



Asia-Pacific  
Economic Cooperation

**Advancing**  
Free Trade for Asia-Pacific  
**Prosperity**

# APEC

Economic and  
Technical Cooperation



# What is ECOTECH and how does it Benefit the APEC Region?

**Economic and Technical Cooperation (ECOTECH)** – is aimed at fostering sustainable and inclusive growth and development in the Asia-Pacific and improving overall economic and social well-being of all citizens living across the APEC region. The agenda is based on the view – held firmly within APEC – that the gap between developing and industrialized economies needs to narrow if the region’s future growth is to be secured.



Along with trade liberalization and business facilitation, ECOTECH is one of APEC’s three pillars. ECOTECH focuses on capacity building and information sharing, particularly in developing member economies, to advance APEC’s goals of trade liberalization and sustainable, inclusive growth.

Capacity building is critical as APEC increasingly focuses on next generation trade barriers. Helped by APEC’s work over the last decade, tariffs, quotas and other trade barriers at the border have declined. As a result, APEC has shifted to address “behind-the-border” issues such as structural and regulatory obstacles in individual member economies. To achieve these goals, ECOTECH capacity building projects apply across all of APEC’s Committees and Working Groups.

By enhancing developing members’ capacity through skills training and technological know-how, ECOTECH strengthens members’ readiness to adopt new trade facilitation initiatives from electronic customs processing to regulatory reform and transparency.

Moreover, to promote balanced, inclusive and sustainable growth in the APEC region, ECOTECH capacity building projects also include enhancing economic opportunities for women, small and medium enterprise innovation, and energy and environmental sustainability.



## What is Asia-Pacific Economic Cooperation (APEC)?

Asia-Pacific Economic Cooperation, or APEC, is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region. It was established in 1989 to leverage the growing interdependence of Asia-Pacific economies. APEC aims to create greater prosperity for the people of the region by promoting balanced, inclusive, sustainable, innovative and secure growth and by accelerating regional economic integration.

APEC has 21 members - referred to as "Member Economies" - which account for 40 percent of the world's population, approximately 54 percent of world GDP and about 44 percent of world trade.

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

APEC's work in the Asia-Pacific region focuses on three main areas: Trade and Investment Liberalization, Business Facilitation and Economic and Technical Cooperation (ECOTECH). Trade and investment liberalization includes opening markets and reducing tariff and non-tariff barriers. Since 1989, average tariffs in the region have declined by around 70 percent in 2011. Business facilitation focuses on reducing business transaction costs especially for importers and exporters. From 2007-2010, APEC reduced costs at the border by 5 percent, which saved businesses a total of USD 58.7 billion. Over time the APEC agenda has broadened to include a complementary focus on behind-the-border and across-the-border barriers. For example, APEC is enhancing physical connectivity across-the-border with the goal of achieving an APEC-wide 10 percent improvement in supply-chain performance in terms of time, cost and uncertainty by 2015. Economic and Technical Cooperation builds skills and knowledge transfer to assist all APEC members to participate in the regional economy and reach the APEC goals of free and open trade and investment in the region.

# What is APEC Doing to Encourage ECOTECH Activities in the Region?

In 1996 in Manila, Ministers jointly adopted the Declaration on an APEC Framework for Strengthening Economic Cooperation and Development to assist member economies implement the economic and technical cooperation goals outlined in the Osaka Action Agenda. The focus was to assist developing member economies meet the targeted goals of free trade and liberalization through a concerted capacity building and training program. One of the guiding principles is creating opportunities for knowledge exchange between industrialized and developing member economies.

The Senior Officials' Meeting (SOM) Steering Committee on Economic and Technical Cooperation (SCE) coordinates APEC's ECOTECH agenda through a range of sectoral focused working groups from energy to emergency preparedness. ECOTECH capacity building projects are also carried out across other APEC Committees and Working Groups.

In 2010, Senior Officials endorsed a Framework to Guide ECOTECH Activities for ECOTECH capacity building projects and activities. Within this framework, five areas have been identified as ECOTECH priorities:

- Regional economic integration
- Addressing the social dimensions of globalization (inclusive growth)
- Safeguarding the quality of life through sustainable growth
- Structural reform
- Human security

APEC implements its ECOTECH capacity building goals by funding projects that include training workshops, pilot projects and feasibility studies in a wide variety of areas. These could include pilot projects to assist women-owned enterprises participate in global supply chains or training workshops on information technology to facilitate

member economies' adoption of electronic single window systems. ECOTECH projects are targeted at building the capacity of policymakers, government agencies and the private sector.

