

Asia-Pacific Economic Cooperation

Update of Activities – May 2002

APEC Secretariat

May 2002

Committee on Trade and Investment

The Committee on Trade and Investment (CTI) was established by the *Declaration on an APEC Trade and Investment Framework* in November 1993.

The CTI coordinates APEC's work on the liberalization and facilitation of trade and investment (refer to the *Bogor Declaration* 1994). It works to reduce impediments to business activity in 15 specific areas as outlined in the Osaka Action Agenda (OAA)¹. The CTI also provides a forum for discussion of trade policy issues. (Detailed activities in CTI's work areas are outlined under the relevant sections in the *Update*.)

Business and Private Sector Participation

The CTI engages in regular outreach efforts to business via the APEC Business Advisory Council (ABAC) and more directly through seminars, speeches, the Internet, publications, and media relations. It encourages wider working level dialogues with business and professional groups to promote better understanding of the issues involved and to devise specific ways of addressing them. The Pacific Economic Cooperation Council (PECC) regularly attends CTI meetings, providing analytical and business input. The private/business sector plays a key role in technical work areas, for example, standards and conformance, by providing specialized input.

Achievements

In 2001, the CTI made considerable progress towards OAA objectives and *Bogor* goals in a number of concrete areas such as non-tariff measures (NTMs), intellectual property rights (IPR) and services. It conducted a thorough review and overhaul of Part I of the 1995 OAA which charts specific objectives and guidelines, as well as collective actions for achieving APEC's Trade and Investment Liberalization and Facilitation (TILF) goals. In addition, the CTI:

- Completed its work on developing a set of trade facilitation principles that build upon APEC's existing commitments and WTO obligations;
- Developed a comprehensive set of recommendations to improve and refine the electronic IAP (e-IAP) system to ensure that it was fully utilized and operational in 2001 and is updated and improved as an electronic tool in future years;
- Advanced work on capacity building with respect to WTO Implementation. Twelve projects, financed from APEC's Trade and Investment Liberalization and Facilitation (TILF) Funds, were developed to assist developing economies to address concerns over certain aspects of the implementation of WTO agreements;
- Continued to play a coordinating role in carrying forward the work programs of the non-tariff elements of Early Voluntary Sectoral Liberalization (EVSL); and
- Continued work on strengthening markets focusing, in particular, on implementing cooperative initiatives on strengthening economic legal infrastructure. A Menu of Options on Capacity and Institutional Building, Corporate Law and Competition Policy was developed to help advance work in these prioritized areas.

Next Steps

¹ The 15 areas are: tariffs and non-tariff measures; services; investment; 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 WTO obligations.

In executing its work program for 2002, the CTI will focus broadly on 3 main areas: (a) Collective Action Plans (CAP) improvement; (b) implementation of the Shanghai Accord; and (c) contributions to the WTO.

CAP Improvement

- The CTI will continue to give priority to producing tangible deliverables in the CAPs that are directly relevant to the business/private sector and that can bring credible outcomes on trade in the region.
- The CTI, with its sub-fora, will review the progress in implementing the CAPs and assess their effectiveness towards meeting the Bogor goals.

Implementation of the Shanghai Accord

- The CTI will, with the help of its relevant fora, review the OAA and their activities/work programs and identify aspects of activities/work plans that could be broadened to reflect the fundamental changes in the global economy since the Osaka meeting, such as the development of the new economy, including through the implementation of relevant aspects of e-APEC Strategy, and Strengthening the Functioning of Markets.
- The CTI will implement the *APEC Principles on Trade Facilitation* and develop corresponding work programs, including technical assistance/capacity building programs, as means to implement the Principles. The CTI will also consider appropriate actions/measures to take forward APEC's work on trade facilitation to meet the Leaders' mandate in the Shanghai Accord.
- The CTI will, together with its sub-fora, identify possible pathfinder initiatives that will invigorate APEC's progress towards the Bogor goals.
- The CTI will consider a possible work program to develop targets on, and exchange information on, appropriate trade policies for the new economy.

Contributions to the WTO

- The CTI will continue to explore how it can contribute to the Doha Development Agenda, including convening informal dialogues for further enhancement of understanding and confidence-building on various WTO issues of interest.

In addition, the CTI will continue to oversee the implementation of the Cooperation Framework for Strengthening Economic Legal Infrastructure, APEC-OECD Co-operative Initiatives on Regulatory Reform and APEC Principles to Enhance Competition and Regulatory Reform, as well as the developments in the Automotive and Chemical Dialogues.

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Tariffs and Non-Tariff Measures

Tariffs 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-barriers to trade. Under the guidance of the *Bogor Declaration*, APEC member economies are committed to creating a region of free and open trade and investment no later than 2010 for developed economies and 2020 for developing economies.

The Market Access Group (MAG) was established in 1998 to handle the CTI's work on tariffs and NTMs. The MAG's 10th meeting was held on 21 February 2002 in Mexico City, Mexico.

The Collective Action Plans (CAPs) for tariffs and NTMs require APEC members to:

- Keep their data in APEC's Tariff Database (TDB) up-to-date;
- Pursue incorporation of information on NTMs into a future version of the TDB;
- Compile a list of measures recognized as non-tariff impediments to trade; and
- Compile a list of products affected by those impediments.

The year 2001 saw the MAG being re-energized with a new and more substantive work programme. A policy dialogue on the work scope of NTMs was initiated and the MAG for the first time invited experts working on this issue area from the PECC and the US International Trade Commission (USITC) to present papers on their work on NTMs.

Business and Private Sector Participation

APEC member economies consult their business/private sectors regularly and their views have been incorporated in the development of the TDB. The database was established in 1997 with the assistance of a private company—Federal Express, which agreed in 2001 to renew their contract for maintaining the database for another two years (to May 2003).

The business/private sector and academia provide important input to the CTI's work on tariffs and NTMs, particularly through the analytical work performed by PECC. Businesses that would like to become more involved in the CTI's work on tariffs and NTMs should contact the APEC office in their economy. (See page 75 for member economies' contact information.)

Achievements

- Efforts have been made to implement the proposed enhancements to the MAG web page, as agreed by MAGII in May 2001. The MAG web page will be expanded to include relevant MAG-related documents and publications.
- Members committed to providing the relevant links to information on trade regulations on the MAG web page by the MRT in May 2002.

- After the successful accomplishment of the 1st MAG Policy Dialogue on 28 May 2001 in Shenzhen, China, the second MAG trade policy dialogue will be held in May 2002 in Merida, Mexico.
- A follow-up analysis on the “APEC Trade and Tariff Data Study: First Follow-up” was produced at the 10th MAG meeting. It indicated that intra-APEC exports are over twice as large as APEC’s exports to the rest of the world and have grown more rapidly in the last decade. This shows the importance of intra-APEC trade.
- A matrix on Free Trade Agreements (FTAs) and Regional Trade Agreements (RTAs) was developed, which provided background information on seven FTAs/RTAs among APEC economies².
- “The Benefits of TILF in APEC”, the result of a two-year project, which focused on trade facilitation and investment liberalization research, is scheduled to be released at the 14th APEC Ministerial Meeting in October 2002.
- The report, “APEC Economies: Breaking Down the Barriers” was published.
- A comprehensive “Typology of Possible NTMs Identified in the EVSL Sectors and the Fora/Sub-fora to Address Them” was circulated to the relevant Convenors/ Lead Shepherds for follow-up/feedback.
- The revised MAG’s terms of reference (TOR), which give a new mandate to the MAG “to follow and consolidate APEC’s on-going voluntary sectoral liberalization exercise in coordination with CTI sub-group and/or other APEC Fora and report to the CTI” was endorsed.

Next Steps

The MAG will:

- Participate in and ensure the timely supply of updates to the WTO Integrated Database and any other APEC databases;
- Pursue incorporation of information on non-tariff measures into a future version of the TDB and compile a list of measures recognized as non-tariff impediments and a list of products affected by these impediments;
- Work closely with Sub-Committee on Customs Procedures (SCCP) to further enhance the TDB to ensure effective and efficient management and input of data;
- Arrange for seminars and/or workshops on industrial tariffs negotiations in consultation with international organizations, where appropriate, including the WTO Secretariat on the WTO Integrated Tariff Database;
- Study lessons from modalities for tariff reduction and elimination in sub-regional arrangements;
- Identify industries in which the progressive reduction of non-tariff measures may have positive impact on trade and on economic growth in the Asia-Pacific region or for which there is regional industry support for early liberalization;
- Pursue a series of seminars/policy discussions on NTMs;
- Undertake research to develop best practices to enhance transparency and progressively reduce NTMs;

² Australia-New Zealand CER; ASEAN FTA (AFTA), Canada-US FTA; North American FTA (NAFTA); Canada-Chile FTA; Chile-Mexico FTA and New Zealand-Singapore FTA.

- Encourage APEC member economies to reduce export subsidies progressively, with a view to abolishing them;
- Press to abolish unjustifiable export prohibitions and restrictions and endeavor to refrain from taking any such new measures;
- Invite WTO and OECD representatives to deliver presentations at a MAG meeting on the processes of the new round and NTMs/trade facilitation respectively;
- Continue with its confidence-building work on trade facilitation by highlighting the trade facilitation achievements of member economies and the benefits gained from these accomplishments; and
- Seek to identify areas for capacity building so as to assist member economies to more effectively participate in WTO negotiations.

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Services

The Group on Services (GOS) was established by the Committee on Trade and Investment (CTI) as an informal subgroup in 1997 to address the Trade and Investment Liberalization Facilitation (TILF) tasks in the area of services.

This year the GOS will continue work on Collective Action Plans (CAPs) items, including information gathering and analysis, experience sharing and transparency. In addition, the GOS will deliver Phase III of the development of the *Menu of Options for Voluntary Liberalization, Facilitation and Promotion of ECOTECH in Service Trade and Investment*. Phase III consists primarily of incorporating appropriate economic and technical assistance activities. Phase II was a further development of the prototype Menu of Options.

The Menu of Options

The *Menu of Options* is designed to foster the liberalization and facilitation of services trade and investment, along with the promotion of capacity building in the services and investment areas. Its major purposes are:

- i. To provide an organizational framework for the work of the GOS on services
- ii. To set out a list of measures member economies may wish to include in their Individual Action Plans (IAPs); and

- iii. To assist in the discussion on how APEC member economies may achieve free and open services trade and investment.

The Phase II document describes in a non-legal manner the ideal situation with respect to the twelve components of the Menu of Options and provides brief information to put the various components in context. This is followed by an illustrative list of measures relevant to each component. The main points of the discussion by the GOS for each component are then summarized and the consensus reached during the discussion is indicated.

The twelve components of the Menu of Options during Phase II were developed on the basis of issue papers³ that can be found on the APEC website.

Projects

Another potential deliverable for 2002 is to undertake a study on "Costs and Benefits of Services Trade Liberalization". The project's primary objective is to study the process and impact of service sector liberalization in a selected number of APEC economies. The study will be based on in-depth case studies in four sectors (insurance, distribution, health, and tourism services). It will provide information on how different economies have responded to trade liberalization in specific service sectors, showing clearly the costs and benefits of implementing such a policy. Additionally, the study will shed light on the economic and supervisory conditions that must be developed to give reasonable assurance that liberalizing trade in services will be beneficial to domestic users while providing domestic service providers with an opportunity to be competitive with imported service providers. Finally, it will suggest implications of the case studies for services liberalization across a broad range of sectors and economies.

Next Steps

In 2002 the GOS will:

- Complete Phase III Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation (ECOTECH) in Service Trade and Investment;
- Undertake the study on the "Costs and Benefits of Services Trade Liberalization";
- Build up APEC support for the World Trade Organization's (WTO) work/negotiations on services trade;
- Improve the understanding of the impact of the trade liberalization of services trade by voluntary experience sharing among member economies; and
- Extend the use of the service chapter template of the e-IAPs for services IAP reporting

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³ Issue papers include: i. Most Favored Nation Treatment (MFN) and National Treatment; ii. Market Access; iii. Deregulation/Privatization; iv. Promoting Transparency in the Services Sector; v. Issues in Domestic Regulation of Services; vi. Competition Laws and Policies; vii. Recognition in the Services Sector; viii. Application of Electronic Technology and Simplification of Customs and other Administrative Procedures; ix. Development of Human Resources and Promotion of Advanced Technologies; and x. Building Infrastructure.

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Investment

Established in 1994 as a sub-group of the CTI, the Investment Experts' Group (IEG) brings together officials in the region involved in the regulation of foreign investment. Its main role is to assist the CTI in achieving the investment-related components of APEC's liberalization and facilitation agenda.

Business and Private Sector Participation

The IEG seeks views from the private/business sector about priorities for APEC's investment liberalization and facilitation agenda through its annual Investment Symposium and Business Survey. Business people were invited to participate in the 1st and 2nd APEC Investment Marts held respectively in 1999 and in 2001. In 2002 the business/private sector participated in the seminar on "Investment's One Stop Shop" held in Lima, Peru in February.

Achievements

Major Achievements so far in 2002 include:

- Held an APEC Seminar on "Investment's One Stop Shop" (Lima, Peru; 26–27 February 2002);
- Conducted a gender information session at the IEG I (Lima, Peru; 28 February–1 March 2002); and
- Organized an APEC Workshop on "Regional and Bilateral Investment Rules/Agreements" (Merida, Mexico; 17–18 May 2002).

Previous Achievements (1994 – 2001)

- Published, *APEC Non-binding Investment Principles* (1994).
- Action plan on investment as a contribution to the Osaka Action Agenda (1995)
- Held the First APEC Symposium on Investment (Bangkok, 1995)
- Published, *Third Guide of Investment Regimes of the APEC Member Economies* (1996)
- Held the Second APEC Symposium on Investment (Tokyo 1996)
- Held the Third APEC Symposium on Investment (Hong Kong, China 1997)
- Held the Seminar on Implementation of TRIMS Agreement (Hong Kong, China 1997)
- Held the Fourth APEC Symposium on Investment (Kuala Lumpur 1998)
- Second Business Survey (1998)
- Held a Training Program to improve member economies' capabilities on statistical reporting and data collection (China 1998)
- Published, *Fourth edition Investment Regimes of the APEC Member Economies* (1999)
- Held the APEC Investment Mart in Seoul, Korea (1999)

- Compiled the compendium of Initiatives, Development Efforts, Aspirations and Strategies (IDEAS) for the four stakeholders (foreign direct investor, home economy, host economy and domestic investor) involved in the international flow of FDI's. (1999)
- Conducted two seminars on:
 - FDI Policy and Administration Adjustment in Bangkok (1999)
 - Start Up Companies and Venture Capital in Chinese Taipei (1999)
- Conducted two training programs:
 - Strategies to Identify and Facilitate Investment in Specific Areas e.g. Small and Medium Enterprises (SMEs) development and industrial linkages, high tech industries and R&D activities. (1999)
 - 1st Phase – Awareness for APEC investment /trade officials to understand and be informed of the various option for investment liberalization and business facilitation (1999)
- Held the Fifth APEC Symposium on Investment (Shanghai 2000)
- Conducted two Workshops on the Menu of Options (2000)
- Finalized the new e/IAP chapter format on investment (2000)
- Developed the Menu of Facilities offered in a one-stop agency (2000)
- Agreed to make cross-reference between IAPs and Menu of Options
- Held the Sixth APEC Investment Symposium on “Restructuring FDI in the Age of Information Technology” (Cheju 2001)
- Expanded the Menu of Options to include the areas of technology transfer, intellectual property rights, start-up companies/venture capital and domestic business environment. (2001)
- Held the Second APEC Investment Mart in Yantai, China (2001)
- APEC Seminar on “WTO TRIMs Agreement Implementation: Capacity Building for a Better Investment Environment” (Xiamen, China 2001)
- Updated Investment chapter of the OAA Guidelines and the Investment Collective Actions through reflecting improvements made in 2001.

Next Steps

- Organize the 7th APEC Investment Symposium and 3rd Investment Mart (Vladivostok, Russia; 4–7 and 9–12 September 2002, respectively);
- Hold a seminar on “Start-up Companies/Venture Capital” (China, December 2002);
- Submit a study proposal on “Start-up Companies/Venture Capital”;
- Update the APEC Investment Guidebook on the website;
- Update the Menu of Options; and
- Continue to engage in CAP-based activities to improve the investment environments in APEC member economies.

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Standards and Conformance

The CTI Sub-committee on Standards and Conformance (SCSC) was established in November 1994.

Its principal objectives are to: align members' domestic standards with international standards; achieve recognition among APEC economies of conformity assessment in regulated and voluntary sectors; promote cooperation for technical infrastructure development; and ensure the transparency of the standards and conformity assessments of APEC economies.

