's multi-year project to promote alignment to international standards on Export Certificates and Pesticide Maximum Residue Limits.

In addition, WRF's multi-year projects fit together, with each year setting the groundwork for the next year's tasks, as demonstrated in the attached "Five-Year Work Plan to Implement 2011 and 2012 WRF Recommendations."

The APEC SCSC has been discussing the importance of reducing unnecessary technical barriers to trade in wine since 2006 and the WRF has achieved broad support as a platform to facilitate trade in wine in the region. The proposing and sponsoring member economies of the first two events strongly supported the continuation of the WRF following the Auckland meeting in November 2012. Given that APEC region trade in rice, grape and other fruit wine is significantly increasing, and the fact that the majority of the regulatory barriers for wine in APEC are occurring in developing economies, APEC is the most appropriate institution to promote reform in the area of wine regulation and alignment of standards where feasible in order to further facilitate international trade.

The APEC Multi-Year Project funds provide the best source of funding for this project because it will provide a predictable stream of funds, thereby ensuring sustained participation by both wine producing and wine importing economies.

5. **<u>For TILF Special Account applications:</u> Briefly describe how the project will contribute to APEC trade and investment liberalization and facilitation with reference to specific parts of the Osaka Action Agenda (Part 1, Section C and, where appropriate, Part 2).**

   <u>For APEC Support Fund applications:</u> Briefly describe how the project will support the capacity building needs of APEC <u>*developing*</u> economies, and how they will be engaged. *[¼ page]*

   Reducing Unnecessary Certifications and Costs for Developing Economies – Economies will discuss the appropriateness of certification and seek to remove unnecessary certification requirements. Where certification is needed, establish an APEC-wide certificate which serves to consolidate each exporting economy's Certificate of Origin, Certificate of Hygiene and Certificate of Free Sale into a single document for purposes of export to other APEC economies would satisfy nearly every APEC economy's wine import documentation requirements (exclusive of chemical analyses). Using the proposed U.S.-China consolidated certificate as a starting point, in conjunction with bill of lading documentation, negotiation over remaining differences in individual exporting economies' certificate issuance requirements can be streamlined and simplified.

   Technical exchanges and laboratory-centered workshops will be held with developing economy regulators with the objective of eliminating or consolidating export certifications, where certification is needed. Considerable work remains to be done with respect to increasing understanding of the purpose of export certificates and to align practices with existing guidance. APEC developing economies, by working through the WRF and FSCF have a unique opportunity to align export certificate practices with CCFICS guidance through continued identification of training needs, strengthening of regulatory infrastructure, development of best practices and ultimately implementation of certification systems. Ultimately, as knowledge, experience and confidence in APEC food safety systems evolves the need for certificates and other import controls should be lessened, freeing regulators and border inspectors to focus limited resources in a more efficient manner.

SECTION B: Project Impact

6. **<u>Outputs and Beneficiaries:</u>**
   - **Describe the expected project outputs (e.g. workshop, tool, research paper, recommendations etc.).**
   - **Describe who the direct project participants and users of the outputs will be. Explain how the project outputs will benefit them.** *[Less than 1 page. Answers may be taken or adapted from the Concept Note.]*

   The expected project outputs are: (1) the elimination of wine certificates where they are unnecessary; (2) a consolidated certificate form, which will replace more burdensome certificate requirements; (3) working group reports, produced in conjunction with the FSCF, to guide APEC work on electronic certificates and MRLs in wine; (4) reports and recommendations on technical aspects related to the regulation of wine, produced following technical workshops scheduled for each year of the project; (5) a database containing market entry and product requirements for wine imported into each APEC economy; (6) a report on the results of the ring study, conducted by the economies for cooperative technical methods development; and (7) a website monitoring the progress of the project.

   All of these outputs are important because they will contribute to good regulatory practices and freer trade for safe wine.

