



Asia-Pacific
Economic Cooperation



APEC at a Glance



What is Asia-Pacific Economic Cooperation?

The Asia-Pacific Economic Cooperation (APEC) forum was established in 1989 to capitalize on the growing interdependence of Asia-Pacific economies. By facilitating economic growth, intensifying economic and technical cooperation and enhancing a sense of community, APEC aims to create greater prosperity for the people of the region.

APEC is a unique forum, operating on the basis of open dialogue and respect for the views of all participants. There are no binding commitments; compliance is achieved through discussion and mutual support in the form of economic and technical cooperation. In APEC, all economies have an equal say and decision-making is reached by consensus.

Since its inception, APEC has grown to become one of the world's most important

regional groupings. Its 21 member economies are home to more than 2.6 billion people and represent approximately 56% of world GDP and 49% of world trade. *(Source: The World Bank and The APEC Region Trade and Investment 2006)*

APEC is the most economically dynamic region in the world. Building on the five-year target set in Shanghai in 2001 to reduce trade transaction costs by 5%, APEC member economies have targeted a further 5% reduction by 2010.

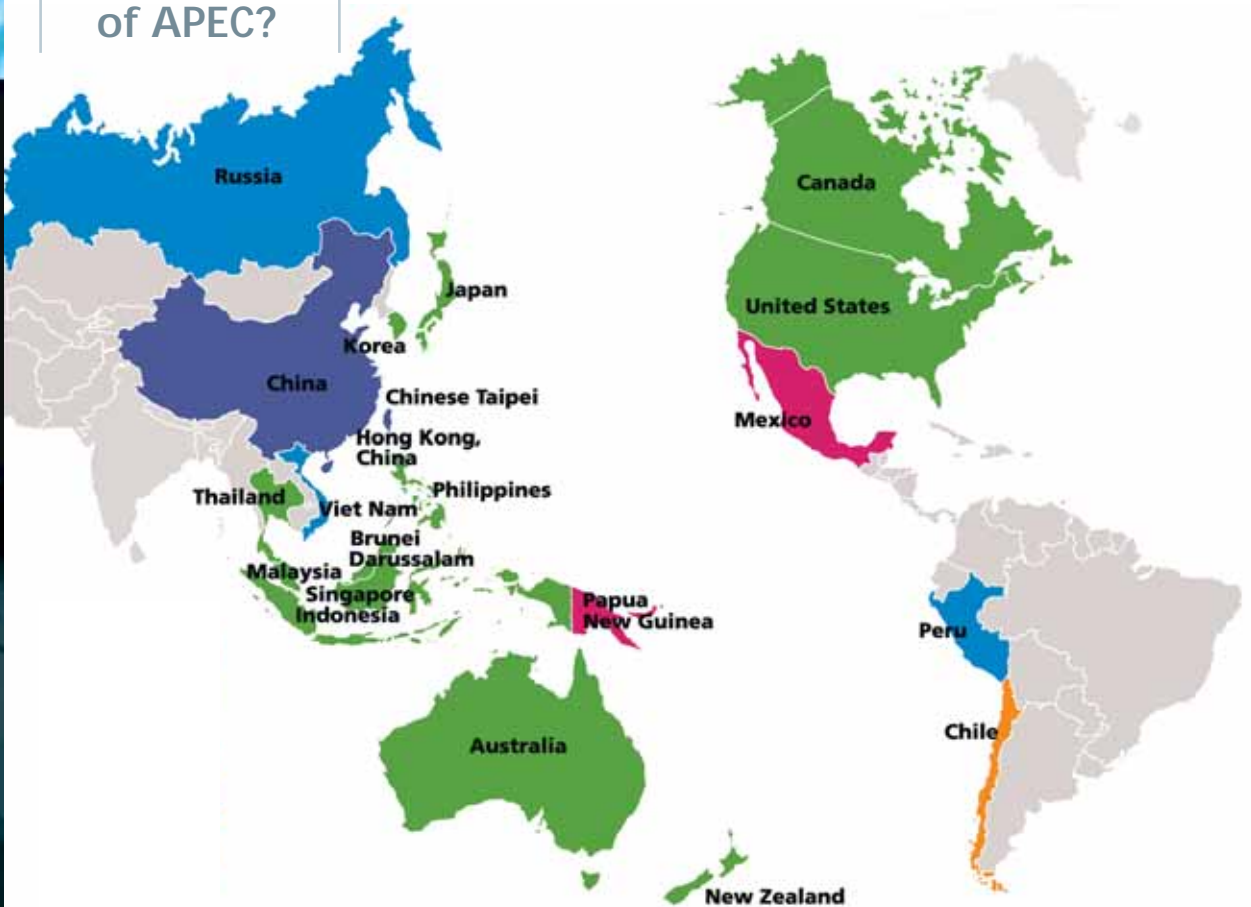
The forum constantly adapts itself to enable members to discuss important new economic challenges. These include facilitating electronic commerce, addressing the digital divide, countering terrorism and introducing measures to safeguard against infectious diseases.