Business and Private Sector Participation

Representatives from the specialist regional bodies are invited to SCSC meetings. The SCSC has been working with the Information Technology Industry Council (ITI) to implement the work program on trade facilitation in information technology (IT) products and possibly launch a pilot of the DeclareNet.

Achievements

Highlights of SCSC achievements during 2001 include:

- Review of and revision to the APEC Mid-Term Technical Infrastructure Development Program;
- Implementation of the work program on trade facilitation in IT products and endorsement of the proposal for APEC-based IT companies and ITI members to co-develop, with each interested economy, a tailor-made "road map" to facilitate the economy's implementation of the work program;
- Adoption of all necessary documentation for full operation of the APEC MRA on Electrical and Electronic Equipment;
- Compilation of a web-based database on all Good Regulatory Practice materials produced by the SCSC; and
- Monitoring of the developments within the WTO Committees on the Agreement on Technical Barriers to Trade (TBT) and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) as well as development of the projects for the implementation of the APEC Strategic Plan for WTO-related capacity building.

Next Steps

The SCSC will continue to implement and improve CAPs in the area of standards and conformance. The SCSC's future work program includes:

- A review and improvement of the effectiveness of the APEC MRA on Conformity Assessment of Foods and Food Products, the Arrangement for the Exchange of Information on Toy Safety, the APEC Arrangement for the Exchange of Information on Food Recalls, and the APEC MRA on Conformity Assessment of Electrical and Electronic Equipment;
- Deepening of the discussion on Good Regulatory Practice;
- Promotion of participation in MRAs in the voluntary sector in cooperation with the specialist regional Bodies; and
- Encourage member economies to actively participate in the standardization activities of international standardization bodies.

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Customs Procedures

The Customs Procedures Group of Customs Experts became the CTI Sub-committee on Customs Procedures (SCCP) in 1995. Its objective is to facilitate trade in the Asia-Pacific region by simplifying and harmonizing customs procedures.

Business and Private Sector Participation

The SCCP periodically organizes dialogues with the business/private sector. Around 500 participants from APEC customs administrations, the business community, other APEC fora and relevant international organizations attended the dialogue in Shanghai, China in 2001.

Examples of involvement include the Australian business sector support of the Sub-committee's Temporary Importation Collective Action Plan (CAP) and Federal Express' continued sponsorship of the APEC Tariff Database.

In August 2001 the SCCP decided to create a new CAP: "Enhance Customs-Business Partnerships". This CAP has the major objective of enhancing the effectiveness of business-customs interaction with an outreach to the business/private sector.

Achievements

- The Simplification and Harmonization of Customs Procedures initiative has resulted in significant cost savings for exporters and importers.
- The SCCP is promoting risk management techniques to APEC customs administrations to enable them to more accurately identify risk transactions, avoiding delay and saving operational costs.
- Promoting "paperless trading" in the region in order to reduce the requirements for paper documentation in customs administrations.
- Held a dialogue in with the theme "New Economy: Advancing Customs-Business Partnership and Trade Facilitation to the Next Level" in Shanghai, China in August 2001
- Challenging Globalization and the New Economy through the SCCP's 14 CAPs. About half of them have already been completed.

- Developing a matrix, relating all CAP items with their applicable trade facilitation principles, to demonstrate the concrete actions undertaken by individual economies to implement the APEC Trade Facilitation Principles.
- In order to implement the instructions contained in the APEC Leaders' Statement on Counter-terrorism, SCCP members agreed to use the existing network systems and mechanism (such as the promotion of bilateral mutual assistance agreement) to set up the infrastructure required for an enhanced electronic customs network.
- In the context of fighting corruption and ensuring transparency, the SCCP established a comprehensive work program to raise levels of integrity in regional customs administrations, thereby providing technical assistance and capacity building to the individual economies.

Next Steps

Future SCCP work programs will continue to respond directly to the reductions in transaction costs among the economies of the region and continue to implement and improve the CAPs in the areas of custom procedures. The 2001/2002 program will include:

- Improving direct involvement of the business/private sector in SCCP activities in the framework of the new CAP "Enhance Customs-Business Partnership";
- Publishing the *2002 Blueprint for APEC Customs Modernization*;
- Continuing to promote and facilitate 'paperless trading';
- Completing the *Compendium of Best Practices on Customs-Business Partnership*;
- Continuing to implement the SCCP's multi-year technical assistance programs including the Harmonised Commodity Description and Coding System (HS Convention) and Express Consignment Clearance; and
- Continuing to build capacity for APEC economies who faced difficulties in implementing WTO customs related agreements (Customs Valuation, Rules of Origin, TRIPS).

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Intellectual Property Rights

Since 1996 the Intellectual Property Rights (IPR) Experts' Group (IPEG) has carried out a work program to achieve the planned collective actions as well as to enhance APEC-wide cooperation in several areas⁴.

Business and Private Sector Participation

The IPEG seeks views from the private/business sector about priorities for APEC's work on IPR through various symposiums. A contact list of public, business and private sector experts on IPR is available on the APEC Secretariat's website.

Achievements

Key achievements of the IPR Experts' Group for 2001 include:

- **New Collective Action Plans:** The IPEG agreed on the new proposed Collective Action Plans (new CAP) on IPR in February 2001. They were approved by the CTI in February and IPEG started its activities under the new CAP at the 12th IPEG meeting on 20-21 March 2001 in Sydney, Australia.
- **New Objective and Guidelines:** The IPEG agreed on the new proposed OAA Objective and Guidelines in February 2001. The new Objective and Guidelines for IPR were slightly modified and were to be approved by the CTI in the context of its broader review and development of OAA Guidelines.
- **APEC Government/Industry Workshop on IP Enforcement in the APEC Region:** The Government/Industry Workshop on IP Enforcement in the APEC Region was held along with the 12th IPEG meeting in March 2001 to exchange information relating to IPR enforcement issues between the private and public sectors.
- **APEC Symposium on "Intellectual Property Rights in the New Economy":** The APEC Symposium on "Intellectual Property Rights in the New Economy" was held in association with the 13th IPEG in July 2001, Taichung, Chinese Taipei to share knowledge and exchange views among the experts from the public and business/private sectors on the challenging intellectual property and technology transfer issues.
- **APEC Copyright Seminar:** The APEC Copyright Seminar was held in Tokyo, Japan in March 2001 to exchange information and views on copyright issues in response to the development of information technology and e-commerce.

Next Steps

The IPEG will continue to engage in CAP-based activities in 2002. It will implement the following new CAP items agreed in 2001:

- **Deepening the dialogue on IP policy:** The IPEG agreed to discuss solutions regarding reducing costs for applicants and reducing duplication of workload by patent offices.
- **Electronic means for IPR-related procedures:** Information exchanges will be conducted on strategies for promoting utilization of electronic means for IPR-related procedures. The IPEG will also consider possible forms of technical cooperation on the electronic means.

⁴ These areas are: deepening the dialogue on intellectual property policy; surveying and exchanging information on the current status of IPR protection and administrative systems; studying measures for the effective enforcement of IPR; fully implementing the TRIPS Agreement; and facilitating technical cooperation to that end.

- **Protection for geographical indications:** A ‘snapshot’ list of domestic geographical indication examples protected by each APEC economy will be surveyed.
- **Appropriate protection of IPR in new fields:** The IPEG agreed to discuss the IP-related international jurisdiction issues raised in the Hague Conference on International Private Law, as well as the issues associated with genetic resources, traditional knowledge, and folklore.

In addition, the IPEG also plans to focus on the following areas:

- Ensuring support for easy and prompt acquisition of rights through discussion of the simplification and streamlining of procedures;
- Promoting IPR-related activities, in particular through technology transfer among economies; and
- Strengthening the dialogue on enforcement of IPRs after TRIPS implementation.

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Competition Policy

The globalization 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 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 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 area provides markets with a framework that encourages market discipline, eliminates distortions and promotes economic efficiency. Therefore, competition policy/deregulation area is one of the key elements contributing to both the “road map” and the broadening of the OAA.

Projects

There are two ongoing projects related to competition policy and deregulation:

- Implementation of the APEC/ Organisation for Economic Cooperation and Development (OECD) Cooperative Initiative on Regulatory Reform: This initiative contributes to deepening the dialogue and technical assistance between regulatory agencies of economies inside and outside APEC. Two workshops were planned for 2002. The first one was held in Merida, Mexico in April. The second will be held in Korea in September.
- Implementation of the Training Program to promote Economic Competition in APEC Economies: This program aims at promoting the implementation of the APEC Principles to Enhance Competition and Regulatory Reform through the organization of seminars focusing on regulation in the energy, telecommunications, transportation and finance sectors.

These projects will benefit the private sector of the participant economies. Both projects, a higher degree of preparation within regulatory agencies will entail a higher technical quality on 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 the markets.

Next Steps

- Implement and complete the above projects.
- Continue cooperating with the Strengthening Economic and Legal Infrastructure (SELI) Group, particularly by coordinating the needs of member economies with specific projects based on the "Menu of Options on Competition Policy" developed in 2001;
- Undertake new capacity building programs to assist economies in implementing the APEC Principles to Enhance Competition and Regulatory Reform;
- Continue to develop an understanding of competition policies and/or laws within their respective economies and within relevant domestic constituencies, thereby fostering a culture of competition; and
- Deepen 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*.

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Government Procurement

The Government Procurement Experts' Group (GPEG) was established in 1995. The *Osaka Action Agenda (OAA)* of November 1995 commits APEC economies to "develop a common understanding on government procurement (GP) policies and systems" and to "achieve

liberalization of government procurement markets throughout the Asia-Pacific region in accordance with the principles and objectives of the *Bogor Declaration*.”

Business and Private Sector Participation

Business people have attended GPEG educational programs.

Achievements

The GPEG:

- At their meeting in Mexico in February 2002, the GPEG agreed to begin voluntary reviews of the principle of accountability and due process. Through this process, members are exploring how best to implement the principles and to voluntarily bring their systems into conformity with the principles.
- At their meeting in China in February 2001, GPEG members began to voluntarily review their IAPs with respect to the transparency principle. This process review was agreed in 2000.
- The GPEG completed a set of non-binding principles⁵ on GP. These principles, based on the free-trade principles already embraced by APEC, were endorsed by Ministers in Auckland, New Zealand in September 1999. The GPEG has also developed practices illustrating how these principles could be implemented.
- The GPEG contributed to the WTO's study on Transparency in GP by providing information on APEC members' GP regimes, commitments on GP in their IAPs, and APEC's views on several of the principles listed below.
- Regularly updated the surveys member economies have completed on their government procurement systems and their publication arrangements for GP opportunities. These surveys are available, along with other information about GPEG activities, on the APEC GP homepage <http://www.apecsec.org.sg/govtproc/gphome.html>.

Next Steps

Drawing upon the full set of GP non-binding principles, GPEG members will continue to review their IAPs, examining the consistency of their GP systems with the non-binding principles. A number of economies had already carried out voluntary reviews before meetings of the GPEG. The group will continue to regularly update the member economies' surveys on their GP systems and their publication arrangements for GP opportunities. The group will continue its educational and information-sharing activities. It will also work more closely with other APEC groups, in particular the Electronic-Commerce Steering Group and the Small and Medium Enterprises Working Group, looking at a number of issues including paperless trading and e-procurement. In the latter case, the GPEG is developing a proposal for a workshop focusing on issues affecting the uptake of e-procurement, including inhibitors to SME participation.

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⁵ These principles, endorsed by Ministers in Auckland, New Zealand in September 1999, include transparency, value for money, open and effective competition, fair dealing, non-discrimination, accountability and due process.

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Deregulation

Unilateral deregulation by APEC economies makes an important contribution to trade and investment liberalization 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 CTI. In 1996, the OAA work programs for Competition Policy and Law, and for Deregulation were combined, in view of the linkages between the two issues. (See Competition Policy update.)

The main focus of the Deregulation Collective Action Plan (CAP) is to promote information sharing and dialogue, and increase the transparency of existing regulatory regimes and regulatory reform processes.

Business and Private Sector Participation

The business/private sector and academia provide important input to APEC's work on deregulation, particularly through seminars and the analytical work done by PECC. Promoting dialogue with the business community on deregulation is a key focus for the future.

Next Steps

The final implementation and completion of Cooperative Initiative on Regulatory Reform with the OECD will help enforce the Road Map Initiative on "Strengthening Markets" through continued dialogue and sharing of experiences among economies dealing with the challenges of 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.

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Rules of Origin

Rules of Origin (ROO) issues are covered by the CTI plenary. APEC member economies, through the CTI, will:

- Gather information on APEC economies' respective rules of origin and develop a compendium of rules of origin for the use of the business/private sector;
- Facilitate, complement and accelerate, in the short-term, World Trade Organization/World Customs Organization (WTO/WCO) work on harmonization of non-preferential rules of origin; and
- Study the implication of rules of origin for the free flow of trade and investment.

Achievements

Members agreed to use the improved format guidelines for ROO (approved in 1997) to report on their implementation of the procedural obligations of the WTO Agreement on ROO. This should result in a more transparent and predictable ROO regime.

All APEC economies will update, as appropriate, the Rules of Origin Matrix Format. The matrix is a useful tool for anyone requiring information on the ROO applied by APEC economies in their free trade agreements.

Next Steps

Rules of Origin have an impact at the international level, both on the investment and the industrial sectors, and it is necessary that they should be harmonized among economies. The CTI will therefore continue its information exchange among member economies on rules of origin requirements, and assess APEC member economies' compliance with the procedural obligations in the *WTO Agreement on Rules of Origin*.

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Dispute Mediation

Trade and other economic disputes have negative implications for the cooperation that APEC is designed to promote. Work done by APEC's CTI on dispute mediation aims to explore ways of cooperative dispute-solving. It focuses on member economies and business/private sector disputes, and on promoting transparency in laws and regulations as a means of dispute avoidance.

APEC regards WTO dispute settlement as the primary channel for solving disputes. APEC recognizes it can play a role in helping to avoid disputes or resolve them through non-adversarial and voluntary approaches. At its meeting in May 1999, the CTI decided to realign work to enable the substantive work on dispute mediation to be carried out under the direct responsibility of the CTI Chair.

Business and Private Sector Participation

Academics, lawyers, arbitration experts, mediators, and business leaders provide valued input to APEC's work on dispute mediation.

Achievements

- Work is underway to bring the web-based version of the *Guide to Arbitration and Dispute Resolution in APEC Member Economies* up-to-date with the latest changes in practices and institutions of member economies.

Next Steps

- Consider organizing information seminars on the WTO Dispute Settlement Understanding and developing training programs in WTO laws and procedures to help members to better understand how the WTO Dispute Settlement Mechanism works, and what their rights and obligations are.

Dispute Mediation - Key Contacts

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Mobility of Business People

APEC members are committed⁶ 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. Australia is the Chair for business mobility.

Business and Private Sector Participation

The APEC Business Advisory Council (ABAC) has made facilitation of business travel a priority. The CTI's agenda on business mobility has been guided by ABAC's recommendations, and the Informal Experts' Group on Business Mobility (IEGBM) has informed ABAC of its progress. 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. The IEGBM Chair met with the ABAC Business Facilitation working group at the February 2000 ABAC meeting in Bangkok, Thailand and ABAC has been invited to attend IEGBM meetings.

⁶ Osaka Action Agenda, November 1995

Achievements

APEC members:

- Launched an advance passenger processing project designed to speed the processing of air travelers in the APEC region.
- Launched a project to enhance professional and efficient service in passenger processing.
- Agreed in principle to adopt 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 economies.
- Collectively agreed to issue multiple-entry visas to frequent business travelers from other APEC economies and have acted individually to facilitate business travel, for example by expanding visa-waiver programs or extending the validity of multiple-entry visas.
- Launched a technical cooperation program to help members implement advanced border-management techniques.
- Launched a technical cooperation program to help members enhance professional conduct standards for immigration officers.
- Maintained up-to-date information on their requirements for short-term business visas and temporary business residency permits in the Internet version of the *APEC Business Travel Handbook* (<http://www.apecsec.org.sg>). The Handbook also includes contact information on offices that issue visas across the APEC region.

Australia; Chile; Hong Kong, China; Korea; and the Philippines began implementing a trial of the APEC Business Travel Card (ABTC) scheme, which offers accredited business travelers visa-free travel and expedited airport processing when visiting participating economies. Malaysia and New Zealand joined the scheme in 1999, while Thailand, Peru and Brunei Darussalam joined in 2000. In October 2001, China and Chinese Taipei officially announced they would participate in the ABTC, bringing the current number of participants in the scheme to 12.

A number of training sessions⁷ were held by Australia; Canada; Hong Kong, China and the US in 1999 that focused on raising members' capacity to detect document fraud as a means to streamline entry for legitimate business travelers.

