



Asia-Pacific
Economic Cooperation

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FOREWORD

Welcome to the May 2004 edition of *Update of Activities for APEC*.

APEC's work programme for 2004 is an extensive one encompassing a wide range of activities in many new as well as longstanding work areas. At their annual meeting in November 2003 in Bangkok, APEC Leaders agreed that for the region to prosper amidst the fast-changing international environment, APEC members needed to strengthen their existing partnership with the focus firmly fixed on three complementary areas: liberalising and facilitating regional trade and investment; combating direct threats to the security and wellbeing of our communities; and preparing our communities to fully benefit from the ongoing process of globalization. The priorities set for the 2004 Chile APEC Year directly support these areas of focus.

Supporting the multilateral trading system is one of APEC's highest priorities for the year. APEC recognizes that there is no substitute for the benefits to be gained through the successful conclusion of the WTO Doha Development Agenda and will continue lending its weight at all levels to this process; from helping to inject necessary political momentum through to providing technical cooperation to assist members build confidence and capacity for negotiations and in implementing WTO obligations.

The growing trend of bilateral and regional preferential trade agreement processes is another important area that APEC is committed to addressing this year as it analyses their role and impact on the achievement of APEC's overall free trade and investment goals.

Protecting the region from the threat of terrorism is yet another crucial area of work for safeguarding sustained economic growth and stability. Details can be found in this edition of the *Update* on APEC's continued work in trade facilitation focused on trade and security.

Health Security is one of the newer areas to demand APEC attention and cooperation to combat regional health threats and emerging infectious diseases is being addressed through the recently created APEC Health Task Force. APEC's inbuilt structure for wide-ranging coverage of economic issues makes it uniquely suited to addressing the multi-sectoral impact of today's health threats.

The sections on small and medium and micro enterprises describe how economies within APEC are working together to promote these vital sectors which are collectively the largest employers in the Asia Pacific region. Also covered is the related priority of strengthening the use of the English language as a tool to improve economic opportunities for workers in these and other sectors through language skills enabling better participation in global trade, business and other transactions.

Underpinning the region's prospects for continued economic development and prosperity is the need to continue work on sound fiscal and monetary policies that along with efficient and stable financial institutions form the foundation for sustainable growth and financial stability. This remains a high priority for APEC in 2004 and is an area in which good progress is being made through the APEC Finance Ministers' Meeting and related processes.

The activities outlined in this publication provide a summary of APEC programmes showing how cooperation within the APEC forum translates into policy and action to assist members and their communities in responding to the economic challenges faced by the region. The theme adopted by Chile for 2004; "One Community, Our Future" is reflected strongly throughout these activities.

We remind readers that the main APEC website www.apec.org offers an additional source of information on developments, issues and work programmes within APEC. Links to APEC fora websites are also provided to cater to those with sectoral and specialised interests.

We invite you to also visit the Chile APEC 2004 website www.apec2004.cl for more detailed information and background on meetings and events being hosted there this year.



Mario Artaza
Executive Director
APEC Secretariat

INTRODUCTION

Update of Activities

The Update of Activities provides a summary of APEC's activities undertaken by its various committees, sub-committees, working groups, expert groups and special task groups. This first section highlights information about the APEC process, including goals, functions, key stakeholder involvement, action plans and themes for 2004. If you are new to the APEC process, this first section will provide valuable background information before reading the specific updates provided in later sections.

The rest of the *Update* provides specific information about key APEC activities focusing on sectoral cooperation and policy coordination. The information is divided into the APEC groups responsible for each issue. Each entry covers the objectives of the group, latest developments, key outcomes and contact information for further information.

Additional information about APEC groups and key issue areas is available on the APEC Secretariat website at www.apec.org. Keep up to date with latest APEC news with the free APEC E-Newsletter. It provides information on the key outcomes of the APEC process, new publications, upcoming meetings and more. Subscribe for free on the APEC Secretariat website.

Introducing APEC

Asia-Pacific Economic Cooperation, or APEC, is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region.

APEC has 21 members - referred to as "Member Economies" - which account for more than a third of the world's population (2.6 billion people), approximately 60% of world GDP (US\$19,254 billion) and about 47% of world trade. It also proudly represents the most economically dynamic region in the world having generated nearly 70% of global economic growth in its first 10 years.

APEC's 21 Member Economies are: Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Republic of the Philippines; The Russian Federation; Singapore; Chinese Taipei; Thailand; United States of America; Viet Nam.

Role and Goals

APEC was established in 1989 to further enhance economic growth and prosperity for the region and to strengthen the Asia-Pacific community.

Since its inception, APEC has worked to reduce tariffs and other trade barriers across the Asia-Pacific region, creating efficient domestic economies and dramatically increasing exports. Key to achieving APEC's vision are what are referred to as the 'Bogor Goals' of *free and open trade and investment in the Asia-Pacific by 2010 for developed economies and 2020 for developing economies*. These goals were adopted by Leaders at their 1994 meeting in Bogor, Indonesia.

Free and open trade and investment helps economies to grow, creates jobs and provides greater opportunities for international trade and investment. In contrast, protectionism keeps prices high and fosters inefficiencies in certain industries. Free and open trade helps to lower the costs of production and thus reduces the prices of goods and services – a direct benefit to all.

APEC also works to create an environment for the safe and efficient movement of goods, services and people across borders in the region through policy alignment and economic and technical cooperation.

How APEC Operates

APEC operates as a cooperative, multilateral economic and trade forum. It is unique in that it represents the only intergovernmental grouping in the world committed to reducing trade barriers and increasing investments without requiring its members to enter into legally binding obligations.

The forum succeeds by promoting dialogue and equal respect for the views of all participants and making decisions based on consensus to achieve its free and open trade and investment goals.

Every year one of the 21 APEC Member Economies plays host to the major APEC meetings and serves as the APEC Chair. The APEC host economy is responsible for chairing the annual Economic Leaders' Meeting, selected Ministerial Meetings, Senior Officials' Meetings, the APEC Business Advisory Council and the APEC Study Centres Consortium amongst others and also fills the Executive Director position at the APEC Secretariat.

APEC's working level activities and projects are guided by APEC Senior Officials from the 21 APEC Member Economies. These activities and projects are implemented by four high level committees –

- Budget and Management Committee
- Committee on Trade and Investment
- Economic Committee
- Senior Officials' Committee on Economic and Technical Cooperation

Sub-Committees, Experts' Groups, Working Groups and Task Forces all support the activities and projects led by these four high level committees. Updates from all of these groups are provided in this publication.

Through the APEC process, Member Economies take individual and collective actions to open their markets and promote economic growth.

APEC Secretariat

The APEC Secretariat is based in Singapore and operates as the core support mechanism for the APEC process. It provides coordination, technical and advisory support as well as information management, communications and public outreach services.

The APEC Secretariat performs a central project management role, assisting APEC Member Economies and APEC fora with overseeing more than 250 APEC-funded projects. APEC's annual budget is also administered by the APEC Secretariat.

The APEC Secretariat is headed by an Executive Director and a Deputy Executive Director. These positions are filled by officers of Ambassadorial rank from the current and incoming host economies respectively. The positions rotate annually. For 2004, the Executive Director is Ambassador Mario Artaza from Chile and the Deputy Executive Director is Ambassador Choi Seok Young from Korea.

The APEC Secretariat is staffed by a small team of 22 Program Directors, seconded from APEC Member Economies. Around 25 permanent staff fulfill specialist and support functions at the APEC Secretariat.

Key Action Plans

Osaka Action Agenda

In order to meet APEC's free and open trade and investment goals, APEC Member Economies follow the strategic roadmap agreed by APEC Economic Leaders in 1995 in Osaka, Japan. This roadmap is known as the *Osaka Action Agenda*. This agenda provides a framework for meeting the 'Bogor Goals' through trade and investment liberalisation, business facilitation and sectoral activities, underpinned by policy dialogues and economic and technical cooperation. As part of this framework, General Principles have been defined for Member Economies as they proceed through the APEC liberalisation and facilitation process.

The following General Principles are set out in the *Osaka Action Agenda* and are applied to the entire APEC liberalisation and facilitation process –

- *Comprehensiveness* – addressing all impediments to achieving the long-term goal of free and open trade.
- *WTO-consistency* – measures undertaken in the context of the APEC Action Agenda are consistent with the principles of the World Trade Organization (WTO).
- *Comparability* – APEC Member Economies endeavor to have comparable trade and investment liberalisation and facilitation, taking into account the general levels achieved by each APEC economy.
- *Non-discrimination* – reductions in barriers to trade achieved through APEC are available to all APEC Member Economies and non-APEC economies.
- *Transparency* – the laws, regulations and administrative procedures in all APEC Member Economies which affect the flow of goods, services and capital among APEC Member Economies are transparent.
- *Standstill* – APEC Member Economies do not take measures which have the effect of increasing levels of protection.
- *Simultaneous start, continuous process and differentiated timetables* – APEC Member Economies began simultaneously the process of liberalisation, facilitation and cooperation and continuously contribute to the long-term goal of free and open trade and investment.

- *Flexibility* – APEC Member Economies deal with the liberalisation and facilitation process in a flexible manner, taking into account differing levels of economic development.
- *Cooperation* – Economic and technical cooperation contributing to liberalisation and facilitation is actively pursued.

Individual Action Plans (IAPs)

APEC Member Economies report progress towards achieving the free and open trade and investment goals through *Individual* and *Collective Action Plans*, submitted to APEC on an annual basis.

Individual Action Plans record actions taken by each Member Economy to meet its stated goals for free and open trade and investment. APEC Member Economies set their own timelines and goals, and undertake these actions on a voluntary and non-binding basis.

As specified in the *Osaka Action Agenda*, reporting is based on 15 issue areas –

- Tariff
- Non-tariff measures
- Services
- Investment
- Standards and Conformance
- Customs Procedures
- Intellectual Property
- Competition Policy
- Government Procurement
- Deregulation/Regulatory Review
- WTO Obligations (inc. Rules of Origin)
- Dispute Mediation
- Mobility of Business People
- Information Gathering and Analysis

Each year, several APEC Member Economies volunteer to have their IAPs reviewed. Known as Peer Reviews, this process involves a formal review team considering each volunteer economy's IAP. The process includes experts conducting independent on-site research and analysis and the involvement of the independent private sector body, the APEC Business Advisory Council (ABAC).

Collective Action Plans (CAPs)

Collective Action Plans (CAPs) detail the collective actions of all APEC Member Economies in the 15 issue areas outlined in the *Osaka Action Agenda*. The 15 issue areas mirror those detailed in the *Individual Action Plans*.

CAPs are used by APEC to outline actions and objectives to meet the free trade and investment goals, as well as to monitor and report on progress.

Stakeholder Participation

Strong and vibrant economies are not built by governments alone, but by partnerships between government and its key stakeholders including the business sector, industry, academia, policy and research institutions, and interest groups within the community. APEC actively involves these key stakeholders because it welcomes participation that –

- Facilitates the attainment of APEC goals through appropriate partnerships,
- Strengthens the quality of APEC's work by drawing on relevant insight and expertise, and
- Strengthens understanding and support for APEC's goals through openness, transparency and broad-based partnership that seeks multiple perspectives from the community.

In general, non-member economies, organisations, business/private sector representatives, academic bodies and other experts may apply or be invited to APEC activities subject to guidelines.

Business Participation

If we regard human and physical capital as the engine behind economic growth and development, the business community is the fuel for this engine. APEC fully appreciates the important role that business plays in any economy and involves the international business community at all levels of the APEC process. At the highest level, APEC Economic Leaders communicate through annual meetings with the APEC Business Advisory Council (ABAC). ABAC comprises high-level business people from all 21 Member Economies, including representatives of the Small to Medium Enterprises sector.

At the working level, representatives from the private sector are invited to join APEC working groups and expert groups. This process provides an important opportunity for industry to provide input into various areas of APEC's ongoing work.

Academic and Research Institution Participation

Through the APEC Study Centres (ASC) Consortium, APEC Member Economies actively engage academic and research institutions in the APEC process. Amongst a range of key activities, the ASC Consortium facilitates cultural and intellectual exchanges in the Asia-Pacific region and assists the APEC process by undertaking advanced collaborative interdisciplinary and policy-relevant research from an independent and long-term perspective. There are ASCs in 19 APEC Member Economies, comprising 100 universities, research centres and centres of academic excellence across the APEC region.

Academics and research institutions also participate in the working level of APEC through meetings, seminars and other activities.

Women's Participation

For a number of years, APEC has actively sought the input and participation of women in the APEC process. Currently, the Gender Focus Point Network, which comprises members from all 21 APEC Member Economies, encourages the consideration of gender issues within APEC. All APEC projects and activities are carefully monitored to ensure that gender issues are considered.

2004 Themes

The APEC host economy, in consultation with other Member Economies, develops themes to guide the activities of APEC for that year.

For the APEC Chile 2004 year, the theme is –

- *One Community, Our Future*

Sub-themes

This central theme is further developed by a series of sub-themes to guide APEC's Working Groups and Fora in achieving their specific goals for 2004 –

- *A Commitment to Development through Trade*
- *Sharing Benefits through Better Practices*
- *Skills for the Coming Challenges*
- *Opportunities for Entrepreneurial Growth*
- *Growth and Stability: Key for APEC Integration*
- *Commitment to Sustainable Growth*
- *Experiencing Our Diversity*

More information about 2004 themes can be found on the APEC Chile 2004 website at www.apec2004.cl.

GENERAL ENQUIRIES

For general enquiries about APEC, please contact the APEC Secretariat –

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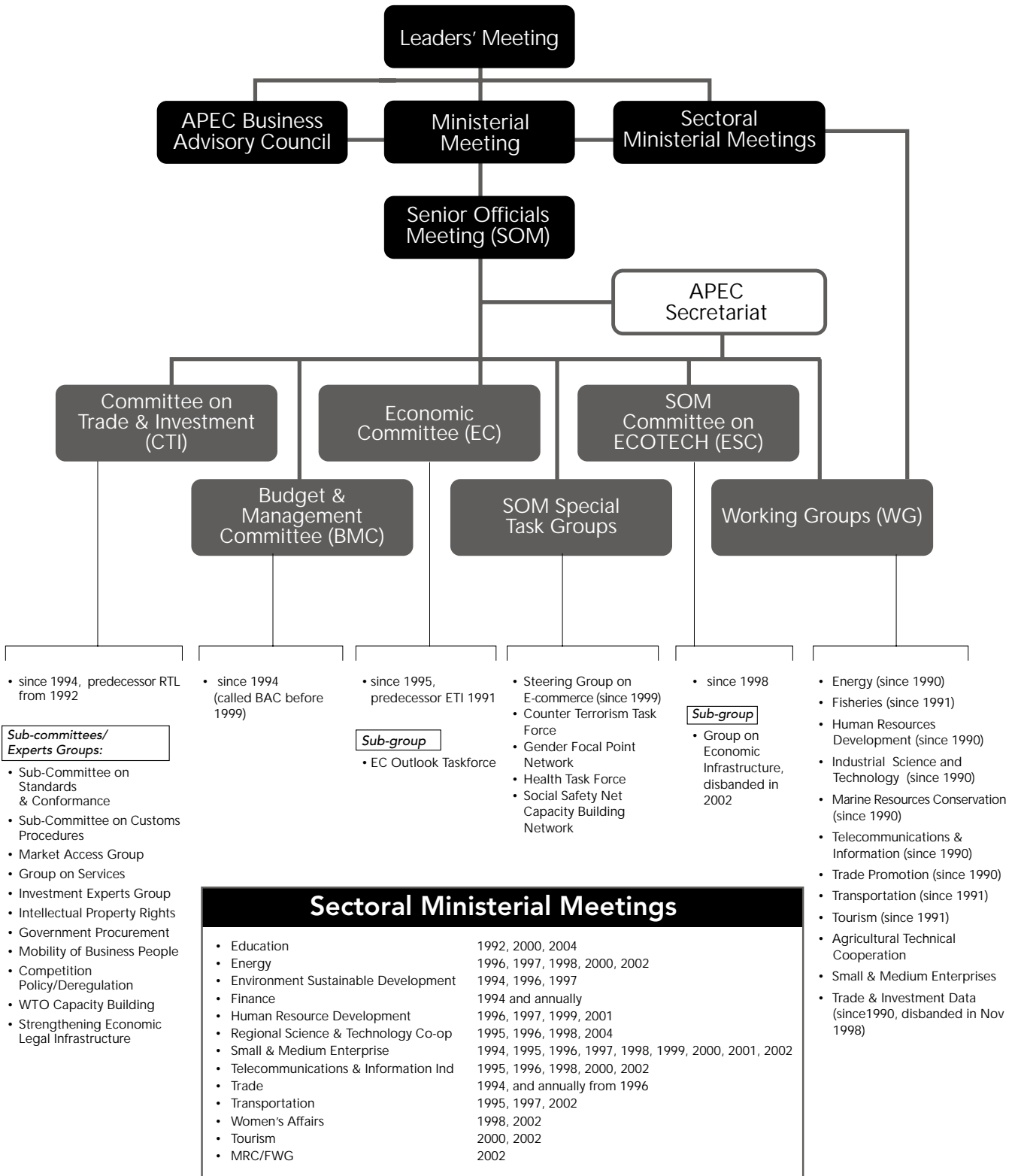
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Contact details for officials in APEC Member Economies can be found in the APEC Contacts section of the *Update*.

APEC STRUCTURE



Sectoral Ministerial Meetings	
• Education	1992, 2000, 2004
• Energy	1996, 1997, 1998, 2000, 2002
• Environment Sustainable Development	1994, 1996, 1997
• Finance	1994 and annually
• Human Resource Development	1996, 1997, 1999, 2001
• Regional Science & Technology Co-op	1995, 1996, 1998, 2004
• Small & Medium Enterprise	1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002
• Telecommunications & Information Ind	1995, 1996, 1998, 2000, 2002
• Trade	1994, and annually from 1996
• Transportation	1995, 1997, 2002
• Women's Affairs	1998, 2002
• Tourism	2000, 2002
• MRC/FWG	2002

I. ACTIVITIES OF APEC FORA

BUDGET AND MANAGEMENT COMMITTEE

The Budget and Management Committee (BMC) advises the Senior Officials' Meeting (SOM) on budgetary, administrative and managerial issues. Its key responsibility is to prepare the budget for APEC and recommend the approval of projects. The BMC also monitors and evaluates project management aspects of the operations of Committees and Working Groups and makes recommendations to Senior Official Meetings (SOM) for improved efficiency and effectiveness. The BMC meets twice a year, usually at the end of March and July/ August.

Operational Account

Projects in support of APEC's Economic and Technical Cooperation (ECOTECH) agenda are funded by the Operational Account, which is formed from a portion of members' annual contributions to APEC. In recent years, the Account has funded projects with an annual commitment of US\$2 million.

Trade and Investment Liberalisation and Facilitation Special Account

Cooperative projects in support of trade and investment liberalisation and facilitation (TILF) which aim to assist APEC Member Economies to meet the free trade and investment goals, are funded by the TILF Special Account.

In 1995 at the APEC Economic Leaders' Meeting, Japan expressed its intent to contribute up to 10 billion yen over several years to the APEC Central Fund to fund projects which expand cooperative programs, encouraging trade and investment liberalisation and facilitation. Japan also expressed its view that other APEC Member Economies should actively engage in cooperation in the future. The TILF Special Account has been established to accommodate such contributions. In recent years, the Account has funded projects with an annual commitment of around US\$5 million.

Latest Developments

Guidebook on APEC Projects

The Guidebook on APEC Projects provides direction on managing the financial aspects of APEC projects, including reporting and evaluation. In October 2002, the fifth edition of the Guidebook on APEC Projects was released, following a major review. In 2003 the BMC began a process of fine-tuning the *Guidebook* and is currently working in conjunction with the SOM Committee on ECOTECH on improving the format for project proposals as part of the work on improving the evaluation of projects and programs. A trial of the resulting generic quality assessment framework for applications is now underway.

Budget and Management Committee – Key Contacts

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COMMITTEE ON TRADE AND INVESTMENT

The Committee on Trade and Investment (CTI) works to reduce impediments to business activity in 15 key areas outlined in the *Osaka Action Agenda* – tariffs and non-tariff measures, services, standards and conformance, customs procedures, intellectual property rights, competition policy, government procurement, deregulation, rules of origin, dispute mediation, mobility of business people and implementation of World Trade Organization (WTO) obligations.

In addition to its ongoing work in the 15 key issue areas, the CTI meets three times a year and provides a forum for APEC's 21 Member Economies to discuss trade and policy issues.

Specific issues are addressed by Sub-Committees and Experts' Groups under the direction of CTI and details of these issue areas are provided in the subsequent sections of the *Update*.

Latest Developments

For 2004, CTI adopted a short list of 5 priorities on which it will be focussing its work. These priorities are –

- Support for the WTO.
- Trade and investment facilitation (including IPR).
- Implementation of the APEC Transparency Standards.
- Implementation of Pathfinder Initiatives
- Contribution to the APEC Structural Reform Action Plan.

