

Selected APEC Documents

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APEC Secretariat

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APEC ECONOMIC LEADERS' DECLARATION FOR ACTION

**Osaka, Japan
November 19, 1995**

1. We have gathered in Osaka to further advance the Asia-Pacific economic dynamism and sense of community. The Asia-Pacific is experiencing the most striking economic growth in the world and ever-increasing interdependence. It is a major contributor to global prosperity and stability.

We believe our economic reforms based on market-oriented mechanisms have unleashed our peoples' creativity and energy and enhanced the prosperity and living standards of our citizens in the region and the world as a whole. In the current climate in our vast and diverse Asia-Pacific region, APEC presents us with a golden opportunity for the 21st century. Through APEC we can harness, coordinate, and channel dynamic economic trends to our collective advantage.

2. At Blake Island we established the vision of a community of Asia-Pacific economies, and at Bogor we set a number of specific goals and objectives, including:

- free and open trade and investment in the Asia-Pacific no later than 2010 in the case of industrialized economies and 2020 in the case of developing economies,
- expansion and acceleration of trade and investment facilitation programs, and
- intensified development cooperation

to attain sustainable growth, equitable development, and national stability.

We have, with Osaka, entered the action phase in translating this vision and these goals into reality. Today we adopt the Osaka Action Agenda, the embodiment of our political will, to carry through our commitment at Bogor. We will implement the Action Agenda with unwavering resolve.

3. The Osaka Action Agenda is the template for future APEC work toward our common goals. It represents the three pillars of trade and investment liberalization, their facilitation, and economic and technical cooperation. Achieving sustained economic development throughout the APEC region depends on pursuing actions in each of these areas vigorously.

Reflecting the diverse character of APEC and the broad scope of our activities, we will achieve the long-term goal of free and open trade and investment in several ways.

We will:

- encourage and concert the evolving efforts of voluntary liberalization in the region,
- take collective actions to advance our liberalization and facilitation objectives, and
- stimulate and contribute to further momentum for global liberalization.

4. We emphasize our resolute opposition to an inward-looking trading bloc that would divert from the pursuit of global free trade, and we commit ourselves to firmly maintaining open regional cooperation. We reaffirm our determination to see APEC take the lead in strengthening the open multilateral trading system. We trust that enlarged participation by APEC economies in the WTO would facilitate greater regional cooperation. We will explore joint initiatives under the WTO, including preparations for the Ministerial Meeting in Singapore. Ensuring that APEC remains consistent with the WTO Agreement, we will achieve trade and investment liberalization steadily and progressively.

Desiring that trade and economic tensions among APEC economies be resolved in a non-confrontational manner, we are committed to finding ways of ameliorating trade friction. We agree on the desirability of an APEC dispute mediation service, without prejudice to rights and obligations under the WTO Agreement and other international agreements.

5. In the Action Agenda we have agreed to a set of fundamental principles to guide the achievement of our liberalization and facilitation: comprehensiveness; WTO consistency; comparability; non-discrimination; transparency; standstill; simultaneous start, continuous process, and differentiated time tables; flexibility; and cooperation. We direct our ministers and officials to immediately begin the preparation of concrete and substantive Action Plans to be submitted to the 1996 Ministerial Meeting in the Philippines for assessment. Overall implementation of the Action Plans will begin in January 1997 and will be reviewed annually.

To assist in this process, we instruct our ministers and officials to engage in consultation in a collective effort of a confidence-building nature to facilitate exchanges of information, to ensure transparency, and to contribute toward attaining the comparability of respective Action Plans.

The Action Agenda may be revised and improved as necessary in response to changing circumstances. While we have chosen the unique approach of concerted liberalization grounded in voluntarism and collective initiatives by the member economies as the key means for implementing the Action Agenda, its success hinges upon our own continuing efforts, strong self-discipline, and close consultation.

6. Governed by the Osaka Action Agenda's principles of mutual respect and equality, mutual benefit and assistance, constructive and genuine partnership, and consensus building, we will promote action-oriented economic and technical cooperation in a

wide range of areas. With the Action Agenda, APEC has gained renewed momentum and broader perspective for economic and technical cooperation.

Economic and technical cooperation implemented through various means including Partners for Progress serves to promote trade and investment liberalization and facilitation, to narrow the disparities within the region, and to achieve growth and prosperity for the region as a whole. We will thus work through policy dialogue and joint activities to broaden and deepen intra-regional cooperation in all areas of our interest.

At the ministerial level, valuable consultations have been held on macroeconomic, financial, exchange rate, and other policies regarding capital flows, capital market development, and infrastructure financing. We also commend the valuable contribution at the ministerial level in such fields as telecommunications and information industry, transportation, small and medium enterprises, and science and technology. We hope that they will continue their good efforts.

7. We are pleased to announce that each of us has brought a package of initial actions demonstrating our firm commitment to achieving liberalization and facilitation. These voluntary actions will spur and inspire APEC liberalization. They also represent the first wide-ranging initiatives to accelerate the implementation of our Uruguay Round commitments and to deepen and broaden the outcome of the Uruguay Round through, for example, acceleration of tariff reductions, early implementation of WTO agreements, and pursuance of deregulation. Together with these measures, our collective actions including harmonizing and enhancing the efficiency of customs procedures and promoting mutual recognition and improving conformity assessment capabilities will yield immediate and tangible benefits for business. We urge non-APEC economies to follow suit and help advance global trade and investment liberalization.

8. The Eminent Persons Group and the Pacific Business Forum have made important contributions to the formulation of the Osaka Action Agenda. Highly appreciative of the dedication and wisdom of the people who took part in the process, we congratulate them on the successful completion of their task.

Recognizing that business is the source of vitality for the Asia-Pacific and the driving force for regional economic development, we will appoint the members of the APEC Business Advisory Council to provide insights and counsel for our APEC activities.

9. Our ambitious attempt to promote wide-ranging regional cooperation and foster the spirit of community in the Asia-Pacific will doubtless encounter numerous new challenges and incur new responsibilities despite, or perhaps because of, our economic growth. The Asia-Pacific region's fast-expanding population and rapid economic growth are forecast to sharply increase the demand for food and energy and the pressures on the environment. We are agreed on the need to put these inter-related, wide-ranging issues on our long-term agenda and consult further on ways to initiate joint action so as to ensure the region's economic prosperity is sustainable.

Through our actions, we affirm the vital importance of expanding and strengthening the shared interests which are the foundation of APEC and of forging relationships of trust among our peoples. We pledge to go forward together to meet the challenges ahead.

THE OSAKA ACTION AGENDA

Implementation of the Bogor Declaration

PART ONE: LIBERALIZATION AND FACILITATION¹

SECTION A: GENERAL PRINCIPLES

The following General Principles will be applied to the entire APEC liberalization and facilitation process under the Action Agenda to achieve the long-term goal of free and open trade and investment no later than the year 2010 in the case of industrialized economies and the year 2020 in the case of developing economies.

1. COMPREHENSIVENESS

The APEC liberalization and facilitation process will be comprehensive, addressing all impediments to achieving the long-term goal of free and open trade and investment.

2. WTO-CONSISTENCY

The liberalization and facilitation measures undertaken in the context of the APEC Action Agenda will be WTO-consistent.

3. COMPARABILITY

APEC economies will endeavor to ensure the overall comparability of their trade and investment liberalization and facilitation, taking into account the general level of liberalization and facilitation already achieved by each APEC economy.

4. NON-DISCRIMINATION

APEC economies will apply or endeavor to apply the principle of non-discrimination between and among them in the process of liberalization and facilitation of trade and investment.

The outcome of trade and investment liberalization in the Asia-Pacific region will be the actual reduction of barriers not only among APEC economies but also between APEC economies and non-APEC economies.

5. TRANSPARENCY

Each APEC economy will ensure transparency of its respective laws, regulations and administrative procedures which affect the flow of goods, services and capital among APEC economies in order to create and maintain an open and predictable trade and investment environment in the Asia-Pacific region.

¹ Liberalization and facilitation are treated together in this part due to their inseparable nature in achieving our goal of free and open trade and investment in the Asia-Pacific. The economic and technical cooperation dealt with here is that which directly supports liberalization and facilitation.

6. STANDSTILL

Each APEC economy will endeavor to refrain from using measures which would have the effect of increasing levels of protection, thereby ensuring a steady and progressive trade and investment liberalization and facilitation process.

7. SIMULTANEOUS START, CONTINUOUS PROCESS AND DIFFERENTIATED TIMETABLES

APEC economies will begin simultaneously and without delay the process of liberalization, facilitation and cooperation with each member economy contributing continuously and significantly to achieve the long-term goal of free and open trade and investment.

8. FLEXIBILITY

Considering the different levels of economic development among the APEC economies and the diverse circumstances in each economy, flexibility will be available in dealing with issues arising from such circumstances in the liberalization and facilitation process.

9. COOPERATION

Economic and technical cooperation contributing to liberalization and facilitation will be actively pursued.

SECTION B: FRAMEWORK FOR LIBERALIZATION AND FACILITATION

The APEC process of liberalization and facilitation toward achieving the goals set out in the Bogor Declaration will comprise:

- a. actions by individual APEC economies;
- b. actions by APEC fora; and
- c. APEC actions related to multilateral fora,

acknowledging that APEC economies that are ready to initiate and implement cooperative arrangements may proceed to do so while those that are not yet ready to participate may join at a later date. This process will be conducted in accordance with the General Principles, addressing the areas listed in Section C.

ACTION PROCESS

Preparation

Each APEC economy will begin to develop its Action Plan immediately after the Osaka Economic Leaders' Meeting. This Action Plan will elaborate steps toward achieving the objectives set out in Section C, including both concerted unilateral actions to be taken in line with issue-specific guidelines and collective actions. Action Plans will contain specific and concrete details, with time frames, for the near to medium-term, while outlining the basic direction toward 2010 in the case of industrialized economies and 2020 in the case of developing economies.

Consultation

APEC economies will commence informal consultations on the development of

Action Plans immediately after the Osaka Economic Leaders' Meeting. The consultation process will be an on-going collective effort of a confidence-building nature in order to facilitate exchange of information on progress in the preparation of Action Plans, ensuring transparency and contributing toward attaining the comparability of respective Action Plans. This process will contribute to the consequent development of significant and substantial Action Plans.

Submission

Each APEC economy will submit its Action Plan to the 1996 Ministerial Meeting in the Philippines for assessment.

Implementation

Overall implementation of Action Plans will begin as of January 1997.

Review

Reviews will be conducted to assess progress in implementing Action Plans in accordance with principles, objectives and guidelines of the Action Agenda. Each relevant APEC forum will conduct a review in its respective area and submit a report thereon to the Senior Officials Meeting (SOM). The SOM will then review the overall progress of APEC economies' actions and submit a report to the annual Ministerial Meeting for review. The outcome of these reviews will be fed back into the continuing consultation process to contribute to further development of Action Plans and will be reflected in the activities of APEC fora.

Revision

As Action Plans are of a rolling nature, revision of these will be conducted through a progressive and dynamic mechanism established by the consultation process and reviews, with the results thereof being reflected in the continuing voluntary improvement of Action Plans. Action Plans will also be revised as appropriate in accordance with the expansion and improvement of guidelines and collective actions.

Parallel activities

APEC fora will make proposals for the expansion and improvement of guidelines and collective actions in their respective areas in accordance with developments in the APEC liberalization and facilitation process, taking into account and, where appropriate, utilizing developments in other international fora, particularly the World Trade Organization (WTO). The inclusion of additional areas to those initially defined in Section C may be considered. Proposals on the above will be submitted to the Ministerial Meeting.

APEC fora, including the Committee on Trade and Investment (CTI), the Economic Committee (EC) and Working Groups, will begin the work outlined in Section C immediately after the Osaka Economic Leaders' Meeting, cooperating with each other to enhance the efficiency of APEC activities. The establishment of additional sub-groups may be considered where necessary. In the above process, duplication of work among APEC fora should be avoided.

Each APEC forum will submit an annual progress report to the SOM. The SOM will review this progress and submit a report to the annual Ministerial Meeting for review. Work by other relevant APEC Ministerial Meetings should be duly recognized.

MULTILATERAL ACTIONS

APEC economies will take the lead in strengthening the open multilateral trading system and enhancing global liberalization momentum by participating actively and positively in multilateral negotiations and exploring the possibility of taking joint initiatives under the WTO, including initiatives for the first WTO Ministerial Meeting in Singapore. APEC economies will take fully into account the outcome of such multilateral activities.

OVERALL REVIEW

The Action Agenda may be revised and improved as necessary based on the overall progress of liberalization, facilitation and cooperation in APEC, taking into account developments in other international fora, particularly the WTO.

SECTION C: ACTIONS IN SPECIFIC AREAS

APEC economies will take the following actions in specific areas in order to achieve the objectives set out therein in accordance with the General Principles. In the course of the liberalization and facilitation process, economic and technical cooperation will be actively pursued through various means including Partners for Progress (PFP).

1. TARIFFS²

OBJECTIVE

APEC economies will achieve free and open trade in the Asia-Pacific region by:

- a. progressively reducing tariffs; and
- b. ensuring the transparency of APEC economies' respective tariff regimes.

GUIDELINES

Each APEC economy will:

- a. take into account, in the process of progressive reduction of tariffs, intra-APEC trade trends, economic interests and sectors or products related to industries in which this process may have positive impact on trade and on economic growth in the Asia-Pacific region;
- b. ensure that the progressive reduction of tariffs is not undermined by the application of unjustifiable measures; and
- c. consider extending, on a voluntary basis, to all APEC economies the benefits of tariff reductions and eliminations derived from sub-regional arrangements.

² "Tariffs" here refers to import/export tariffs as well as tariff quotas.

COLLECTIVE ACTIONS

APEC economies will:

- a. develop and keep current a computerized tariff database (APEC tariff database) and work toward establishing a database network without duplicating but rather supporting the WTO work in this area; and
- b. identify industries in which the progressive reduction of tariffs 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.

2. NON-TARIFF MEASURES³

OBJECTIVE

APEC economies will achieve free and open trade in the Asia-Pacific region

by:

- a. progressively reducing non-tariff measures; and
- b. ensuring the transparency of APEC economies' respective non-tariff measures.

GUIDELINES

Each APEC economy will:

- a. take into account, in the process of progressive reduction of non-tariff measures, intra-APEC trade trends, economic interests and sectors or products related to industries in which this process may have positive impact on trade and on economic growth in the Asia-Pacific region;
- b. ensure that the progressive reduction of non-tariff measures is not undermined by the application of unjustifiable measures; and
- c. consider extending, on a voluntary basis, to all APEC economies the benefits of reductions and eliminations of non-tariff measures derived from sub-regional arrangements.

COLLECTIVE ACTIONS

APEC economies will:

- a. pursue incorporation of information on non-tariff measures into a future version of the APEC tariff database and compile a list of measures recognized as non-tariff impediments and a list of products affected by these impediments;
- b. 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;
- c. progressively reduce export subsidies with a view to abolishing them; and

³ These non-tariff measures include quantitative import/export restrictions/prohibitions, import/export levies, minimum import prices, discretionary import/export licensing, voluntary export restraints and export subsidies.

- d. abolish unjustifiable export prohibitions and restrictions and endeavor to refrain from taking any such new measures.

3. SERVICES

OBJECTIVE

APEC economies will achieve free and open trade and investment in the Asia-Pacific region by:

- a. progressively reducing restrictions on market access for trade in services; and
- b. progressively providing for *inter-alia* most favored nation (MFN) treatment and national treatment for trade in services.

GUIDELINES

Each APEC economy will:

- a. contribute positively to the WTO negotiations on trade in services;
- b. expand commitments under the General Agreement on Trade in Services (GATS) on market access and national treatment and eliminate MFN exemptions where appropriate; and
- c. consider undertaking further actions to facilitate supply of services.

COLLECTIVE ACTIONS

APEC economies will take the following Collective Actions with regard to services in the telecommunications, transportation, energy and tourism sectors⁴, and continue to seek Collective Actions in other sectors.

TELECOMMUNICATIONS

APEC economies will:

- a. conform, where appropriate, to the Guidelines for Trade in International Value-Added Network Services (IVANS) by 1998;
- b. generally conform, where appropriate, to the Guidelines for Harmonization of Equipment Certification in the immediate term;
- c. continue to work jointly to harmonize administrative procedures governing certification of customer telecommunications equipment; and
- d. develop and begin to implement on an elective basis a model Mutual Recognition Arrangement on conformity assessment by the end of 1997.

TRANSPORTATION

APEC economies will:

- a. promote the implementation of International Civil Aviation Organization and International Maritime Organization standards, regulations and safety measures;

⁴ The following Collective Actions have been extracted from the annexed Action Programs of Working Groups in which substantial progress has already been made in services, in order to illustrate liberalization and facilitation related activities to be undertaken in these sectors. Activities in these sectors are also dealt with in Part Two.

- b. complete the Transportation Road Transport Harmonization Project and encourage the development of mutual recognition arrangements for road vehicles;
- c. encourage involvement in dialogue with the United Nations Economic Commission for Europe and strive to move towards harmonization of road vehicle regulations within an appropriate international forum;
- d. examine the possibility of taking appropriate steps to facilitate privatization or corporatization of transportation infrastructure projects;
- e. after completing in 1995, Phase II of the Transportation Electronic Data Interchange Study identifying barriers to transportation industry use of Electronic Data Interchange, initiate a pilot Electronic Data Interchange trial program, and determine future direction in the adoption of Electronic Data Interchange as widely as possible throughout the transport sector in the region; and
- f. seek to eliminate the requirement for paper documents (both regulatory and institutional) for the key messages relevant to international transport and trade as soon as practicable within the next 10 years.

ENERGY

APEC economies will:

- a. facilitate investment in the energy sector by:
 - (i) identifying, by the end of 1996, institutional, regulatory and procedural impediments that affect investment in electricity infrastructure;
 - (ii) developing, by the end of 1996, a guidance framework to facilitate investment;
 - (iii) developing, by the end of 1999, coordinated solutions to more complex issues based on the outcomes of the above activities, and extending these activities to other aspects of the energy supply chain where appropriate; and
 - (iv) considering, in the long-term, issues associated with facilitating transborder infrastructure and the financing thereof;
- b. accept equivalence in accreditation and increase harmonization of energy standards by:
 - (i) establishing, by the end of 1996, the basis for the mutual recognition of testing protocols and the accreditation of laboratories, and the acceptance of the test results arising from them;
 - (ii) reaching, by the end of 1999, agreement on the mutual recognition of testing protocols and the accreditation of laboratories, and the acceptance of the test results arising from them; and
 - (iii) extending, in the long-term, work on energy standards to specific products starting from domestic appliances and going on to selected items of industrial and commercial equipment.

TOURISM

APEC economies will identify impediments to tourism growth and formulate strategies that will improve tourism movements and investment in the Asia-Pacific region.

4. INVESTMENT

OBJECTIVE

APEC economies will achieve free and open investment in the Asia-Pacific region by:

- a. liberalizing their respective investment regimes and the overall APEC investment environment by, *inter-alia*, progressively providing for MFN treatment and national treatment and ensuring transparency; and
- b. facilitating investment activities through, *inter-alia*, technical assistance and cooperation.

GUIDELINES

Each APEC economy will:

- a. progressively reduce or eliminate exceptions and restrictions to achieve the above objective, using as an initial framework the WTO Agreement, the APEC Non-Binding Investment Principles, any other international agreements relevant to that economy, and any commonly agreed guidelines developed in APEC; and
- b. explore expansion of APEC's network of bilateral investment agreements.

COLLECTIVE ACTIONS

APEC economies will:

- a. increase, in the short term, the transparency of APEC investment regimes by (i) updating the *APEC Guidebook On Investment Regimes* as appropriate to reflect changes in regimes; (ii) establishing software networks on investment regulations and investment opportunities; and (iii) improving the state of statistical reporting and data collection;
- b. promote, in the short term, an on-going mechanism for dialogue with the APEC business community on ways to improve the APEC investment environment;
- c. identify, in the short term, on-going technical cooperation needs in the Asia-Pacific region and organize training programs which will assist APEC economies in fulfilling APEC investment objectives;
- d. establish, in the short term, a dialogue process with the Organization for Economic Cooperation and Development (OECD) and other international fora involved in global and regional investment issues;
- e. define and implement, in the short term, follow-on training to the Uruguay Round implementation seminars;
- f. undertake an evaluation of the role of investment liberalization in economic development in the Asia-Pacific region;
- g. study, in the medium term, possible common elements between existing sub-regional arrangements relevant to investment;

- h. refine, in the medium term, APEC's understanding of "free and open investment"; and
- i. assess, in the long-term, the merits of developing an APEC-wide discipline on investment in the light of APEC's own progress through the medium term as well as developments in other international fora.

5. STANDARDS⁵ AND CONFORMANCE

OBJECTIVE

APEC economies will, in accordance with the Declaration on APEC Standards and Conformance Framework and with the Agreement on Technical Barriers to Trade (TBT Agreement) and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) attached to the WTO Agreement:

- a. ensure the transparency of the standards and conformity assessment of APEC economies;
- b. align APEC economies' mandatory and voluntary standards with international standards;
- c. achieve mutual recognition among APEC economies of conformity assessment in regulated and voluntary sectors; and
- d. promote cooperation for technical infrastructure development to facilitate broad participation in mutual recognition arrangements in both regulated and voluntary sectors.

⁵ "Standards" include mandatory as well as voluntary standards. The term "standards" is used in this document to refer generally to matters covered in the TBT and SPS Agreements.

GUIDELINES

Each APEC economy will:

- a. develop, by the end of 1997, the sections of its Action Plan related to alignment with international standards, taking into account the outcomes of the case studies in the four priority areas (electrical and electronic appliances, food labelling, plastic products and rubber products) as well as developments in further priority areas to be considered in 1996;
- b. participate actively in the international standardization activities of international standardizing bodies such as the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC) and the Codex Alimentarius Commission in accordance with the rules and procedures of these organizations;
- c. pursue mutual recognition arrangements in regulated sectors through (i) the development of bilateral, multi-sectoral mutual recognition arrangements, which might at a later stage provide the basis for plurilateral arrangements; and (ii) the development of plurilateral mutual recognition arrangements in particular sectors, endeavoring to complete a pilot project on food products in 1997 and to develop an arrangement on information exchange on toy safety in 1996; and
- d. consider participation in the Treaty of the Metre (La Convention Du Metre) and the Treaty of OIML (La Convention Instituant Une Organisation Internationale De Metrologie Legale) by 2005 in accordance with the rules and procedures of these treaties.

COLLECTIVE ACTIONS

APEC economies will take Collective Actions with regard to standards and conformance in the following four areas.

ALIGNMENT WITH INTERNATIONAL STANDARDS

APEC economies will:

- a. consider, in 1996, further priority areas for alignment with international standards; and
- b. conduct a comprehensive review of progress on alignment with international standards in 2000 and in 2005.

MUTUAL RECOGNITION OF CONFORMITY ASSESSMENT

APEC economies will, in cooperation with relevant specialist regional bodies such as the Asia Pacific Laboratory Accreditation Co-operation (APLAC), the Asia Pacific Legal Metrology Forum (APLMF), the Asia Pacific Metrology Program (APMP), the Pacific Accreditation Co-operation (PAC) and the Pacific Area Standards Congress (PASC):

- a. identify, in 1996, additional priority areas for the development of mutual recognition arrangements in regulated sectors;

- b. encourage establishment of and participation in, by 2000 in the case of industrialized economies and 2005 in the case of developing economies, a network of mutual recognition arrangements in voluntary sectors;
- c. strive to establish a network of mutual recognition arrangements on a sector by sector basis in most regulated sectors, starting with mutual acceptance of test results and going on to establish mutual recognition of other possible forms of conformity assessment; and
- d. study the adequacy of monitoring and review mechanisms for maintaining confidence in mutual recognition arrangements.

COOPERATION ON TECHNICAL INFRASTRUCTURE DEVELOPMENT

APEC economies will:

- a. develop in 1996 a mid-term program to improve technical infrastructure by 2000, and undertake regular reviews and follow-ups for technical upgrading; and
- b. conduct a comprehensive review on implementation of the above program after 2000.

TRANSPARENCY

APEC economies will:

- a. conduct a survey in 1996 to assess the availability of and access to standards and conformance information in each APEC economy and also systems for the exchange of such information; and
- b. develop, by 2005 in the case of industrialized economies and 2010 in the case of developing economies, a database and network system to carry information on:
 - (i) the standards and conformance systems of APEC economies;
 - (ii) accredited testing/calibration laboratories, quality systems certification/registration bodies and accreditation bodies;
 - (iii) the status of mutual recognition arrangements; and
 - (iv) the status of alignment of APEC economies' standards with international standards.

6. CUSTOMS PROCEDURES

OBJECTIVE

APEC economies will facilitate trade in the Asia-Pacific region by simplifying and harmonizing customs procedures.

GUIDELINES

Each APEC economy will take actions toward achieving the above objective:

- a. along the lines of the Strategic Direction of the Action Program of the Sub-Committee on Customs Procedures; and
- b. taking fully into consideration the Guiding Principles (FACTS: Facilitation, Accountability, Consistency, Transparency, Simplification) of the above Action Program.

COLLECTIVE ACTIONS

APEC economies will take Collective Actions with regard to customs procedures in the following areas.

TARIFF NOMENCLATURE HARMONIZATION

APEC economies will harmonize tariff nomenclature by adopting or abiding by the principles of the International Convention on the Harmonized Commodity Description and Coding System (HS Convention) by 1996.

PUBLIC AVAILABILITY OF INFORMATION

APEC economies will make available to the public information on administrative guidelines, procedures and rulings in addition to customs laws and regulations by 1998.

SIMPLIFICATION AND HARMONIZATION ON THE BASIS OF THE KYOTO CONVENTION

APEC economies will simplify and harmonize customs procedures by adopting or abiding by the principles of the International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention) by the indicative target of 1998, together with encouraging APEC economies to actively participate in the work of the Customs Cooperation Council (World Customs Organization; WCO) in the review of the Kyoto Convention in accordance with the WCO rules and procedures.

COMPUTERIZATION THROUGH UN/EDIFACT

APEC economies will enhance computerization of customs procedures by adopting and supporting the UN/EDIFACT standard by 1999.

ALIGNMENT WITH WTO AGREEMENTS

APEC economies will:

- a. harmonize customs valuation systems by adopting or abiding by the principles of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (WTO Customs Valuation Agreement) by 2000, while encouraging further acceleration, if possible, through technical assistance; and
- b. protect intellectual property rights by adopting or abiding by the principles of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) by 2000, with regard to border control while encouraging further acceleration, if possible, through technical assistance.

APPEAL PROVISION

APEC economies will introduce clear appeal provisions within each economy by 2000.

ADVANCE RULING SYSTEMS

APEC economies will introduce advance tariff classification ruling systems by 2000.

TEMPORARY IMPORTATION

APEC economies will provide facilities for temporary importation by 2000, by taking such action as acceding, where appropriate, to the Customs Convention on the A.T.A. Carnet for the Temporary Admission of Goods (the A.T.A. Convention).

RISK MANAGEMENT APPROACH AND ELECTRONIC COMMERCE SYSTEMS

APEC economies will explore the possibility of introducing a risk management approach and applying modern electronic commerce systems to facilitate cargo clearance.

COMMON DATA ELEMENTS

APEC economies will explore the feasibility of harmonizing among APEC economies common data elements for customs processing of cargo to facilitate international trade.

COMMON FIELD SURVEYS

APEC economies will work towards conducting common field surveys on the time required for cargo clearance, recognizing the necessity of a common yardstick.

IMPLEMENTATION, TECHNICAL COOPERATION AND HUMAN RESOURCES DEVELOPMENT

APEC economies will develop implementation plans and a framework for coordinated technical assistance and human resources development in support of the above Collective Actions, with particular emphasis placed on implementation of customs procedure-related agreements such as the WTO Customs Valuation Agreement and the TRIPS Agreement.

PROMOTION OF DIALOGUE WITH THE BUSINESS/PRIVATE SECTOR

APEC economies will promote dialogue with the business/private sector (importers, exporters, customs brokers, forwarders, etc.) within each economy to assist in improving customs-related trade practices.

7. INTELLECTUAL PROPERTY RIGHTS

OBJECTIVE

APEC economies will ensure adequate and effective protection, including legislation, administration and enforcement, of intellectual property rights in the Asia-Pacific region based on the principles of MFN treatment, national treatment and transparency as set out in the TRIPS Agreement and other related agreements.

GUIDELINES

Each APEC economy will:

- a. ensure that intellectual property rights are granted expeditiously;
- b. ensure that adequate and effective civil and administrative procedures and remedies are available against infringement of intellectual property rights; and
- c. provide and expand bilateral technical cooperation in relation to areas such as patent search and examination, computerization and human resources development for the implementation of the TRIPS Agreement and acceleration thereof.

COLLECTIVE ACTIONS

APEC economies will:

- a. deepen the dialogue on intellectual property policy among APEC economies;
- b. survey the current status of intellectual property rights protection in each APEC economy including the related statutes and corresponding jurisprudence, administrative guidelines and activities of related organizations;
- c. develop a contact point list of public and business/private sector experts on intellectual property rights and a list of law enforcement officers, the latter list for the purpose of establishing a network to prevent cross-border flow of counterfeits;
- d. exchange information on well-known trademarks as a first step in examining the possibility of establishing an APEC-wide trademark system;
- e. exchange information on current intellectual property rights administrative systems with a view to simplifying and standardizing administrative systems throughout the region;
- f. study measures, including development of principles, for the effective enforcement of intellectual property rights; and
- g. implement fully the TRIPS Agreement no later than January 1, 2000 and examine ways to facilitate technical cooperation to this end.

8. COMPETITION POLICY

OBJECTIVE

APEC economies will enhance the competitive environment in the Asia-Pacific region by introducing or maintaining effective and adequate competition policy and/or laws and associated enforcement policies, ensuring the transparency of the above, and promoting cooperation among APEC economies, thereby maximizing, *inter-alia*, the efficient operation of markets, competition among producers and traders, and consumer benefits.

GUIDELINES

Each APEC economy will:

- a. review its respective competition policy and/or laws and the enforcement thereof in terms of transparency;
- b. implement as appropriate technical assistance in regard to policy development, legislative drafting, and the constitution, powers and functions of appropriate enforcement agencies; and
- c. establish appropriate cooperation arrangements among APEC economies.

COLLECTIVE ACTIONS

APEC economies will:

- a. gather information and promote dialogue on and study, starting from 1996;
 - (i) the objectives, necessity, role and operation of each APEC economy's competition policy and/or laws and administrative procedures, thereby establishing a database on competition policy;
 - (ii) competition policy issues that impact on trade and investment flows in the Asia-Pacific region;
 - (iii) areas for technical assistance and the modalities thereof, including exchange and training programmes for officials in charge of competition policy, taking into account the availability of resources; and
 - (iv) the inter-relationship between competition policy and/or laws and other policies related to trade and investment;
- b. deepen competition policy dialogue between APEC economies and relevant international organizations;
- c. continue to develop understanding in the APEC business community of competition policy and/or laws and administrative procedures;
- d. encourage cooperation among the competition authorities of APEC economies with regard to information exchange, notification and consultation;
- e. contribute to the use of trade and competition laws, policies and measures that promote free and open trade, investment and competition; and
- f. consider developing non-binding principles on competition policy and/or laws in APEC.

9. GOVERNMENT PROCUREMENT

OBJECTIVE

APEC economies will:

- a. develop a common understanding on government procurement policies and systems, as well as on each APEC economy's government procurement practices; and
- b. achieve liberalization of government procurement markets throughout the Asia-Pacific region in accordance with the principles and objectives of the Bogor Declaration, contributing in the process to the evolution of work on government procurement in other multilateral fora.

GUIDELINES

Each APEC economy will:

- a. enhance the transparency of its government procurement regimes and its government procurement information; and
- b. establish, where possible, a government procurement information database and provide the information through a common entry point.

COLLECTIVE ACTIONS

APEC economies will:

- a. conduct questionnaire surveys in 1996 to exchange information on existing government procurement regimes and on publication of government procurement information in APEC economies;
- b. establish contact points in 1996 to facilitate on-going exchange of the above information;
- c. hold workshops, seminars and training courses, starting from 1996, on government procurement procedures, laws, regulations and regional and plurilateral agreements, including the United Nations Commission on International Trade Law (UNCITRAL) Model Law, the North American Free Trade Agreement (NAFTA), Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) and the Agreement on Government Procurement of Annex IV of the WTO Agreement;
- d. encourage establishment of an APEC government procurement information database in 1996, including information on procurement opportunities and the provision of a common entry point (such as World Wide Web (WWW) Home Page on the Internet) for participation by members on a voluntary basis; and
- e. develop, by 2000, a set of non-binding principles on government procurement.

10. DEREGULATION

OBJECTIVE

APEC economies will:

- a. promote the transparency of their respective regulatory regimes; and

- b. eliminate trade and investment distortion arising from domestic regulations which not only impede free and open trade and investment in the Asia-Pacific region but also are more trade and/or investment restricting than necessary to fulfill a legitimate objective.

COLLECTIVE ACTIONS

APEC economies, taking into account work done in other areas of APEC activity will:

- a. publish annual reports detailing actions taken by APEC economies to deregulate their domestic regulatory regimes; and
- b. develop further actions taking into account the above reports, including:
 - (i) policy dialogue on APEC economies' experiences in regard to best practices in deregulation, including the use of individual case studies to assist in the design and implementation of deregulatory measures, and consideration of further options for a work program which may include:
 - identification of common priority areas and sectors for deregulation;
 - provision of technical assistance in designing and implementing deregulation measures; and
 - examination of the possibility of establishing APEC guidelines on domestic deregulation; and
 - (ii) regular dialogue with the business community, including a possible symposium.

11. RULES OF ORIGIN

OBJECTIVE

APEC economies will:

- a. ensure full compliance with internationally harmonized rules of origin to be adopted in relevant international fora; and
- b. ensure that their respective rules of origin are prepared and applied in an impartial, transparent and neutral manner.

GUIDELINES

Each APEC economy will:

- a. align its respective rules of origin with internationally harmonized rules of origin to be adopted as a result of the WTO/WCO process; and
- b. ensure predictable and consistent application of rules of origin.

COLLECTIVE ACTIONS

APEC economies will:

- a. gather information on APEC economies' respective rules of origin, both non-preferential and preferential, and operation thereof without duplicating WTO work in this area, exchange views and develop a compendium of rules of origin for the use of the business/private sector;
- b. facilitate, complement and accelerate, in the short term, WTO/WCO work on harmonization of non-preferential rules of origin; and

- c. study in due course the implication of rules of origin on the free flow of trade and investment, with a view to identifying, in the longer term, both positive and negative aspects and effects of rules of origin related practices.

12. DISPUTE MEDIATION

OBJECTIVE

APEC economies will:

- a. encourage members to address disputes cooperatively at an early stage with a view to resolving their differences in a manner which will help avoid confrontation and escalation, without prejudice to rights and obligations under the WTO Agreement and other international agreements and without duplicating or detracting from WTO dispute settlement procedures;
- b. facilitate and encourage the use of procedures for timely and effective resolution of disputes between private entities and governments and disputes between private parties in the Asia-Pacific region; and
- c. ensure increased transparency of government laws, regulations and administrative procedures with a view to reducing and avoiding disputes regarding trade and investment matters in order to promote a secure and predictable business environment.

GUIDELINES

Each APEC economy will:

- a. provide for the mutual and effective enforcement of arbitration agreements and the recognition and enforcement of arbitral awards;
- b. provide adequate measures to make all laws, regulations, administrative guidelines and policies pertaining to trade and investment publicly available in a prompt, transparent and readily accessible manner; and
- c. promote domestic transparency by developing and/or maintaining appropriate and independent review or appeal procedures to expedite review and, where warranted, correction of administrative actions regarding trade and investment.

COLLECTIVE ACTIONS

APEC economies will:

- a. with respect to resolution of disputes between APEC economies;
 - (i) promote dialogue and increased understanding, including exchange of views on any matter that may lead to a dispute, and cooperatively examine on a voluntary basis disputes that arise, utilizing policy dialogue such as the "Trade Policy Dialogue" of the CTI;
 - (ii) give further consideration as to how the above Trade Policy Dialogue or similar functions of other fora may be used by APEC economies for the exchange of information, enhanced dialogue and mediation; and

- (iii) examine the possible future evolution of procedures for the resolution of disputes as the APEC liberalization and facilitation process develops;
- b. with respect to resolution of disputes between private parties, and between private parties and APEC economies;
 - (i) provide CTI with a listing of arbitration, mediation, and conciliation services available to private entities of other APEC economies, including a description of any such service which might provide a useful model for private-to-government dispute resolution in the Asia-Pacific region, and make such information widely available to the business/private sector in the Asia-Pacific region;
 - (ii) provide CTI with comments regarding experiences with the above services;
 - (iii) accede where appropriate by 1997 to international agreements for the settlement of disputes between governments and private entities such as the Convention on the Settlement of Investment Disputes between States and Nationals of Other States; and
 - (iv) accede where appropriate by 1997 to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention);
- c. with respect to transparency;
 - promote transparency on an APEC-wide basis, through, for example, publication of a guide book on arbitration, mediation, and conciliation services available in each APEC economy; and
- d. with respect to the above collective actions, prepare a report on progress, with recommendations, by the end of 1996.

13. MOBILITY OF BUSINESS PEOPLE

OBJECTIVE

APEC economies will enhance the mobility of business people engaged in the conduct of trade and investment in the Asia-Pacific region.

GUIDELINES

Each APEC economy will contribute positively to the work on the mobility of business people being undertaken in relevant WTO fora.

COLLECTIVE ACTIONS

APEC economies will:

- a. exchange information on regulatory regimes in regard to the mobility of business people in the region;
- b. examine the possibility of setting the scope for cooperation at a regional level aimed at streamlining and accelerating:
 - (i) processing of visas for short term business travel; and
 - (ii) arrangements for temporary residency for business people to engage in trade and investment; and

- c. establish and maintain a dialogue on mobility issues with the business community.