Training was offered in 2000 and 2001, at sessions held in the US in August 2000 to discuss the standards essential for transparent and open immigration systems as well as the capacity building needed to implement them

Next Steps

Members will begin to implement their agreement to streamline processing of temporary business residency permits. Following its August 2001 meeting in Dalian, China the group, will continue exploring how best to share and adapt new developments in technology in immigration processing throughout APEC economies. At its February 2002 meeting in Mexico City, the IEGBM continued to focus on work rights for spouses of personnel on intra-company transfers. Other upcoming training will focus on professional conduct for immigration officers and development of a proposal to enhance the entire process of document security.

⁷ Economies participating in these and other sessions included Brunei Darussalam; China; Chile; Indonesia; Korea; Malaysia; Mexico; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei; and Viet Nam

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WTO Capacity Building Group on Implementation of WTO Obligations

Since 1989, APEC has acted to build on the open multilateral trading system. Committed to open regionalism, APEC strongly supports the primacy of the multilateral trading system. The main task is to promote opportunities for training and exchange of views on, and experiences of challenges and solutions related to the implementation of, the Uruguay Round (UR) outcomes so that economies' officials are better prepared for outcomes of the New Round, the "Doha Development Agenda", launched in Doha.

In 2000, Leaders and Ministers endorsed a Strategic Plan to build the capacity of the APEC developing economies to implement WTO agreements. The CTI tasked with coordinating and undertaking the work program to implement the APEC Strategic Plan created the Informal WTO Group, (later renamed the WTO Capacity Building Group), under the co-chairmanship of Canada and Japan. The mission of the Group is to cooperate and facilitate WTO-related capacity building activities, which realize the objectives of the APEC Strategic Plan.

The Informal Group has met two or three times a year to initiate and advance its proposed work program. Given the importance of further progress in the area of WTO-related capacity building activities after the Doha WTO Ministerial Conference in November 2001, the WTO Capacity Building Group, at its meeting on 23 February 2002 in Mexico City, Mexico, addressed the various capacity building commitments stipulated in the Doha Ministerial Declaration and considered issues related to the APEC Strategic Plan implementation.

Achievements

- To date, eight urgent TILF WTO Capacity Building projects have been successfully undertaken by relevant APEC-fora and four regular TILF projects for the year 2002 are under way.
- A draft matrix stocktaking the progress under APEC Strategic Plan, including the compilation of detailed matrices of related donor activities, was tabled for discussion. This matrix, reflecting contributions by both developed and developing economies in APEC, could be a very useful tool for the coordination of Doha-related capacity building in the APEC region.
- Three international organizations – the WTO, the Asian Development Bank (ADB) and the World Bank (WB) — were invited to the last meeting in February 23, 2002 in Mexico to share the views on the ways and means for further advancement of the Plan and mutual

collaboration with these organizations to help developing economies in implementing existing WTO agreements.

- The work plan for 2002 was approved. It will help the WTO Group to respond to the WTO-related capacity building commitments stipulated in the Doha Ministerial Declaration, including enhancing negotiation skills in the WTO New Round.

Next Steps

- Complete the proposed matrix for submission to the MRT Meeting in May 2002 as an APEC contribution to the work program of the WTO.
- Work on the project to make the information contained in this matrix available on the Internet.
- Implementation of the WTO Capacity Building projects for 2002.
- Invite the ADB, the WTO and the WB for the next meeting of the WTO Group, in August 2002.

WTO Obligations - Key Contacts

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Early Voluntary Sectoral Liberalisation (EVSL)

In Vancouver, Canada, APEC Leaders agreed to early voluntary sectoral liberalization⁸ (EVSL) in 15 areas⁹.

The EVSL initiative is unique in that it envisages a three-track approach to liberalization – including market opening measures, trade facilitation activities and economic and technical cooperation initiatives. APEC participating member economies decided that the tariff elements of the EVSL exercise should be negotiated within the WTO. With the decision to transfer the tariff

⁸ EVSL = liberalization before the agreed goal of 2010 for industrialized economies and 2020 for developing economies.

⁹ The areas are: environmental goods and services; fish and fish products; forest products; medical equipment and instruments; telecommunications mutual recognition arrangement (MRA); energy sector; toys; gems and jewelry; chemicals; oilseeds and oilseed products; food sector; natural and synthetic rubber; fertilizers; automotive; and civil aircraft.

element of EVSL to the WTO, work focused on the non-tariff measures, facilitation, and economic and technical cooperation components of the sectoral initiatives.

Business and Private Sector Participation

Since the early stages of the EVSL exercise, Ministers have emphasized the importance of taking into account business/private sector interests. Member economies have consulted business in developing the liberalization initiatives for each sector. In some sectors the private sector could be directly involved in the implementation of initiatives, for example, in economic and technical cooperation activities.

In the automotive sector, an APEC Automotive Dialogue was established to serve as a forum for 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. In the chemicals sector, the first Chemical Dialogue will be held in 2002. Such public-private sector dialogues are seen to be important for improving the mutual understanding of key imperatives for the development of future policy and for enhancing the competitiveness of the industries.

Achievements

- A substantive program looking at areas including assistance to automotive suppliers, effective automotive policies, harmonization of automotive technical regulations, and e-commerce has been put in place under the auspices of the Automotive Dialogue. Japan and the United States jointly hosted the 4th Automotive Dialogue in Singapore on 16–19 April 2002.
- The Terms of Reference (TOR) for establishing the Chemical Dialogue were endorsed by the CTI. The second Steering Group Meeting was held in Mexico City, Mexico on 23 February 2002 to prepare for the first Chemical Dialogue to be held in Merida, Mexico in May 2002.
- A revised Typology of Possible Non-tariff Measures (NTMs) and the fora/sub-fora to address them, based on additional information/reports provided by the various EVSL sectoral coordinators, is being finalized by the Market Access Group (MAG).
- With the exception of one ECOTECH project, all other projects approved in 1999/2000 have been completed. Preparatory work on the two new projects approved in 2002 in the automotive sector and the medical equipment and instruments sectors are under way. The 2nd APEC Seminar on the Harmonization of Medical Device Regulations has been planned for 17–18 May 2002 in Singapore.

Next Steps

- The Committee on Trade and Investment will continue to oversee and take forward the work on the non-tariff measures, facilitation and ECOTECH elements in the 15 EVSL sectors.

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Economic Committee

The Economic Committee (EC) was established at the 6th APEC Ministerial Meeting in Jakarta, Indonesia in November 1994. The EC, responsible for research on economic trends and issues in the APEC region and serving as a forum for member economies to exchange information and views, currently operates under two guiding principles for its activities. First, the EC focuses on demand-driven work in support of APEC Ministers' and Leaders' Meetings and policy-oriented work of other fora. Its work addresses central economic issues of priority concern to Leaders and Ministers, and provides an analytical basis useful for advancing TILF and ECOTECH agendas. Second, the EC aims to deliver high-quality research outputs by focusing its work program, in order to fulfill its core role as APEC's analytical body.

Business and Private Sector Participation

The EC makes efforts to reach out to the research community and the business/private sector. Scholars, researchers, and business people participate in the symposiums and seminars organized by the committee as part of the implementation of its research projects. Linkage with the APEC Study Centers is also important in fostering links with the academic/research community in member economies.

Achievements

The Economic Committee prepared and submitted two major reports to the Ministers' Meeting in Shanghai, China, in October 2001. These were the *2001 APEC Economic Outlook* and *The New Economy and APEC*.

Next Steps

The EC has the following four core projects in its year 2002 Work Program:

1. 2002 APEC Economic Outlook;
2. The New Economy;
3. The Benefits of Trade Facilitation and Liberalization; and
4. An Implementation Plan for Knowledge-based Economy (KBE) Recommendations.

The *APEC Economic Outlook*, tailored to serve APEC policy priorities, is submitted to the annual Ministerial Meeting. Its first part updates and summarizes recent developments and short-term prospects of all APEC member economies, and its second part addresses topical structural issues bearing on priority themes of the TILF and ECOTECH agendas. Mexico is coordinating the preparation of the second part of the *2002 APEC Economic Outlook*, which aims to examine the development, regulation and supervision of microbanking in the Asia-Pacific region. The study

is expected to show the contribution of microbanking activities to the development and strengthening of more sophisticated financial intermediaries, and their concrete effects on the targeted beneficiaries, such as the low-income population and micro-enterprises.

The analytical foundation for the New Economy issue is not sufficient and the EC could contribute to the provision of the necessary knowledge for decision-makers through deeper study. The EC "New Economy" project will involve coming up with a working and useful definition of the New Economy. The project aims to: examine innovation in APEC service industries with special reference to e-commerce; compare the key drivers of the New Economy in the U.S. and Canada; examine the seriousness of the digital divide in APEC; compare the state of entrepreneurship among member economies; and study whether e-commerce benefits actually exist at the macro level. It will also study the policy fundamentals underpinning the New Economy including such areas as fiscal, financial structure, trade and cross-border investment, and competition (including legal issues), where the policy regime is key to the development of the characteristics of the knowledge-based economy.

As APEC is now halfway towards the Bogor goals, the project on "The Benefits of APEC Trade and Investment Liberalization and Facilitation" will build upon previous work¹⁰ in APEC. The project will emphasize the important positive effects of trade facilitation since they are expected to be greater than those resulting from trade liberalization by reducing or eliminating tariff and non-tariff barriers. The project will try to measure the impact of trade facilitation measures on transaction costs.

The "Plan for Implementation of a KBE" is a follow-up study on how to implement the recommendations cited in the EC's 2000 Report to Ministers and Leaders entitled, *Towards Knowledge-based Economies in APEC*. These recommendations are as follows: (1) establishment of a KBE Clearing House; (2) generation of start-up policies for triggering the transition to KBEs; and (3) inclusion of KBE status indicators in the Economic Outlook. The EC will draw an Advisory Group from member economies on a voluntary basis. This group will advise the managers of the Knowledge Clearing House (KCH) database about the scope, priorities, and broad technical directions of the KCH website and database. The EC will also form a KBE Task Force to handle the inclusion of KBE Status Indicators in the *2002 APEC Economic Outlook Report*.

After the 1st EC Meeting for 2002 held in Mexico City, Mexico, on 25–26 February, the lead economies of the different research projects will be working on the drafts of their reports for consideration at the 2nd EC Meeting in August. An EC symposium on "Microbanking Development, Regulation and Supervision in the Asia-Pacific" will be held in Mexico City on 25–26 July 2002.

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¹⁰ Previous work includes the 1997 EC study on the "Impact of Trade Liberalization in APEC" and the 1998 EC study on the "Impact of Investment Liberalization in APEC."

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Budget and Management Committee

The Budget and Management Committee (BMC) advises APEC Senior Officials on budgetary, administrative and managerial issues. The BMC assesses and makes recommendations on the overall budget structure, considers budget requests, drafts the annual APEC budget, and examines all questions relating to the APEC budget and budgetary processes. It also monitors and evaluates the operations and overall performance of working groups/committees and makes recommendations to the Senior Officials' Meeting (SOM) for improved efficiency and effectiveness.

TILF Special Account

The members adopted an *Action Agenda* for the implementation of the Bogor commitment at the Economic Leaders' Meeting in Osaka, Japan in 1995. The Bogor commitment is to achieve free and open trade and investment in the Asia-Pacific region no later than 2010 in the case of industrialized economies, and 2020 in the case of developing economies. As the member economies proceed to meet their trade and investment liberalization and facilitation (TILF) commitments, their efforts are enhanced through cooperative projects supported by APEC.

While respecting the individual efforts of member economies, at the 1995 Leaders' Meeting in Osaka, Japan proposed to contribute, where necessary, up to 10 billion yen to the APEC Central Fund over the coming several years. The money was for use in appropriate cooperative projects formulated in support of trade and investment liberalization and facilitation.

Business and Private Sector Participation

The BMC is an internal administrative forum, therefore the business/private sector does not directly participate in its sessions.

Achievements

The BMC has performed the functions set out above. The BMC usually holds two regular meetings each year. These are supplemented, if necessary, by *ad hoc* meetings and decisions are taken inter-sessionally by circulation.

Next Steps

The BMC will continue to perform its budgetary and management functions. It is considering improvements to the project management process and the *Guidelines on APEC Projects*.

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ECOTECH Sub-Committee of the SOM

Established in 1998, the ECOTECH Sub-Committee of the SOM (ESC) assists the SOM to coordinate and manage APEC's economic and technical cooperation (ECOTECH) agenda, and identify value-added initiatives for joint action. The ESC also oversees the activities of the Group on Economic Infrastructure (GEI).

ECOTECH is the pursuit of APEC's common objectives and goals through cooperative activities, aimed at building the capacity of APEC members. Such activities include research, the sharing of information and experiences, and training. The ESC seeks to advance effective implementation of key ECOTECH initiatives, including the *Osaka Action Agenda (OAA)* and the *Manila Framework for Strengthening Economic Cooperation and Development*.

Achievements

The ESC:

- Coordinated the update of Part II of the *Osaka Action Agenda* and its Annex, which together govern the common policy concepts, and areas for joint activities and dialogue by APEC Working Groups;
- Established the ECOTECH Action Plan which allows each individual economy to report on what it has completed, is carrying out or is planning to implement (domestically as well as collaboratively with other members) in response to the Human Resources Development Common Policy Concepts in Part II of the *OAA*;
- Coordinated the development of a Human Capacity Building Strategy for the New Economy that defines the objectives, priorities and principles for APEC to respond to the challenges of the New Economy.

Next Steps

As directed by APEC Ministers in 2001, the ESC is examining its role and mandate to ensure that the ESC delivers the most effective possible leadership and coordination of APEC's ECOTECH work. In addition, the ESC will monitor the implementation of ECOTECH initiatives, including the updated *OAA Part II* and guidelines; coordinate work on cross-cutting issues such as human capacity building and science and technology; and promote greater use of the ECOTECH Clearing House website (<http://www.apec-ecotech.org/>). The ESC will further develop ECOTECH Action Plans (EAPs), as an instrument to gauge and encourage ECOTECH activities, drawing from the experience and lessons learned in the pilot phase.

The ESC will contribute to APEC's outreach programs by highlighting how ECOTECH activities are benefiting member economies, the business/private sector and the wider community. It will continue to look for opportunities to cooperate with organizations both within and outside the

APEC process to effectively advance ECOTECH objectives. In its deliberations, the ESC will take into account and promote the application of APEC's *Framework for the Integration of Women*.

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Group on Economic Infrastructure

APEC's work on strengthening economic and technical cooperation in infrastructure is mainly carried out by the Group on Economic Infrastructure (GEI), under the supervision of the ECOTECH Sub-Committee of the Senior Officials' Meeting (SOM).

Achievements

- The joint APEC-PECC private/public sector initiative *Regional Integration for Sustainable Economies* (RISE), which aims to develop an approach to rural and wider regional growth centre development based on integrating rural economies into the broader marketplace. It supports rural-urban linkages, downstream value-added processes, development of secondary urban economic hubs and broad integrated infrastructure and supporting services investment. Pilot scale work with regional growth centers (RGCs) in Jiangmen, China; and Manado-Bitung, Indonesia; that began in late 1999 is continuing. Further information on the RISE initiative can be obtained from its website (<http://www.riselink.net/>.)
- *Economic Regulation and Creditworthiness Enhancement*, which was conducted by Indonesia with support from Canada, the United States, the World Bank and the Asian Development Bank. The work takes into account best practice approaches identified in previous APEC Infrastructure Dialogues involving stakeholders and experts. Although the initiative has a domestic focus, the aim is to provide a blueprint for wider application. A 'white-paper', which sets out the decision path and application for reform, has been adopted domestically and made available to APEC members.

Next Steps

The GEI will continue to share with member economies information on lessons learnt from and best practices in support of policies, frameworks, partnerships and capacity building for the rapid development of regional growth centers and the provision of infrastructure services. It will also review related infrastructure support work undertaken in other fora, including notably that relating to sustainable urban development, in order to assess APEC's future role in this field. In its

activities, the GEI will take into account the application of the *Framework for the Integration of Women*.

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Agricultural Technical Cooperation

Established in November 1996 in recognition of the importance of work on agricultural technical cooperation, the Agricultural Technical Cooperation Experts' Group (ATCEG) is a formal APEC body with a continuing role. 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 those 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: (a) food and agriculture-related research and development; (b) trade and other matters; and (c) food and agriculture-related environmental issues. The ATCEG's seven sub-groups¹¹ 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 (ATC) in an attempt to rationalize the various names of APEC fora.