At its first meeting held in Santiago in February, the CTI approved work plans with clear time frames, objectives and deliverables in all five areas. All work plans are "living documents" and members have been encouraged to send in proposals for further improvements throughout the year.

CTI implemented a number of changes to its work processes; including adjusting and replacing its traditional session on Convenor's reports with an "interactive dialogue" with Convenors on CTI priorities.

To ensure closer collaboration between APEC Business Advisory Council (ABAC) and CTI a list of potential areas of ABAC-CTI cooperation have been agreed and priority items in the areas of trade facilitation and transparency have been selected as areas in which collaborative work can begin.

Support for the WTO

The work plan on *Support for the WTO* centers around two sets of issues. The first set of issues is to assist economies to implement WTO obligations and participate in the WTO (i.e. capacity building) more effectively. The second set of issues relates to work supporting the WTO through issuing strong statements at Ministerial Meetings. CTI is focused on making concrete contributions to the

WTO sections of the 2004 Meeting of Ministers Responsible for Trade (MRT), APEC Ministerial Meeting (AMM) and APEC Economic Leaders' Meeting (AELM) declarations which will support the successful conclusion of the Doha Development Agenda (DDA), in the areas as agreed in the Bangkok Leaders' Declaration. It will also continue to provide capacity building support to APEC Member Economies which require institutional training and knowledge to take full advantage of the WTO process.

Trade and Investment Facilitation (including IPR)

The work plan on the CTI priority of *Trade and Investment Facilitation* has two main parts – (i) trade facilitation and (ii) investment facilitation (including Intellectual Property Rights).

On *trade facilitation*, the 2004 work plan focuses on the implementing the APEC Trade Facilitation Action Plan (TFAP)¹, which was approved in 2002. The key activities planned for 2004 include a mid-term review of TFAP implementation scheduled for SOM III and an expanded dialogue on Trade Facilitation also scheduled for SOM III. Work on establishing the modalities for the dialogue and review is underway.

On *investment facilitation*, the plan covers activities that are largely IPR related to follow-up on the implementation of the Comprehensive Strategy on IPR in APEC and the establishment of IPR Service Centres.

Implementation of the APEC Transparency Standards

The work plan for this priority builds on the *Transparency by 2005 Strategy* adopted in 2003. It is aimed at undertaking activities that will facilitate the incorporation of the Transparency Standards into domestic legal regimes. The work plan also includes a proposed process which involves working closely with ABAC to obtain business community input on transparency issues that have an impact on business.

Implementation of Pathfinder Initiatives²

The work plan on *Implementation of Pathfinder Initiatives* comprises a framework document for advancing APEC's agreed pathfinders and a series of matrices outlining specific strategies and progress under each individual pathfinder. The plan's main objectives are (i) getting more members to join the Pathfinder Initiatives and (ii) better implementing existing Pathfinders Initiatives.

CTI's Contribution to the APEC Structural Reform Action Plan

The work plan on *CTI's Contribution to the APEC Structural Reform Action Plan* aims to submit a progress report on the implementation of the Structural Action Plan by CTI and its sub-fora, to Ministers and Leaders when they meet in November 2004. It includes a plan by Japan to hold a high level forum on Structural Reform in early September in Tokyo which will make an important contribution to the promotion of Structural Reform in the APEC region. To achieve this objective in 2004, economies will exchange and share structural reform related experience and measures implemented in order to expand trade and investment. CTI will work with ABAC to identify some key priorities for structural reform. A Trade Policy Dialogue on a key priority related to trade and investment (impediments and solutions) will be held at SOM II in 2005.

Collective Action Plans

Collective Action Plans (CAPs), which were first reported in 1996, remain the Committee's main vehicle for progressing its TILF agenda. CAPs detail the collective actions of all APEC Member Economies in the 15 issue areas outlined in the *Osaka Action Agenda* and are used by APEC to outline actions and objectives to meet the free trade and investment goals, as well as to monitor and report on progress. For 2004, CTI and its sub-fora will continue to review and enhance the CAPs to ensure that they are effective and assist APEC to meet its goals.

Strengthening Economic Legal Infrastructure (SELI)

APEC works to build capacity in the area of economic legal infrastructure, including regulatory and institutional reforms and corporate governance. Work in this area focuses on assisting members to improve legal infrastructure and encouraging open market policies to achieve maximum and sustained economic growth in the region. This work is coordinated by the SELI Coordinating Group under the Guidance of CTI. The group has so far conducted several capacity building projects on commercial laws; instruments and mechanisms relating to financing; and accounting. For 2004, SELI agreed that by their 2nd meeting this year, all economies would submit their reports on implementation of SELI issues using on the template adopted last year. On the basis of these reports, SELI will consider how it could better coordinate its work with ABAC and other business people in order for SELI to be more effective and meaningful.

Industry Dialogues

CTI recognises the importance of public-private sector dialogues for improving mutual understanding of key imperatives for the development of future policy and for enhancing the competitiveness of the relevant industries. It continues to support SOM in monitoring the developments in the Automotive and Chemical Dialogues as well as the newly established Life Sciences Innovation Forum.

Brief History

The Committee on Trade and Investment was established in November 1993 by the *Declaration of an APEC Trade and Investment Framework*. The scope of CTI's work was expanded and further clarified by the *Osaka Action Agenda* in 1995.

¹ The APEC Trade Facilitation Action Plan provides a framework and schedule for the implementation of actions and measures to meet APEC's trade facilitation objectives of substantially reducing transaction costs to business. It also includes a menu of concrete actions and measures developed by APEC Member Economies in consultation with the private sector to provide examples of the types of measures that each APEC Member Economy may wish to undertake.

² APEC uses an approach known as Pathfinder Initiatives to enable groups of Member Economies to pilot the implementation of cooperative initiatives prior to their adoption by all APEC Member Economies. This approach allows APEC Member Economies who are ready and willing to commit to move faster in specific areas to do so and is seen as a way to invigorate progress towards the free trade and investment goals.

Committee on Trade and Investment – Key Contacts

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TARIFF AND NON-TARIFF MEASURES

Tariff and non-tariff measures (NTMs) are two of the 15 specific areas outlined in the *Osaka Action Agenda* through which APEC Member Economies are working to eliminate tariff and non-tariff barriers to trade. Elimination of these barriers will help APEC to achieve the *Bogor Goals*, encourage greater and freer trade and investment flows and create new business opportunities and jobs in the Asia-Pacific region.

The Market Access Group (MAG), which reports to the Committee on Trade and Investment, is responsible for APEC's work on tariffs and NTMs. Between October 2003 and May 2004, MAG met once on 26–27 February 2004 in Santiago, Chile. Australia, which has chaired MAG over the last two years, was re-elected for a further term at MAG's last Santiago meeting.

Latest Developments

The work plan and concrete deliverables for 2004 were developed at the MAG16 Meeting in Santiago, in response to APEC Leaders/Ministers/SOM decisions and CTI priorities. The plan includes -

A) Support for the WTO

- MAG will continue to identify information technology (IT) products that could be proposed to the World Trade Organisation (WTO) for possible tariff elimination.
- MAG will explore the scope for a proposed capacity building project to hold a trade negotiations training course for developing economies (Australian initiative).
- The MAG paper on Best Practice in WTO Domestic Consultations will be posted on the MAG page on the APEC Secretariat website.
- MAG members will regularly update their tariff data for inclusion in the WTO Integrated Database and the APEC Tariff Database.

B) Implementation of the APEC trade facilitation action plan

- MAG will contribute to three projects designed to measure the transaction costs of trade facilitation initiatives that have been implemented to meet the APEC goal of reducing transaction costs by 5 percent by 2006. Specifically MAG –
 - i. Will contribute to a Chinese trade facilitation initiative that will use statistical techniques to calculate transaction costs.
 - ii. Members will participate in an Australian project designed to measure compliance costs to business of various non-tariff measures in the APEC region.
 - iii. Will review and provide comments on a draft study from Canada on a methodology to identify the gains from trade facilitation.
- MAG members will endeavour to implement additional trade facilitation measures identified in the APEC Trade Facilitation Action Plan.

C) Implementation of pathfinder initiatives (where appropriate)

- MAG members will endeavour to bring forward proposals for new pathfinder initiatives.

D) Implementation of the APEC transparency standards

- MAG members will work towards the implementation of the area-specific *Transparency Standards on Market Access*.
- MAG will consider proposed actions to implement the APEC Leaders' Transparency Standards, circulated by the United States.
- MAG members will regularly update their tariff data for inclusion in the WTO Integrated Database and the APEC Tariff Database.
- MAG members will regularly revise and update their links to import regulations on the MAG section of the APEC Secretariat website.
- MAG will ensure that its own operations are transparent by keeping the MAG section of the website up-to-date, publishing MAG meeting documents on-line and contributing to the APEC Secretariat e-newsletter.

E) *Implementation of the APEC structural reform action plan*

- MAG will consider preparing a brochure to showcase individual economy experiences with structural reform and highlight the benefits of structural reform in maximising the opportunities provided by trade liberalisation and open markets.

Key Outcomes

- A MAG Trade Policy Dialogue (TPD) on Market Access Impediments to Trade faced by Small and Medium Enterprises (SMEs) was held at MAG16. Mr Francisco Troncoso, the Lead Shepherd of the APEC SME Working Group and three other invited speakers (Mr Chris DeCure; Mr Grant Dooley of Australia; and Mr Alberto J. Martinez of Chilean Association of Metal and Mechanical Industries) participated in the MAG TPD. MAG proposes to invite ABAC representatives to regularly attend the MAG meetings in order to better coordinate views of the public and private sectors. MAG members also suggested incorporation of these concerns into its future capacity building projects.
- The APEC Tariff Database is regularly updated by the MAG members. The APEC TDB is one of the best ways to support the WTO and to implement the transparency principles. APEC TDB is particularly useful for the removal of market access impediments to SMEs.

- Pursuant to instructions in the Leaders' statement to implement APEC policies on trade and the digital economy, MAG has tasked itself to identify IT products that may be proposed to the WTO for possible tariff elimination. A list of six additional information technology products for tariff elimination and their Harmonized System (HS) codes presently being considered by MAG.

- A workshop on quantitative methods for assessing NTMs and Trade Facilitation was held in Bangkok on 8–10 October 2003. Some academic publishers have shown interest in publishing the conference proceedings as a book as well as having it translated for a wider study.

Brief History

The Market Access Group (MAG) was established in 1998 by the Committee for Trade and Investment (CTI) to handle the CTI's work on tariffs and NTMs. The MAG is designed to work through regular meetings held in the margins of the three formal Senior Officials' Meetings.

Tariff and Non-Tariff Measures – Key Contacts

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SERVICES

The services sector generates significant economic growth, trade and investment in the Asia-Pacific region. This sector is also a significant employer of people in the region. To encourage further growth and development in this sector, APEC's Group on Services (GOS) works on trade and investment liberalisation and facilitation issues related to trade in services, and coordinates APEC's work in this area. GOS works in close collaboration with four service-related Working Groups: Telecommunications and Information; Transportation; Tourism; and Energy.

Latest Developments

GOS is continuing to exchange information related to the WTO services negotiation in order to help APEC Member Economies to participate actively in that negotiation and at the same time to contribute to the progress to international trade in services.

At the GOS I meeting held in February 2004, in Santiago, Chile, GOS discussed new items of common interest in members in preparation for WTO services negotiations.

GOS added new items to its agenda including the standardisation of the professional services, in particular, in the health service area; follow-up of the trade and digital economy pathfinder in specific service areas; and measures for the implementation of transparency standards.

GOS continued to implement the project on trade in environmental services which is to be completed by this year.

In 2004, GOS will undertake additional projects which will add significant momentum to trade liberalisation in the region and members' participation in the WTO services negotiations. These projects include -

- A seminar on mutual recognition agreements; and
- Transparency in mode 4 which relates to the supply of services through movement of natural persons.

The GOS is also currently discussing implementation of the transparency standards for services.

Key Outcomes

The GOS finished its multi-year project on the Menu of Options carried out through three phases since 2000. The Menu of Options includes a comprehensive list of measures APEC Member Economies could undertake to liberalise trade in services. The Menu of Options is designed to not only help APEC Member Economies to liberalise services trade but to also promote economic and technical cooperation in services trade.

GOS finalised a study project on the *Cost and Benefit of Services Trade Liberalisation*, which provides policy makers with useful information about the value of undertaking liberalisation of services trade. Additionally, the study will provide information about the economic and supervisory conditions that must be developed to provide reasonable assurance that liberalising trade in services will be beneficial to people in APEC Member Economies while providing domestic service providers with an opportunity to be competitive with providers of imported services.

Brief History

The Group on Services was established in 1997 by the Committee on Trade and Investment (CTI) as a subgroup to address trade and investment liberalisation and facilitation tasks in the area of services.

Services – Key Contacts

Convenor

Selection of a new Convenor is in progress after the former Convenor, Amb. Choi Seok Young was appointed as Deputy Executive Director of the APEC Secretariat.

APEC Secretariat

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INVESTMENT

Investment is integral to economic growth and development in the Asia-Pacific region. To encourage and facilitate free and open investment in the region, the Investment Experts' Group (IEG) assists the Committee on Trade and Investment with its efforts to enhance transparency of investment regimes, facilitate investment activities and promote investment liberalisation within the region. Work in this area also provides an opportunity for private sector and government officials to exchange views on investment issues.

Latest Developments

The first APEC/OECD co-operative initiative, a seminar on international investment, will be held in the city of Pucón, Chile on 25–26 May 2004. The *Current FDI Trends and Investment Agreements: Challenges and Opportunities* seminar will involve APEC and OECD Investment delegates, private sector representatives, governmental officials, international investment negotiators, and arbitrators, among many others to discuss foreign direct investment trends, disciplines in investment agreements and international investment disputes. Future areas of cooperation between the two international organisation regarding investment will also be explored.

Key Outcomes

The 5th edition of the *Guide to the Investment Regimes of the APEC Member Economies* was updated in 2003. Compiled to make cross-border investment more transparent and simple, the guidebook has been produced through the individual contributions of APEC Member Economies working with local business communities. It is intended to overcome a lack of clarity in regulations and procedures across different economies, which is one of the greatest impediments to free trade and investment. This tool helps government officials to exchange information on each other's investment regimes and to enhance transparency. It also provides business people and investors with information to better understand the regulations and procedures for doing business and investment in APEC Member Economies.

The 4th *APEC Investment Mart 2003*, was held in Bangkok from 16–21 October 2003 under the theme: "Asia Pacific-Invest with Confidence, Benefit from Diversity". All 21 APEC Member Economies participated. The Mart comprised six main activities including the APEC Investment Exhibition; presentations on investment issues from each APEC Member Economy; the Thai Goods fair;

on-site industrial and cultural tour; match making services; and a cultural show. More than 300,000 visitors attended the APEC Investment Mart.

A study on "Venture Capital Investment in APEC Economies" was conducted in 2003. The report discussed recent developments in venture capital in the Asia-Pacific region and analysed policies and economic environments in APEC economies. The report identifies best practices in APEC as well as regulatory barriers to the development of an efficient venture capital industry for financing small and medium enterprises.

A study on "Cross Cross-border Mergers & Acquisitions: Case Studies of Korea, China, and Hong Kong, China" was also conducted in 2003. The purpose of this project was to enhance the understanding of cross-border Mergers & Acquisitions in the APEC Member Economies. A deeper analysis of this issue through various case studies is critical in order to understand benefits and costs of cross-border Mergers & Acquisitions for host economies. The study concluded that host economies experience more benefits than costs with cross-border Mergers & Acquisitions.

Brief History

The Committee on Trade and Investment established the IEG in 1994 to develop a set of Non-binding Investment Principles. In 1995 the IEG was reconvened to provide advice to the CTI on investment issues and to develop the Osaka Action Agenda.

Investment – Key Contacts

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STANDARDS AND CONFORMANCE

The Sub-Committee on Standards and Conformance (SCSC) assists the Committee on Trade and Investment to achieve the standards and conformance related components of APEC's trade and investment liberalisation and facilitation agenda. This agenda includes the reduction of negative effects on trade and investment flows caused by differing standards and conformance arrangements in the region. The agenda also involves further developing open regionalism and market-driven economic interdependence through a number of activities including encouraging greater alignment of APEC Member Economies' standards with international standards.

Ultimately, more harmonised standards and conformance will improve the efficiency of production and facilitate the conduct of international trade, resulting in more rapid trade flows, reduced costs and greater integration of production networks in the region.

Latest Developments

At the first SCSC meeting in February 2004, the Work Program for the year 2004 was discussed and adopted. The main areas in which the SCSC is working collectively are –

- Alignment of Member Economies' standards with International Standards,
- Recognition of Conformity Assessment in the Regulated Sector,
- APEC Mutual Recognition Arrangements (MRAs),
- Related Arrangements and Recognition of Conformity Assessment in the Voluntary Sector, and
- Technical Infrastructure Development.

The SCSC will also consider how to implement sector specific APEC Transparency Standards and how to contribute to secure trade in the APEC region through standards and conformance.

The SCSC will also contribute information to the WTO Agreement on Technical Barriers to Trade and Sanitary and Phytosanitary Measures.

One of the important items to be considered in 2004 is the effect of standards and conformance on Small and Medium Enterprises. In order to reduce the compliance costs for small and medium enterprises (SMEs), SCSC will discuss options in the SCSC II meeting with the Small and Medium Enterprise Working Group Chair.

Key Outcomes

In the 10th APEC Economic Leaders' Declaration, *Parts II and III of APEC MRA on Conformity Assessment of Electrical and Electronic Equipment (EEMRA)* was adopted as a Pathfinder Initiative. APEC Member Economies are encouraged to participate in this initiative.

Brief History

The SCSC was established in 1994 and contributes to trade and investment liberalisation and facilitation through technical areas of standards and conformance.

Standards and Conformance - Key Contacts

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CUSTOMS PROCEDURES

The Sub-Committee on Customs Procedures (SCCP) aims to simplify and harmonise regional customs procedures to ensure that goods and services move more efficiently, effectively and safely through the region. The work of the SCCP supports APEC's Trade and Investment Liberalisation and Facilitation (TILF) agenda.

The business community directly benefits from the work of the SCCP. Business confidence has increased and transaction costs have been reduced as a result of the SCCP's work to increase consistency, transparency and simplification of customs procedures.

Latest Developments

Communication and cooperation between customs and the business sector was promoted through the 2003 APEC Customs Business Dialogue (ACBD), which was held in Thailand on 11 August 2003. The event was hosted and organised by the Thai Customs Department.

The main theme for ACBD 2003 was *Trade Facilitation and Supply Chain Security: How they can be Convergent*. Approximately 300 participants from business associations, traders, forwarding agents, customs brokers, national chambers of commerce, as well as heads of Customs Administrations of APEC Member Economies and representatives from the World Customs Organization (WCO) and APEC attended the ACBD.

The next Dialogue will be held in Viña del Mar, Chile in September 2004. More than 300 participants from the relevant associations/organizations directly involved in Customs procedures (from both the customs and business sectors) are expected to attend the event.

The *2003 Blueprint on Customs Procedures* was published in October 2003. The Blueprint promotes transparency and informs the private sector about SCCP activities and how these activities can benefit business. It is being disseminated via the Internet and in hard copy and includes testimonials and endorsements from important industry and business representatives as well as government officials.

Since its first publication in 1997, the Blueprint for the APEC SCCP has been an important "living" document annually updated by the SCCP Chair of the year. In October 2004, Chile will publish and disseminate the 2004 Blueprint.

From 11 to 13 November 2003, the SCCP conducted its first TILF-funded voluntary peer review process, involving the independent assessment of its Collective Action Plan (CAP). This review was a very productive exercise and will serve as best practice for the rest of SCCP's members.

During its meeting in Phuket 14–16 August 2003, the SCCP II agreed to the creation of the Secure Trade in the APEC Region (STAR) Initiative/Counter Terrorism Working Group, to enable the impact that Counter Terrorism has had on Customs Administrations to be addressed with general terrorism issues. The first meeting of this working group was held on 25 February 2004, in the margins of the SCCP I in Santiago, Chile. The meeting discussed the process of designing a capacity building program that meets the needs of APEC-SCCP members to implement the Customs related objectives of STAR.

Key Outcomes

- **APEC Transparency Standards:** During its first meeting of 2004 in Santiago, Chile on 26–27 February, the SCCP agreed on the implementation of the APEC Transparency Standards on Customs Procedures, through the following principles –
 - 1 **Customs Integrity:** This program aims to raise levels of integrity among APEC Customs Administrations, which is fundamental to good governance and provides a sound platform for Customs reform and modernisation.
 - 2 **Adoption of Transparency Standards:** This program covers different aspects of Customs public information under the form of Accessible Customs information, publication of regulations governing Advances Customs Procedures, implementation of Advanced Rulings, maintaining procedural transparency and fairness in Customs procedures and establishing contact points to address matters of concern.