In 2011-12, a total of 74 ECOTECH-related projects were implemented by the Senior Officials' Meeting (SOM) Steering Committee on Economic and Technical Cooperation (SCE). 32 APEC-funded projects focused on safeguarding quality of life through sustainable growth, 9 projects focused on the social dimension of globalization (inclusive growth), 21 on human security, 2 projects on structural reform and 9 projects on regional economic integration. In addition, 9 cross-cutting ECOTECH projects were implemented by other APEC Committees, including the Committee on Trade and Investment, the Economic Committee and Senior Finance Officials' Meeting.

## ECOTECH Priorities

Regional Economic Integration	Promotes convergences among member economies in key areas of APEC's regional economic integration (REI) agenda, including services, digital economy, investment, trade facilitation, rules of origin, supply chain connectivity, and standards/technical barriers to trade. Explores building blocks towards a Free Trade Area of the Asia-Pacific.
Addressing the Social Dimension of Globalization (Inclusive Growth)	Promotes Inclusive Growth – including financial inclusion, small and medium enterprise development, empowering women, skills upgrading of workers, employment creation, and development of social safety net programs.
Safeguarding the Quality of Life through Sustainable Growth	Includes implementation of the Environmental Goods List to reduce tariffs on a set of environmental goods as well as work on energy efficiency and renewable energy, climate change mitigation and adaptation, and sustainable forest management and rehabilitation.
Structural Reform	Focuses on the Leaders Agenda to Implement Structural Reform, including corporate governance, regulatory reform, strengthening economic and legal infrastructure, competition policy and public sector governance. Other activities include implementation of the Ease of Doing Business Action Plan, strengthening financial markets, and actions that support implementation of G-20 framework for strong, sustainable and balanced growth.
Human Security	Promotes food security, food and product safety and emergency preparedness in the event of a disaster.

# What have APEC Economies and ECOTECH Achieved?

## Women's Micro-Enterprise Trade Network

### Challenge

Indigenous women in remote rural communities are often unable to take advantage of the trade opportunities that result from the opening of new global markets. They face many barriers including the absence of linkages to international distributors, lack of education and awareness of trade opportunities and product quality control. As part of the ECOTECH priority to address the social dimension of globalization and promote inclusion of all segments of society in economic growth, APEC's Policy Partnership on Women and the Economy launched a project to assist indigenous women micro-enterprises access global markets.

### Approach

The APEC-funded Women's Micro-Enterprise Trade Network worked with international suppliers, producers, distributors and non-profit community organizations to establish critical

on-the-ground activities to link women micro-entrepreneurs in Chile, Peru, Chinese Taipei, and Viet Nam to new market opportunities in Canada. The project engaged local non-profit community groups to provide training and outreach including the Mapuche women enterprise and artisan craft association in Chile, the QillaMaqi in Peru, and the Center for Women's Development in Viet Nam's Hill-tribe communities.

As part of the Trade Network, over 300 products made by indigenous women micro-enterprises went through a formal assessment to determine their appeal and success potential in the Canadian market. Ninety products were selected for further market testing at two trade shows in Canada in December 2011. Through the trade shows and other channels, the Trade Network was able to identify possible distributors and buyers in Canada.

### Benefits

As a result of the APEC Trade Network pilot, 52 different indigenous women micro-enterprise products were ordered and another 50 were under consideration for future purchase by distributors. The Trade Network established linkages between Canadian distributors and indigenous women micro-enterprises in Chile, Peru, Chinese Taipei and Viet Nam, facilitating export trade. The Trade Network played a key role by providing product aggregation, wholesale and retail sector development, distribution, development of specialty and niche markets, and brand and trademark development. The pilot project also offered best practices and a proven concept for replicating in other APEC economies.



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## Single Window

### Challenge

Importers and exporters often have to process permits and forms through a variety of government agencies, costing valuable time and money. As part of APEC's efforts to ease the cost of business transactions and reduce "behind-the-border" barriers, APEC launched the Single Window Initiative in 2007, allowing for standardized documents to be processed electronically through a single entry point. However, the absence of information technology infrastructure and capacity in some member economies posed a challenge to widespread adoption of the single window system.

### Approach

A series of APEC-funded capacity building workshops on single window systems was launched by the Committee on Trade and Investment from 2007-2012. The workshops assisted economies in developing their single

window systems by providing technical training courses on software development such as UMM/UML coding language for building the single window architecture as well as information on standards and data harmonization. The workshops also provided best practices on the development, implementation and maintenance of single window systems including IT and legal issues. Training workshops are also focusing on the next phase to enable seamless data sharing between APEC economies' single window systems.

Enabled by capacity building training workshops, more member economies have adopted the single window system.

### Benefits

In 2007, six APEC economies embraced the idea of a single window system. Very quickly, the benefit of this electronic single entry point for processing forms was demonstrated. Enabled by capacity building training workshops, more member economies have adopted the single window system. According to a 2012 survey, 14 out of the 21 APEC economies have now introduced the single window system.