The users of the project outputs will be regulators, other government officials, and industry. Specifically, regulators will use all seven outputs to regulate wine more effectively. Other government officials, such as trade officials, will use the working group reports (item 3), the database (item 5), and the website (item 7), to support freer trade between the APEC economies. Industry will use the certificates (items 1 and 2), the database (item 5), and the website (item 7) to comply with regulatory requirements and expand trade.

The intended beneficiaries of the project are all APEC economies, particularly developing economies that have an interest in, or will benefit from, best practices in wine regulation. This includes established and emerging wine export economies as well as importing economies. The primary target audience will be developing economy government officials and regulators who will be able to apply the lessons learned at the technical meetings and events to better develop and administer their own regulations. Implementation of this "Good Regulatory Practices Action Plan" including e-certifications will reduce government costs and time devoted to duplicative and unnecessary paperwork and testing requirements.

Wine producers and consumers in all APEC economies, but particularly those in developing economies, will also benefit from a better understanding of approaches to wine regulation and greater confidence in the efficiency and effectiveness of their regulators. These include a more comprehensive knowledge of the winemaking process, especially the use of additives and processing aids; the potential health and safety risks; and the efficient use of laboratories and equipment. Regulators and stakeholders from all APEC economies will be invited to participate in the meetings and related technical projects.

A Final Report will be developed to inform APEC regulators and other government officials of the good regulatory best practices found to exist at the technical discussions held as part of this project.

7. **<u>Dissemination:</u> Describe plans to disseminate results and/or outputs of the project, including:**
   - **The number, form and content of any publications (Note: APEC will not fund website maintenance or publications that are collections of PowerPoint slides. APEC encourages electronic publication.)**
   - **The target audience.**
   - **Any intention to sell outputs arising from this project.** *[Less than 1 page]*

The results and benefits of each workshop will be captured as best practices in reports that will be shared through the APEC WRF website (www.APEC.org), the Wine Institute/APEC site (www.wineinstitute.org/APEC), the designated project website to be established, by email, and through dissemination at the appropriate SCSC, FSCF and SOMs meetings. Information will also be distributed directly to all WRF members. A critical outcome is to provide the tools for the participants to train other regulators in their economies as needed. This project will comply with APEC publication, copyright and logo guidelines. Additionally, a briefing will be held for the general or specialist media about key components of the project. Media releases will be available before and after the major WRF meetings and speakers will be available for media interviews.

The target audience will be APEC representatives from food safety regulatory, trade and border protection agencies and industry representatives. Communications will consist of meeting proceedings, speaker presentations and web based modules and will be available in both hard copy and via direct email and Internet. The proposed budget includes recording, collating and editing of meeting proceedings and uploading to the Internet sites.

8. **<u>Gender:</u> What steps will the project take to ensure the participation and engagement of both men and women throughout the project? How would the project address gender issues?** *[less than ½ page]*

Both men and women are well represented among current delegates from WRF member economies and equal participation of both men and women in the project will be actively pursued. One of the Project Overseers is a woman, and care will be taken to ensure that women are included in the planning, management, allocation of resources, and implementation of the project.

Gender equity will be actively pursued when finalizing invitations and speakers at all WRF meetings. Previous experience indicates that women are well represented at senior leadership levels in wine regulatory agencies in wine producing countries, and therefore will actively participate in the project. Project Overseers and WRF members have an extensive network of colleagues and will draw on these contacts to ensure that a substantial number of project participants are women, particularly those from developing economies.

SECTION C: Project Effectiveness

9. **<u>Work plan:</u> Provide a timeline of actions you will take to reach your objectives. For each, include:**
   - **How actions will be carried out and how beneficiaries and stakeholders will be involved**
   - **Related outputs for that particular step (e.g., contract, agenda, workshop, report) which deliver.** *[1-3 pages. Answers may be taken or adapted from the Concept Note.]*

See Appendix 1 for Work Plan by year by specific recommendations from the 2011 and 2012 WRFs and proposed tasks.