Business and Private Sector Participation

Representatives of the business/private sector participate as members of their economy's delegation and are invited to collaborate in the cooperative activities undertaken by the ATC. An ABAC representative gave an informal briefing on the proposed APEC Food System to the 1998 meeting in Portland, USA. In the 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 ATC has been working closely with 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.

¹¹ Conservation and Utilization of Plant and Animal Genetic Resources; Research, Development and Extension of Agricultural Biotechnology; Production, Processing, Marketing, Distribution and Consumption of Agricultural Products; Plant and Animal Quarantine and Pest Management; Cooperative Development of Agricultural Finance System; Agricultural Technology Transfer and Training; and Sustainable Agriculture and Related Environmental Issues.

Achievements

The 5th Plenary Meeting of the ATC was held on May 2001 in Beijing, China. Results of the meeting included: submission of the first draft of the updated ATC-related portion of the OAA part II to the ECOTECH Sub-committee and endorsement of the Progress Report on Biotechnology and the Implementation Plan.

In 2001, the ATCWG conducted two APEC-funded projects:

(1) APEC Institutional Linkages for Human Resource Development in Post-harvest Technology, where the objectives were:

- Enhancing academic quality in post-harvest technology;
- Developing and instituting curricular and training programs in Universities;
- Improving the productivity and competitiveness of the post-harvest industry, and
- Developing networks of national and international institutions.

The project has finalized curricula for a graduate diploma, an MSc and a PhD in Post-harvest Technology, and a training manual for post-harvest handling systems. The first training course on post-harvest technology has been carried out.

(2) A workshop on “Capacity Building, Safety Assessment and Communications in Biotechnology”, organized jointly with the Japan International Research Center for Agricultural Science (JIRCAS). The APEC-JIRCAS Joint Symposium and Workshop on Agricultural Biotechnology was held on 3–12 September 2001 in Bangkok, Thailand. This activity comprised a one-day symposium reviewing current issues on agricultural biotechnology, a 4-day workshop covering specific issues on biotechnology, and a 3-day training workshop on environmental safety and food safety. The outcome of this workshop is expected to be reported to the Ministers’ and Leaders’ Meetings in October 2001.

Next Steps

In 2002, ATCWG will:

- Carry out the project, “Workshop on Sustainable Agricultural Development and Technical Training” on 10–20 September 2002 in Beijing, China.
- Continue to implement the project on APEC Institutional Linkages for Human Resource Development in Post-harvest Technology and Workshop on Technical Cooperation and Information Exchange on Safety Assessment in Agricultural Biotechnology.
- Follow-up on implementation of the recommendations in the October 2001 biotechnology report.

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Energy

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. In accordance with the various Declarations, Plans and Statements¹², the EWG endeavors to promote the 3 E's (economic growth, energy security and environmental protection) and more broadly the contribution of energy to the economic, social, and environmental enhancement of the APEC community. The EWG determines to achieve this by cooperation among member economies through government policy makers, technical experts, business and regulators, working in partnership under the aegis of the Energy Working Group.

Members of the EWG usually meet twice a year to share information on activities decided at the last meeting, to consider the progress made in current projects and in achieving the EWG's objectives, and to determine future directions.

EWG meetings are attended by representatives from each of the 21 member economies; observers from the PECC Energy Forum and the Pacific Islands Forum (PIF); the Asia Pacific Energy Research Center (APEREC); and current guest participants (Colombia, India, Mongolia, Pakistan and Venezuela). The Chair of the EWG Business Network (EBN) and the Chair of the Energy Regulator's Forum have also participated in certain agenda items of recent meetings.

The EWG has met 22 times to date, and the next meeting is scheduled for 13–17 May 2002, to be hosted by Thailand in Bangkok.

Business and Private Sector Participation

The business/private sector is involved in the work of the EWG through the EWG's five Expert Groups and is represented at EWG meetings by the PECC Energy Forum. The business/private sector participates in, and supports, EWG events such as seminars, training programs and technology demonstrations. A business/private sector–Ministerial dialogue has been held in conjunction with each of the four Energy Ministers' Meetings held to date.

In March 1998, the EWG established the EBN as an interface between the private/business sector and the EWG. Comprised of two business representatives from each economy, the Network held its fourth meeting in March 2001 in Oaxaca, Mexico. Recommendations from the EBN focus on raising awareness of the importance of the energy sector to growth in the Asia-Pacific region, particularly in relation to initiatives and activities that strengthen dialogue, build capacity and encourage market reforms to attract business/private sector investment in energy infrastructure development.

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 Leaders. They also assist in keeping APEC Energy Ministers well informed of each other's views and in stimulating new initiatives of mutual benefit. APEC Energy Ministers have now met four times.

A fifth meeting will be held in Mexico on 22–23 July 2002.

¹² Seoul and Bogor Declarations, the Osaka Action Agenda, the Manila Action Plan, APEC Leader's Declarations and Ministerial Statements

Achievements

The EWG has:

- Held a number of workshops and capacity building projects. Based on these activities, a series of reports have been published:
 1. "*Final Report for the APEC Energy Working Group*", (March 2002): A report addressing the barriers to the interconnection of power grids in APEC member economies in 2002;
 2. "*Manual of Strategic Principles*", Final Report for Asia-Pacific Economic Cooperation Energy Working Group (August 2001);
- Regularly published *APEC Energy Statistics*, consisting of annual and quarterly data covering: energy balances, final energy consumption, supply and demand by energy sources and electricity, and stock changes for APEC member economies. The data for 1999 was published in October 2001.
- Developed and obtained the agreement of Energy Ministers to implement 14 Rational Energy Policy Principles which give impetus to the reform of energy policies in member economies.
- Obtained endorsement from Energy Ministers of an APEC Ministers' Implementation Strategy (2000), which has two components:
 - An Implementation Facilitation Assistance Team (IFAT) program, where experts (including representatives from Experts' Groups, the EBN, Energy Regulators Forum and other designated experts) share their experiences on implementing policy initiatives endorsed by Energy Ministers with economies wishing to receive practical, non-prescriptive advice on energy market reform.
 - A reporting mechanism to measure progress in implementing energy market reform which takes the form of voluntary, annual self reports by member economies that will be forwarded to Economic Leaders through the Energy Working Group and the APEC system.
- Secured endorsement by Ministers of a set of non-binding principles for good environmental practice aimed at ensuring that new power infrastructure additions in APEC economies are environmentally sound.
- Began implementing the voluntary pledge and review system aimed at improving energy efficiency.
- Started implementing the Energy Efficiency Standards Notification Procedure.

Next Steps

In May 2001 when the EWG met for the 21st time, member economies agreed on the Future Directions Strategic Plan. The Plan demonstrates how the EWG is responding to its mandate provided through the *Osaka Action Agenda* and previous instructions from APEC Energy Ministers.

The EWG will work cooperatively over the next five years to promote its vision sketched in the Future Directions Strategic Plan through voluntary agreements, which take into account the individual circumstances of member economies. As part of its contribution to sustainable development within APEC, the EWG will pursue the following objectives:

- strengthening the security and reliability of affordable energy to all within our APEC community;
- promoting clean and efficient technologies, and the efficient use of energy to achieve both economic gains and environmental enhancement;

- achieving environmental improvement of energy production, use and mineral extraction within our APEC community; and
- harnessing all the expertise available to the EWG to give effect to the above objectives.

In 2002, the EWG will continue its work program based on the *Osaka Action Program for Energy* and the priorities established by Ministers and Economic Leaders.

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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; and
- sector-specific work relating to trade and investment liberalization and facilitation.

In its 12th annual meeting in Hong Kong, China, on 14–18 May 2001, the FWG focused on following issues

Fisheries Management

The meeting reviewed reports of the Kesen-Numa Workshop held in Japan on 13-15 July 1999, which suggested some action on fisheries management. It was agreed that the implication of fisheries development for fisheries management was an important aspect of the FWG work program. Members suggested that APEC could usefully undertake analysis that looked at “gaps” and “barriers” in effective fisheries management, and provide solutions to those problems.

Aquaculture

There were reports on both completed and on-going projects including “Farming the Reef” and “Collaborative Grouper Aquaculture Network”. It was noted that the FWG work on aquaculture had provided tangible benefits to APEC economies and hence future work on aquaculture should be considered in the FWG work program. It was also suggested that the *Bangkok Declaration*

and the FAO Sub-committee on Aquaculture should be consulted when moving the FWG agenda forward.

Trade related issues

Statements were made in support of a proactive agenda to examine a range of issues under the trade agenda. Concerns were expressed that this approach should be taken on a voluntary basis. The meeting concluded the FWG should try to find areas of common interest and provide a forward agenda in this area.

Business and Private Sector Participation

The FWG's 11th annual meeting in Seattle, USA on 17–21 July 2000, included (for the first time) a Business Forum hosted by the USA and sessions on gender issues, fisheries management and aquaculture along with the normal business of the meeting.

This forum provided an opportunity for APEC economies to discuss issues of common interest with the US Industry, the International Coalition of Fisheries Associations (ICFA) and representatives from universities. Business/private sector interests included: harmonization of trade information and documentation schemes; support for illegal, unregulated and unreported (IUU) fishing through the Food and Agriculture Organization (FAO); support for strong Regional Fisheries Management Organizations (RFMOs); and reduction in non-tariff measures and the implementation of the UN Fish Stocks Agreement. These are issues that industry felt APEC could develop in cooperation with the FAO. Other suggestions included support of Hazard Analysis and Critical Control points (HACCP) and technologies to mitigate seabird by-catch.

A Workshop on "Development of a Regional Research Program Grouper Virus Transmission and Vaccine Development" brought together government officials, technical experts/specialists, research institutes and universities and the business/private sector. Their participation contributed to the success of this workshop.

Achievements

The report of Kesen-Numa Workshop, organized by the FWG in order to reinforce its role in fisheries management, was finalized and a number of recommendations were put to member economies for consideration.

Two projects arising from the Early Voluntary Sectoral Liberalization (EVSL) initiative in the fisheries sector and carried out by FWG achieved their goals of addressing related issues. One of the projects, "A Study into the Nature and Extent of Subsidies in the Fisheries Sector in APEC Member Economies", identifies member economy governments' policies that might lead to dispute under the WTO Subsidies and Countervailing Measures Agreement. The other project, "A Study to Reduce Impediments to Early Voluntary Sectoral Liberalization in the Fisheries Sector," is a three-part project to develop a policy model to eliminate barriers to EVSL. At its last annual meeting in Hong Kong, China (May 2001) the reports from these two projects were tabled and discussed. It was suggested that the issues would be better addressed by other international organizations. The two-year TILF-related project, "An APEC Seafood Information System", which started in mid-1999, tested the feasibility of improving and expanding the market and industry information service provided by GLOBEFISH and the FAO. Regional Marketing Information and Advisory Services for Fishery Products will be developed into a website soon.

The FWG held a Workshop on "Development of a Regional Research Program on Grouper Virus Transmission and Vaccine Development". The program aims to: determine the impact of grouper diseases; update current knowledge on grouper diseases and techniques for diseases diagnosis; develop a regional research framework which addresses research needs on grouper health and

strategies which, through responsible movement of groupers within the region, minimize the risks of diseases spreading. .

The project "Husbandry and Health Management of Grouper" produced a manual that will provide a farmer-friendly practical guide for grouper farmers in the region. This manual will enhance farmers' ability to culture and handle grouper, as well as to prevent and manage disease. This manual has been translated into different languages for use by grouper farmers in different economies.

Next Steps

The FWG Strategic Work Plan, stating the goals for the FWG, is expected to be finalized in mid-2002.

In order to examine cross-sectoral issues, consider options for actions and provide an APEC contribution to the Rio+10 process. Korea proposed to hold an Ocean-related Ministerial Meeting on 25-26 April 2002 in the last MRCWG and FWG meetings. Endorsed by all relevant groups and meetings the 1st APEC Ocean-related Ministerial meeting will discuss sustainable fisheries and set the direction for the FWG.

There are two FWG projects in 2002. They are:

- Capacity and Awareness Building on Import Risk Analysis (IRA) for Aquatic Animals
- Developing Industry Standard for the Live Reef Food Fish Trade

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Human Resources Development

The Human Resources Development working group (HRDWG) was established in 1990 and conducts work programs on developing human resources relating to issues ranging from education to labour to capacity building. The HRDWG conducts its work program through its three networks: the Capacity Building Network (CBN); the Education Network (EDNET); and the Labour and Social Protection Network (LSP). Work developed and undertaken in the HRDWG is based on its identified priorities for:

- quality basic education;
- improved labour market information and analysis;
- enhanced skills in key sectors including SMEs;

- lifelong learning;
- improved curricula, teaching methods and instructional materials for the 21st century;
- mobility of qualified persons;
- enhanced quality, productivity, efficiency of labour forces and work places; and
- strengthened cooperation to support trade and investment liberalization and facilitation.

In 2001 the HRDWG held its 23rd meeting in Mexico City, Mexico on 27–29 June 2001. The WG further tightened the year's work program which continues to focus on HRDWG priority areas as well as issues which have featured prominently in APEC recently such as e-APEC, SMEs, gender integration and young leaders.

The HRD Ministers also met in Kumamoto, Japan on 29–30 September 2001, focusing on "Human Resources Development for Both Advancement of Society and Economy and the Sharing of Prosperity with People in the Context of Globalisation". Ministers shared experiences and ideas on the three sub-themes: "Labour Market for the 'New Economy'"; "Knowledge and Skill Development to Bring Opportunity for Success to All Workers in the Context of Globalisation"; and "Involvement of Stakeholders such as Labour and Business to Develop Human Resources Development Strategies". Among the findings were that lifelong learning is key to equipping the workforce with skills and knowledge to ensure sustained employability, and stakeholders need to be involved, where appropriate, to ensure that HRD efforts are tailored to their needs and delivered to the target groups. Policies on labour also need to be proactive to efficiently respond to changing needs. Ministers also provided direction for future HRD work and in the Kumamoto Statement directed the HRDWG to pursue its work in areas such as knowledge and skill development in the new economy, enhancement of stakeholder involvement in HRD efforts and maximization of workforce potential. By doing so the HRDWG aims to increase the complementarity of the various initiatives, seeks to avoid duplication of efforts and enhances the sustainability of stakeholders' partnerships.

The HRDWG also developed and began to implement five new projects for 2002–2003. These activities and projects deal not only with the well-established priorities of the HRDWG but also with the wider, cross-cutting issues which have gained prominence, both within APEC and globally, such as information technology (IT) and gender integration. Responding to the needs in such areas, the WG will be undertaking activities which deal with enhancing the earning capacity of women; building capacity of executives in international rules and standards-based management; promoting the utilization of IT in learning via an educators exchange program; sharing innovations in entrepreneurs' development; and training to prevent and resolve labour-employment conflicts.

From the APEC High Level Meeting on Human Capacity Building (HCB) held in Beijing, China, on 15–16 May 2001 came the Beijing Initiative which promoted establishing tripartite cooperation among the stakeholders – government, education/training providers and businesses – in APEC HCB efforts. APEC Ministers welcomed the many opportunities for further work that were identified and encouraged members to translate them into concrete action. China launched the HCB Promotion Program which aims to provide online training for more than 1,000 IT professionals in APEC economies and illustrates the practical and mutually beneficial involvement of the stakeholders in an APEC-wide HCB activity

Achievements

Since September 2001 the HRDWG has successfully held events and concluded projects, including:

- the first Steering Committee meeting for the APEC Architect project, held in Brisbane, 16–18 September 2001. This project builds on the earlier success of the APEC Engineer project as

part of the effort towards mutual recognition of qualifications and improving mobility of professionals in the APEC region;

- an International Workshop for APEC Cyber Education Cooperation, held in Seoul, Korea on 11–12 December 2001. The workshop was intended to enhance efforts among APEC economies for cyber education cooperation and ultimately narrowing the digital divide across the APEC region;
- an Experts' Workshop, held as part of the Capacity Building Program for Trade and Investment Insurance Practitioners on 15–17 January 2002 in Makati City, the Philippines. The program aims at strengthening the institutional capacity of agencies providing trade and investment insurance in an emerging and dynamic global economic environment and the workshop provided the base from which the experts developed the major components of the training program; and
- an Experts' Workshop, held as part of the Alternative Dispute Resolution Executive Education project on 10–13 April 2002 in Hawaii, USA. The workshop provided experts with the opportunity to share experience and enhance the related curricula in APEC.

Next Steps

The HRDWG will continue to implement its work program towards developing human capital in response to Leaders' and Ministerial priorities. Its work program, endorsed at the 24th HRDWG meeting in Viet Nam on 8–12 May 2002, encapsulates what has been forefront of the HRDWG's agenda and incorporates the cross-cutting issues that remain priority areas for APEC as a whole.