SCCP members are in the process of deciding on the methodology to implement the *Transparency Standards on Customs Procedures*, which was approved in October 2003.
 - 3 **Peer Review:** This process is voluntary and provides opportunities to all APEC Member Economies to identify "Best Practices" for the implementation of CAP items.

- **Trade Facilitation:** Since 1994 the SCCP has been at the forefront of Trade Facilitation and has worked towards achieving the harmonisation and simplification of Customs procedures in the APEC region, with the clear objective of a five percent reduction in transaction costs through the following Collective Action Plans (CAPs).
 - 1 **Harmonization of Tariff Structure with HS Convention:** This initiative aims to facilitate the accurate, consistent and uniform application of the HS Convention by all APEC Member Economies. This project is being delivered on a step by step basis and covers a wide range of issues and activities including workshops, advisory missions/ expert visits and technical advice to Customs central laboratories. Japan is the coordinator of this CAP and, in cooperation with other interested donor Economies, is providing technical assistance to recipient APEC Member Economies. This CAP has been completed by all Member Economies.
 - 2 **Advanced Classification Ruling System:** The key objective of this CAP item is to establish simplified procedures for classification of information prior to importation, thus adding certainty and predictability to international trade and helping traders make sound business decisions based on legally binding advice. 16 APEC Member Economies have completed this CAP.
 - 3 **Adoption of UN/EDIFACT-Paperless Trading:** The aim of this CAP item is to encourage the adoption of appropriate electronic technologies and procedures in order to reduce the requirement for paper documentation in Customs Administrations and the implementation by Member Administration of UN/EDIFACT international electronic messaging standards as the basis for their computer programs.
 - 4 **Customs-Business Partnership:** This CAP initiative aims to enhance cooperation and communication between Customs and the business sector. A compendium of *Best Practices on Customs Business Partnership* is posted on the APEC and SCCP web sites. The compendium will be next updated in August 2004.
 - 5 **Express Consignment Clearance:** The goal of this CAP item is to implement the principles of World Customs Organization (WCO) *Guidelines on Express Consignment and International Standards of Customs Clearance of Express Goods*. This CAP item facilitates time-sensitive importation and the use of Customs procedures designed to allow fast and reliable delivery services. 18 Economies have implemented this CAP.
 - 6 **Risk Management Techniques:** The objective of this CAP is to support the implementation of risk management practices in order to facilitate legitimate trade and travel, while maintaining effective Customs control. 18 APEC Member Economies have completed this CAP.
- **Pathfinder Initiative–Adoption of the Principles of the Revised Kyoto Convention:** The Revised Kyoto Convention aims to make trade more efficient by simplifying and harmonising customs procedures. A project is now underway to implement this Pathfinder Initiative. A guidebook was developed and a workshop was held in Viet Nam in November 2003 to demonstrate its use and related activities to APEC member economies.

Brief History

The Sub-Committee on Customs Procedures was established in 1994 and reports directly to the Committee on Trade and Investment.

Customs Procedures - Key Contacts

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INTELLECTUAL PROPERTY RIGHTS

The Intellectual Property Rights Experts' Group (IPEG) is implementing a work program which aims to –

- Deepen the dialogue on intellectual property policy.
- Survey and exchange information on the current status of Intellectual Property Rights (IPR) protection and administrative systems.
- Study measures for the effective enforcement of IPR.
- Fully implement the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS).
- Facilitate technical cooperation to implement TRIPS.

IPEG is working to support a strong and effective IPR system. An effective IPR system is important to trade because it provides confidence to business that rights will be respected and that profits will be returned to IPR holders when goods and services are traded in the region.

Latest Developments

A seminar on strengthening the capacity of government officials in policymaking in the area of enforcement of intellectual property rights protection will be held in May 2004 in Hanoi, Viet Nam.

A seminar on Patent Protection and Drug Access was held in Beijing, China on 22–23 April 2004 (CTI 22/2004T). The purpose of the seminar was to enhance the understanding of the relationship between patent protection and drug access, including compulsory license matters in the pharmaceutical area, as well as to improve members' full participation in the WTO Doha Round negotiations.

The APEC funded project on *Public Education and Awareness of Intellectual Property* (CTI 13/2002T) conducted in Indonesia, the Philippines and Viet Nam, has developed and improved public education and awareness tools and strategies in those economies. The main outcomes of the project have been the development of websites, promotional publications on IPR and SMEs, the implementation of strategies and training of local staff.

Key Outcomes

A seminar on *Intellectual Property Management and Strategies* was held in Vancouver, Canada, on 10 July 2003 to provide government officials with insights into how intellectual property is used, managed and exploited throughout the various commercialisation phases of an innovation.

In 2003, the IPEG endorsed a *Joint Declaration regarding Government Use of Computer Software* to combat and prevent illegal software use and piracy by fully implementing international agreements.

In the interests of improving the transparency of intellectual property rights regimes and to conform to the revised Osaka Action Agenda, the IPEG endorsed the *Intellectual Property Rights Service Center* with the understanding that each APEC Member Economy may proceed with implementation as soon as it is ready. The IPR Center will provide information related to protecting IPR, including economy-wide codes, laws, and other enforcement regulations and decrees; contact information for government authorities; and other information economies may wish to make available to the interested public. A reference tool in the form of a manual is being prepared, with the aim of helping each APEC economy to establish its own IPR Centers.

The IPEG continues its discussions on the progress of TRIPS negotiations.

The APEC funded project *IPEG Technical Cooperation of Intellectual Property Offices' Automation in the APEC region*, aims to bridge the widening digital divide, build a cost-effective scheme and facilitate the implementation of integrated intellectual property office automation. The first phase of consulting services was completed in Thailand in June 2003 and in Peru in September 2003.

Brief History

In early 1996, the Committee on Trade and Investment established an Intellectual Property Rights Get Together (IPR-GT) to address the work required on IPR issues by the Osaka Action Agenda. In August 1997, CTI reconstituted the IPR-GT as a Subgroup with explicit terms of reference and renamed it the Intellectual Property Rights Experts' Group (IPEG). Since its establishment the IPEG has held eighteen meetings, with the last one on 20–21 April 2004 in Beijing, China.

Intellectual Property Rights Experts' Group – Key Contacts

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COMPETITION POLICY AND DEREGULATION

Unilateral deregulation by APEC economies makes an important contribution to trade and investment liberalisation and facilitation. Transparency in regulatory regimes and the elimination of trade-impeding or unnecessarily restrictive regulations are the key objectives of APEC work in the deregulation area. This work is undertaken by the Committee on Trade and Investment (CTI). Under direction from the CTI, the Competition Policy and Deregulation Group (CPDG) works on activities relating to information gathering and analysis as well as experience sharing.

Latest Developments

- Completion of the next phase of the *APEC Training Program to promote Economic Competition, particularly in Telecommunications and Financial Services* sector.
- Implementation of the next (sixth and seventh) phases of the project, *APEC/Organisation for Economic Cooperation and Development (OECD) Cooperative Initiative on Regulatory Reform*, which enforces the *Road Map Initiative on Strengthening Markets* through continued dialogue and sharing of experiences among economies dealing with the challenges of regulatory reform.
- Continuing cooperation with the Strengthening Economic and Legal Infrastructure (SELI) Group, particularly by coordinating the needs of APEC Member Economies with specific projects based on the *Menu of Options on Competition Policy*.
- Developing new capacity building programs to assist economies in implementing the *APEC Principles to Enhance Competition and Regulatory Reform*.
- Continuing to develop an understanding of competition policies and/or laws within economies and within relevant domestic constituencies, thereby fostering a culture of competition.
- Deepening the dialogue with other APEC fora and subfora on the understanding and reporting of the implementation of the *APEC Principles to Enhance Competition and Regulatory Reform*.
- Future work will continue to focus primarily on the implementation of the *APEC Principles to Enhance Competition Policy and Regulatory Reform* and specific projects arising from it.

Key Outcomes

Three projects related to competition policy and deregulation were carried out during 2003 –

- 4th and 5th cycle of the *APEC/OECD Cooperative Initiative on Regulatory Reform*. This initiative contributed to deepening the dialogue and technical assistance between regulatory agencies of economies inside and outside APEC.
- Completion of the *Training Program to promote Economic Competition in APEC Economies* to promote the implementation of the *APEC Principles to Enhance Competition and Regulatory Reform* focusing on regulation in the financial and telecommunications sectors.
- Completion of the second and third cycle of the *APEC Training Program on Competition Policy* jointly undertaken by the CPDG and SELI. The main objective of this program was to provide developing economies with technical co-operation and assistance by taking advantage of the accumulated APEC knowledge and expertise on competition policy.

These projects represent a concrete benefit for the private sector of the participant economies. Improving processes within competition/regulatory agencies increases the technical quality of the application of Competition Law and will create the conditions for the establishment of clear rules for all the economic agents involved in the functioning of markets.

Brief History

The globalisation of business has highlighted the importance of competition issues. APEC’s objective in this work area is to enhance the competitive environment of the region. In November 1994, APEC Ministers agreed that the CTI would develop an understanding of competition issues, in particular competition laws and policies of economies in the region and how they affect flows of trade and investment in the APEC region. They would also identify potential areas of technical cooperation among APEC Member Economies. In 1996, the *Osaka Action Agenda (OAA)* work programs for competition policy and deregulation were combined.

Remembering the Asian financial crisis of the 1990s APEC Ministers endorsed *the APEC Principles to Enhance Competition and Regulatory Reform* and approved a “road map” which established the basis for subsequent work on strengthening the functioning of markets in the region (Auckland, New Zealand, 1999).

In 2001, Leaders agreed that the *OAA* should be broadened to “reflect fundamental changes in the global economy” since Osaka, including *Strengthening the Functioning of Markets*. The implementation of competition policy/deregulation policies provides markets with a framework that encourages market discipline, eliminates distortions and promotes economic efficiency. The competition policy/deregulation area is therefore one of the key elements contributing to both the “road map” and the broadening of the *OAA*.

Competition Policy & Deregulation – Key Contacts

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GOVERNMENT PROCUREMENT

A basic principle of government procurement is to provide ample and equal opportunities for participation to interested and qualified bidders for government work, thereby ensuring healthy and effective competition. To help facilitate this outcome, the Government Procurement Experts' Group (GPEG) aims to develop a common understanding of government procurement policies and systems. It also aims to achieve liberalisation of government procurement markets throughout the Asia-Pacific region.

The group reviews and reports on APEC Member Economies' government procurement regimes against Non-Binding Principles (NBP). The APEC GPEG NBPs are *Transparency, Value for Money, Open and Effective Competition, Fair Dealing, Accountability and Due Process, and Non-Discrimination*. GPEG is currently undertaking voluntary reviews of the consistency of government procurement regimes against these non-binding principles. Members will continue to provide updates on any changes to their procurement frameworks that may enhance the NBP.

Information about GPEG activities can be found in the Government Procurement section of the APEC Secretariat website at www.apec.org

Latest Developments

The GPEG –

- Continues the process of collecting voluntary reviews of APEC Member Economies' government procurement regimes against the NBPs. The Group to date has focussed on *Transparency, Value for Money and Accountability and Due Process* for all 21 Member Economies.
- Continues to share information on government procurement capacity building and developments within APEC Member Economies' government procurement frameworks.
- Continues to share information about APEC Member Economies' e-procurement adoption and systems.
- Is developing a greater understanding of APEC Member Economies' free trade agreements.
- Is increasing government procurement transparency by cooperating within the group through information sharing and technical assistance to increase the application and scope of electronic government procurement (e-GP).

Key Outcomes

- Delivered the final report of workshops and a symposium held in 2003 on *e-Procurement and SME Access to Government Procurement*.
- Built relationships between Non-Government Organisations and GP officials in the Asia-Pacific region and increased awareness of e-procurement in government procurement.
- The majority of GPEG members completed their voluntary reviews and reports of their government procurement systems against the three NBPs that have been focussed on to-date.
- Development of an interactive Bulletin Board to allow Member Economies to post information regarding government procurement thereby further promoting information sharing between member economies.

Brief History

The Government Procurement Experts Group (GPEG) was established in 1995 to consider ways to increase transparency of government procurement markets in accordance with the goals of the *Bogor Declaration*. Australia has chaired the GPEG since August 2001.

The focus of GPEG's work has been on continuing the agreed process of voluntary reviews and reports by APEC Member Economies on the consistency of their government procurement framework with the APEC GPEG NBPs on government procurement.

The APEC GPEG NBPs are *Transparency, Value for Money, Open and Effective Competition, Fair Dealing, Accountability and Due Process, and Non-Discrimination*. APEC Member Economies are encouraged to align their procurement framework with the APEC GPEG NBPs.

Government Procurement – Key Contacts

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RULES OF ORIGIN

Rules of Origin are the laws and regulations that determine the economy origin of goods. Globalisation has made it increasingly difficult to determine where a product “originally” comes from since raw materials and parts used to make finished goods are drawn from all over the world. Rules of Origin are important when implementing trade policy tools such as anti-dumping and countervailing duties, trade mark, and safeguard measures. The Committee on Trade and Investment Plenary works to harmonise these rules among APEC Member Economies.

Latest Developments

In February 2004, Chile developed and presented a *Comparative Matrix on Rules of Origin*. This Matrix contains a description of the rules of origin and customs procedures related to origin applied by different APEC Member Economies in their bilateral and multilateral free trade agreements. The matrix emphasises the role of Customs Administrations in the verification and control process of preferential origin.

Key Outcomes

Workshops on *Rules of Origin* were conducted 17–21 March 2003 in Thailand and 24–28 March 2003 in China. These workshops provided technical assistance to Thai and Chinese customs officials to implement the *WTO Agreement on Rules of Origin*.

Workshops on *Rules of Origin* will be held in Peru, in September 2004 and Malaysia in October 2004.

Rules of Origin – Key Contacts

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DISPUTE MEDIATION

Trade and other economic disputes have negative impacts on the efficient flow of goods and services through the Asia-Pacific region and on the cooperative work of APEC. Over the past few years, the Committee on Trade and Investment has worked on methods for cooperatively resolving disputes, focusing particularly on APEC Member Economy and business/private sector disputes. The CTI has also worked on promoting the transparency of laws and regulations as a means of dispute avoidance.

APEC regards the WTO Dispute Settlement process as the primary channel for resolving disputes and supports this channel by helping to avoid disputes through non-adversarial and voluntary approaches.

APEC published a *Guide to Arbitration and Dispute Mediation in APEC Member Economies* which was last updated by all Member Economies in October 2002. The Guide which is available via the internet, contains information on arbitration laws, rules and practices in each of the APEC Member Economies together with other material on alternative dispute resolution. It helps businesses and business advisers to assist in reducing the costs of doing business in the region through providing transparent and authoritative information on methods of resolving commercial disputes that do not involve litigation.

In 2003, CTI reviewed and assessed APEC's work on dispute mediation. It found that there was limited scope for APEC to enhance the on-going work/activities in the WTO and other international bodies like UNCTAD and ESCAP and decided that regular reporting on dispute mediation was no longer necessary. However, APEC Member Economies can still raise dispute mediation issues as required.

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MOBILITY OF BUSINESS PEOPLE

APEC Member Economies are committed to enhancing business mobility by exchanging information on regulatory regimes, streamlining the processing of short-term business visitor visas and procedures for temporary residence of business people, and maintaining a dialogue on these issues with the business community. This work is coordinated by the Informal Experts' Group on Business Mobility (IEGBM). Australia currently chairs this group.

Business and Private Sector Participation

The APEC Business Advisory Council (ABAC) has made facilitation of business travel a priority. The Committee on Trade and Investment's agenda on business mobility has been guided by ABAC's recommendations, and the IEGBM liaises closely with ABAC on developments. The business/private sector has also been closely consulted in the development of the *APEC Business Travel Card* scheme and the introduction of other APEC initiatives. ABAC continues to be a strong promoter of the *APEC Business Travel Card* and was instrumental in expediting Japan's participation in the scheme.

Latest Developments

The IEGBM is continuing work on initiatives to improve immigration processing, to make it faster and smoother for travellers, and to more effectively assure passenger safety and border security. Specifically, members are continuing on a pathfinder basis, the implementation of Advanced Passenger Information (API) systems. Additionally, the IEGBM is progressing work to examine the concept of developing a new Regional Movement Alert System, which would enhance security through coordination without noticeably impeding travellers' movements.

The IEGBM is also developing standards that will assist economies in improving the quality and consistency of their immigration services and systems. Standards have been developed for: professional conduct for immigration officers; immigration legal infrastructure; improved travel document security and related issuing and storage systems; and transparency. The IEGBM's agreed capacity building is to set best practice standards against which all economies can self-assess their existing regimes and develop their own tailored strategic action plans to implement the agreed standards. Technical and training assistance is provided to economies to build their capacity to implement the standards.

Also, economies continue work, on a 'best endeavours' basis, to streamline processing of temporary business residency permits and process applications from intra-company transfers within 30 days, where all documentation is complete.

APEC Business Travel Card scheme

The APEC Business Travel Card scheme provides bona fide frequent business travellers with visa-free travel and expedited airport processing when visiting participating economies. Australia, Korea and the Philippines successfully trialed the *APEC Business Travel Card* (ABTC) scheme in 1998, and have since been joined by Brunei Darussalam; Chile; China; Hong Kong, China; Indonesia; Japan; Malaysia; New Zealand; Peru; Chinese Taipei; Thailand; and most recently Singapore and Papua New Guinea, bringing the total number of participating APEC Member Economies to 16. The latest members to join the scheme, Singapore and Papua New Guinea, are expected to become operational later in 2004.

Key Outcomes

Key outcomes in the area of business mobility include –

- Agreement on standards for the implementation of advance passenger information systems across the region, with benefits for travellers in increased safety and security.
- The development of best practice travel document examination regimes across the region to assist the detection of fraudulent documentation.
- The development of standards to improve the standard and security of travel documentation and standards for immigration legal infrastructure, to enhance the security of borders and address illegal movement of people.
- Continued progress by economies to improve the standard of professional immigration service.
- Agreement to improved service standards for processing applications for, and extensions of, temporary residence permits for executives, managers and specialists transferred within their companies to other APEC Member Economies.
- Collective agreement to continue to examine ways to streamline processing procedures for business travellers, and individual action to facilitate business travel, for example by expanding visa-waiver programs or extending the validity of multiple-entry visas or by joining the APEC Business Travel Card scheme.
- Maintenance of up-to-date information on requirements for short-term business visas and temporary business residency permits in the Internet version of the *APEC Business Travel Handbook*, which is available on the IEGBM's website (www.businessmobility.org). The Handbook also includes contact information on offices that issue visas across the APEC region.
- Launch of a project to develop a regional movement alert system designed both to assist in the detection of persons of concern and fraudulent travel documents, thereby enhancing border security and the safety and streamlined processing of business people.

Mobility of Business People – Key Contacts

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WTO CAPACITY BUILDING

The APEC forum is built on the fundamental principles of strengthening the multilateral trading system, non-discrimination, predictability, stability and transparency. It is supportive of trade-related developments which are essential for the progress of developed and developing economies. The WTO Capacity Building Group (WCBG) supports APEC activities to enhance members' ability to implement the *Uruguay Round (UR)* outcomes, by promoting opportunities for training and exchanges of views on acute issues relating to the Doha Development Agenda.

After the setback of the WTO Ministerial Conference in Cancun, the main task of the world community has been to reinvigorate trade negotiations and provide new impetus to the Geneva talks. At the same time, the role of trade capacity building to strengthen institutional skills and knowledge in order to formulate and implement sound trade policies and to participate effectively in regional and international institutions, has increased tremendously. The WCBG recognises that capacity building needs have significantly increased and that these needs have to be given appropriate priority.

Latest Developments

The recent *APEC workshop on Best Practices in WTO Capacity Building* focused on capacity building needs from both the donor and recipient perspective and identified best practices. The workshop aimed to identify specific challenges in capacity building and produce concrete recommendations for future activity.

Following the workshop the WCBG meeting reviewed the outcomes and discussed different ways to approach future capacity building in the areas of trade and investment.

The group, which is co-chaired by Japan and Canada, meets twice a year to initiate and advance its work program.

Key Deliverables for 2004

The Group approved the work plan for 2004. The main task for this period is to evaluate the outcomes of the *APEC workshop on Best Practices in WTO Capacity Building*. Based on this analysis, new project proposals in the area of trade and investment facilitation will be developed. At the same time, the WCBG will seek collaboration from international organisations to assist in the delivery of WTO capacity building.

WCBG will continue to support Leaders' and Ministers' directives to continue APEC's important work in support of the Doha Development Agenda's by increasing capacity and confidence building activities. The Group will also continue to monitor implementation of the existing projects. Among them are: SCCP programme to improve implementation of custom-related WTO agreement, APEC seminar on WTO Trade facilitation and others.