14. IMPLEMENTATION OF THE URUGUAY ROUND OUTCOMES

OBJECTIVE

APEC economies will ensure full and effective implementation of Uruguay Round outcomes within the agreed time frame in a manner fully consistent with the letter and the spirit of the WTO Agreement.

GUIDELINES

- a. Each APEC economy which is a WTO member will fully and faithfully implement its respective Uruguay Round commitments.
- b. Each APEC economy which is in the process of acceding to the WTO Agreement may participate in APEC Uruguay Round implementation actions through voluntary steps to liberalize its respective trade and investment regimes consistent with the WTO Agreement.
- c. Each APEC economy will, on a voluntary basis, accelerate the implementation of Uruguay Round outcomes and deepen and broaden these.

COLLECTIVE ACTIONS

APEC economies will:

- a. utilize on an on-going basis Uruguay Round implementation seminars and other appropriate means to:
 - (i) improve APEC economies' understanding of provisions in the WTO Agreement and obligations thereunder;
 - (ii) identify operational problems encountered in implementation of the WTO Agreement and areas in which APEC economies may require technical assistance; and
 - (iii) explore cooperative efforts to provide such technical assistance in implementation;
- b. consider implementation of suggestions for follow-on work from Uruguay Round implementation seminars; and
- c. undertake technical assistance based on discussion at the above seminars, including cooperative training projects targeted at prevalent implementation problems to be undertaken in conjunction with the WTO Secretariat and other relevant international institutions.

15. INFORMATION GATHERING AND ANALYSIS (GROUNDWORK)

OBJECTIVE

APEC economies will secure a solid platform for the expansion and improvement of Actions in Specific Areas and APEC economies' respective Action Plans by undertaking *inter-alia* cross-sectoral work.

COLLECTIVE ACTIONS

APEC economies will:

- a. conduct surveys as necessary of trade and investment impediments;

- b. review and analyze the impact of trade liberalization in the Asia-Pacific region;
- c. study and monitor the impact of sub-regional trade arrangements such as NAFTA, Association of South-East Asian Nations Free Trade Area (AFTA) and ANZCERTA;
- d. develop databases with regard to merchandise trade, trade in services and direct investment, and update these regularly; and
- e. adopt international standards for trade in services and international investment data such as those developed by the IMF.

PART TWO: ECONOMIC AND TECHNICAL COOPERATION

SECTION A: ESSENTIAL ELEMENTS

APEC economies will pursue economic and technical cooperation in order to attain sustainable growth and equitable development in the Asia-Pacific region, while reducing economic disparities among APEC economies and improving economic and social well-being. Such efforts will also facilitate the growth of trade and investment in the region⁶.

APEC economies will conduct economic and technical cooperation on the basis of the principles of mutual respect and equality, mutual benefit and assistance, constructive and genuine partnership and consensus building. APEC economies shall make voluntary contributions commensurate with their capabilities and the benefits of the cooperation shall be shared broadly.

In pursuing economic and technical cooperation, APEC economies will develop an environment favorable to the effective operation of market mechanisms and integrate into the cooperation process the business/private sector as well as involve wherever possible other pertinent institutions.

Recognizing their shared responsibility for sustainable development, APEC economies will integrate environmental considerations in all relevant APEC activities.

While respecting the autonomy of each APEC economy over its policies, APEC economies recognize Common Policy Concepts, Joint Activities and Policy Dialogue as the three essential elements to be taken into account in each specific area of APEC economic and technical cooperation.

1. COMMON POLICY CONCEPTS

APEC economies will develop Common Policy Concepts including goals, basic principles and priorities in each specific area of APEC economic and technical cooperation. APEC economies recognize that, given the diversity of the Asia-Pacific region, Common Policy Concepts will serve to:

- a. guide Joint Activities; and
- b. inform the development of each APEC economy's policies/activities.

2. JOINT ACTIVITIES

In the light of Common Policy concepts, APEC economies will engage in Joint Activities such as compilation and sharing of data and information, surveys, training, seminars, research and technical demonstrations. Various means including Partners for Progress (PFP) will be utilized to strengthen these activities. APEC economies will prepare economic outlooks for the Asia-Pacific region that will provide a useful reference for APEC activities. Joint Activities will serve to:

⁶ Economic and technical cooperation which directly supports trade and investment liberalization and facilitation is mainly dealt with in Part One.

- a. improve APEC economies' ability to analyze current and future economic trends, and develop and implement policy measures;
- b. utilize regional resources more effectively; and
- c. increase the effectiveness of policy measures.

3. POLICY DIALOGUE

APEC economies will hold Policy Dialogue on economic issues.

- a. Dialogue on Common Policy Concepts and Joint Activities will serve to:
 - develop and review Common Policy Concepts;
 - evaluate the effect of Joint Activities;
 - develop further Joint Activities; and
 - identify the best way to implement cooperation in the light of differences in policies among APEC economies.
- b. Dialogue on each APEC economy's policies/activities will allow APEC economies to:
 - share expertise and experience; and
 - consult and exchange views on their policies/activities in the light of Common Policy Concepts.

SECTION B: ECONOMIC AND TECHNICAL COOPERATION IN SPECIFIC AREAS

Bearing in mind the three essential elements, APEC economies will pursue economic and technical cooperation. The following is an illustrative reference of Common Policy Concepts and Joint Activities/Dialogue in specific areas of cooperation. The full text of Action Programs in specific areas is annexed and forms an integral part of this Action Agenda.

1. HUMAN RESOURCES DEVELOPMENT COMMON POLICY CONCEPTS

The people of the Asia-Pacific region are its most important asset. The human resources needs of the region are both expanding and diversifying in tandem with its growth and dynamism. APEC economies will address these by setting priority on the following:

- a. providing a quality basic education;
- b. analyzing the regional labor market to allow sound forecasting of trends and needs in HRD;
- c. increasing the supply and enhancing the quality of managers, entrepreneurs, scientists and educators/trainers;
- d. reducing skills deficiencies and unemployment by designing training programs for applications at all stages of a person's working life;
- e. improving the quality of curricula, teaching methods and instructional materials for managers and other workers;
- f. increasing opportunities for people seeking to gain skills; and

- g. preparing organizations and individuals to remain productive in the face of rapid economic and technological changes,
- as stated in the Declaration on a Human Resources Development Framework, and further engage in:
- h. promoting HRD toward the liberalization and facilitation of trade and investment.

JOINT ACTIVITIES / DIALOGUE

APEC economies will undertake Human Resources Development Program 21, consisting of twenty-one sub-programs. In this program, APEC economies will, *inter-alia*:

- a. implement the APEC Business Volunteer Program, a mechanism for facilitating the voluntary dispatch of business experts among business/private entities in the region in order to exchange and transfer managerial and technical skills;
 - b. implement the APEC Leaders' Education Initiative, a set of measures to enhance regional cooperation in higher education and to study key regional economic issues, including the establishment of an APEC Study Center in each APEC economy and the promotion of collaborative research on APEC-related issues;
 - c. conduct studies on teacher development practices, on science education programs, and on uses of technology in education, in order to promote the provision of high quality instruction in basic education;
 - d. conduct training of executives, managers, engineers, officials and other workers to increase the supply and enhance the quality of these people;
 - e. accelerate cooperation relating to trade and investment liberalization and facilitation by means such as holding training courses on standards and conformance and intellectual property rights in order to ensure the availability of the experts required to maintain effective systems in these fields; and
 - f. facilitate the mobility of qualified persons in the region through bilateral agreements between interested APEC economies for the mutual recognition of professional qualifications,
- and, in addition to this program, will:
- g. conduct regular dialogue on the HRD policies and HRD situation of each APEC economy, establishing performance indicators such as adult literacy levels and levels of enrollment in elementary and secondary education as a basis for conferral.

2. INDUSTRIAL SCIENCE AND TECHNOLOGY

COMMON POLICY CONCEPTS

Improved levels of industrial science and technology will enhance economic growth, quality of life, environmental protection and development of a well-balanced industrial structure. APEC economies will improve the IS&T capabilities of each economy by recognizing eight non-binding principles for effective collaboration and by setting priority on the following:

- a. improving researcher exchange and human resources development;
- b. improving the flows of technological information and technology;
- c. facilitating joint research projects;
- d. improving the transparency of regulatory frameworks; and
- e. contributing to sustainable development.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. establish APEC Joint Research Promotion Guidelines on pre-competitive industrial science and technology which set out common procedures for project identification, cost allocation, protection of intellectual property rights and other aspects, aiming to complete these by the end of 1996;
- b. launch joint research projects in and after 1996, starting with projects related to disaster prevention and the environment;
- c. seek to expand and develop researcher exchange schemes and engineer training schemes;
- d. hold the APEC Technomart, a technology fair, to provide the business/private sector with better access to technological information and expertise;
- e. implement projects to improve the flows of information on science and technology, including a study on information access mechanisms with emphasis on strengthening information networks at research laboratory level, to be completed by mid-1997;
- f. conduct dialogue on the IS&T policies and IS&T situation of each APEC economy, establishing IS&T indicators such as the number of research institutes as a basis for conferral; and
- g. review the IS&T regulatory framework of each APEC economy in fields such as industrial standards and intellectual property rights, to ensure transparency.

3. SMALL AND MEDIUM ENTERPRISES

COMMON POLICY CONCEPTS

SMEs are a critical engine for growth and innovation in the Asia-Pacific region, able to respond flexibly to technological advancement and the diversification of consumer needs. APEC economies will cooperate to maintain and develop SME dynamism by improving the economic environment so that SMEs may fully exploit their creativity and mobility, by helping SMEs address priority fields – human resources, information access, technology and technology

sharing, financing and market access – and by improving SME policies. APEC economies will base their cooperation on principles such as:

- a. ensuring the availability and transparency of information on their respective SME policies to help improve SME policies in the region;
- b. developing and implementing non-discriminatory market-oriented SME policies to maximize SMEs' responses to market mechanisms and to provide the most favorable environment for SME economic activities and for further SME development; and
- c. recognizing that SME policies should focus not only on individual enterprises, but also on group enterprises and cooperatives.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. convene training programs, seminars and workshops, including the APEC SME Leaders Workshop on SME policies;
- b. undertake an Industrial Outlook Study, consisting of comprehensive/sectoral studies on intra-regional industrial interdependence, to enable SME policy makers and SMEs to come to a better understanding of the economic environment;
- c. survey each economy's SME policies and compile APEC best practices in this area in order to enhance mutual understanding of APEC economies' policy practices;
- d. design a plan of activities for the APEC Center for Technology Exchange and Training for SMEs as a resource center for handling information networking, developing training opportunities and organizing SME-targeted activities;
- e. survey the financial markets for SMEs and hold a Venture Capital Workshop to explore ways to promote SME access to venture capital; and
- f. compile in 1996 a directory of agencies which provide support for SMEs.

4. ECONOMIC INFRASTRUCTURE

COMMON POLICY CONCEPTS

The pace of economic growth in the Asia-Pacific region depends on the improvement of economic infrastructure. APEC economies will seek to accelerate infrastructure improvement, facilitating investment in infrastructure and encouraging business/private sector involvement.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. conduct analytical work on issues relating to the overall infrastructure environment;
- b. explore ways to enhance the effectiveness of infrastructure improvement, such as:
 - compiling best practices for use as benchmarks in the examination of the respective roles of the public and business/private sectors;

- developing guidelines on infrastructure investment to ensure a more transparent and coherent environment for the business/private sector; and
- c. conduct public-private sector dialogue and consider the possibility of establishing a forum on infrastructure.

5. ENERGY

COMMON POLICY CONCEPTS

Regional energy consumption is rapidly increasing in tandem with the economic expansion of the Asia-Pacific region, turning energy into a potential bottleneck to sustainable economic growth. APEC economies will address the simultaneous achievement of the 3Es by sharing policy principles and enhancing closer cooperation toward the development of APEC as a sustainable energy community. APEC economies will set priority on the following:

- a. fostering a common understanding on regional energy issues;
- b. facilitating investment in the energy sector where appropriate;
- c. reducing the environmental impact of the energy sector; and
- d. accepting equivalence in accreditation and increasing harmonization of energy standards.

APEC economies will develop a range of shared energy goals, building on and expanding the fourteen non-binding policy principles for rational energy consumption.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. begin preliminary work on the Asia Pacific Energy Research Center (APEREC) immediately, establish the APEREC in mid-1996, and initiate joint work on the APEC regional energy outlook to be completed by 1997;
- b. consolidate the APEC energy database and disseminate the data contained therein regularly;
- c. develop by the end of 1996, in partnership with the business/private sector, a guidance framework to facilitate investment in electricity infrastructure by removing institutional, regulatory and procedural impediments;
- d. consider issues associated with addressing the risks and impact of potential imbalances between energy supply and demand;
- e. improve environmental performance through expanded programs in the fields of clean coal technology, renewable energy sources and end-use energy conservation measures, leading to exploration of cooperative multilateral programs to reduce climate change concerns such as demonstration projects which lead to joint implementation;
- f. reach agreement on the mutual recognition of testing protocols and the accreditation of laboratories, as well as the acceptance of test results, by the end of 1999; and
- g. undertake mutual examination of energy policies in line with common policy concepts.

6. TRANSPORTATION

COMMON POLICY CONCEPTS

The ability of a transportation system to efficiently handle the movement of people and goods is critical in order to maximize economic productivity, facilitate trade and contribute to the mobility of people. APEC economies will therefore seek to develop an efficient, safe and integrated regional transportation system. The development of the transportation sector should promote equitable economic development to help people of all APEC economies share the benefits of economic growth. APEC economies will set priority on the following:

- a. facilitating the harmonization, coordination and transparency of transport policies, regulations, procedures and standards;
- b. promoting timely rational investment in the transport infrastructure;
- c. encouraging the efficient use of existing infrastructure through the application of appropriate trade and transport facilitation techniques;
- d. promoting transport system safety and security;
- e. promoting, on the basis of fair and equitable access to markets, a more competitive transportation operating environment and cooperating to address institutional constraints which affect the provision of transportation services; and
- f. facilitating the improvement of productivity, skills and efficiency of labor and management in the transport industry.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. complete by 1996 Phase Two of the Transportation Congestion Points Study, analyzing the major bottlenecks at land, sea and airports, and complete by 1996 Phase Three, providing a best practices manual of how economies can address their respective bottlenecks;
- b. start considering at an appropriate time how to enter into strategic consultation in development of well integrated regional transportation infrastructure;
- c. establish in 1996 the APEC Urban Transport Forum to develop transportation systems that help reduce congestion and are energy efficient and environmentally friendly;
- d. establish in 1996 a group of experts to identify aviation safety problems;
- e. complete by 1997 a survey/analysis of aviation safety and security problems and develop a plan of action based on experience with a pilot project on satellite navigation and communication systems;
- f. consider by 1997 establishing a group of marine safety experts and a security experts group, based on experience with the aviation safety experts group; and
- g. commence in 1996 the evaluation of seafarers training needs.

7. TELECOMMUNICATIONS AND INFORMATION

COMMON POLICY CONCEPTS

As the economic interdependence among APEC economies deepens, telecommunications and information infrastructure in the Asia-Pacific region has a critical role to play in strengthening market linkages and enhancing trade and investment liberalization and facilitation. APEC economies will therefore seek to develop an Asia-Pacific Information Infrastructure (APII) on the basis of the following ten principles:

- a. encouraging APEC economies in the construction of domestic telecommunications and information infrastructure based on their own reality;
- b. promoting a competition driven environment;
- c. encouraging business/private sector investment and participation;
- d. creating a flexible policy and regulatory framework;
- e. intensifying cooperation among APEC economies;
- f. narrowing the infrastructure gap between the developed and the industrializing economies;
- g. ensuring open and non-discriminatory access to public telecommunications networks for all information providers and users in accordance with domestic laws and regulations;
- h. ensuring universal provision of and access to public telecommunications services;
- i. promoting diversity of content, including cultural and linguistic diversity; and
- j. ensuring the protection of intellectual property rights, privacy and data security.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. conform, where appropriate, to the Guidelines on Trade in International Value-Added Network Services (IVANS) by 1998 and generally conform, where appropriate, to the Guidelines on the regional Harmonization of Equipment Certification Procedures;
- b. continue to work to harmonize administrative procedures governing certification of customer telecommunications equipment;
- c. develop and begin to implement on an elective basis a model Mutual Recognition Arrangement on Conformity Assessment for telecommunications equipment by the end of 1997;
- d. publish regular reports on the state of the telecommunications regulatory environment and infrastructure development in each APEC economy in order to improve business/private sector access to related policies, regulations and other information;
- e. promote electronic commerce through seminars, studies on electronic data interchange application development, and experiments on the interoperability and suitability for electronic commerce of various networks;
- f. increase cooperation in infrastructure activities between APEC and other international institutions and fora;

- g. implement the APII Test-Bed Projects, including the demonstration projects for interoperability and interconnectability, in cooperation with G7 countries; and
- h. promote human resources development by means such as holding training courses on privatization and competition in telecommunications and information industries, and working towards a distance learning pilot project for experts in this area.

8. TOURISM

COMMON POLICY CONCEPTS

The tourism industry is of growing importance in promoting economic growth and social development in the Asia-Pacific region. APEC economies will seek to achieve long-term environmental and social sustainability of the tourism industry by setting priority on the following:

- a. removing barriers to tourism movements and investment and liberalizing trade in services associated with tourism;
- b. developing and implementing the concepts of environmental and social sustainability in tourism development;
- c. facilitating and promoting human resources development;
- d. enlarging the role of the business/private sector;
- e. developing cooperation and programs in the fields of information-based services related to trade in tourism; and
- f. sharing information among APEC economies.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. protect and conserve cultural heritage and natural sites;
- b. promote best practice models for environmental and social sustainability in tourism development;
- c. expand tools for human resources development;
- d. develop a database of core statistical information and improve the system for exchanging tourism information on a regular basis;
- e. undertake environmental projects in the tourism area;
- f. identify impediments to tourism growth and formulate strategies for the improvement of tourism movements and investment in the region; and
- g. conduct a dialogue among APEC economies to facilitate and enlarge the roles of the private/business sector in tourism development.

9. TRADE AND INVESTMENT DATA

COMMON POLICY CONCEPTS

Improved data on international trade and investment among APEC economies will facilitate better understanding of trade and investment activities in the Asia-Pacific region and contribute to better market analysis and policy-making. APEC economies will improve the availability and comparability of international trade and investment data, and establish a database for such statistics.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. develop a Trade and Investment Data Database (TIDDB), which will include data on international merchandise trade, services trade and investment;
- b. work towards improving the consistency of data by adopting the latest international standards for compilation of data on international services trade and investment; and
- c. provide training in use of the TIDDB system and in the collection, compilation and estimation of data on international services trade and investment.

10. TRADE PROMOTION

COMMON POLICY CONCEPTS

APEC economies will seek to stimulate intra-regional trade through trade promotion measures such as holding trade fairs, disseminating information on trade-related issues and potential business opportunities, and providing advice on trade-related procedures.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. hold APEC Trade Fairs on a regular basis;
- b. establish a network among trade promotion organizations in order to enhance linkages and cooperation among them;
- c. improve and convene training courses for the furtherance of trade promotion-related skills, and develop a mechanism for the exchange of trade promotion experts;
- d. compile information on measures supporting and facilitating import and export activities in each APEC economy, and disseminate this to the business/private sector and trade promotion organizations; and
- e. exchange information in the field of trade financing.

11. MARINE RESOURCE CONSERVATION

COMMON POLICY CONCEPTS

The marine environment contributes substantially to the economic viability of APEC economies through trade in fisheries and aquaculture products, other marine commodities and tourism. These are dependent on active conservation of marine resources and the marine environment, degradation of which has significant socioeconomic costs. While enhancing trade and investment in marine products, APEC economies will aim to protect the marine environment and to ensure continuing socioeconomic benefit. APEC economies will set priority on the following:

- a. addressing coastal zone planning and management;
- b. enhancing coordination in the implementation of relevant UNCED recommendations; and
- c. reviewing and resolving marine algal toxin issues.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. make recommendations on related policies, standards, certification, regulatory requirements, conformance assurance and other areas;
- b. improve the flow of information on marine resource management and conservation;
- c. provide guidance on management of critical areas of their coastal zones, and also on development of effective communication, information exchange and planning mechanisms by 1998;
- d. assess structural barriers to the conservation and sustainable development of marine resources, set priorities for action and develop an action framework by 1999; and
- e. conduct policy dialogue to share scientific and technical information, to identify and assess environmental issues, and to develop practical, action-oriented approaches to maintaining the quality of the marine environment.

12. FISHERIES

COMMON POLICY CONCEPTS

Fisheries is unique in that its production base, as a natural resource, is limited. APEC economies will seek to maximize the economic benefits to be gained from fisheries resources by promoting their long-term optimum sustainable utilization. Accordingly, APEC economies will set priority on the following:

- a. promoting the conservation and sustainable use of fisheries resources, the sustainable development of aquaculture as well as habitat preservation;
- b. solving common fisheries resource management problems and aquaculture disease control;
- c. enhancing the food safety and quality of fish and fisheries products; and
- d. promoting sector specific work relating to trade and investment liberalization and facilitation.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. hold a conference on the quality and safety of fisheries products;
- b. compile a profile of agencies involved in fisheries in APEC;
- c. improve seafood inspection regimes;
- d. gather and analyze information on supply and demand trends relating to fisheries trade;
- e. encourage the use of HACCP (Hazard Analysis and Critical Control Points);
- f. promote cooperation in resolving resource management issues;
- g. promote harmonized standards for fisheries products;
- h. consider applying economic instruments to address environmental and resource management challenges; and
- i. collect and analyze information on sector specific barriers to trade including tariff and non-tariff measures and administrative barriers.

13. AGRICULTURAL TECHNOLOGY COMMON POLICY CONCEPTS

Given differences in needs and levels of development among APEC economies, strengthening Agricultural Technical Cooperation (ATC) is expected to lead to balanced agricultural development, resource utilization and conservation as well as improved food variety and quality. APEC economies will seek to enhance the capability of agriculture and its related industries to contribute to economic growth and social well-being. APEC economies will undertake ATC on the basis of principles including:

- a. paying due consideration to the diversity of agricultural sectors;
- b. recognizing the rapid changes occurring in the agricultural sector; and
- c. adding value to activities undertaken by international agencies.

JOINT ACTIVITIES

APEC economies will, *inter-alia*:

- a. promote the exchange of plant and animal germplasm by, for instance, establishing a network for germplasm-related information by 1997;
- b. enhance biotechnology research and development by, for instance, establishing a database on expertise by 1997;
- c. promote marketing and processing of agricultural products by, for instance, collecting and exchanging information on technical cooperation capacities and requirements by 1996;
- d. strengthen regional cooperation in plant and animal quarantine and pest management through, for instance, the establishment of an information network;
- e. promote cooperation in the development of agricultural finance systems through, for instance, the exchange of information and experts among APEC economies by 1997;
- f. promote technology transfer by, for instance, identifying areas of common interest by 1996; and
- g. promote agricultural technical training by, for instance, establishing training programs and information assistance for electronic dissemination by 1998.

SECTION C: FURTHER DEVELOPMENT OF ECONOMIC AND TECHNICAL COOPERATION

APEC fora will make proposals for the expansion and improvement of Common Policy Concepts, Joint Activities and Policy Dialogue in their respective areas where appropriate. The inclusion of additional areas to those initially defined in Section B: Economic and Technical Cooperation in Specific Areas may be considered. Proposals on the above will be submitted to the Ministerial Meeting.

APEC fora, including Working Groups, the Policy Level Group and the Experts Meeting, will begin the work outlined in Section B: Economic and Technical Cooperation in Specific Areas immediately after the Osaka Economic Leaders'

Meeting, cooperating with each other to enhance the efficiency of APEC activities. In the above process, duplication of work among APEC fora should be avoided.

Each APEC forum will submit an annual progress report to the SOM. The SOM will review this progress and submit a report to the annual Ministerial Meeting for review. Work by relevant APEC Ministerial Meetings should be duly recognized.

This Action Agenda may be revised and improved as necessary based on the overall progress of liberalization, facilitation and cooperation in APEC.

THE OSAKA ACTION AGENDA

ANNEX

Action Programs in Specific Areas

HUMAN RESOURCES DEVELOPMENT
INDUSTRIAL SCIENCE AND TECHNOLOGY
SMALL AND MEDIUM ENTERPRISES
ENERGY
TRANSPORTATION
TELECOMMUNICATIONS AND INFORMATION
TOURISM
TRADE AND INVESTMENT DATA
TRADE PROMOTION
MARINE RESOURCE CONSERVATION
FISHERIES
AGRICULTURAL TECHNOLOGY

ACTION PROGRAM FOR HUMAN RESOURCES DEVELOPMENT

1 INTRODUCTION

In response to the adoption of the Bogor Declaration in November 1994, the Ministers decided that an action program would be formed around the components of (a) trade and investment liberalization; (b) trade and investment facilitation; and (c) economic and technical cooperation.

In the context of economic and technical cooperation, a mid/long-term perspective is necessary on human resources development, guided by the principle and recognition that the people in the region are its most important resource. With the dynamism of the region reflected in changing human resources needs, continued priority attention should be devoted to developing human resources. Given the principles enunciated in the Human Resources Development Framework, it is also imperative that an Action Program for APEC HRD be formulated in order to establish policy concepts and provide directions in the pursuit of concrete activities and projects.

In the formulation of the stated Action Program, the HRD Working Group and the other APEC fora shall be guided by the following:

- a The development of human resources contributes to the attainment of economic growth and development. This underscores the importance of designing regional approaches to human resources development within the framework and the priorities set out by the Declaration on the Human Resources Framework for APEC.
- b Sustainable development depends upon the successful implementation of policies that integrate economic, environmental, and social objectives. As such, it is important to integrate environmental objectives into education and training programs to enhance environmental consciousness on the part of all citizens. Environmental education among children and youth should be an element in APEC HRD cooperative work towards sustainable development.
- c The accelerating globalization of industry creates a prime opportunity to encourage the establishment and growth of domestic industry and to nurture a highly efficient and productive industrial structure. In recognizing this, the APEC Ministers, during the meeting in Jakarta in November 1994, agreed that Small and Medium Enterprises (SMEs) policy dialogue on human resources development, information access, technology sharing, the availability of finance, and market access, should be further enhanced.

The Action Program for APEC Human Resources Development shall have the following components and features: (a) Common Policy Concepts; (b) A Joint Activities Framework for HRD; (c) Joint Activities for HRD: Human Resources

Development Program 21; (d) HRD Activities in Other APEC Committees and Working Groups; (e) Dialogue on Member Economies' Policies/Activities; and (f) Time Frame.

2 COMMON POLICY CONCEPTS

The common policy concepts shall essentially consist of the goals, basic principles, and priorities defined by the Declaration on the Human Resources Development Framework. These concepts are shared and acknowledged by the APEC member economies as the basis for the development and implementation of HRD programs within the region.

a Goals

As stated in the Declaration on Human Resources Development Framework and the 1995 HRD work plan, the goal of human resources development in APEC is to promote the well-being of all people in the region through economic growth and development. Furthermore, HRD has an important role to play in achieving the liberalization and facilitation of trade and investment which was emphasized in the Bogor Declaration. This development of human resources will be achieved by planning, developing, and implementing practical and appropriate education and training for present and future managers, entrepreneurs, and workers in the public and private sectors and even non-workers contributing to the economic growth, trade and development of the region. Well-educated and well-trained individuals may contribute to future economic growth and development through their roles as parents and community figures as well as through current or future employment.

b Basic Principles

APEC HRD will be based on the following principles, as stated in the Declaration on Human Resources Development Framework and the 1995 HRD work plan:

- 1 The people of the Asia Pacific are the most important resource in economic growth and development, one of whose goals is to enhance the quality of life and well-being of the people in the region.
- 2 The development and protection of human resources contribute to the attainment of such fundamental values as the alleviation of poverty, full employment, universal access to primary, secondary, and vocational education and the full participation of all groups in the process of economic growth and development.
- 3 Human resources development requires cooperative action by public, and business/private sectors, educational and training institutions.

- 4 In designing regional approaches to human resources development, attention must be given to the diversity of experiences and situations in the region.

c Priorities

The formulation of the Action Program for APEC HRD shall be guided by the priorities enunciated in the Declaration on Human Resources Development Framework and a priority area on trade and investment facilitation and liberalization. These priorities, which call for joint activities, are as follows:

- 1 Provision of a quality basic education for all;
- 2 Analysis of the regional labour market to allow sound forecasting of trends and needs in human resources development;
- 3 Increasing the supply and enhancing the quality of managers, entrepreneurs, and educators/trainers in areas of the economy central to fostering economic growth and development. Such areas include training in small- and medium-sized enterprises in entrepreneurship and in the management of sustainable growth incorporating economic and environmental consideration;
- 4 Reducing skills deficiencies and unemployment by designing industrial and other training programs for applications at all stages of a person's working life;
- 5 Increasing the quality of curricula, teaching methods and instructional materials relating to the education and training of managers and other workers;
- 6 Increasing the opportunities throughout the region for people who seek to gain skills required for the economic growth and development of member economies and the region as a whole;
- 7 Preparing organizations and individuals to remain productive in the face of rapid economic and technological changes in member economies, the Asia-Pacific region and the global economy; and
- 8 Cooperation in education and training among member economies will promote human resources development toward the liberalization and facilitation of trade and investment in the region. Increased international mobility of qualified persons for HRD activities will also enhance economic growth.

3 A JOINT ACTIVITIES FRAMEWORK FOR HRD

The eight priorities earlier indicated basically define the basic mission of APEC for human resources development. It shall be incumbent upon the HRD WG therefore, to translate these mandates into attainable plans for HRD, increasing opportunities for joint activities among member economies to maximize the benefits of human resources development in the region. These priorities, ultimately, when translated into concrete action, shall put into motion the goals and objectives of promoting of well-being of individuals within the region, not only as the means to achieve economic growth and development, but the end itself.

Bearing this major objective in mind, the joint activities shall be developed on the basis of the following framework:

- a Joint activities to be developed shall directly respond to one or more of the priority areas earlier defined in this paper;
- b Within each priority area are specific activities to be undertaken in the short-, medium-, and long-term to achieve APEC's HRD goals;
- c Performance indicators shall be established for each priority area and each joint activity to identify specific milestone points and to provide a basis for the assessment of the progress of activities through a set of pre-defined measurement targets and indicators;
- d Joint activities shall be monitored and evaluated against the measurement targets or performance indicators to enable the collection of information that will serve as basis for future planning and policy formulation activities within the APEC HRD WG and other APEC fora;
- e A system for the continuous review and assessment of the progress of the joint activities shall be an integral part of program management to allow for modifications in the project approaches, and if necessary, to the action program itself;
- f In addition, a system for reporting and feedback by and among the member economies shall be established to promote complementation in the HRD activities of various member economies.

The HRD WG will examine proposals on such joint activities and, where appropriate, approve them as APEC HRD cooperative projects. The progress and outcome of these projects will be reported to HRD WG meetings. The HRD WG will also prioritize the projects requiring funding from the APEC Central Fund and send them to SOM via BAC for approval.

The other APEC fora shall also undertake Human Resources Development activities in the field for which they are responsible in order to maximize the potentials of economic growth and development in the region toward the promotion of the well-being of its people in the region.

**4 JOINT ACTIVITIES FOR HRD:
HUMAN RESOURCES DEVELOPMENT PROGRAM 21**

On the basis of the framework agreed upon, the HRD WG shall examine proposals on joint projects, taking into account this framework and the eight (8) priority areas identified earlier. It shall likewise coordinate with other APEC fora to promote cross-forum Cooperation in the conduct of HRD-related activities.

For its Action Program, the HRD WG has identified twenty one (21) program areas consisting of fourteen (14) sub-programs of the HRD WG addressing the themes developed under the eight priority areas, and an additional seven (7) sub-programs developed as Leaders' and Ministers' initiatives. Specific projects/activities and their corresponding performance indicators have been established by the HRD WG to guide the course of its activities in the Mid-to Long-Term. The twenty one programs of the HRD are as follows:

Programs On The Basis Of the Eight Priorities

a Providing High Quality Instruction In Key Subjects (Related to Priority 1)

The development of human resources is highly dependent on high-quality curriculum, effective instructional methods, and use of new and innovative technologies, both for formal and informal education. In particular, enhancing the capacity of teachers to deliver high-quality instruction and ensuring that students have access to high-quality instructional materials are essential to an effective system of education and training. For this purpose, member economies may identify subject areas that they consider particularly critical to economic growth and development. Members economies may gain significant insights toward the improvement of instructional methods through information sharing. Specific activities which the HRD WG will be pursuing in the *short- to medium-term* include the conduct of case studies of promising models or practices for teacher induction (for publication in 1996), teacher development, and teaching/work environments; conduct of comparative study of primary and secondary science education programs in APEC members toward the identification of effective policies and practices to improve science education; and conduct of an assessment of levels of utilization of computer network systems among students, teachers, and administrators for publication of the results and to promote innovative uses of technology in education.

b Analysis of Labor Market Issues (Related to Priority 2)

Understanding and anticipating the trends and needs in human resources development is vital for all aspects of economic growth. This requires the analysis of regional labor market to allow sound forecasting and policy formulation by member economies. Toward this end, the HRD WG, will undertake researches, conferences, and symposia to facilitate information exchange and data gathering and assessment. Projects to be undertaken in the *short-term* include the conduct of researches to determine extent of linkages between labor market and education and the role and status of women in social and economic development; and the conduct of symposia on Public-Private Sector Collaboration in HRD and on capacity building in HRD of key basic industries in the region. In the *medium-term*, it shall establish a HRD data base in collaboration with PECC.

c Management and Strengthening of Small and Medium Enterprises (Related to Priority 3)

In order to maximize growth opportunities and enhance the competitiveness of APEC member economies, the HRD WG shall pursue projects that would promote the quality of management and entrepreneurial skills in human resources. Projects to be undertaken in the *short-term* under this sub-program include the conduct of a cross-network Symposium on HRD for SMEs by November 1995, and a Symposium on Marketing Strategy For SMEs in the APEC Region in November 1995. *Short-term programs which will proceed to the medium-term* include the conduct of "Training Programs and Surveys To Enhance Productivity Among SMEs". Other projects include the conduct of a conference among small and medium size companies between 1996 to 1997 to promote linkages and information exchanges on research and development; and the promotion and conduct of on-the-job training programs from the *mid- to long-term*.

d Management & Promotion of Sustainable Development (Related to Priority 3)

To sustain benefits that are to be derived from increased productivity resulting from human resources development, emphasis will likewise be placed on strengthening the management, education, and training systems of member economies for increased environmental awareness and for the effective management of environmental issues within organizations. A significant project to promote this theme is the "Human Resources For Sustainable Development" whose Phase I involves the production of scoping audits, case studies, and human resource capacity plan by *November 1995*. Phase II covers the development by the year *2000* of higher education sustainable development courses and, in the *long term*, of certification systems for environment managers with emphasis on pollution prevention. Other projects to be undertaken in the *short-term* include the conduct of an APEC-wide study on the "Future Directions of Industrial Environmental Technology HRD" toward the development of environmental industrial strategies; conduct of a "Conference on Critical Strategies for Responding to HRD Implications of Environmental Technology Issues"; and the launching of the "Economic and Development Environment Investments Project" to provide EDM training for policy advisors and managers.

e Executive Education And Development (Related to Priorities 3 and 7)

The development of human resources within the region will have to be undertaken at all levels within organizations. The needs of executives and managers should be equally addressed in the light of the emerging trends and realities in the region. The education and development of management personnel to a level where they can accurately gauge the rapidly changing Asia Pacific economic and technical environment and respond to these changes is critical to the region's sustained development and growth. In view of this, the HRD WG shall undertake research and workshops on cross-cultural technology transfer issues in *1996*. Training courses for Economic Development Zone senior managers will also be undertaken in *1995* which will culminate with a symposium in *1996*. The conduct of Annual Get-together on HRD beginning in *1996* by Entrepreneurs to promote information exchange and to increase manager exchange programs in the long-term; conduct of research on modalities of university-industry cooperation in the region; and research on technology management and HRD support in the APEC region shall be undertaken in the *short-term*. The development of training materials for management development through research into trends in executive development programs shall also be pursued from the *short- to medium-term*.

f Cross Cultural Management (Related to Priority 3)

As cross-border economic activities within the diverse APEC region gather momentum and the flow of goods, services, and capital among the member economies become freer, cultural gaps become more apparent, creating a pressing need to study means of dealing with such gaps. This sub-program seeks to offer initial steps toward transforming the cultural diversity in the region into positive reinforcements to propel the region's cooperative agenda. As such, projects under this include the conduct and compilation of case studies on "Cross Cultural Management Curriculum and Country Profiles" for publication in 1997; "Examination of Cross Cultural Influences In International Joint Venture" leading to a publication of report in 1996; "Research on Linking Organizational Strategy and HRD in Cross Cultural Context" in 1995 and production of cases and instructional materials in 1996; and implementation of workshops in 1995 and 1996 on "Cross Cultural Management of Collaborative Research and Development".

g Industrial Technology Education (Related to Priorities 3, 4, and 5)

Improving the quality of curricula, teaching methods, and instructional materials relating to industrial technology education is increasingly necessary to optimize the development of human resources who can adequately respond to changing business market opportunities in the emerging borderless Asia-Pacific economic community. Critical elements of this program include the conduct of cooperation efforts geared to encouraging exchange of information on training and skills development policies, strategies, and programs among member economies. Specific projects/activities under this program include the conduct of a Conference on HRD Outlook and Strategies in Industrial Technology in 1995; conduct of a needs assessment and policy review on "APEC HRD in the Food Industry" in 1996 which will be capped by a conference to promote multilateral cooperation in research and networking among the various food sectors in the region; establishment of a network of research collaborators by 1997 toward the identification of best practice approaches in the field of information technology education; and development of "Technology Management Training Program For SMEs" by 1997. The HRD WG and the IST WG will hold a joint seminar on industrial technology by 1997, marking a pioneering cross-network HRD program in the field of Industrial Technology Education.

h Lifelong Learning (Related to Priority 4)

Improving labor productivity and flexibility is central to sustainable and equitable economic growth in the APEC region. As such, human resource development initiatives and strategies should cater to the emerging needs of the region's manpower in order that they may be equipped to equally address emerging roles and skills requirements in the region. This program emphasizes the significance of creating new approaches and HRD

programs for application in all stages of a person's working life. To provide a solid foundation for various initiatives under this program, the HRD WG shall develop a database on individuals and agencies developing lifelong learning activities and publish regional and general papers on lifelong learning programs in the *short-term*. A conference is also envisioned to be carried out on "Lifelong Learning Approaches and Initiatives" in the *medium-term*.

i Developing Ways To Monitor Performance of Education Systems (Related to Priority 1)

In order to determine whether education systems are able to achieve their goals of instilling knowledge, skills, attitudes, and behaviors in students, as well as prepare students for the world of work, further learning, and good citizenship, it is necessary to put in place a strategy to acquire quality data, measure performance, and a system for analysis and reporting. This is important in determining how much of the goals are met *vis-a-vis* the actual performance of education systems. Cooperative work among member economies under this program should help member economies design methods to develop data and monitor their own system's performance. As such, projects under this program shall include the Expansion and Improvement of Education Statistics leading to the publication of an updated and expanded database by 1997 and the possible expansion of the statistics to cover vocational and higher education by the year 2000. In the *short- to medium-term*, conferences shall be undertaken to promote information sharing on "state of the art" performance measurement approaches and reporting systems: a framework conference conducted in October 1995 and a conference on school-based indicators in 1996. The continuous exchange of information is expected to result in the establishment of a performance measurement framework in the short-term.

j Facilitating Mobility of Persons and Information Exchange For HRD and Economic Growth (Related to Priorities 6 and 8)

Enhancement of the capacity and opportunities for the movement among member economies of people who have skills relevant for economic growth is a necessary element in achieving trade and investment liberalization and facilitation in the region. Thus, consistent with the goals of APEC, its HRD activities must facilitate the movement and interaction of qualified persons. To further promote HRD in the region as a means to achieve economic goals, projects to be undertaken in the *short-term* shall include the sharing of information on best practice and training in systems of accreditation, curriculum development and certification, with engineering as pilot; and conduct of an experts meeting to discuss new exchanges in higher education for the 21st century. In the *medium-term*, the publication of member economy profiles in booklet and video forms, for distribution among schools in at least half of the members to facilitate student project

work; and the establishment of a communication network among education and human resource policy makers to promote information sharing shall be pursued. The establishment of APEC Study Centers at institutions of higher education and research centers throughout the region shall be undertaken as a continuing undertaking for the *short- to medium-term*, toward the full establishment of APEC Study Centers in all member economies toward the *long-term*. The conduct of increased levels of exchanges of students, staff, and researchers through the University Mobility in the Asia Pacific (UMAP) and increased exchanges of education officials are also envisioned for the *mid- to long-term*. A series of bilateral agreements for the mutual recognition of professional qualifications between professional bodies or governments will also be made in the *long-term*. The establishment of additional bilateral agreements towards the year 2000 is also expected to further promote a continuing program for the exchange of education officials in the region.