YEAR ONE

- Discuss the necessity of wine certification.
- Where export certificates are required, begin to develop a common consolidated Certificate of Origin, Certificate of Hygiene and Certificate of Free Sale form drawing from the Codex generic model certificate modified as necessary for application to the wine trade.
- Initiate a pilot program for electronic submission of export certificates, where necessary, in consultation with member economies' electronic certification experts and in collaboration with the FSCF on Export Certification.
- Actively participate in the FSCF Working Groups on electronic certification and MRLs. The APEC WRF has been approved as a partner with the FSCF. It is expected that the working groups will become active in mid 2013.
- Conduct a technical workshop on November 4-6, 2013 in Washington, D.C. on the margins of the World Wine Trade Group (WWTG) Annual Meeting. The program will include a technical tour of a wine production facility and TTB's Beverage Alcohol Laboratory to facilitate discussions of laboratory capacity, methods of analysis, and testing concerns.
- Expand the Compendia of Certification Requirements to include market entry and product requirements.
- Identify and engage an expert subcontractor to review existing databases and other resources for populating the Compendia and building a comprehensive regulatory database for the use of the regulators and industry of member economies. Establish the subcontractor as the focal point for collecting the data for the database. Set an 18-month time period for completing the regulatory database.
- Participate in 7th APEC SCSC Conference on Good Regulatory Practice at SOM 3. The WRF will be represented at the GRP event by New Zealand. Kay Shapland from the Ministry of

Primary Industries will brief the group on future work items and the new linkages with the FSCF on electronic certification and MRLs for pesticides.

- Begin to identify standards and processing aids to be presented to Codex via a member economy.
- Initiate discussions on developing a priority list of MRLs for pesticides on wine grapes in coordination, and in support of, parallel work currently underway in the World Wine Trade Group.
- Continue the quarterly regulator conference calls and investigate funding support for those calls for eligible economies.
- Create an electronic platform where cosponsors and other interested parties can follow the progress of the WRF. The final project proposal, upcoming event information, and information about the working groups, among other information, would be made available on the site.
- Create a public-private Working Group to provide guidance on the implementation of the work plan as well as other assignments as required.

YEAR TWO

- Continue work on elimination of expert certificate requirements. Where deemed necessary, work on consolidation and electronic submission.
- Continue to actively participate in the FSCF Working Groups on electronic certification and MRLs.
- Initiate a laboratory Ring Study to evaluate the performance of test methods.
- Conduct a two-day technical capacity building session in China to elevate the knowledge of regulators concerning:
    - Codex participation, procedures and processes for coordinating the presentation of standards for wine products.
    - The progress on developing a meaningful regulatory database.
    - Opportunities for consolidation of export certificates, elimination of overlapping requirements, and creating minimum action levels and/or de minimis levels for the presence of certain well-defined contaminants, pesticides, and drug residues for which zero tolerance levels pose an unnecessary barrier to trade.
    - The status of the Work Plan and any adjustments needed to the priorities and actions.
- Provide assistance to regulators in identifying and making available necessary data to the Working Group and subcontractor developing the comprehensive regulatory database.
- Continue quarterly regulator conference calls with support for eligible economies for the cost of those calls. Discuss specifically successful risk assessment strategies and authenticity methodologies.

YEARS THREE - FIVE

Most of the projects are multi-year, and will continue into years three, four and five. There may be adjustments to the activities based upon findings, changes in circumstances or outside influences.

- Hold a technical laboratory workshop on the margins of 2015 WWTG meeting to be held in Australia.
- Hold a technical exchange of APEC regulators, stakeholders and scientific experts on the margins of VinExpo Asia-Pacific in 2016 in Hong Kong, China.
- Development of a Final Report to inform APEC regulators and other government officials of the good regulatory best practices found to exist at the technical discussions held as part of this project.

10. **<u>Risks:</u> What risks may be involved in implementing the project and how will they be managed?**
[½ to 1 page, depending on project nature/complexity]

We view the project-related risks as low. Many of the workshops and activities will likely take place on the margins of APEC SOM and FSCF, WWTG and Codex meetings in order to maximize participation. The main challenge will be coordination among project leads, but the plan is to have

regular email and conference call exchanges and also to organize planning meetings on the margins of SCSC meetings.