Brief History

In May 1999 CTI decided to realign its work to enable substantive work on Uruguay Round (UR) implementation to be carried out in a more effective way. WTO (earlier UR) Obligations Group was created. In 2001 after adoption of the *APEC Strategic Plan on Capacity Building in implementing of WTO obligations (2000)*, this group was re-named the WTO Capacity Building Group.

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AUTOMOTIVE AND CHEMICAL DIALOGUES

In 1997, APEC Economic Leaders agreed to “early voluntary sectoral liberalisation” in 15 areas. Since the early stages of this initiative, Ministers have emphasised the importance of taking into account the interests of the private sector in these discussions. APEC’s sectoral dialogues grew out of this desire.

In the automotive sector, an APEC Automotive Dialogue was established to serve as a forum for APEC Member Economy officials and senior industry representatives to work together to map out strategies for increasing integration and development of the automotive sector within the region. Similarly, the Chemical Dialogue was established in recognition of the cross-cutting nature of the industry and the broad benefits to many economies of liberalisation and facilitation in the sector. These public-private sector dialogues are seen as a way of improving mutual understanding for developing future policy and enhancing the competitiveness of these sectors.

Latest Developments

AUTOMOTIVE DIALOGUE

11th Steering Committee Meeting (SCM) of APEC Automotive Dialogue

The 11th Steering Committee Meeting of the APEC Automotive Dialogue was held in Ha Noi, Viet Nam on 8–9 October 2003. The SCM was attended by 85 public and private sector representatives from APEC Member Economies.

The Chairs of the six Automotive Dialogue working groups reported on their respective developments –

- *Market Access Working Group*
Presented an amended paper addressing the *Impact of Non Tariff Barriers on the APEC Automotive Sector* in the following areas –
 - Automotive Technical Regulations/Certification Requirements.
 - Customs Practices and Procedures.
 - Investment Requirements and Restrictions.
 - Intellectual Property Rights.
- *Harmonisation Working Group*
Reported on the September 2003 *Road Transport Harmonisation Project (RTHP)* focusing on the *ASEAN Cooperative Arrangement for Automotive Technical Regulations (ACAATR)* and core regulations.

During the CTI meeting in February 2004, a proposal from the Automotive Dialogue to establish a Pathfinder Initiative based on ACAATR was tabled for

CTI endorsement and submission to SOM. The proposal is in the process of consultation.

Under the topic of new business, the U.S. announced an economic and technical assistance program to support regional integration of ASEAN’s auto safety and environment standards.

- *Customs Working Group*
Considered that with a number of FTA negotiations within APEC, rules of origin need to be re-examined. The multitude of different rules creates uncertainty and cost for both the government and private sector. The working group proposed a discussion paper detailing major existing rules of origin regimes for intersessional comment.

The working group noted that counterfeiting is becoming one of the most serious economic crimes affecting the auto industry’s profits, brand images and consumer safety. Therefore, the group considered establishing an Intellectual Property Rights (IPR) working group to deal with the issue.

- *Environment Working Group*
Took note of the presentation on *Future Automotive Technology and Motor Fuel for Advance Low-emission Vehicles*, which outlined Japan’s new policies and advanced technologies designed to reduce the environmental impact caused by the use of motor vehicles.

The meeting agreed to revisit the paper on used vehicles prepared by the Philippines.

The U.S. presented a draft paper summarising the policies of APEC Member Economies concerning restriction on imports of used vehicles.

- *Information Technology Working Group*
Discussed the ASEAN Auto-parts Portal site and APEC Supplier Site project.
- *Ecotech Working Group*
Presented its programs, which include:
 - Adoption of a Quality Management System (QMS) in ASEAN auto parts SMEs.
 - Providing assistance to ASEAN economies in their efforts to develop ACAATR.
 - Collaborating with the IT Working Group in linking ASEAN parts suppliers
 - Exploring possible establishment of ASEAN Center for Automotive Technology with other Automotive Dialogue Working Groups.

The next Automotive Dialogue meeting, will be held in Beijing, China, 8–14 June 2004.

CHEMICAL DIALOGUE

The 3rd Chemical Dialogue is planned for Pucon, Chile in late May 2004, and follows the 2nd Chemical Dialogue, which was held in Khon Kaen, Thailand in May 2003. The work of the APEC Chemical Dialogue is supported by the Chemical Dialogue Steering Group (CDSG), which last met in Santiago, Chile on 24–25 February 2004.

The Dialogue continues actively to promote implementation of the *Globally Harmonised System (GHS) on Hazard Classification and Labelling of Chemicals and Safety Data Sheets*. Chinese Taipei hosted a GHS capacity building seminar on 22–24 September 2003, and Malaysia will host a follow-up seminar later in 2004. The Group is now working with recommendations developed in the Chinese Taipei seminar to explore further practical cooperation to facilitate adoption of GHS among APEC Member Economies.

The Dialogue sent a collective comment to the European Commission expressing concerns over the EU's proposed "REACH" (Registration, Evaluation, Authorisation of Chemicals) legislation, and commented again when REACH was notified to the WTO Technical Barriers to Trade (TBT) Committee. Industry representatives listed priority concerns over the REACH proposal and it was noted that, as a result of pressure from APEC and others, that for the first time the European Commission opened this process to public comment over the Internet.

The Chemical Dialogue also continues to discuss ways to contribute to the WTO's Doha Development Agenda negotiations and to APEC liberalisation and facilitation efforts. The CDSG agreed to explore possible practical steps in areas such as: non-tariff measures, customs valuation, smuggling/counterfeit, product registration procedures (includes EU REACH), and protection of confidential data for agricultural chemicals, and to examine ways to cooperate with other APEC fora.

Brief History

APEC's Industry Dialogues evolved from the Early Voluntary Sectoral Liberalisation initiative of 1997, which sought to take into account more directly private sector interests and to harvest early benefits from trade liberalisation and facilitation. The Automotive Dialogue first met in 1999 in Indonesia and has met five times. The Chemical Dialogue first met in 2002 in Mexico on the margins of the APEC Senior Officials' Meetings and has met twice.

Industry Dialogues – Key Contacts

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ECONOMIC COMMITTEE

The Economic Committee (EC) conducts research on economic trends and issues in the APEC region in support of APEC's priority agendas. It also serves as a forum for APEC Member Economies to exchange information and views on economic trends and issues.

The EC operates under two guiding principles. Firstly, the EC focuses on demand-driven work and addresses central economic issues of priority to APEC Economic Leaders and Ministers and other APEC groups. The EC's work provides an analytical basis for advancing APEC's agenda. Secondly, the EC fulfills its role as APEC's core analytical body by focusing its work program to deliver high-quality research outputs.

Latest Developments

The Economic Committee's 2004 Work Program includes the following research projects –

- *2004 APEC Economic Outlook*, including *Regional Outlook and Prospects*, and RTAs/FTAs in the APEC region. An international symposium on RTAs/FTAs will be held in Santiago, Chile in June in conjunction with the preparation of the structural chapter of the Outlook report.
- An investigation of corporate restructuring to examine factors that promote or inhibit restructuring, benefits of restructuring and the economic costs of avoiding restructuring. A session on corporate restructuring will be organized under the APEC High-Level Conference on Structural Reform, which will be held in September in Tokyo.
- New Economy and Knowledge-based Economy (KBE) issues, including Patterns and Prospects of Technological Progress in the APEC Region, and Development of Industrial Clusters towards KBE.
- Projects in support of APEC's trade and investment liberalisation and facilitation agenda, including the development of a common methodology to assess the progress of APEC Member Economies in meeting the Shanghai Accord's goal of reducing transaction costs by 5 percent by 2006. Japan and Korea are also updating their respective parts of their joint research study *The Benefits of TILF in APEC* published in 2002.

Key Outcomes

Completed research projects under the 2003–2004 Work Program are the EC's deliverables for 2003.

2003 APEC Economic Outlook

The 2003 APEC Economic Outlook summarises recent developments and analyses the short-term prospects of all 21 APEC Member Economies. The second part of the report examines the role and development of specialised financial institutions (SFIs). The study shows the economic as well as social impact of SFIs, and offers policy recommendations for the further development of SFIs in APEC.

The Drivers of the New Economy: Innovation and Organizational Practices

This volume is a collection of the following research projects under the broad theme of New Economy / Knowledge-Based Economy: *Innovative Business Strategies and Firm Performance in the New Economy*, *Mapping Singapore's Knowledge-Based Economy*, and *Economic Contributions of Research and Development in Singapore*.

Brief History

The Economic Committee was established at the 6th APEC Ministerial Meeting in Jakarta, Indonesia in November 1994.

Economic Committee (EC) – Key Contacts

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SOM COMMITTEE ON ECONOMIC AND TECHNICAL COOPERATION

The Senior Official Meeting (SOM) Committee on Economic and Technical Cooperation (ESC) assists APEC Senior Officials in coordinating and managing APEC's economic and technical cooperation (ECOTECH) agenda, as well as identifying initiatives for cooperative action by APEC Member Economies.

ECOTECH is the pursuit of APEC's common objectives and goals through cooperative activities, aimed at attaining sustainable growth and equitable development, while reducing economic disparities among APEC economies and improving economic and social well-being. Such activities include the sharing of information and experiences, training and research.

Latest Developments

Findings of the first external assessment of one of APEC's working groups, the Fisheries Working Group (FWG) will be presented to the FWG for comment and then to SOM II. It is expected that these findings could serve as lessons learned and could be used to improve the operations of other working groups.

Key Outcomes

Last year APEC agreed to four APEC-wide ECOTECH priorities: integration into the global economy; counter-terrorism capacity building; promoting the development of knowledge-based economies; and addressing the social dimensions of globalisation.

Senior Officials agreed that to further strengthen APECs work in ECOTECH, consideration should be given to the work being done in these four priority areas by other organisations such as International Financial Institutions (IFIs).

Thus, the first APEC/IFI Roundtable Discussion on Economic and Technical Cooperation took place in Phuket, Thailand on 19 August 2003. Representatives from the Asian Development Bank (ADB) and the World Bank exchanged views and information with APEC members.

As a result of these discussions, APEC and the World Bank's Global Development Learning Network (GDLN) agreed to conduct a series of pilot projects which will be completed by the end of 2004. The ADB also expressed interest in participating in the work being done by APEC's Economic Committee (EC). To further relationships with IFIs, a second APEC/IFI Roundtable is planned to take place during the third SOM Meeting being held in Santiago, Chile in September 2004.

The project assessment frameworks which were developed in 2003 by Australia on behalf of the ESC Small group on Evaluation are to be trialed by APEC Working Groups. The trial will evaluate efficacy of the frameworks. It is intended that the frameworks serve two purposes; firstly to foster good quality project proposals and secondly to assist in strengthening relationships between fora. Trials will be completed for the second round of project approvals which take place in August 2004.

Brief History

The ESC (Sub-Committee on ECOTECH) was established in 1998 to assist SOM with its work on economic and technical cooperation. In 2002 the ESC was renamed as the SOM Committee on ECOTECH while retaining the acronym ESC and the original mandate.

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AGRICULTURAL TECHNICAL COOPERATION

The Agricultural Technical Cooperation Working Group (ATCWG) continuously develops a cooperative scheme in the field of agricultural technology in the APEC region. This scheme is designed to improve the economic development and social welfare of APEC Member Economies by improving agricultural cooperation and capacity building.

Representatives of the business/private sector participate as members of their economy's delegation to ATCWG and are invited to collaborate in the cooperative activities undertaken by the group. In recent seminars on the *Agricultural Finance System* as well as the *3rd Biotechnology Workshop*, business/private sector representatives were invited and made significant contributions to the work carried out.

The ATCWG works closely with Pacific Economic Cooperation Council (PECC), particularly in the areas of production, marketing, processing, and distribution of agricultural products. In cooperation with PECC, the contact list of agricultural experts was prepared and recently updated.

Latest Developments

In 2004 the ATCWG priorities are –

- Conducting a seminar on *Agricultural Technology Transfer and Training*.
- Strengthening Cooperation in Post-Harvest Technology.
- Delivering the *APEC Regional Study on Gender and Globalisation in Agriculture*.
- Conducting a workshop on *Technical Cooperation, Capacity Building, Risk Assessment/Management, and Emerging Issues in Agricultural Biotechnology*.

Key Outcomes

The 7th Plenary Meeting of the ATCWG was held on 18–20 June 2003 in Vancouver Canada to wrap up and build plans on the following activities–

Conservation and Utilisation of Plant and Animal Genetic Resources

- 1 The 4th Workshop on Conservation and Utilisation of Plant and Animal Genetic Resources was held in Chinese Taipei from 29 October to 2 November 2002. The workshop focused on the utilisation of aquatic genetic resources. The outcome will be disseminated through a publication on the *Relationship between Indigenous Animals and Humans in the APEC Region*.

WORKING GROUPS

- 2 The ATCWG will continue to hold workshops on plant genetic resources, including -
 - The 5th Workshop (the second aquatic meeting) back to back with the 7th Asian Fisheries Forum, on 29 November–3 December 2004.
 - The 6th Workshop on Plant Genetic Resources co-hosted by Chinese Taipei and Mexico.

Research, Development and Extension of Agricultural Biotechnology

The *Workshop on Technical Cooperation and Information Exchange on Safety Assessment in Agricultural Biotechnology* was held in Chinese Taipei in August 2002. The ATCWG held the following two workshops in 2003 –

- *Conference on Agricultural Biotechnology in Centres of Origin* in Mexico City, Mexico in November 2003, and
- The *7th Development and Extension of Agricultural Biotechnology Sub-Group (REDAB) Workshop* in Beijing, China from September 15-23, 2003.

ATC also plans to carry out one more project in this regard in 2004.

The ATCWG has been discussing the establishment of closer links with the High-Level Policy Dialogue on Agricultural Biotechnology (HLPDAB) to help inform discussion on policy and technical matters.

Production, Processing, Marketing, Distribution and Consumption of Agricultural Products

The ATCWG has been discussing a work plan for (a) continuation of work on the *Cold Chain Technical Assistance Program*, an update on the work of the PECC, and (b) provision of information on best practices regarding pollution caused by the Food Processing Industry.

The ATCWG continues to discuss the relationship of work in this area with the FEEEP (Impact of Expanding Population and Economic Growth on Food, Energy, and Environment) and the APEC Food System. In this regard the ATCWG discussed suggestions regarding a partnership with the Sub-Committee on Standards and Conformance and an internet gateway to existing data sources on supply and demand of food. It will also work on continued capacity building on policies and services to support farmer organisations on product marketing.

The ATCWG also organised the following related workshops/studies –

- *Linking Farmers to Markets: the Role of Farmers Organization*, in Tokyo, Japan in March 2003.

- *APEC Institutional Linkage for Human Resources Development in Post Harvest Technology*. The outcomes of this APEC-funded project will be followed up pending approval.
- *Workshop on Strengthening Cooperation in Post-harvest Technology Transfer within APEC Economies*, in Ha Noi, Viet Nam, on 28–31 October 2003.

Plant and Animal Quarantine and Pest Management

The ATCWG held a *Symposium on Detection, Monitoring and Management of Invasive Plant Pests*, in Chinese Taipei, from 30 September to 3 October 2003. The ATCWG decided to further carry out –

- *An International Standards Workshop*, hosted by the United States during 2004–2005.
- *A Workshop on Diagnostic Standards*, which was held in Malaysia in August 2003, in conjunction with a related event.
- *The APEC Symposium on the Management of Golden Apple Snail* in October 2004.

A website was established concerning lists of invasive plant pests, information on practical management measures for invasive pests, and symposium proceedings and papers.

The ATCWG discussed the E-CERT, a web-based system for electronic health certification of agricultural exports. E-CERT relates to the pathfinder initiative on paperless trading which was endorsed by APEC Economic Leaders in 2002.

Cooperative Development of an Agricultural Finance System

A *Training Course on Agricultural Finance* was held in Ha Noi, Viet Nam on 17–28 November 2003. This course is a follow up of *3rd Training Course on Agricultural Finance*, which was hosted by Japan in Tokyo in 2002.

Agricultural Technology Transfer and Training

The *second Seminar on Agricultural Technology Transfer and Training* was held in Bali, Indonesia on 24 - 26 July 2003.

Sustainable Agriculture and Related Environmental Issues

The *third Workshop on Sustainable Agricultural Development* was held from 16–23 November 2003 in Chinese Taipei.

The ATCWG continues to highlight the importance of sustainable agriculture for APEC Member Economies and has agreed that all economies should make a concerted effort to fully engage in the activities in this priority area. The World Summit on Sustainable Development (WSSD) also highlighted this important issue.

Brief History

In November 1996 the Agricultural Technical Cooperation Experts' Group (ATCEG) was established to undertake important work on agricultural technical cooperation. Earlier meetings of experts (in Chinese Taipei, 1995 and Australia, 1996) had agreed on a work program of joint activities to enhance agriculture's contribution to the region's economic growth and social well-being and developed a framework for undertaking cooperative activities.

In accordance with the directions from the First Senior Officials' Meeting (SOM I) in New Zealand in 1999, the ATCEG expanded the scope of its priority areas by incorporating part of Food, Energy, Environment, Economic Development Population (FEEEP) joint actions. This included –

- Food and agriculture-related research and development.
- Trade and other matters.
- Food and agriculture-related environmental issues.

The ATCEG's seven sub-groups were renamed to reflect these developments at the 3rd ATCEG Meeting held in June 1999 in Japan. Ministers, at their meeting in Brunei in 2000, agreed on the renaming of the ATCEG as the ATC Working Group (ATCWG) in an attempt to rationalise the various names of APEC fora.

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APEC economies currently account for around 60 percent of world energy demand. The APEC region overall is a net energy importer, meaning that aggregate annual consumption of energy exceeds annual domestic production, with the balance imported from third-party economies. Energy imports to APEC economies are projected to increase by some 92 percent, as indigenous (or “within economy”) supply fails to keep pace with expanding energy demand driven by economic growth, industrialization and urbanization.

The Energy Working Group (EWG), launched in 1990, seeks to maximize the energy sector’s contribution to the region’s economic and social well being, while mitigating the environmental effects of energy supply and use.

Facing the challenges of short-term energy supply disruptions and ever increasing long-term demand for energy, the EWG works to ensure energy security in the region.

Members of the EWG usually meet twice a year. Since October last year, two EWG meetings were held: EWG26 was hosted by Korea in December 2003 in Seoul; and EWG27 took place in Beijing from 22–25 March 2004.

Business and Private Sector Participation

The EWG has long recognised that business makes an important contribution to the development and implementation of its work program. It is one of the APEC Working Groups that first established its own public and private sector dialogue mechanisms. The EWG established the APEC Energy Business Network (EBN) in 1999. Under the guidance of the APEC Energy Ministers, the EWG has invited the EBN representatives to participate in its working group meetings over the past two years.

According to EWG’s projection, with huge and ever-increasing demand for energy, the energy sector in APEC economies faces significant challenges in mobilising private capital and international financial resources to fund the estimated US\$3.4 trillion to US\$4.4 trillion in energy investments required in the next 20 years. In response to this stern challenge, the EBN has, *inter alia*, recently conducted a Workshop on Financing Energy Infrastructure in Hong Kong, China, as a first step towards addressing impediments to energy infrastructure investment in the region. The workshop aimed to enhance understanding of future energy infrastructure investment needs in the APEC region and facilitate linkages between government officials, financial sector representatives and energy business representatives.

Meetings of APEC Energy Ministers

Energy Ministers’ Meetings provide policy guidance and momentum for the work of the EWG in implementing measures consistent with the goals established by APEC Economic Leaders. APEC Energy Ministers have met five times since their first meeting in Sydney, in 1996. Their 6th meeting will be held on 10 June 2004 in Manila, the Philippines.

First APEC Mining Ministers Meeting

The APEC region produces 62 percent of the world’s gold, 87 percent of the copper, over 60 percent of the bauxite, nickel, zinc, and other strategically important minerals. Taking into consideration the vital importance of mining to the regional economy, APEC Ministers Responsible for Mining will meet in Santiago and Antofagasta, Chile on 15–17 June 2004. The main themes for the meeting will be sustainable development and trade and investment liberalization. Further information is available from www.cochilco.cl.

Latest Developments

1) *Implementation of APEC Energy Security Initiative*

The Energy Security Initiative provides the EWG members a framework through which all energy security activities are undertaken by the EWG, including those identified in the Energy Security Initiative (ESI) Implementation Plan and the APEC Action Plan to Enhance Energy Security. The first meeting of the ESI Steering Committee was held on 23 March 2004 in the margins of EWG27. The Committee agreed that, in the future, it would meet on an 'as and when required' basis, and noted the important role of the ESI in supporting efforts to review the Counter-Terrorism Action Plans of APEC Member Economies. EWG Members agreed to promptly respond intersessionally to requests to review and comment on documents generated under the ESI, with a view to approving those items for consideration at EMM6. These documents include an Interim Framework Document on Hydrogen and Fuel Cells and best practices on Liquefied Natural Gas (LNG) Trade, strategic oil stocks, and financing clean and efficient energy.