Significantly, facilitating the mobility of qualified persons and information exchange for HRD is also being pursued in line with the more general goal of promoting economic growth within the region. This goal emanates from the recognition that the intra-regional movement of qualified and experienced human resources within the region will contribute to the economic development of the Asia-Pacific region. Toward this end, member economies shall share best practices and undertake training programs in the system of accreditation, curriculum development, and certification of professions in the *short-term*. Mutual recognition of qualification is endeavoured to be realized in the *long-term* through a series of bilateral agreements between professional bodies and governments in the region.

k Management For Organizational Change (Related to Priority 7)

This program shall be pursued to assist organizations in managing the change process resulting from technological changes and the dynamism of processes in the region. The changes in the economic and technical environment embracing the public and private sector calls for certain levels of restructuring within organizations and corresponding initiatives to enable human resources in organizations to effectively manage the restructuring processes. A report on "Managing Corporate Change Within APEC Economies" has been published in *September 1995* and a Conference among public sector reform analysts and practitioners will be undertaken in *1996 or 1997* to tackle "Public Sector Reform and the Management of Change".

l Liberalization and Facilitation Of Trade In Services (Related to Priority 8)

The emerging realities in the region provide the impetus for cooperative arrangements among member economies in ensuring the availability of a workforce that would respond to the needs and requirements of the region. Consistent with the vision of a community of nations bonded by a deepening spirit of openness and partnership, the member economies have endeavoured to liberalize and facilitate the exchange of technological know-how and qualified persons to address the skills requirements in the region. Toward this end, member economies will promote cross-member investment in education and training through principles to be established and implemented in bilateral and other agreements in the *mid- to long-term*. The HRD WG will also undertake an analysis of various researches conducted in the field of cross-cultural management of trade dispute resolution toward the development of course material in the *short-term* to promote appreciation of this approach in trade dispute resolution among member economies.

m Standards and Conformance (Related to Priority 8)

Standards and conformance are an important area in regional trade and investment liberalization and facilitation. As such, it is vital to ensure the quality and availability of skilled and trained human resources that can establish and implement effective standards and conformance systems in the region. In line with this, the HRD WG shall undertake in the *short-term* a study on HRD requirements to promote quality assurance system and implement workshops in the *medium-term* to discuss expert exchanges and harness opportunities for training in the field of standards and conformance.

n Intellectual Property Rights (Related to priority 8)

Intellectual Property Rights (IPR) have assumed a critical level of importance in the light of the more liberalized flow of goods and services within the global and regional community. Given this, the availability of highly trained human resources to implement systems relating to intellectual property rights will have to be ensured among the member economies. The HRD WG, toward this end, will conduct activities to raise consciousness on IPR systems and their implementation. Part of this undertaking will involve the determination of further need for training of member economies on the development of IPR by 1997 and the development and conduct of IPR courses by the year 2000 in member economies that would require them.

Programs Related To Leaders' and Ministers' Initiatives

The following Leaders' and Ministers' initiatives respond to specific priorities identified earlier and are linked to the fourteen sub-programs of the HRD WG that address the themes of the eight priority areas:

a APEC Leaders' Education Initiative

Proposed by the U.S.A., the APEC Leaders Education Initiative (ALEI) will be an investment in the education of future generations to develop regional cooperation in higher education, study key regional economic issues, improve workers' skills, facilitate cultural and intellectual exchanges, foster understanding on the diversity of this region, and to harness other regional cooperative undertakings in the aspect of education and human resource development.

The establishment of APEC Study Centers is an important component of ALEI. While a significant number of these centers are currently being established in most member economies, it is envisioned that these centers will be established in all member economies in the long-term in order to promote collaborative research on APEC related issues.

ALEI also includes the implementation of an APEC scholars program to promote the exchange of students and teachers.

b APEC Business Volunteer Program

Proposed by Thailand, the APEC Business Volunteers Program aims to promote HRD to create business, legal, and other environments favourable to trade and investment by mutual expert dispatch among private sector entities in the APEC region. This initiative also aims to further economic development in the region through the exchange and transfer of managerial and technical skills by exchange of business volunteers.

A significant feature of this program includes the establishment of focal points in each member economy which would identify the needs and expertise available in each member economy for compilation into a roster of available expertise. These outputs are envisioned to be used in the networking activities among the member focal points. To facilitate and systematically carry out continuous information exchange and strengthen communication lines among the various focal points, an APEC BVP Coordinating Office in Bangkok will be established. This office will also serve as an information center with access to updated rosters of experts in member economies. It shall also receive applications for expert dispatch for referral to appropriate expert dispatch agencies in member economies.

c APEC Ministerial Meeting on Human Resources Development

Responding to the APEC challenges, the Philippines proposed the conduct of a Ministerial Meeting on Human Resources Development in Manila on 10-11 January 1996 to address the implementation of the Jakarta Framework for HRD. The Ministerial Meeting will be preceded by a

Senior Officials Meeting on 8-9 January 1996. In keeping up with the vision, objective, and spirit of the APEC community, the proposed theme of the meeting is "Maximizing the Benefits of Trade and Investment Liberalization and Facilitation Through Human Resources Development".

d APEC Center For Technology Exchange And Training For SMEs (ACTETSME)

The project is a result of the APEC Leaders pledge in Blake Island during which the Philippine Government put forward the initiative to operationalize a center that will collectively harness the resources of APEC member economies to support sustainable development and growth of SMEs in the region. The Center is envisioned to perform the role of a resource center with distinct capabilities in information networking, mobilization of training opportunities for technical know-how absorptions and upgrading, and organizing specialized activities to reach out to SMEs for syndicating technology transfer projects in the spirit of intra-regional cooperation and business internationalization. Groundbreaking of the physical site for the ACTETSME was conducted in February 1995. Results of the survey on "Technology Information Needs and Training Opportunities for SMEs", shall be used as basis for the development of future plans for the Center.

e SME Ministerial Meeting

The APEC HRD WG has adopted SMEs as a key theme in its workplan. This complements the recognition that SMEs are increasingly important in terms of heightening economic complementarities and development in the region. Toward this end, APEC HRD shall afford more emphasis on activities that support the growth and development of SMEs, which in turn, will support the overall APEC goal of further economic growth in the region. The SME Ministerial Meeting in Adelaide, Australia has provided basic guiding principles which define the general direction of SME-related initiatives in the mid- to long-term.

f Sustainable Development Ministers' Meeting

A Philippine initiative, the Ministerial Meeting on Sustainable Development will be held in Manila in mid-1996 to establish a collaborative framework for "creative financing" as member economies face growing challenges in sustaining development initiatives in the region.

g APEC Education Foundation

The U.S. proposed the establishment of an APEC Education Foundation to advance the cause of education and human resources development, which was welcomed by the Ministers in Jakarta. Intended to channel

investments into the development of human resources in the region, the APEC Education Foundation envisions to establish a financial resource base which would permit it to carry out exchange programs and researches, and develop and maintain a database on HRD-related activities and institutions. The establishment of information linkages among all APEC educational institutions to enhance communication exchanges and complementation of HRD-related activities in the region will also be pursued by the Foundation. The U.S. has been asked for further clarification on the issues of funding, location, and status of the Foundation.

5 HRD ACTIVITIES IN OTHER APEC FORA

Considering the critical role of human resources in promoting growth and development potentials in the region, its continued development shall be pursued in consonance with policy and program initiatives that are being developed and undertaken in the various APEC fora.

Other HRD activities of APEC fora in the short-term are as follows:

- a ***HRD Project On The Preparation of Distance Learning Manuals and Packages For Public Tourism Administrators (Tourism WG)***, coordinated by Malaysia to develop training video and related course materials to assist public sector tourism administrators in local policy formulation and management of tourism resources.
- b ***Technical Training Course On Clean Coal Technologies (REC)***, to deepen understanding of both the technical aspects of CCT and the techniques for evaluating technology and alternative energy options.
- c ***Health And Quality Rules of Fishery Products (FWG)***, coordinated by Canada and the United States to improve seafood inspection regimes.
- d ***Telecommunications Human Resources Project (TEL)***, to provide key decision-makers and middle level managers from telecommunications organizations in APEC economies with a better understanding of the privatization process.
- e ***Workshop On Renewable Energy Resource Assessment Techniques (REC)***, to provide planners, developers, and implementors of renewable energy program with an overview on tools and techniques available for the assessment of renewable energy resource.
- f ***Training Workshop On Sustainable Shrimp Culture With Emphasis On Health Management And Disease Control (FWG)***, to provide technical knowledge on farm management practices, promote concepts and practices

of shrimp aquaculture that are compatible with sustainable resource management and environmental protection, and identify further opportunities for technical and economic collaboration.

- g ***SME Leaders Workshop (SME-PLG)***, to meet the need of APEC SME Leaders to learn member economies' policy experience and know-how by organizing a seminar on planning and implementation of SME policies.

6 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

a Policy Dialogue

Members will implement regularly policy dialogues at the HRD Working Group to promote better understanding and appreciation of policy concepts described above and to facilitate HRD joint activities among member economies. Such dialogues shall include discussions and sharing of experiences and insights among APEC member economies on progress achieved in the field of human resources development, and consultation on each member's policies in the light of common policy concepts.

APEC members will review the outcome of joint activities and the status of HRD in each economy on the basis of performance indicators to be established by the HRD WG.

b Dialogue Themes

APEC economies will conduct the necessary dialogue on appropriate themes from the entire range of HRD issues. These will include:

1 Exchange of Information on Key Policy Developments

Policy developments occurring in the field of human resources development in the member economies shall be shared to promote cooperative undertakings in training and education. It is envisioned that through a direct and deliberate pattern of information exchange, the member economies will be able to enhance cooperation and harness opportunities for the formulation of complementary policies and standards in the region. It is also through improved channels of information exchange that the distinct character of political, economic, and social realities prevailing in the member economies can be appreciated for closer cooperation in the pursuit of HRD programs within the APEC.

2 Promotion of Professional HRD Practices and Standards

Efforts to promote professional HRD practices and standards shall be pursued by the HRD WG. This will be done through sharing of information

on current HRD practices and curriculum development systems of various member economies.

As a parallel strategy, systems will be provided and harmonized whenever possible, for the promotion of personnel exchanges.

VII TIME FRAME

- a Yearly** Formulation of an annual work plan to implement the Action Program.
- b Regular** Action Program shall be reviewed regularly and amended whenever necessary to improve performance.

Note: Specific time frames for the HRD WG activities are reflected in the APEC HRD WG Mid- to Long-Term Action Agenda Matrix which serves as a supplementary document to this Action Program.

ACTION PROGRAM FOR INDUSTRIAL SCIENCE AND TECHNOLOGY

I INTRODUCTION

The Asia Pacific region now accounts for 50% of the world's GNP and 40% of international trade and continues to display strong economic growth. The region also has great potential in terms of both economic supply and demand.

In order to secure sustainable economic growth, it is vital not only to facilitate increased investment in the region but to promote widespread access to and knowledge about industrial science and technology (IST).

II COMMON POLICY CONCEPTS

To discuss how to advance the process of cooperation in science and technology amongst the member economies, Ministers responsible for science and technology gathered in Beijing on October 5-6, 1995.

A Vision

Our vision for the 21st century is of a dynamic and prosperous Asia-Pacific region built on the development and application of industrial science and technology which improves quality of life while safeguarding the natural environment.

B Goals

By the year 2020 industrial science and technology policies and programs in the APEC region should achieve:

- 1 Enhanced economic growth, trade and investment opportunities;
- 2 Better quality of life and a clean environment;
- 3 A well-balanced industrial structure which builds on the diversity of the region;
- 4 Improved levels of scientific knowledge promoting economic activities, particularly private/business sector growth, as well as technological sophistication in the region;
- 5 The smooth flow and application of information, technology and expertise;
- 6 Consistent and transparent policy measures in key areas such as industrial standards;
- 7 Enhanced links between government agencies, the private/business sector (including SMEs) and academic institutions engaged in collaborative industrial science and technological research and development; and

- 8 Efficient and effective support for industrial science and technology cooperation projects and programs.

C Non-binding Principles for effective IST collaboration

Recognizing the diversity in size, economic development and technological capacity of member economies, international collaboration in industrial science and technology should proceed on the following basis:

- 1 Joint activities and dialogue should support the vision and goals of the Action Program;
- 2 There should be opportunities for all parties to join in regional multilateral research collaboration programs;
- 3 Contributions to and benefits from collaboration should be equitable, balanced and geared to members' capabilities;
- 4 Projects should encourage complementary and collaborative public and private/business sector investments in the development and diffusion of technologies;
- 5 Collaborative activities should ensure, whenever possible, the active participation of SMEs;
- 6 Collaborative activities could be implemented throughout the full innovation cycle from basic research to pre-competitive industrial R&D;
- 7 A consistent and transparent approach should be adopted to standards and standard setting activities, in order to facilitate technological flows; and
- 8 Collaborative activities should ensure that any intellectual property rights are protected and that the results and commercial benefits are allocated fairly.

D Priorities

The Working Group on Industrial Science and Technology will work on the following priorities with joint activities and dialogue identified in Section III. and IV. to realize the Common Policy Concept of the Action Program. The Working Group will keep these activities under review in the light of experience and develop new or revised activities consistent with the vision, goals and principles of the Action Program.

The following key priorities have been drawn from the Common Policy Concept:

1 Improved Flows of Technological Information and Technology

The flow of technological information and technology is critical for sowing the seeds of economic growth and technological innovation. This can include the trade and investment in technologies, with assurances of adequate protection of intellectual property and equitable allocation of results and commercial benefits. It is particularly important to ensure that technological information and technology flows provide direct and tangible benefits to all sectors, especially SMEs.

2 Improved Researcher Exchange and HRD in IST

Technological and industrial innovation will not occur at the regional, member economy or firm level if researcher exchange and the full human capacity of the workforce, management and research sectors is not geared to the needs of a changing industrial and economic context.

Specific strategies will focus on the expansion of researcher exchange, with due regard to skill development, and to education and training needs in industrial science and technology, complementing and supporting the work of the APEC HRD Working Group.

3 Facilitation of Joint Research Projects

The increased costs and complexity of science and technology require new approaches in the region. The Working Group will establish new mechanisms and processes for joint research on issues of concern. A number of existing collaboration programs provide potential models and new initiatives are being developed in discussions between member economies.

4 Improved Transparency of Regulatory Frameworks

Member economies have identified the need for clarity and transparency in the regulatory framework affecting flows of technology and expertise. Reforms in this area are critical to ensuring innovation in the region. Work in this area will be linked to the work carried out by other APEC fora.

5 Contribution to Sustainable Development

The Working Group, in keeping with its vision statement, is concerned to ensure that the development and deployment of industrial science and technology contributes to sustainable development. Workshops and symposiums will be helpful for sharing the information and current technologies necessary to ensure that the private/business sector in the region can introduce new technologies that not only prevent environmental degradation but also contribute to a better lifestyle for all people in the region.

6 Enhanced Policy Dialogue and Review

There are major benefits to be gained by sharing information on the efficiency and effectiveness of alternative policy and program approaches. Actions will be implemented to facilitate a regular exchange of views, and member economies are encouraged to develop policies by sharing knowledge and experience in these areas.

III JOINT ACTIVITIES

APEC members will conduct joint activities to make the Common Policy Concepts operational. Priority should be placed on the following activities from the Section II D. Priorities.

1 To improve the flows of technological information and technology

By mid-1997, interested economies will complete a study aimed at the establishment of mechanisms to facilitate access to technological information, with emphasis on strengthening information networks at the research laboratory level.

In 1996, the Working Group will consider the feasibility and effectiveness of holding a series of round-table meetings and/or seminars in selected sectors in order to expand opportunities for joint business activities and the development of production know-how.

The Working Group welcomes the convention of workshops and symposiums for sharing information on industrial science and technology, including environment technology, in order to raise public awareness of the importance of this area. The Working Group further welcomes the convention of an APEC Technomart on a regular basis to facilitate the flow of technological information and know-how in the private/business sector.

APEC economies will also consider implementing project concepts proposed by member economies at the Ministers' Conference on Regional Science and Technology Cooperation (S&T Ministers' Conference) to improve the flow of information, science and technology.

2 To improve researcher exchanges and HRD

Every member economy will seek to improve existing systems for researcher exchanges or consider establishing new research exchange systems in order to foster original and creative technology at the institute level.

Every member economy will seek to improve training schemes for engineers and enhance expert exchanges in order to improve labour efficiency and productivity.

The Working Group will help to advance initiatives agreed upon by APEC to improve HRD in the IST area (eg SME Technology Exchange and Training Centre).

APEC economies will also consider implementing project concepts proposed by member economies at the S&T Ministers' Conference to improve researcher exchange and HRD.

3 To facilitate joint research projects on industrial science and technology

At its 10th meeting, the Working Group will initiate work to establish guidelines for promoting joint research on pre-competitive industrial technologies in the APEC region and endeavour to complete by the end of 1996.

In parallel with the development of guidelines, the Working Group will identify several initial priority areas in industrial science and technology for joint research. Identification and implementation of the projects will take account of the guidelines being developed.

APEC economies will consider implementing joint research project concepts, including in disaster prevention and the environment, proposed by member economies at the S&T Ministers' Conference.

IV DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

APEC economies will conduct dialogue in order to exchange views, share knowledge and experience and consult on each other's IST policies. As part of this dialogue, member economies will establish IST indicators and review regulatory frameworks in the IST area.

1 Industrial Science and Technology Indicators

It is the goal of the Working Group to establish appropriate objective indicators and statistics related to industrial science and technology such as the number of research institutes and R&D expenditures in each industrial sector in the APEC region. This will assist planning and implementing effective and efficient cooperation which takes into account the diversity of this region. A first step towards this goal is being undertaken by the Working Group. The Working

Group will develop the indicators and statistics where it is determined to be necessary.

2 Transparency of Regulatory Frameworks

The Working Group will review on a regular basis industrial science and technology policy in areas such as industrial standards systems, measurement laws and intellectual property rights in order to promote transparency, consulting with the Standards and Conformance Subcommittee with regards to industrial standards systems and measurement laws.

APEC economies will consider project ideas proposed by member economies at the S&T Ministers' Conference to improve the transparency of regulatory frameworks.

ACTION PROGRAM FOR SMALL AND MEDIUM ENTERPRISES

I INTRODUCTION

The Small and Medium Enterprises (SME) Action Program contributes to the formulation of the APEC Action Agenda by creating a program that pursues APEC objectives of relevance to SMEs. In the context of the overall APEC philosophy of trade liberalisation, facilitation and economic cooperation, the SME Action Program seeks to foster the objectives, as stated in the Bogor Declaration, of free and open trade and investment in the Asia-Pacific region by no later than 2010 for industrialised economies and 2020 for developing economies, as well as economic and technical cooperation towards achieving sustainable growth in the region.

Role and Importance of SMEs

The Asia Pacific region is increasing its share of world trade – growing from 37 per cent in 1983 to 44 per cent in 1993. To a large extent, this reflects the rapid growth in intra-APEC trade. Between 1989 and 1993, the value of trade by APEC economies rose by about \$US1 trillion, and almost 80 per cent of this increase was due to greater levels of trade between APEC members.

In order to secure sustainable economic growth, it is vital to promote the growth of a strong SME sector in the APEC region.

SMEs provide a critical engine of growth, vitality and innovation in the region. They have the ability to respond flexibly to technological innovation, and the diverse and demanding nature of consumer needs. These qualities make building a strong SME sector of central importance in maintaining Asia-Pacific dynamism into the 21st century. Contingent upon enhanced competitiveness and the development of the necessary human resources, SMEs are well-positioned to take advantage of the continuing liberalisation of regional trade and investment, and become a driving force behind regional development.

The SME Action Program underlines the strong contribution of SMEs to economic activity within the APEC region, particularly relating to intra-regional trade and investment.

SMEs make up well over 90 per cent of all enterprises in the region, contribute between 30-60 per cent of GDP, and are a source of about 35 per cent of the region's exports.

SMEs also play an important role in creating employment, covering between 32-84 per cent of the employment in individual APEC economies, and are major contributors to employment growth.

While SMEs are important across the APEC region, there are differences in the role of SMEs in the various economies. The SME Action Program seeks to utilise the diversity among SMEs to attain complementarities that will bring about more efficient

production and greater employment opportunities, and be of mutual benefit to member economies.

II COMMON POLICY CONCEPTS

a Goals

Members aim to maintain and develop SME dynamism by fostering a conducive environment in areas such as human resources development, information access, technology and technology sharing, financing, and market access, thus allowing SMEs to exploit their creativity and mobility to the greatest possible extent on the basis of market principles.

Our vision is of a dynamic and prosperous Asia-Pacific region built on:

- an SME sector that is recognised by member economies, both individually and collectively, as a key driving force contributing to economic prosperity in the APEC region, and as central to the APEC Action Agenda;
- SMEs that are dynamic, innovative, flexible, strong employment and wealth creators, responsive to the demands of the international marketplace, globally focused, and interactive across regions, to the mutual understanding and benefit of all member economies;
- member economies that understand the opportunities and constraints facing SMEs in the regional economy; that work cooperatively to remove impediments to the development and growth of the sector, and share their knowledge and experience in regard to SME policies; and
- progress against milestones in the five priority areas (as identified in the SME Action Program) where SMEs face greatest difficulties, resulting in a sector that has the management skills, access to information, technology, capital, and access to markets it needs to promote wealth and employment creation shared amongst all member economies.

b Basic Principles

SMEs are engaging dynamically in cross-border economic activity and playing an increasingly important role in heightening economic complementarities in the regional economy.

It is therefore important for member economies to develop a set of basic principles on desirable SME policies, including the following:

- Members will take account of the different needs of APEC economies arising from differing levels of economic development.

- Activities undertaken as part of the SME Action Program will be transparent, cooperative and of mutual benefit to member economies.
- Members will work to ensure the availability and transparency of information on their respective SME policies to help improve the SME policies of other members.
- Members recognise the importance for policy development of listening to SMEs and understanding their needs, to ensure that policy remains responsive and relevant, and will involve the business sector in activities under the SME Action Program.
- Members will develop and implement non-discriminatory market-oriented SME policies to maximise SMEs' responses to market mechanisms, and so provide the most favourable environment for SME development, growth and economic activity.
- Members recognise the importance of working with other APEC Working Groups and Committees, official APEC observers, and other international organisations, in the interests of SMEs in the region.

c Priorities

Member economies recognise that SMEs have particular advantages, and face particular difficulties, in an increasingly free and open trading environment. At the first APEC SME Ministerial meeting, held in Osaka in October 1994, it was agreed that APEC's role in support of SMEs should focus first on addressing the areas where SMEs face greatest difficulties.

The SME Action Program addresses the common difficulties faced by SMEs in all APEC economies in the five priority areas of:

- Human Resources Development
- Information Access
- Technology and Technology Sharing
- Financing
- Market Access

III JOINT ACTIVITIES

In order to address the issues identified within each of these priority areas, members have agreed to take cooperative action. The items for action have been prepared in the context of the recommendations of the Second Experts Meeting on SMEs and work being conducted by other APEC Working Groups and Committees. The action items

serve as a tool to focus on the specific steps to meet identified milestones in each of the priority areas and so achieve the vision for SMEs. We recognise that policies should focus not only on individual enterprises but also on groups of enterprises and cooperatives.

Human Resources Development

Human resources development (HRD) is the basis for the development of all enterprises. As SMEs become more involved in a global economy, it will be increasingly important for them to learn about and adapt to different cultures and business practices. The fostering of entrepreneurial high-quality managers and technicians from the limited resources available is therefore a top-priority issue.

Policy Objectives/Milestones

Member economies will expand opportunities for the development of SME human resource capabilities (i.e., entrepreneurship, business and managerial skills, technical capabilities, technology sharing, linguistic skills, understanding of different cultures, and knowledge of business practices and legal requirements in different markets) in the region by developing SME relevant training projects, as well as supporting the training conducted by SMEs themselves.

By the year 2020, SMEs will be increasingly globalised and internationally competitive as a result of improved human resource capabilities, particularly in the areas of managerial and technical skills and technology sharing.

Action Items

Member economies will take action in the area of HRD to enhance SME entrepreneurial, technical and managerial skills. Action items agreed by member economies are the:

- APEC SME Leaders Workshop: to organise seminars on the planning and implementation of SME policies in order to meet the needs of APEC SME leaders in understanding member economies' policy experiences. The first seminar was held in Osaka in October 1995, with a second to be held in late 1996.
- APEC Franchising Study: to help enhance APEC SMEs' understanding of the benefits of systems based on a business franchise format; explore possible best practice models for national or international franchise operations; and compare codes of conduct governing franchises in APEC member economies. A workshop will be held in the APEC region in May 1996.

Information Access

As information becomes an increasingly important global commodity, SMEs are finding that the success or failure of a project hinges on the collection, processing and utilisation of relevant information.

Policy Objectives/Milestones

Member economies will promote the development of user-friendly and efficient information access systems that allow SMEs to gather the information they need on government policies, technology, the market, and potential business partners. There are two broad issues to consider: the role of governments as information brokers facilitating access to information, and the development of and access to information technologies that are appropriate to the needs of SMEs.

By the year 2020, SMEs will be increasingly globalised and internationally competitive as a result of improved information flows, particularly in the areas of government policies, technology, the market, and potential business partners. They will exploit developments in information technology, and have timely and improved access to the information that they need — information that is accurate, user-friendly, and of high quality.

Action Items

Member economies will take action in the area of information access to promote the development of user-friendly and efficient information access systems, and the dissemination of accurate and timely information that will meet SMEs' needs. Action items agreed by member economies are the:

- Industrial Outlook Study: to undertake comprehensive/sectoral studies on Asia-Pacific interdependence to enable SME policy-makers and SMEs to better grasp economic opportunities and the complexities of the economic environment. The target date for publication of the study is December 1995.
- Directory on SME Agencies: to collect and publish useful information on and contact addresses for SME support agencies in APEC, in order to promote trade, investment and cooperative business opportunities. The target date for completion of this project is May 1996. The compilation of the Directory in electronic format is planned.
- Study on Best Practices Policies: to survey each economy's SME policies and compile, as a booklet, those which are regarded as valuable APEC best practices in this area in order to enhance mutual understanding of member economies' policy practices. The target date for this project is December 1995.
- Facilitation of the Use of Electronic Systems by SMEs: to work with the APEC Telecommunications Working Group to develop and promote initiatives that will facilitate the use of existing electronic systems such as

Internet, Electronic Data Interchange (EDI), and other electronic commerce tools by SMEs.

Technology and Technology Sharing

For the mobility and entrepreneurship of SMEs to fuel more effectively the economic dynamism of the region, SMEs themselves need to actively participate in development of new products and technologies that will boost productivity. However, many SMEs experience problems in this area because they lack managerial capability and information on available technologies, have a limited number of technicians, and little financial leeway.

Policy Objectives/Milestones

Member economies will foster the desire of SMEs to improve their own technological and managerial capabilities by:

- improving technical training and technical guidance for SMEs;
- developing R&D in technology areas important to supporting and other industries;
- assisting the development efforts of SMEs;
- improving opportunities for SMEs to share in new technologies; and
- improving technology management and business practices.

Moreover, in order to foster the region's SMEs, member economies will work together to share policy know-how, and ensure constructive and practical guidance in improving matchmaking capabilities among firms interested in acquiring and/or sharing technology. In addition to APEC policy dialogue and network creation, this involves the strengthening of bilateral policy dialogue and cooperative projects.

By the year 2020, SMEs will be increasingly globalised and internationally competitive as a result of the adaptation of existing technologies and rapid take-up of new technologies, improved flows of technological information, and improved technical capabilities. The relationship between large companies and SMEs will be important in facilitating this development.

Action Items

Member economies will take action in the area of technology and technology sharing to foster the desire of SMEs to improve their own technological capabilities. Action items agreed by member economies are the:

- APEC Center for Technology Exchange and Training: to devise a plan of activities for the Center's operation and sustainability as a resource centre

with capabilities in: information networking; the mobilisation of training opportunities for the absorption and upgrading of technical know-how; and the organisation of SME-targeted activities to syndicate technology transfer projects in the spirit of intra-regional cooperation and business internationalisation. The target date for completion of this project is 1996-1997.

- Review of the Use of Diagnostic Tools to Assess SME Technology Capabilities: to review the efficiency of using diagnostic tools to assess SMEs' capabilities to adopt new technologies and help them identify the key improvement areas required for success. The target date for this project is December 1995.

Financing

SMEs do not generally have as much access to finance as large enterprises, and have inadequate information on the various sources and mechanisms to secure finance for their development.

Policy Objectives/Milestones

Member economies will work to improve the financing environment for SMEs and reduce SME financing costs.

By the year 2020, SMEs will be increasingly globalised and internationally competitive as a result of improved access, on reasonable terms, to debt and equity finance.

Action Items

Member economies will take action in the area of financing to improve the financing environment for SMEs and reduce SME financing costs. Action items agreed by member economies are the:

- Venture Capital Workshop/Study of the Efficiency of Financial Markets: to exchange views and experiences relevant to the venture capital business and to provide an opportunity to promote member economies' mutual understanding of the financing systems for SMEs in order to identify and eliminate common financing impediments that SMEs in the region may encounter; explore ways to promote SME access to venture capital; and discuss means to internationalise the venture capital industry. Following the venture capital workshop (September 1995), the study will be undertaken with a publication target date of April 1996.

Market Access

Market access is critical to the globalisation efforts of SMEs and their ability to take full advantage of the post-Bogor environment.

Policy Objectives/Milestones

Member economies will expand SME economic opportunities by further liberalising and facilitating trade and investment to enable SMEs to fulfil their potential. SMEs need accurate and timely information on foreign markets, market opportunities, cultural and business practices, and regulations specific to these markets.

By the year 2020, SMEs will be increasingly globalised and internationally competitive as a result of being better able to identify and meet demands for goods and services across APEC economies, and having improved access to timely and quality information about market opportunities.

Action Items

Member economies will take action in the area of market access to expand SME economic opportunities by further liberalising and facilitating trade and investment to enable SMEs to fulfil their potential. Action items agreed by member economies are the:

- Best Practice Study on Building Strategic Alliances between SMEs and Large Firms: to identify best practice in business partnerships in order to learn from the experiences of economies that have already developed business partnerships between SMEs and large firms (particularly in sub-contracting, franchising and venture capital), and to establish business partnerships between SMEs and large firms from either domestic or foreign economies. The target date for this project is April 1996-March 1998.

- Review of Existing SME Networks for Information Flows, Business Matching and Facilitation (including electronic databases for trade/investment inquiries): to analyse the processes by which business matching and facilitation services are provided to SMEs by the public and business sectors. The target date for this project is December 1995.

IV DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

To develop SMEs, APEC members recognise the importance of sharing their knowledge and experience in regard to SME policies, cooperating (as appropriate) to enhance each member's policies in the light of common policy concepts, and providing opportunities to implement cooperative projects for the fostering of SMEs.

Policy dialogue between members has been promoted through SME Ministerial meetings and Ad Hoc Policy Level Group (PLG) on SMEs.

Through such policy dialogue, the SME Action Program provides an ongoing consultative and practical approach to the commercial needs of the SME sector, an approach that is relevant to the needs of SMEs in the region.

The SME agenda cuts across many of the activities of APEC in its other working groups and committees. The SME Action Program has been prepared in the context of this work. It acknowledges and complements the initiatives of the other APEC working groups and committees.

Acknowledging the work done by other international organisations in SME policy development and recognising the need to avoid duplication and build on best practices, member economies will seek opportunities to exchange information with non-APEC fora.

Execution and Review Mechanism

Member economies recognise the importance of evaluating and reporting on the progress and results of the implementation of the individual action items in the SME Action Program. The PLG will therefore continue to monitor and review action items under the SME Action Program.

SME Ministers will meet from time to time, as necessary, to maintain the momentum of ongoing policy dialogue and to review progress under the SME Action Program. The next meeting will be hosted by the Philippines in September 1996.

ACTION PROGRAM FOR ENERGY

INTRODUCTION

Background

At the request of APEC Leaders, Senior Officials preparing for the Osaka Leaders' Meeting began the task of developing an Action Agenda to implement the Bogor Declaration. Working Groups and other APEC fora were asked to contribute to the Action Agenda by designing mid-term and long-term action programs on **economic and technical cooperation (including infrastructure)**, and, where possible, on **trade and investment liberalisation and facilitation**. Senior Officials called for short term tangible results which could serve as down payments for the Action Agenda.

In addition to these general requirements, the Working Group on Regional Energy Cooperation (EWG) was specifically requested to include in its action program measures to give effect to the **3Es initiative** (economic growth, energy security and environmental protection) of APEC Leaders.

Overview

At the tenth meeting of the Group (EWG 10) held on 9-10 May 1995 in Beijing, agreement was reached on the Executive Summary of the Group's Action Program. At the eleventh meeting of the Group (EWG 11) held on 3-4 October 1995 in Taipei, agreement was reached on the full Action Program embodied in this document.

Member economies agreed that the vision statement, Overview Policy Issues Paper, Current Focus and Future Directions paper, and the 14 non-binding policy principles for rational energy consumption all previously agreed by the Energy Working Group, provide a sound basis for developing an Action Program for economic and technical co-operation, and trade and investment liberalisation in the region's energy sector. They also have regard to the elements embraced in the 3Es initiative of APEC Leaders (economic growth, energy security and environmental protection).

COMMON POLICY CONCEPTS

Goals

The activities embarked on and proposed in the EWG's Action Program aim to contribute to the achievement of the objectives of the Bogor Declaration and address the elements embraced in the 3Es initiative by:

- 1 Improving the understanding by the governments and business sectors of member economies of regional energy markets, thus assisting policy making and business activities.

- 2 Reducing regulatory, institutional and procedural impediments to trade and investment in energy infrastructure, products and services.
- 3 Reducing the environmental impacts of energy production, delivery and consumption through improving access to technology, training, services and investment opportunities.
- 4 Reducing costs to both governments and business by the acceptance of equivalence in accreditation and the closer harmonisation of standards relating to energy products, appliance and services.

Achievement of these goals would enable the Energy Working Group to foster the development of APEC as a sustainable energy community.

Basic Principles

In 1994 Energy Working Group members endorsed 14 non-binding policy principles for rational energy consumption, agreeing to:

- 1 Emphasise the need to ensure energy issues are addressed in a manner which gives full consideration to harmonisation of economic development, security and environmental factors.
- 2 Pursue policies for enhancing the efficient production, distribution and consumption of energy.
- 3 Pursue open energy markets for achieving rational energy consumption, energy security and environmental objectives, recommending action in the appropriate forum of APEC to remove impediments to the achievement of these ends.
- 4 Recognise that measures to facilitate the rational consumption of energy might involve a mix of market based and regulatory policies, with the relative components of the mix being a matter for the judgement of individual economies.
- 5 Consider reducing energy subsidies progressively and promote implementation of pricing practices which reflect the economic cost of supplying and using energy across the full energy cycle, having regard to environmental costs.
- 6 The regular exchange of experience on the various policies being used by member economies to achieve a more rational energy consumption.
- 7 Ensure that a least cost approach to the provision of energy services is considered.
- 8 Promote the adoption of policies to facilitate the transfer of efficient and

environmentally sound energy technologies on a commercial and non-discriminatory basis.