We intend to mitigate this risk associated with the project via the following:

- Up-front survey of demand – We designed the project program of workshops in close consultation with a broad representation of stakeholder group attuned to public and private sector demand with respect to capacity building needs. The project design also reflects work to date by the WRF, including the recommendations from the 2011 and 2012 meetings.
- Continuing engagement - We intend to collaborate closely with the member economies as workshop planning evolves, agendas are defined, and speakers are selected. Project Overseers will maintain strict internal deadlines for finalizing agenda and speaker selection.
- Clear marketing - We have a clear marketing strategy for the workshops, providing concise information about the workshop objectives and content, and sufficient time for member economies to designate representatives to participate.
- Prompt dissemination of results – We will disseminate results to all stakeholders and ensure availability for follow-on engagement to put inquiring stakeholders in direct contact with relevant experts.
- Attuned review of evaluations – This will enable us to factor feedback into enhancing subsequent phases of the project.

11. **<u>Monitoring and Evaluation:</u> How will you measure the project's success? Specifically:**
    - ***Monitoring:*** **How will you know if the project is on track? What monitoring and risk management structures will you have in place to ensure the project is kept on track to meet targets, and remains relevant to APEC and fora priorities? What process or mechanism will you use to update the project design and activities if this is required?**
    - ***Evaluation:*** **How will you know if the project was successful in meeting its objectives? What are the indicators of success? What are the expected outcomes from this activity and how will these be evaluated after the activity is completed?**
    - **Include what specific monitoring and evaluation information you will collect (e.g. stakeholder feedback, participant stats, policy changes adopted etc.) and how you will collect it (e.g. meetings, surveys, interviews, peer review, records review).** *[1 page]*

The Project Overseers and lead economy for each of the respective meetings and workshops will be responsible for tracking progress, which includes the distribution of a project report and participant evaluations for each activity. Feedback received will be used to make adjustments throughout the life of the project. Workshop and post-workshop collaboration may also be used to build discussions in other forums. A final best practice report will be issued in year five. All reports and/or documents will with the APEC publications, APEC logo, and Copyrights guidelines.

The components of the project are interrelated and will contribute to facilitating wine trade in the Asia-Pacific region. The activities to be undertaken in each element of the project will drive towards achieving this objective, and progress reports to be made as each workshop is developed and executed will keep the work on track. The Project Overseers and workshop/activity leads will cooperate with APEC WRF members to ensure that each activity within the project is well executed and meets its goals and objectives.

12. **<u>Linkages:</u> Describe the involvement of other APEC fora and other relevant organizations, and linkages with previous APEC work:**
    - ***Other fora:*** **What role will they play in the planning and implementation of the project? How will they share in the benefits?**
    - ***Non-APEC stakeholders:*** **What role will external stakeholders play in the planning and implementation of the project? How will they share in the benefits?**

- ***Previous work:*** **How does this project build on, rather than duplicate, previous or ongoing initiatives in APEC or other organizations?**
- ***APEC's comparative advantage:*** **Why is APEC the best sources of fund for this project?**

[½ to 1 page. Answers may be taken or adapted from the Concept Note]

At the 2011 and 2012 WRF meetings participants learned about current practices in wine regulation and wine's low-risk profile, achieved significant regulator dialogue and cooperation, and accomplished confidence-building in each country's regulatory regime. As noted in the Project Report of the 2012 WRF meeting, delegates agreed that the WRF should:

On Regulatory Coherence:

- Examine the possibility of a 'minimum action level' or 'de minimis' level for presence of substances which aren't defined by Codex or national regulations;
- Consider consolidation and/or removal of multiple overlapping and unnecessary certification requirements (for example methanol or microbiological contamination);
- Initiate a program, for Economies requiring certification to develop a common certificate and e-platform as a pilot project;

On International Standards and Collaboration:

- Report the outcomes of the seminar to the Food Safety Cooperation Forum with a view to establishing a joint work programme towards harmonising MRLs within APEC, using wine as a case study;
- Participate and provide data and recommendations into Codex, and support the introduction of internationally used standards for winemaking additives and processing aids;