2) *Energy Emergency Response Arrangements*

EWG Members noted that the ESI includes recommendations and actions regarding emergency response arrangements. Specifically, these include sharing knowledge and hosting workshops on emergency response issues, including a standing arrangement whereby an EWG Member presents on their economy's arrangements at each EWG meeting. Australia volunteered to present its energy emergency response arrangements at EWG28.

3) *Progress of the Monthly Oil Data Initiative*

The Joint Oil Data Initiative (JODI) has been in permanent operation since late 2002. The major challenge continues to be the capacity of economies to report monthly. All APEC economies have contributed to the JODI exercise and, although timeliness and completeness has improved since EWG26, variations between member economies continue. At the global level, 80 economies have now provided input to JODI, representing 93 percent of world oil production and 95 percent of consumption. Some of the reported data is publicly available from the databases accessible via the JODI website. EWG Members decided to encourage their economies to provide timely and accurate data to JODI.

4) *Real-time Emergency Information Sharing*

The Real-time Emergency Information Sharing System has completed its construction phase. Japan as the project executor highlighted at EWG27 the steps needed to commence its operation, which includes each member economy nominating an emergency contact. It is confirmed that the monthly oil data posted on the System is sourced from JODI.

5) *Methane Hydrates – New Source of Abundant Energy*

At EWG27, the United States introduced a new source of abundant energy—methane hydrates. It was introduced under the APEC Action Plan to Enhance Energy Security and forms part of the Energy Security Initiative. The presentation aimed to inform EWG consideration of possible future activities, including whether to participate in the Methane Hydrate International Research Consortium. The US presentation introduced methane hydrates to the EWG, where they are found, how much may exist, international research that has been undertaken in this area (including in Australia, Canada, China, Japan, New Zealand, the Republic of Korea and the United States) and possible future research needs. EWG Members agreed that the EWG would be a useful forum through which to communicate research developments to their governments.

6) *Framework for the Discussion of Nuclear Energy within the EWG*

A revised framework prepared by the Republic of Korea and Mexico had been discussed by the EWG since 20 February 2004. EWG Members, with several further amendments, endorsed the framework at EWG27. In identifying next steps, Members agreed to establish, under the leadership of the Republic of Korea and Mexico, an ad hoc group to implement the framework. An EWG Nuclear Energy Training Program was held in Pusan on 5 April – 1 May 2004. Nine APEC Member Economies participated in the program.

7) Other Developments

Russia reported to EWG27 that the Non-Ferrous Metals Dialogue Terms of Reference were endorsed at SOM I and thanked GEMEED and the EWG for their assistance in this process. Its Terms of Reference seek to avoid duplication with work undertaken within the EWG and GEMEED. Russia invited all EWG Members to encourage their economies to participate in the dialogue. The First Meeting of the Non-Ferrous Metals Steering Group will be held on 25 May 2004 in Chile.

A number of key documents have been posted on the EWG website since EWG26 and the website will be further updated in the months leading up to EMM6.

Key Outcomes

- The EWG Operational Plan for 2004 will be revised and submitted for EWG endorsement inter-sessionally.
- A workshop on renewable energy financing, originally planned for the second half of 2004, will be held in conjunction with the next EGNRET meeting in Hawaii, USA, in May. A white paper will be prepared prior to the workshop.
- A workshop on Financing Energy Efficiency Projects was held in Melbourne, Australia, on 23–24 March 2004. The EWG members noted that the workshop was attended by government and private sector representatives from a number of member economies who shared perspectives and identified a range of barriers and best practices to facilitate the financing of energy efficiency projects. Members also emphasised that outcomes from the workshop provide a solid basis for guiding EWG efforts to address barriers between financing and the deployment of proven technologies and, in doing so, responding to the urgent need for, and significant potential of, energy efficiency improvement.

- After careful ranking at both the EWG Expert Group as well as the Working Group levels, 5 Operational Account projects, 3 TILF Special Account projects and 2 Self-Funded projects for 2005 have been endorsed by the EWG for submission to the BMC August meeting for consideration.
- EWG and EBN Members held a policy dialogue on the topic 'The Role of Energy Services in the APEC Region' during EWG27. Members agreed that for EWG28 the policy dialogue topic would be 'Energy Project Financing' and for EWG29 the topic would be 'Trade in LNG and natural gas', which could include discussion of the demand for energy and its impact on energy prices and supply.
- The 2nd edition (February 2004) of the EWG Newsletter is available from the EWG website and the EWG members are encouraged to contribute to future editions.

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FISHERIES

The Fisheries Working Group (FWG) was created by the SOM in 1991. It aims to promote –

- The conservation and sustainable use of fisheries resources.
- Sustainable development of aquaculture and habitat preservation.
- Development of solutions to common resource management problems.
- The enhancement of food safety and quality of fish and fisheries products.
- Sector-specific work relating to trade and investment liberalisation and facilitation.

Latest Developments

In its 14th annual meeting in Ha Noi, Viet Nam, on 14–16 October 2003, the FWG reviewed projects and focused on the following issues –

Fisheries Management

The meeting discussed the issues of sustainable fisheries including the need to engage international or intergovernmental organisations, such as the World Bank, the Asian Development Bank, Food and Agriculture Organization (FAO), Association of South-East Asian Nations (ASEAN), and Southeast Asia Fisheries Development Center (SEAFDEC) to participate in related workshops. The discussion also included Illegal, Unregulated and Unreported (IUU) fisheries issues. A summary of relevant work from the Organization for Economic Cooperation and Development (OECD) Committee for Fisheries (COFI) was presented. The past and present work of the Committee on trade liberalisation, the cost of management, the use of market and market-like instruments in the transition to sustainable development and work on identifying and analysing the economic and social drivers of IUU fishing were highlighted for information exchange.

Aquaculture

The recent meeting of the FAO COFI sub-committee on aquaculture was reported. It was suggested that further coordination between FWG and FAO should be considered in order to make best use of funds, and to encourage more uniform environmental assessment standards for aquaculture and increased information sharing among economies.

Trade/Investment liberalisation

The result of APEC project, *Seafood Information System*, has been incorporated into FAO related information. Economies were informed that a monthly market report updating various fisheries markets is available through the FWO GLOBEFISH website.

Discussion of FWG Strategic Direction

Members discussed the development of a strategic framework which aims to ensure that the mix of projects is balanced, responsive to APEC priorities and that progress in the working group is policy driven.

The 15th FWG meeting was held in Puerto Varas, Chile on 6-7 May 2004.

Key Outcomes

At the 15th meeting, the strategic framework was adopted. The Framework incorporates the mission of FWG, and the global (Law of the Sea, Code of Conduct and other recent international instruments, World Summit for Sustainable Development, FAO sustainable fisheries initiatives) and regional (relevant APEC policy guidance from Leaders, Ministers and Senior Officials) contexts in which the working group operates.

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HUMAN RESOURCES DEVELOPMENT

The Human Resources Development working group (HRDWG) was established in 1990 and conducts work programs to develop human resources on issues ranging from education to labour to capacity building. The HRDWG conducts its work program through its three networks –

- Capacity Building Network (CBN)
- Education Network (EDNET)
- Labour and Social Protection Network (LSPN)

Work developed and undertaken in the HRDWG is based on an Annual Workplan, the short list of four Economic and Technical Cooperation (ECOTECH) priorities endorsed by the Senior Officials Meeting (SOM) in February 2003 and the eight priority areas identified in Part II of the Osaka Action Plan (OAA). The eight priority areas are –

- Quality basic education.
- Improved labour market information and analysis.
- Enhanced skills in key sectors including Small and Medium Sized Enterprises (SMEs).
- Lifelong learning.
- Improved curricula, teaching methods and instructional materials for the 21st century.
- Mobility of qualified persons.
- Enhanced quality, productivity, efficiency of the labour force and work places.
- Strengthening cooperation to support trade and investment liberalisation and facilitation.

Latest Developments

- The 27th HRDWG Meeting will be held in Thailand in May 2005.
- The 26th HRDWG Meeting was held in Jeju Island, Korea from 11–14 May 2004.
- The 3rd APEC Education Ministerial Meeting (AEMM) was held in Santiago, Chile from 29-30 April 2004.
- The Senior Officials Meeting (SOM) at its 1st Meeting in Chiang Rai, Thailand in early 2003 directed the HRDWG to cooperate with the Social Safety Nets Capacity Building Network (SSN CBN) to address the issue of workforce retraining. In this regard the Lead Shepherd of the HRDWG participated in the 2nd International Meeting of Experts on Social Safety Nets which was held in Bangkok, Thailand from 8–9 April 2004 to strengthen this cooperation.

Key Outcomes

- In conjunction with the 26th HRDWG Meeting a thematic dialogue, *Lifelong Learning for Job Creation*, and a symposium, *APEC Symposium on SME's Training Consortium*, was held on 10 May 2004. The key task

for the HRDWG in 2004 is to establish a working party to undertake a comprehensive review of its future by December 2004.

- The main theme for the 3rd AEMM was *Skills for the Coming Challenges* with four sub-themes, *Teaching English and other Foreign Languages, Stimulating Learning in Mathematics and Science, Using ICT in Education and Governance and Systemic Reform*.
- The reports on the four sub-themes examine different levels of educational reform from macro policy (Governance and Systemic Reform in Education), to broadening specialised learning (Mathematics and Science instruction and Strategic Plan for English/Foreign Language Learning) and the innovative use of new communication technology (Using ICT for Teaching and Learning).
- The HRDWG has and will continue to give priority to youth activities. Various activities have been formulated for youth in HRDWG projects. An e-learning community which developed through the Sister Schools Networking project, in May 2002, has promoted interactive e-communication between students, administrators and teachers. In conjunction with this project, the 2003 APEC International Youth Camp was successfully hosted by Thailand from 7 to 17 July with the theme *Coastal Ecosystem for Sustainable Development*.
- Chinese Taipei will host the 2004 International Youth Camp under the theme *Youth Entrepreneurship*. The first phase runs from 1 March to 31 May 2004. In this phase, young entrepreneurs from the 21 APEC Member Economies will participate in a comprehensive exchange and engage in omnidirectional business start-up brainstorming sessions through a series of Internet competitions and challenges. The second phase runs from 1-6 August 2004. In this phase, approximately 200 young people, comprising one teacher and five students from each of the 21 APEC Member Economies, will gather in Chinese Taipei to participate in workshops and field trips to study business start-ups.

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INDUSTRIAL SCIENCE AND TECHNOLOGY

The Industrial Science and Technology Working Group's (ISTWG) objective is to fulfill the APEC vision for the 21st century, being a *dynamic and prosperous Asia-Pacific region built on the development and application of industrial science and technology that improves the quality of life while safeguarding the natural environment and achieving sustainable development*. In its first *ISTWG Medium-term Workplan (MTWP)*, the following issues/themes have been identified for future work –

- Connecting Research and Innovation.
- Human Capacity Building for S&T for the New Economy.
- Establishing an APEC S&T Policy Forum.
- Expanding APEC Cooperation in Key Technologies for the 21st century.
- Prevention and Control of Infectious Diseases.
- Science, Technology, and Innovation to meet the Environmental Challenge.

The ISTWG currently has three sub groups covering different IST issue areas. They are –

- Sub Group A: Key technologies and human resource capacity building.
- Sub Group B: Connecting research and innovation and dialogue on industrial and S&T policies.
- Sub Group D: Cleaner production and other environmental issues.

(The newly established APEC Ad Hoc Health Task Force has taken over health issue)

Latest Developments

The 26th ISTWG meeting was held on 8–9 March 2004 in Christchurch, New Zealand. The meeting primarily focused on preparation for the 4th APEC Ministers' Meeting on Regional Science and Technology Cooperation, which was held on 10–12 March 2004 in Christchurch. The meeting approved five projects seeking 2005 APEC Operational Account funding and two projects for TILF funding.

It was proposed that the ISTWG subgroup structure be reviewed to ensure that it reflects the issues and themes discussed by sciences ministers.

At the 4th Science Ministers' meeting, Ministers instructed the ISTWG to include in its work programme coordination of its activities with other APEC working groups where appropriate. Other issues for inclusion in the work programme are *Human Capacity Building, International S&T Networks, Connecting Research and Innovation, Strengthening Technological Cooperation and Encouraging Best Practice in Strategic Planning, Sustainability*.

The 27th ISTWG meeting will be held on 14–15 September 2004 at the APEC Secretariat in Singapore.

Key Outcomes

In 2003, the *APEC Workshop on the Development of Science and Technology Intermediary Mechanism* was successfully held. The workshop aimed to exchange information on the development of science and technology intermediary mechanisms. The workshop also identified bottlenecks and impediments to their development, and put forward policy-level recommendations.

The *Establishment of APEC Climate Network* project was successfully implemented in 2003. This project focused on the actions that are urgently needed to develop climate early warning systems and climate information networks at the regional level to improve monitoring of climate systems. The purpose of this project was to establish a climate network for the exchange of regional climate information, particularly climate forecast information, among the APEC Member Economies, and to ultimately contribute to the social and economic benefits of member economies as well as the reduction of natural disasters caused by unusual climate and weather events.

In order to implement its agenda and handle ISTWG activities more efficiently, a *Proposal to Restructure the Management and Operation of the APEC Industrial Science and Technology Working Group* was agreed in the 22nd ISTWG meeting held on 16–17 April 2002 at the APEC Secretariat.

Brief History

The ISTWG has evolved from the Working Group on Expansion of Investment and Technology Transfer, which was formed at the APEC Ministerial Meeting in Singapore in 1990. The policy directions of ISTWG were set by APEC Economic Leaders, and are guided by APEC Ministers responsible for Science and Technology. In 1997, the Leaders called for APEC fora to review their mandates and at the 14th ISTWG meeting on 17–18 March 1998 a new version of the ISTWG action agenda was finalised. Six key priorities were adopted. They are: improved availability of information; improved human resources development; improved business climate; contribution to sustainable development; enhanced policy dialogue and review; and facilitation of networks and partnership. ISTWG's activities are focused on the implementation of three major initiatives - the *APEC Agenda for S&T Industry Cooperation for the 21st Century*, the *Mexico Declaration* and the *Cleaner Production Strategy*. After the 4th Science Ministers' meeting, the work of the ISTWG will follow the tasking from the Ministerial Statement on the ISTWG Work Programme.

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MARINE RESOURCE CONSERVATION

The Marine Resource Conservation Working Group (MRCWG) was established in 1990 to protect the collective marine resource. The main task of this group is the implementation of the *Action Plan on Sustainability of the Marine Environment*. Dramatic progress is being made in this project, and APEC Member Economies will benefit from the socio-economic and environmental gains which will result from this initiative.

Latest Developments

The 16th MRCWG meeting was held in Hanoi, Viet Nam on 11–13 October 2003. In the meeting, MRCWG reviewed projects and focused on following issues–

Informal Group on Ocean Policy

The aim of the informal group was to analyse the MRCWG's traditional and historic roles, the newer policy directions arising from Leaders statements, and to propose a strategic policy direction for the MRCWG that strengthens its policy role on ocean and coastal matters within APEC.

Implementation of the Action Plan for the Sustainability of the Marine Environment

Members agreed that there may be merit in updating the Action Plan to take into account recent developments and suggested that the report on the status of the implementation of the 1997 Action Plan deserves more thorough attention.

MRCWG Strategic Framework and Operational Plan

The approach of developing a strategic framework for the MRCWG was discussed and it was agreed that it should include reference to the input from FWG as well as international organisations, and will take account of additional priorities identified since the circulation of the Action Plan.

The 17th MRCWG meeting was held in Puerto Varas, Chile on 6-7 May 2004. The Strategic Framework for MRCWG was adopted.

Key Outcomes

While there was support for strengthening the policy focus of the MRCWG at the 16th MRCWG meeting, it was noted that this focus should be complemented by the strong scientific and technical cooperation focus which has been a key strength of the working group to date.

The involvement of the business/private sectors in MRCWG activities and the need to continue to reach-out to industry to engage them in MRCWG work was emphasised at the 16th MRCWG meeting. It was suggested that the MRCWG consider organising a roundtable for specific sectors that could be held in conjunction with working group meetings, and that consideration be given to including the involvement of the private sector as a component of future project proposals. At the 17th meeting, it was recommended that the MRCWG can better engage SMEs in its work.

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SMALL AND MEDIUM ENTERPRISES

APEC recognises that Small and Medium Enterprises (SMEs) create most of the employment in the Asia-Pacific region and represent the backbone of regional economic growth. The Small and Medium Enterprises Working Group's (SMEWG) main objective is to encourage the development of the SMEs in the region.

Latest Developments

The SMEWG in its 18th meeting held in Vancouver in March 2004 approved its work plan for the 11th SME Ministerial meeting to be held in October 2004 in Santiago, Chile. The work plan will focus on developing best practices in Entrepreneurship Development, focusing on the following key issues –

- Regulation
- Innovation & technology
- Finance
- Human resources

The 2004 work plan on SMEs also considers the implementation of the *APEC Micro-enterprises Action Plan* under the coordination of the Sub Group on Microenterprises (SGME). The Sub Group is conducting two surveys. The first is to identify the *Regulatory Framework for Micro-enterprises in the APEC Region*. The second involves collaboration with the International Financial Institutions (IFIs) on micro-enterprise development.

A training program based on the successful work of Bank Rakyat Indonesia in the area of micro-financing, will be conducted on 24–27 May 2004 in Jakarta, Indonesia. The program will help APEC economies to learn about micro-finance and micro-credit as well as to reduce transaction cost of tiny loan applications by using technology, management information systems and human resources management.

The SMEWG is also working to identify market access impediments and strategies to improve access to international markets for SMEs. In February 2004, a Trade Policy Dialogue was held with the APEC MAG on market access issues of concern to SMEs. Activities are also planned with the APEC Sub Committee on Standards and Conformance (SCSC) for September 2004.

The SMEWG is developing an SME Impediments Identification and Monitoring System project, in cooperation with the OECD, which aims to identify specific cases of SME impediments to trade in cooperation with export facilitation agencies.

Two seminars were hosted in 2003 to identify the role that APEC can play in attempting to tackle market access impediments.

Key Outcomes

The *APEC SME Portal Hub Project* was completed in 2003. Its purpose is to create a website aimed at growth-oriented SMEs, to provide annotated, tagged links to other relevant sites.

In line with the general *e-APEC Strategy* endorsed by Leaders in Shanghai in 2001, the SMEWG endorsed a Korean proposal to develop an e-APEC Strategy specifically for SMEs, in 2003. The Strategy identifies a number of difficulties confronting SMEs attempting to digitise operations and provides a series of solutions to be implemented at a local level by member economies.

The e-APEC strategy presents four recommendations for APEC economies –

- Expanding basic services for network utilisation
- Facilitating development of business models for SMEs
- Promoting partnerships between businesses and economies
- Building framework for regulation and education

In Los Cabos, in October 2002, the APEC Leaders noted the progress on the *APEC Integrated Plan of Action for the Development of SMEs (SPAN)*, including the incorporation of micro-enterprises development issues and the addition of a sixth priority area for SMEWG initiatives. These initiatives now include the policy environment, in addition to human resource development, financing, technology, access to markets, and access to information. This document provides a strategic policy framework and action program for SME development within APEC. It is intended to help economies and fora review and implement SME policies and programs, in order to better identify the needs of SMEs and balance competing priorities.

Brief History

In February 1995 an Ad Hoc Policy Level Group on SMEs (PLGSME) was established. The objective of this group was to assist SMEs improve their competitiveness and to facilitate a more open trade and investment environment for these important enterprises. Originally set up for two years its term was extended in 1996 and in 1998. In 2000, this group was renamed the SMEWG and granted permanent status. The SMEWG provides the foundation for other APEC fora to incorporate SME considerations into their mandates and activities. The meeting of Ministers responsible for SMEs has been held annually since 1994.

Small & Medium Enterprise – Key Contacts

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TELECOMMUNICATION AND INFORMATION

The Telecommunication and Information Working Group (TEL) is committed to improving the telecommunications and information infrastructure in the region and to facilitating effective cooperation, free trade and investment and sustainable development. The TEL's Program of Action covers implementation of the *e-APEC Strategy*, implementation of the *Digital Divide Blueprint for Action*, promoting policy and regulatory measures to liberalise trade and investment in the telecommunications and information sector, e-security, e-government, mutual recognition arrangements for the conformity assessment of telecommunications equipment, human capacity building and an active dialogue with the business community. More information is available at www.apectelwg.org.