- 9 Encourage the establishment of arrangements for the development of human resource skills relevant to the application and operation of improved technology.
- 10 Enhance energy information and management programs to assist more rational energy decision making.
- 11 Encourage energy research, development and demonstration to pave the way for cost effective application of new, more efficient and environmentally sound energy technologies.
- 12 Promote capital flows through the progressive removal of impediments to the funding of the transfer and adoption of more energy efficient and environmentally sound technologies and infrastructure.
- 13 Promote cost effective measures which improve the efficiency with which energy is used but reduce greenhouse gases as part of a suggested regional response to greenhouse gas reductions.
- 14 Cooperate, to the extent consistent with each economy's development needs, in the joint implementation of projects to reduce greenhouse gas emissions consistent with the Climate Change Convention.

Members will develop and build upon these principles, including into additional areas where consensus can be reached, leading to the development of a range of shared energy policy goals.

Priorities

The EWG's Action Program does not attempt to include the full spectrum of the Group's activities. Rather it seeks to focus on a limited number of key initiatives that will produce outcomes of direct relevance to the achievement of the objectives of the Bogor Declaration and the 3Es initiative.

The activities set out in the Action Program address both elements of the APEC Action Agenda (Part One concerning trade and investment liberalisation and facilitation, and Part Two concerning economic and technical cooperation) and consist of four themes:

- Fostering a common understanding on regional energy issues
- Facilitating investment in the energy sector
- Reducing environmental impacts in the energy sector

- Acceptance of equivalence in accreditation and increasing harmonisation of energy standards

An important focal point for building momentum and providing guidance for the implementation of the Group's Action Program is the meeting of APEC Energy Ministers scheduled for 1996.

Time Frames

Throughout the Action Program, the following definitions of time frames are used to provide guidance. It should be noted that medium and long term time frames on specific issues may be varied on the basis of the outcomes and review of short term activities.

“short term” >>>>> “by the end of 1996”

“medium term” >>>>> “by the end of 1999”

“long term” >>>>> “after 2000”

APEC JOINT ACTIVITIES

Fostering a Common Understanding on Regional Energy Issues

The agreed aim of this theme is **to improve the understanding by the governments and business sectors of member economies of regional energy markets**, thus increasing certainty in policy and business decision making.

In the *short term* the Energy Working Group will consolidate its energy database and start joint work to produce a regional energy outlook based on the action plan of the meeting of government-business sector experts and the subsequent decisions taken at EWG 10. The outlook will foster member economies' understanding of the energy policy implications of future energy supply and demand trends and developments, thereby assisting member economies' decision making processes. This will be achieved through a number of initiatives, the most important of which is the formal establishment of the Asia Pacific Energy Research Centre (APERC) in mid-1996, to be located in Japan and managed under the auspices of the Energy Working Group. The preliminary work of APERC will start in November 1995.

The major roles of APERC will be:

- Joint study on the compilation of an APEC regional energy outlook. Other related supporting research will also be carried out

- Establishment of a Know-How Transfer Program under which missions will be dispatched and workshops/training courses held on related issues
- Establishment of an Energy Network, utilising the Internet, between APERC and energy authorities in the APEC region to allow data exchange and the feedback of research results, and to provide for the broadest possible dissemination of research outcomes.

These activities will be undertaken by research fellows invited to participate in APERC under the fellowship system.

The APEC regional energy outlook is to be compiled by joint research in which all member economies may take part, but will not bind the energy policies of any member economy. The outlook will be developed cooperatively and presented as a “product” of APERC, without requiring endorsement from the EWG, but recognising its affiliation with the EWG. The target year for the outlook should be 2010 at this stage, and it will be useful for further policy consideration within each member economy to have several scenarios in which different economic situations/energy prices are assumed.

In compiling the outlook, utilisation of the knowledge and know-how of the energy-related business sector, as well as other international organisations including AEEMTRC and the IEA, is important. In this connection, it is proposed to hold another government-business sector expert meeting in the future to provide additional input to the development of the outlook.

Expansion of the APEC energy data base to support the activities of compiling the APEC energy outlook will be carried out by the Energy Data Expert Group. This will be achieved through the identification and collection of additional economic and social indicators, and by the collection of data on final energy consumption on a more disaggregated basis. Where possible, this data will be collected from existing authorised international statistics. Other data will be submitted by each member economy.

Based on the agreement of the Energy Working Group and final confirmation at the Osaka Leaders’ meeting in November 1995, initiation of the joint study on the APEC regional energy outlook and settlement of APERC will commence. The preliminary work of APERC will start tentatively at that time.

Once it is formally settled in mid-1996, APERC will be managed under the auspices of the Energy Working Group by the Energy Data Expert Group, to be renamed the Energy Data and Outlook Expert Group to reflect its expanded role. It will be important for the Expert Group and APERC to establish collaborative working relations with international organisations such as AEEMTRC, and to have technical contact with the IEA. The regional energy outlook is expected to be completed by 1997, and will be regularly reviewed.

Over the *medium to longer term*, with the development of greater understanding, it is expected that policy principles additional to those which underpin the EWG's Action Program will be identified for formal endorsement by Ministers. These would address a range of matters, including issues associated with addressing the risks and impacts of potential disruption to energy supply and demand, along with issues concerning the environmental consequences of energy use. It is expected that such principles would lead to the development of shared energy policy goals.

In the *longer term*, mutual examination of the energy policies of member economies for the purpose of sharing information and ideas, may be shown to be of benefit, and cooperative activities based on resulting common understandings are expected to be significant. This would further assist the development of APEC as a sustainable energy community.

Facilitating Investment in the Energy Sector

The agreed aim of this theme is **to reduce regulatory, institutional and procedural impediments** to trade and investment in energy infrastructure, products and services. The activities proposed in this theme aim to facilitate investment in the energy sector fundamental to underpin regional economic growth.

Work under this theme has been progressed by the completion of a study to identify the steps which will facilitate business sector investment in energy infrastructure. The study has concluded that cooperative regional action is an under-utilised strategy for dealing with the key issues surrounding energy infrastructure development, and that individual economies will achieve more through regional cooperation than they could by acting alone.

The study's recommendations:

- Focus on similarities in the issues faced, and respect differences in the solutions to be adopted, by each member economy.
- Seek to reflect agreement from all member economies on specific work programs.
- Strive for an intensity of work over a short period.

The study's findings provide a basis for regional cooperation to reduce business sector risk, and increase mutual understanding of members' policy and regulatory experiences and approaches which will:

- Help governments of member economies strengthen their regulation of power infrastructure.
- Lower the perception of the risk of investing in the region.
- Increase the transfer of technology and skills.

- Lower the cost of capital.
- Facilitate regional trade in equipment and fuels.
- Enhance energy security.
- Address environmental issues.

In the *short term* the Energy Working Group, in partnership with the business community, will identify institutional, regulatory and procedural features that affect investment in electricity infrastructure and develop a guidance framework to facilitate investment through their removal.

- An advisory group comprising the Energy Working Group's Task Force on Investment in Power Sector Infrastructure and business representatives will be established to examine the detailed findings of the consultants' study report to propose a small number of priority actions which are prerequisites for later work. The group will report to the Energy Working Group's twelfth meeting in preparation for the Energy Working Group advising APEC Energy Ministers on the sequence of steps proposed to be taken.
- A forum comprising government regulators and key advisers responsible for managing electricity reform processes will be established to provide a mechanism to pool expertise and compare experiences in managing regulatory changes required to reduce risks faced by the business sector in independent power projects (IPPs).
- The merits of establishing a regional data base to provide information on existing and prospective IPPs to assist governments in economic and financial planning, and business in the development of commercial strategies will be explored.
- Immediately before the 1996 APEC Energy Ministers' meeting, a meeting of Chief Executive Officers from the business community of member economies will be held to discuss the actions proposed by the Energy Working Group. As part of the meeting arrangements, informal discussions between the Chief Executive Officers and Energy Ministers could occur.

In the *medium term*, based on the outcomes of this first phase of activities, and in light of Energy Ministers' decisions on priorities for action, the Energy Working Group will, in partnership with business, develop and implement coordinated solutions to more complex issues by:

- Developing structures and processes for procuring business sector investment.
- Clarifying regulatory frameworks.

- Examining financing structures and approaches to risk management.
- Investigating approaches to electricity pricing and tariff structures.
- Incorporating environmental considerations in power project planning and decision making processes.

In addition, over the *medium term* these activities will be extended to other aspects of the energy supply chain.

Over the *longer term* consideration will be given to issues associated with facilitating transborder infrastructure and its financing.

The Energy Working Group will also consider further measures designed to fine tune the processes and systems developed in earlier phases. Possible activities include:

- Extending agreed policy principles.
- Implementing coordinated initiatives to secure regional fuel supply.

Reducing Environmental Impacts in the Energy Sector

The agreed aim of this theme is **to reduce the environmental impacts of energy production, delivery and consumption** through improving access to technology, training, services and investment opportunities. The range of activities proposed in this theme will contribute to safeguarding the environment.

There are two strands of activity under this theme:

- (1) The development of a program to facilitate and increase the cost effective application of new and more efficient environmentally sound energy technologies.
- (2) The development of an integrated demand-side management manual for member economies.

(1) Facilitation of efficient and environmentally sound energy technologies

Energy demand within APEC economies has been increasing faster than in non-APEC economies, and is expected to increase further in the future. This increasing demand for energy in expanding economies is already posing considerable challenges in respect of the environment.

Currently, primary energy demand within APEC economies is met by oil at 41%, coal at 31%, natural gas at 18%, nuclear at 7% and renewables at 3%. Although various

energy demand forecasts project different fuel mixes for the future, there is no doubt that fossil fuels will dominate the mix. Of even greater significance is that the share of coal in the primary energy mix is expected to stay the same or increase. Although natural gas is expected to maintain or increase its share of the fuel mix, the overall environmental effects resulting from higher energy demand patterns will increase.

The restructuring of energy industries within APEC economies is already underway and will, to an extent, ensure the future allocation and use of energy resources in an efficient manner. To a large extent, this should ensure that technological and environmental advances are incorporated into new developments related to energy production, supply and use.

However, there is a need to address the energy/environmental interactions in the context of current energy demand patterns in order to ensure a sustained improvement for the future. Whereas each economy is best equipped to address its environmental challenges, there are also opportunities for cooperation between economies in learning from each other's experiences and tackling the new environmental challenges in a multilateral context.

The APEC Energy Working Group has been and is continuing to implement a broad range of programs of cooperation (training courses, workshops, seminars, studies and publications) aimed at raising the awareness and adoption within member economies of environmentally sound energy technologies. The emphasis to date has been to:

- Address institutional, regulatory, human resource and other impediments related to the uptake of environmentally sound technologies
- Increase understanding of the relevant technologies available
- Facilitate access to technology
- Develop the application of technologies to meet member economy circumstances
- Efficiently operate and maintain relevant technologies already in application.

Over the *short to medium term*, the activities planned to increase the adoption of cost effective and environmentally sound technologies, products and systems include:

- Expansion of the EWG's current programs which focus on access to technology, training and services, particularly in the areas of clean coal technology, renewable energy sources and end-use energy conservation and efficiency measures, including demand side management
- Survey, correlation and distribution of existing data and studies, prime examples being the new study on environmental regulations and compliance at coal-fired

plants, and the commissioned study on impediments to technology adoption in the renewables sector

- Development of a systematic program to facilitate and increase the cost effective application of new, more efficient and environmentally sound energy technologies, standards and systems
- Implementation of the recommendations generated by the program.

Over the *medium to long term*, cooperative multilateral programs to reduce climate change concerns will be explored. These may involve, for example, demonstration projects, leading to joint implementation in the above areas. Two potential programs in this area could arise from the current proposals on coal mine gas drainage/utilisation and renewables to displace fossil fuels in niche applications.

(2) Integrated demand-side management

The Inter-Utility Demand-Side Management Liaison Group is comprised of industry (utility) representatives and was established in 1993 under the auspices of the Energy Efficiency and Conservation Expert Group. It has already carried out some very useful work of direct relevance to the governments and business sectors of APEC member economies, such as holding workshops on demand side management impact evaluation and publishing the Demand Side Management Services Directory.

In recognition of its business sector expertise, at EWG 10 the Inter-Utility Demand-Side Management Liaison Group was requested to prepare a demand-side management manual for member economies. The manual would incorporate model demand-side management programs which demonstrate the range of options available, and provide examples appropriate to the different stages of economic development in member economies. The draft manual was considered at the 4th meeting of the Inter-Utility Demand-Side Management Liaison Group on 24-27 October 1995.

ACCEPTANCE OF EQUIVALENCE IN ACCREDITATION AND INCREASING HARMONISATION OF ENERGY STANDARDS

The agreed aim of this theme is **to reduce costs to both governments and business** by:

- Acceptance of equivalence in accreditation; and
- Closer harmonisation of standards relating to energy products, appliance and services where cost effective.

Major trade and economic gains will be made if energy standards can be harmonised, or equivalence protocols agreed. Early, major benefits will derive from the establishment of a harmonised network of protocols operating in member economies on:

- Basic product performance
- Methods of testing for determining energy consumption
- Accreditation systems and processes for laboratories and quality assurance systems and procedures.

Major trade and economic gains will arise from:

- Clarifying production and marketing requirements in all member economies against recognised and agreed benchmarks
- Increasing certainty among market suppliers in terms of production planning
- Agreeing test protocols, with the potential for reduced testing and retesting requirements (and hence costs) in multiple markets
- Increasing certainty among regulators on accreditation procedures and quality assurance process, further reducing technical and administrative requirements and costs.

The actions that are proposed are as follows:

Over the *short term*, the basis for the mutual recognition of testing protocols and the accreditation of laboratories, and the acceptance of the test results arising from them will be established. This is to be achieved through the following sequence of actions:

- 1 Identification and clarification of product performance standards
- 2 Identification and documentation of methods-of-energy-test standards or protocols
- 3 Investigation and documentation of processes for the accreditation of laboratories and test facilities and the associated requirements of administrators
- 4 Clarification and documentation of market entry and commerce marking requirements in member economies.

Over the *medium term*, these actions will enable member economies to reach agreement on the mutual recognition of testing protocols and the accreditation of laboratories, and the acceptance of the test results arising from them.

Based on the results achieved by 1999, over the *longer term* it is intended to consider the benefits of extending work on energy standards to specific products. It is agreed that the most prospective area of investigation is domestic appliances, followed by selected items of industrial and commercial equipment, particularly office equipment.

Apart from initial basic standards identification and documentation processes, further prioritisation will be necessary. This should be determined using the following criteria as a basis for assessment:

- Technical feasibility
- Degree of market penetration of the product within member economies
- Relative importance within member economies in terms of energy use
- Extent of trade in the products concerned between member economies
- Existing or proposed use of standards-related instruments as an economic, energy or environmental policy measure within member economies
- Production cost analysis.

The Energy Working Group is aware of the related work being undertaken by the APEC Committee on Trade and Investment (CTI) on the potential for the harmonisation of standards on certain electrical and electronic products. The predominant energy-related interest in that work is related to electrical safety. Continuing close liaison between the CTI and the EWG will ensure that their respective tasks are strictly defined to ensure that conflict of coverage and duplication of effort is avoided.

To ensure the technical integrity of these tasks and the acceptance of outcomes by the wider international community, the Energy Working Group will ensure that its work on energy standards is coordinated with the efforts of other organisations in order to avoid unnecessary duplication. Other relevant activities underway include:

- Work within the International Electrotechnical Commission on upgrading and establishing international acceptance of relevant technical performance and related standards
- An analysis by the International Energy Agency of the potential for standards harmonisation
- Progress within the European Union and other Europe-based multilateral groups on the establishment of energy performance standards and labelling.

The active involvement of the business sector will be critical in ensuring the relevance and success of the work undertaken. Those responsible within each member economy for standards and relevant industry matters will need to be involved in the analytical processes and the development of outcomes. In the main these will be relevant industry associations, standards setting agencies, and the appropriate regulatory authorities, but

there may be others, depending on each jurisdiction's needs and preference. The consultative framework used will be a matter for each member economy to determine.

DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

At the proposed meeting of APEC Energy Ministers scheduled for 1996, endorsement will be sought for the 14 non-binding policy principles for rational energy consumption already agreed at officials' level. The prospect for extending agreed policy principles will be pursued.

The focus of activities in the Action Program is on cooperative action that will encourage increased policy dialogue between member economies, leading to the further development of shared non-binding policy concepts. The strong foundation created in this manner will provide the basis for member economies to undertake mutual examination of each other's energy policies, in line with common policy concepts and goals, in order to achieve balanced and sustainable development in the Asia-Pacific region.

ACTION PROGRAM FOR TRANSPORTATION

INTRODUCTION

Transportation plays an important role in the economic and social well-being of each economy in the APEC region. The ability of a transportation system to efficiently handle the movement of people and goods is critical in order to maximize economic productivity, facilitate trade, and contribute to the mobility of people. The APEC Transportation Working Group is committed to achieving the goals set by the APEC Leaders at Bogor in 1994 in the transport sector.

1 COMMON POLICY CONCEPTS

The APEC economies are striving, through economic cooperation, to enhance the prospects of an accelerated, balanced and equitable economic growth in the Asia-Pacific region and throughout the world as well. A strategic, coherent and comprehensive approach is required, embracing the three pillars of sustainable growth, equitable development and economic stability, as stated in the Bogor Declaration.

The development of the transportation sector in the APEC region should promote equitable economic development in the APEC region to help people of all economies in the region share the benefits of economic growth.

The action program is prepared as a means of organizing the activities in the transport sector to be undertaken in accelerating the process of intensifying development cooperation and enhancing trade and investment liberalization in the Asia-Pacific region.

As a result of recommendations made by the APEC Ministers and endorsed by Leaders in their meeting in November 1994 in Indonesia, APEC Ministers in-charge of transportation met in Washington, D.C. in June, 1995 and adopted a Joint Ministerial Statement. That statement, as well as the Transportation Working Group Vision Statement and Policy Objectives (adopted in November 1993), provide the basis on which the objectives, principles, and priorities for transportation for the Asia-Pacific region are drawn.

The priorities of the Transportation Working Group are:

- i to facilitate the harmonization, co-ordination and transparency of transport policies, regulations, procedures and standards;
- ii to promote timely rational investment in the region's transport infrastructure;

- iii to encourage efficient use of existing infrastructure through the application of appropriate trade and transport facilitation techniques;
- iv to promote transport system safety and security in the region;
- v to promote on the basis of fair and equitable access to markets, a more competitive transportation operating environment, and to cooperate to address institutional constraints affecting the provision of transportation services in the region; and
- vi to facilitate improvement in productivity, skills and efficiency of labor and management in the transport industry.

2 APEC JOINT ACTIVITIES

Economies, through the Transportation Working Group, and through their own actions, will implement a range of actions aimed at achieving in the most concrete and ambitious way the priorities identified by Ministers and adopted in the Transportation Joint Ministerial Statement. The Transportation Working Group will also continue implementation of projects started by the group.

Specifically, the economies will undertake the following:

- 1 to promote the implementation of International Civil Aviation Organization and International Maritime Organization standards, regulations and safety measures;
- 2 to complete the Transportation Road Transport Harmonization Project and encourage the development of mutual recognition arrangements for road vehicles;
- 3 to encourage involvement of the APEC members in dialogue with the United Nations Economic Commission for Europe and to strive to move towards harmonization of road vehicle regulations within an appropriate international forum;
- 4 to establish in 1996 an APEC group to facilitate privatization or corporatisation of transportation infrastructure projects which would include technical, financial, legal and other experts;
- 5 to complete by 1996 Phase II of the Transportation Congestion Points Study, analyzing the major bottlenecks at land, sea and airports throughout the region and to complete by 1996 Phase III of the Transportation Congestion Points Study, providing a best practices manual of how economies can address their respective bottlenecks;

- 6 to start considering at an appropriate time how to enter into strategic consultation in development of well integrated regional transportation infrastructure;
- 7 to complete in 1995 Phase II of the Transportation Electronic Data Information Study, identifying barriers to transportation industry use of Electronic Data Information, to initiate a pilot Electronic Data Information trial program, and to determine future direction in adoption of Electronic Data Information as widely as possible throughout the transport sector in the region;
- 8 to seek as soon as practicable within the next 10 years, to eliminate the requirement for paper documents (both regulatory and institutional) for the key messages relevant to international transport and trade;
- 9 to establish the APEC Urban Transport Forum to develop transportation systems that help reduce congestion and are energy efficient and environmentally friendly. Korea will host the first meeting of the Forum in 1996;
- 10 to establish in 1996 a group of experts to identify aviation safety problems in the region;
- 11 to complete by 1997 a survey/analysis of aviation safety and security problems, and develop a plan of action based on experience with a pilot project on satellite navigation and communication systems;
- 12 to consider by 1997 establishing a group of marine safety experts, and a security experts group, based on experience with the aviation safety experts group;
- 13 to establish by 1995 a small group to jointly prepare an options paper for consideration by all APEC Members, on a consensus basis, for more competitive air services with fair and equitable opportunity for all members;
- 14 to complete in 1996 the investigation determining the value of establishing a technical transportation exchange program;
- 15 to commence in 1996 the study of the feasibility of a center for transportation research, development and education;
- 16 to commence in 1996 the evaluation of seafarers training needs in the APEC region;
- 17 to encourage the use of transport data and information networks such as the Database of Transportation Technology Research;

- 18 to complete in 1996 a survey of aviation personnel licensing requirements in the APEC region;
- 19 to commence in 1996 an inventory of activities on oil spills preparedness and response arrangements in the APEC region.

Additional actions will be developed and implemented by the Working Group to continually update its efforts to achieve the objectives established in the Bogor Declaration and the Transportation Ministers' Joint Ministerial Statement.

3 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

The Transportation Working Group has engaged in dialogue on member economies' transportation policies and activities since its establishment in 1992. The Working Group has published a Survey of the APEC Transportation Systems and Services as well as a Database of Transportation Technology Research as mechanisms for exchanging information. In addition, during each plenary session of the Transportation Working Group, economies provide information on recent developments in their respective transport sectors. The Transportation Working Group, in conjunction with its regular meetings, conducts a seminar as a forum of dialogue among member economies, including both the public and business sectors, on specific transportation issues aimed at identifying problems and opportunities which would form the basis for the development of work projects of the Working Group.

The APEC Transportation Ministers at their first meeting in Washington, D.C. stressed the need to continue a dialogue among themselves to further promote mutual understanding of transportation issues of common interest and ensure the implementation of the identified priorities for cooperation and action.

As an outgrowth of the Transportation Ministerial, various fora in the transportation sector are being established as arenas for active policy dialogue. For example, dialogues on specific transportation sub-sectoral issues are being considered, including an "APEC Group to Facilitate Privatization and Corporatisation of Infrastructure Projects" in the transportation sector which will bring together technical, financial, legal and other experts.

The Action Program identifies further areas where dialogue would be desirable. These will be explored and developed as the Working Group continues to develop its action program.

ACTION PROGRAM FOR TELECOMMUNICATIONS AND INFORMATION

INTRODUCTION

Given the critical role of the telecommunications and information infrastructure in strengthening the multilateral trading system, enhancing trade and investment liberalisation and facilitation, and intensifying development cooperation, the Working Group on Telecommunications is making this sector a model in achieving these goals set by APEC Leaders at Bogor in 1994, and therefore has adopted the following Action Program.

1 COMMON POLICY CONCEPTS

In keeping with the Leaders' instructions to ministers and officials to begin immediately to develop detailed proposals for implementing their decision, the APEC ministers responsible for telecommunications and information industry gathered in Seoul in May, 1995 and adopted the following objectives and principles for the Asia-Pacific Information Infrastructure:

1 APII Objectives

- i to facilitate the construction and expansion of an interconnected and interoperable information infrastructure in the region;
- ii to encourage technical cooperation among member economies in the development of the infrastructure;
- iii to promote free and efficient flow of information;
- iv to further the exchange and development of human resources;
- v to encourage the creation of a policy and regulatory environment favorable to the development of the Asia-Pacific Information Infrastructure.

2 APII Principles

- i Encouraging member economies in the construction of domestic telecommunications and information infrastructure based on their own reality;
- ii Promoting a competition driven environment;
- iii Encouraging business/private sector investment and participation;

- iv Creating a flexible policy and regulatory framework;
- v Intensifying cooperation among member economies;
- vi Narrowing the infrastructure gap between the developed and the industrializing economies
- vii Ensuring open and non-discriminatory access to public telecommunications networks for all information providers and users in accordance with domestic laws and regulations;
- viii Ensuring universal provision of and access to public telecommunications services;
- ix Promoting diversity of content, including cultural and linguistic diversity; and
- x Ensuring the protection of intellectual property rights, privacy and data security.

3 Priorities

- 1 The ministers responsible for telecommunications and information directed the Working Group to develop plans to improve the information infrastructure with the aim of facilitating effective cooperation, free trade and investment, and sustainable development of the region.
- 2 The ministers directed that the Working Group expedite work in three areas:
 - a Trade in International Value-Added Network Services (IVANs);
 - b Harmonisation of Procedures for Equipment Certification;
 - c Mutual Recognition Arrangements for Conformity Assessment.
- 3 In addition, the TEL project groups have the following continuing priorities:
 - a Promote better understanding of the telecommunications and information infrastructure and regulatory environment through data compilation activities.
 - b Facilitate increased trade flows through electronic commerce.
 - c Promote the rapid construction of the Asia-Pacific Information Infrastructure.

- d Promote human resources development through a series of training courses applicable to all APEC member economies.
- 4 Promote technical cooperation, such as joint research and technology transfer.

2 APEC JOINT ACTIVITIES

Economies, through the Working Group on Telecommunications, and through their own actions, will implement the Action Plan to Promote the APII Arising Out of APEC Ministerial Meeting on Telecommunications and Information Industry and Cooperation for the Development of APII. In doing so, the APEC TEL will work on restructuring its project groups and ad hoc groups to better carry out its activities. The TEL will also continue implementation of tasks started by the existing four project groups and two ad hoc groups. At the 12th TEL meeting, the proposed restructuring was adopted ad referendum to be finalised at the 13th TEL meeting during the first quarter of 1996 in Santiago, Chile.

Specifically, the economies will undertake the following:

Trade facilitation and liberalisation: Deliverables for Osaka

- a APEC Member Economies will conform to the guidelines on Trade in International Value-Added Network Services (IVANS) either in the immediate term or by 1998, with two economies needing additional consultation to determine dates for conformance, within the time-frame of the Bogor Declaration.
- b APEC member economies will generally conform to the guidelines on the regional Harmonisation of Equipment Certification Procedures in the immediate term, with two economies needing additional consultation to determine dates for conformance, within the time-frame of the Bogor Declaration.
- c APEC Member Economies will continue to work jointly to harmonise administrative procedures governing certification of customer telecommunications equipment, while recognising that regulatory and institutional arrangements within Member Economies may differ.
- d Before the end of 1997 develop and begin to implement on an elective basis a model Mutual Recognition Arrangement on Conformity Assessment.

Trade facilitation and liberalisation : Medium and Long Term

Development and implementation of plans (“issue-specific guidelines”) for the telecommunications information sector to achieve the Bogor objectives of trade and investment liberalisation and trade and investment facilitation through:

- the Working Group, by the first quarter of 1996, identifying the measures necessary to achieve free and open trade and investment in the telecommunications sector, consistent with commitments made by the APEC Leaders at Bogor, including each economy providing its own outline of actions necessary.
- the Working Group, by the third quarter of 1996, identifying areas where collective agreements can be made by consensus, and;
- the Working Group presenting finalised action plans for endorsement at the second Telecommunication and Information Industry Ministers’ meeting in the second half of 1996 and for presentation to the APEC Leaders’ meeting in November 1996.

Development and implementation of plans to improve the Asia-Pacific Information Infrastructure with the aim of facilitating effective cooperation, free trade and investment, and sustainable development in the region according to the ten core Asia-Pacific Information Infrastructure Principles.

Business facilitation

d Data compilation Activities

By the time of the Osaka Ministerial in November, 1995 update, publish and improve business sector access to the State of Telecommunications Regulatory Environment in APEC Member Economies.

By the time of the November, 1996 APEC Ministerial in the Philippines, update, publish and improve business sector access to the State of Infrastructure Development in APEC Member Economies.

APEC TEL 13 in first quarter, 1996 consider facilitating information sharing to the business sector via electronic means.

e Electronic Commerce Activities

During the APEC TEL/WG 13th meeting affirm that UN/EDIFACT is the preferred Electronic Data Interchange Syntax for small and medium sized enterprises (SMEs) trading in APEC.

By the end of March, 1996 develop an APEC Electronic Commerce/EDI Seminar Program with decisions on seminar dates, seminar curriculum and presentation materials.

By the third quarter of 1996 present a progress report on a study on APEC /EDI application development, supported by a feasibility study looking at the use of Internet for electronic commerce applications.

By March 1996, regarding the INGECEP project, identify a project outline, economy representatives, and SMEs for application, by the third quarter of 1996 test experiments on Internet and ATM networks, and by first quarter 1998 finish a project report.

By first quarter of 1996 finish actual testing of the X.400 network interoperability test and make a progress report to plenary at the next TEL meeting in Chile.

Update the 1994 APEC study that examined the communication policy issues associated with electronic commerce.

Cooperation

f Infrastructure Activities

By first quarter, 1996 identify some Asia-Pacific Information Infrastructure (APII) pilot and cooperative projects, building on some of the proposals discussed at the APEC Seoul Ministerial, with a report on possible criteria for prioritizing projects to be submitted to TEL 13.

By first quarter 1996 complete the analysis by the consultant of the infrastructure questionnaires, with a target of completion by TEL 13.

During first quarter, 1996 develop an agenda for a content/information and applications seminar including consideration of intellectual property rights issues to be held in conjunction with TEL 15 in first quarter, 1997.

During the first quarter of 1996 examine ways to increase cooperation between APEC and existing international institutions and programs, so as to actively promote the APII and reduce duplication of efforts, in areas including standards and existing technology cooperation projects.

In third quarter, 1996 begin to implement Cooperation for the Development of APII prepared at the 1995 APEC Ministerial Meeting on Telecommunications and Information Industry.

Development and implementation of plans for the telecommunications information sector to achieve the Bogor objective of development cooperation.

Implement the “APII Test Bed Project” with the Test Bed Forum and Test Bed Interconnection in cooperation with G-7 countries and other APEC participating economies.

g Human Resource Development Activities

By fourth quarter, 1995 complete the HRD training course entitled “*Privatisation: Concepts and Perspectives on Management and Implementation.*”

By second quarter, 1996 complete the Human Resources Development/Human Resources Management (HRD/HRM) symposium on APII.

By fourth quarter, 1996 complete the training course entitled “*Telecommunications Human Resources Development Project: Training to Meet the Challenges of Competition.*”

During first quarter, 1997 complete the HRD training course based on training needs assessment survey for an APEC TEL developing member economy.

Continue personnel exchange programme in the field of telecommunications and information by encouraging more participation from member economies in order to support the implementation of APII action plan.

By first quarter 1996 establish a steering group to implement a distance learning pilot project with the objective of sharing distance learning experience among member economies and to identify and strengthen linkages of distance learning to APII and to the APEC Working Group on HRD.

Based on the proposed model vocational education and training (VET) framework, define skills standards that will facilitate human resources development in key areas of APII by the fourth quarter, 1996.

Development of human resource capabilities to improve strategic planning and analysis of APII implementation including technology evaluation, demand forecasting and regulatory reform for APII.

3 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

The TEL has engaged in dialogues on member economies' policies and activities since its inception in 1990. Starting from 1991, the working group has issued a series of publications on the state of members' telecommunications infrastructure and regulatory environment. At the Telecommunications Working Group meetings, members supplement these periodic publications with six month regulatory updates, which are included in the Chairman's report. The Working Group is now compiling a new publication with updated information on the APEC telecommunications regulatory environment, to be entitled "*State of Telecommunications Regulatory Environment in APEC Member Economies*" to be released at the Osaka Ministerial.

Interconnection has been identified as an important policy issue about which member economies will exchange information. The information will be included in the TEL Working Group six month regulatory policy updates and in the published volumes on the state of APEC member economies. In-depth discussion of this and other policy issues, such as universal service, are planned for the near-term.

ACTION PROGRAM FOR TOURISM

1 PREAMBLE

Given the growing importance of the tourism industry in promoting economic growth and social development in the Asia Pacific region, the Tourism Working Group (TWG) has developed an action program which has as its focus the long term environmental and social sustainability of the industry. It requires that APEC member economies give serious attention to addressing the impediments to tourism movements and investment, and the liberalisation of trade in services associated with travel and tourism.

2 COMMON POLICY CONCEPTS

Consistent with the APEC Economic Leaders' Declaration of Common Resolve from Bogor, Indonesia, the TWG is committed to working towards:

- a Removing barriers to tourism movements and investment and liberalising trade in services associated with tourism;
- b Developing and implementing the concepts of environmental and social sustainability to tourism development;
- c Facilitating and promoting human resources development;
- d Promoting an enlargement of the role of the private sector in tourism development, through investment opportunities, public and private joint ventures, and linkages with companies and private sector institutions;
- e Developing cooperation and programs in the areas of telecommunication, transportation, passenger facilitation, financial and other information-based services related to trade in tourism; and
- f Sharing of information on the nature and extent of the tourism industry in the region, and member economies experience in its development.

3 JOINT ACTIVITIES

- a The joint activities will include the following items:
 - 1 To identify impediments to tourism growth and formulate strategies that will improve tourism movements and investment in the region;
 - 2 To encourage and support the protection and conservation of cultural heritage and natural sites and the use of "best practice" models in

implementing the concepts of environmental and social sustainability to tourism development;

- 3 To promote "best practice" models for environmentally and culturally sustainable tourism in the region;
- 4 To expand human resource development tools and exchange information and experience;
- 5 To develop a database of core statistical information to assist industry and governments to develop more effective marketing and planning regimes;
- 6 To raise awareness of the economic impact to tourism in the region.

b Initial Actions

The TWG's Initial Actions include the:

- 1 Commencement of a study to identify the impediments to tourism movements and investments in the region;
- 2 Completion and distribution of a consultant's report on environmentally sustainable tourism in APEC member economies;
- 3 Publication of keynote speeches and findings from the symposium on Tourism and the Environment held in Christchurch, New Zealand on 1-2 May 1995;
- 4 Support for the UNESCO Programme for World Heritage Preservation and Sustainable Tourism Development;
- 5 Distribution of a training manual for distance learning for public administrators with accompanying video tapes;
- 6 Investigation of the feasibility of a study of the economic impact of tourism in the region;
- 7 Improvement of the system to exchange tourism information and statistics on a regular basis;
- 8 Pilot testing of an electronic decentralised tourism data base using the ACDS;
- 9 Sharing of information about APEC member tourism office structures and organizations by means of the ACDS, to enhance cooperation and mutual understanding;

- 10 Promotion and development of responsible whale watching activities as a tool for sustainable tourism development in APEC member economies where practical.

Throughout its activities the TWG is mindful that there are a number of other organizations working in the region to encourage tourism development, including the Pacific Asia Travel Association (PATA), the World Tourism Organisation (WTO), Economic and Social Commission for Asia and the Pacific (ESCAP), and United Nations Educational, Scientific and Cultural Organisation (UNESCO), and is committed to working cooperatively, avoiding duplication of efforts. It is also committed to working with other APEC Working Groups where areas of interest impact on tourism development.

c Environment Project

A report on environmentally sustainable tourism in member economies and a symposium discussing the findings and indications of the report have been successfully completed.

It is proposed that the next phase of this project will focus on three themes:

- sharing of information
- inter-agency linkages
- environmental education

Descriptive material will take the form of "best practice" case studies under the three themes and follow a set format. This material will be prepared by member economies and cooperating organisations on a voluntary basis.

It is hoped that the exchange of this best practice approach and the sharing of technical expertise will be useful to tourism policy makers and officials responsible for planning and implementation, also to private sector enterprises and organisations involved in tourism.

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

- a To facilitate the roles of private sector in the tourism development;
- b To urge the realisation of promoting and enlargement of the role of the private sector in tourism industry including strengthening the role of small and medium enterprises;
- c To urge initiatives of developing economies, members may consider human resource development in tourism sectors for the developing member economies.

ACTION PROGRAM FOR TRADE AND INVESTMENT DATA

1 INTRODUCTION

The APEC Economic Leaders, in their joint declaration in Bogor in November 1994, committed themselves to pursuing a long-term goal of free and open trade and investment in the Asia-Pacific region. The availability of accurate and comparable trade and investment statistics between APEC members would facilitate this process and enable policy makers and their advisors to analyse past, current and future trends in trade and investment activity in the region. Although member economies compile and publish these statistics independently at the moment, there are significant differences in the statistics across APEC economies for a number of reasons, and these have been a source of concern for policy makers. Firstly, investigations have shown that differences in compliance with international statistical standards between member economies have contributed to some discrepancies in the data. Secondly, the funds allocated for undertaking compilation of the statistics and the sophistication of compilation methods vary widely between member economies. Thus, it is fundamental that reliable statistics be developed to ensure correct analysis of current economic conditions and appropriate policy decisions, which would avoid misallocation of resources and misunderstanding among APEC members.

2 COMMON POLICY CONCEPTS

The success of economic and technical cooperation in trade and investment issues within APEC relies, to a large extent, on member economies sharing common trade and investment policy concepts and goals. TID WG members acknowledge the importance of this principle and are committed to working towards developing near-comparable databases of trade and investment statistics, taking into account international standards such as those recently outlined in the International Monetary Fund's fifth edition of the Balance of Payments Manual. This would provide a compatible platform for analysing and reconciling trade and investment statistics between APEC members.

a Goals

The goal of the TID program is to develop databases of near-comparable published statistics relating to international merchandise trade, services trade and international investment, thus facilitating comparison and reconciliation of cross-border trade and investment activities between APEC economies. It is envisaged that this database development project will have significant impact on database design in other APEC WGs and projects. When the databases are fully operational, access would be provided to the private sector to enable some cost recovery for the TID program.

b Basic principles

The principles governing the TID program are based on the development of near-comparable data according to international standards and the sharing of skills between member economies in the compilation of trade and investment statistics.

c Priorities

- 1 Development of the near-comparable database relating to international merchandise trade

Initially, a near-comparable international merchandise trade database would be developed. Published merchandise trade data by APEC members and near-comparable data which has been converted using the standardisation criteria previously adopted by the TID WG will be input into the Trade and Investment Data Database (TIDDB) using the agreed data file transfer format. The system will be operational by the end of 1995.