On Information Sharing:

- Identify a contact point in each Economy for wine regulatory issues to facilitate information sharing;
- Increase information exchange on risk assessment strategies to encourage a common understanding of regulatory regimes in the region and help to build capacity for regulators and to manage risks, including authenticity related risks;
- Continue to build on the Compendium of Certification Requirements, and include further information on market entry requirements, and product requirements, with a long term aim of developing a comprehensive regulatory database as a resource for producers and regulators;
- Continue the quarterly regulator conference calls as a method of exchanging information and consider expanding the agenda to include: information on best practice; especially when regulatory change is being considered; the consolidation of information requirements; and the need to regulate given the low risk profile of wine;
- Establish a follow-up working group comprising of government and industry representatives to facilitate on-going information sharing and other key recommendations;
- Reconvene in 2013-2014 to work towards better regional coherence and alignment, while recognising that this may take time given the diversity of the membership.

The MYP on wine builds off the work of the 2011 and 2012 WRF meetings by planning concrete activities and deliverables that will improve regulatory coherence, international standards and collaboration, and information sharing in the APEC economies.

The ATCWG was consulted about potential topics and synergies with the APEC WRF. This project also has shared goals with the FSCF. A major benefit of APEC wine regulator cooperation is to achieve greater security around the food safety of imports and to share information on best practice for compliance. The Specialist Regional Bodies (SRBs) will also be consulted as this project progresses.

In their 2009 Declaration, APEC Economic Leaders recognized the importance of reducing technical and sanitary barriers to trade to the continued prosperity of APEC. They agreed to "leverage APEC's traditional strengths of voluntary cooperation, capacity building, sharing of best practices, and working with the private sector, to implement necessary reforms in…agriculture/food management…and regulatory frameworks." Furthermore, Ministers reaffirmed their commitment to promoting regional

economic integration and encouraged increased engagement by APEC to enhance convergence in key areas such as trade facilitation and international standardization activities. In 2010, Ministers Responsible for Trade emphasized the need to promote regional economic integration through efforts to reduce unnecessary technical barriers to trade, including through greater regulatory cooperation. Funding through APEC will provide the widest and most comprehensive coverage to address economic integration as opposed to country or sub-regional specific funding sources.

The APEC SCSC has been discussing the importance of reducing technical barriers to trade in wine since 2006 and the WRF is included in the SCSC TFAP II and its plan for greater Interaction with Business. As further evidenced by the outcomes of the SCSC's February 2008 and September 2010 meetings, the WRF has achieved broad support as a platform to facilitate trade in wine in the region. The proposing and 12 sponsoring member economies support WRF and its ongoing work, and, given that APEC region trade in rice, grape and other fruit wine is significantly increasing, APEC is the most appropriate institution to promote reform in the area of wine regulation and harmonization of standards to further facilitate international trade.

Non-APEC stakeholders: **What role will external stakeholders play in the planning and implementation of the project? How will they share in the benefits?**

World Wine Trade Group (WWTG)
Significant overlap exists between the WWTG and the APEC WRF. WWTG government and industry section representatives will provide technical expertise and assistance to the WRF as needed and be kept up to date on the projects. Additionally, APEC WRF technical workshops and meetings will be scheduled on the margins of WWTG regulator meetings in order to maximize APEC regulator participation and to encourage the exchange of timely information on technical capacity building developments.

As was successfully accomplished at the WRF meeting in Auckland, New Zealand on November 4-6, 2012, WRF members will also be invited to participate as Observers at future WWTG meetings. In addition, WWTG member economies export wine to essentially all APEC economies and would benefit from any decrease in unnecessary testing and certifications and increased developing economy regulator understanding of the appropriate regulation of wine.

Codex Alimentarius (Codex)
Codex is the international standard setting body for food safety recognized by the World Trade Organization", and under its classification wine is included as food. Codex established a committee on Food Import and Export Inspection and Certification Systems (CCFICS) in 1991. CCFICS develops guidelines and criteria with respect to format, declarations, language of official certificates with a view towards harmonization.