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Industrial Science and Technology

The Industrial Science and Technology Working Group (ISTWG) has evolved from the Working Group on Expansion of Investment and Technology Transfer that was formed at the APEC Ministerial Meeting in Singapore in 1990.

The policy directions of ISTWG were set by 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 finalized. 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.

The ISTWG's program is to fulfill the APEC vision for the 21st century: 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

The ISTWG currently has four *ad hoc* groups covering different IST issue areas. They are *Ad Hoc* Group A: Key technologies and Human Resource Capacity Building; *Ad Hoc* Group B: Connecting Research and Innovation and Dialogue on Industrial S&T Policies; *Ad Hoc* Group C: Infectious Diseases and other health issues; and *Ad Hoc* Group D: Cleaner production and other environmental issues.

Business and Private Sector Participation

The ISTWG has promoted close cooperation between the group and the business/private sector through many activities such as: the Technomart; a Workshop on Business Incubation and Information Flow Improvement for Business Incubators; and the APEC Science and Technology Industrial Parks Network. The business/private sector is encouraged to participate in ISTWG activities. The group held a business conference on biotechnology/health and environmental issues in conjunction with its 17th meeting in August 1999. The 4th Technomart was held in September 2001 in Suzhou, China. All 21 members economies sent delegations, which presented around 1,000 companies, universities, and research institutions in both public and private sectors.

At its 21st meeting in Penang, Malaysia, (October 2001) the first APEC Science & Technology (S&T) Policy Forum was held as a side meeting. Representatives of non-governmental organizations, businesses, and academia, as well as government representatives attended this Forum.

The ISTWG website, *ASTWeb*, continues to be accessible to all APEC official observers as a communication tool to facilitate the operations of ISTWG. *ASTWeb* is also a public website and members of the research and business communities continue to participate in ISTWG activities by taking part in discussions and submitting links to other S&T related websites.

Achievements

- Completed the first *ISTWG Medium-term Workplan (MTWP)* and identified issues/themes for future works:
 - 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; and
 - Science, Technology, and Innovation to meet the Environmental Challenge.
- Successfully held the first APEC S&T Policy Forum with the theme of "Science, Technology, and Innovation in the New Economy: Building Capacity Across APEC". Two ground papers

“Human Capacity Building for S&T across APEC”, and “Human Capacity Building for Science, Technology & Innovation across APEC: Preconditions and Key Issues for Success” were prepared for the forum.

- Prepared the APEC strategy to combat HIV/AIDS and other infectious diseases. The strategy, entitled “Infectious Diseases in the Asia-Pacific Region: A Reason to Act and Acting with Reason”, was accepted and endorsed in the Leaders meeting of 2001. The strategy builds on the existing APEC-ISTWG Emerging Infectious Diseases (EID) Action Plan and emphasizes opportunities for collaboration not only among APEC member economies, but also with external organizations and other interested parties concerned with global and regional health issues. In the SOM I of 2002, the “APEC Infectious Disease Initiatives” prepared by the ISTWG and based on this strategy was endorsed and will be recommended to call for further action.
- Initiated dialogue with the World Health Organization (WHO) towards setting the context for potential APEC regional contributions within the WHO’s overall global efforts to address HIV/AIDS and other infectious diseases.
- As a follow-up to the decision at the 20th Meeting to strengthen management of its work, the ISTWG has undertaken the following initiatives/activities for the better use of the product of completed projects:
 - A review of the effectiveness of existing ISTWG practices for the evaluation of completed projects with a focus on the role and function of the small group.
 - An update of the ISTWG project database, including a clarification of the evaluation status for completed ISTWG projects.

Next steps

Human capacity building has been recognized as a key issue for the future in both the ISTWG MTWP and the 1st APEC S&T Policy Forum. Human capacity building in IST will continue to be one of ISTWG’s focuses.

The ISTWG agenda for 2002–2003 includes: implementation of the HIV/AIDS Strategy; follow-up to the APEC S&T Policy Forum; preparation for a possible ministerial meeting in March/April 2003; and the already extensive project activity within ISTWG. In order to implement this agenda and handle ISTWG activities more efficiently, a draft “Proposal to Restructure the Management and Operation of the APEC Industrial Science and Technology Working Group” was discussed in the 22nd ISTWG meeting held on 16–17 April 2002 at the APEC Secretariat

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Marine Resource Conservation

The Marine Resource Conservation Working Group (MRC), established in 1990 to protect this collective resource, is continuing its efforts to implement the Action Plan on Sustainability of the Marine Environment. It is making dramatic progress towards ensuring the socio-economic and environmental benefits which will result from the success of this initiative. Australia is currently lead shepherd of the group and the 15th MRC working group meeting (MRC15) will be held in June 2002 in Canberra, Australia.

Business and Private Sector Participation

The *APEC Action Plan for Sustainability of the Marine Environment*, endorsed in June 1997, relies on significant participation from the business/private sector to meet its objectives. To encourage this participation and to build a long-term partnership, a set of guidelines¹³ was endorsed in May 1999. Further ways of involving the business/private sector in the MRC's work¹⁴ have been actively pursued since then, the latest being the roundtable meeting on "The Involvement of the Business/Private Sector in the Sustainability of the Marine Environment", in October 2001 in Chinese Taipei. Here participants aimed to share information, address common concerns and evaluate future options.

Achievements

Progress was made on the preparation of the "Strategic Implementation of the APEC Action Plan on Sustainability of Marine Environment" at MRC14 in May 2001. Three key objectives were identified:

- Integrated approaches to coastal management;
- Prevention, reduction and control of marine pollution; and
- Sustainable management of marine resources.

The three tools to be used to achieve these objectives are:

- Research (including exchange of information, technology and expertise);
- Capacity building (including training and education); and
- Public/ private sector participation and partnership.

Member economies have benefited from the recommendations in the products of MRC project, and from information exchange, and experience sharing. Successful MRC projects include:

- Publication of *Management of Red Tides and Harmful Algal Blooms in the APEC Region*;
- A Workshop on the Development of APEC Mechanisms for Integrated Coastal Management;
- Publication of *Development and Validation of Analytical Methods, Standards and Reference Materials for Seafood Product Safety and Certification*; and
- A Workshop on Assessing and Maintaining the Integrity of Existing Offshore Oil and Gas Infrastructure.

¹³ "Involvement of the Business/Private Sector in MRC WG Activities", a set of guidelines, was endorsed at the MRC12 in May 1999

¹⁴ "APEC Conference on the Sustainability of the Marine Environment—What Can the Private Sector Do?", September 1999 in Chinese Taipei.

The roundtable meeting in April 2000 in Chinese Taipei resulted in "*Action Strategy and Work Programs: Engaging the Private Sector in Sustainable Management of Marine Resources in the APEC Region*", endorsed by MRC13.

- The Workshop on Ocean Model (WOM 6)

Korea proposed holding an Ocean-related Ministerial Meeting in 2002 in the last MRCWG and FWG meetings. In this 1st APEC Ocean-related Ministerial meeting, marine environmental protection and integrated coastal management would be discussed and the recommendations would set the direction for future MRCWG activities. The meeting would also provide an APEC contribution to the Rio+10 process. The proposal was endorsed in both WGs, in the SOM III in August 2001 and the Ministerial Meeting in October 2001

Next Steps

Leaders at MRC14 agreed with the recommendations of the "Strategic Implementation of the APEC Action Plan on Sustainability of Marine Environment" and expect full analysis be completed before taking next step.

Ongoing Action

The MRC will continue to adopt more strategic approaches to conserve marine resources and safeguard the marine environment to support the sustainability of economic growth and social welfare in the APEC region.

The MRC will take initiatives on:

1. Continuing its efforts to implement the Action Plan on Sustainability of the Marine Environment and develop collaborative action identified in the Declaration of the APEC Oceans Conference and its recommendations within four general areas: Balancing Coastal Development and Resource Protection, Ensuring Sustainable Fisheries and Aquaculture, Understanding and Observing the Oceans and Seas, and Economic and Technical Cooperation related to oceans management.
2. Establishing a small task group to develop a strategic approach that the MRC and Fisheries Working Groups (FWG) can take in establishing a joint work program for areas of common interest. The MRC will continuously work with the FWG on the strategy for a Virtual Task Force on Destructive Fishing Practices. This strategy will:
 - ensure that reef fish are caught without the use of destructive fishing practices;
 - ensure that the harvest is sustainable; and
 - implement partnerships between local fishers and fishing communities to protect their resources and ensure that they receive a fair return on their product.
3. Promoting coordinated development of APEC's marine-related networks (OMISAR, the Sustainable Development Training and Information Network, and the EduNet Integrated Coastal Management Network) facilitating the exchange of information to support decision-makers, and implementing joint research and monitoring programs to sustain and conserve marine resources.
4. Holding a Partnership Market Meeting to bring together potential assistance recipients, donors (multilateral and domestic), the business/private sector and others, facilitating partnerships in implementation of domestic plans of action for land-based sources of pollution.

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Small and Medium Enterprises

The Small and Medium Enterprises Working Group was established as an *Ad Hoc* Policy Level Group on SMEs (PLGSME) in February 1995. Its original mandate, for two years, has been extended twice: in 1996 and in 1998. In 2000, as part of the decision of the Management Reform process, the PLGSME was renamed as the Small and Medium-sized Enterprises Working Group (SMEWG) and granted permanent status.

The Meeting of Ministers Responsible for SMEs has been held annually since 1994. Its main objective is to encourage the development of SMEs in the region since APEC recognizes that SMEs are the backbone of regional economic growth. The 40 million SMEs throughout APEC economies account for over 90% of all enterprises. They also employ 32% to 84% of various economies' work forces, contribute 30% to 60% of their gross domestic product and account for 35% of exports in the region.

Since 1999, the Annual SME Ministerial Meeting has been held in parallel with a business forum and has held joint sessions with the business/private sector delegates. These activities facilitate an open discussion on matters affecting SMEs and enable the ministers and business people to find the common ground necessary to create a favorable policy environment for the development of SMEs.

APEC efforts in encouraging the growth of SMEs are guided by the *Integrated Plan of Action for SME Development* (SPAN), a document which serves as a set of broad guidelines for SME development as well as a plan for future action at the individual economy level and collaborative efforts at the APEC level.

The SMEWG in its last meeting in Chile, April 2002, agreed to review the SPAN. The SMEWG also agreed that efforts towards ensuring a comprehensive implementation of the Osaka Action Agenda (OAA) should be done through the SPAN. The group is now working on enhancing and deepening the SPAN and simultaneously implementing the revised OAA.

Business and Private Sector Participation

There is growing private/business sector participation in APEC SME activities. A majority of SME-related activities now have members of the private/business sector involved either as participants or speakers in training/workshops, or as respondents in surveys. In conjunction with the 4th and 5th SME Ministerial Meetings, a number of private/business sector activities were organized. These were: an SME Business Forum; the Women Leaders' Network Meeting; the Young Entrepreneurs' Organization meeting; and the meeting of Export Credit Agencies and Export Financing Institutions from APEC member economies. At the 6th, 7th and 8th SME Ministerial Meetings, around 500 business leaders participating in the Business Forum held a joint session

with the Ministers. The inputs from the private/business sector formed a critical part of the deliberations of the Ministers in their joint statement.

As the SME Ministers have directed that SMEs be involved at the Working Group level, the SMEWG has agreed to invite the ABAC SME Task Force to its meetings to have an exchange of views on SME issues. The group is also actively exploring other possibilities of involving the business/private sector in its program and activities.

Next Steps

The SMEWG will continue to focus more on policy related issues and long term strategic plans and activities. The Group will do so with a close consultation with private sectors not only in the ministerial level but on the working group level. It will also actively invite other international organizations to exchange information and knowledge on how to encourage the development of SMEs.

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Telecommunications and Information

The APEC Telecommunications and Information Working Group (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 APEC Ministerial Meeting on the Telecommunications and Information Industry (TELMIN) has met four times to review the work of the TEL, and to provide direction for the development of the Asia-Pacific Information Infrastructure (APII). At TELMIN 1 in Seoul, Korea in 1995, Ministers agreed on the objectives and 10 core principles for the APII which are contained in the *Seoul Declaration**. At TELMIN 2, held in Queensland, Australia in 1996, Ministers issued the *Gold Coast Declaration**, which contained a Program for Action for the Telecommunications and Information Sector in APEC Economies. The Program for Action focuses on continuing liberalisation efforts, including endorsement of a Reference List of a Fully Liberalised Telecommunications Sector.

Singapore hosted TELMIN 3 in June 1998, at which the *Singapore Declaration** was issued. Ministers endorsed the Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment. To date, ten economies are participating in Phase I (Mutual Recognition of Test Reports) and five economies are participating in Phase II (Mutual Recognition of Equipment Certification). Ministers also approved a Reference Framework for Action on

Electronic Commerce and a set of principles for use by economies wishing to provide universal access to telecommunications services.

TELMIN 4, held in Cancun, Mexico in May 2000 focused on the theme of "Convergence". Ministers issued the *Cancun Declaration*, which sets out a number of goals for the TEL, including placing emphasis on bridging the digital divide at the domestic, regional and international level and development of APEC's human resources in the digital economy.

The theme of TELMIN 5 in May 2002 in Shanghai, China is "Leveraging Digital Opportunities to Promote Common Development" with four sub-themes: information infrastructure; telecommunication and information policy and market regulation; information and network security, and human capacity building. The outputs are contained in the *Shanghai Declaration** and Shanghai Action Plan.

Business and Private Sector Participation

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 and is drafting a set of TEL Website Sponsorship Guidelines.

Business/private sector participation in TEL meetings and activities is welcomed. Individuals wishing to take part should approach the APEC TEL Point of Contact in their particular economy or the TEL Chair's Office to discuss arrangements (see page 75 for a list of APEC offices in member economies).

Achievements

The TEL's ongoing and completed TEL projects and activities that will deliver benefits to the community include:

- APII Technology Centre and APII Cooperation Centre (ongoing);
- Distance Learning Project on Telecommunications Technology (ongoing);
- Internet Issues e.g., Internet Protocol version 6 (ongoing);
- e-Government Initiatives to Facilitate Business (ongoing);
- Electronic Commerce Capacity Building (ongoing);
- SME Multilingual International Trade Project (ongoing);
- Electronic Commerce Awareness Seminars (ongoing); and
- HRD Personnel Exchange Programme (completed).

Next Steps

The following have been proposed for endorsement at TELMIN 5:

- The Digital Divide Blueprint for Action;
- A Report on Economy Implementation of the Ten Measures Included in United Nations General Assembly (UNGA) Resolution 55/63 on Combating the Criminal Misuse of Information Technologies; and

* The cited documents from the Ministerial Meetings can be accessed through the APEC Secretariat website or the TEL website: <http://www.apectelwg.org/apec/main.html>

- A Stocktake of e-Government Activities and Recommended Work Programme.

The following have been proposed for implementation in 2002 – 2003:

- Implementation of the e-APEC Strategy (2002);
- A Stocktake of Progress toward the Key Elements of a Fully Liberalised Telecommunications Sector in the APEC Region (2002);
- Flow-based Internet Traffic Measurement and Analysis (2003);
- E-Commerce Strategies for Rural SMEs in APEC (2003);
- Protecting Yourself in Today's Internet Society (2002); and
- E-Commerce Strategies for Rural SMEs in APEC (2003).

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Tourism

The Tourism Working Group (TWG) was formed in 1991 when it was recognized that the tourism industry was of growing importance in promoting economic growth and social development in the Asia-Pacific region. The TWG continues to bring together tourism administrators to share information, exchange views and develop areas of cooperation on trade and policies.

Business and Private Sector Participation

Participation by the business/private sector has been channeled through the active involvement of representative travel organizations such as the Pacific Asia Travel Association (PATA), the World Travel and Tourism Council (WTTC), and the World Tourism Organization (WTO). On 7 April 2001, Malaysia hosted the 2nd APEC Tourism Forum, "Building Marketing Partnerships in the APEC Region". The proceedings provided an occasion for fruitful dialogue between APEC member economies' government representatives and key players from the region's tourism business/private sector on issues contained within the APEC Tourism Charter.

Achievements

2001 TWG Activities

The 19th Tourism Working Group meeting was held in Ayutthaya, Thailand on 20–23 November 2001. It allowed members to visualize the potential deliverables that will be attainable during the current Mexico APEC Year 2002, whilst keeping in mind the need for tangible outcomes at the 2nd APEC Tourism Ministerial Meeting in July 2002, in Manzanillo, Mexico.