- 2 Seeking to add to the near-comparable database statistics relating to trade in services and international investment

In regard to trade in services and international investment, separate standardisation criteria and data file transfer formats have been developed. Published data will be input into the TIDDB as it becomes available.

- 3 Improvement and dissemination of the TIDDB system

The development of the near-comparable database system will assist the process of data reconciliation between member economies and improve trade and investment statistics of the APEC region. A database access pricing policy for non-APEC economies and the private sector will also be formulated to assist in cost recovery for the project. Other APEC WGs or committees will be encouraged to adopt the database design for their own statistical databases.

- 4 Human resources development in the area of trade and investment statistics

The TID WG will promote human resources development in member economies through information exchange and the holding of workshops on the implementation of the new international standards described in the fifth edition of the Balance of Payments Manual of the IMF. Training courses will be organized to assist members familiarise themselves with the database system and the international standards governing the compilation of trade and investment statistics.

3 APEC JOINT ACTIVITIES

The proposed short and mid to long-term action items and target dates for the Trade and Investment Data Working Group is as follows:

- 1 Development of the near-comparable database relating to international merchandise trade
 - a development and testing of the TIDDB system (Aug 1995)
 - b members to supply at least published merchandise trade data for 1991 and 1992 to the database manager (Sep 1995)
 - c TIDDB loaded and operational for at least published merchandise trade data (Nov 1995)
 - d members to:
 - i) review merchandise trade data loaded to the TIDDB and confirm correctness of data to database manager
 - ii) provide feedback to the database manager and the TAP (Technical Advisory Panel) on operational adequacy of the TIDDB system and documentation (Nov 1995 to Apr 1996)
 - e update available international merchandise trade data on the TIDDB for 1993 and subsequent years (mid-1996 and annually thereafter)
- 2 Seeking to add to the near-comparable database statistics relating to trade in services and international investment
 - a members to supply available international direct investment stock data, both global and by APEC partner (Dec 1995)
 - b TIDDB loaded and operational for available international services trade and direct investment data (Apr 1996)
 - c members to implement new international standards (i.e. those described in the fifth edition of the Balance of Payments Manual of the IMF) for trade in services and international investment data, including compilation of regional data or expansion of existing regional data (from 1996)
 - d update available international services trade and direct investment data on the TIDDB, both global and by APEC partner (annually, as new/revised data become available)
- 3 Improvement and dissemination of the TIDDB system
 - a completion of feasibility study on the use of the United Nation's COMTRADE database (Nov 1995)

- b access to the merchandise trade data in the TIDDB by non-TID WG entities, once WG has agreed on appropriate access and pricing policies (from completion of development phase)
- 4 Human resources development in the area of trade and investment statistics
- a vendors to conduct a workshop to train members to use the TIDDB system, subject to further clarification of members' training requirements (Jan 1996)
 - b conduct a workshop to take place back-to-back with the next WG meeting, to provide training to members in the collection, compilation and estimation of international trade in services and international investment data (May 1996)

4 POLICY DIALOGUE

The TID WG will review the future progress of the above program through discussions at WG meetings, taking into consideration the statistical environment of member economies.

The TID WG will also conduct workshops to develop human resources in this area as appropriate.

ACTION PROGRAM FOR TRADE PROMOTION

1 INTRODUCTION

To contribute to the sustained economic development and improved standards of living of all the people of the Asia Pacific region, the APEC Working Group on Trade Promotion (WGTP) agrees to promote the dynamism of intra-regional trade through the activities outlined in this action program.

2 COMMON POLICY CONCEPTS

1 Goals

- Promotion of intra-regional trade by providing expanded trade opportunities
- Promotion of mutual understanding of the trade promotion measures of member economies
- Encouragement of participation in the WGTP activities from the industrial and business sectors, including trade promotion organizations, by absorbing their expertise and experience.

2 Basic Principles

- Shared responsibility

The sustainable development and improved standards of living in the region is the responsibility of all member economies.

- Common Interest/Common Benefit

Many problems associated with trade promotion related issues are common to all APEC members. There is a common benefit in sharing experiences relating to the resolution of these issues.

- GATT/WTO Consistency

Member economies will ensure that the activities of WGTP are fully consistent with all the provisions as well as the spirit of the GATT/WTO Agreement.

- Equal Partnership and mutual respect

While ensuring mutual respect by recognizing the divergent conditions of member economies, all member economies will equally participate in and benefit from the promotion of intra-regional trade.

3 Priorities

- Promotion of trade-related activities in goods and services
- Trade financing
- Trade skills and training
- Trade information
- Cooperation between the business sector and government agencies, including trade promotion organizations

3 JOINT ACTIVITIES

The WGTP will work to expand and improve the content of the activities and to achieve tangible results, making positive efforts in new areas such as creating a trade-friendly environment.

1 Trade Promotion Activities

The following activities will be conducted on a regular basis over the short to medium term:

- An APEC trade fair with a sectoral focus will be held to promote intra-regional business opportunities.
- Seminars involving the business sector will be held to discuss common intra-regional trade issues, including specialized sessions.
- Annual meeting of trade promotion organizations will be held in conjunction with WGTP meeting on enhancing intra-regional linkages and cooperation.
- Proposals will be developed and submitted to the 8th WGTP meeting to utilize trade-related activities as one of the measures to alleviate poverty in relevant economies.

2 Trade Financing

The following events will be held on a regular basis over the short to medium term:

- Seminars will be held on trade financing, covering topics such as export insurance, risk management and credit guarantee funds for SMEs.
- Workshops on venture capital will be held to exchange views on the best practices among member economies.

3 Trade Skills and Training to foster trade promotion-related HRD

The following activities will be conducted over the short to medium term:

- Trade promotion related skills and training courses will be implemented to cultivate trade-related specialists in both the business and the government sector.
- A catalogue of existing training courses in APEC member economies will be compiled and disseminated, in the interest of developing training exchanges.
- A mechanism will be developed for the exchange of trade promotion experts.

4 Promotion of Information Sharing to foster a trade friendly environment

In the short term, in order to enhance the APEC-Net intra-regional database, Singapore and other member economies will determine the required information and whether to migrate the APEC-Net to the Internet. Over the medium to long term, APEC-Net will be improved to promote business sector utilization on an APEC wide basis and to meet the needs of the business sector. Meanwhile, the following activities will be conducted over the short to medium term:

- A directory of trade shows in the APEC region will be compiled annually and disseminated to the business sector in order to enhance the trade benefits of these shows. This directory will be produced in hard copy and electronic version, with a possible future link to APEC-Net.
- In order to develop a trade-friendly environment, the Working Group will compile information on the trade environment of each member economy, for dissemination to the business sector. Each member will be asked to provide information on measures to support and facilitate import and export activities in each member economy. In this regard, efforts will be made to complement the related work undertaken by other fora. Efforts will be made to develop the exchange of information on technology transfer related to trade promotion.

5 Business Sector Participation in WGTP activities

The following activities will be conducted over the short to medium term:

- A joint session of government and business sector representatives will be held in conjunction with WGTP meeting(s) in order to ensure that the experience and expertise of the business sector are reflected in the WGTP's activities.
- Business-to-business linkages in the region will be increased and business input into the WGTP through the Asia Pacific Business Network will also be generated. The APB-Net was established by the WGTP in 1994 as a concrete means of promoting business sector engagement in the APEC Process.
- The development of strategic alliances among SMEs in the APEC region will be encouraged through cooperation among member economies. For this purpose, proposals on facilitating strategic alliances at the corporate level will be explored at the 8th WGTP meeting, such as through Memoranda of Understanding.

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

The role of the APEC WGTP meetings is to allow members to exchange views on the trade promotion measures which each is applying, thus promoting common understanding among Members. The expertise and experience of Members' industrial and business sectors and trade promotion organization will be reflected in these discussions and put to use in future activities.

ACTION PROGRAM FOR MARINE RESOURCE CONSERVATION

INTRODUCTION

The use of the marine environment is essential to the economic viability of the economies in the Asia-Pacific Region. Fisheries and aquaculture products are major trade commodities, tourism is increasing and demands a clean and attractive environment, and the diversity of marine organisms has significant potential for new fisheries development and other economic benefits.

Marine environmental degradation has significant socioeconomic costs in terms of risks to human health, contamination of fisheries resources, curbing of aquaculture development, effects on resource management and regulatory activities. As populations grow and local problems intensify, therefore, marine and ocean engineering expertise, pollution abatement expertise, and development of a highly trained work force will be needed.

The reduction of marine environmental degradation will enhance trade opportunities, and marine environmental quality and resource conservation are important areas for business involvement and technology development throughout the region.

1 COMMON POLICY CONCEPTS

a Goals

- To seek reconciliation of economic growth and efficiency with improved environmental outcomes, so as to achieve sustainable development;
- To enhance trade and investment in marine products while protecting the marine environment and its resources;
- To ensure continuing socioeconomic benefits through maintenance of marine environmental quality.

b Strategies

- Development of marine resource conservation infrastructure
- Transfer of technology
- Good technological solutions
- Informed planning
- Regulatory approaches

c Major issues and key initiatives

- *Coastal zone planning and management*

The Working Group has developed a set of projects to address coastal zone management over a range of scales: International Coastal Zone Management Policies and Activities, to address regional issues (completion 1995); Integrated Coastal Zone Management Strategies, to review the diversity of approaches that APEC economies currently have to the management of their coastal zones (completion 1995); and Workshop on Integrated Management of Semi-enclosed Bays, to explore approaches to management of local areas subject to extreme development pressures (completion 1996).

- *Regional implementation of UNCED Agenda 21 (Oceans Chapter) recommendations in the APEC Region*

The Working Group has identified other multilateral organizations concerned with marine resource conservation in the APEC Region, and is endeavouring to enhance coordination in the implementation of relevant UNCED recommendations in areas such as coastal zone development and management, marine pollution from land-based sources, climate variability and impacts, role of oceans in climate and global systems, and institutional and capacity building, through dialogue with concerned organizations (completion 1995).

- *Marine algal toxins (Red tides/harmful algae blooms)*

The Working Group reviewed problems associated with red tides/harmful algal blooms in the APEC Region, assessed technical, human resource development and information exchange capabilities and needs among the economies, and documented existing regulatory and legislative approaches to research and management of the effects of red tides (completed 1995). As a result, a program plan has been developed to provide the training, infrastructure and oversight necessary to establish harmony in policies, procedures and capabilities, so that fisheries products can be exported and imported freely among APEC economies without concern for algal toxins (completion 2000).

2 JOINT ACTIVITIES

a Directions for joint activities

- To demonstrate the value of integrating environmental issues into economic decision-making;
- To make policy recommendations on policies, standards, certification, regulatory requirements, conformance assurance and other areas which will set the framework to aid trade and investment liberalization and facilitation

under conditions that will ensure that resulting development and exploitation of resources is sustainable;

- To improve the flow of information on marine resource management and conservation to enhance APEC members' access to developments across the region;
- To address both specific commodities and services in the marine resource sector that require action in order to facilitate trade and investment, and structural barriers in terms of environmental management deficiencies and transportation safety;
- To set priorities, based on feasibility of attaining effective results, and potential impact on trade and investment.

b Policies, standards and conformance for trade in marine commodities and services

The Working Group will review specific marine products and service sectors, and develop policy recommendations designed to enhance investment and liberalize trade in these. These will include the *marine bioproducts, tourism, ocean engineering, pollution abatement, submarine mineral and energy, and fisheries and aquaculture sectors*. This will include recommending a common basis for standards and conformance assurance mechanisms, where appropriate, to ensure transparency and clarity in the regulatory framework, ensure that the development and exploitation of marine resources is carried out in a sustainable manner, provide economic benefits to coastal communities, and ensure public safety.

- The Working Group will implement a program that will provide the basis for complementary policies, standards and procedures to ensure that fisheries products entering the trade market in the APEC Region are safe with respect to algal toxins (completion 2000).
- The Working Group will develop an inventory of ocean industries in the APEC region, the principal objective being to assist such businesses in developing partnerships and broadening their markets, as well as to develop relationships with the APEC Working Group. The inventory project will focus initially on one sector, the management and control of pollution, to include types of products or services, scale of enterprise, and geographic scope (completion 1997); at its next regular meeting (1996), the Working Group will set priorities and develop a schedule for additional sectors. It will also examine the practicability of maintaining an electronic database of the inventory.

- The Working Group will identify a list of specific marine products and services which can, through provision of the appropriate policies and standards, enhance trade and investment in the APEC Region; order the list in priority based on the potential value of trade and investment and the potential for APEC to catalyze this development; and develop a framework of action to address the necessary policy inception (completion 1998).

c Structural framework to ensure sustainable development of marine resources

APEC has an important role to play in developing policies, standards and conformance to safeguard the environment on which the conservation and sustainable exploitation of marine resources depends. These include areas such as *management of land-based sources of pollution and critical ecosystems, energy and mineral exploration and production in the marine environment, marine transportation, and emergency response*. It also provides a vehicle for *economic and technical cooperation in marine environmental research*, and the development of *human resources associated with the application of engineering, technological and other specialized skills*.

- The Working Group will consolidate the output from its three projects on coastal zone management, and provide guidance for APEC members to better manage critical areas of their coastal zones; and to develop effective communication, information exchange and planning mechanisms to enhance the cooperative management of problems affecting the coastal zones of neighbouring economies (completion 1998).
- The Working Group will undertake a comprehensive assessment of the structural barriers to the conservation and sustainable development of marine resources, set priorities for action based on the relative significance of these to marine resource management and the potential for APEC to diffuse them, and develop a framework of action to address them (completion 1999).
- The Working Group, on a continuing basis, will identify opportunities to promote economic and technical cooperation among members in the marine resource conservation sector, in areas such as planning and economic assessment skills, vessel design and shipboard safety equipment, spill response technology and infrastructure, pollution abatement and treatment technology, waste disposal technology, biological resource assessment, oceanography and human risk assessment, to improve the overall effectiveness of expertise and technical capacity in APEC (continuing).

3 DIALOGUE ON MEMBER ECONOMIES' POLICIES AND ACTIVITIES

In light of the diversity of the marine resource conservation issues, dialogues will be promoted to share scientific and technical information in such areas as human resource development in management, monitoring, analysis and research among the APEC

members, to identify and assess serious environmental issues, and to develop practical, action-oriented approaches to maintaining marine environmental quality, through:

- continuing activities of the Marine Resource Conservation Working Group;
- developing collaboration as appropriate with other APEC bodies such as WGs, especially those on Regional Energy Cooperation, Fisheries, Transportation and Tourism, and the Environment Experts, to avoid duplication and create synergism of common interest;
- making use of existing multilateral and bilateral marine fora and developing collaboration with them if and as appropriate, to avoid duplication, to benefit from their experience, and to identify opportunities for complementary activities; and

developing relevant links with the business sector, for example as related to the appropriate exploitation of marine resources for commercial or tourism purposes.

ACTION PROGRAM FOR FISHERIES

1 PREAMBLE

The Pacific Ocean, with an area exceeding that of the land mass of the entire world, accounts for about fifty percent (50%) of the world's harvest, consumption and exports of fish and fish products. Aquaculture output in the region accounts for approximately seventy five percent (75%) of the world's total aquaculture production and is playing an increasingly important role in trade and economic development in the region. Fishing is one of the major economic activities in the Asia-Pacific region. In many member economies it forms a significant part of the economic base, and in some smaller economies, particularly in the South Pacific, it provides the only realistic opportunity for their future economic growth and prosperity.

The unique feature of fisheries is that they have a certain limit to their production base. The world's fisheries, including some in the Pacific, have suffered from over-exploitation and have not always been rationally utilised to ensure sustainable economic development. These factors also apply to aquaculture production which, while seeming to have potential for further expansion, faces environmental limits in the form of water quality, availability of space, etc. Close cooperation among APEC members is required in order to promote long-term optimum utilisation based upon sustainability of the resource. These unique features raise unique issues for the fisheries sector in achieving the direction given by APEC Leaders in the Bogor Declaration.

2 COMMON POLICY CONCEPTS

The following goal, principles and objectives are shared as policy concepts.

Goal

Maximize the economic benefits from, and the sustainability of, fisheries resources for the common benefit of all APEC members.

Basic Principles

In achieving the above goal the APEC FWG will be guided by the following principles:

i Shared responsibility

The sustainable development of the regions fisheries and aquaculture resources is the responsibility of all APEC members if we are to achieve long term economic growth based upon the regions fisheries. Further, in order for the benefits from the sustainable development of the regions resources to be realised

and shared, all APEC members have a responsibility to advance trade and investment liberalisation and facilitation.

ii Common Interest/Common Benefit

Many of the problems associated with fisheries and aquaculture management are common to all APEC members. Issues such as over utilisation, user group conflict, environmental degradation, supply and demand trends, and trade and investment barriers are experienced by all members. The solutions developed by some members to these issues could well provide the solutions required in other member economies. There is a common benefit in sharing experiences relating to the resolution of these issues.

iii GATT/WTO Consistency

In order for the maximum economic benefits from the region's fisheries to be realised, a progressively liberalised and ultimately free and open trade and investment regime must be established. Barriers to trade and investment will be reduced and the free flow of goods, services and capital will be promoted in a GATT consistent manner.

iv Equal Partnership and mutual respect

It is recognized that a diversity of circumstances exist in the region. It is also recognized that we all benefit by advancing economic growth, improved education and training and resource sustainability throughout the region.

Priorities

The Fisheries Working Group has identified the following objectives that the Group will need to address within its work programme in order to achieve its stated goal.

- i The Group needs to strengthen economic and technical cooperation in the management of the production base of the fisheries and aquaculture sector in the following areas:
- promotion of conservation and sustainable use of fisheries resources domestically and regionally;
 - solutions to common fisheries resource management problems;
 - promotion of the sustainable development of aquaculture in the region;
 - solutions to aquaculture disease control;
 - promotion of habitat preservation; and

- enhancement of the food safety and quality of fish and fisheries products.
- ii The Group needs to promote work in the following areas concerning trade and investment liberalisation and facilitation in the sector:
- harmonisation of rules and regulations on product standards concerning fish and fisheries products;
 - the effects of subsidies on resource management within the sector;
 - the impact of resource management techniques upon trade;
 - standard principles for the enhancement of the food safety and quality of fish and fisheries products;
 - current barriers to trade (including tariff and non-tariff measures) and investment in the region; and
 - the supply gap in fisheries products given growing demand.

Sector Specific factors

In developing upon these objectives consideration needs to be given to the unique characteristics of the resource concerned. The Vision Statement of the FWG provides a context within which to apply the above objectives. However, various sector specific issues will also need to be addressed. These issues can be summarised as:

- Limitation of supply potential from the resource and growing market demand for fisheries products;
- The common property nature of the resource and the associated user conflicts that result;
- The lack of effective management regimes in some fisheries;
- The excess capacity that currently exists in the world's fishing fleets;
- The lack of coherent internationally agreed rules governing trade and product quality for fisheries products;
- The incomplete nature of sector specific information regarding subsidies, administrative barriers etc; and
- The social impacts upon traditional/artisanal fishers and communities of various fisheries management techniques and trade and investment liberalisation.

3 JOINT ACTIVITIES

The Group has already completed work that has begun the movement towards the achievement of our goal. To date the Group has developed an inventory of fisheries training facilities in the region, in association with the PECC Fisheries Taskforce undertaken a survey of non-tariff measures affecting trade in fisheries products, a Workshop on the Hazard Analysis and Critical Control Points (HACCP) approach to quality control; and hosted a Workshop on small and medium enterprise development in the fisheries sector, and completed a survey of fishery species requiring international cooperative management and existing management and science arrangements.

The means by which to build on current accomplishments and achieve our objectives and fulfil our goal consists of a short term joint activities comprising the current work of the Group; a medium term joint activities consisting of ongoing work and areas identified as requiring work in the next five to ten years; and a longer term joint activities or strategy focusing on outcomes beyond ten years.

Short-term Joint Activities 0-2 years

This work comprises the current work projects of the FWG, namely, The Role of the FWG in Fisheries Management; a publication of "Who's Who" in Fisheries Inspection; Study on Improving Market Information on Seafood Trade in the APEC Region; and a training Workshop on Sustainable Shrimp Culture with emphasis on Health Management and Disease Control, and a Study on the Role of APEC in Aquaculture.

Medium-term Work Joint Activities 0-10 years

The Group has project proposals for 1996 FY funding which will form part of the medium-term work programme. These projects include:

- a Seminar on Fish Inspection systems in Australasia (project coordinator Thailand);
- a Conference on Quality and Safety of Fisheries Products (Thailand);
- a Profile of Agencies involved in Fisheries in the APEC region (China); and
- Technical Cooperation on Improved Seafood Inspection Regimes and the use of HACCP principles (the USA and Canada)

In addition to the projects proposed for 1996 FY funding the Group will consider further project work which focuses on the following areas during the next ten years:

- information on supply and demand trends relating to fisheries trade in the region taking account of the effects of substitutes and competition from other food products;
- information on the level of subsidies that exist in the fisheries sector;
- increased regional technical and economic cooperation in encouraging the use of HACCP based principles for product quality and food safety in line with CODEX guidelines;
- information on the investment laws that are specific to the fisheries and aquaculture sectors of the region and the relationship to resource management measures;
- technical cooperation in resolving resource management issues such as user group conflict in fisheries and disease control in aquaculture; and
- information on barriers to trade, including tariff and non-tariff measures and administrative barriers, and improved information on marketing of fisheries products.

Long-term Joint Activities 0-15 years

Ongoing consideration needs to be given to the following matters in light of the work undertaken within the Group's medium-term work programme:

- Promotion of harmonised standards for fisheries products via closer cooperation with other fora dealing with this issue;
- Analysis of the impacts of subsidies in the fisheries sector on trade and resource management and conservation;
- The application of economic instruments to address environmental and resource management challenges;
- Formal liaison with other fora, such as the CTI, concerned with trade and investment in order to investigate how best to incorporate the sector specific issues investigated within the FWG into the overall process of liberalisation and facilitation in the region; and
- Cooperative programs dealing with sustainable development in fisheries and aquaculture. These may involve, for example, electronic information networks to promote exchange of information on problems and solutions between fisheries and aquaculture managers and fisheries economists in the region (a what has worked where type solution to problems)

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

Member economies will engage in dialogue on their policies/activities at the Fisheries Working Group to review and further develop the common policy concepts and the joint activities.

- Arrange meetings in a way which minimizes resource costs to maximize member participation.

3 Strategies

- Establish a process to implement and review the action plans agreed to at the First ATC and future Meetings and report this through SOM to APEC Ministers and Leaders.
- Each member economy will identify its primary areas of interest with regard to technical cooperation, taking into account discussion on the seven areas proposed by Chinese Taipei.
- Priority areas to be agreed to at subsequent ATC Meetings.
- As a longer-term aim, to develop a broadening of scope of ATC, recognizing the rapid changes occurring in member economies.

3 JOINT ACTIVITIES

1 Exchange of Plant and Animal Germplasm

- Develop individual germplasm databases; identify and complete gaps in germplasm portfolios; (target date: December 1996)
- Identify APEC-wide needs for germplasm management based on individual member economy's germplasm databases; (June 1998)
- Develop a harmonized APEC approach to germplasm conservation and utilization; (June 1998)
- Establish an APEC information network for the exchange of germplasm-related information; (December 1997)
- Further discuss germplasm-related issues at a future Experts Meeting; (December 1998)

2 Research, Development and Extension of Agricultural Biotechnology

- Enhance personnel exchanges and training to build capacity and encourage interaction and sharing of experiences and techniques. (Japan offered the use of its experts.); (May 1996)
- Prepare a resource paper addressing commercialization issues, and outlining work on the harmonization of biosafety and public perceptions. (Australia and New Zealand offered to undertake this task.); (August 1995)
- Establish an APEC database on biotechnology expertise, and on research and development of agricultural biotechnology to foster contacts between users and producers of technology. (Chinese Taipei offered the use of its already-established database.); (June 1997)
- Establish an APEC collaborative network on agricultural biotechnology; (January 1998)

3 Marketing and Processing of Agricultural Products

- Collect and exchange information on technical cooperation capacities and requirements within the APEC region; (March 1996)
- Advise PECC of the interests and views of the Meeting in the development of supermarket/cold-chains and related distribution systems, and ask PECC to advise on its work in this area; (March 1996)
- Exchange agricultural experts contact list with PECC counterparts; (October 1995)
- Pursue cooperation with the CTI with the goal of incorporation of information on agricultural standards, requirements and regulations into a future version of the APEC tariff database; (March 1999)
- Consider how to develop linkages to existing post-harvest technology institutions in the region; (March 1999)

4 Plant and Animal Quarantine and Pest Management (PAQPM)

- Encourage member economies to send representative technical experts to the APEC Workshop on the Implementation of the Uruguay Round SPS Agreement, to be held in Bangkok; (October 1995)
- Encourage technical experts from member economies who attend the Bangkok Workshop to assess whether or not there is a role for APEC in this

area, and to report their recommendations to the Shepherd for PAQPM; (October 1995)

- Conduct a survey of the availability amongst member economies of specific technical expertise.
- Consider the possibility of joint regional surveys of pests and diseases using standardized techniques to better manage pests and diseases which are likely to cross common boundaries.
- Any further actions will be dependent on the recommendations of the experts who attended the APEC Workshop on the Implementation of the Uruguay Round SPS Agreement.

5 Cooperative Development of an Agricultural Finance System

- Collect and exchange information regarding agricultural finance systems of individual member economies; (March 1996)
- Establish a network of consultants/experts in the field of agricultural financing and promote the exchange of experts among member economies; (November 1997)
- Establish a database of training opportunities in agricultural financing; (November 1997)
- Establish an agricultural credit information network within the region, allowing quick access to agriculture-related financing information, taking into account and utilizing existing network; (November 2000)

6 Technology Transfer

- Continue to promote bilateral exchanges of experts responsible for technology transfer for the development of specific skills, with particular emphasis on multidisciplinary approach to research and transfer of technology to small farmers. This should include the promotion of both short and long term training; (May 1998)
- Identify work ongoing in other APEC working groups which could be of assistance in further defining a work plan in this area; (April 1996)
- Identify areas of common interest in the area of technology transfer for possible APEC seminars, conferences, or other information-sharing mechanisms, and prioritize ideas. Areas suggested for initial consideration included a review of success stories in the region; a discussion of domestic public policy issues surrounding technology transfer; means of encouraging a

sectoral, participatory, multidisciplinary approach to research and training; and intellectual property rights (IPR) issues collectively or individually; (June 1996)

- Catalog organizations or institutions active in the region with a goal of identifying strengths which members could utilize; (May 1997)
- Distribute information from members on available training opportunities; (September 1996)
- Develop national and regional agricultural information and technical networks on technology transfer. Particular emphasis should be given to developing systems which are not resource-intensive. Emphasis should also be given to transfer of technology to small farmers; (May 1999)
- Review the possibility of developing a database of training courses available in member economies or other information on how to take advantage of technology transfer opportunities, to be updated regularly; (June 1999)
- Conduct ongoing seminars for cooperation and discussion of successful policies and programs in member economies; (August 1998)
- Explore means of providing greater access to currently available databases; (July 1997)
- Continue review of success stories and ongoing programs with a goal of increasing cooperation in the area of technology transfer; (June 1999)

7 Agricultural Technical Training

- Members to identify existing multilateral and bilateral technical training programs; (June 1996)
- Establish a database for information concerning regional training programs; (June 1998)
- Explore the possibility of developing technical training programs and information assistance for electronic dissemination; (September 1998)
- Establish electronic technical training programs and information assistance for electronic dissemination; (September 1998)

The Economic Leaders Meeting
The Osaka Initial Individual Actions

We the leaders announce the initial actions of each of our economies for liberalization and facilitation of trade and investment as attached. These actions represent the first wide-ranging initiatives of APEC members to accelerate the implementation of our Uruguay Round commitments, to deepen and broaden the outcomes of the Uruguay Round and to launch deregulation measures.

AUSTRALIA: INITIAL INDIVIDUAL ACTIONS

1. Accelerated Implementation of Uruguay Round Tariff Bindings

Australia will bring forward, by one year, the date on which its final Uruguay Round tariff bindings apply for up to two thirds of those items where bindings are phasing down (that is, up to 2800 tariff lines). For industrial products where bindings are accelerated, this will mean that the final bound rates will be achieved on 1 January, 1998. For agricultural products, they will be achieved on 1 January, 1999. Details of the specific items which will be subject to accelerated bindings in this way will be notified in 1996.

Date of Measure: Announced on 19 November, 1995.

2. Services: Expansion of the Coverage of Uruguay Round Commitments

Australia will add a number of items to its GATS Schedule, with a view to deepening the Round outcome on services. These will include activities in the areas of construction services; environmental protection services; value-added telecommunications services; leasing; and arbitration and conciliation services. In these sectors, there will be no market access or national treatment limitations other than the horizontal restrictions (such as foreign investment screening and limits on temporary entry of personnel) which will apply to all services.

Date of Measure: Announced on 19 November, 1995.

3. Opening of Telecommunications Market

Australia will introduce full and open competition to the telecommunications sector from the date below. There will be no restrictions on the number of providers or installers of network infrastructure and no industry-specific limits on foreign investment in new carriers.

Date of Measure: To apply from 1 July, 1997

4. Streamlined Procedures for the Temporary Entry of Business Personnel

Australia will introduce new procedures to allow employers of good standing to bring in key business personnel quickly and smoothly. These arrangements will also simplify procedures for obtaining new visas and extensions of stay. The new arrangements will comprise three key elements: procedural simplicity, fast-track processing (for both short-term entry and longer-term entry) and a monitoring system to ensure that employers abide by their obligations.

Date of Measure: To apply from mid-1996.

5. Improvements to Competition Policy

Australian Governments are extending and deepening the scope of competition rules. Key aspects include the extension of the Trade Practices Act to the unincorporated sector and to State government business activities; an access regime to allow third parties access to infrastructure services; the elimination of competitive advantages to significant government businesses as a result of public sector ownership; and the separation of regulatory and business functions of public monopolies.

Date of Measure: Broad agreement reached by Australian Commonwealth, State and Territory Governments in April 1995. Implementation varies with specific measures.

6. *Privatisation Initiatives*

The Australian Government has recently sold its remaining equity in QANTAS Airways, is proposing to sell the remaining equity in the Commonwealth Bank and intends to sell long-term leases over the airports currently controlled by the Federal Airports Corporation.

Date of Measure: Implementation varies with each case.

BRUNEI DARUSSALAM: INITIAL INDIVIDUAL ACTIONS

Tariffs

1. Brunei Darussalam reduced tariffs on 688 items, of which 20 will be at 0%, on 1 April 1995. This brings the total number of items at 0% tariff to 4494 or 69 percent of tariff lines. Nearly four-fifths of our tariffs are now in the 0-5% range. Under the WTO, Brunei Darussalam has bound more than 6,000 industrial and agricultural goods, or 98% of its total tariff lines.

2. Brunei Darussalam will reduce its tariff bindings undertaken in the UR from 20% to 10% for 4329 items, or approximately 66% of total tariff lines, with effect from 1 January 1996. Brunei Darussalam will then amend its UR tariff schedules and notify the WTO as part of its efforts to broaden and deepen its UR commitments.

Intellectual Property Rights

3. With a view to implementing the TRIPS Agreement, Brunei Darussalam is amending her Trade Marks Act, drafting a Copyright legislation and reviewing her current Patent System which is a re-registration system.

4. Steps are being taken to study what other legislation need to be passed in order to give effect to the TRIPS Agreement by 31 December 1998.

Customs Valuation

5. Brunei Darussalam will accelerate its implementation of the WTO Customs Valuation Agreement, with a view to adopting it no later than 31 December 1998.

Deregulation

6. The Government of Brunei Darussalam is undertaking and will continue to undertake steps to eliminate or reduce the negative impact of any domestic regulations which impede free and open trade and investment. The current five-year National Development Plan aims to diversify the economy through broadening the industrial and commercial base, including undertaking liberalisation and deregulation measures. A number of public services in the telecommunications and transportation sectors have recently been privatized and other services may also be transferred to licensed private operators.

CANADA: INITIAL INDIVIDUAL ACTIONS

MEASURE	DATE	OUTLINE OF MEASURE
1. Tariff Reductions	6/13/95	Exceeding Uruguay Round Commitments through the reduction of 1500 tariff lines.
2. Tariff Reductions	3/25/95	3016 trade liberalization reductions to existing GPT rates and the extension of GPT treatment to 219 tariff lines not previously covered.
3. Tariff Reductions	1995	Canada is considering extending free rates of duty to LDDCs across most of the Canadian tariff schedule, in recognition of the importance of market access for the economic advancement of the LDDCs.
4. Foreign Investment Thresholds	10/94	Extension to all WTO members the benefit of preferential treatment under the Investment Canada Act previously reserved for American and Mexican investors under NAFTA.
5. Financial Services Liberalization	1995	Elimination of the few remaining significant foreign ownership restrictions facing financial service suppliers from WTO members under GATS.
6. Regulatory Review Strategy	1995	Reduction in the regulatory burden and the costs of compliance for domestic and foreign producers consistent with the principles of sustainable development. 150 federal regulations have been revoked to date, with another 100 scheduled for cancellation by the end of 1996.
7. Other Deregulation Initiatives	1995	A new International Air Policy allowing foreign countries to apply for certain flights in Canada. The Telecommunications Act providing for enhanced efficiency and competitiveness at the international level. The elimination of the \$560.6 million annual grain transportation subsidy effective August 1, 1995.

CHILE: INITIAL INDIVIDUAL ACTIONS

MEASURE	DATE	OUTLINE OF MEASURE
1. Advanced implementation of tariff commitments across the board	1996	
2. Improvement of tariff bindings	already implemented	All products (agricultural and industrial) bound at the ceiling rate of 25%; except for wheat, sugar, vegetable oils and dairy which are bound at 31.5%. The applied rate is 11% across the board.
3. Elimination of quantitative restrictions in accordance with article XI of GATT	already implemented	Unless used in Free Trade Arrangements to liberalize markets (a combination of tariffs which decrease over time and quotas which expand over time)
4. Elimination of grey area measures, in full compliance with article 11 of the Agreement on Safeguards	already implemented	
5. Accelerated implementation of UR commitments in the field of Services	already implemented	
6. Elimination of trade distortive support measures	1996	Chile only employs permitted agriculture measures of support (green type) in full compliance with the Agreement on Agriculture
7. Accelerated implementation of the Agreement on Textiles and Clothing of the Uruguay Round	already implemented	
8. Deregulation	Currently being implemented	Telecommunications, ports, sanitation and energy sectors as well as further deregulation of financial services through the modernization of the Bank Law, exchange rate controls and expansion of activities of other financial institutions
9. MFN and national treatment in investment	already implemented	With the exception of the fisheries sector, the exploration and exploitation of hydrocarbons and uranium, domestic credit, publishing, radio and television, frontier land, and domestic maritime transport

PEOPLE'S REPUBLIC OF CHINA: INITIAL INDIVIDUAL ACTIONS
Downpayment of the People's Republic of China at the Osaka APEC
Economic Leaders Informal Meeting

I. Measures to be taken in 1996

1. In 1996, China will slash substantially the tariff on over 4,000 tariff lines. The reduction of the simple average tariff will be no less than 30 percent.
2. In 1996, China will also eliminate the quota, licensing and other import control measures on about 170 tariff lines, accounting for over 30 percent of the commodities now subject to import quota and licensing requirement.
3. In 1996, the Chinese government will designate Shanghai and other cities as pilot bases to set up sino-foreign ventures engaged in foreign trade.
4. In 1996, the setting up of sino-foreign joint venture retail businesses on a trial basis will be extended.
5. In 1996, foreign exchanges transactions of foreign-invested enterprises will be incorporated in the banking system of foreign exchange procurement and sale.

II. Measures taken since Bogor Meeting

1. Since the Bogor Meeting, China has reduced the regulatory tariff from 150 percent to 80 percent on imported tobacco and wine, from 100 percent to 50 percent on video cassettes and from 180 percent to 100 percent on vehicles.
2. Beginning on June 30, 1995, the quota, licensing, and other non-tariff measures were removed from 367 tariff lines.
3. In addition to the 13 coastal cities already open to foreign banks, the Chinese government opened 10 other cities including Beijing, Shenyang and Wuhan for foreign banks to establish operational organisations. In addition to Shanghai, Guangzhou became another pilot city open to foreign insurance providers.
4. China adjusted the Statutory List of Import Commodities Subject to Inspection Enforced by Commodity Inspection Authorities and delisted 615 commodities. As a result of the adjustment, the number of import commodities subject to inspection is 816, 39.3 percent fewer than before.
5. Chinese government promulgated in 1995 Regulations of PRC concerning Customs Protection of Intellectual Property Rights, establishing the border measures for protection of intellectual property.

HONG KONG: INITIAL INDIVIDUAL ACTIONS

1. **Broaden Uruguay Round (UR) Commitments**
Implementation Date: 1 January 1996
Outline: To bind tariff at zero on an additional 5% of Hong Kong's imports, on top of the tariff bindings committed in the UR; and to amend Hong Kong's UR tariff schedule and notify the World Trade Organization accordingly.

2. **Accelerate Implementation of UR Commitments**
 - (a) *Tariff Bindings*

Implementation Date: 1 January 1995
Outline: To implement Hong Kong's UR commitments in one single stage, instead of by five equal instalments.

 - (b) *Textiles and Clothing*

Implementation Date: 1 January 1995
Outline: To integrate the textiles and clothing sectors into the GATT in one single stage, instead of by three stages.