FIVS (The International Alcohol Beverage Industry Federation)
FIVS, which holds observer status at in Codex and International Organisation of Vine and Wine (OIV), works internationally with industry and regulators to reduce barriers and facilitate trade. FIVS will provide technical winemaking expertise and otherwise assist the APEC WRF as needed in implementing this Project.

Previous work: **How does this project build on, rather than duplicate, previous or ongoing initiatives in APEC or other organizations?**

This project will enhance and compliment, not duplicate, previous WRF work. It will take its work plan directly from the agreed-upon Outcomes and proposed next steps of the 2011 and 2012 WRF meetings to conduct specific technical capacity building activities related to each Outcome.

13. **<u>Project management:</u> Describe the project management and supervision arrangements (e.g. arrangements for oversight, steering Committee, meetings, etc.). What responsibilities are expected of any co-sponsors and other APEC fora? What**

mechanisms will be in place to ensure project success if the Project Overseer changes during the life of the project? *[Less than ½ page]*

The Project Overseers conduct project management. In addition, certain economies to be determined will have lead responsibility for organizing specific activities within the overall project. Responsibilities of co-sponsors are negotiated by the Project Overseers with co-sponsors and confirmed in writing to ensure strong mutual understanding.

The sponsoring economies communicate regularly via teleconference and email and will do so throughout the life span of the project. There are also plans to organize sponsor/co-sponsor meetings on the margins of other existing meetings.

The overall project will be guided by a Working Group of government and industry officials representing the proponent and co-sponsoring economies. Working Group members will meet regularly to develop and oversee project activities and ensure that project objectives are met.

The WRF network ensures a built-in review mechanism among its members for development, distribution and evaluation of workshop agendas and other materials.

If Jamie Ferman is unable to serve as Project Overseer during the project's life, another U.S. Government official will be appointed to take her place. In the event that Tom LaFaille is unable to serve as Project Overseer, another U.S. wine industry representative will be appointed.

SECTION D: Project Sustainability

14. **<u>Sustainability:</u> Describe how the project will continue to have impact after the APEC funding is finished. Where possible, be specific about who (which fora/economies/individuals) will plan and carry out possible sustainability initiatives.**
    - **How will stakeholders and beneficiaries be supported to carry forward the results and lessons from the project after its completion?**
    - **After project completion, what are the possible next steps to build on its outputs and outcomes? How will you try to ensure these future actions will take place?** *[Less than 1 page]*

The activities set forth in the proposal reflect the agreed-upon priority work areas of the WRF following its 2011 and 2012 meetings. The multi-year format ensures that the WRF will be able to implement sustainable training in all priority areas. The project will allow for delivery of training over an extended period of time and to a wider variety of audiences than is possible through workshops alone.

The capacity building priorities identified in the project activities will support improved food safety systems in APEC economies, better laboratory practices, and use of science-based international standards. The long-term benefit will be facilitated trade and reduced administrative burdens and costs on developing economies regulators. Outcomes of project elements should strengthen convergence to international food safety standards (such as Codex) and science-based practices.

The WRF will, on a regularly scheduled basis, provide information on regulatory changes in APEC economies and international forums such as the Codex Alimentarius Commission. These communications will provide all member economies the opportunity to exchange information on regulatory developments and increase regulatory coherence within the region.

Because the Project Proponent and four of the 12 co-sponsors are active members of the WWTG, there will be additional opportunities through the WWTG structure for carrying forward the results

and lessons learned from the technical activities. This will reinforce the work done in APEC and over time may influence the regulatory systems even of non-APEC economies.

WRF will use the WWTG as a model for continuing the important linkage between APEC government departments and non-government entities. The WWTG Regulators Forum, a regulators-only session held on the margins of the main meeting, is an opportunity for participants to discuss pending regulation changes and advances in new technologies pertaining to the international wine industries. It opens the door to opportunities for regulatory alignment or mutual acceptance of regulated standards.