The officials from the APEC Tourism Working Group discussed tourism in the region in the aftermath of the attacks of 11 September 2001 and consulted with international experts and representatives from the WTO, the WTTC and PATA. Immediate impacts varied widely across the region and between sectors of the tourism industry. Falls in tourism arrivals in the period since 11 September ranked from a few percent in some member economies (such as Thailand), to 10 percent in Singapore and 21 percent in Chinese Taipei. Given an average direct contribution from tourism of over 5 percent of GDP across the APEC region, the effects of the declines in tourist arrivals of this magnitude on Asia-Pacific economies are expected to be substantial.

Serious though these impacts are, it is anticipated that tourism flows will return to their long-term growth path once consumer confidence in key source markets is re-established, probably within the year 2002. The meeting noted the importance of establishing monitoring mechanisms to identify the scope of the impact and of sharing information with APEC counterparts. It also noted the need to take steps to ensure that the inconvenience experienced by travelers because of enhanced travel security measures is minimized through the application of technology and investment in supporting infrastructure.

The Tourism Working Group continues to concentrate on a work plan that is based upon the Four Policy Goals that give substance to the Seoul Declaration on an APEC Tourism Charter. These are 1) "Removal of Impediments to Tourism Business and Investment"; 2) "Increase Mobility of Visitors and Demand for Tourism Goods and Services"; 3) "Sustainable Management of Tourism Outcomes and Impacts", and 4) "Enhance Recognition and Understanding of Tourism as a Vehicle for Economic and Social Development".

TWG Policy Group's Work at Second TWG Meeting 2001

Policy Group Goal 1 "Removal of Impediments to Tourism Business and Investment"

Thailand reported on the work plan for Policy Goal 1. The APEC Tourism Impediments Study – Phase 1 is an initiative to assist individual economies to identify factors which limit the development of tourism and where action to reduce the problem can have beneficial results for tourist flows.

Policy Group Goal 2 "Increase Mobility of Visitors and Demand for Tourism Goods and Services"

The group was informed that approximately 15% of the global population has some form of restricting physical disability. In industrialized economies this segment of the population represents a sizeable tourist market since almost 75% of all people with restricted physical ability are able to travel. However, few establishments offer them the facilities and services they need. The Project "Best Practices on the Tourism Accessibility for Travelers with Restricted Physical Ability" aims to draft Best Practices for APEC.

Policy Goal 3 "Sustainable Management of Tourism Outcomes and Impacts"

The policy group is on track to deliver outcomes for the Second APEC Tourism Ministerial Meeting. Two projects, "Training for Sustainable Development in the Tourism Industry" and "Public/Private Partnership for Sustainable Tourism" will be concluded before the Ministerial Meeting. The training project will result in a publication aimed at raising awareness on training for sustainable development, and assist member economies to set up sustainable development training programs; harmonize methodologies for statistical collection; and promote a comprehensive analysis of the role of tourism in promoting sustainable growth. The public/private project aims to raise awareness of public-private collaboration for sustainable development and to

assist member economies to identify best cases on public-private partnership for sustainable development.

Policy Group Goal 4 "Enhance recognition and understanding of Tourism as a Vehicle for Economic and Social Development"

Progress continues to be made on the three projects that deal with this goal; "Best Practices on the Development of Tourism Satellite Accounts (TSA)", "Tourism Research Network" and the "Tourism Information Network". The Tourism Satellite project is expected to result in a Final Report in April 2002. The aim of the report is to increase awareness of TSAs and to assist member economies to establish TSAs to facilitate better analysis and measurement of tourism's contribution to member economies. In order to further develop the Tourism Research Centres, economies were asked to make an effort to contribute US\$5000. The establishment of the APEC Information Network, the APEC Tourism Research Center and the TSA will be presented as deliverables to the Tourism Ministerial in 2002.

Next Steps

The 2nd TWG Ministerial Meeting will be held in Manzanillo, Mexico on 2–5 July 2002.

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Trade Promotion

Since its first meeting, in Korea in 1990, the Working Group on Trade Promotion (WGTP) has pursued its objective of contributing to sustained economic development and improved standard of living of the people of the Asia-Pacific region by promoting the dynamism of intra-regional trade through a range of activities. The WGTP's work centers on trade promotion activities, trade financing, trade skills and training, trade information, and facilitating business cooperation between the business/private sector and public agencies including trade promotion organizations.

The WGTP has noticed the rapid development of e-commerce and increasing importance of logistic management in contemporary trade. These issues were discussed at the 12th WGTP Meeting held in Lima, Peru on 6–8 March 2000, and at its 13th Meeting in Santiago, Chile on 16–18 April 2001. In its 14th Meeting in Hong Kong, China on 12–14 March 2002, experience sharing on e-commerce in trade promotion was listed as an individual agenda item. A Seminar on Seamless E-Trade will be held in July 2002.

Business and Private Sector Participation

In 2001, the business/private sector participated in trade skills and training activities such as the “Seminar on Product Design”, a “Seminar on Product Packaging” and a “Seminar on Trade Promotion”.

These activities provided the business/private sector with opportunities for improving their products and services as well as networking opportunities among themselves and officials of member economies

The WGTP encouraged business groups to establish a network among themselves and this helped launch the APECNet, which contains information on the WGTP and its activities. It also allows the business/private sector to search for business opportunities (including business matching services) in member economies, by posting inquiries and accessing member economies’ homepages. At its 13th Meeting, the WGTP approved the project “Revamp APECNet” aimed at further strengthening of the function of APECNet.

In WGTP trade promotion-related training programs, there is always extensive private/business sector participation.

Achievements

Major achievements in 2001 include:

- A Product Design Seminar, May 2001, Chinese Taipei

Over 120 delegates from 14 member economies attended. The majority of participants were from the business/private sector. This seminar revealed the findings on strategic implications of design and its interrelationship with corporate culture, human values, IT, and economic situation. Results of the survey completed by participants showed they had significantly benefited from a better understanding of: the role of product design in the context of globalization, advanced information technology development, and how to design during an economic downturn.

- APEC Seminar on Trade Promotion, July 2001, China

The theme of this Seminar was “E-Future of APEC Trade-Promotion Organizations (TPOs)” and 88 delegates, including TPO or SME executives, researchers, and trade officials from 17 member economies, attended. Particular concerns were identified, such as developing an appropriate e-strategy and SME-friendly services. According to the feedback, most delegates believed that this project had achieved its objective in terms of their having gained knowledge and shared experiences on related fields.

Next Steps

In its 14th meeting, the WGTP Operational Plan for 2002 was laid out, and the report “*Methods of Strengthening WGTP Work*” was discussed. The WGTP will be more responsive and will continue to develop, support and facilitate intra-regional trade in goods and services by actively encouraging the participation of the business/private sector and trade promotion organizations in the working group’s activities. It will also improve trade promotion activities through the sharing of information on, and knowledge of, trade development activities and techniques.

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Transportation

The Transportation Working Group (TPT-WG) was established to foster economic development in the Asia-Pacific region through recommendations on increasing the efficiency, sustainability and safety of the regional transportation system. The vast distances that characterize the Asia-Pacific region and the dynamic growth of its economies highlight the importance of an efficient transportation system to guarantee further development.

The TPT-WG is organized into three 'steering committees' covering its areas of focus: (1) more competitive transportation industry (including infrastructure), coordinator from Australia; (2) safe and environment-friendly transportation systems (including new technologies), coordinator from the USA; and (3) human resources development, coordinator from Peru. Reporting to each of the steering committees are expert and project groups, which undertake much of the detailed work on individual projects and activities.

The TPT-WG's overall work program is defined by the TPT Operational Plan where much of its work and projects are programmed either as short, medium or long-term.

For 2002–2003, the TPT-WG Management Team comprises the Lead Shepherd (from the Philippines), and the Deputy Lead Shepherd (from the USA).

Current priorities of the TPT-WG are:

- Eliminating barriers to a more competitive transportation operating environment across all modes, ensuring safe and sustainable transport complying with international safety and security standards;
- Promoting economic and technical cooperation especially for developing economies, to assist them in achieving the Bogor Goal;
- Promoting measures which take into account advancements in technology and enhance safety, security, environmental protection and energy efficiency, including through coordination and transparency of transportation policies and harmonization or mutual recognition of standards and regulations;
- Promoting timely, rational investment in the region's transport infrastructure, and encouraging efficient use of existing infrastructure through the application of appropriate trade and transport facilitation techniques;
- Cooperating to address institutional constraints affecting the efficient provision of transportation services in the region, including cross-border facilitation; and
- Building human capacity in productivity, skill and efficiency of labor and management in the transport sector.

Business and Private Sector Participation

Member economies regularly include business/private sector representatives as part of their delegations. The TPT-WG meetings often include one or two day seminars on transportation topics, to which business/private sector representatives are invited¹⁵. Such partnership ensures that the group's work will continue to bring benefits to the providers and users of transport services in the region.

Individual economies consult regularly with their business/private sector and the TPT-WG has a standing contact point with PECC's Transport Committee.

Achievements

- The ITS Experts' Group held an intersessional meeting on 25 April 2001, which discussed establishing common APEC needs on ITS standards development and proposed a demonstration project in collaboration with the Intermodal Task Force.
- The Aviation Safety Experts' Group began the Survey Regarding Aircraft Repair and Maintenance Organizations. It will work towards the reciprocal acceptance of repair/maintenance certifications among APEC economies to reduce the burden of multiple certification approvals.
- The Global Navigation Satellite System (GNSS) Implementing Team (GIT) of the Satellite Navigation and Communications systems (SN&C) Advisory Committee have met twice since the TPT-WG's 19th meeting. The GIT's goals and objectives were developed and approved.
- Following the Shanghai Leaders' Statement on Counter-Terrorism and their commitment to prevent terrorism, the Transportation Security Experts' Group (TSEG) held a Special Meeting in Singapore on 7–9 January 2002 to begin the work of the TPT-WG on transportation security. This meeting endorsed four urgent project proposals that are all transportation security-related initiatives, aimed at implementing effective counter-terrorism measures.
- The Philippines hosted the 20th Meeting of the APEC TPT-WG from 4–8 March 2002 in Manila. The meeting discussed counter-terrorism, human capacity building, e-APEC Strategy and Gender Integration. Administrative arrangements for the 3rd APEC Transportation Ministers' Meeting in Peru, which was postponed due to 11 September 2001, were finalized. Expert groups and sub-groups tackled maritime, road and vehicle safety, satellite navigation and communications, and intelligent transportation systems.
- The following activities were completed: a "Pilot Electronic Commerce Training in Maritime Transport Project", a "Facilitation of International Shipping Project", an "Intermodal Skill Workshop", and a project to "Identify the Optimum Maritime Administrative Structure and the Legal Framework for Safer Shipping in the Asia-Pacific Region"

The Third Transportation Ministers' Meeting was held in Lima, Peru, on 6–9 May 2002 (following previous meetings in 1995 and 1997). The meeting considered issues aimed at facilitating the continued improvement of TPT-WG activity in contributing to: free and open trade and investment; economic and technical cooperation; human resources development; and safe, secure, efficient and environment-friendly movement of passengers and goods throughout the region.

Next Steps

¹⁵ The following organizations are approved as guests of the TPT: International Civil Aviation Organization (ICAO); International Motorcycle Manufacturers Association (IMMA); International Maritime Organization (IMO); Intermodal Transport Association (IMTA); International Organization of Motor Vehicle Manufacturers (OICA); Federation International de l'Automobile (FIA); and Pacific Region Airports Council International (ACI).

- Implementation of the on-going projects, particularly “Training Regulators to Implement Harmonized Regulatory Systems”, “Non-Tariff Measures in the Transport Sector”, “APEC Accreditation of Seafarer Manning Agencies”, “Paperless Trading Demonstration Project”, “Towards Mutual Recognition of Transport Professional Qualifications” and many others.
- Development of a questionnaire requesting information on counter-terrorism initiatives undertaken by member economies since 11 September 2001. The results would provide information for use by the Ministers to develop a statement to Leaders.
- Continuation of work in the area of electronic commerce, particularly paperless trading. The ITS Experts’ Group encouraged the development of the demonstration project proposal on container tracking and tracing with the Intermodal Task Force and E-commerce Group;
- Update the TPT-WG work plan as a forward looking strategic planning tool for the group taking account of the requirement to broaden the OAA, the e-APEC Strategy, the Human Capacity Building Strategy for the New Economy and the work of the Advisory Group on Gender Integration (AGGI) on gender mainstreaming.
- The 21st Meeting of the TPT-WG will take place in Brisbane, Australia, on 23–27 September 2002.

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APEC Study Centers Consortium

The APEC Study Centers (ASC) were established in 1993. There are now ASCs in 19 member economies, comprised of some 100 universities, research centers and centers of academic excellence across the APEC region. APEC economies participate in the Annual ASC Consortium meetings and other research activities in their areas of interest. The mission of the ASC Consortium is to:

- Promote cooperation in higher education and advanced research, and facilitate cultural and intellectual exchanges in the Asia-Pacific region, recognizing 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 economies and promote training and other educational programs that address regional needs; and
- 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.

Achievements

The ASC Consortium 2001 Conference was held on 18–20 May in Tianjin, China, and was hosted by the APEC Study Center of China at Nankai University. The papers discussed a broad range of issues related to themes such as ECOTECH and Capacity Building; the influence of the New Economy and Globalization; the relationship between ml and reg trading system; the achievements of APEC and the numerous tasks facing the organization. The influence of New Economy on the economic development of APEC member economies was a priority during the conference.

Another important theme of the ASC Consortium Conference was sub-regionalism and the multilateral trading system.

Next Steps

An International Symposium entitled “Expanding the Benefits of Economic Growth and Development: Implementing the Vision” was held in Mexico City, Mexico in early December 2001. The participants, the official representatives of Mexico with the support of the APEC Study Program at El Colegio de Mexico, suggested that the status of the International Consortium of ASC 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. As a sign of its interest in redefining the functions of the International Consortium of ASC (ICASC), the Mexican SOM proposed a joint session between the SOMII and the Consortium in Merida, Mexico where both meetings will be held.

The 2002 ICASC Meeting scheduled on the 22–23 May in Merida, Mexico will be discussing a program that focuses on the most important APEC themes as they were defined in the Symposium in December. Proposed topics of discussion include:

- *From the financial crisis to the global recession.* APEC’s principal goal, common prosperity, is under threat from what is seen as a new phase in the global economic system, global recession. The ICASC can contribute to the identification of those elements that may serve to address this threat, and propose measures that will allow APEC member economies to adopt global solutions.
- *APEC in the face of new national, regional and global realities.* The ICASC will look to offer support in the struggle against protectionism through a new round of WTO negotiations, offer guidelines to combat threats against the current security systems and develop criteria to harmonize regional and sub-regional economic agreements with the guidelines established by the WTO and the Bogor goals, in harmony with the spirit of APEC.
- *The APEC Agenda.* The ICASC will look to undertake a mid-term revision of the progress made by each economy to meet the Bogor goals, and perhaps to evaluate the progress achieved in the free flow of goods, services, capital and labor.

- *Continuity in APEC: From Bandar Seri Begawan to Seoul.* The period from 2000–2005 is a peculiar juncture for APEC. By 2005, the Chair of the forum will have been held by six developing economies—for six consecutive years. During this period these economies will have the opportunity to leave their mark on the dynamic of the forum. Through the mechanisms of economic and technical cooperation, they will be able to contribute to the consolidation of the spirit of a community. To be successful, they will have to be able to guarantee the continuity of initiatives adopted by previous chairs.

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II. Other APEC Activities

Sustainable Development

The APEC 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", and Leaders reiterated their commitment: "... to advance sustainable development across the entire spectrum of our workplan..." at their 1998 meeting in Malaysia.

Business and Private Sector Participation

The APEC Business and Municipal Leaders' Forum on Sustainable Cities¹⁶, which included eight workshops¹⁷, attracted participants from all APEC economies. It provided an opportunity for

¹⁶ Held at the Environment Ministers' Meeting for Sustainable Development in Toronto, Canada (June 1997).

¹⁷ The Sustainable Cities workshops were: air pollution, water and wastewater management; waste management; cleaner production; public-private partnerships, privatization of environmental services; policy and regulatory reform; and financing strategies.

APEC business/private sector and municipal leaders to give input into the deliberations of the 1997 Environment Ministers' Meeting. In **this year's** assessment 34 projects/activities, including APEC-funded and self-funded projects, related to the sustainable development theme. Some projects **had** strong participation from the business/private sector either as speakers or as attendees. The business/private sector also appears to be involved in the preparation of proposals. In addition, the involvement of NGOs, has been encouraging, notwithstanding the fact that many were various academic or regional international institutions. The participation of the business/private sector and the contributions of NGOs have increased awareness of sustainable development.