3. **Deregulate Banking Services**
Implementation Date: September 1995
Outline: To relax a licensing condition to enable an overseas bank to locate its regional and back offices in a building or buildings separate from the bank's main office; and to revise Hong Kong's schedule under the General Agreement on Trade in Services accordingly.

4. **Abolish Monopoly on Supply of Local Telephone Service**
Implementation Date: 1 July 1995
Outline: To open up the market for competition.

5. **Accelerate Conformity with Guidelines on Trade in International Value-Added Network Services (IVANS)**
Implementation Date: 1995
Outline: To conform with the guidelines for Trade in IVANS ahead of APEC's target date of 1998.

6. **Accelerate Implementation of UR Trade-related Aspects of Intellectual Property Rights (TRIPS) Agreement**
Implementation Date: 1996
Outline: To fully discharge Hong Kong's TRIPS obligations ahead of the deadline of 2000.

INDONESIA: INITIAL INDIVIDUAL ACTIONS

1. Measure Tariff reduction on MFN basis.
Date May 23 1995
Outline Reduction on MFN basis of 96% of all HS codes with tariffs (including tariff surcharges) in excess of 5%:

(1) Reduction of existing tariffs of 10% - 35% by 5 percentage points.
(2) Reduction of existing tariffs of 40% or higher by 10 percentage points.

2. Measure Scheduled tariff reduction on MFN basis for the period 1995-2003.
Date May 23 1995
Outline Established schedule of reduction on MFN basis of 96% of all HS codes with tariffs (including tariff surcharges) in excess of 5% by stages for the period 1995-2003:
 - (1) Reduction of tariffs of 20% or less to a maximum of 5% by the year 2000.
 - (2) Reduction of tariffs of higher than 20% to a maximum of 20% by the year 1998 and to a maximum of 10% by the year 2003.

Schedule of Tariff Reductions, 1995 - 2003									
Current Tariffs	1995	1996	1997	1998	1999	2000	2001	2002	2003
5%	5%	-	-	-	-	Max 5%	-	-	Max 5%
10%	5%	-	-	-	-	Max 5%	-	-	Max 5%
15%	10%	-	-	-	-	Max 5%	-	-	Max 5%
20%	15%	-	-	-	-	Max 5%	-	-	Max 5%
25%	20%	-	-	Max 20%	-	-	-	-	Max 10%
30%	25%	-	-	Max 20%	-	-	-	-	Max 10%
35%	30%	-	-	Max 20%	-	-	-	-	Max 10%
40%	30%	-	-	Max 20%	-	-	-	-	Max 10%

3. Measure Acceleration of UR commitment to eliminate tariff surcharges
Date May 23 1995
Outline UR commitment: Eliminate 172 tariff surcharges in 10 years.
Measure taken: Eliminate on MFN basis 153 tariff surcharges immediately (87% of total UR commitment).

4. Measure Acceleration of UR commitment to eliminate non-tariff barriers
Date May 23 1995
Outline UR commitment: Eliminate 98 non-tariff barriers in 10 years.
Measure taken: Eliminate on MFN basis 61 non-tariff barriers immediately (62% of total UR commitment).

JAPAN: INITIAL INDIVIDUAL ACTIONS

1. TARIFF REDUCTION

- (a) Japan will accelerate its Uruguay Round tariff reduction commitment on 697 items, including textiles, chemicals, steel and non-ferrous metals by approximately two years on an applied rate basis with tariff rates originally scheduled to be applied in January 1998 applied in April 1996. Imports which are close to US\$10 billion primarily sourced from the APEC region will be favorably affected by these tariff reductions.
- (b) Preferential tariffs on 55 agricultural and fishery products were reduced on January 1995 as for the fishery products and on April 1995 as for the agricultural products.

2. DEREGULATION

- (a) 50 deregulatory measures have been newly established to improve foreign business access, including relaxation of the criteria in issuing multiple visa for temporary business visitors from the APEC region, simplification of product origin determination procedures, review of regulations on production and sale of vitamins, improvement of facilities for animal quarantine, additional recognition of the relevant agencies of APEC economies as JIS accredited inspection bodies and simplification of automobile inspection procedures.
- (b) The decision was made in April 1995 to complete within three years the five-year Deregulation Action Program of March 1995, listing 1091 items including many requested by APEC economies, which is already making steady progress. Major items include improvement of foreign lawyers' ability to represent parties in international arbitration, abolition of the guideline on customs clearance sites for imported goods arriving at Narita Airport and deregulation of small and medium-scale entry into the power generation market and of the oil product import regime.
- (c) The Program will be reviewed and revised by March 1996 taking into account the requests from interested APEC economies and other foreign parties and the result of Administrative Reform Committee's deliberations.

3. IMPORT PROMOTION

- (a) An improved and expanded version of the System of Tax Incentives for Manufactured Imports was put into effect in April 1995, doubling the maximum tax refund level.
- (b) Based upon revision of relevant legislation, local tax reductions for importers in designated import promotion areas, as well as other related incentives, were introduced as of November 1995.

4. TRADE AND INVESTMENT FACILITATION

(a) Legislation has been revised to expand a comprehensive SME re-structuring assistance program including overseas investment and providing favorable finance and tax measures, effective April 1995.

(b) Voluntary measures on Japanese government procurement of products will be further expanded to cover some services, effective January 1996.

5. COMPLETE IMPLEMENTATION OF URUGUAY ROUND OUTCOMES

Japan has implemented or will implement all UR outcomes by the agreed dates, with a major portion of TRIPs Agreement implemented before the agreed date.

REPUBLIC OF KOREA: INITIAL INDIVIDUAL ACTIONS

1. Investment Liberalization

- | | |
|----------------|---|
| 1 January 1995 | 53 additional businesses, including air transport, hospitals, and credit rating services, were liberalized. |
| 1 January 1996 | 89 businesses, including trust companies and construction, will be liberalized. |
| 1 January 1997 | 38 businesses, including railway freight transport and general foreign trade, will be liberalized. |
| 1998–2000 | 21 businesses, including urban bus passenger transport, will be liberalized, thus resulting in a 97.2% total liberalization rate. |

2. Tariff Reduction

- | | |
|----------------|--|
| 1 January 1995 | Reduced applied tariff rates for 59 types of motor vehicles. |
|----------------|--|
- Tariff eliminations for 971 items and tariff harmonizations for 2,100 items will be implemented within the next 5 - 15 years.

3. Deregulation

- | | |
|---------------------------|--|
| April 1995 | Established the “one-stop service” and automatic approval systems, as well as exclusive industrial parks, for foreign investment, etc. |
| – January 1997 | Will allow foreign investment through M&As in most sectors. |
| March 1993–September 1995 | Completed deregulation of 1,373 items from most sectors and initiated deregulation of 501 additional items. |
| – April 1995 | Expedited inspection procedures for highly perishable food products such as fruits and vegetables. |
| – October 1995 | Instituted a manufacturer-deciding shelf-life system for 207 food products with plans to extend it to most of the remaining items by 1998. |
| October 1995 | Proposed Customs Act amendments to the National Assembly in order to facilitate customs clearance procedures. |

4. Strengthening IPR Protection

October 1995 Proposed amendments for nine laws to the National Assembly in order to accelerate the implementation of the WTO/TRIPs Agreement.

5. Government Procurement

January 1995 Took all necessary measures in preparation for the implementation of the WTO/Government Procurement Agreement, including a law guaranteeing National Treatment, MFN and Transparency, etc.

ACTION PROGRAM FOR AGRICULTURAL TECHNOLOGY

1 PREAMBLE

Agriculture is an important sector for many APEC economies. It has played an important role in the economic progress in this region. Agricultural development has been strongly influenced by technology. Agricultural Technical Cooperation (ATC) in coordination with agricultural resources leads to improvement on production capability, and food variety and quality. Because the need and level of development in each member economy is different, strengthening ATC among APEC members will have a significant impact on a balanced agricultural development, resource utilization and conservation in the region. The ATC initiative provides an opportunity to enhance agriculture's contribution to the region's economic growth and social well-being, consistent with the vision of the Bogor Declaration.

2 COMMON POLICY CONCEPTS

The following objective, principles and strategies are shared as policy concepts by APEC member economies.

1 Goal

To enhance the capacity of agriculture and its related industries to contribute to economic growth and social well-being in the region.

2 Basic Principles

- Accord with APEC goals for economic and technical cooperation.
- Mutually beneficial to all members and open to participation by all interested members.
- Avoid duplication with, and add value to, other activities undertaken by international agencies and regional forums.
- Pay due consideration to the diversity of agricultural sectors in the region.
- Recognize the rapid changes occurring in the agricultural sector throughout the region.
- Coordinate closely with other APEC joint activities.
- Any joint activities to be funded from the APEC central fund or from other sources through APEC.

MALAYSIA: INITIAL INDIVIDUAL ACTIONS

1. **Name of Measure**
- i) Accelerated implementation of tariff cuts under Uruguay Round
 - ii) Abolition and reduction of tariffs

Date of Measure October 1994 to October 1995

Outline of Measure

In implementing the Uruguay Round commitments in market access, Malaysia had unilaterally accelerated the tariff cuts on a number of items. In 1995, a total of 2317 items were involved. Similarly for 1996 a total of 1047 items are involved. In addition to the Uruguay Round commitments, Malaysia had also unilaterally reduced its applied rates for 818 items during the 1995 and 1996 Budget.

2. **Name of Measure** Deregulation

Date of Measure 1994/95

Outline of Measure

- Liberalising licensing and import conditions
- Reducing Customs and Exchange Control formalities
- Further liberalisation of financial services (namely, expatriate personnel, products for foreign banks, increased equity participation for foreign insurance companies, unit trust and public listing for stockbroking companies)
- Further liberalisation of capital market (100% foreign ownership for Fund Management Companies)
- Use of English at tertiary level and establishment of branch campuses of foreign universities
- Liberalising electricity sector via privatisation and licenses for independent power producers
- Liberalization in telecommunications via privatisation and independent telecommunication network services and telecommunication gateways
- Liberalisation of shipping sector (shipping agents with majority foreign equity, relaxation of cabotage requirements in designated ports)

MEXICO: INITIAL INDIVIDUAL ACTIONS

1. **Measure** Liberalization of foreign investment in the railroad sector
Date 1995
Outline of Measure

Reforms were implemented to allow foreign capital participation up to 100% in railway related services. Before the reforms foreign investment was not allowed.

2. **Measure** Liberalization of foreign investment in satellite communications
Date 1995
Outline of Measure

New legislation was enacted that allows 100% foreign investment in satellite communications. This sector was reserved to the State prior to the new legislation.

3. **Measure** Liberalization of foreign investment in natural gas distribution, transportation and storage.
Date 1995
Outline of Measure

New legislation allows private investors to participate in the distribution, transportation and storage of natural gas.

4. **Measure** Liberalization of foreign investment in specialized air transportation services
Date 1995
Outline of Measure

New regulations expand foreign investment participation up to 100% in specialized air transportation services.

5. **Measure** Liberalization of foreign investment in ports
Date 1995
Outline of Measure

Reforms have been implemented to allow foreign capital participation of up to 100% in port related services and in port integral administration.

- 6. Measure** Liberalization of foreign investment in financial services
Date 1995
Outline of Measure

Regulations were amended to expand foreign investment participation from 30% to 49% in holding companies for financial groups, commercial banking, credit institutions, securities brokerage firms, and securities market specialists.

- 7. Measure** Deregulation for the establishment and operation of firms
Date 1995
Outline of Measure

Reduction of the administrative burden of firms and promotion of their competitiveness by simplifying the regulatory framework.

- 8. Measure** Privatization of the secondary petrochemical industry
Date 1995
Outline of Measure

The government published the guidelines for the bidding of the first petrochemical complex.

- 9. Measure** Privatization of ports
Date 1995
Outline of Measure

The container terminals in the four main ports of the country have already been privatized.

NEW ZEALAND: INITIAL INDIVIDUAL ACTIONS

Name of Measure Unilateral tariff reduction program

Date 1 July 1997 to 1 July 2000

Outline of Measure

Further unilateral tariff reduction program from 1 July 1997 to 1 July 2000. This will continue the programme of unilateral tariff reductions beyond the expiry of the current program in 1996.

At 1 July 1996 around half of the New Zealand tariff lines will be at duty free. The balance will be in the range of between 5% to 15% except for the historically sensitive sectors of motor vehicles, textiles, clothing, footwear and carpets some of which will still be in the 20% to 30% range. The rates for these sectors will reduce each year on the same proportionate scale as the general tariffs.

Under the new programme to take effect from 1996, all rates which are at 5% at 1 July 1996 will be reduced to zero by 1 July 1998. All remaining tariffs will reduce to 5%, 10% or 15% by 1 July 2000. The reductions will be comprehensive, including the historically sensitive sectors, and there will be no rates above 15% at 1 July 2000. This will take New Zealand's applied tariff levels well below the bound Uruguay Round outcomes.

A further review of tariffs is proposed in 1998 to determine how to move towards a zero end point under a unilateral tariff reduction programme. This review will be conducted against the background of Bogor goals and timeframes.

Name of Measure Acceleration of implementation of TRIPS and TRIMS

Date 1 January 1995

Outline of Measure

New Zealand has implemented the UR Agreement on TRIPS from 1 January 1995, accelerating implementation by one year over the date allowed of 1 January 1996. New Zealand has also removed all prohibited TRIMS without taking advantage of the two year phaseout period permitted by the TRIMS Agreement.

Name of Measure Early integration of the Clothing & Textiles sector

Date 1 January 1995

Outline of Measure

New Zealand has decided not to adopt the temporary safeguard provisions of the WTO Agreement on Textiles and Clothing and has thereby integrated this sector immediately, instead of progressively throughout the permitted ten year phasing period.

PAPUA NEW GUINEA: INITIAL INDIVIDUAL ACTIONS

- 1. Tariff Measures**
 - i) Date of Measure 7 March 1995
 - ii) Outline of Measure Maintain General Import Levy at 11%, reduction of duties on products to basic 11% maintaining standard industry assistance rate of 40%, maintaining 55% revenue rate and moving the standard rates of 11%, 40% 55% downwards as circumstances permit.

- 2. Non-tariff Measures**
 - i) Date of Measure 7 March 1995
 - ii) Outline of Measure Removal of all existing trade bans/licences and quotas. Implementation Study on Tariff Reform focusing on broadening of the tax base.

- 3. Measures on Services**
 - i) Date of Measure 1995
 - ii) Outline of Measure Development of Telecommunication Infrastructure, Privatization of Energy Sector, Institutional Reforms Transportation Sector.

- 4. Measures on Investment**
 - i) Date of Measure 7 March 1995
 - ii) Outline of Measure Deregulation of Investment Regimes

- 5. Other Measures**
 - i) Date of Measure 7 March 1995
 - ii) Outline of Measure Introducing effective National Competition Policy to increase transparencies, assessing possibilities for introduction of Intellectual Property Rights, Privatization of State Own Corporation.

- 6. Measures to GATT/WTO**
 - i) Date of Measure 31 May 1995
 - ii) Outline of Measure Membership to GATT on 16 December 1994, application for membership to WTO. Schedules of commitment on Tariff Levels on Agriculture and Industrial products along with the Services scheduled were submitted to WTO and have since been verified.

REPUBLIC OF THE PHILIPPINES: INITIAL INDIVIDUAL ACTIONS Major Liberalization and Deregulation/Privatization Measures

MEASURES	LAW	OUTLINE MEASURE
TARIFF	E.O. 470	Import Liberalization Program (Gradual reduction of tariff)
	E.O. 189	Tariff reduction on capital equipment
	E.O. 204	Tariff reduction on textile, textile articles and chemical inputs
	E.O. 264	Tariff restructuring program-phase down of duty rates starting July 1994 to 3% in raw materials and 10% in finished products by 2003 towards a uniform 5% by 2004
LIBERALIZATION/ DEREGULATION/ PRIVATIZATION	VARIOUS	Various foreign investment measures opening certain sectors to as much as 100% foreign ownership, additional incentives and investment guarantees, longer term property ownership and leases
	VARIOUS	Various laws and administrative measures allowing Build-Operate-Transfer (BOT) & Build-Own-Operate (BOO) arrangements in infrastructure projects
	VARIOUS	Liberalization measures in banking, telecommunications, mining and domestic shipping
	VARIOUS	Privatization of government ownership in banks, airlines, pulp and paper, copper, mining, steel and fertilizer sectors
	MOTOR VEHICLE DEVELOPMENT PROGRAM	Opening up of the car manufacturing sector to more participants rather than restricted numbers in the past.

SINGAPORE: INITIAL INDIVIDUAL ACTIONS

1	<u>Name of Measure:</u> Date: Outline:	UR Tariff Binding Commitments 1 Jan 96 Implement UR commitment to bind 4038 out of 5872 tariff lines (about 70%) at rates of 10% and below, 4 - 9 years ahead of schedule.
2	<u>Name of Measure:</u> Outline:	Reduction of Tariff Bound Rates Reduce tariff bound rates for 2480 tariff lines bound under UR from 10% to 6.5%.
3	<u>Name of Measure:</u> Outline:	Extension of Tariff Binding Coverage Bind additional 291 tariff lines at maximum rate of 6.5%, thus extending UR tariff binding coverage from 70% to 75% of all tariff lines.
4	<u>Name of Measure:</u> Date: Outline:	Agreement on Trade-Related Investment Measures (TRIMS) 1 Jan 96 Implement TRIMS 4 years ahead of schedule.
5	<u>Name of Measure:</u> Date: Outline:	Customs Valuation Agreement 1 Jan 97 Implement the Agreement 3 years ahead of schedule.
6	<u>Name of Measure:</u> Date: Outline:	Agreement on Trade-Related Intellectual Property (TRIPS) 1 Jan 99 Implement TRIPS 1 year ahead of schedule.
7	<u>Name of Measure:</u> Date: Outline:	Agreement on Subsidies and Countervailing measures 1 Jan 2000 Implement the Agreement 3 years ahead of schedule.
8	<u>Name of Measure:</u> Date:	Accession to WTO Government Procurement Agreement 1996
9	<u>Name of Measure:</u> Date: Outline:	Customs Procedures - Transparency Nov 95 Make information on Customs procedures etc widely available through the Internet.

10	<u>Name of Measure:</u> Date: Outline:	Standards and Conformance Jan 96 Implement an action plan to align our standards with international standards. Specify in Standards publications the degree of equivalence of standards with international standards.
11	<u>Name of Measure:</u> Date: Outline:	Deregulation of Financial Sector Jun 95 Increase offshore banks' Singapore dollar lending limit from S\$100 million to S\$120 million.
12	<u>Name of Measure:</u> Date: Outline:	Deregulation of Central Provident Fund (CPF) 1 Jan 95 Approved CPF unit trusts and fund management accounts can invest in foreign stocks/bonds traded on the Singapore Stock Exchange, up to 20% of fund value. CPF fund management accounts are also allowed to invest in selected regional markets.
13	<u>Name of Measure:</u> Date: Outline:	Further Deregulation of CPF 1 Jan 97 CPF unit trusts can purchase stocks on regional exchanges of up to 40% of a fund's value.
14	<u>Name of Measure:</u> Date: Outline:	Further Deregulation of CPF 1 Jan 99 Both CPF unit trusts and fund management accounts can invest in capital markets in Germany, Japan and the US. The ceiling on these and other foreign investments will be increased to 50% of the fund's value.
15	<u>Name of Measure:</u> Date: Outline:	Deregulation in Telecommunications Sector 1 Apr 97 Allow a second Public Cellular Mobile Telephone Services operator and 3 more Public Radio Paging Service (PRPS) operators to start commercial operations.
16	<u>Name of Measure:</u> Date: Outline:	Deregulation of Electricity and Gas Sector 1996 Corporatising the electricity and gas undertaking of the Singapore Public Utilities Board, with a plan to introduce competition within this sector.

CHINESE TAIPEI: INITIAL INDIVIDUAL ACTIONS

Name of Measure: Tariff reductions

Date of Measure: July 1995 and early 1996

Outline of Measure:

On July 12, 1995, Chinese Taipei reduced tariff rates on 758 tariff items. To further promote liberalization, Chinese Taipei will again lower tariff rates on a range of items in early 1996.

Name of Measure: Implementation of Uruguay Round of Rules of Origin Agreement

Date of Measure: January 1, 1995

Outline of Measure:

Even though Chinese Taipei has not formally acceded to the WTO, starting from January 1, 1995, has implemented the Uruguay Round Agreement on Rules of Origin.

Name of Measure: Liberalization and Deregulation in Investment Sector

Date of Measure: September 1995 - December 1995

Outline of Measure:

Chinese Taipei has lifted numerous restrictions on foreign investment in select areas.

Name of Measure: Simplification of import procedures

Date of Measure: On a continual basis

Outline of Measure:

Chinese Taipei has been proceeding with the simplification of import procedures on a continual basis.

Name of Measure: Liberalization and Deregulation of the Service Industry

Date of Measure: May 1995 - December 1996

Outline of Measure:

Since August 1995, Chinese Taipei has adopted numerous measures to liberalize and deregulate transportation, tourism, finance and other service industries.

Name of Measure: Other Liberalization and Deregulation Measures

Date of Measure: April 1995 - November 1996

Outline of Measure:

1. The abolishment of the Technical Cooperation Statute;
2. The liberalization of employment restrictions on foreign nationals;
3. Twenty-four hour customs clearance operations for express consignments;
and
4. Cargo clearance automation.

THAILAND: INITIAL INDIVIDUAL ACTIONS

Measures	Expected Date	Outline of Measures
Tariffs		
1 Advanced implementation of tariff reductions agreed in the UR commitments	1 Jan 1995	Over 25% of tariff items in the UR Final Schedule of tariff concessions will be reduced in advance of UR commitments. Specific description will be submitted later.
2 Expansion of tariff quotas beyond UR commitments	1 Jan 1995	Thailand aims to increase the quantity of imported soybean, soybean cake, and skimmed powdered milk by approximately 3% per annum above the quantity committed under the WTO agreement.
Services		
3 Improvement of specific commitments in financial services in GATS	27 Jul 1995	Thailand submitted to WTO a revised schedule of specific commitments in financial services, which is a major improvement over the previous offer and is in accordance with the liberalization measures in the Financial System Development Plan.
4 Advancing the implementation dates of commitments in financial services in GATS	14 Sep 1995	Some foreign banks with Bangkok International Banking Facility (BIBF) licenses will be granted full branch license in 1996 in lieu of 1997 as committed to the WTO.
Other WTO Agreements		
5 Bringing forward the implementation of customs valuation	before 2000	The WTO Customs Valuation Agreement will be implemented earlier than agreed under the Uruguay Round.
6 Bringing forward the implementation of TRIPS	1995	The government has just announced the immediate effectiveness of the new Copyright legislation for the protection of performers' right in accordance with the standards established under TRIPS agreement.
7 Advancing the implementation of TRIPS	1996	The government is currently in the final stages of approving a bill to set-up an Intellectual Property and International Trade Court.

Other Liberalization or Facilitation		
8 Improvement of national treatment and market access	1996	The government is presently revising the Alien Business Law (Announcement of the National Executive Council No. 281) to further liberalize trade and industry.
9 Investment deregulation	7 Sep 1995	On September 7, 1995, the Board of Investment decided to relax the criteria for joint venture projects applying for investment promotion by waiving the Thai majority shareholding requirement for manufacturing projects located in zone 3 which sell mainly to the domestic market. This relaxation will allow majority foreign-owned or wholly foreign-owned projects in zone 3 to sell freely to the domestic market.
10 Industrial Liberalization	29 May 1995	Liberalize the setting-up and expansion of factories producing all types of petrochemical products, but excludes new Upstream (Aromatics) factories which do not use Pyrolysis Gasoline supplied from Upstream (Olefins) factories.
	20 Jun 1995	Liberalize the setting-up and expansion of factories producing hot and cold strip mills (excluding plate mills) and coated sheets.
11 Privatization of public utilities	1998	Liberalization will be achieved by providing the opportunity for the private sector to participate in the provision of public utility. In addition, the eventual privatization of state enterprises, such as telephone and electricity, will be achieved.

UNITED STATES OF AMERICA: INITIAL INDIVIDUAL ACTIONS

Uruguay Round Implementation

1) Completed Implementation of Uruguay Round/WTO Agreements 1/1/95

- Antidumping
- Import Licensing Procedures
- Subsidies and Countervailing Measures
- Sanitary and Phytosanitary Measures
- Technical Barriers to Trade
- Customs Valuation
- Preshipment Inspection
- Safeguards
- Rules of Origin
- Trade Related Investment Measures (TRIMs)

To be Fully Implemented 1/1/96

- Trade Related Intellectual Property Rights (TRIPs)
- Government Procurement

Other Liberalization or Facilitation Measures (1995)

2) Customs Modernization Act Implementation: The U.S. Customs Service implemented key steps to streamline and automate its commercial operations, including the completion of the first phase of the Customs Automated Export System, a single electronic gateway for information on export administration, and drafting of revised regulations to simplify procedures and to clarify criteria for review of Customs decisions.

3) Federal Procurement Streamlining: U.S. Federal procurement procedures were revised extensively this year to eliminate burdensome procedures for domestic and foreign bidders. Features include:

- (1) greater administrative latitude to procure supplies and services in the commercial marketplace;
- (2) decrease in the use of military specifications that required manufacturers to maintain separate assembly lines for their U.S. government contracts;
- (3) elimination of cost and pricing data certifications that required separate accounting systems for U.S. government contracts; and
- (4) increased use of electronic commerce technologies in the contracting process and expanded access to these systems for bidders.

The Department of Transportation eliminated Buy America requirements for Federally-funded projects below \$100,000. In addition, the Department of Energy is advancing efforts to eliminate 50 percent of the Department of Energy Acquisitions Regulations (DEAR), in order to streamline procurement operations.

- 4) **Export Administration Regulations:** The Department of Commerce began in early 1995 to completely rework the pre-Cold War Export Administration regulations related to dual-use goods and technologies. Initial steps taken this year will facilitate exports, particularly by small and medium-sized enterprises. A major liberalization of export licensing restrictions also was announced which will liberalize an estimated \$10 billion in computer technology exports.
- 5) **Medical Device Approval Regulations:** The Food and Drug Administration (FDA) revised regulations governing the approval of medical devices, including reforms which:
 - (1) provide for exemptions on 125 additional medical device categories from pre-market notification requirements;
 - (2) create a pilot program for the review of medical devices by an accredited third-party scientific organization, substituting for the traditional review process undertaken by the FDA; and
 - (3) expand the ability of firms to export medical devices that have not yet been approved by FDA for sale in the U.S. but which have been approved for use by foreign authorities.

All these actions will be effective by the end of 1995.

- 6) **Paperwork Reduction Act:** The Paperwork Reduction Act adopted this year significantly reduces transaction costs for domestic and foreign suppliers through reduction in official reporting and recordkeeping by businesses operating in the U.S. market.

EMINENT PERSONS GROUP

IMPLEMENTING THE APEC VISION

Executive Summary

This third report by the Eminent Persons Group (EPG) seeks to build on the bold initiatives undertaken by APEC Leaders at Seattle and Bogor. At Seattle in November 1993, APEC Leaders envisioned the creation of a community of Asia Pacific economies. At Bogor in November 1994, they adopted a timetable for the achievement of free and open trade and investment in the region that took into account the differing levels of development among the APEC economies. The APEC Leaders have undertaken these initiatives on the basis of their commitment to an open multilateral trading system and the concept of "open regionalism" while explicitly opposing the creation of inward-looking trading blocs.

APEC's present challenge is how to translate the vision embodied in these bold initiatives into a reality which is both meaningful to, and achievable for, its diverse membership. This third report by the EPG addresses this challenge with a strategy for commencing the implementation of the Bogor commitments. In developing this strategy we have been mindful of the need for APEC to proceed, in the words of the Bogor Declaration, "on the basis of equal partnership, shared responsibility, mutual respect, common interest and common benefit..."

The EPG is encouraged by the impressive progress of APEC to date. It played a major role in bringing the Uruguay Round to a successful conclusion in the GATT and thus in creating the World Trade Organization. It has agreed on a code of nonbinding investment principles. Its Economic Leaders meet annually. It has launched extensive work programs on a wide range of highly practical trade facilitation topics. Most importantly, its Bogor Declaration sets a clear objective for the future of the region.

We are deeply concerned, however, by the intensification of economic disputes in the region. The region is experiencing a growing number of rancorous trade conflicts, including several between its largest economies. There is a dangerous tendency to ignore multilateral norms and mechanisms despite a growing pluralism of economic and political capabilities that clearly calls for collective leadership. It is a matter of urgency for APEC to move promptly and decisively to implement the vision embodied in the Seattle and Bogor initiatives.

The Leaders and Ministers will begin this process at their meetings in Osaka in November 1995. They need to agree on the principles, agenda of issues and timetables that will guide the implementation process. They must also make a series of specific decisions on substantive issues that will provide a meaningful "down payment" on the journey toward the community of Asia Pacific economies adopted at Seattle and Bogor.

In doing so, we believe that the Leaders must answer four key questions. First, they have agreed on the goal of achieving a community of free and open trade and investment in the Asia Pacific. What can they do to translate this goal into practical reality? We believe that several steps are ripe for action.

The Bogor Declaration states that “We decided to accelerate the implementation of our Uruguay Round commitments...” The EPG believes APEC member economies should do so, as part of the “down payment” at Osaka, by adopting, wherever possible, a 50 percent rule that would apply to a menu of possible actions.

The industrialized member economies could choose to:

- cut by half the period to phase in the reductions they have already committed to make in their tariff schedules and/or;
- accelerate the agreed reductions in their agricultural subsidies from six years to three years, and/or;
- increase by 50 percent the volume of imports covered in each of the succeeding stages of phasing out their import quotas on textiles and apparel.

The developing member economies could choose to:

- cut by half the period to implement the new obligations they have already committed to accept regarding intellectual property rights and/or trade-related investment measures and/or;
- double the speed of implementing their agreed reductions in subsidies, and/or;
- cut in half the gaps between their bound and applied tariff rates.

The Leaders also agreed at Bogor “to undertake work aimed at deepening and broadening the outcome of the Uruguay Round.” We recommend several ways that they could do so, some of which could also be included in the Osaka “down payment”:

- APEC should commit itself to address the problems associated with the abuse of antidumping policies. Member economies should take full account of the interests of consumers and industrial users of imports, as well as import-competing firms and workers, in implementing antidumping policies. They should discourage frivolous antidumping initiatives. They should authorize their competition policy officials to challenge antidumping actions that run counter to the goals of competition policy.
- APEC should agree to immediate cooperation between member economy authorities in implementing their present competition policies and launch an extensive study of the prospects for limiting unproductive differences between

member economy competition policies over time. Differences in member economy competition policies underlie some of the most important “trade disputes” in the region. These disputes could become even more serious in the future as individual member economies adopt new or more elaborated competition policies.

- APEC should make an immediate contribution to trade facilitation by adopting a multifaceted program for product standards and testing. The Leaders should commit their economies to adopt international product standards, ask the relevant business/private industries to develop standards for their sectors, and concentrate governmental efforts on working out Mutual Recognition Agreements (MRAs) on acceptance of test data and product certification in major regulated sectors.

APEC can also move toward implementing the Bogor commitment by strengthening the nonbinding investment principles (NBIP) agreed in 1994 and applying them in practice. Both goals can initially be accomplished through unilateral action by individual member economies. APEC as a group should subsequently seek to reach collective agreement on strengthening the principles. It should then convert the arrangement into a voluntary code, which members would accept as binding once they voluntarily agreed to adopt it in their own economies, and perhaps ultimately into an agreement that itself was binding on all members.

The EPG conducted its first comprehensive “assessment of the progress of APEC,” as the Bogor Declaration requests it to do, on this investment issue because it is the first on which APEC has taken collective action – quite appropriately, in light of the central role played by investment in the economic dynamics of the region. We concluded that the NBIP represent a useful first step, with five of the ten agreed principles meeting or exceeding international norms. We also concluded that the other NBIP need to be strengthened and that the member economies should then start implementing them in their member economy laws and policies.

The second question facing APEC Leaders is why, if they are committed to creating a community of Asia Pacific economies, are they involved in so many disputes? What can they do to reduce the incidence of conflict in the region?

We believe there is a two-fold answer to this question. One part is to reduce the causes of conflict by removing impediments to trade and investment. The steps just outlined will help APEC move in this direction.

In addition, the Leaders should immediately install an APEC Dispute Mediation Service. Such a facility would provide APEC members with a multilateral means to address economic disputes that are not covered by the World Trade Organization (WTO) or other existing international arrangements. It would offer a technique, mediation, that would supplement the practices of the WTO (which emphasize arbitration). It could thereby help resolve trade conflicts in the region. It could also help counter the tendency to resist multilateral action in favor of unilateral steps.

A third question facing some APEC Leaders is why, if they seek free and open trade in the region, have they created their own subregional trading arrangements within the region? Why are they expanding the membership of these arrangements or otherwise accelerating their activities?

The Bogor Declaration called on the EPG “to review the interrelationships between APEC and the existing subregional arrangements (AFTA, ANZCERTA and NAFTA) and to examine possible options to prevent obstacles to each other and to promote consistency in their relations.” After conducting that review, we conclude that further liberalization within the existing subregional trading arrangements (SRTAs), and any linkups between them, would be constructive and supportive of the overall APEC process *only* if they were pursued within the principles of “open subregionalism”. These principles are identical to those previously recommended by the EPG to implement the concept of “open regionalism” by APEC as a whole toward its nonmembers:

- the maximum possible extent of unilateral liberalization;
- a firm commitment to reduce barriers to APEC economies that are nonmembers of the SRTA as well as within the SRTA itself;
- an offer by each SRTA to extend the benefits of its SRTA liberalization to all other APEC members on a reciprocal basis; and
- recognition that any individual SRTA member can unilaterally extend its SRTA liberalization on an unconditional basis to all other APEC economies (and, under the rules of the WTO, to all other members of the WTO as well), or on a conditional basis to one or several other APEC economies.

The EPG would support, even more strongly, an extension of current SRTA liberalization to other APEC members along these lines. This would represent one technique for implementing the Bogor commitments and should be considered if the alternatives now being explored were to falter. We would oppose, however, any further SRTA initiatives that ignored these principles because they would both increase margins of preference within APEC and risk creating alternative groupings that could deter liberalization in APEC as a whole. We recommend that any new SRTA initiatives within APEC be reviewed by both the WTO and by APEC itself for surveillance of their performance in practice.

A fourth question facing Leaders at Osaka is how can they help each other reach the agreed goals of the group as a whole? Members of a true community assist each other to realize their mutual objectives. We believe there are at least two major areas where APEC can do so, in addition to trade liberalization and facilitation as already discussed.

In the monetary and macroeconomic arena, the EPG believes that APEC must recognize the dual risks that are posed for the region by financial crises of the type that hit Mexico in late 1994 and early 1995. Other individual APEC economies could be

similarly affected by rapid reversals of private capital movements. The region as a whole could be destabilized by “contagion effects” like those that radiated out from Mexico, including to a number of other APEC economies.

APEC should thus deepen its cooperation on monetary and macroeconomic issues. The Finance Ministers of the member economies have already begun that process through annual meetings. The EPG believes that the Leaders at Osaka, and subsequently the Finance Ministers, should strongly support the several initiatives to deal more effectively with Mexico-type crises in the International Monetary Fund (IMF) that were launched by the Group of Seven industrial countries (G-7) at Halifax in June 1995. These include more extensive publication of data on individual countries to enable private markets to perform better and thus minimize the risk of new shocks, conveyance of more candid IMF advice to countries that are avoiding necessary adjustment actions, and provision of additional financing to the IMF to support the proposed Emergency Financing Mechanism that could respond to future crises.

All APEC economies that are members of the IMF should themselves participate in these new programs to the maximum extent that is consistent with their capabilities. Those that provide additional funds to the IMF should participate fully in the decision-making process on using the Emergency Financing Mechanism (and acquire an increased role on international monetary issues more broadly).

Another vital area of community-building is development and technical cooperation. Development and technical cooperation programs are needed in APEC to fill the gaps in technology, management, and planning and administration among its diverse members. However, APEC should depart from the conventional donor-recipient cooperation framework and articulate a new approach, one that stresses empowerment of all the participants in the cooperation process. APEC should play a unique coordinating role in the new cooperation programs. The EPG believes that, at Osaka, APEC should launch a four-part Action Plan in this area:

- adoption of a set of principles to govern APEC development cooperation;
- application of those principles through a new APEC technical cooperation initiative that will include a statement of APEC cooperation priorities, appointment of a technical cooperation task force, formulation of a technical cooperation framework, and establishment of APEC member technical cooperation funds;
- liberalization of APEC's decision-making on development and technical cooperation; and
- immediate implementation of an APEC Infrastructure 2020 Program, an accelerated action plan designed to support capacity-building and thereby contribute directly to achieving free trade and investment, along with an APEC-wide infrastructure benchmarking program.

This report thus offers a series of practical proposals through which APEC can implement, over the coming months and years, the decisions made by the Leaders at

Seattle and Bogor. We believe that the procedures now being developed by the member economies can lead to the effective implementation of that program. We believe that major parts of it can, and should, be included in the “down payment” at Osaka. We believe that commencing the realization of the Bogor commitments in this way will place APEC firmly on the path to success and credibility, both in the region and around the world. We believe it will enable Leaders to answer the four crucial questions that they face as they navigate the future course of economic cooperation within the region and as they translate their visions and initiatives into reality.

PACIFIC BUSINESS FORUM

**THE OSAKA ACTION PLAN:
ROADMAP TO REALISING THE APEC VISION**

Executive Summary

In 1993, at their meeting on Blake Island, Asia-Pacific Economic Cooperation (APEC) Economic Leaders provided the political impetus for developing initiatives which will move the Asia Pacific region towards a more integrated trade and investment environment. At their 1994 Bogor meeting, Economic Leaders adopted the goal of free and open trade and investment in the region by the year 2010 for industrialised economies and 2020 for developing economies. The stage has been set for action this year.