Latest Developments

- The APEC Cybersecurity Strategy.
- The establishment of a website for infrastructure protection and electronic authentication resources
- A compendium of IT Security Standards
- Development of PKI guiding principles
- The e-University Network in HRD for e-Government
- Development of an on-line IT Security Training Material Manual
- A Stocktake of Progress towards the Key Elements of a Fully Liberalised Telecommunications Sector in the APEC Region.
- Flow-based Internet Traffic Measurement and Analysis.
- E-Commerce Strategies for Rural SMEs in APEC.
- Expanding the Vendor IT Training Materials Database.
- Interconnection Training Workshops.
- Issues related to upgrading from the current Internet Protocol to Version 6.
- WTO Capacity Building.
- Training to implement the Mutual Recognition Arrangement on Conformity Assessment.
- Progress to overcome the digital divide that limits many economies, rural communities and geographic regions from fully exploiting the benefits of the internet.
- Publication of the report *Optimal Topology of Testbeds and Simplified Commercial Networks in the APEC Region*.
- Equivalence standards to facilitate trade in telecommunications equipment.

Key Outcomes

At TEL29, from 21–26 March 2004, workshops were held on the *Incident Response and Forensics, Broadband, e-Government and a Regulatory Roundtable – Next*

Generation Networks. The TELWG continues working on the preparation for the TELMIN6 to be held in 2005. All meeting documents are available at www.apectelwg.org.

At the 5th APEC Ministerial Meeting on the Telecommunications and Information Industry (TELMIN) in May 2002 in Shanghai, Ministers agreed to a Statement on the Security of Information and Communications Infrastructures, which comprises the recommendations from the United Nations General Assembly (UNGA) Resolution 55/63 on Combating the Criminal Misuse of Information Technologies. More information is available at www.apec.org.

To implement the Ministers' Statement TEL has disseminated a compendium of IT security standards, undertaken a survey of cybercrime legislation and is strengthening the capacity of institutions through the *Cybercrime Legislation and Enforcement Capacity Building Project* and the *CERTs Awareness Raising and Capacity Building Project*. The TEL has also supported the production of a simple guide to protect internet users from potential problems such as viruses, trojans spyware and the invasion of privacy. This guide is available at www.aoema.org/SafetyNet/

Brief History

The TEL was formed in 1990. Four steering groups on liberalisation, business facilitation, development cooperation, and human resources development, propose, implement and monitor projects and activities to advance the overall goals of APEC.

The business/private sector is actively involved in TEL activities, including all four TEL steering groups. Many projects are both initiated and driven solely by the business/private sector or in cooperation with the public sector. The TEL has a set of *TEL Sponsorship Guidelines* as well as a set of *TEL Website Sponsorship Guidelines*.

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TOURISM

Tourism is a key economic issue for the Asia-Pacific region. It creates jobs and promotes investment and development. APEC's Tourism Working Group (TWG) continues to develop a common strategy on tourism which includes the incorporation of four policy goals into each economy's tourism strategy. The common strategy aims to improve the tourism industry across the region. The four policy goals constitute the *APEC Tourism Charter*. These include –

- Policy Goal One - *Removal of Impediments to Tourism Business and Investment.*
- Policy Goal Two - *Increase Mobility of Visitors and Demand for Tourism Goods and Services.*
- Policy Goal Three - *Sustainable Management of Tourism Outcomes and Impacts.*
- Policy Goal Four - *Enhance Recognition and Understanding of Tourism as a Vehicle for Economic and Social Development.*

TWG looks for ways to generate greater involvement by the private sector, improve the level of awareness of the group's activities and inform people about APEC and the TWG activities. The TWG continues to bring together tourism administrators to share information, exchange views and develop areas of cooperation on trade and policies.

Latest Developments

- Implementation of new 2004 projects –
 - Stage 2 of the APEC project on *Tourism Impediments*, which aims to enable participation by APEC Member Economies which were not able to participate in the first stage;
 - *Public and Private Partnership for Facilitating Tourism Investments in the APEC Member Economies*; and
 - *Exploring Best Practices of E-commerce Application to the Small and Medium Tourism Enterprises in the APEC Region*
- Agreed to convene the 25th TWG Meeting in Punta Arenas Patagonia, Chile in October 2004 in conjunction and preceding the 3rd Tourism Ministers Meeting to be held on 13-14 October 2004.

Key Outcomes

The 23rd and 24th TWG meeting were held respectively in Bali, Indonesia, on 29–30 November 2003, and in Jinju, Republic of Korea, on 14-15 May 2004, to further implement of the *Tourism Charter* and its four policy goals.

The 23rd TWG meeting received progress reports and endorsed final reports on TWG projects, which included –

- (i) *APEC Best Practices and Ideas in Safety and Security for APEC Economies to Combat Terrorism in Tourism* (progress report);
- (ii) *APEC Small and Medium Size Tourism Businesses Development Needs* (final report);
- (iii) *Best Practices on Tourism Accessibility for Travellers with Restricted Mobility* (final report);
- (iv) *Tourism Occupational Skills Standards (TOSS) in the APEC Region – Stage 3* (final report); and
- (v) *Tourism Risk Management for the Asia Pacific Region: an authoritative guide for managing crises and disasters* (final report). This is a self-funded project led by the APEC International Centre for Sustainable Tourism (AICST) in cooperation with AusAid, PATA (Pacific-Asia Tourism Association) and the WTO (World Tourism Organization).

The 24th TWG meeting received progress reports from 2004 projects, which included –

- (i) *Tourism Impediments Stage 2*;
- (ii) *Public and Private Partnership for Facilitating Tourism Investments in the APEC Member Economies* (progress report);
- (iii) *Exploring Best Practices of E-commerce Application to the Small and Medium Tourism Enterprises in the APEC Region* (progress report); and
- (iv) Endorsed a new project proposal for APEC funding on stage IV of the *Tourism Occupational Skills Standards (TOSS)* in the APEC Region for submission to BMC II meeting in August 2004.

Brief History

The TWG was formed in 1991 when it was recognised that the tourism industry was of growing importance in promoting economic growth and social development in the Asia-Pacific region.

Tourism – Key Contacts

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TRADE PROMOTION

The Working Group on Trade Promotion (WGTP) was established to contribute to sustained economic development and improvement of the standard of living of the people of the Asia-Pacific region by promoting the dynamism of intra-regional trade through a range of activities. Its objectives are to improve understanding of the role and functions of APEC Member Economies' trade agencies and facilitate cooperation between the business/private sector and Trade Promotion Organisations (TPO). The WGTP work centres on trade promotion activities, trade financing, trade skills and training, exchange of trade information and best practices, facilitating business cooperation between the business/private sector and public agencies including TPOs.

Latest Developments

The 16th WGTP Meeting was held on 29 April 2004 in Auckland, New Zealand. Members reviewed completed and on-going projects conducted by Australia, Chile, China, Indonesia, Malaysia, Mexico and Singapore. The delegates discussed issues relating to the enhancement of private sector involvement in trade promotion activity, including the possibility of conducting joint projects, sharing responsibility and cost. Special attention was given to the Group's website APECNET, which was recently revamped for business usage. Mexico delivered a final report on *Promoting Indirect Exports through Suppliers Development* project.

The next 17th WGTP meeting is to be in Korea in 2005.

Key Outcomes

Deliverables in 2004 include the implementation of the following projects –

- 1 Australia briefed delegates at the last meeting on major outcomes of the *Core Characteristic Survey of APEC Trade Promotion Organisations*, concluded in 2003, and provided additional information on *Senior Executives Coaching for TPOs* as a follow up Seminar and Training course.
- 2 The group considered the progress report of China on the security-related project, *APEC Seminar on Credit Management and Security Practices in International Business*. The project aims to improve members' understanding of the operation of the receivables market and guarantee practices in trade finance. It also aims to foster the receivables market in the APEC region especially in developing economies by providing more payment options to traders.
- 3 Indonesia briefed the meeting on preparation for the Seminar on *Enhancing virtual Exhibition for trade Promotion*. Several economies have already started exploring their ability to hold virtual trade exhibitions in the region.

The group evaluated outcomes of the following completed projects in 2003/2004 –

- 1 *International Market Analyst Training* by Indonesia on 2–6 June 2003 in Jakarta. This project improved the knowledge and ability of TPO experts in the areas of analysing international markets, promoting export trade to the global market, developing marketing strategies and using Information Technology for export promotion.
- 2 *Gender Analysis in TPO Activities* by Chile on 3–5 September 2003 in Santiago. This seminar contributed to the incorporation of Gender Analysis into TPO activities while adopting production-fostering policies aimed at Micro-enterprises and SMEs' export promotion.
- 3 *The APEC Seminar on Product Branding* by Malaysia on 1–3 April 2003. This Seminar educated trainees from APEC Member Economies on the concept of branding in international trade, enhanced experts' skills in formulating branding strategies and effective implementation and evaluation of branding programs.
- 4 *Business Forum Promoting Indirect Exports in Mexico through Suppliers Development* held in Mexico on 8–10 February 2004. The forum's aim was to encourage trade and investment contacts and opportunities as well as the exchange of information on the electronic and automotive sectors among participants.

All reports are publicly available.

Brief History

The WGTP first met in Seoul, Korea in June 1990.

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TRANSPORTATION

The Transportation Working Group (TPTWG) aims to achieve liberalisation of transportation services and works to enhance the safety of APEC Transport Systems in order to encourage economic development in the Asia-Pacific region. The TPTWG works hard to achieve a balance between trade and security issues related to regional transport systems operations. Efforts of the group are focused on facilitation of domestic policy regulations and secure transport activity, including building the capacity of all stakeholders to help them reach the eventual goal of free and open trade and investment in the APEC region. At the same time parallel measures are being undertaken by economies to strengthen security in all transportation modes, namely land, sea and air transport.

The TPTWG has a clearly defined set of priority action areas, based on the 2003 Leaders' and 2002 Transport Ministers statements, as well as the TPT strategic direction paper.

The TPTWG is organised into three steering committees covering –

- More competitive transportation industry (including infrastructure).
- Safe and environmentally-friendly transportation systems (including new technologies).
- Human resources development.

Latest Developments

The 23rd TPTWG meeting took place in Beijing, China, on 19–23 April 2004.

The aims of the meeting were to –

- Respond to items relevant to the TPTWG in the APEC Tasking Statement and priorities identified by Leaders and Ministers in Bangkok (2003), the SOM I Meeting in Santiago and APEC Transportation Ministers in 2002.
- Prepare for the 4th Transportation Ministerial Meeting scheduled on 27–29 July 2004 in Bali, Indonesia.
- Contribute to APEC's Trade Facilitation agenda, implementation and development of pathfinder initiatives and Counter Terrorism agenda, including implementation of trade initiative such as the MALIAT and STAR.
- Address management issues relating to revision of the TPTWG structure with a view to APEC reforms and non-member participation, the TPTWG management team for 2004–2005, preparations for future meetings, the management of ongoing projects, and consideration of new projects.

Key outcomes

There has been some criticism over the direction of APEC since 11 September 2001. A number of economies are of the opinion that too much focus has been placed on security, and not enough on trade liberalisation. The position of the TPTWG is that to accomplish free and open trade, it is essential to have a secure environment.

The Beijing Meeting considered *Principles for Action: a Strategic Plan for the APEC Transportation Working Group for 2004*. The principles support the theme and priorities of the APEC Chile 2004, namely, trade liberalisation, trade security, safety and human capacity.

In light of the upcoming 1 July 2004 implementation date for the International Ship and Port Security (ISPS) Code, APEC Member Economies are working together to support capacity building efforts. A Special Task Force (STF) was established after the 22 TPTWG Meeting with the specific objective of assisting APEC Member Economies in the implementation of the ISPS Code. The STF developed a project which was implemented in the margins of the 23 TPTWG Meeting in Beijing, China in April 2004, which focused on how to create a counterterrorism system taking into account specific issues. This workshop project was a follow up to the recent STAR II Conference in Santiago.

The horrific attacks in Madrid, Spain on 11 March 2004 highlighted the need for enhanced security for rail and mass transit systems. TPTWG members recognised the need to develop rail and mass transit security standards for implementation. The Meeting encouraged APEC Member Economies to develop ideas for security enhancements prior to specific rail security panels to be held at TPTWG-24 in August this year.

At the 23rd meeting of the APEC TPTWG, the United States chaired a meeting of the Aviation Safety Experts Group (ASEG); its first meeting since 2000. As APEC refocuses on its trade facilitation mission, it is important to ensure that trade within the region is not only secure, but also safe. To that end, the resumption of ASEG (formerly the Group of Experts on Aviation Safety and Assistance (GEASA) allows economies to collectively address safety issues associated with new technologies.

As a part of APEC project, *Enhancing Secure Trade and Efficiency in the APEC Region with Intelligent Transportation Systems (ITS) and Electronic Commerce Technologies*, a workshop was conducted in Beijing. The purpose of the workshop was to help potential vendors for project management and evaluation contracts to learn more about the project and to seek feedback from potential vendors. This project is sponsored by three units of the TPTWG - the ITS Experts Group, the Intermodal Task Force, and the Electronic Commerce Group.

Recently a road safety initiative was established to undertake road improvement through the exchange information on road safety practices between member economies. A pilot project aimed at improving traffic safety related data collection systems within APEC economies was proposed. The Road Safety Experts Group will work closely with member economies, the automotive industry and other interested organisations, to identify adequate funding for the project. The aim of this exercise is to match the APEC resources already allocated to the initiative.

The most recent meeting also discussed the updated *Eight Steps for More Competitive Air Services*. This revision reflected outcomes of the ICAO's 5th Worldwide Air Transport Conference.

The TPTWG meeting also took a decision to consider an IMO request to tackle invasive aquatic species and ballast water issues, and to consider possible cooperation with APEC's Marine Conservation and Fisheries Working Groups on this matter.

In line with the APEC reforms, Head of the Delegations continued discussions started at the 22nd TPTWG Meeting in Busan, Korea, on the process of streamlining the management structure of the group to make the meetings more efficient. Recommendations and proposals from economies will be considered at the next Meeting. Some economies expressed concerns and asked for self-assessment to decide whether it would be useful to merge several expert groups.

The 4th Transport Ministers Meeting is scheduled to be held in Bali, Indonesia, 27–29 July 2004. The 24th TPTWG Meeting will be held on 16–20 August 2004 in Bangkok, Thailand.

Projects

Under the TPTWG umbrella the following projects have been completed or are currently underway –

- Survey of Training Requirements and Capabilities, including Development of a Training Database – STAR related project.
- ITS-STAR related project.
- e-Commerce Technologies – STAR related project.
- Aviation Law Training in APEC Economies.
- Sea and Air Container Track and Trace Technologies: Analysis and Case Studies. This project as a follow-on demonstration project involving ITS technology to track and trace air and sea containers – STAR related project.
- Mutual Recognition – Intermodal and logistics Manager Testing;
- Identification of Needed Intermodal skills and development of required Training programs.

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II. | **SPECIAL TASK GROUPS**

COUNTER TERRORISM TASK FORCE

The Counter Terrorism Task Force (CTTF) is committed to coordinating the implementation of the *Leaders' Statement on Fighting Terrorism and Promoting Growth* agreed to in October 2002. Terrorism is a direct challenge to APEC's goals of free, open and prosperous economies and an affront to the fundamental values that APEC Member Economies share.

The CTTF assists economies to identify and assess counter-terrorism needs, co-ordinates capacity building and technical assistance programs, cooperates with international and regional organisations and facilitates cooperation between APEC fora on counter-terrorism issues. Key priorities include: the *Secure Trade in the APEC Region (STAR)* initiative to secure and enhance the flow of goods and people through measures to protect cargo, ships, international aviation and people in transit; halting the financing of terrorism; promoting cyber security; the energy security initiative; and protecting the health of communities. More information can be found at the APEC Secretariat website at www.apec.org.

Latest Developments

In addition to securing APEC's trade last October APEC Leaders agreed to dismantle transnational terrorist groups that threaten APEC economies; to eliminate the threat posed by weapons of mass destruction; to strengthen domestic controls on Man Portable Air Defence Systems; and to confront other direct threats to the security of the region. In the past year relevant APEC fora have also established sub-groups to focus on security issues. These include the Transport Working Group, the Energy Working Group and the Sub-Committee on Customs Procedures.

The CTTF is also pursuing closer cooperation with international organisations such as the IMF, the Asia Development Bank, the World Bank, the UN Counter Terrorism Committee, the Inter-American Committee against Terrorism and ASEAN to: identify capacity building needs; provide training and assistance; promote best practices; and exchange information.

Last August all APEC Member Economies submitted their APEC Counter-Terrorism Action Plan (CTAP). Each Action Plan is a concise check-list of measures being undertaken by economies to implement the *Leaders' Statement on Fighting Terrorism and Promoting Growth* and identifies the capacity building needs of economies. Full details are available at http://www.apec.org/workgroup/counter_terrorism.html. This year relevant APEC fora are undertaking a thematic cross-analysis of the counter terrorism capacity building needs identified in the CTAPs.

APEC is helping economies adopt the International Maritime Organization's international ship and port security codes by July 2004. The fight against piracy has been enhanced with increased cooperation between APEC fora and organisations such as the International Maritime Bureau's Piracy Reporting Centre. The Transport Working Group is also helping to develop a system for accrediting manning agents who provide many of the 1.2 million seafarers employed by maritime companies. The success of the Thailand/US Bangkok/Laem Chabang Efficient and Secure Trade (BEST) port project demonstrated the savings to be gained and increased the confidence for exporters and consumers through enhanced supply chain security.

Aviation workshops have also been held to help economies meet international air safety standards, to ensure that aviation personnel are properly trained and that they have the necessary resources to carry out their responsibilities.

APEC customs' administrations are implementing procedures to target high-risk shipments for inspection as well as to facilitate legitimate trade. These measures include adopting the common standards for electronic customs reporting developed by the World Customs Organization. Other programs are helping to raise the level of integrity of custom's administrations and to facilitate the electronic lodgement and processing of trade-related information by importers and exporters.

The CTTF continues to work closely with the Finance Ministers' Process to halt the financing of terrorism, including the commitment by Leaders that economies implement all measures in UN Security Council Resolutions 1373 and 1390. A seminar to provide legal policy assistance to strengthen Anti-Money Laundering/Anti-Terrorist Financing frameworks was held in October 2003.

To prevent the criminal misuse of information, APEC economies are enacting laws relating to Cyber Security consistent with the United Nations General Assembly Resolution 55/63 (2000) and the Convention on Cybercrime (2001). The capacity of institutions to implement these laws is being strengthened by the *Cybercrime Legislation and Enforcement Capacity Building Project*. Another initiative, the *Computer Emergency Response Team (CERTs) Awareness Raising and Capacity Building* project is providing training and developing guidelines for establishing and operating CERTs.

Key Outcomes

Public-private sector collaboration was a key theme of the second Secure Trade in the APEC Region (STAR) Conference held on 5–6 March 2004 in Chile. Representatives of all 21 APEC Member Economies, senior executives from major private-sector companies, and officials from international organisations such as the IMO, IMF, World Bank and Interpol discussed ways to improve regional security while facilitating the free cross-border movement of legitimate goods, finances and passengers. The Conference covered maritime security, air transportation security, the mobility of people and measures to prevent terrorist financing.

Five economies have adopted Advance Passenger Information Systems (API) to enhance border security while facilitating faster processing of legitimate passengers. Feasibility studies have been or will be conducted in 13 other APEC economies. Common standards have also been agreed for the implementation of unilateral API systems. The development of a *Regional Movement Alert System (RMAS)* will assist APEC economies to safeguard their borders from unlawful activities related to terrorism as well as illegal commercial activities.

To strengthen border security the Informal Experts' Group on Business Mobility has implemented a project which covers document examination and fraud detection training; standards in travel document security and related issuance systems; and standard codes of professional conduct and service for immigration officers.

APEC has also responded to the need to reduce the impact of terrorist attacks on the region's tourism industry by funding a practical risk management study for governments and tourist operators.

Brief History

The CTTF was set up by Senior Officials in February 2003. The Task Force meets in the margins of the APEC Senior Officials' Meetings. Counter Terrorism Focal Points from APEC economies also use the opportunity of the CTTF meetings to hold informal talks.

Counter Terrorism – Key Contacts

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ELECTRONIC COMMERCE STEERING GROUP

The Electronic Commerce Steering Group (ECSG) was created to provide a coordinating role for APEC e-commerce activities, based on the principles set out in the *1998 APEC Blueprint for Action on Electronic Commerce*. The ECSG is committed to promoting and facilitating the development and use of electronic commerce by creating legal, regulatory and policy environments in the APEC region that are predictable, transparent and consistent. In addition, the ECSG is working to promote mechanisms to increase trust and confidence of participants in electronic commerce in order to encourage greater use of the internet to perform transactions. Finally, the ECSG is encouraging the use of IT and electronic commerce methods to facilitate trade transactions among economies.

The ECSG meets twice a year and also conducts its activities intersessionally.

Latest Developments

The ECSG's program to maximise the benefits of e-commerce for business in the APEC region includes work on data privacy, consumer protection, cyber-security, paperless trading, trade facilitation and spam. Economies have also approved a revised structure for the group and agreed to increase cooperation with the Organisation for Economic Cooperation and Development (OECD) and the Global Business Dialogue on Electronic Commerce (GBDe). Information on upcoming meetings and workshops can be found at www.export.gov/apececommerce.