## Low Carbon Model Town

### Challenge

Six hundred million more people will be living in cities in the Asia-Pacific region by 2035. It's not just a question of overcrowding as people increasingly migrate from the countryside to urban areas. It raises concerns over traffic congestion, air pollution, greenhouse gas emissions and an overwhelming demand for energy in the region. The Asia-Pacific Energy Research Centre (APERC) predicts that the region's carbon dioxide emissions from fuel combustion are expected to increase by about 40 percent from 2005 to 2030 and oil imports from outside the APEC region are likely to rise

to around 70 percent. APEC is tackling these environmental and energy challenges through its Energy Working Group and as part of the ECOTECH priority of safeguarding quality of life through sustainable growth.

### Approach

To encourage low-carbon communities and adoption of green technologies, APEC funded a multi-year Low Carbon Model Town pilot project in 2011. The Yujiapu Financial District in China, about 40 kilometres east of Tianjin, was selected to be the first "Low Carbon Model Town." As part of the pilot project, a feasibility

study was conducted by an international consulting firm. The firm developed a plan for the Yujiapu low-carbon town, including specific targets for CO<sub>2</sub> emission reductions and other measures of environmental sustainability. The feasibility study also provided guidelines of how these targets might be achieved through a specific selection of mitigation measures in buildings, transportation, energy management systems, area energy network, and renewable energy as well as providing a cost analysis of these potential measures.



## APEC SME Innovation Center

### Challenge

Small and medium enterprises (SMEs) account for around 90 percent of businesses in the APEC region and employ as much as 60 percent of the work force. Yet they only generate around 30 percent of the region's exports. Since SMEs are the backbone of the APEC economy, it is critical to enhance the competitiveness of this important sector. As part of ECOTECH's priority to promote inclusive growth, the Small and Medium Enterprise Working Group creates initiatives to nurture the development of SMEs and build their capacity to engage in international trade.

### Approach

In 2005, as part of the Daegu Initiative to promote SME development, the Small and Medium Enterprise Working Group established the APEC SME Innovation Center in Korea. Funded by Korea, the APEC SME Innovation Center launched its Innovation Consulting Program in 2009 to provide technical

and management advice to enhance SME competitiveness. From 2009-2012, the APEC SME Innovation Center provided consulting services to 96 companies in 7 different APEC economies from Indonesia to Peru.

### Benefit

Remula Inti Rekayasa, an Indonesian manufacturer of stainless steel tanks for use in the food and pharmaceutical industries, was one of the companies that benefited from APEC SME Innovation Center's consulting program in 2012. Companies like Coca Cola, Dong-A Otsuka and Sanbe Farma are among its customers. After conducting an initial diagnostic assessment of the company, the APEC SME Innovation Center consultants paid a five-day visit to Remula Inti Rekayasa's production facilities in Bekasi, West Java. The consultants made recommendations to streamline the company's manufacturing process and workplace to enhance overall efficiency. This included rearranging machinery and equipment



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to improve the flow of materials throughout the manufacturing process as well as developing a system for managing the factory's tools. Remula Inti Rekayasa is currently implementing these recommendations. The consulting services have helped enhance the company's workflow and inventory management. The APEC SME Innovation Center's consulting program is helping build the capacity of SMEs in the Asia-Pacific region one company at a time.



The firm developed a plan for the Yujiapu low-carbon town, including specific targets for CO<sup>2</sup> emission reductions and other measures of environmental sustainability.

### Benefits

Government officials in Tianjin and urban planners for the Yujiapu Financial District in China now have a strategic plan for a low-carbon town that will include electric vehicles and subways instead of cars powered by fossil fuels. Roads and buildings will be lit by combined operating systems of solar and wind energy, and water treatment systems will do double duty—treating water but also absorbing and storing energy. The Tianjin Innovative Finance Investment Co. Ltd is currently spearheading the implementation and development of the new Yujiapu low-carbon town.

This new town, once built, will serve as a model for promoting the adoption of low carbon technologies in other Asia-Pacific cities. Guidelines for the Low Carbon Model Town concept have been developed and shared with other APEC city planners. APEC's Low Carbon Town Project has also expanded to Samui Island, Thailand (Phase II 2012) and Da Nang, Viet Nam (Phase III 2013) and feasibility studies are underway for developing low carbon towns in these cities as well.

# How Do I Stay Informed about APEC's ECOTECH Program?

General information can be found at the APEC website, [www.apec.org](http://www.apec.org), which features news releases, APEC reports, and the APEC Bulletin.



Information about APEC's ECOTECH capacity building projects and activities is available via the APEC Senior Officials' Steering Committee on Economic and Technical Cooperation (SCE) at <http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation.aspx>.

Meeting documents from the Committee and its various working groups can be found at <http://mddb.apec.org>.

Additionally, the APEC Bulletin provides highlights of APEC ECOTECH projects and how they have benefited the APEC community.

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