The Pacific Business Forum (PBF) has met three times this year and has agreed that the underlying theme of our 1995 report is making APEC more relevant to business. In 1994, the Leaders set the policy goals for stimulating the region's economic growth. This year we suggest 15 specific measures to generate concrete and pragmatic results. These measures will help achieve the Leaders' goal of increased economic growth, job creation, and enhanced prosperity for all. In addition, they will provide the business community with tangible evidence of APEC's ability to deliver.

Decisions made by the Leaders at Osaka on the speed and nature of implementation will be closely scrutinised by the business community. Initiatives taken must be action-oriented. To help advance the Leaders' goal of increased economic growth, the PBF has divided its 15 recommendations into three broad areas: 1) a roadmap to 2010/2020 with three components – guiding principles, agreement on timelines, and regular progress reviews; 2) ten Osaka deliverables; and 3) two recommendations for business participation in APEC.

Finally, although this report has treated many subjects, the PBF realises that there are other important issues, such as energy and the environment, equally deserving of attention. These, along with issues such as the quantification of the economic impact of APEC's actions and possible youth participation in the APEC process, should be addressed by the PBF's proposed successor organisation, the APEC Business Council (ABC).

ROADMAP TO 2010/2020

A consensus on how to proceed from now until 2010/2020 must be achieved by the APEC Leaders this year. Implementation must begin immediately thereafter. There are three key components of the roadmap which should be incorporated into the action plan. These are: a set of guiding principles, timelines for every item of work on the action agenda which are critical to APEC's success, and, a procedure for regular progress reviews.

Recommendations

- **Guiding Principles.** APEC measures must adhere to the following ten guiding principles: (1) WTO consistency; (2) comprehensive coverage, eventually including all sectors; (3) flexible consensus; (4) comparability, general equivalency among action plans of all member economies; (5) balance between collective and individual action; (6) open regionalism with a view to enhancing the multilateral trading system; (7) nondiscrimination; (8) transparency; (9) bench-marking upwards to achieve highest possible standards and procedures; and (10) regulatory reform to prevent administrative rules from becoming hidden forms of protection.
- **Timelines.** Clear and agreed timelines are critical components of the action agenda, thus the PBF has provided specific timelines – with common starting dates – for specific actions from now to 2020. The PBF has concentrated on actions during the first four years (1996-2000). Unless the groundwork is laid in those first four years, the APEC process could stagnate.
- **Progress Reviews.** There should be periodic reviews of all activities aimed at implementing the Bogor Declaration. The review mechanism should be three-track, consisting of the following: annual Ministerial reviews comparing implementation against commitments; independent reviews every two years by the permanent business sector advisory group; and reviews by the Leaders concurrent with the advisory group reviews.

THE OSAKA DELIVERABLES

For business to remain competitive it has to operate within short timeframes, as well as develop long-term plans. At Osaka, therefore, the Leaders must make decisions to achieve not only long-term goals but also short-term measures which are of immediate relevance to business. The PBF has identified ten areas where short-term outcomes are needed. They are:

1. Progressing Beyond the Uruguay Round. This year at the Osaka meeting, the Leaders should bring concrete plans to progress beyond the Uruguay Round. These

plans should include: (a) acceleration of commitments; (b) deepening of commitments; (c) broadening of commitments; (d) prevention of the abuse of anti-dumping; (e) renewal of commitments to a standstill; (f) continuation of work on post Uruguay Round issues; and (g) support of membership in the WTO for non-members.

2. Investment Liberalisation. Investment liberalisation is of critical importance. Thus, at Osaka, APEC should announce its intention to strengthen the APEC Non-Binding Investment Principles by the 1996 meeting in the Philippines. The strengthened set of investment principles should be made legally enforceable and binding by incorporating them into the domestic laws of each economy, no later than the year 2000 for industrialised economies and 2005 for developing economies.

3. Business Travel and Business Residency Visas. The PBF urges the Leaders to establish visa-free business travel throughout the region by 1999 and, as an interim measure, introduce an APEC business visa by 1996. In addition, the PBF asks that business residency visas be approved within one month, starting in 1996.

4. Customs Harmonisation. The PBF welcomes the substantial progress made by the Customs Subcommittee of the Committee on Trade and Investment (CTI), and urges APEC to implement that work in all areas no later than 2000.

5. Standards and Conformance. The PBF welcomes the substantial progress made by the Standards and Conformance Subcommittee of the CTI, but believes that in key areas the work programme could be substantially expanded and accomplished over a shorter period of time.

6. Intellectual Property Rights, Technology Transfer, and Science Cooperation. Protection of intellectual property rights (IPR) must remain a priority issue for APEC. The PBF thus recommends a series of steps which APEC can take to ensure adequate enforcement of existing IPR laws. APEC should formulate a set of principles for technology transfer, and a set of guidelines for strengthening APEC science cooperation.

7. Trade and Investment Ombudsman. Each APEC economy should study the merits of the institution of the Trade and Investment Ombudsman and consider the desirability of adopting such an institution.

8. Infrastructure Development. In order to meet the growing regional infrastructure needs in an efficient and cost-effective manner, the PBF recommends the establishment of an APEC Infrastructure Task Force (AITF) to review infrastructure development in APEC.

9. Small and Medium Enterprises. Small and medium enterprises (SMEs) form the backbone of supporting industries upon which large companies, both local and foreign, depend. Last year, the PBF addressed the issue of access to capital for the SMEs. This year we focused on the development of basic policies, benchmark policies, and methods of nurturing the entrepreneurial spirit in SMEs. Ideas include: (a) the establishment of an APEC SME training centre, for example, the proposed Philippines' APEC Centre for Technology Exchange and Training for SMEs (ACTETSME); (b) the development of cooperatives where appropriate; (c) the establishment of business networks for the development of local supporting industries; and (d) examples of programmes which provide funding for SMEs.

10. Human Resources Development. The PBF wishes to stress the importance of developing the skills and abilities of the peoples of the Asia Pacific region. In particular, we recommend that APEC examine ways to implement worker training programmes, transfer of management skills and expertise, and the use of computers and telecommunication technologies.

BUSINESS PARTICIPATION IN APEC

APEC's goal should be to pave the way for "business to do business". Therefore it is important for APEC officials to obtain timely and sound inputs from the business community on how best to create a user-friendly business environment in the Asia Pacific region.

There are two main ways in which business input can be achieved to reflect the Leaders' 1994 goal: the establishment of an APEC Business Council (ABC) and business participation in the actual APEC work programme.

The PBF believes that the establishment of a permanent business advisory forum is key to a successful partnership between APEC and the business community. Therefore, the PBF has recommended the creation of the APEC Business Council (ABC), comprising of two members from each APEC member economy representing large, and small and medium enterprises, respectively. Members should be appointed by their Leaders to ensure that the ABC has direct access to the highest levels and that its advice is carefully considered.

Finally, the PBF encourages active and continuous participation by the business sector in the APEC working groups. Through such participation, the business community can help both to formulate policies relevant to business and translate those policies into meaningful results.

The Leaders' meeting in Osaka offers a crucial opportunity for APEC to convince the business community of its value and practical significance. It can do so by announcing

measures which will make an immediate difference to businesses in the region. For its part, the PBF has provided a roadmap towards implementing such measures and stands ready to support the Leaders' Osaka action plan in realising the APEC vision.

**ASIA-PACIFIC ECONOMIC COOPERATION
MINISTERIAL MEETING**

Osaka, November 16-17, 1995

Joint Statement

1. Ministers from Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Republic of the Philippines, Singapore, Chinese Taipei, Thailand and the United States of America participated in the Seventh Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting convened in Osaka, Japan on 16-17 November 1995. Members of the APEC Secretariat were also present. The ASEAN Secretariat, the Pacific Economic Cooperation Council (PECC), and the South Pacific Forum (SPF) attended as observers.
2. The meeting was co-chaired by H.E. Mr. Ryutaro Hashimoto, Deputy Prime Minister and Minister of International Trade and Industry, and H.E. Mr. Yohei Kono, Minister for Foreign Affairs, of Japan.
3. In his opening remarks, Mr. Hashimoto stated that Asia-Pacific cooperation demanded a framework to enable the self-driven initiatives of economies in the region, as well as APEC collective actions, to have maximum impact and achieve tangible results. He further noted that the meeting represented APEC's embarkation upon a new phase of action for the attainment of its vision and goals, and would thus be an important first step that would set the tone for APEC for years to come.
4. Speaking as Chairman of the Sixth APEC Ministerial Meeting, H.E. Mr. Hartarto, Coordinating Minister for Industry and Trade of Indonesia, expressed appreciation for Japan's leadership in facilitating the formulation of detailed proposals as mandated by the Bogor Declaration. In this regard, he was pleased to note that the "Action Agenda" reflects the three major pillars of the APEC process, namely liberalization, facilitation and development cooperation which are equally important and closely interlinked. He also welcomed the proposal of Japan entitled "Partners for Progress" which represents an important step in narrowing economic disparities between APEC economies while supporting trade and investment liberalization. In conclusion, he stated that with the combined strength and potential as well as the reasonably differentiated time frames that have been adopted, in the long run APEC will be able to overcome all the difficulties, including those that seem complex at the present time.

I. THE ACTION AGENDA

5. Ministers recognized that, in response to the decisions made by the Economic Leaders at Bogor last year, APEC activities this year focused on the formulation of the Action

Agenda to achieve the Bogor Declaration goals. This new focus required intensive and wide-ranging deliberations in all APEC fora.

6. Ministers discussed the draft Action Agenda prepared by the Senior Officials, incorporating the contributions from relevant APEC fora. They agreed that the draft reflected the voluntary commitment and the political determination of each member economy to achieve the objectives set by the Economic Leaders at Bogor. Ministers further underlined the strategic significance of the Action Agenda in providing a long-term framework to chart the future course of APEC cooperation, which will enhance the prospects of accelerated, balanced and equitable economic growth in the region.
7. Ministers recognized that the Action Agenda would comprise trade and investment liberalization and trade and investment facilitation which together form Part One of the Action Agenda, and economic and technical cooperation which is dealt with in Part Two. They emphasized that these areas form the three pillars of APEC activities, and that the three are complementary and equally significant. Ministers reaffirmed their belief that the economic well-being of the region will be maximized through the focused and integrated implementation of activities under these three pillars. They noted that the Action Agenda may be revised and improved as necessary in accordance with further deliberations during the ongoing process of its implementation.
8. Ministers noted that Part One of the Action Agenda included general principles, framework for liberalization and facilitation, and actions in specific areas. They discussed and reached agreement on the general principles which are: comprehensiveness; WTO-consistency; comparability; non-discrimination; transparency; standstill; simultaneous start, continuous process, and differentiated timetables; flexibility; and cooperation.
9. Ministers underlined the unique approach for APEC liberalization and facilitation of trade and investment that builds on the marked regional trend toward economic reform and liberalization, and will act as a powerful impetus for further liberalization at the multilateral level. This approach comprises a combination of concerted unilateral actions, collective actions and multilateral actions. They confirmed each member economy's determination to submit its respective Action Plan to the 1996 APEC Ministerial Meeting in the Republic of the Philippines. These Action Plans will be formulated in accordance with the general principles and framework of the Action Agenda, so as to realize APEC's long-term goal of free and open trade and investment. Action Plans will comprise steps to be taken toward achievement of the objectives set out in each of the fifteen areas for specific action: tariffs, 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, implementation of the Uruguay Round outcomes, and information gathering and analysis.
10. Ministers stressed the need to further promote economic and technical cooperation in order to achieve sustainable growth and equitable development in the Asia Pacific region. Economic and technical cooperation will reduce economic disparities among

APEC economies, improve the economic and social well-being of the peoples of the region, contribute to the process of trade and investment liberalization and facilitation and help to attain sustainable development. They reaffirmed that APEC economic and technical cooperation will be based on the three essential elements of developing common policy concepts, implementing joint activities and engaging in policy dialogue. Economic and technical cooperation activities will be pursued in the specific areas of human resources development, industrial science and technology, small and medium enterprises, economic infrastructure, energy, transportation, telecommunications and information, tourism, trade and investment data, trade promotion, marine resource conservation, fisheries, and agricultural technology. The overall progress of these activities will be subject to annual review.

11. Ministers agreed to introduce and utilize "Partners for Progress" (PFP) as a new mechanism, based on mutual assistance and voluntarism, to promote economic and technical cooperation more efficiently within APEC. They also noted that PFP will address all aspects of economic and technical cooperation with particular focus on cooperation which directly supports the liberalization and facilitation of trade and investment.
12. Recognizing that the various APEC fora have concentrated this year on contributing to the composition of the draft Action Agenda, Ministers valued the inputs provided by the relevant Ministerial Meetings, and expressed satisfaction with the important contributions made by other APEC fora, including the Economic Committee (EC), the Committee on Trade and Investment (CTI), the Working Groups, the Policy Level Group, and the Experts Meetings. Ministers particularly welcomed the detailed plans for trade and investment liberalization and facilitation developed by the Committee on Trade and Investment. It was also noted that the Ministerial Meetings, Working Groups and other relevant fora had prepared Action Programs which form an integral part of the Action Agenda.
13. Ministers welcomed the third report submitted by the Eminent Persons Group as an important reference for elaborating the Action Agenda as well as stepping up APEC cooperation. The report contains recommendations on the implementation of the APEC vision set forth at the Economic Leaders Meetings on Blake Island and in Bogor.
14. Ministers welcomed the second report of the Pacific Business Forum, and noted that its recommendations on the implementation of the Bogor Declaration from the perspective of the business/private sector were of significant value in the process of drawing up the Action Agenda. Ministers also noted with satisfaction that various regional fora with business/private sector representation, such as Pacific Economic Cooperation Council (PECC), Pacific Basin Economic Council (PBEC), and Asia Pacific Business Network (APB-Net), made substantial efforts to contribute to the formulation of the Action Agenda.
15. Ministers agreed to propose the draft Action Agenda to the Economic Leaders for their consideration and adoption.

II. DEVELOPMENT OF APEC ACTIVITIES

Economic Issues and Outlook

16. Ministers welcomed the Report of the EC, which reviews its first full year of work and details its Action Program for 1996. They emphasized the Committee's role in enhancing APEC's capability for analysis of economic trends and studies of specific economic issues, particularly cross-cutting issues, and the importance of this work supporting the policy activities underway in other APEC fora.
17. Ministers thanked Japan for taking the lead in preparing the economic outlook paper entitled *1995 Report on the APEC Regional Economy – Performance, Structure, Outlook, and Challenges*, which focuses on the medium-term issues and the generally favorable outlook for the region. Ministers also commended Canada on its paper entitled *Foreign Direct Investment and APEC Economic Integration* which provides a clear picture of the significant role played by investment in bringing about rapid economic growth in the region. Ministers endorsed the EC's work plan for 1996.

Trade and Investment Issues

18. Ministers welcomed the CTI's Annual Report to Ministers for 1995 and noted with appreciation that the CTI had made a substantive contribution to the process of liberalization and facilitation of trade and investment in the region. Following the Economic Leaders' call in Bogor for action, they also noted that the Sub-Committee on Customs Procedures and the Sub-Committee on Standards and Conformance had made substantial contributions to the work of the CTI, with tangible achievements in their respective areas. In addition, Ministers expressed appreciation for the CTI's reports on regional impediments to trade and investment, deregulation/liberalization initiatives in the region, and a mapping of members' unilateral/sub-regional/multilateral liberalization measures. Ministers valued the enhanced cooperation with the private sector in conjunction with the activities of the CTI and its subgroups, in particular the Customs and International Economy Symposium and the Investment Symposium.
19. Ministers indicated to the CTI the importance of addressing trade and investment related issues in the Action Agenda including those which had not been fully addressed in the 1995 CTI Work Program.

APEC Work Programs and Initiatives

20. Ministers welcomed the progress made by the various Ministerial Meetings launched as Leaders' Initiatives as well as by the ten Working Groups and other APEC fora with their work programs and initiatives in addition to their contributions to the formulation of the Action Agenda. Ministers noted the Progress Reports of the APEC Working Groups. They encouraged the Working Groups and other APEC fora to continue to work closely with the business/private sector at the grassroots level.

a. Human Resources Development (HRD)

21. Ministers noted with satisfaction that the HRD Working Group had developed a number of programs in the seven priority areas set forth in the Human Resources Development Framework and for the liberalization and facilitation of trade and investment. Ministers commended the HRD Working Group for undertaking through its extensive networks a wide range of activities based on key priorities to deal with economic and technical cooperation on issues of a cross-cutting nature. They endorsed the launching of the Business Volunteer Program from 1996 with the establishment of a coordinating office in Bangkok. Ministers also welcomed the decision to hold an HRD Ministerial Meeting in the Republic of the Philippines in 1996. Ministers noted progress on the establishment of APEC Study Centers, as part of the APEC Economic Leaders Education Initiative, and welcomed the establishment of the APEC Education Foundation, which will mobilize additional funding for HRD and education exchange activities.

b. Industrial Science and Technology (IST)

22. Ministers were pleased to note that the IST Working Group had initiated and conducted a number of new projects on IST cooperation based on the following priorities: improved flows of technological information and technology, improved researcher exchanges, facilitation of joint research projects, improved transparency of regulatory frameworks, contribution to sustainable development, and enhanced policy dialogue and review.
23. Ministers thanked the People's Republic of China for hosting the first APEC Ministers Conference on Regional Science and Technology Cooperation in Beijing in October 1995, which endorsed a set of non-binding principles for effective IST collaboration and identified priority areas for further cooperation. They welcomed the decision to hold a second Ministerial Conference in the Republic of Korea in 1996. Ministers also welcomed the holding of the first APEC Technomart in the Republic of Korea in 1995.

c. Small and Medium Enterprises (SMEs)

24. Ministers noted with satisfaction that the ad hoc SME Policy Level Group had successfully conducted policy dialogue and joint activities focusing on five

priority areas, namely, human resources development, information access, technology and technology sharing, financing, and market access.

25. Ministers thanked Australia for hosting the second Small and Medium Enterprises Ministerial Meeting in Adelaide in September 1995, which endorsed the Action Program developed by the ad hoc SME Policy Level Group, and welcomed the decision to hold a third Ministerial Meeting in the Republic of the Philippines in 1996.
26. Ministers praised the Republic of the Philippines' efforts to promote the establishment of the APEC Center for Technology Exchange and Training for SMEs (ACTETSME).

d. Infrastructure

27. Ministers emphasized the importance of infrastructure improvement to the continued growth of APEC economies, and reaffirmed the high priority they accorded to infrastructure-related projects. They thanked Indonesia for hosting a productive dialogue in Jakarta in September 1995 between the public and business/private sectors, at which impediments to infrastructure improvement were identified and proposals for overcoming these problems made. They agreed that work in APEC should continue in this important area.

e. Energy

28. Ministers commended the Energy Working Group's efforts to address the simultaneous achievement of the 3Es and its contribution to the development of APEC as a sustainable energy community. They welcomed the decision to establish the Asia-Pacific Energy Research Center. Ministers also welcomed the proposal to hold an APEC Energy Ministerial Meeting in Australia in 1996 to provide support and guidance to the work of APEC in the field of energy.

f. Transportation

29. Ministers were encouraged by the progress made by the Transportation Working Group toward developing and maintaining an integrated, safe, efficient and environmentally sustainable transportation system in the Asia-Pacific region.
30. Ministers thanked the United States of America for hosting the Transportation Ministers Meeting in Washington, D.C., in 1995. They welcomed the formulation by the Transportation Ministers of guiding principles and priorities for cooperation in the transportation sector, which provide a framework for the improvement of the regional transportation system.

g. Telecommunications

31. Ministers appreciated the progress made by the Telecommunications Working Group towards the development of interconnected and interoperable telecommunications and information infrastructure. They applauded the work it has advanced in its identified priority areas, and noted its intention to establish the goal of making telecommunications a model sector for implementing the Bogor Declaration.
32. Ministers thanked the Republic of Korea for hosting the first APEC Ministerial Meeting on Telecommunications and Information Industry in May 1995, which issued the Seoul Declaration setting objectives and principles for enhancing the Asia-Pacific Information Infrastructure (APII). Ministers welcomed the decision to hold the second Ministerial Meeting in Australia in 1996.

h. Tourism

33. Ministers expressed satisfaction that the Tourism Working Group had concentrated its activities in the area of long term environmental and social sustainability of the tourism industry through removing barriers to tourism movements and liberalising trade in services associated with tourism; implementing the concepts of environmental and social sustainability of tourism development; facilitating human resource development; enhancing the role of the private sector in tourism development; developing cooperation in telecommunications, transportation, passenger facilitation, financial and other information-based services related to trade in tourism; and information sharing on the tourism industry.

i. Trade and Investment Data

34. Ministers welcomed progress on the establishment of an APEC near comparable merchandise trade database as part of the Trade and Investment Data Database (TIDDB) and associated system developments. They also commended the Trade and Investment Data Working Group's plan to include databases on international trade in services and international investment within the TIDDB.

j. Trade Promotion

35. Ministers valued the Trade Promotion Working Group's role in providing trade opportunities and trade-related information to the APEC business community. They noted the work undertaken by the Trade Promotion Working Group in the areas of promoting trade-related activities in goods and services, trade financing, trade skills and training, information sharing to foster a trade-friendly environment, and cooperation between the business sector and government agencies, including trade promotion organizations.

k. Marine Resource Conservation

36. Ministers appreciated the work of the Marine Resource Conservation Working Group in contributing to sustainable development, enhancing trade and investment while protecting the marine environment, and ensuring continuing socioeconomic benefits through maintenance of marine environmental quality. They noted in particular its activities in the areas of marine algal toxins (red tides), regional implementation of the Oceans Chapter of UNCED's Agenda 21, and coastal zone planning and management.

l. Fisheries

37. Ministers commended the Fisheries Working Group for advancing work in the management of the production base of the fisheries and aquaculture sector, and promoting further work on trade and investment issues in the fisheries sector, through, *inter alia*, alignment of rules and regulations on product standards concerning fish and fisheries products, including food safety and quality assurance.

m. Agricultural Technology

38. Ministers noted the identification of the following priorities for cooperation in agricultural technology: exchange of plant and animal germplasm; agricultural biotechnology; processing and marketing of agricultural products; plant and animal quarantine and pest management; information sharing in the development of agricultural finance systems; and technology transfer and technical training.
39. They thanked Chinese Taipei for hosting the first Experts Meeting on Agricultural Technical Cooperation, and welcomed the decision to hold a second Experts Meeting in Chile in 1996.

n. Finance

40. Ministers noted that the second APEC Finance Ministers Meeting was held in Indonesia in 1995 and that the meeting had discussed various issues such as capital flows, exchange rate movements and funding for infrastructure development and, amongst other issues, anti-money laundering efforts. Ministers welcomed the decision to hold a third Ministerial Meeting in Japan in 1996.

o. Sustainable Development

41. Ministers noted with satisfaction progress in the integration of environmental issues into the ongoing activities of relevant APEC fora, to help ensure sustainable development. They welcomed the proposal to hold a Ministerial Meeting on sustainable development in the Republic of the Philippines in 1996.

III. ORGANIZATIONAL ISSUES

APEC Secretariat

42. Ministers expressed appreciation for the excellent work done by Executive Director Ambassador Shojiro Imanishi and the Secretariat staff in supporting the various APEC Committees and Working Groups and the APEC process as a whole. Recognizing the necessity to augment the strength of the Secretariat in connection with the implementation of the Action Agenda, Ministers endorsed the recommendations of the Task Force for the Review of the APEC Secretariat, and instructed the Senior Officials to begin implementing these recommendations as soon as possible.
43. Ministers expressed satisfaction with the progress of the APEC Communications and Database System (ACDS) and urged APEC members to utilize the system fully. Ministers noted that the Secretariat had produced a range of publications and had increased its efforts to circulate them to a wider audience.

Participation Issues

44. Ministers discussed the issue of non-member participation in APEC Working Group activities, and adopted the proposal on criteria and principles relating to this matter which was submitted by the Senior Officials, as amended.
45. Ministers instructed the Senior Officials to continue their consideration of APEC's policy on new membership and observer status and to provide recommendations to the 1996 APEC Ministerial Meeting.

Eminent Persons Group (EPG)

46. Ministers recognized with appreciation the valuable contribution the EPG has made during the past three years to furthering the development of APEC activities and commended the successful accomplishment of its mission.
47. Ministers acknowledged the value of receiving advice and recommendations from knowledgeable and independent personalities from time to time on specific matters, and agreed that the EPG mechanism or similar advisory group may be constituted at any time as necessary with new membership for this purpose.

Establishment of the APEC Business Advisory Council (ABAC)

48. Reaffirming that close cooperation between governments and the business/private sector is critical to enhancing the effectiveness of APEC activities, Ministers expressed appreciation for the valuable contributions the Pacific Business Forum has provided during the last two years.
49. Ministers agreed to establish the APEC Business Advisory Council (ABAC) in 1996, recognizing the importance of continued cooperation and active involvement of the business/private sector in all APEC activities. Ministers decided on a set of guidelines on the structure, funding and activities of the ABAC with a view to its early inauguration. They noted that the guidelines would be reviewed the following year.

Budget Issues

50. Ministers commended the Budget and Administrative Committee (BAC) for its work during the year in scrutinizing budget requests, streamlining procedures and improving administrative and operational efficiency. Ministers approved a 1996 budget of US\$3,094,160 as proposed by the BAC and recommended by the Senior Officials. Ministers also endorsed a 1996 contribution totaling US\$2,838,000, and constituent individual contribution levels, as proposed by the BAC and recommended by the Senior Officials.

IV. OTHER MATTERS

Preparation for the Eighth Ministerial Meeting

51. Ministers thanked the Republic of the Philippines for the valuable briefing on the preparations for the Eighth APEC Ministerial Meeting to be held in Manila in 1996.

Venues for future APEC Meetings

52. The Ninth and Tenth Ministerial Meetings will be held respectively in Canada in 1997 and in Malaysia in 1998. Ministers welcomed the offer of New Zealand to host the Eleventh Ministerial Meeting in 1999.
53. Mr. Kono, in his closing statement, observed that APEC was now advancing on to a new stage where the Bogor objectives will be translated, step by step, into reality through the implementation of the Action Agenda. He noted that APEC will accordingly evolve further as an organization, with the active engagement of the business/private sector. He called upon the Ministers to continue to provide political guidance to the APEC process, and to stay in close contact to that end.
54. Ministers and their delegations expressed their heartfelt appreciation to Japan for the warm and generous hospitality extended to them and the excellent facilities and arrangements made available for the Meeting.

PARTNERS FOR PROGRESS (PFP)

Purpose

“Partners for Progress (PFP)” aims at introducing in APEC a mechanism to further promote economic and technical cooperation on the basis of mutual assistance and voluntarism.

Background

(1) The implementation of the Bogor Declaration comprises trade and investment liberalization, trade and investment facilitation, and economic and technical cooperation. These are the three basic pillars of APEC activities and APEC members need to move forward in all the three areas.

(2) The third pillar, i.e. economic and technical cooperation in APEC, consists of:

- a) cooperation that directly supports the liberalization and facilitation of trade and investment, and
- b) cooperation toward achieving sustainable growth, reducing economic disparities and improving economic and social well-being in the Asia-Pacific region. (The Bogor Declaration points out in paragraph 8 that such cooperation will also facilitate the growth of trade and investment in the region.)

(3) To date, some progress has been made in the above two areas but much remains to be done.

Against this background, the proposed PFP mechanism is intended to promote more effectively and efficiently the cooperation mention in (2) above.

PRP will, in particular, serve to actively promote cooperation related to the liberalization and facilitation of trade and investment among APEC members.

The PFP Mechanism

1) Guidelines

(a) Target areas: All areas addressed or to be addressed within APEC. PFP should be particularly focused on cooperation directly supporting the liberalization and facilitation of trade and investment.

(b) Mutual assistance and voluntarism: PFP projects should ensure that mainly the region’s developing economies and as many other members as possible benefit from the projects, and should encourage the contributions of the benefiting members themselves to promote cooperation among all members participating in the project.

Members participating in PFP projects are encouraged to consider possible ways of cooperation given their respective range of resources.

(c) Initiator: A member becomes the initiator of a PFP project on a voluntary basis. Based on the program process mentioned below, the initiator of a project bears the primary responsibility for the implementation of that project.

(d) Utilization of the Existing APEC Structures: PFP will make use of the existing APEC structure, and will not require the creation of new groups, committees or other organizations, or a new special approval process.

Program Process

(a) Project Formulation

(i) An APEC member volunteers to become the initiator and proposes a candidate PFP project in draft form at one of the Working Groups or other relevant APEC fora for its consideration. (The project draft will contain such elements as objectives, proposed activities, duration, cost estimates and financing.)

At the Working Group or relevant forum, the initiator takes into account the views expressed and reformulates as necessary the draft candidate project. At the same time, it calls on other members to participate.

This process results in the formulation of a candidate PFP project with an initiator and an agreement on the part of a number of members to take part in that project.

(ii) The APEC Secretariat shall be informed of developments in the above process from the initial draft project proposal to the resulting formulation of the candidate project and shall, in turn, inform other relevant Working Groups and APEC fora.

Notes

(i) The initiator as well as the Working Group should make sure that PFP projects avoid duplication with existing regional projects in the field of economic and technical cooperation.

(ii) APEC members participate in a PFP project on a voluntary basis. On the other hand, three or more members including the initiator should be involved in a given PFP project.

(iii) Members wishing to participate in a project are encouraged to consider ways in which they can cooperate and make contributions within their respective range of resources.

Financial contributions may come from official flows or other supplementary sources such as business associations, foundations and other private sector organizations.

(b) Project Implementation

(i) Once a candidate project is formulated, the Working Group or relevant forum submits the project to the BAC (Budget and Administration Committee) and the SOM (Senior Officials Meeting), and obtain SOM's approval.

Following the above approval, the project will be implemented by the initiator and the participating members.

(ii) The APEC Secretariat will receive information on the implementation of the project and will inform APEC members when necessary.

(Note)

(i) PFP projects are not be ephemeral events, but projects that continue for an appreciable period of time and produce tangible results.

Role of the Secretariat

(a) In order that APEC members and concerned APEC fora be duly informed about PFP so as to promote transparency and avoid duplication in APEC's efforts, the APEC Secretariat will be entrusted with the task of collecting and disseminating information about proposed and ongoing PFP projects. The Secretariat, in this way, will make available within APEC a pool of information relative to PFP. It will bear no decision making role.

(b) For the above purpose, a single member of the Secretariat will;

(i) collect and compile information related to the formulation, approval and implementation of PFP projects,

(ii) distribute the above information to all relevant APEC fora, and

(iii) respond to inquiries by APEC members by providing information at his/her disposal.

The following proposal was adopted by APEC Ministers at their Seventh Ministerial Meeting in Osaka in November 1995

**PROPOSAL ON CRITERIA AND PRINCIPLES
ON NON-MEMBERS' PARTICIPATION
IN APEC WORKING GROUP ACTIVITIES**

Principles

1. It is important that on the one hand APEC neither gives the appearance of being a closed shop nor cuts itself off from useful contact with non-member economies, while on the other that it gives due weight to the need for consolidation and effectiveness.
2. The following principles are proposed in considering any application:
 - (a) Non-member participation in any WG should be determined by the individual WG concerned by consensus;
 - (b) Each application should be considered on its own merits;
 - (c) While geographic location should be given primary weight, consideration should be given to specific expertise or information which the applicant possesses;
 - (d) The WG must be satisfied that the applicant can make a significant contribution to the work of the Group; and
 - (e) Participation in WG must be clearly understood not to imply any tacit endorsement of future membership or observer status in other APEC activities.
3. This last principle is particularly important. There must be no linkage between participation in APEC WGs and any application for a full membership of APEC. In other words, participation in a WG is neither necessary nor sufficient for a successful application to become an APEC member.

GUIDELINES ON THE APEC BUSINESS ADVISORY COUNCIL

Structure:

Each of the APEC economies will appoint no more than three representatives to the APEC Business Advisory Council (ABAC) from the business/private sector. These representatives should reflect the interests of a broad spectrum of the sector, including small and medium-sized enterprises. In appointing their representatives and deciding upon the terms of their appointments, each APEC economy should take into account the need for some degree of continuity.

ABAC will be asked to find appropriate ways to engage other regional business/private sector organizations, such as PBEC, PECC and APB-NET, in APEC activities.

ABAC itself will determine the structure and function of the ABAC Secretariat. The Institute for Policy Studies in Singapore is expected to provide assistance in the initial stages.

Funding:

The funding for ABAC will not be provided by the APEC Central Fund but by other sources including the business/private sector; however, in the initial year of operation, the APEC Central Fund may disburse funds to assist with ABAC expenses.

ABAC Activities:

ABAC will have two main functions. One will be to provide advice on implementation of the Action Agenda and on other specific business sector priorities. Its second function will be to respond when various APEC fora request information about business-related issues or the business perspective on specific areas of cooperation.

ABAC will provide reports on its activities to the Leaders, as well as to the Ministers through the Senior Officials Meetings.

Initial Phase:

- (1) 1996, first quarter: APEC economies will appoint the first ABAC representatives.
- (2) 1996, first half: Inaugural meeting of ABAC will be held.
- (3) 1996 APEC Ministerial Meeting: ABAC will report its decisions on structure, funding and activities.

Management

4. It is proposed that participation by non-members should be managed as follows:
 - (a) Other than members, the APEC Secretariat and observers, all participants should be designated as guests.
 - (b) Once consensus has been reached in the WG concerned, the Lead Shepherd should seek covering approval from the Senior Officials of all member economies through the Secretariat;
 - (c) The terms of participation should then be conveyed to the guests in standard form by the Lead Shepherd of the WG; and
 - (d) Guests status should be granted on a one-calendar-year basis, with renewal of participation subject to the same procedure as a new application or invitation.
5. It is not proposed that any additional category of participation be introduced beyond the existing four, i.e. member, APEC Secretariat, observer and guest.

SECOND APEC FINANCE MINISTERS MEETING

**Bali, Indonesia
April 15-16, 1995**

Joint Ministerial Statement

APEC Finance Ministers have now met for a second time to discuss the economic challenges facing the Asia Pacific region and the opportunities for action that could assist individual economies in meeting these challenges. This meeting provided an opportunity for a frank exchange of views, the sharing of experiences, and a greater understanding of each other's concerns and interests. Our discussions here today of the challenges facing the region were conducted on the basis of cooperation, consensus, and collegiality, and were meaningful and productive.

This past November in Bogor, the Economic Leaders of APEC issued a call to usher in an era of free and open trade and investment in the region by not later than the year 2020 and to intensify development cooperation among our economies. We are all committed to these goals and view the maintenance of macroeconomic stability, including financial market stability, as a key requirement for their achievement.

Economic Developments

The Asia Pacific remained the fastest growing region in the world in the past year despite significant fluctuations in global financial markets. These fluctuations had significant implications for the economies of the region through, among other events, shifting capital flows and rapidly moving exchange rates. These are matters of particular importance to us as Finance Ministers.

In order to promote better understanding of each other's concerns, views were exchanged on the impact of recent economic developments in each of our economies. In reviewing recent economic developments and the policies adopted to address them, we noted the increasing importance of regional economies in the global economy, as well as the growing interdependence of member economies. We also noted that attaining our goals of free and open trade and investment increases the exposure of our economies to market forces from the global financial marketplace. While this carries with it a number of significant benefits, it also increases the importance of sound, consistent, and sustainable macroeconomic policy in maintaining the dynamism of the region. We feel strongly that cooperation through meetings such as this enhances our ability to attain macroeconomic stability.

Capital Flows

Global capital flows have grown substantially over the past five years. Capital flows into APEC member economies can be growth-enhancing when they contribute to productive investment. Efforts to encourage such flows play an important role in supplementing policies aimed at raising domestic savings to finance needed investment in APEC member economies. With the growth of capital flows, and the increased reliance of all economies on them, has come increasing vulnerability to rapid shifts in the volume and directions of such flows. It is often difficult for authorities to determine in advance whether capital inflows are driven by short-term speculative motives or by longer-term intentions. However, policies governing the macroeconomic environment play an important role in encouraging longer-term investor commitment.

In this regard we wish to express our appreciation to the IMF for its study entitled "Portfolio Capital Flows (Policy Issues and Developments)" which greatly facilitated our discussions. Based on the experiences of our economies and on the experiences discussed in the IMF study, we concluded that the risks of capital inflows being quickly reversed can be minimized if governments demonstrate a commitment to prudent fiscal and monetary policies leading to macroeconomic stability. We would also encourage the IMF to consider ways to improve current mechanisms to respond effectively to problems in this area. Improved economic surveillance would be an important initial step in this regard.

It is also important to take the necessary steps to improve the quality of capital flows; that is, to promote flows that generate real economic returns and hence are less susceptible to sudden reversal. Direct investment and diversified portfolio inflows are especially welcome for this reason.

We observed that one reason for rapidly shifting capital flows is the difficulty that financial markets face in knowing what is happening in an economy on a timely basis. Unlike public corporations, many governments have few obligations to publish detailed information on their financial operations. For this reason, we believe that increasing the availability of economic and financial information about our economies can play an important role in enhancing the confidence of financial markets in the strength of regional fundamentals which can, in turn, help sustain high and stable capital inflows. The strong track record of many of the APEC economies makes this a region that has much to gain from informing investors on a timely basis of key economic and financial developments. We therefore have reached agreement to develop recommendations regarding voluntary and timely public disclosure on a regular basis of economic and financial information of interest to financial markets.

We also observed that capital market development in the region is important to smooth capital flows and to mobilize sufficient domestic capital to reduce over-dependence on capital inflows in some economies. It is important for each economy to develop the infrastructure for broad, deep capital markets. This includes human resource development for financial market supporting institutions. In this area we have much to learn from each other. Moreover, with the internationalization of capital markets, it is increasingly

important that the regulatory authorities of member economies build ways of cooperating with each other.

Exchange Rate Movements

We discussed the effects of exchange rate movements on trade and investment on member economies, recognizing that the impact of exchange rate movements varies substantially among the economies of the region. We agreed that there is no one optimal exchange rate policy for all regional economies. But one policy goal emerged as fundamental – pursuing macroeconomic stability and balance. This means control over inflation and sustainable deficits, both fiscal and external. As we concluded last year, sound macroeconomic policies are the essential prerequisite for sustained, low-inflation growth. Exchange rate policy alone cannot compensate for unsound macroeconomic policies. Instead, exchange rate policies must form an integral part of an overall macroeconomic policy framework for each of our economies.