Paperless Trading

Sixteen economies have now prepared Paperless Trading Individual Action Plans. These outline the steps APEC economies are taking to meet APEC's target to reduce or eliminate the requirement for paper documents needed for customs and other cross-border trade administration and other documents and messages relevant to international sea, air and land transport, that is, "Paperless Trading" (for trade in goods), where possible, by 2005 for developed and 2010 for developing economies, or as soon as possible thereafter. Find out more at www.apec-iap.org. Pathfinder initiatives on electronic sanitary and phytosanitary certificates and electronic certificates of origin have been agreed by members.

At its 9th Meeting in Santiago, Chile, in February 2004, the ECSG agreed to establish a subgroup to manage the paperless trading work within APEC and approved the establishment of the *APEC Public-Private Partnership Dialogue on Paperless Trading* to assist in the further development of the APEC Paperless Trading Agenda. The ECSG will hold the *APEC Symposium on ebXML for Internet Paperless Trading and Collaborative e-Business* in Thailand in July 2004.

Consumer Protection

The ECSG is building consumer trust in e-commerce by helping to protect consumers from fraudulent and deceptive practices when buying goods and services on-line. Work is underway to help economies implement APEC's *Voluntary Consumer Protection Guidelines for the On-line Environment* which were approved by Ministers in October 2002. These cover international cooperation, education and awareness, private sector leadership, on-line advertising and marketing and the resolution of consumer disputes. An *Internet Investigatory Training Workshop for Law Enforcement Personnel* will be held in Singapore in August 2004.

Data Privacy

The challenge for economies in addressing the issue of data privacy is protecting the personal information of consumers while also facilitating trans-border data flows. In order to foster the development of compatible approaches to data privacy in the region, in 2002 the ECSG undertook a mapping exercise of APEC economies' approaches to data privacy. In February 2003 the ECSG established a Data Privacy Subgroup to develop a set of privacy principles and implementation mechanisms, to continue the exchange of information on developments related to data privacy within individual economies and to encourage public awareness by identifying and sharing best practices on data privacy protection.

At the 9th ECSG Meeting, the Subgroup tabled Version 9 of the consultation draft of the *APEC Privacy Framework* for ECSG members' consideration and agreed to begin consultations with economies' stakeholders on the *APEC Privacy Principles* and to work on the final part of the *Framework on Implementation Mechanisms*. The APEC Privacy Framework is expected to be finalised at the 10th ECSG Meeting, as encouraged by APEC Senior Officials. A seminar on *Data Privacy Implementation Mechanisms* was held in Santiago, Chile in February 2004.

SPAM

The ECSG agreed to undertake specific activities on spam as part of its 2004 work agenda. This will include the development and of a survey on the laws of APEC economies, and the spam-related self-regulatory and educational efforts undertaken by economies.

Cyber Security

The ECSG held a forum in August 2003 to address cyber security issues at the individual firm level.

The ECSG's 2002 Stocktake of E-commerce Activities is a business-friendly inventory of the electronic commerce activities currently being undertaken by APEC fora. It is available at www.apec.org.

The business/private sector has been an active participant in all ECSG meetings. In addition, an APEC E-Commerce Business Alliance was established in 2001, and the Global Business Dialogue on Electronic Commerce was granted Guest Status in 2003.

Key Outcomes

The ECSG agreed to adopt the *Revised APEC Blueprint for Action on Electronic Commerce*.

More information about the work of the ECSG can be found at www.export.gov/apececommerce.

Brief History

The ECSG was established by the SOM in February 1999. Its mandate has been extended by the SOM to February 2005.

Electronic Commerce – Key Contacts

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GENDER FOCAL POINT NETWORK

Women contribute greatly to APEC economies and there is a need to provide gender equality in the social and economic life of the region. Women account for more than half the labour force in APEC Member Economies and make a major contribution to trade and investment in the region.

Latest Developments

- The Gender Focal Point Network (GFPN) at its 1st meeting in May 2003 developed the Terms of Reference (TOR). The TOR took into consideration the significant contributions of AGGI and the endorsement by Leaders and Ministers in Los Cabos, Mexico in October 2002 for the establishment of GFPN. The TOR reflects the purpose, structure, functions and the implementation strategy for the eight basic tasks endorsed by the Leaders and Ministers.
- The meeting also developed and endorsed the Workplan Template which outlines the annual GFPN cycle and specific current activities including responsibilities, outcomes/deliverables and time frame. The Workplan will include progress reports of ongoing projects such as the United States led study on the economic contributions of women and men in the APEC region and Australia's Gender Resource Kit.
- The meeting endorsed the appointment of Ms Pamela Villalobos from Chile as the Chair for 2004.
- Ms Maria de la Luz Silva, Head of the International Relations and Cooperation Department from the Women's National Service of the Chilean Government replaced Ms Pamela Villalobos and Ms Loreto Schnake as the Chair of GFPN for 2004.
- The 8th Women Leaders' Network Meeting, chaired by Dr. Juree Vichit-Vadakan (Ms) from Thailand, was held in Chiang Mai, Thailand from 30 July to 3 August 2003. The theme of the meeting was *Women Make a World of Difference: Partnerships for Gender and Development*.

Recent Key Outcomes

- The GFPN will comprise Fora Gender Focal Points working with Economy Gender Focal Points assisted by the Program Director for Gender Integration of the APEC Secretariat. The APEC Business Advisory Committee (ABAC) and Women's Leaders Network (WLN) are advisory bodies to GFPN.
- The GFPN will report regularly to SOM and assist SOM to report annually to Ministers and Leaders on the continued implementation of the Framework.
- The annual GFPN meeting, including a workshop for Fora Gender Focal Points was held at the margins of SOM.
- Monitoring the implementation of the projects *The Economic Contributions of Women and Men in APEC Economies: The Need for Sex-Disaggregated Data* and the *Gender Resource Kit*.
- Initiating the process of establishing the *Register of Gender Experts and the Register of Best Practices on Gender Mainstreaming* to be located in the APEC Secretariat.
- The list of 'Gender Experts' and 'Best Practices in Gender Integration' have been uploaded onto the APEC website.
- The Statements of the 8th WLN Meeting were:
 - The WLN confirms its commitment as an autonomous network ready to play a proactive partnership role within and outside the GFPN to ensure the integration of women in all APEC fora and activities. The WLN agrees to take on the role for the collection of best practices on women's entrepreneurship for GFPN.
 - The WLN reiterates that women in all their social and economic capacities contribute greatly to job creation and economic growth in APEC economies and acknowledge that human security for women and men is the foundation for future economic growth in the region.

- The Recommendations of the 8th WLN Meeting were to:
 - promote fair and equitable access to financial services, particularly for women led small and micro enterprises.
 - support and provide incentives for comprehensive programs that empower women led micro enterprises.
 - facilitate the collection and dissemination of more extensive data on women’s contribution to the informal sector.
 - grant the WLN guest status in the Micro enterprise subgroup of the SME Working Group.
- The 2nd Meeting of the GFPN will be held in Santiago, Chile from 26–27 September 2004 and the WLN will hold its meeting from 28 September to 1 October 2004 at the same venue.

Brief History

In 1998 Leaders endorsed the recommendations of the First Ministerial Meeting on Women which was held in Makati, Philippines on 15–16 October 1998. The recommendations included the development of a *Framework for the Integration of Women in APEC*. Accordingly in 1999 the SOM Ad-hoc Advisory Group on Gender Integration (AGGI) developed the Framework which was subsequently endorsed by Leaders/Ministers in Auckland, New Zealand in October 1999.

The AGGI was tasked to complement the responsibility and accountability of individual APEC fora for the implementation of the Framework and provide recommendations on the next steps in gender integration and further implementation of the Framework.

The AGGI completed its mandate in 2002 and mindful of the continuing need to sustain the work of gender integration throughout APEC beyond 2002, Ministers endorsed the establishment of Gender Focal Point Network (GFPN) in Los Cabos, Mexico in October 2002.

The first meeting of the GFPN was held in Khon Kaen, Thailand on 21 to 22 May 2003.

The broad goal of GFPN is to provide linkages for information sharing and support between APEC Fora, APEC Member Economies and the APEC Secretariat to advance the economic interests of women for the benefit of all economies within the APEC Region. The GFPN will maintain and advance the implementation of the Framework and the work of AGGI in maintaining awareness of gender issues.

Gender Focal Point Network – Key Contacts

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HEALTH TASK FORCE

The emergence of Severe Acute Respiratory Syndrome (SARS) in the Asia Pacific Region during 2003 and avian influenza H5N1 in 2004 has showed the impact that health challenges can have across a broad range of sectors, including health, agriculture, trade, tourism, transportation, and business. APEC's leadership in the region and its wide-ranging economic work programme make it uniquely suited to address the multi-sectoral impact of today's health threats.

Senior Officials responded to calls in 2003 from both Health Ministers and delegates from APEC's Industrial Science and Technology Working Group to establish a mechanism to address health within APEC more efficiently and effectively than in the past. In October 2003 the *ad hoc* Health Task Force (HTF) was established to address health-related threats to economies, trade and security, focusing mainly on emerging infectious diseases, including naturally occurring and manmade diseases. The Task Force will implement APEC's health-related activities as directed by Leaders, Ministers and Senior Officials. These will include some of the activities in the *Health Security Initiative*, which APEC Leaders announced in October 2003.

Latest Developments

At SOM I 2004, the Terms of Reference for the HTF was approved. The 1st HTF meeting took place on 26–27 April 2004 in Chinese Taipei. The main topics of this meeting were –

- 1 Reviewing the direction provided to the HTF by Leaders, Ministers and Senior Officials
- 2 Discussing and deciding upon Vice Chairmanship
- 3 Establishing a short list of priority diseases/areas for cooperation, deriving from previous items and based on opportunities for APEC added value
- 4 Discussing proposals, concept papers, or ideas that could be developed into formal proposals for action during 2004 and for submission to APEC Budget and Management Committee (BMC) for 2005 APEC funding
- 5 Delivery of a presentation of Chinese Taipei's HTF communications platform.

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APEC SOCIAL SAFETY NET CAPACITY BUILDING NETWORK

To promote effective capacity building within the APEC region in the area of social safety nets, the APEC Social Safety Net Capacity Building Network (APEC SSN CBN) was established. The SSN CBN aims to implement social safety net recommendations made by Finance Ministers and by the Human Resource Development Working Group (HRDWG) through its recent in the social safety net study.

The SSN CBN addresses social safety net issues through information exchanges, collaborative research and development, and seminars for concerned institutions, government bodies, relevant international organisations and individuals.

Find out more on the www.apecssn.org

Latest Developments

The SSN CBN is currently working on the following 6 priority areas, which were recommended by Finance Ministers and the HRDWG –

- Pre-crisis Social Safety Net Planning and Prevention Measures
- Capacity for Evaluating Effectiveness of Policy Action
- Collection of Dis-aggregated Data and Access to Current Data
- Identifying at-risk Populations
- Designing Response Institutions and Financing
- Strengthening Transparency and Accountability in Social Safety Net Operations.

The 2nd International Meeting of Experts on Social Safety Nets in APEC was held in Bangkok, Thailand on 8-9 April 2004 co-hosted by Korea and Thailand. The meeting was attended by policy makers, experts and other stakeholders and addressed specific social safety net related capacity building issues.

Key Outcomes

Participated at the 2nd International Meeting of Experts on Social Safety nets.

The participants shared their experiences on social safety and workforce retraining and the discussion included issues relating to integration of vocational and unemployment services, specific target groups, the social environment, quality and level of training, the relationship between training and formal education, the labour market and the use ICT in retraining programmes.

In 2003, the SSN CBN surveyed APEC Member Economies to determine common concerns on social safety net capacity building. The survey results will assist in the development of a framework for future SSN CBN activities, which will be carried out by both the Head Institution and the Lead Institutions.

The survey results will also assist the Head Institution and Lead Institutions to prioritise future activities based on the six major areas recommended for the SSN CBN.

Also in 2003 the SSN CBN focused on the issue of workforce retraining in preparation for and in response to liberalisation under the Bogor goals

The Meeting focused on current social safety nets issues and explored the way in which specific capacity building needs on SSNs could be augmented in APEC economies. These included, inter alia, APEC Member Economies' current status on social safety nets, the problems and limitations of APEC, and an assessment of social safety net strengthening activities carried out by APEC Member Economies and International Financial Institutions.

They discussed social safety net related issues in APEC with focus on the following four agenda items –

- Each Member Economy's Current Social Safety Net Status, Problems, and Limitations
- International Perspectives of Social Safety Net Activities in the Asia-Pacific Region
- Stocktaking and Lessons from the Practices of Social Safety Nets
- Future Activities for Strengthening Social Safety Nets in APEC.

The participants at the meeting suggested that closer collaboration with other APEC fora should be further explored to mainstream social safety net issues into APEC processes. The meeting also recommended that information exchange could be facilitated by establishing a matrix of member economies' common concerns on social safety net capacity building.

Brief History

The issue of the social dimension of globalisation came to the fore in the wake of the 1997 economic crisis. Social safety net issues were first discussed in APEC in late 1997 as part of broad discussions on the Impact of the Crisis. The following year at the APEC Economic Leaders' Meeting in Meeting in Kuala Lumpur, this issue was given greater focus. Since then, APEC has endeavored to strengthen social safety nets in the Asia-Pacific region.

In November 2000, the APEC Ministerial Meeting in Brunei, agreed to establish the Ad Hoc Task Force on Strengthening APEC Social Safety Nets (hereinafter the Task Force).

The Task Force met three times in China in 2001. It submitted two recommendations to the 2001 APEC Senior Officials' Meeting III. The first recommendation was the establishment of an APEC Social Safety Net Capacity Building Network (SSN CBN) that would function virtually and the second was the establishment of an International Meeting of Policymakers, Experts and Other Stakeholders to address specific capacity building issues on Social Safety Net (SSN). These recommendations were subsequently endorsed at the 2001 APEC Ministerial Meeting in October 2001 in Shanghai, China.

As a result, the APEC Social Safety Net Capacity Building Network (SSN CBN) was established and launched in 2002 to serve as a mechanism for carrying out activities concerning capacity building in the area of social safety nets.

APEC is committed to strengthening social safety nets in the Asia-Pacific region to reduce the harmful effects of economic shocks on vulnerable groups within society.

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III. OTHER APEC ACTIVITIES

APEC BUSINESS ADVISORY COUNCIL

Asia-Pacific Economic Cooperation (APEC) is unique among international trade organisations in terms of its involvement and partnership with the international business community. APEC recognises industry's critical role in developing and sustaining economic growth and prosperity, especially in the Asia Pacific region. The APEC Business Advisory Council (ABAC) is the private sector arm of the APEC forum. APEC Economic Leaders established ABAC in 1995 as a permanent forum to advise APEC officials on the role of the private sector in the broader pursuit for open trade and investment in Asia Pacific. ABAC provides APEC groups with business perspectives on specific areas of cooperation.

ABAC has a dialogue with APEC Economic Leaders during the annual Leaders' meeting. It also meets four times a year and sends a representative to Ministerial Meetings.

ABAC Membership

ABAC comprises up to three senior business people appointed by APEC Economic Leaders from each APEC Member Economy. ABAC members come from a wide range of industrial and service sectors, and represent a broad spectrum of business interests. One ABAC member from each APEC Member Economy comes from a small to medium-sized enterprise and represents the views of this important sector.

The Chair of ABAC comes from the APEC Member Economy which is hosting APEC. This position changes annually. In 2004, ABAC's Chair from Chile is Mr Hernán Somerville, President, Chilean Association of Banks and Financial Institutions Trade Association.

ABAC Reports to APEC Economic Leaders

ABAC provides annual reports to APEC Economic Leaders, which contain recommendations to improve the business and investment environment in the APEC region.

2003 ABAC Report to APEC Economic Leaders

In 2003, ABAC chose the theme: "Harmony in Diversity: Achieving Balanced and Equitable Growth." To frame ABAC's numerous specific recommendations, the group identified five key messages for its Report to Leaders.

- APEC Economies must remain committed to advancing free, open and transparent trade, reaffirm commitment to the Bogor Goals, and take the lead in advancing the Doha Development Agenda.
- APEC Economies must take resolute steps to achieve the goal of reducing transaction costs by 5 percent by 2006, and efforts should be made to advance trade facilitation goals as Economies undertake new security measures.
- APEC should ensure tangible progress in capacity building at the institutional, organizational and human levels.
- APEC should continue work with the private sector to improve corporate governance and transparency, improve financial market stability, and support global capital market liberalisation.
- APEC should ensure that APEC and its work remain accessible to business input and participation.

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APEC FINANCE MINISTERS' PROCESS

The Finance Ministers' Process provides a forum to exchange views and information among members on regional financial developments and to pursue cooperative programmes to promote financial sector development and liberalisation. Chile selected the following as themes for this year's work:

- Fiscal Policies for Growth and Stability in an Open APEC Region; and
- Institution Building in a World of Free and Volatile Capital Flows: Looking Forward to APEC 2020.

Business and Private Sector Participation

The APEC Finance Ministers process welcomes input to its deliberations from the APEC Business Advisory Council (ABAC) and the private sector APEC Financiers Group (AFG). The Pacific Economic Cooperation Council (PECC) also regularly observes Ministerial meetings. Private financial services firms have also supported some projects.

Key Outcomes

The APEC Finance Ministers process led APEC's response to the Asian financial crisis by accelerating its collaborative initiatives to develop regional financial and capital markets and support freer and stable capital flows in Asia-Pacific. In recent years, its work has expanded to include a focus on countering terrorist financing and responding to the economic impact of terrorism.

Among the diverse elements that promote growth and economic stability, fiscal discipline is especially relevant because a stable and sustainable fiscal policy, among other things, provides support to the economy during periods of cyclical deceleration. Thus, under the policy theme of *Fiscal Policies for Growth and Stability in an Open APEC Region*, the Finance Ministers' Process work program will include a research paper that would provide an overview of the importance of fiscal discipline, discuss the risks of maintaining persistent fiscal imbalances, and provide a discussion on the different ways in which fiscal discipline could be induced. Case studies from APEC member economies will offer some useful insights into the way they manage fiscal balances and seek to avoid unsustainable fiscal deficits.

Reaching the Bogor Goals of free and open trade and investment by 2010/2020 and sustaining it over time will require that open markets contribute to, or at least do not hinder, economic growth and domestic financial stability. It is therefore important to ensure that openness does not lead to greater instability. Thus, under the other

2004 policy theme of *Institution Building in a World of Free and Volatile Capital Flows: Looking Forward to APEC 2020*, the Finance Ministers' Process will deliver another research paper on the effects of capital flows on macroeconomic stability from an economic policy perspective, with a focus on the requirements for an open capital account, mix of monetary, fiscal and exchange rate policies, etc. Case studies by member economies will focus on the domestic measures they take to shield their economies and financial systems against the effects of capital flow reversals.

Finance Ministers' Process Projects

The Finance Ministers' Process has become increasingly active over the last several years in designing and implementing projects using APEC funds. Below are descriptions of some of these recent projects, many of which are carried out in phases over several years.

APEC Pension Fund Reform Seminar

This was held in Thailand in March 2000. It was part of a continuing series of regional seminars on pension fund reform. The seminars focused on such issues as individual policies, the costs of the transition from public to private systems and their possible financing, the role of specialised institutions in pension fund administration and the performance of the public sector as a safety net provider.

APEC Financial Regulators' Training Seminar: Strengthening Training Programs and Processes
These seminars are a multi-year project aimed at improving the quality of domestic level training programmes for securities regulators and ensuring that core curricula and international best practices and standards are being incorporated into domestic banking supervisors' training programs.

APEC Securities Regulators' Regional Seminar: Risk Management and Regulation of New Products

This seminar provided training in risk management and the regulation of new products and exposed participants to a range of regulatory and monitoring tools and resources.

APEC Bank Supervisors Regional Seminar: Credit Risk Analysis/Curriculum Development

This seminar delivered a combination of practical technical skills and knowledge in credit analysis and examination skills needed in asset quality review and will include instruction on curriculum development and course delivery that will enable participants to develop, improve and instruct in the topic of credit risk analysis in their own organizations.

APEC Securities Regulators Regional Seminar: Supervision of Market Intermediaries

This seminar delivered practical technical skills and procedural knowledge, including in the area of licensing of market intermediaries, prudential regulation and standards, conduct of business rules, role of risk management and controls and the various forms of regulatory supervision.

APEC Securities Regulators Regional Seminar: Enforcement Training Programme

This seminar for securities regulators delivered practical technical skills and procedural knowledge, including in the areas of planning and executing an investigation into breaches of law or regulation, market surveillance and monitoring, gathering information and evidence, examination and management, statement taking and litigation support.