Achievements

The APEC Ministers in 1996 decided that the APEC Senior Officials were to 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. Following the request, Senior Officials tasked the APEC Secretariat to compile an annual overview of sustainable development work across APEC fora. This overview updates the stocktaking exercise on sustainable development for each year. There have been five annual reviews since 1997. These reviews show that the number, scope and significance of the APEC activities in sustainable development being undertaken is considerable, indicating that the issue is being addressed fairly broadly across APEC. Almost all the APEC fora have demonstrated responsiveness to sustainable development concerns, and in several cases, fora were working together to jointly conduct sustainable development activities.

The 1st APEC Ocean-related Ministerial Meeting was held in Korea on 25–26 April 2002. Sustainable fisheries, ocean science and technology, marine environmental protection and integrated coastal management was discussed in this meeting. The conclusions of this meeting provided new plans for future implementation in the area of sustainable development, especially on maritime affairs.

Next Steps

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

The Senior Officials regularly review the APEC activities in sustainable development in consultation with the Chairs and Lead Shepherds of other APEC fora.

In addition, as one of the six priorities of the Manila Framework is "Safeguarding the Quality of Life through Environmentally-sound Growth," the ECOTECH Sub-committee reviews the progress of this cross-cutting ECOTECH theme and reports its implementation across APEC fora to the Ministers every two years.

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Gender Integration

The Senior Officials' Meeting (SOM) established the SOM *Ad Hoc* Advisory Group on Gender Integration (AGGI) to provide gender advice and expertise to the SOM, and other APEC fora on the implementation of the *Framework*. The group will complement the responsibility and accountability of individual APEC fora for the implementation of the *Framework*.

The AGGI has four critical tasks:

- Publication, dissemination and distribution of the *Framework for the Integration of Women in APEC*;
- Holding Gender Information Sessions (GIS): the AGGI has developed gender information sessions for the APEC fora on the *Framework* and the process of implementing its elements. Almost all APEC fora (17 including the SOM and the APEC Secretariat) have participated in GIS;
- Developing gender criteria for incorporation into APEC project proposals, approval and evaluation reports and forms. These gender criteria have been incorporated into the revised APEC Project Proposals and Evaluations Forms; and
- Producing a Gender Mainstreaming Good Practices Book: the AGGI has completed the compilation of good practices of gender integration in APEC fora and economies. These good practices link the work of various fora and provide a practical source of case studies on gender analyses and mainstreaming.

To complement these four critical tasks, the AGGI has also undertaken a sex-disaggregated data project. A two-week workshop entitled "Analysis and Evaluation of Gender Statistics" provided training on methods and procedures used to evaluate the quality and relevance of sex-disaggregated data and how to produce a brief report using this data which can then be used to assist policy makers in decision making.

The AGGI has a two-year mandate, and the SOM III in Dalian, China August 2001 approved the extension of the AGGI for another year.

Next Steps

The AGGI is working on building sustainable practices in gender integration, including:

- A mechanism to provide gender advice to fora and the SOM;
- Capacity building practices to equip officials with the knowledge and skills to do gender work by themselves; and
- Monitoring current practices.

The AGGI is also assisting Mexico in the preparation of the Second Ministerial Meeting on Women to be held on 28–29 September 2002 in Mexico. The theme and sub-theme for the meeting are:

Advancing Women's Economic Interests and Opportunities in the New Economy with particular regard to:

- Women's Entrepreneurship
- Micro-enterprises
- The impact of trade liberalization on women with particular regard to:
 - access and barriers specific to women, such as: in the labor market; access to finance, etc.

- capacity building for women, such as economics related IT

With attention to:

- The purpose of gender integration within APEC, which is the advancement of the economic interests of and opportunities for women; and
- The role of economies in sustaining gender integration within APEC.

Gender Integration - Key Contacts

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Sustainable Economic Recovery

Introduction

Throughout the APEC region, economic growth over the past year was hit by two severe blows: the economic slowdown in the United States and the economic repercussions of the September 11 terrorist attacks in the United States in 2001. Most economies in APEC were already well into a cyclical downturn when the terrorists struck, further depressing already weak markets throughout the region. Current economic indicators from the US, however, point to a return to growth there, albeit at a low level. Should the US recovery continue, it should help boost most APEC economies as regional trade and economic activity recovers. It will then be time for APEC to continue with the unfinished business of implementing a range of reforms remaining from the 1997–98 Asian Financial Crisis.

Although APEC Finance Ministers met in Suzhou, China on 6–9 September 2001, before the terrorist attacks, it is important to review their discussions since many of the issues they covered remain valid and important for APEC economies. At their 1 May 2001 meeting in Washington, D.C. the APEC Finance Ministers and Central Bank Deputies had identified three main policy themes for the Finance Ministers' Meeting, under the overall theme, "Growth with Restructuring, Stability and Equity":

- Strengthening dialogue on macroeconomic policies to promote economic and financial stability and sustainable economic growth;
- Deepening structural adjustment and reform, establishing a sound financial system to build a solid foundation for sustainable economic growth; and
- Promoting economic growth on a fair and equitable basis in order to minimize the adverse impact and maximize broad-based benefits of the process of globalization and to ensure that the majority of people benefit from globalization.

At their meeting in Suzhou, the Ministers reached consensus that the world economy is in a crucial period and that various economic communities must adopt microeconomic policies to promote sustained economic growth. In addition, the group agreed on a statement of strategic goals and on a work plan for the coming year. Some of the specifics include:

Macroeconomic Challenges and Policy Responses: The Ministers stressed the need to further strengthen banking regulation and supervision, corporate governance, and financial disclosure. The Ministers resolved to continue developing the skills of banking, insurance and securities regulators through the Finance Ministers' process and expressed their strong support for a new WTO Round.

Strengthening the International Financial System: The Ministers encouraged further efforts to strengthen domestic financial systems and ensure greater consistency in domestic macroeconomic policies, and efforts to strengthen global financial sector surveillance. Ministers also urged continued efforts to enhance the effectiveness of International Financial Institutions.

Setting the Strategic Goals of the APEC Finance Ministers' Process: The Ministers agreed on the following strategic goals of their work:

- Sustainable and broad-based growth with equity in the APEC region;
- Good corporate governance and public sector management;
- Stable and efficient financial markets;
- Greater economic cooperation, integration and openness through APEC economies; and
- Facilitation of economic and technical cooperation within the region in pursuit of the above goals.

Ministers also tracked progress in on-going policy initiatives, including:

- The Voluntary Action Plan for Supporting Freer and More Stable Capital Flows;
- Bank Failure Management;
- The Financial Regulators' Training Initiative;
- Managing Regulatory Changes in Life Insurance and Pensions;
- Strengthening Corporate Governance in the APEC Region;
- Insolvency Law;
- The Company Accounting and Financial Reporting Task Force;
- Supporting the Development of Credit Rating Agencies and Strengthening Disclosure Standards;
- The APEC Privatization Forum;
- Social Safety Nets;
- The APEC Initiative on Fighting Financial Crimes;
- Electronic Financial Transactions Systems;
- The APEC Future Economic Leaders' Think Tank; and
- The APEC Finance and Development Program.

The APEC Economic Leaders' Meeting

As in all past APEC years, the Economic Leaders' Meeting was both the culmination of the work for that year as well as the genesis of the work program for the coming year. In Shanghai, China in October 2001, the Leaders' meeting followed others by the APEC Senior Officials, the Ministers of Foreign Affairs and of Trade. The Leaders also held their annual dialogue with the APEC Business Advisory Council. In addition, many Leaders also spoke at the APEC CEO Summit, held in Shanghai along with the official APEC meetings.

During their meeting, the Leaders met privately and held a discussion on topics of their own choosing. The only public record of the meeting is the Economic Leaders' Declaration that was issued at the close of the Shanghai meeting and which can be found at

<http://www.apecsec.org.sg/virtualib/econlead/leaders.html#2001>. Here is a summary of the key elements of their discussion that are relevant to sustainable economic recovery:

- **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, emphasizing 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.
- **Sharing the Benefits of Globalization and the New Economy:** Work on building human capacity within APEC continues to be a major part of APEC's work, involving a High-level Meeting on Human Capacity Building and the Beijing Initiative, a comprehensive set of principles which also examines New Economy issues. The work included the launch of the Consortium for APEC Cyber Education Cooperation, the Human Capacity Building Promotion Program and the APEC Finance and Development Program. Leaders also welcomed the work done in other areas, including an APEC Strategy for Combating Infectious Diseases; an Integrated Plan for Small and Medium Enterprises with a special emphasis on micro-enterprises (to be kicked off by a High-level Meeting on Micro-Enterprises in Mexico in 2002); an e-APEC Strategy for the development of the New Economy throughout APEC; and a call for implementation of the APEC Food System.
- **Strengthening the Multilateral Trading System:** These discussions focussed on the November meeting of the World Trade Organization in Doha, affirming a commitment to launch a new round, an effort which was ultimately successful. In addition, Leaders reconfirmed their commitment to the APEC-wide moratorium on the imposition of customs duties on electronic transmissions and agreed to extend it until the Fifth WTO Ministerial Conference.
- **Sharpening the Vision for the Future:** In order to provide a strategic, forward agenda for the future and reach APEC's Bogor goals of free trade by 2010/2020, the Leaders endorsed the **Shanghai Accord**. Under the Shanghai Accord, the Leaders committed to:
 - Broadening APEC's vision for the future by identifying a policy framework to guide APEC in the 21st century, incorporating changes prompted by globalization and the New Economy, and to extend the APEC agenda to cover reforms and capacity building;
 - Clarifying APEC's roadmap for achieving the Bogor 2010/2020 goals on schedule with a stocktake in 2005. This will include adopting a pathfinder approach to advance selected APEC initiatives; updating the Osaka Action Agenda, the roadmap for reaching the Bogor goals; promoting the adoption of trade policies appropriate for the New Economy; following up on the APEC Trade Facilitation Principles; and pursuing greater transparency in corporate governance; and
 - Strengthening implementation of APEC's plans through the peer review of Individual Action Plans (the main tool economies use to chart their paths towards the Bogor goals), as well as reinforcing economic and technical cooperation and capacity building.

In Shanghai, Leaders endorsed the e-APEC Strategy developed over the course of 2001. The Strategy has three pillars: (1) to create an environment for strengthening market structures and institutions; (2) to facilitate an environment for infrastructure investment and technology development; and (3) to enhance human capacity building and promote entrepreneurship.

Confronting Terrorism

Throughout the history of APEC, the organization had never explicitly, in an APEC context, addressed "political issues." However, the events of September 11, combined with the fact that the Shanghai Meeting was the first major gathering of world leaders after the attacks, made the meeting a critical opportunity for APEC members to coordinate a response to terrorism, while trying to minimize its economic impacts.

In addition to unequivocally condemning the attacks, the Leaders said, "...it is imperative to strengthen international cooperation at all levels in combating terrorism in a comprehensive manner." The Leaders took a number of practical steps to enhance counter terrorism cooperation, including

- Adopting appropriate financial measures to prevent the flow of funds to terrorists;
- Ensuring adherence by all economies to relevant international requirements for air and maritime transportation security;
- Strengthening regional energy security through the APEC Energy Security Initiative, which crafts responses to temporary supply disruptions and long-term energy challenges;
- 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 travelers;
- Strengthening capacity building and economic and technical cooperation to help member economies establish effective counter-terrorism measures; and
- 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.
- **Promotion of biotechnology:** Recognizing the importance of biotechnology in improving productivity and nutrition, and in reducing the environmental impact of agricultural production, APEC Leaders endorsed a U.S.-proposed high-level policy dialogue on biotechnology.
- **Infectious diseases:** Leaders agreed to a strategy that will link existing disease surveillance networks enabling them to better track disease outbreaks and make prevention efforts more effective.

Other APEC Events

- The Republic of Korea sponsored the **APEC Forum on Shared Prosperity and Harmony** that was held in Seoul, Korea on 30 March–1 April 2000. At this meeting, member economies shared their experiences of overcoming the economic crisis, discussed how best to coordinate policies to prevent the recurrence of such crises, and explored ways of redressing the disparities generated between economies and within societies. At the Forum the President of the Republic of Korea, Kim Dae Jung proposed that a "Hedge Fund Monitoring Channel" be established to contribute to the stability of financial markets. He also urged that APEC economies develop a "Foreign Exchange Crisis Forecast Model" to provide advance warning of the risk of economic crisis. Mexico will be hosting a one-day Forum on Globalization and Shared Prosperity in May 2002 in Merida, Mexico.
- **APEC's Ministers for Small and Medium Enterprises (SME)**
SME Ministers met in August 2001 held under the theme: "New Century, New Challenges: Innovation and Environment for SME Development." Ministers discussed how APEC SMEs could best respond to the new challenges emerging in the new century, particularly in three areas:
 - **Advancing Technological Innovation through Cooperation:** Noting that SMEs are a formidable force in the New Economy, Ministers called for further links between industries, universities, and research institutes to foster technological innovation. Ministers also welcomed the establishing of technological innovation service centers in economies and called for greater research and development input into SMEs.

- **Facilitating Financing:** Ministers called for an APEC-wide mechanism for sharing information on start-up companies, venture capital and capital markets and encouraged further improvements in secondary boards catering to the needs of SMEs.
- **Improving the Environment for SME Development:** Reflecting a need to know more about the SME profile in the region, the Ministers tasked officials with further work on the project: "1990–2000 Profile of the SME in APEC." Ministers also launched a voluntary visitor program for SME policy-makers in developing economies, agreed in principle to establishing an APEC SME Portal Hub, and welcomed the launch of a training and certification program for SME counselors.

Prior to the Ministerial Meeting, the APEC SME Business Forum 2001 made these recommendations or decisions:

- Establish a grouping of five or more members to identify key issues affecting SMEs, providing continuity and assessments and reviews of recommendations;
 - Set up a service infrastructure to support the sustainable growth of SMEs through governmental assistance, technology and cooperative synergies;
 - China will host an SME Technological Exchange Exhibition starting in 2002; and
 - Each APEC member will set up an SME service organization to participate in a service alliance.
- **Energy Ministers** met in May 2000 in San Diego, the United States. The Ministers stated their conviction to make their best efforts to pursue simultaneously economic growth, energy security, and environmental protection. In addition, the Ministers:
 - Endorsed technology cooperation initiatives to diversify the energy mix, improve energy efficiency, deploy new and renewable energy technology, reduce costs, facilitate energy business and trade, and mitigate damages to energy infrastructure after natural disasters;
 - Agreed to work on a strategy to implement a number of earlier initiatives including non-binding energy policy principles, strengthening the policy dialogue among member economies, a voluntary pledge on energy policies and **the** energy efficiency initiative cooperation with the Energy Working Group Business Network and the Energy Regulators' Forum, and a program to identify best practices for energy services; and
 - Agreed that the implementation initiative would include a system of voluntary, annual self-reports on implementation by member economies.

A year earlier, the APEC-PECC Workshop to Improve Investor Confidence and Capital Mobilization in APEC Energy Sector held on 19–20 April 1999 in Oakland, the United States stressed, *inter alia*, the need for transparency, predictability and non-discrimination in energy policy and regulatory regimes. Energy Ministers will meet again in July 2002 in Mexico.

- **Tourism Ministers** met on 5–7 July 2000 and endorsed the APEC Tourism Charter, which reflects a collective commitment to improve the economic, cultural, social and environmental well-being of APEC member economies through tourism.
- The **Economic Committee** delivered the two reports listed below to Ministers in October 2001.

(1) *2001 APEC Economic Outlook*

(2) *The New Economy and APEC*

Both reports address central economic issues of interest for Leaders, Ministers, and the APEC community. Major issues taken up this year include:

- Economic conditions

Recent developments and short-run prospects in the APEC region

- Financial Development and Efficiency
The importance of the efficiency of the banking sector
- Oil Dependency in APEC Economies
Relevant data for each APEC economy
- The New Economy
Full analysis of the New Economy's fundamentals and challenges

The following are some highlights of the two reports.

- **2001 Economic Outlook:** Examining developments in APEC economies to date, the Outlook detailed the regional economic slowdown over 2000–2001 and the responses of APEC economies to the downturn. In its pre-September 11 analysis, the *Outlook* predicted that monetary easing in many APEC economies, expansionary fiscal stimulus in some economies, the gradual abatement of the oil price shock, and the general easing in world commodity prices would lead to an early rebound in growth momentum. In an insert added after September 11, the *Outlook* stated that, despite the terrorist attacks, the economic fundamentals still left hope that economic growth would return throughout the region in the coming months, although growth rates would likely be revised downwards in most APEC economies.
- **The New Economy and APEC:** This report identifies the fundamental underpinnings of the New Economy and examines the evidence for both macro and micro level benefits of the challenges of transforming to a New Economy which can help with domestic political discussion on policy reforms and structural adjustment. It also explores the implications of different paces of policy reform in developing the New Economy as it relates to trade competitiveness and digital divides. The study finds that there are four crucial underpinnings to creating a successful New Economy: sound fiscal policies, sound banking and financial market policies, open trade and cross-border investment policies, and a pro-competitive market policy and legal environment.