Building a Prosperous Asia-Pacific through Free and Open Trade and Investment

Which Economies are Members of APEC?

1989 1991 1993 1994 1998



What are APEC's Goals?



In 1989, the founding members of APEC developed three objectives –

- To develop and strengthen the multilateral trading system;
- To increase the interdependence and prosperity of member economies; and
- To promote sustainable economic growth.

APEC's vision was further defined in 1994, when APEC Leaders committed to the 'Bogor Goals' of free and open trade in the region.

Recognizing the differing levels of development among member economies, the Leaders set two broad timetables. The goal

of free and open trade will be achieved by industrialized economies no later than 2010, and by developing economies no later than 2020. It is a voluntary commitment, based on good faith and a pledge of best endeavor.

APEC also works to create an environment for the secure and efficient movement of goods, services and people across borders in the region through policy alignment and economic and technical cooperation. This cooperation also helps to ensure that the people of the APEC region have access to training and technology to take advantage of more open trade and investment.

Connecting People and Economies through Trade, Investment and Technology

How does APEC Operate?

APEC operates as a cooperative, multilateral economic and trade forum. Member economies take individual and collective actions to open their markets and promote economic growth. These actions are discussed at a series of meetings of Senior Officials, Ministers and finally, by the Leaders of APEC's 21 member economies.

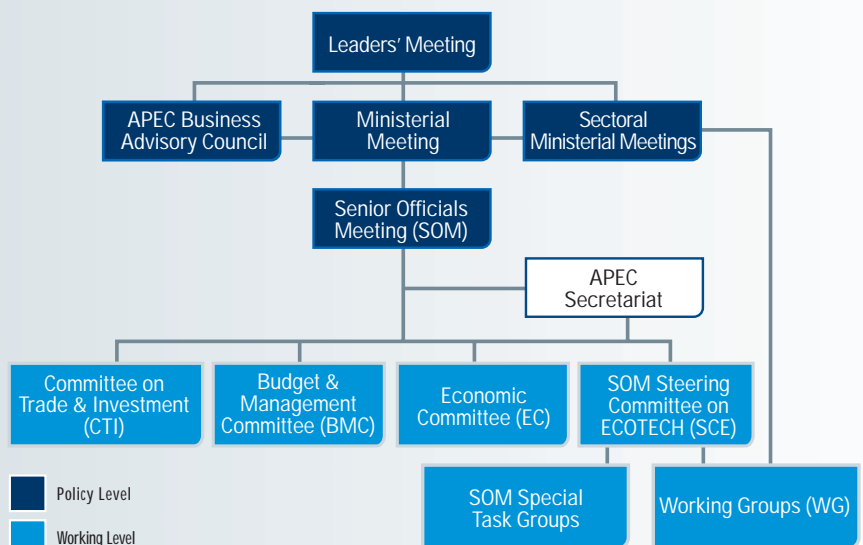
APEC policy direction is provided by the 21 APEC Economic Leaders. Strategic recommendations, provided by APEC Ministers and the APEC Business Advisory Council, are considered by APEC Economic Leaders as part of this process.

APEC's working level activities and projects are guided by APEC Senior Officials and undertaken by four core committees:

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

Sub-Committees, Experts' Groups, Working Groups and Task Forces carry out the activities led by these four core committees.

How is APEC Structured?



What is APEC's Scope of Work?

APEC's activities are focused in three key areas:

- Trade and Investment Liberalisation
- Business Facilitation
- Economic and Technical Cooperation

The outcomes of these three areas enable APEC member economies to strengthen their economies by sharing ideas and promoting cooperation within the region to achieve efficiencies and growth.