Those of us who deal day-to-day with the challenges created by the current world exchange rate system understand that rapid exchange rate movements create problems both for our own economies and for economies with which we have close ties. Thus, we recognize that adopting policies that promote domestic macroeconomic stability will have beneficial impacts beyond our borders and thus such policies should be encouraged in all of the regional economies. Moreover, we believe that economies that adopt such policies will find that global financial markets respond favorably.

Even with prudent macroeconomic policies in place, individual economies can still be substantially affected by excessive volatility in the value of currencies. We express our concerns over the recent developments in the foreign exchange market where they do not reflect economic fundamentals. We agreed that there should be a determined effort to attain stability in the foreign exchange market, as such stability would benefit all member economies.

Furthermore, given the importance of exchange rate movements to our economies, we believe that substantially more research is needed on the forces that move exchange rates and, particularly, on the impacts of exchange rate movements on trade and investment flows. To that end we ask the IMF to prepare a study of the impacts of exchange rate movements on trade and investment in the APEC region. Such a study would assist further work by our Deputies on this subject at their next meeting. In particular, we ask our Deputies to review the IMF study and identify key conclusions and issues as a basis for our further discussion next year.

Funding for Infrastructure Development

We also had a constructive discussion on the importance of infrastructure development in the region to sustain non-inflationary growth toward the 21st century. This discussion benefited from the valuable paper prepared by the Asian Development Bank. We stressed the need to address the medium- and long-term challenges of mobilizing capital flows for infrastructure development. We noted the increasing role of both domestic and external private resources to meet the need to invest in physical infrastructure as a supplement to government financing and the resources of international financial institutions and the need to create a conducive environment to support this. With the increased role of domestic and external private financing in infrastructure development, we see a clear need for coordination of public and private resources in financing infrastructure development. From our discussions, it is clear that various member economies have experience in this area that should be shared more broadly. We would likewise encourage multilateral institutions (e.g., World Bank and Asian Development Bank) to assume a more proactive role in acting as catalysts toward helping mobilize private sector funds for infrastructure as well as to take a lead role in studying the issue of appropriate guarantee mechanisms.

Other Issues

It is important, in the context of strengthening capital markets, that we support international anti-money laundering efforts in the region and encourage adherence to the international standards and recommendations which have been developed in this area. We refer this issue to the next Deputies meeting for further discussion.

We are also resolved to contribute to the overall APEC effort to pursue trade and investment liberalization, cooperation, and facilitation. In particular, as many of us have responsibility for customs operations, we welcome the achievements of our customs authorities so far and encourage them to continue their trade facilitation efforts.

Future Meetings and Activities

While much was accomplished at our meeting, it is clear that much remains to be done. Thus, we have decided to continue to review macroeconomic development and market situations in the region, as well as to explore further the fundamental economic challenges facing the region. We look forward to having the opportunity to meet again next year in Japan for this purpose and ask our Deputies to undertake the necessary preparations for that meeting.

To assist us in our collective efforts, we have asked our Deputies to form a Working Group to advance our work this year in three areas: financial and capital markets, mobilizing private capital for infrastructure development, and effect of exchange rate movement on trade and investment. We have asked our Deputies to report on their efforts to the 1996 Finance Ministers Meeting.

At our meeting in Hawaii, we requested that several organizations and groups take action in support of our efforts. We wish to express our appreciation for the work of the IMF, the ADB, our central bank deputies who participated in our discussion of capital flows, and

our own Deputies who met several times to prepare for this meeting. In addition, the APEC financiers have also met very recently and we encourage them to continue their efforts.

Finally, we agreed to report to the APEC Leaders Meeting, scheduled to be held in November in Osaka, on the activities of the APEC Finance Ministers Meeting.

THE APEC MINISTERIAL MEETING ON TELECOMMUNICATIONS AND INFORMATION INDUSTRY

**Seoul, Korea
29-30 May, 1995**

Joint Statement

A Meeting of APEC Ministers responsible for Telecommunications and Information Industry was convened in Seoul on 29-30 May, 1995. Delegates from Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Mexico, New Zealand, Papua New Guinea, the Republic of the Philippines, Singapore, Chinese Taipei, Thailand and the United States of America participated in the Meeting. The Executive Director of the APEC Secretariat was present at the Meeting. The Pacific Economic Cooperation Council (PECC) attended as an observer. The Meeting was an initiative proposed by H.E. President Kim Young Sam of the Republic of Korea and agreed at the APEC Economic Leaders Meeting in Bogor, Indonesia in November 1994.

The President of the Republic of Korea, H.E. President Kim Young Sam, welcomed Ministers to the APEC Ministerial Meeting on Telecommunications and Information Industry. President Kim Young Sam noted the advent of the Pacific Century and the crucial importance of telecommunications and information industry in the economic development of APEC member economies. Recognizing the critical role of telecommunications and information infrastructures in achieving the goal of liberalising trade and investment by industrial economies by no later than the year 2010, and developing economies by no later than the year 2020, as agreed in the Bogor APEC Economic Leaders' Declaration of Common Resolve, President Kim Young Sam urged the Ministers to take a full responsibility in advancing an Asia Pacific Information Infrastructure (APII) initiative and establish the APII.

The Meeting was chaired by Dr. Kyong Sang-Hyon, Minister of Information and Communication, the Republic of Korea.

Ministers discussed the development of the APII and the APEC Economic Leaders' Declaration of Common Resolve. In response to a growing necessity to enhance an APEC-wide information infrastructure, Ministers adopted the Seoul Declaration for the Asia Pacific Information Infrastructure. Ministers expressed the view that the Declaration constitutes a significant step forward for the development of the APII and towards the realisation of the 21st century information society. The Declaration sets out the five objectives and ten core principles of the APII. The Declaration is a resolve to strengthen cooperation at every level for the APII in an effective and balanced manner for regional and global prosperity.

Ministers agreed to endeavour to make the telecommunications and information sector a "model" sector in achieving the goals set by the APEC Economic Leaders at Bogor - strengthening the open multilateral trading system, enhancing trade and investment liberalisation and facilitation in the Asia Pacific, intensifying Asia Pacific development cooperation and improving the information infrastructure.

Ministers said that they would cooperate in promoting the development of member economies' domestic information infrastructure, the APII and the APEC Economic Leaders objectives in the following areas:

A. Technology:

- Technical cooperation, such as joint research, and technology transfer
- Promotion of international standards

B. Telecommunications Network:

- Modernization of telecommunications infrastructure
- Development of domestic and global markets for networks, services and application
- Pilot projects on administrative information network
- Collaborative pilot projects
- Promotion of interconnectivity and interoperability

C. Content/ Information and Application:

- Promotion of EDI
- Joint development of database
- Test-bed interconnection and information sharing
- Social and societal implications of the information society
- Initiatives to make government public information more widely available via electronic means

D. Human Resources Development:

- Development of training and educational program
- Exchange of human resources

E. Policy and Regulation:

- Policy dialogues on the information infrastructure between developed and developing member economies
- Policy and regulatory measures to further liberalization
- Removal of technical and administrative barriers to market access
- Measures aimed at promoting small and medium scale enterprises

ACTION PLAN:

Ministers noted that the Action Plan is an important contribution to the Action Agenda to be considered at the APEC Economic Leaders Meeting to be held in Osaka, Japan in November 1995.

1. Ministers direct the APEC Telecommunications Working Group to develop plans according to the ten APII principles to improve the information infrastructure with the aim of facilitating effective cooperation, free trade and investment and sustainable development of the region.

2. Ministers direct the APEC Telecommunications Working Group to develop and implement plans for the telecommunications information sector to achieve the Bogor objectives of trade and investment liberalization, trade and investment facilitation and development cooperation, and the principles agreed by Ministers by

— firstly, defining the commitments necessary to achieve free and open trade and investment in this sector by the 2010/2020 Bogor timeframe;

— coordinating the steps and milestones with target dates defined by each economy; and

— identifying areas where collective commitments can be made by consensus.

3. Ministers direct the APEC Telecommunications Working Group to develop human resource capabilities to improve strategic planning and analysis of APII implementation including technology evaluation, demand forecasting and regulatory reform for APII.

4. To intensify cooperation and reduce gaps between developed and developing economies within the region, Ministers

— endorse the ongoing work of the Telecommunications Working Group on human resources development, and

— call upon the Telecommunications Working Group to consider further proposals to develop cooperation through appropriate mechanisms, such as

: holding fora/seminars in, for example, the areas of information exchange, human resource development, and

: encouraging the support of international financial institutions for business/private sector participation and investment in the development of information infrastructure in member economies.

5. Ministers endorse the work to date and request the APEC Telecommunications Working Group to expedite its work on the following matters:

- Conformance with the APEC guidelines for Trade in International Value-Added Network Services (IVANS)
- Conformance with the APEC Guidelines for Harmonization of Equipment Certification
- Establishment of, and conformance with, a framework for the development of Mutual Recognition Arrangements on conformance assessment

6. Ministers request the APEC Telecommunications Working Group to examine ways to increase cooperation between APEC and existing international institutions and programs, so as to actively promote the APII and reduce duplications of efforts, in areas including standards and existing technology cooperation projects.

Such cooperative activities could take place with

- (a) international financial institutions such as the Asian Development Bank, the World Bank, and the InterAmerican Development Bank, in regard to technology projects,
- (b) APT, ITU, OECD, WTO and G7 joint pilot projects, such as cooperation on test-bed interconnection, information sharing, broadband trials, health and education projects, and
- (c) Telecommunications information sharing project in Telecommunications Working Group

7. Ministers direct the APEC Telecommunications Working Group to vigorously pursue its work in identifying APII pilot and cooperative projects.

Ministers agreed to hold a second Ministerial Meeting on Telecommunications and Information Industry to review progress in the implementation of the Action Plan. Ministers welcomed the offer by Australia to host the Second APEC Ministerial Meeting on Telecommunications and Information Industry in Australia.

SEOUL DECLARATION FOR THE ASIA PACIFIC INFORMATION INFRASTRUCTURE

May 1995

We, APEC Ministers responsible for telecommunications and information industry, gathering in Seoul on 29 and 30 May, 1995,

Reaffirming the Bogor Declaration in which APEC Economic Leaders:

— agreed to strengthen the multilateral trading system, enhance trade and investment liberalization and facilitation, intensify development cooperation, including free and open trade and investment by industrialized economies by no later than the year 2010 and developing economies by no later than the year 2020; and

— noted the critical role of the infrastructure in the Asia-Pacific region, including telecommunications and information, in accomplishing this goal;

Acknowledging the spirit of the Joint Statement of the Jakarta Ministerial Meeting which emphasized that a priority be given to enhancing the regional infrastructure including telecommunications, and recommendations of the Eminent Persons Group report which highlighted the importance of technical cooperation in improving the telecommunications infrastructure among member economies for the mutual benefit of all APEC member economies to a similar and substantial degree;

Considering that the information infrastructure in the Asia-Pacific region is an integral part of and can contribute to the development of the global information infrastructure;

Emphasizing the contribution of the APEC Working Group on Telecommunications (TEL) in promoting telecommunications cooperation, trade and investment liberalization and facilitation in the region, and a role of the TEL in enhancing the information infrastructure in the Asia-Pacific region through an Asia Pacific Information Infrastructure (APII) initiative;

Recalling the diversity in the level of economic development and information infrastructure disparity among member economies which has kept APEC members from sound and sustainable economic development in the region;

Reconfirming the necessity for every member economy to develop the objectives and principles for a national information infrastructure, as far as possible, consistent and complementary with those of the APII when establishing its own information infrastructure;

Recognizing that a greater business/private sector initiative and investment is vital for successfully implementing the APII and that policy coordination and harmonization among member economies can facilitate a competition and market-driven environment;

Believing that the APII will contribute to creating jobs and sustaining economic growth and the prosperity of the next generation in the region;

Reconfirming the necessity of developing timely action plans that include long-range goals and advancement of the APII;

Do hereby agree to commit themselves to strengthen cooperation in every level for the APII in an effective and balanced manner for the regional and global prosperity;

Define the five objectives as:

1. Facilitating the construction and expansion of an interconnected and interoperable information infrastructure in the region;
2. Encouraging technical cooperation among member economies in the development of the infrastructure;
3. Promoting free and efficient flow of information;
4. Furthering the exchange and development of human resources; and
5. Encouraging the creation of a policy and regulatory environment favorable to the development of the Asia Pacific Information Infrastructure;

Declare the ten core principles for the APII as:

1. Encouraging member economies in the construction of domestic telecommunications and information infrastructure based on their own reality;
2. Promoting a competition driven environment;
3. Encouraging business/private sector investment and participation;
4. Creating a flexible policy and regulatory framework;
5. Intensifying cooperation among member economies;
6. Narrowing the infrastructure gap between the advanced and developing economies;
7. Ensuring open and non-discriminatory access to public telecommunications networks for all information providers and users in accordance with domestic laws and regulations;
8. Ensuring universal provision of and access to public telecommunications services;
9. Promoting diversity of content, including cultural and linguistic diversity;
10. Ensuring the protection of intellectual property rights, privacy and data security.

APEC TRANSPORTATION MINISTERS MEETING

**Washington, D.C.
June 13, 1995**

Joint Statement

1. For the first time, APEC Ministers in-charge of transportation have met to exchange views and opinions on transportation issues of common interest in the Asia Pacific region: developing and maintaining an integrated, safe, efficient, and environmentally sustainable transportation infrastructure; ensuring that transportation policies facilitate the efficient movement of goods and passengers in a manner that supports economic growth and trade in the region; and identifying the human resources needed to support the transportation sector. This meeting was held as a result of recommendations made by APEC Ministers and endorsed by Leaders in their meetings in November 1994 in Indonesia, and was one of seven important APEC initiatives launched in 1995 in pursuit of the objectives of the Bogor Declaration.

2. We recognize the important role of transportation in the economic and social well-being of each economy in the region. The ability of a transportation system to efficiently handle the movement of people and goods is critical in order to maximize economic productivity, facilitate trade, and contribute to the mobility of people. We also recognize that we must promote an institutional environment which facilitates the development of safe and efficient transportation systems that serve the region's consumers and producers.

Guiding Principles for Asia-Pacific Transportation

3. Taking into account the differences in the stages of economic development and in the political, legal, and administrative systems, and with equal respect for the views of all participants, we consider the following principles useful in guiding our transportation policies as we move towards the next century:

— facilitating the harmonization, coordination, and transparency of transport policies, regulations, procedures and standards;

— promoting a more cooperative framework among member economies while achieving a more competitive environment among the industry players, on the basis of fair, equitable, and mutually realizable opportunities for the transport industry to improve efficiency and reliability and enhance consumer choices;

— encouraging the reduction of barriers to trade in goods and services and investment in transport in a manner consistent with WTO principles, where applicable, and without detriment to other economies;

- promoting private/business sector participation, as appropriate, in the development and provision of transport infrastructure and services;
- facilitating improvement in productivity, skills and efficiency of labor and management in the transport industry;
- promoting a policy framework in which the transport industry is fully able to take advantage of technological change, and which has regard for the socio-economic effects of the introduction of new technology;
- consulting with and, where appropriate, supporting rather than duplicating the work of other international organizations involved in transport;
- promoting timely, rational investment in the region's transport infrastructure;
- encouraging efficient use of existing infrastructure through the application of appropriate trade and transport facilitation techniques and electronic data interchange;
- promoting transport system safety and security in the region; s
- encouraging adoption of practices that accord high priority to environmentally sustainable transport systems; and
- recognizing the transportation needs of all citizens, particularly those of handicapped persons.

Priorities for Cooperation and Action in the Transportation Sector

4. In support of the above guiding principles and the broad goals adopted by Leaders in Bogor, Indonesia, in November 1994 to promote trade and investment liberalization and facilitation as well as economic and technical cooperation in the region, we agree on the following priorities for cooperation and action:

- To pursue policies that significantly improve the region-wide transportation system through strategic investment in infrastructure to meet the growing and diverse transportation needs of Asia Pacific economies.
- To work together to promote further development and mobilization of capital to finance transportation infrastructure projects, recognizing the need for both public and private resources. We agree, in particular, to establish an APEC group to facilitate privatization or corporatization of infrastructure projects, which would include technical, financial, legal and other experts.
- To encourage ongoing efforts by international institutions to provide and enhance funding for transportation infrastructure.

— To promote, on the basis of fair and equitable access to markets, a more competitive transportation operating environment, and to cooperate to address institutional constraints affecting the provision of transportation services in the region. Recognizing the necessity of proceeding with consensus, Ministers agreed that a small group drawn from member economies should jointly prepare an options paper for consideration by all APEC members, on a consensus basis, for more competitive air services, with fair and equitable opportunity for all member economies.

— To facilitate the most efficient movement of people and goods in the region by:

- adopting and using, to the greatest degree possible, appropriate modern technologies.
- conforming with and adopting, to the greatest degree practicable, accepted international safety, environmental, and technical standards in the region; and
- reviewing transport regulatory practices and procedures to pursue as far as possible their harmonization or mutual recognition.

— To pursue policies that improve the productivity, skills, entrepreneurial capabilities, and efficiency of labor and management in the transport sector through human resources development, including training, personnel exchange programs, research and development, and technology transfers, in part to narrow the gaps in human resource development and capabilities between developed and developing economies. As a first step, we agree to investigate the value of establishing a Technical Transportation Exchange Program to increase the capabilities in the transport sector through the exchange of experts among APEC economies. In addition, to further facilitate the development of transportation human resources in the Asia-Pacific region, we urge the Transportation Working Group to study the feasibility of a center for transportation research, development, and education, to determine whether such a facility is needed, taking into account issues such as the viability, costs, benefits, etc. of such a center.

— To work together, and in support of the efforts of other international organizations, to enhance safety and security in the transportation sector throughout the region. In particular, a group of experts should be established to identify aviation safety problems in the region and to provide necessary assistance.

— To develop transportation systems that help reduce congestion, and are energy efficient and environmentally friendly, taking particular note of the value of mass transit in achieving these objectives. In particular, we agree to

form an APEC Urban Transportation Forum to discuss the experiences of the APEC economies in addressing urban congestion issues.

Next Steps: A Transportation Workplan and Future Consultations/Meetings

5. We urge the Transportation Working Group to draw on the principles agreed upon and the priorities for cooperation and action identified during this Ministerial in adjusting and developing further the transportation workplan, as formulated at the Seventh APEC Transportation Working Group meeting in Beijing, which will become a part of the Action Agenda for consideration at the APEC Economic Leaders' meeting in Osaka, Japan in November 1995.

6. We agree that these Ministerial discussions have promoted greater mutual understanding of transportation issues of common interest and are pleased that we have identified priorities for cooperation and action on them. We therefore look forward to continuing a dialogue among APEC Transportation Ministers.

APEC SMALL AND MEDIUM ENTERPRISE (SME) MINISTERIAL MEETING

**Adelaide, Australia
14 -15 September 1995**

Joint Statement

Introduction

1. The second APEC SME Ministerial Meeting was held on 14-15 September 1995 in Adelaide Australia. SME Ministers agreed on measures to foster the objectives of the Bogor Declaration of free and open trade and investment in the Asia Pacific Region by no later than 2010 for industrialised economies and 2020 for developing economies, as well as economic and technical cooperation towards achieving sustainable growth in the region.
2. Ministers welcomed the very active participation of the business sector in the associated business activity, the *APEC Opportunity*, which was convened by the Asia Pacific Business Network (APB-Net) and the formal input of business into the Ministerial Meeting through their various representatives. Ministers noted the reports by the Pacific Business Forum and APB-Net.
3. The meeting adopted a vision and a set of guiding principles for work among APEC SME policy makers. Building on the priority areas identified at their first meeting, Ministers were successful in setting clear and achievable programs for SMEs in the areas of human resources development, information access, technology and technology sharing, financing and market access. An Action Program to achieve these objectives was endorsed by Ministers and will be presented to meetings of APEC Ministers and Economic Leaders in Osaka in November as the SME input into the APEC Action Agenda.

Role and Importance of Small and Medium Enterprises

4. The Asia Pacific region is increasing its share of world trade - growing from 37 per cent in 1983 to 44 per cent in 1993. To a large extent, this reflects the rapid growth in intra-APEC trade. Between 1989 and 1993, the value of trade by APEC economies rose by about \$US1 trillion, and almost 80 per cent of this increase was due to greater levels of trade between APEC members.
5. This rapid growth in trade has been attributed to the increased mobility of capital, a shift to internationally oriented policies and advances in transport, communications and information technology. Firms now have a greater capacity to source various inputs to their production processes from different economies.

6. SMEs are significant contributors to this level of growth. They make up 90 per cent of all enterprises, responsible for between 32 per cent and 84 per cent of employment in respective APEC economies, contributing between 30-60 per cent of GDP and are the source of around 35 per cent of the region's exports.

7. In the right conditions, SMEs are also making substantial contributions to technological innovations in industries which are subject to rapid technological change.

8. The growing importance of SMEs in economic growth can be attributed to their greater flexibility in adapting to market conditions. The last decade has seen changes in consumer preferences giving rise to the need for more specialised and customised products. The resulting niche markets have provided the opportunity for small firms which are more flexible and able to make the quick adjustments necessary to meet consumer preferences and needs.

9. The reduction in the optimum size of production units, especially in capital intensive industries, has also contributed to the successful growth of SMEs. Changes in technology, including communication technology, are reducing the importance of economies of scale and have made it possible for SMEs to compete successfully with larger firms.

SMEs in a Free Trade Environment

10. Market processes and the multilateral trading system have been the foundation for the economic growth of many APEC members. In addition, the level of economic interdependence between APEC economies has increased markedly in recent years. With the right policies in place, these factors have the potential to create more dynamic SMEs in APEC, generating growth, wealth and creating employment opportunities and raising the incomes and standards of living of its members.

11. APEC economies have been unilaterally liberalising their trade and investment policies in recent years in recognition of the benefits of doing so and have further committed themselves through the Uruguay Round. The Bogor Declaration set the goal of achieving free and open trade and investment in the APEC region by 2020.

12. An open and free trade environment in the APEC region will create opportunities for increased international investment and trade resulting in new opportunities and challenges for SMEs. Opportunities will manifest themselves in a bigger market for inputs to production as well as outputs, greater choice for consumers, more efficient production systems, and opportunities for technology transfer. Experience of member economies which are already a part of a sub-regional trade agreement has shown that there may also be a need for structural adjustment to accommodate the effects of open competition. This will ensure the greatest benefit flows from the new opportunities.

Recommendations for Action

A Vision for APEC SMEs

13. APEC SME Ministers at the Adelaide Meeting have agreed on a joint vision for SMEs in the APEC region. This vision recognises the important role that SMEs are playing and will continue to play in the region's continued growth and development. This vision of a dynamic and prosperous Asia-Pacific region is built on:

- an SME sector that is recognised by member economies, both individually and collectively, as a key driving force in contributing to economic prosperity in the APEC region, and as central to the APEC Action Agenda;
- SMEs that are dynamic, innovative, flexible, strong employment and wealth creators, responsive to the demands of the international marketplace, globally focused, and interactive across regions, to the mutual understanding and benefit of all member economies;
- member economies that understand the opportunities and constraints facing SMEs in the regional economy; that work cooperatively to remove impediments to the development and growth of the sector, and share their knowledge and experience in regard to SME policies; and
- progress against milestones in the five priority areas (as identified in the SME Action Program) where SMEs face greatest difficulties, resulting in a sector that has the management skills, access to information, technology, capital, and access to markets it needs to promote wealth and employment creation shared amongst all member economies.

General Principles for SME Policy Implementation

14. SMEs are engaging dynamically in cross-border economic activity and playing an increasingly important role in heightening economic complementarities in the regional economy. It is therefore important for member economies to develop a set of basic principles on desirable SME policies. Ministers endorsed the following set of principles which will guide the development of policies and actions aimed at developing SMEs in APEC:

- Members will take account of the different needs of APEC economies arising from differing levels of economic development.
- Activities undertaken as part of the SME Action Program will be transparent, cooperative and of mutual benefit to member economies.
- Members will work to ensure the availability and transparency of information on their respective SME policies to help improve SME policies of other members.

- Members recognise the importance for policy development of listening to SMEs and understanding their needs, to ensure that policy remains responsive and relevant, and will involve the business sector in activities under the SME Action Program.
- Members will develop and implement non-discriminatory market-oriented SME policies to maximise SMEs' responses to market mechanisms, and so provide the most favourable environment for SME development, growth and economic activity.
- Members recognise the importance of working with other APEC Working Groups and Committees, official APEC observers, and other international organisations, in the interests of SMEs in the region.

15. Recognising the need for information systems to inform SMEs about international markets, Ministers expressed their support for the work undertaken by the Telecommunications Working Group to facilitate SME access to information and electronic commerce. In addition, Ministers directed officials of the Ad Hoc Policy Level Group (PLG) on SMEs to access, with the Telecommunications Working Group, the feasibility of creating a "Ministers' home page" on Internet to exchange information relevant to SMEs.

16. Ministers endorsed the detailed Action Program developed by the Ad Hoc Policy Level Group at its first and second meetings and noted the progress in each of the five priority areas. Ministers also recognise that policies should focus not only on individual enterprises but also on groups of enterprises and cooperatives.

17. Ministers endorsed the report on the industrial outlook, noting that the study, which includes cross-sectoral analysis on economic interdependence and sectoral analysis, enables better understanding of the steps needed to promote SME development. Ministers agreed that this kind of work needs to be continued, focusing on various cross-sectoral and sectoral aspects of the economic environment surrounding SMEs.

18. Ministers endorsed a range of initiatives under each of the five priority areas. These include an APEC SME Leaders Workshop; an APEC franchising study; a Symposium on SME Research Institute Network; a Directory on SME Agencies; a Study on Best Practices Policies; a Best Practice Study on Building Strategic Alliances between SMEs and Large Firms; a Review of Existing SME Networks for Information Flows, Business Matching and Business Facilitation; the development of an APEC Center for Technology Exchange and Training; the conducting of a Venture Capital Workshop/Study of the Efficiency of Financial Markets; the development of initiatives that will facilitate the use of existing electronic systems such as the Internet, EDI and other electronic tools; and a review of the use of diagnostic tools to assess SME technology capabilities.

19. Ministers agreed to hold a further meeting in the Philippines in September 1996 to monitor progress under the SME Action Program. Ministers urged the business sector to consider hosting a networking event in conjunction with the meeting of Ministers.

**APEC MINISTERS' CONFERENCE
ON REGIONAL SCIENCE & TECHNOLOGY COOPERATION**

**Beijing
October 5-6, 1995**

Joint Communiqué

1. For the first time in APEC's history, Ministers responsible for science and technology (S&T) from Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, the Republic of the Philippines, Singapore, Chinese Taipei, Thailand and the United States of America, gathered in Beijing, China, from 5-6 October 1995, to discuss how to advance the process of cooperation in science and technology amongst the member economies.

2. The conference was opened by President Jiang Zemin, People's Republic of China. President Jiang expressed China's warm welcome to the Ministers. He noted the importance of science and technology in furthering the goal of enhanced economic cooperation and meeting challenges confronting the APEC region. He commented that this inaugural S&T Ministers' Conference was a direct response to the initiatives stated in the APEC Leaders' Declaration of Common Resolve, at Bogor, Indonesia, in November 1994. President Jiang Zemin called for efforts in strengthening S&T cooperation under APEC framework and also expressed the commitment of the Chinese Government to contribute to push forward international S&T cooperation for the region's common prosperity.

3. The conference was chaired by Dr. Song Jian, State Councillor and Minister of the State Science and Technology Commission of China. In his opening remarks, Dr. Song briefed the conference on the Chinese experience in science and technology development and requested APEC member economies to adopt farsighted strategies for effective science and technology cooperation.

4. The Ministers' discussion addressed :

- a shared policy outlook for developing policies and approaches to enhance economic and technical cooperation in the area of science and technology;
- themes for science and technology cooperation, with specific focus on:
 - improved flows of information on science and technology;
 - improved researcher exchange and human resources development;
 - improved transparency of regulatory frameworks; and,

- facilitation of joint research projects;
- an Action Program for Industrial Science and Technology; and,
- a joint communiqué establishing the results of their conference.

Shared Policy Outlook

5. In their discussions, Ministers were guided by the 1994 Bogor Declaration of Common Resolve which pledged to find cooperative solutions to the challenges of rapidly changing regional and global economies. They noted the beneficial impact of trade and investment liberalization and facilitation, and the significant contribution of science and technology cooperation towards sustainable economic growth. Ministers agreed that support for science and technology should advance the goals of: building robust and competitive economies in the region; promoting environmental quality and sustainable use of natural resources; improving the quality of life, human health and development, and knowledge; and fostering improved private/business sector exchanges and interaction in technology cooperation.

6. To assist in reaching these goals, Ministers agreed on the following principles:

- There should be equal opportunities for all parties to join in regional multilateral research collaboration programs;
- Contributions to and benefits from collaboration should be balanced and reflect members' capabilities;
- Collaborative projects should encourage complementary and collaborative public and private sector investments in the development and diffusion of technologies;
- Collaborative activities should ensure, wherever possible, the active participation of Small and Medium-sized Enterprises (SMEs);
- Collaborative activities should be implemented throughout the full innovation cycle from basic research to pre-competitive research and development;
- A consistent and transparent approach should be adopted to standards and standard-setting activities; and,
- Collaborative activities should ensure that any intellectual property rights are protected and that the results and commercial benefits are allocated fairly.

Ministers entrusted the Working Group on Industrial Science and Technology (WGIST) to continue its work on science and technology policy and program discussion and

information sharing, acknowledging that this is an essential element of furthering understanding in the region.

Themes for Science and Technology Cooperation

7. Ministers elaborated on the potential role that science, technology, and research could play in advancing economic performance of their economies. The Ministers agreed that four themes should guide their future efforts in this regard. They indicated that they were impressed with the depth and range of specific proposals submitted by individual member economies, and expressed their satisfaction that many of the proposals supported the 1993 Blake Island APEC Leaders Economic Vision Statement which united the commitment of the economies to create a stable, prosperous and sustainable growth future for our people.

Theme I : Improved flows of information, science and technology

Ministers noted that dissemination of information on science and technology is critical for promoting economic growth and technological innovation in their economies. They emphasized that it is particularly important to ensure that technological information and technology flows provide direct and tangible benefits to the private/business sector, including SMEs, which they recognized as significant engines of economic growth. Ministers expressed satisfaction with the coherency of the several project proposals from member economies that suggested concrete ways to: improve research linkages in the region amongst researchers, policy analysts and scientific and technical organizations; establish science and technology data bases, and technology forecasting and review systems, to fuel industrial performance; foster centres of excellence and joint research facilities throughout the region; develop networks that would assist industry in developing technology partnerships by strengthening the infrastructure of information gathering; and, demonstrate applications of information technology that would establish best practices for improved science, technology and research infrastructure linkages in the region. The Ministers entrusted the WGIST to continue its work in bringing to fruition concrete projects and symposiums, to improve the flow of information on science and technology. Ministers welcomed the increased collaboration of the WGIST with the Science and Technology Task Force of the Pacific Economic Cooperation Council.

Theme II : Improved researcher exchange and human resources development

Ministers noted that the progress of science and technology depends on talented science and technology personnel. Researcher exchanges and human resources development activities are essential to enhanced technological and industrial innovation in the Asia-Pacific region. Ministers believe that specific strategies in APEC should focus on education and training needs, and expansion of researcher exchanges, including consideration of improved visa arrangements where needed, complementing the work of the APEC HRD Working Group and the APEC Committee on Trade and Investment. Ministers were pleased that the economies were working towards realizing projects that would increase researcher exchanges, promote public awareness for S&T, and facilitate industrial technology education and research manpower training. Ministers entrusted the

WGIST to work with member economies having specific initiatives designed to encourage human resources development activities of benefit to the Asia-Pacific region.

Theme III : Improved transparency of regulatory frameworks

Ministers remarked that clear and transparent regulatory frameworks of member economies benefit the flows of technology and expertise and are critical to improving sustainable economic growth and technological innovation in the region. Ministers indicated that they appreciated the efforts of the economies to enhance understanding within the Asia-Pacific region of their respective regulatory regimes by exchanging information and views, and compiling reports and analyses. Ministers entrusted the WGIST to continue a focused review on improving the relationships between regulatory regimes and industrial science and technology cooperation within the region, in cooperation with other APEC bodies such as the Standards and Conformance Sub-Committee.

Theme IV: Facilitation of joint research projects

Ministers recognized the importance of undertaking joint research projects among the economies that provides a basis for longer term benefits for overall regional economic performance. They acknowledged that science and technology research, and technology development, are increasingly complex and costly, and require application of the shared policy outlook and principles stated above. Enhanced cooperation amongst member economies, involving governments, enterprises, institutes and universities, can speed the solution of common problems facing the economies. Ministers welcomed the efforts of individual economies to put forward cooperative research project proposals in areas that had the potential to bring benefits to their populations, as indicated by the list of proposals attached.⁷ It was noted that the list especially included proposals on alleviating the impacts of natural disasters, and improving the sustainability of terrestrial, atmospheric and aquatic environments. Ministers agreed that the focus of research projects, proposed by member economies, on disaster prevention and mitigation, and environmental initiatives, was a useful step towards enhancing science and technology research cooperation in the region. Ministers entrusted the WGIST to work with individual member economies in further developing these proposals with a view to achieving solid research results for their future consideration.

8. Draft Action Program for Industrial Science and Technology

Ministers endorsed the Draft Action Program for Industrial Science and Technology which is to be incorporated into the Osaka Action Agenda. The Action Program is composed of three sections: Common Policy Concepts, Joint Activities, and Dialogue on member economies' policies/activities. It shows the basic direction of cooperation and specific actions on industrial science and technology. The Ministers asked the WGIST to devote further attention to developing achievable project time frames and specific

⁷ List of research project proposals not attached.

activities. The Ministers urged the WGIST to implement its Action Program in a timely manner and, through their individual member economies, to report back on its progress.

9. Ministers noted the value of achieving significant progress on a few key areas before the next meeting in Seoul. They trusted that early progress would be made in: the development of knowledge networks and flows through all means including electronic linkages and exchanges of scientific and technical personnel in the APEC region; human resource development; and the development of collaborative projects to address, in particular, environmental sustainability and regional natural disaster mitigation. Ministers agreed that proposing economies would take the lead in these areas and report progress to Ministers at their next meeting. These priorities would also be reported to the Leaders' Conference in Osaka in the context of the overall Action Program and Communiqué.

10. In closing the conference, the Chair, Dr Song Jian, noted that Ministers had agreed that, in principle, it would be desirable to have further ministerial conferences and welcomed the offer from Republic of Korea to host the 2nd conference in late 1996.

Acronyms used in APEC Selected Documents 1995

3Es	Economic growth, Energy security and Environmental protection
ABC	APEC Business Council
ACDS	APEC Communications and Database System
ACTETSME	APEC Center for Technology Exchange and Training for Small and Medium Enterprises
AEMTRC	ASEAN-EC Energy Management Training and Research Centre
AFTA	Association of South-East Asian Nations Free Trade Area
ALEI	APEC Leaders' Education Initiative
ANZCERTA	Australia New Zealand Closer Economic Relations Trade Agreement
APB-Net	Asia-Pacific business network
APEC	Asia-Pacific Economic Cooperation
APERC	Asia-Pacific Energy Research Center
APII	Asia-Pacific Information Infrastructure
APLAC	Asia-Pacific Laboratory Accreditation Cooperation
APLMF	Asia-Pacific Legal Metrology Forum
APMP	Asia-Pacific Metrology Program
ATC	Agricultural Technical Cooperation
ATC	Agricultural Technical Cooperation
BAC	Budget and Administrative Committee
BVP	Business Volunteers Program
CODEX	FAO/WHO Codex Alimentarius Commission
CTI	Committee on Trade and Investment
CTI	Committee on Trade and Industry
EC	Economic Committee
EDI	Electronic Data Interchange
EPG	Eminent Persons Group
ESCAP	Economic and Social Commission for Asia and the Pacific
FACTS	Facilitation, Accountability, Consistency, Transparency and Simplification.
FWG	Fisheries Working Group
G-7	Group of Seven
GATS	General Agreement on Trade in Services
HACCP	Hazard Analysis and Critical Control Points
HRD	Human Resources Development
HS Convention	Harmonised Commodity Description and Coding System
IEA	International Energy Agency
IEC	International Electrotechnical Commission
IMF	International Monetary Fund
IPP	Independent Power Projects
IPR	Intellectual property rights
ISO	International Organisation for Standardisation
IST	Industrial Science and Technology
IVANS	Guidelines for Trade in International Value-Added Network Services
MFN	Most Favoured Nation
MRA	Mutual Recognition Agreements
NAFTA	North American Free Trade Agreement
NBIP	Nonbinding Investment Principles
PAC	Pacific Accreditation Cooperation
PAQPM	Plant and Animal Quarantine and Pest Management
PASC	Pacific Area Standards Congress
PATA	Pacific Asia Travel Association

PECC	Pacific Economic Cooperation Council
PFP	Partners for Progress
PLG	Policy level group
REC	Regional Energy Cooperation
SME	Small and Medium Enterprises
SOM	Senior Officials Meeting
SPS	Agreement on the Application of Sanitary and Phytosanitary Measures
SRTA	Subregional Trading Arrangements
TBT	Agreement on Technical Barriers to Trade
TEL	Telecommunications
TIDDB	Trade and Investment Data Database
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
TWG	Tourism Working Group
UMAP	University Mobility in the Asia-Pacific
UN/EDIFACT	United Nations Rules for Electronic Data Interchange for Administration, Commerce and Transport
UNCED	United Nations Conference on Environmental Development
UNCITRAL	United Nations Commission on International Trade Law
UNESCO	United Nations Educational, Scientific and Cultural Organisation
VET	Vocational Education and Training
WCO	World Customs Organization
WG	Working Group
WGTP	Working Group on Trade Promotion
WTO	World Trade Organisation
WTO	World Tourism Organisation