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New Economy

Recognizing the full potential of the rapid advances in information and communication technology, in 2000 in Brunei Darussalam APEC Leaders launched a wide-ranging Action Agenda for the New Economy. The agenda outlines programs that will help APEC economies use technological advances to boost productivity, stimulate growth and extend services to the whole community. It includes ways to promote the right policy environment and build capacity to help create a framework to strengthen markets, e-commerce, infrastructure, knowledge and skills development and provide affordable and more efficient access to communication and the Internet.

In response to the New Economy Action Agenda, Leaders endorsed the e-APEC Strategy at the 13th APEC Economic Leaders' Meeting in Shanghai, China in 2001

The e-APEC Strategy identifies the necessary policy environment and specifies appropriate goals and actions, drawing upon the existing efforts redundant within APEC. It develops a forward-looking, long-term and action-oriented plan under three pillars:

1. Creating an environment for strengthening of market structures and institutions, i.e., open markets and strong institutions;
2. Facilitating an environment for infrastructure investment and technology development i.e., a favorable investment and innovation climate; and
3. Enhancing human capacity building and promoting entrepreneurship i.e., emphasis on education and SMEs.

Also under the New Economy agenda, various projects are being implemented under the direction of APEC Senior Officials. In 2001 Chinese Taipei implemented Phase 1 of its project, "Transforming the Digital Divide into Digital Opportunity". This initiative sought to bridge the digital divide by assisting developing member economies improve their skills base in e-commerce applications. Phase 1 of the project, which was held in Chinese Taipei on 24–27 July, involved workshops on e-commerce applications and a symposium on how member economies are responding to the challenges of the new economy.

A number of New Economy projects are scheduled for implementation in 2002, including:

1. Transforming the Digital Divide into Digital Opportunity – Phase 2

Phase 2 of this project aims to help member economies to understand, develop and implement measures to develop the digitization of supply chain management (SCM), enterprise resource planning (ERP), etc. Another aim is to raise the competitiveness of SMEs in the global market by helping them improve their capacity to network with their suppliers, partners and customers in order to boost their productivity and efficiency. This project involves the conduct of training sessions in Mexico, Thailand and Indonesia.

2. Empowering People with Disabilities through IT Usage

The objective of this project, which was initiated by Korea, is to construct a network of young people with disabilities by developing IT usage and forming exchange cooperation relationships among young people with disabilities in the APEC region. An IT Camp for this purpose will be staged in Korea.

3. Holding an APEC High-Level Symposium on E-Government

Korea is proposing to hold an APEC High-Level Symposium on E-Government in Seoul, Korea in July 2002, as a first step towards strengthening cooperation in APEC on establishing e-government, which, in the New Economy, is necessary to promote good governance, transparency and robust institutional frameworks.

A Preparatory Meeting was held in Seoul on 7–8 February to set the direction and goals of the symposium, and to discuss the agenda.

Next Steps

1. The e-APEC Task Force will coordinate with APEC bodies and member economies in the implementation of the *e-APEC Strategy* and produce a report on the outputs.
2. Progress of the projects' implementation will be reported to the next Senior Officials' Meeting.

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Counter-terrorism

As a result of the 11 September 2001 terrorist attacks on the United States of America, the 13th APEC Economic Leaders' Meeting in Shanghai, China issued a Statement on Counter-terrorism. The Statement condemns the attacks, expresses sympathy and condolences to the victims of the attack and the people of America, and reaffirms the importance of APEC's common commitment to achieving the Bogor Goals of free and open trade and investment in the Asia-Pacific by 2010/2020.

In the Statement, Leaders expressed their determination to enhance counter-terrorism cooperation in line with specific circumstances in their respective economies, through:

- appropriate financial measures to prevent the flow of funds to terrorists;
- adherence by all economies to relevant international requirements for the security of air and maritime transportation;
- strengthening of energy security in the region through the mechanism of the APEC Energy Security Initiative, which examines measures to respond to temporary supply disruptions and longer-term challenges facing the region's energy supply;
- strengthening of APEC activities in the area of critical sector protection, including telecommunications, transportation, health and energy;
- enhancement of customs communication networks and expeditious development of a global integrated electronic customs network, which would allow customs authorities to better enforce laws while minimizing the impact on the flow of trade;
- cooperation to develop electronic movement records systems that will enhance border security while ensuring movement of legitimate travelers is not disrupted;
- strengthening capacity building and economic and technical cooperation to enable member economies to put into place, and enforce, effective counter-terrorism measures; and
- cooperation to limit the economic fallout from the attacks and move to restore economic confidence in the region through policies and measures to increase economic growth as well as ensure a stable environment for trade, investment, travel and tourism.

Next Steps

The APEC Secretariat has been charged with compiling a report on the implementation of the APEC Leaders Statement on Counter-terrorism by APEC bodies and member economies.

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Electronic Commerce

The APEC Electronic Commerce Steering Group (ECSG) was established by the SOM in February 1999. The role of the ECSG is to ensure continued coordination of APEC e-commerce activities and to pursue the work programme set out in the *1998 APEC Blueprint for Action on Electronic Commerce*. The most recent meeting was the 5th ECSG meeting held in February 2002 in Mexico. The 6th meeting of the ECSG will be held in conjunction with SOM III in August 2002 in Mexico.

Business and Private Sector Participation

The business/private sector has been an active participant in all ECSG meetings. At the 4th ECSG meeting, a Business/Private Sector Workshop was held and the ECSG adopted the Workshop's proposal for the formation of an APEC E-Commerce Business Alliance. The Forum on Privacy that was held prior to the 5th ECSG meeting in February 2002 had extensive business/private sector participation.

Next Steps

For 2002, the ECSG agreed on a program of work that will add value and contribute to strengthening APEC's electronic commerce work program. Some of the elements are:

- The delivery of Paperless Trading IAPs to the 13th APEC Ministerial Meeting and the 2002 Meeting of APEC Ministers Responsible for Trade;
- The development of voluntary APEC On-line Consumer Protection Principles to promote safe e-commerce;
- The compilation of a 2002 APEC Electronic Commerce Stocktake with a view to more effective business outreach; and
- A review and update of the 1998 APEC Blueprint for Action on Electronic Commerce.

ECSG documents may be viewed on the APEC Secretariat website at www.apecsec.org.sg or the ECSG website at <http://www.ita.doc.gov/td/industry/otea/ecommerce/apec/>.

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APEC Food System

In November 1998, APEC Economic Leaders restated their resolve to create a prosperous Asia-Pacific community. They endorsed joint actions to be launched 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 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; in Brunei Darussalam; and in Shanghai, China. APEC Leaders reconfirmed their commitment to address in parallel three areas of cooperation: the development of rural infrastructure, the promotion of trade in food products, and the dissemination of technological advances in food production and processing. They urged APEC fora and members to increase momentum in this regard as recommended by the ABAC.

Business and Private Sector Participation

In its 2001 report to Leaders the ABAC made a number of recommendations concerning the AFS for member economies and relevant fora to take into account. Its recommendations were:

- APEC Leaders should declare that APEC members will abolish all practices regarding the limiting of food supplies to other members for political or economic reasons and eliminate taxes and quantitative restrictions on food exports. APEC should also spearhead an effort to make this commitment to non-discriminatory access to food supplies a binding rule in the entire WTO.
- APEC Leaders should declare APEC a "food export subsidy-free zone" in recognition that such agricultural export subsidies are most pernicious in their effect on developing economies struggling to implement sound agricultural development and well-functioning food markets.
- The AFS's call for a self-assessment by each economy of all the impediments it faces, internal and external, in increasing its capacity to trade in food should: include a strong business/private sector input; recognize the non-food roles of agriculture; and target technical cooperation needs, market access and non-tariff barriers.
- APEC should convene its first-ever Agriculture Ministers' Meeting in 2002 to discuss the self-assessments and steps to be taken to implement the APEC Food System.

- APEC should create chapter for the APEC Food System in the IAPs to ensure implementation consistent with APEC principles of comprehensiveness, flexibility, WTO-consistency and non-discrimination.
- Senior representatives of the World Bank, Asian Development Bank, and Inter-American Development Bank should be invited to relevant APEC meetings in order to ensure their participation in this element of the APEC Food System.
- The number of economies participating in the APEC Food Mutual Recognition Agreement (MRA) should be increased to at least 15 by the end of 2002.

Achievements

APEC Economic Leaders, during their meeting in Brunei Darussalam in November 2000, welcomed the progress report from Ministers on the Implementation of the AFS recommendations. In addition to reconfirming their commitment to address in parallel the three areas of cooperation described above they also urged APEC fora and members to increase momentum for implementation as recommended by the ABAC.

In response to the Leaders' instruction, the SOM I in February 2001 endorsed the SOM Chair's paper on the continued implementation of the AFS, including the revised tasking matrix and time frame for the preparation of the 2001 AFS report.

The inputs from APEC member economies and the tasked fora for 2001 are summarized as follows:

- Nine member economies and nine of the tasked fora/sub-fora have submitted their reports to the APEC Secretariat.
- It is noted that, on the whole, the AFS recommendations have been, and are being, implemented by most of tasked fora/ sub-fora indirectly and in generic terms.
- The CTI and its sub-fora, with the exception of the Sub-committee on Standards and Conformance (SCSC), may not have taken actions which corresponded directly to the implementation of the AFS recommendations. They believed that the progress achieved in advancing APEC's TILF agenda and in strengthening of the multilateral trading system, would benefit all sectors, including food.
- The SCSC agreed that the work program would focus on the production of member economies' regulatory profiles on the food and drug interface, and would compile information and case studies on decision-tree analysis. The SCSC made progress with its work related to the WTO Agreement on Sanitary and Phytosanitary Measures (SPS) and the APEC Food MRA.
- The ESC noted that some of the AFS recommendations, such as those on human resources development and technology transfer, appear to have been successfully implemented. However, it also noted that little new progress could be observed in improving the clarity or predictability of food regulations and standards, or removing barriers to trade in food products so as to achieve the Bogor goals. It is stressed that the establishment of a network of "domestic champions" is the only ABAC recommendation acted upon by APEC in 2001. The ESC considered that reporting responsibilities may need to be broadened to better capture the full range of APEC activities relevant to the AFS.
- The ATC has actively participated in the implementation of the AFS recommendations, conducting projects on post-harvest technology and on how to develop farmers' participation in agricultural technology transfer and training. The ATC carried out two main activities relating to biotechnology, developing the implementation work program for the biotechnology

issue and holding a workshop on agricultural biotechnology that focused on capacity building and information sharing.

- The ISTWG has carried out several activities directly supporting the implementation of AFS recommendations. A project on the post-harvest network addresses the problems of post-harvest grain loss. Projects related to emerging infectious diseases aim to strengthen surveillance and control of food-borne infections and of commercial shipments of contaminated food. Two projects relating to meteorology and climatology are most likely to benefit the agriculture, forestry and fishery sectors.
- The HRDWG has completed several projects that have particular value for rural education, taking advantage of network technology. The SMEWG has pursued some projects which have a direct impact on the food sector.
- The GEI's main contribution to the AFS has been through the Regional Integration for Sustainable Economies (RISE) project. The GEI noted that the RISE project also contributed to Promotion of Trade in Food Products even though the forum was not specifically tasked with that responsibility.
- Member economies report that they are fully and faithfully implementing the four recommendations set down in the tasking matrix. They stress that they are implementing commitments, especially in tariff and domestic support, from the Uruguay Round of negotiations in a manner fully consistent with the WTO Agreement on Agriculture. Economies also report that they continuously pursue agriculture trade reform and the Bogor goals in the food sector. Some economies submitted a comprehensive proposal to the WTO to address the full range of issues, including non-trade concerns. Economies have also made progress in improving the availability of rural education.

Next Steps

Members and tasked fora are requested to continue to provide the Ministers' and Leaders' Meetings next year with a report on the progress made in their implementation of the AFS during 2002.

APEC Food System - Key Contacts

APEC Secretariat

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III. The APEC Secretariat

The APEC Secretariat, located in Singapore, was established in 1993 to serve as the core support mechanism for the APEC process. It currently comprises 23 officials seconded by member economies for fixed terms and a similar number of locally recruited support staff.

The Secretariat's operational plan comprises six outputs (and four services) based on the following Statement of Business, approved by member economies.

Statement of Business

- The Secretariat is the core support mechanism for the APEC process.
- The Secretariat provides advisory, operational and logistic/technical services to member economies and APEC fora to coordinate and facilitate conduct of the business of the organization.

- On behalf of member economies, it provides preparatory advice on formulation of APEC projects, manages project funding and evaluates projects funded from the APEC Operational and TILF Accounts.
- The Secretariat provides information and public affairs support to promote APEC's role and activities through its publications, media, business and outreach programmes and through the maintenance of a website. It also performs public affairs functions on behalf of APEC members when required.
- The Secretariat maintains a capacity to support research and analysis in collaboration with APEC Study Centres and PECC as required by APEC fora.
- The Executive Director is responsible to APEC Senior Officials through the SOM Chair and manages the Secretariat in line with priorities set by SOM on behalf of Ministers.

Public Affairs

The APEC Secretariat is responsible for media and public relations for APEC and disseminates information on APEC to targeted audiences and the public at large through a variety of means including an extensive publishing programme, websites and other electronic media, audio visual material, presentations, visitor briefings and outreach visits to APEC member economies. The Secretariat also plays an important role in providing public affairs and media support to the host economy, other member economies and APEC fora throughout the year.

A major exercise for the year is the implementation of a new APEC Communications and Outreach Strategy. The strategy is aimed at improving the effectiveness and reach of APEC communications efforts to achieve better understanding and support amongst key audiences of APEC's role and agenda and to more widely promote its achievements and continuing relevance.

Key Activities

- Implementation of a new communications and outreach strategy in consultation with members economies and APEC fora.
- Presentations delivered regularly to a wide variety of business, government and student groups.
- On-the-ground media liaison support to host economies of major APEC meetings and assistance in advance of and during key events to support coverage by international, regional and local media outlets.
- Issuing and dissemination of media releases and advisories regularly via email gateway and posted on the APEC website. Regular contact with journalists to encourage media coverage of key APEC events and activities.
- Production of a wide range of general information resources on APEC as part of the Secretariat's publishing programme and assistance with production of APEC fora publications.
- Sale of APEC publications and CD ROMS through sales/marketing agreements with book agents/distributors in Australia; Brunei Darussalam; Hong Kong, China; Malaysia; New Zealand; Singapore; USA and the United Kingdom. Monitoring of sales patterns to ensure electronic/hard-copy publishing combinations support information dissemination objectives and user needs.
- Redevelopment of a cyber bookstore on APEC Secretariat website.

- Ongoing maintenance and upgrade of the APEC website. Revamping of the electronic Individual Action Plans (e-IAP) system to increase its user-friendliness and accessibility.
- Management and continuous improvement of APEC's document access policy to facilitate access to APEC records via electronic means.
- Provision of support to Mexico as APEC Chair for 2002 in implementing its outreach programmes.

Next Steps

For the remainder of 2002 the APEC Secretariat will focus heavily on implementing a more proactive communications and outreach programme to more effectively publicise APEC's role and achievements and promote community input and engagement in APEC. The Secretariat will also provide public affairs and media relations support to Mexico as APEC Chair for 2002.

Public Affairs - Key Contact

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Communications and Database System

One of the mandates given by the APEC Ministers to the Secretariat is to establish direct and regular communications between the APEC Secretariat and APEC members, Lead Shepherds of Working Groups, and Committees. There is also a need to create an information repository at the APEC Secretariat to facilitate the movement and storage of APEC-related information. This information needs to be accessible to users in each member economy either in hard copy form or in electronic format.

The APEC website is one of the key management vehicles to fulfill the Secretariat's mandate. Users can access a wide range of information including the APEC calendar of events and documents from meetings on the APEC website at <http://www.apecsec.org.sg>.

Achievements

- E-mail has become the major communication tool within APEC. All APEC member economies, working groups, committees and the business/private sector can easily communicate with the Secretariat by e-mail. Users can also access selected APEC documents through the APEC Secretariat's homepage.
- The contents of the Secretariat's website are updated frequently and more business-related linkages have been created.

Next Steps

The Secretariat will continue to maintain the communication system and to update the related databases to keep the data current. This will be an on-going process.

Communications and Database - Key Contact

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