15. **Project Overseers: Who will oversee the project—including any hiring of contractors—and drive it to success? Please include the names and brief biographies of the PO and any other key stakeholders involved in this project.** *[Less than ½ page]*

The Project Overseers responsible for the project's day-to-day operations and overall success are:

Jamie Ferman, Senior International Trade Specialist with the U.S. International Trade Administration, U.S. Department of Commerce. She has been an industry analyst working on technical barriers to trade issues for 14 years. She was the Project Overseer for the APEC Toy Safety Initiative, which held meetings in 2009 in Singapore and 2010 in Hong Kong. Jamie also served as Project Overseer of the inaugural WRF Seminar on Key Issues in Wine Regulation, held in San Francisco, California in September 2011.

Tom LaFaille, Director of International Trade Policy at Wine Institute, works with U.S. government agencies and international industry groups to reduce wine trade barriers and open new markets for U.S. wineries. He is a member of a U.S. Department of Agriculture trade advisory committee and represents the California and U.S. wine industry on the WWTG, APEC WRF and FIVS. An attorney, Tom served with Jamie Ferman as Project Overseer of the 2011 APEC WRF Seminar on Key Issues in Wine Regulation.

16. ***SECTION E: Project Efficiency* Cost Efficiency: Highlight how the project offers APEC maximum value for money. In what ways will the project maximize the cost-efficient use of resources?** *[½ page]*

This project maximizes the cost efficiency of human, time and financial resources by engaging, in a neutral and effective forum, the relevant public and private stakeholders in the region that are responsible for wine regulation. The WRF has well-established networks that the project overseers will draw upon to ensure maximum APEC member expertise and engagement in this project.

The project offers a significant return on APEC's investment because of the many benefits it will provide to APEC developing economies, consumers and industry, primarily SMEs.

There are a wide variety of costly non-tariff barriers (NTBs) impacting APEC member economies and private industry. For instance, with divergent, redundant and non-transparent standards and testing protocols, traders either pay unnecessarily high costs (as much as $400 USD per shipment) or do not trade at all. Eliminating these burdensome NTBs will reduce the costs of cross-border wine trade, stimulate demand and increase sales. More coherent regulations throughout the APEC region will greatly assist SMEs by saving them the time and expense of figuring out how to comply with each member economy's different regulations. The resulting increased economic activity not only will provide new jobs and increased tax revenues for all APEC member economies, it will significantly reduce administrative bureaucratic costs for government agencies. Much of the major costs that burden wine trade are differing standards and repetitive or unique conformity assessment procedures. The elimination of trade barriers arising from certification and/or analytical

requirements and the harmonization or mutual acceptance of compositional and other requirements (e.g., MRLs) will significantly reduce those border delays and costs and facilitate trade.

Alongside the recent increases in wine trade, efforts to improve transparency and reduce unnecessary technical barriers will benefit APEC member economies, consumers and businesses and will promote greater economic integration across the region. Bringing together regulators to discuss the implementation of labeling initiatives, including allergen labeling, wine consumption patterns, and health warnings will have particular benefits for APEC member economies and consumers.

17. **<u>Budget:</u> Complete the Excel spreadsheet: APEC Multi-Year Project Budget Template. The budget should include calculation assumptions (e.g., unit costs) and co-funding contributions. Please consult the *Guidebook on APEC Projects* for eligible expenses.**

    See attached.

18. **<u>Direct labour:</u> Provide information for APEC-funded positions including general duties, total hours and who will be contracted, if known. (It is not acceptable to contract staff from your own organization or government employees.)**

    See attached budget.

    A contractor will be used for the database activity beginning in Year 1

19. **<u>Waivers:</u> Provide details of any requests for waivers from the normal APEC financial rules, with justifications (e.g., from tendering requirements, for advance payment, simultaneous interpretation payment) in the notes column of the budget table, or below if the waiver requires a detailed explanation.**

    We seek approval of a waiver in relation to travel expenses for the following:
    1. Government officials from non-travel eligible economies;
    2. Government officials from non-APEC member economies; and/or
    3. Officials representing International Forums.