Trade and Investment Liberalisation

Trade and Investment Liberalisation focuses on opening markets and reducing, and eventually eliminating, tariff and non-tariff barriers to trade and investment. Liberalisation measures have led to sizeable reductions in tariffs. APEC member economies average tariffs have declined significantly, from 16.6% in 1988 to 6.4% in 2004. All of the developed economies of APEC but one, now have average tariffs of less than 5%.

Business Facilitation

Business facilitation focuses on reducing business transaction costs, with APEC aiming to reduce transaction costs by 5% by 2006 (based on 2001 figures). Business facilitation also focuses on improving access to trade information, maximising the benefits of

Enhancing Economic and Social Prosperity



information and communications technology and aligning policy and business strategies to facilitate growth. Essentially, business facilitation helps importers and exporters in the Asia Pacific to conduct business more efficiently. Costs of production are reduced, leading to increased trade, cheaper goods and services and more employment opportunities.

Economic and Technical Cooperation (ECOTECH)

Economic and Technical Cooperation (ECOTECH) comprises training and other cooperative activities to build capacities at the institutional and individual levels in member economies to enable all to take advantage of global trade and the new economy.

Economic Challenges

Over the last few years new threats to the economic well-being of the region have emerged. The commercial impact of the terrorist attacks on member economies, the epidemics of avian influenza and SARS and the devastating tsunamis and hurricanes, reinforces the nexus of trade and human security. APEC is meeting these challenges through cooperative activities aimed at ensuring trade and economic development continues, while safeguarding the people and economies of the region.

Other new challenges facing APEC include ensuring that sub-regional trade agreements (regional trade agreements (RTAs) and free trade agreements (FTAs) contribute to global free trade. APEC recently agreed to model measures for RTAs and FTAs, which help ensure that agreements are comprehensive, consistent with WTO requirements and genuinely pave the way for the realization of the Bogor Goals. APEC has also embarked on a substantive exercise of reform to the forum to ensure it continues to meet the needs of its members.



Strengthening Security against the Terrorist Threat

How does APEC Put Into Action its Goals and Vision?

In order to meet APEC's Bogor Goals for free and open trade and investment in Asia-Pacific, APEC member economies follow the strategic roadmap agreed by APEC Economic Leaders in Osaka, Japan. This roadmap is known as the Osaka Action Agenda.

Osaka Action Agenda

The Osaka Action 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 APEC Member Economies as they proceed through the APEC liberalisation and facilitation process.

The following General Principles are provided 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 liberalization 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 liberalization, 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 liberalization and facilitation process in a flexible manner, taking into account differing levels of economic development.
- **Cooperation** - Economic and technical cooperation contributing to liberalization and facilitation is actively pursued.

Implementing Reforms to Reduce Impediments to Trade



Individual Action Plans

APEC member economies report progress toward achieving the free and open trade and investment goals through Individual and Collective Action Plans, submitted to APEC on a regular basis. Individual Action Plans (IAPs) contain a chapter for each specified policy area and report the steps that each member is taking to fulfill the objectives set out in the Osaka Action Agenda for each action area.

Reporting is based on the following issue areas:

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

Over the past few years additional areas have been included in the IAP reporting process including the APEC Food System, Transparency and Regional Trade Agreements/Free Trade Agreements (RTAs/FTAs).

Collective Action Plans

Collective Action Plans (CAPs) detail the joint actions of all APEC member economies in the same issue areas outlined in the Osaka Action Agenda. CAPs are the compass by which APEC charts its course towards the ultimate objective of free trade and investment.

Capacity Building

Aimed at enhancing economic growth and prosperity for the region, projects are a vital part of the APEC process. APEC projects build capacity in key priority areas identified by Leaders' call for action. Targeting specific policy areas, projects cover a wide range of activities, such as seminars, publications and research, and focus on trade and investment liberalization and economic and technical cooperation. Projects typically focus on building human capacity, strengthening economic infrastructure and ensuring security for the region.

Facilitating Trade
through
Simplifying and
Developing
Common
Approaches



Sharing Knowledge and Skills to Promote Growth in the Asia-Pacific Region

How does APEC Benefit the Economies of the Region?