APEC Bank Supervisors Regional Seminar: Bank Analysis and Examination/Curriculum Development

This training seminar for bank supervisory practitioners and training instructors in the area of bank analysis and examination, enabled participants to understand the CAMELS rating system (capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risks) and risk-based supervision.

In addition to the work surrounding the APEC Leaders' Meeting, there were a number of other key outcomes of last year's meeting relevant to the work of the Finance Ministers. They include—

Promoting Sustainable Economic Growth

Work in this area included reviews of the activities of the APEC Finance Ministers' Process and a pledge to accelerate structural reforms to strengthen market fundamentals across the region, emphasising sound economic policies and corporate governance as well as the importance of governments in shaping a legal and

regulatory framework that encourages competition and innovation.

In other work aimed at countering terrorism relevant to the Finance Ministers Process, the APEC Economic Leaders took a number of practical steps to enhance cooperation, including –

- Adopting appropriate financial measures to prevent the flow of funds to terrorists.
- Strengthening APEC activities in critical sector protection, including in telecommunications, transportation, health, and energy.
- Enhancing customs communications networks to better enforce laws while minimizing the impact on the flow of trade.
- Cooperating to develop electronic movement records systems to enhance border security while not disrupting the movement of legitimate travellers.
- Strengthening capacity building and economic and technical cooperation to help member economies establish effective counter-terrorism measures.
- Cooperating to limit the economic fallout from the attacks and restore economic confidence in the region through policies to increase economic growth and ensure a stable environment for trade, investment, travel, and tourism.

Brief History

APEC Finance Ministers first met in 1994 in Honolulu, USA. Since then they have met annually, most recently in September 2003 in Phuket, Thailand. Meetings are also held between the Ministerial meetings at the Finance and Central Bank Deputies and Technical Working Group levels. The current chair is Chile.

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APEC FOOD SYSTEM

The APEC Food System (AFS) is a joint and cross-cutting action being implemented by all APEC Member Economies and APEC fora to achieve three food related goals - the development of rural infrastructure, the promotion of trade in food products, and the dissemination of technological advances in food production and processing. These goals are all aimed at improving the efficiency of food production and trade for the benefit of APEC Member Economies.

Key Outcomes

Recommendation A) Rural Infrastructure Development

In response to recommendation A) *i. Place high priority on addressing the issue of rural education*, the HRDWG Education Network (EDNET) has implemented several activities in three areas through fourteen (14) projects. Most of the on-going and new EDNET projects were on line. These allow rural youth to have access to resources and learning opportunities. The SMEWG has set up the Sub-Group on Micro Enterprises and the Portal Hub, designed to assist rural small and medium sized enterprises gain access to relevant information.

Recommendation B) Promotion of Trade in Food Products

CTI subgroups, in particular the SCSC, continued to work on training in the areas of risk assessment in food safety measures, development of food standards, safety assessment of genetically modified foods and the APEC Food Expert Network. In particular, the SCSC is responding to decisions of Ministers Responsible for Trade (MRT) concerning a pathfinder on the Sectoral APEC Food MRA. FWG reported its project on import risk assessment of food products.

Recommendation C) Dissemination of Technological Advances in Food Production and Processing

The ATCWG has implemented 4 recommendations in the AFS and carried out four projects and plans to complete 6 more projects. It is working in collaboration with other APEC fora such as the SCSC and has agreed to cooperate with the High Level Policy Dialogue on Agricultural Biotechnology. The TPTWG is implementing a project on *Identification of Competency Standards for Perishable Goods Handling & Development of Training Programs* to improve the perishable goods handling skills of middle level managers, packers, and handlers in the APEC region.

Recommendation D) Individual APEC Actions and other related actions noted above

Pursuant to the SOM decision to include APEC Member Economies' reports on the AFS as a separate chapter of the IAPs and to consequently abolish their progress reports, member economies are to submit their progress reports in accordance with the timeline set out for the submission of the IAPs.

Brief History

In November 1998, APEC Economic Leaders restated their resolve to create a prosperous Asia-Pacific community. They endorsed joint actions in the area of food in relation to economic and population growth in the region and instructed members to implement those joint actions. At the First Senior Officials' Meeting (SOM I) in February 1999, in response to an instruction by APEC Economic Leaders, APEC Senior Officials established an ad hoc task force to study the APEC Business Advisory Council's (ABAC) proposal for an APEC Food System (AFS). Reports on the AFS were submitted to and endorsed by the Ministers' and Leaders' Meetings in Auckland, New Zealand, Brunei Darussalam and in Shanghai, China. APEC Economic Leaders reconfirmed their commitment to address in parallel three areas of cooperation as outlined in the introduction to this section. They urged APEC fora and members to increase momentum in this regard as recommended by ABAC.

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APEC STUDY CENTERS CONSORTIUM

The APEC Study Centers (ASC) Consortium aims to achieve the following objectives –

- Promote cooperation in higher education and advanced research, and facilitate cultural and intellectual exchanges in the Asia-Pacific region, recognising the importance of educational links in developing a sense of community and fostering understanding of the diversity of the region.
- Assist the APEC process by undertaking advanced, collaborative, interdisciplinary and policy-relevant research on issues important to APEC from an independent and longer-term perspective.
- Encourage student, faculty and research exchanges among APEC Member Economies and promote training and other educational programs that address regional needs.
- Encourage the informed participation of other sectors of society, especially youth, the private/business sector, NGOs, and the media in dialogues and study relating to APEC.

Latest Developments

Chile, as ASC Chair for 2004, has selected the theme “The Challenges of APEC: Trade, Security, and Capacity Building” for this year’s annual conference to be held in Viña del Mar on 26–29 May 2004.

Last year, the ASC Consortium Conference was held in May in Phuket, Thailand, with *Extending and Reaching Out the Benefits of APEC* as its central theme. Some of the supporting sub-themes discussed were –

- *APEC and the Changing World Trade Situation* - More focus should be placed on the role of bilateral and regional trading arrangements in the context of APEC and the WTO and their relations, and on whether a set of principles to manage bilateral and regional trading arrangements could be developed.
- *Trade and Investment in APEC* - Trade and investment liberalisation remains a critical issue of economic cooperation among APEC Member Economies. Thus, trade and investment liberalisation in APEC is still on the agenda and requires vigilance and constant effort.

- *Knowledge-Based Economy (KBE)* - KBE is the foundation of economic growth in the APEC region. However, strategies to bridge the digital divide and knowledge gap among and within APEC Member Economies must be considered along with the development of KBE.
- *Financial Architecture for a World of Differences* - Reducing vulnerabilities while enhancing investment and trade between the differing social systems requires sound international financial infrastructure. APEC is in a position to play a substantial role in reforming the global financial system.
- *Human Security Issues* - Empowering people to become active and self-reliant in the regional economy is the essence of promoting human security.

Key Outcomes

Output from the ASC has always been part of the whole APEC process. The contribution of the ASC has been mainly in the form of input to component parts of the APEC process, particularly to the Senior Officials Meeting (SOM). At the International Symposium entitled *Expanding the Benefits of Economic Growth and Development: Implementing the Vision* held in Mexico City, Mexico in early December 2001, participants suggested that the status of the International Consortium of ASC (ICASC) could be elevated to play a similar role to that of the APEC Business Advisory Council. Such an advisory role could be developed both through its analytical capabilities, and by making a contribution to the consolidation of the multiple initiatives underway in the forum and to the definition of the themes of APEC’s renewed agenda.

Brief History

The APEC Study Centers (ASC) were established in 1993. There are now ASCs in 19 Member Economies, comprising 100 universities, research centres and centres of academic excellence across the APEC region. APEC Member Economies participate in the Annual ASC Consortium meetings and other research activities in their areas of interest.

In 1999, the APEC Study Centres Consortium agreed on a Statement of Common Purpose for the APEC International Assessment Network (APIAN). APIAN is a collaborative, independent project among participating APEC Study Centres to track and assess the design and execution of selected APEC initiatives. APIAN's mission is to enhance knowledge among government officials and the general public with regard to APEC activities, to encourage the fulfilment of APEC objectives and commitments, and to identify ways for APEC to improve its performance. APIAN has published two books and three important reports since 1999, which assess APEC's performance and provide recommendations for improvements.

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LIFE SCIENCES INNOVATION FORUM

The inaugural meeting of the APEC Life Sciences Innovation Forum (LSIF) was held on 14–15 August 2003 in Phuket Thailand. The meeting was chaired by H.E. Suwit Khunkitti, Deputy Prime Minister, Thailand. Over 200 participants drawn from academia, government and industry discussed implementation of the APEC Economic Leaders instructions to develop a strategic plan for life sciences innovation in the region. Several key themes emerged that were considered vital elements of a framework for the plan.

Life sciences innovation was recognised as a critical area of growth and socio-economic development - healthy people produce healthy economies. Productivity gains far outweigh the costs of developing innovative products. New product development and use adds significantly to longevity, wellness and economic potential.

Successful life sciences industry requires political leadership and commitment from the top and depends on the proper policy environment, public-private partnership, human capacity, and efficient and effective delivery of patient focused products and services. Guiding principles moving forward must include transparency, meaningful dialogue with stakeholders and recognition of due process. Capacity building will be critical to successful implementation.

Latest Developments

In order to finalise the strategic plan by the time of the APEC Leaders Summit in 2004, the first Experts' Group meeting was convened on 12–13 February 2004 in Khon Kaen, Thailand. The objectives of the expert group meeting were to –

- (1) Develop the substance of the LSIF strategic plan for endorsement by leaders at the 2004 Summit.
- (2) Develop a matrix of best practices for each of the four segments of the life sciences innovation chain.
- (3) Draft a progress report to senior officials.

During SOM I 2004, a LSIF Planning Group meeting was convened to review the report of Experts' Group Meeting and reported the progress to SOM.

A project proposal, *Life Sciences Innovation Readiness Assessments (LSIRAs)*, funded by APEC has been approved and will be carried out in 2004.

Responding to an invitation, LSIF agreed to nominate one member to serve as a permanent representative to the meetings of International Conference on Harmonization, Global Cooperation Group (ICH GCG).

Key Outcomes

The following was agreed at the 1st Experts' Group meeting -

2004 Next Steps

- Expert groups work intersessionally to further develop the strategic plan framework and readiness assessments.
- BMC approval of capacity building pilot project
- Progress report to SOM II.
- Expert groups convene in Washington, DC in June
- Draft strategic plan circulated intersessionally in July/August
- Draft strategic plan and results of pilot readiness assessments presented to LSIF II in mid-September
- Draft strategic plan approved by SOM III for transmission to Ministers and Leaders
- Strategic plan presented to Ministers and Leaders for endorsement at their November meetings in Santiago.

The next meeting of the Life Sciences Planning Group will take place during the SOM II period. The second Life Sciences Innovation Forum would take place in mid-September 2004.

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SUSTAINABLE DEVELOPMENT

The APEC Economic Leaders' *Economic Vision Statement* at Blake Island, Seattle, USA in November 1993 stated, "Our environment is improved as we protect the quality of our air, water and green spaces and manage our energy resources and renewable resources to ensure sustainable growth and provide a more secure future for our people". This statement provides the mandate for APEC's work on sustainable development.

In March 1994 Ministers adopted an *Environmental Vision Statement* and a *Framework of Principles* for integrating economic and environment issues. *The APEC Economic Leaders' Declaration for Action* issued in Japan in November 1995 reaffirmed the integration of environment and sustainable development into APEC activities. The Economic Leaders' Declaration in Canada in November 1997 stated that "Achieving sustainable development is at the heart of APEC's mandate". Leaders also directed Ministers to develop specific initiatives to implement an initial work program for sustainable development in APEC that includes the themes of sustainability of the marine environment, clean technology and clean production, and sustainable cities. In the same year, APEC Environment Ministers endorsed the *Action Plan for Sustainability of the Marine Environment*, the *APEC Sustainable Cities Program of Action*, and the *APEC Cleaner Production Strategy*. Three sub-themes of sustainable cities, cleaner production, and sustainability of the marine environment were added to the ECOTECH priority themes. At their 1998 meeting in Malaysia, Leaders reiterated their commitment, "... to advance sustainable development across the entire spectrum of our workplan..."

APEC Ministers in 1996 decided that APEC Senior Officials should prepare an annual review of activities of sustainable development in APEC, to monitor the development and implementation of sustainable development initiatives as well as to coordinate and provide guidance to APEC fora. The APEC Secretariat was tasked to compile an annual overview of sustainable development work across APEC fora. This overview updates the stocktaking exercise on sustainable development for each year.

Although there has been no formal meeting of the Senior Environment Officials' group since the Environment Ministers' Meeting in 1997, since sustainable development is a cross-cutting issue, implementation of the related initiatives have been carried out by the relevant sectoral fora.

In the 2001 APEC Leaders' meeting, Leaders noted that many APEC Member Economies would be meeting in Johannesburg for the World Summit on Sustainable Development (WSSD) in 2002 to reinvigorate the commitment to sustainable development in pursuit of enhancing economic growth, promoting human and social development and protecting the environment as interdependent objectives. Leaders pledged that APEC, which has undertaken a broad range of activities in this area, would consider how to contribute to the success of the World Summit and take forward the outcomes in its work program.

A consolidated report on the contribution of APEC to sustainable development was presented to the WSSD and acknowledged by the Ministers and Leaders.

The first APEC Ocean-related Ministerial Meeting (AOMM) was held in Korea on 25–26 April 2002 with the theme of *Toward the Sustainability of Marine and Coastal Resources*. Sustainable fisheries, ocean science and technology, marine environmental protection and integrated coastal management were discussed in this meeting. In the meeting, Ministers adopted the *Seoul Oceans Declaration*. The Declaration provided new plans for future implementation in the area of sustainable development, especially on maritime affairs.

Key Outcomes

In 2003, there were 11 projects that related to the theme of sustainable development, an increase on the number in 2002. In addition to those projects, several fora have conducted projects that relate to the sustainable development goals, such as the ATCWG, EWG, FWG, ISTWG, MRCWG, TPTWG, TWG and some CTI sub fora. One example is the project *Multilateral Recognition Arrangement (MLA), Readiness Project in Environmental Management System Certification* which was implemented by the Sub-Committee on Standards and Conformance. This project had significant implications on sustainable development in the region.

As in previous years, cleaner production activities during 2003 have been mainly carried out by the EWG. Energy Ministers, at their meeting in Mexico City in July 2002, encouraged further activities by the EWG aimed at diversifying energy mixes, improving energy efficiency, deploying new and renewable energy technologies and promoting clean energy with a focus on energy efficiency, renewable energy and cleaner energy production. Accordingly EWG has implemented a series of projects and activities addressing energy related issues in response to the Ministers' concerns.

FWG and MRCWG are two fora dealing exclusively with issues relating to ocean resources. With the focus of implementing the *Action Plan for Sustainability of the Marine Environment*, the activities implemented by these two fora address the sub-theme of sustainability of the marine environment. Work has been strengthened with the adoption of the Oceans Declaration at the 1st APEC Ocean-related Ministerial Meeting in April 2002, in Seoul, Korea. The *Seoul Oceans Declaration* recognises the importance of oceans for food security, sustainable economic development and social and environmental values within the APEC region. Noting that APEC economies constitute 75 percent of the world's capture fisheries, over 90 percent of world aquaculture production and consume 70 percent of the world's global fish products, the Ocean-related Ministers proposed a series of domestic and regional actions to implement the policy goals enshrined in the declaration. As a result, integrated ocean management has been the focus in different activities of these two fora.

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ABBREVIATIONS

ABAC	APEC Business Advisory Council	ISPS	International Ship and Port Security
ABTC	APEC Business Travel Card	ISTWG	Industrial Science and Technology Working Group
ACAATR	ASEAN Cooperative Arrangement for Automotive Technical Regulations	IT	Information Technology
ACBD	APEC Customs Business Dialogue	ITS	Intelligent Transportation Systems
ADB	Asian Development Bank	JODI	Joint Oil Data Initiative
AELM	APEC Economic Leaders' Meeting	KBE	Knowledge-Based Economy
AFG	APEC Financiers Group	LNG	Liquefied Natural Gas
AFS	APEC Food System	LSIRAs	Life Sciences Innovation Readiness Assessments
AGGI	Advisory Group on Gender Integration	LSPN	Labour and Social Protection Network
AICST	APEC International Centre for Sustainable Tourism	MAG	Market Access Group
AMM	APEC Ministerial Meeting	MLA	Multilateral Recognition Arrangement
AOMM	APEC Ocean-related Ministerial Meeting	MRA	Mutual Recognition Arrangement
APEC	Asia-Pacific Economic Cooperation	MRCWG	Marine Resource Conservation Working Group
API	Advanced Passenger Information	MRT	Ministers Responsible for Trade
ASC	APEC Study Centers	MTWP	Medium-term Workplan
ASEAN	Association of South-East Asian Nations	NBPs	Non-Binding-Principles
ASEG	Aviation Safety Experts Group	NTMs	Tariff and Non-tariff Measures
ATCEG	Agricultural Technical Cooperation Experts' Group	OAA	Osaka Action Agenda
ATCWG	Agricultural Technical Cooperation Working Group	OECD	Organisation for Economic Cooperation and Development
BMC	Budget and Management Committee	PATA	Pacific-Asia Tourism Association
CAPs	Collective Action Plans	PECC	Pacific Economic Cooperation Council
CBN	Capacity Building Network	PLGSME	Ad Hoc Policy Level Group on Small and Medium Enterprises
CDSG	Chemical Dialogue Steering Group	QMS	Quality Management System
CERTs	Computer Emergency Response Team	REACH	Registration, Evaluation, Authorisation of Chemicals
COFI	Committee for Fisheries	RTA	Regional Trade Agreement
CPDG	Competition Policy and Deregulation Group	RTHP	Road Transport Harmonisation Project
CTAP	Counter-Terrorism Action Plan	SARS	Severe Acute Respiratory Syndrome
CTI	Committee on Trade and Investment	SCM	Steering Committee Meeting
CTTF	Counter Terrorism Task Force	SCSC	Sub-Committee on Standards and Conformance
DDA	Doha Development Agenda	SEAFDEC	Southeast Asia Fisheries Development Center
DFAT	Department of Foreign Affairs and Trade	SELI	Strengthening Economic Legal Infrastructure
EBN	Energy Business Network	SFIs	Specialised Financial Institutions
EC	Economic Committee	SGME	Sub Group on Micro-enterprises
ECO	Electronic Certificates of Origin	SME	Small and Medium Enterprise
ECOTECH	Economic and Technical Cooperation	SMEWG	Small and Medium Enterprises Working Group
ECSG	Electronic Commerce Steering Group	SOM	Senior Officials' Meeting
EDNET	Education Network	SSN CBN	Social Safety Net Capacity Building Network
e-GP	Electronic Government Procurement	STAR	Secure Trade in the APEC Region
EPG	Eminent Persons Group	STF	Special Task Force
ESI	Energy Security Initiative	TBT	Technical Barriers to Trade
eSPS	Electronic Sanitary and Phytosanitary Measures	TEL	Telecommunication and Information Working Group
EWG	Energy Working Group	TELMIN	Ministerial Meeting on the Telecommunications and Information Industry
FAO	Food and Agriculture Organization	TFAP	Trade Facilitation Action Plan
FEEEP	Impact of Expanding Population and Economic Growth on Food, Energy, and Environment	TILF	Trade and Investment Liberalisation and Facilitation
FTA	Free Trade Agreement	TOR	Terms of Reference
GBDe	Global Business Dialogue on Electronic Commerce	TOSS	Tourism Occupational Skills Standards
GDLN	Global Development Learning Network	TPD	Trade Policy Dialogue
GEASA	Group of Experts on Aviation Safety and Assistance	TPO	Trade Promotion Organisations
GFPN	Gender Focal Point Network	TPTWG	Transportation Working Group
GHS	Globally Harmonised System	TRIPS	Trade-related Aspects of Intellectual Property Rights
GOS	Group on Services	TWG	Tourism Working Group
GPEG	Government Procurement Experts' Group	UN/EDIFACT	United Nations Rules for Electronic Data Interchange for Administration, Commerce and Transport
HLPDAB	High-Level Policy Dialogue on Agricultural Biotechnology	UNDP	United Nations Development Programme
HRDWG	Human Resources Development working group	UNGA	United Nations General Assembly
HS	Harmonized System	UR	Uruguay Round
HTF	Health Task Force	WCBG	WTO Capacity Building Group
ICASC	International Consortium of APEC Study Centers	WCO	World Customs Organization
ICH GCG	International Conference on Harmonization, Global Cooperation Group	WGTP	Working Group on Trade Promotion
IEG	Investment Experts' Group	WLN	Women's Leaders Network
IEGBM	Informal Experts' Group on Business Mobility	WSSD	World Summit on Sustainable Development
IFIs	International Financial Institutions	WTO	World Trade Organization
IPEG	Intellectual Property Rights Experts' Group	WTO	World Tourism Organization
IPR	Intellectual Property Rights		