Members continue to work together to sustain economic growth through a commitment to free and open trade, investment liberalization and facilitation, and economic reform. Being more responsive to the needs of business in the region, members have progressively reduced tariffs and other barriers to trade making the flow of business easier and less costly. Actions taken have resulted in the development of more efficient economies and have seen exports expand dramatically.

Highlights -

- Political leaders, ministers, government administrators business people come together regularly for active information exchange and dialogue that help promote cooperation and policy development.

- APEC implements technical assistance projects which develop skills and strengthen economic infrastructure.
- 17 member economies participate in the APEC Business Travel Card allowing bona fide frequent business travelers fast-track entry and exit through special APEC lanes at major airports in the region.
- APEC works to harmonize, standardize, and simplify customs procedures.
- APEC works to align standards regimes with international norms to reduce barriers to trade, facilitate innovation and new technologies, and offer consumers better prices and greater choice.

(Source: Open Economies Delivering to People, 2005)

Promoting the Safe and Efficient Movement of Goods, Services and People through the Asia-Pacific Region



How do the People of the Asia-Pacific Benefit from APEC's Work?

The people of the Asia-Pacific benefit from the collective and individual actions of APEC member economies in a number of ways. Direct benefits include increased job opportunities and training programs, stronger social safety nets and poverty reduction. More broadly, APEC member economies, on average, enjoy a lower cost of living because reduced trade barriers and a more economically competitive region helps to lower prices for goods and services that everyone needs on a daily basis, from food to clothes to mobile phones.

Highlights -

- Making travel safer, facilitating faster processing of legitimate travelers while reducing opportunities for unauthorized and improperly documented persons to cross borders.
- The APEC region is meeting the Millennium Development Goals by reducing the proportion of its population living on less than US\$1 a day by approximately 60% since 1990.

- Unemployment in the APEC region is well below the world average, with an average rate of 4.3% compared to 6.2% for the world in 2003
- Measures of health and sanitation have improved, infant mortality has fallen considerably and life expectancy has risen.
- Nearly all APEC economies are achieving close to 100% primary completion rates for both males and females, generating higher literacy rates amongst both adults and the young.
- APEC economies have improved their governance, particularly in the areas of regulatory quality, governance effectiveness, accountability and political stability, and are ahead of the rest of the world in this area.

(Source: Open Economies Delivering to People, 2005)

Improving the Business Environment by Removing Barriers between Economies



Other than Government Officials, Which Other Groups Participate in the APEC Process?

APEC recognizes that 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 in the work of the forum.

Business

At the highest level, APEC Economic Leaders communicate through annual meetings with the APEC Business Advisory Council (ABAC), which comprises high-level business people from all 21 APEC member economies.

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

Academic and Research Institutions

Through the APEC Study Centres (ASC) Consortium, APEC Member Economies

engage academic and research institutions in the APEC process. The ASC facilitates cultural and intellectual exchanges in the Asia-Pacific region and undertakes advanced, collaborative interdisciplinary and policy-relevant research from an independent and long-term perspective.

There are ASCs in 19 APEC Member Economies, comprising universities, research centres and centres of academic excellence. Academics and research institutions also participate in the working level of APEC through meetings, seminars and other activities.

APEC Observers

APEC has three Official Observers: the Association of Southeast Asian Nations Secretariat, the Pacific Economic Cooperation Council and the Pacific Islands Forum Secretariat. These observers participate in APEC meetings and have full access to documents and information related to these meetings. The observer groups provide partnership, expertise and insight that assist APEC to attain its goals and implement its initiatives.

How do I Get Involved with APEC?

If you are interested in participating in the APEC process you can apply to attend or be invited to APEC meetings or seminars. Contact the APEC Secretariat or visit the website for further information.

Views can also be expressed about APEC's work to your economy's APEC office. Enquiries can be directed to contacts in APEC Member Economies. A complete list of these contacts is available through the APEC Secretariat.

How Can I Keep Up-to-date with APEC Progress?

Keep up to date with the latest APEC news by regularly accessing the APEC website at www.apec.org. The APEC Secretariat also produces a free APEC E-Newsletter. It provides information on selected key outcomes of the

APEC process, new publications, upcoming meetings and more. Simply fill out your details on the APEC website and the latest edition of the APEC E-Newsletter will be emailed to you.

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